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SEMBAWANG UAE PTE. LTD.

(Incorporated in the Republic of Singapore)

DIRECTOR'S STATEMENT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

J. TAN & CO.

Public Accountants and Chartered Accountants

CORPORATE INFORMATION

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS	8 Shenton Way, #50-01 AXA Tower Singapore 068811
DIRECTOR	Atul Punj
COMPANY SECRETARY	Lim Hai Loon
INDEPENDENT AUDITOR	J. TAN & CO. *Public Accountants and Chartered Accountants*

CONTENTS

The director presents his statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2017.

1 OPINION OF THE DIRECTOR

In the opinion of the director,

(a) the financial statements set out on pages 5 to 27 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

(c) the observation of the auditors have been fully explained in the notes to financial statements (Note 2.2).

2 DIRECTOR

The director of the Company in office at the date of this statement is as follows:

Atul Punj

3 ARRANGEMENTS TO ENABLE DIRECTOR TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at anytime during the financial year was the Company a party to any arrangement whose object is to enable the director of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, except for the following disclosures of director's interests in shares or debentures.

4 DIRECTOR'S INTEREST IN SHARES OR DEBENTURES

According to the register of director's shareholdings, the director holding office at the end of the financial year had following interest in the shares or debentures of the Company or its related corporations:

	Ordinary shares			
	Holdings registered in the names of the director or nominee		Holdings in which a director is deemed to have an interest	
	At end of year	At beginning of year	At end of year	At beginning of year
Punj Lloyd Limited (Holding Company)				
(Ordinary shares of Rps 2 each)				
Atul Punj	1,431,360	1,431,360	97,544,447	97,839,775

5 SHARE OPTIONS

No options were granted during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option as at the end of the financial year.

6 INDEPENDENT AUDITOR

The independent auditor, **J. TAN & CO.,** ***Public Accountants and Chartered Accountants*** has expressed its willingness to accept appointment.

Sole director,

Atul Punj
Director

Singapore, 13 APR 2017

INDEPENDENT AUDITOR'S REPORT

to the members of

Sembawang UAE Pte. Ltd.

for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of **Sembawang UAE Pte. Ltd.** (the "Company"), which comprise the statement of financial position of the Company as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2017, and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.2 in the financial statements, which indicates that the Company incurred a net loss of $140,416 (2016: $1,243,435) during the year ended 31 March 2017 and, as of that date, the Company's total liabilities exceeded its total assets by $2,586,493 (2016: $2,409,000). As stated in Note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The financial statements of the Company for the year ended 31 March 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 22 February 2017.

Other Information

Management is responsible for the other information. The other information comprises the Director's Statement included in pages 1 to 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director's responsibilities include overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
to the members of
Sembawang UAE Pte Ltd
for the financial year ended 31 March 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

J. TAN & CO.
Public Accountants and Chartered Accountants
Singapore, 13 APR 2017

STATEMENT OF FINANCIAL POSITION
as at 31 March 2017

	Note	2017	2016
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	4	-	111,733
Other receivables	5	-	27,189
Amount due from related parties	6	193,235	269,277
Total assets		193,235	408,199
LIABILITIES			
Current liabilities			
Other payables	7	2,872	111,420
Amount due to related parties	8	2,776,856	2,705,779
Total liabilities		2,779,728	2,817,199
Net liabilities		(2,586,493)	(2,409,000)
EQUITY			
Share capital	9	15,500,000	15,500,000
Currency translation reserve	10	468,543	505,620
Accumulated losses		(18,555,036)	(18,414,620)
Total equity		(2,586,493)	(2,409,000)

STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2017

	Note	2017	2016
		$	$
Other gains	**11**	**952**	809
Adminstrative expenses	**12**	**(141,368)**	(1,244,244)
Loss before income tax		**(140,416)**	(1,243,435)
Income tax expenses	**13**	**-**	-
Loss for the year		**(140,416)**	(1,243,435)
Other comprehensive loss:			
Other comprehensive loss, net of tax:			
Foreign currency translation	**10**	**(37,077)**	(12,792)
Total comprehensive loss for the year		**(177,493)**	(1,256,227)

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2017

	Share capital	Accumulated losses	Currency translation reserve	Total equity
	$	$	$	$
As at 1 April 2015	**15,500,000**	**(17,171,185)**	**518,412**	**(1,152,773)**
Loss for the year	-	(1,243,435)	-	(1,243,435)
Other comprehensive loss for the year	-	-	(12,792)	(12,792)
Total comprehensive loss	-	(1,243,435)	(12,792)	(1,256,227)
As at 31 March 2016	**15,500,000**	**(18,414,620)**	**505,620**	**(2,409,000)**
Loss for the year	-	(140,416)	-	(140,416)
Other comprehensive loss for the year	-	-	(37,077)	(37,077)
Total comprehensive loss	-	(140,416)	(37,077)	(177,493)
As at 31 March 2017	**15,500,000**	**(18,555,036)**	**468,543**	**(2,586,493)**

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2017

	Note	2017	2016
		$	$
Cash flows from operating activities			
Loss before income tax		**(140,416)**	(1,243,435)
Adjustments for:			
Foreign currency translation		**(37,077)**	(12,792)
Fixed asset written off		**-**	7,487
Impairment on receivables (Non-trade)		**127,597**	948,171
Operating cash flows before working capital changes		**(49,896)**	(300,569)
Change in working capital			
Changes in other receivables		**27,189**	49,285
Changes in amount due from related parties		**(51,555)**	(280,551)
Changes in amount due to related parties		**71,077**	475,296
Changes in other payables		**(108,548)**	1,056
		(61,837)	245,086
Net cash used in operating activities		**(111,733)**	(55,483)
Changes in cash and cash equivalents during the year		**(111,733)**	(55,483)
Cash and cash equivalents at beginning of year		**111,733**	167,216
Cash and cash equivalents at end of year	4	**-**	111,733

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 CORPORATE INFORMATION

Sembawang UAE Pte. Ltd. (the "Company") (UEN: 198400597R) is incorporated and domiciled in the Republic of Singapore. The registered office and principal place of business of the Company is located at 8 Shenton Way, #50-01, AXA Tower, Singapore 068811.

The principal activities of the Company are those relating to civil engineering and construction work.

The Company's immediate and ultimate holding company are Sembawang Engineers and Constructors Pte Ltd, a company incorporated in Singapore, and Punj Lloyd Limited, a listed company on the Bombay Stock Exchange Ltd and the National Stock Exchange of India Ltd and is incorporated in New Delhi, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2016

On 1 April 2016, the Company adopted the new or amended FRSs and interpretations of FRSs (INT FRSs) that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Company and had no material effect on the amounts reported for the current or prior financial years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Going conern

The Company incurred a net loss of $140,416 (2016: $1,243,435) during the financial year ended 31 March 2017 and as at that date, the Company's total liabilities exceeded its total assets by $2,586,493 (2016: $2,409,000). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The ability of the Company to continue as a going concern depends on the holding company's undertaking to provide continuing financial support to enable the Company to continue as a going concern.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.3 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs. If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in the statement of comprehensive income, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised in the statement of comprehensive income, a reversal of that impairment is also recognised in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial assets

(a) Classification

The Company classifies its financial assets in the following categories: loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are recognised on the Company's statement of financial position when the Company becomes a party to the contractual provision of the instrument.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are classified within "other receivables" and "cash and cash equivalents" on the statement of financial position. Trade receivables are generally on 30 - 90 days terms.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flow from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to the statement of comprehensive income.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Financial assets (Continued)

(e) Impairment

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Company of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

<u>Loans and receivables</u>

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flow, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial positions when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.6 Borrowings

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.7 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. Trade payables are normally settled on 30 to 90 days terms.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are calculate as the present value of the estimated future cash flows discounted at actively quoted interest rates. The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.9 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Income taxes (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.10 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in the statement of comprehensive income when the changes arise.

2.11 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("SGD"), which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains and losses". Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, bank overdrafts and exclude pledged deposits with financial institution. Bank overdrafts are presented as current borrowings on the statement of financial position. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.14 Related party

Related parties consist of key management of the Company and entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Related parties are entitles with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:
   (i) Has control or joint control over the Company;
   (ii) Has significant influence over the Company; or
   (iii) Is a member of the key management personnel of the Company or of parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:
   (i) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   (ii) A related person has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
   (iii) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. If the net present values of estimated cash flows had been higher/lower by 5% from management's estimates for all past due loans and receivables, the allowance for impairment of the Company would have been higher/lower by $9,662.

4 CASH AND CASH EQUIVALENTS

	2017	2016
	$	$
Cash at bank	-	111,731
Cash on hand	-	2
	-	111,733

At the end of reporting period, the carrying amounts of cash and cash equivalent approximate their fair value.

Cash and cash equivalents were denominated in the following currencies:

	2017	2016
	$	$
Singapore Dollar	-	1,025
United States Dollar	-	110,708
	-	111,733

5 OTHER RECEIVABLES

	2017	2016
	$	$
Staff loans	-	2,814
Deposits	-	24,375
	-	27,189

At the end of reporting period, the carrying amounts of other receivables approximate their fair value.

Other receivables are denominated in Singapore Dollars.

6 AMOUNT DUE FROM RELATED PARTIES (NON-TRADE)

	2017	2016
	$	$
Amount due from immediate holding company – Non-trade	**933,334**	933,334
Amount due from related corporation - Non-trade	**385,911**	284,114
	1,319,245	1,217,448
(Less): Allowance for impairment	**(1,126,010)**	(948,171)
	193,235	269,277

	2017	2016
	$	$
Beginning of financial year	**948,171**	-
Allowance made	**127,597**	948,171
Currency translation differences	**50,242**	-
End of financial year	**1,126,010**	948,171

The impaired amount due from related companies mainly relate to advances to immediate holding company and related companies that are in net liabilities positions, financial difficulties and whose payments are not forthcoming.

At the end of reporting period, the carrying amounts of amount due from related parties approximate their fair value.

The amounts due from related parties are non-trade, unsecured, interest free and repayable on demand.

Amount due from related parties were denominated in the following currencies:

	2017	2016
	$	$
United Arab Emirates Dirham	**193,235**	269,277

7 OTHER PAYABLES

	2017	2016
	$	$
Other payables:		
Accruals for operating expenses	2,872	111,261
Other payables	-	159
	2,872	111,420

At the end of reporting period, the carrying amounts other payables approximate their fair value.

Trade and other payables were denominated Singapore Dollar.

8 AMOUNT DUE TO RELATED PARTIES (NON-TRADE)

	2017	2016
	$	$
Amount due to ultimate holding company – Non-trade	408,995	402,978
Amount due to immediate holding company – Non-trade	2,015,718	1,955,814
Amount due to related corporation – Non-trade	352,143	346,987
	2,776,856	2,705,779

At the end of reporting period, the carrying amounts of amount due to related parties approximate their fair value.

The amounts due to holding company is non-trade, unsecured, interest free and repayable on demand.

Amount due to related parties were denominated in the following currencies:

	2017	2016
	$	$
Singapore Dollar	1,958,251	28,094
United States Dollar	-	7,259
United Arab Emirates Dirham	818,605	2,668,534
Others	-	1,892
	2,776,856	2,705,779

9 SHARE CAPITAL

	2017		2016	
	No. of shares	**Amount of shares**	No. of shares	Amount of shares
Ordinary shares with no par value Issued and fully paid		**$**		$
Beginning and end of financial year	**15,500,000**	**15,500,000**	15,500,000	15,500,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company.

All ordinary shares carry one vote per share without restrictions.

10 CURRENCY TRANSLATION RESERVE

	2017	2016
	$	$
Beginning of financial year	**505,620**	518,412
Currency translation differences	**(37,077)**	(12,792)
End of financial year	**468,543**	505,620

11 OTHER GAINS

	2017	2016
	$	$
Foreign exchange gain	**952**	809

12 EXPENSES BY NATURE

	2017	2016
	$	$
Allowance for impairment on receivables	**127,597**	948,171
Other expenses	**13,771**	296,073
Total adminstrative expenses	**141,368**	1,244,244

13 INCOME TAXES

Income tax expense

The major components of income tax expense for the years ended 31 March 2017 and 2016 were:

	2017	2016
	$	$
Current income tax	-	-
Income tax credit recognised in statement of comprehensive income	-	-

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2017	2016
	$	$
Loss before income tax	**(140,416)**	(1,243,435)
Tax calculated at tax rate of 17% (2016: 17%)	**(23,871)**	(211,384)
Effects of:		
Deferred tax assets not recognised	**23,871**	211,384
Tax expense	-	-

14 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Directors is responsible for setting the objectives and underlying principles of financial risk management for the Company. The management team then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies. Financial risk management is carried out by treasury personnel.

The finance personnel measure actual exposures against the limits set and prepare regular reports for the review of the management team and the directors. The information presented below is based on information received by the management team.

14 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk

(i) Currency risk

The Company's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Company does not have any formal policy for hedging against currency risk. The Company ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, primarily Arab Emirates Dollar (AED).

The Company's currency exposures based on the information avaliable to the key management were as follows:

	SGD	AED	OTHERS	TOTAL
2017	**$**	**$**	**$**	**$**
Financial assets				
Amount due from related parties	-	193,235	-	193,235
	-	193,235	-	193,235
Financial liabilities				
Trade and other payables	2,872	-	-	2,872
Amount due to related parties	1,958,251	818,605	-	2,776,856
	1,961,123	818,605	-	2,779,728
Currency exposures	(1,961,123)	(625,370)	-	(2,586,493)

14 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

2016	SGD $	AED $	OTHERS $	TOTAL $
Financial assets				
Other receivables	27,189	-	-	27,189
Amount due from related parties	-	269,277	-	269,277
Cash and cash equivalents	1,025	110,708	-	111,733
	28,214	379,985	-	408,199
Financial liabilities				
Trade and other payables	111,420	-	-	111,420
Amount due to related parties	28,094	2,668,534	9,151	2,705,779
	139,514	2,668,534	9,151	2,817,199
Currency exposures	(111,300)	(2,288,549)	(9,151)	(2,409,000)

The following table demonstrates the sensitivity to a reasonably possible change in the AED exchange rate against the respective functional currencies of the Company, with all other variables held constant, of the Company's profit net of tax.

	2017		2016	
	Increase / (Decrease)			
	Profit after tax	**Equity**	Profit after tax	Equity
	$	**$**	$	$
AED against SGD				
-strengthened 5% (2016: 5%)	**8,019**	**8,019**	(94,975)	(94,975)
-weakened 5% (2016: 5%)	**(8,019)**	**(8,019)**	94,975	94,975

14 FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Although the Company has significant fixed rates interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates due to the short tenures of these assets.

The sensitivity analysis for changes in interest rate is not disclosed as the effect on the statement of comprehensive income is considered not significant.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The major classes of financial assets of the Company are bank deposits. For other financial assets, the Company adopts the policy of dealing only with high credit quality counter-parties

The Company has no significant concentration of credit risk.

(c) Liquidity risk

The table below analyses the Company's non-derivative financial liabilities and derivatives that are used to hedge foreign currency purchases into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2017	2016
	$	$
Less than one year		
Other financial liabilities	**2,779,728**	2,817,199

(d) Financial instruments by category

The carrying amounts of financial assets measured at fair value are disclosed on the face of the statement of financial position and in Note 5, Note 6, Note 7 and Note 8 to the financial statements respectively.

The aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost are as follows:

	2017	2016
	$	$
Loans and receivables	**193,235**	296,466
Financial liabilities at amortised cost	**2,779,728**	2,817,199

15 FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

(a) Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

(b) Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due from/to related companies) approximate their fair values as they are subject to normal trade credit terms.

16 CAPITAL MANAGEMENT

The capital structure of the Company consists of debt, which includes the borrowings, obligations, cash and cash equivalents and equity comprising issued capital and retained earnings.

The Company's objectives when managing capital are

(a) to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders

(b) to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

In order to maintain or achieve an optimal capital structure so as to maximise stakeholder value, the Company may make adjustments to the capital structure in the light of changes in economic conditions and the risk characteristics of the underlying assets. The Company may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company is required to comply with externally imposed capital requirements and bank convenants which were breached in the financial years ended 31 March 2017 and 31 March 2016. The Company's overall strategy to capital management remains unchanged from 2016. The Company will continue to be guided by prudent financial policies of which gearing is an important aspect.

16 CAPITAL MANAGEMENT (Continued)

Disclosure on quantitative data about what the Company manages as capital, is based on information provided internally to key management personnel and is summarised as follows:

	2017	2016
	$	$
Other payables	**2,872**	111,420
Amount due to related parties	**2,776,856**	2,705,779
(Less): Cash and cash equivalents	**-**	(111,733)
Net debt	**2,779,728**	2,705,466
Total equity	**(2,586,493)**	(2,409,000)
Total adjusted capital	**(2,586,493)**	(2,409,000)
Gearing ratio	**na**	na

The gearing ratio is not applicable if cash and cash balances exceed total debts.

Consistently with others in the industry, the Company may monitor capital on the basis of the debt-to-adjusted capital ratio (gearing ratio). This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents.

Adjusted capital comprises all components of equity (ie share capital and retained earnings), other than amounts accumulated in equity relating to cash flow hedges, and includes some forms of subordinated debt.

17 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2017 and which the Company has not early adopted:

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer contract
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

17 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

- FRS 115 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018) (Continued)

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

- FRS 109 *Financial instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income ("OCI") and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI.

  The Company has yet to undertake a detailed assessment of the classification and measurement of financial assets.

  The other financial assets held by the Company include loans and receivables measured at amortised cost appear to meet the conditions for classification at amortised cost under FRS 109.

  Accordingly, the Company does not expect the new guidance to have a significant impact on the classification of its financial assets.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in OCI, for liabilities designed at fair value through profit or loss. There will be no impact on the Company's accounting for financial liabilities as the Company does not have any such liabilities.

  There is now a new expected credit loss model that replaces the incurred loss impairment model used in FRS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through OCI, contract assets under FRS 115 Revenue from contracts with customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Company has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of any credit losses.

  The new Standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

18 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Director of Sembawang UAE Pte. Ltd. on the same date as indicated on the director's statement.