IPCL PTE. LTD.

(Incorporated in Singapore)
Reg No.: **201326959C**

Audited Financial Statements for the year ended 31 March 2016

AAA Assurance PAC
Public Accountants and
Chartered Accountants
180B Bencoolen Street
#12-05,The Bencoolen
Singapore 189648
Tel: 6392 0021
Fax: 6392 0923
Email: akber@singnet.com.sg

TABLE OF CONTENTS **PAGE**

The directors are pleased to present their statement to the members together with the audited financial statements of IPCL PTE. LTD. (the "Company") for the financial year ended 31 March 2016.

Opinion of the Directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Company for the year then ended; and

(b) at the date of this statement, ability of the Company to pay its debts as and when they fall due depends on the continual financial support of the shareholders.

Directors

The directors of the Company in office at the date of this report are:

Dinesh Ramaraju
Laxmi Narayan Mandhana

Arrangement to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' Interest in Shares or Debentures

According to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), the directors of the Company who held office at the end of the financial year had no interest in the shares or debentures of the Company or any other corporate.

Independent auditor

The independent auditor, AAA Assurance PAC, has expressed its willingness to accept re-appointment as auditor.

Signed by:

Dinesh Ramaraju
Director

Laxmi Narayan Mandhana
Director

13 MAY 2016

AAA ASSURANCE PAC
PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS
180B Bencoolen Street #12-05 The Bencoolen
Singapore 189648
Tel : (65) 6392 0021
Fax : (65) 6392 0923
H/P : (65) 9730 9947
Email : akber@aaapac.com
Co. Reg. No. 201408818E
GST Reg. No. 201408818E

Independent Auditor's Report to the Members of
IPCL PTE. LTD.
Co. Reg. No.: 201326959C

Report on the Financial Statements

We have audited the accompanying financial statements of IPCL PTE. LTD. (the "Company") which comprise the statement of financial position of the Company as at 31 March 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

AAA ASSURANCE PAC
PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS
180B Bencoolen Street #12-05 The Bencoolen
Singapore 189648
Tel : (65) 6392 0021
Fax : (65) 6392 0923
H/P : (65) 9730 9947
Email : akber@aaapac.com
Co. Reg. No. 201408818E
GST Reg. No. 201408818E

(Continued)

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date.

Emphasis of matters

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements. As at 31 March 2016, the company incurred a net loss of S$62,389 (2015: S$21,423) during the financial year ended 31 March 2016, and as at that date, the company's total and current liabilities exceeded its total and current assets by S$76,099 (2015: S$13,710) and S$225,961 (2015: S$13,710) respectively. The validity of the going concern assumption on which the financial statements are prepared depends on the ultimate holding company to provide adequate funds to enable the company to meet their liabilities as and when they fall due and to sustain the Company's normal operations for the next 12 months. In the event that there is no such financial support, the going concern basis would be invalid and provision would have to be made for any loss on realisation of the Company's assets and further costs which might arise.

As disclosure in Note 2(n) to the financial statements, consolidated financial statements have not been presented as the reporting entity is a wholly owned subsidiary. The ultimate parent company, India Power Corporation Limited will be presenting the consolidated financial statements. The audit of the ultimate parent company is on-going. If the ultimate parent company does not prepare the consolidated financial statements, this will not be in accordance with the Singapore Financial Reporting Standard No. 110, which requires the presentation of consolidated financial statements for the company and its subsidiary.

Our opinion is not qualified in respect of the above matters.

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.

AAA Assurance PAC
Public Accountants and Chartered Accountants

Singapore

13 MAY 2016

	Note	2016 S$	2015 S$
TURNOVER		-	-
Other operating expenses	4	(11,599)	(7,555)
Interest on loan from holding company		(50,790)	(13,868)
LOSS BEFORE TAXATION		(62,389)	(21,423)
Taxation	5	-	-
LOSS AFTER TAXATION		(62,389)	(21,423)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS		(62,389)	(21,423)

The annexed notes form an integral part of the audited financial statements.

	Note	2016 S$	2015 S$
SHARE CAPITAL	6	12,000	12,000
ACCUMULATED LOSSES		(88,099)	(25,710)
		(76,099)	(13,710)
Represented by:			
NON-CURRENT ASSETS			
Investment in subsidiary	7	8,193	-
Held-to-maturity investment	8	141,669	-
CURRENT ASSETS			
Bank balance		2,802	937
Prepayments	9	492,922	492,927
		495,724	493,864
LESS : CURRENT LIABILITIES			
Sundry payables and accruals	10	10,726	3,786
Amount due to holding company	11	710,959	503,788
		721,685	507,574
NET CURRENT LIABILITIES		(225,961)	(13,710)
		(76,099)	(13,710)

The annexed notes form an integral part of the audited financial statements.

	Share capital S$	Accumulated losses S$	Total S$
Balance at 31/3/2014	**5,000**	**(4,287)**	**713**
Issuance of shares	7,000	-	7,000
Total comprehensive losses	-	(21,423)	(21,423)
Balance at 31/3/2015	**12,000**	**(25,710)**	**(13,710)**
Total comprehensive losses	-	(62,389)	(62,389)
Balance at 31/3/2016	**12,000**	**(88,099)**	**(76,099)**

	2016	2015
	S$	S$
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(62,389)	(21,423)
	(62,389)	(21,423)
OPERATING CASH FLOWS BEFORE WORKING CAPITAL CHANGES		
Working capital changes:		
Prepayments	5	(490,909)
Sundry payables and accruals	6,940	2,364
NET CASH USED IN OPERATING ACTIVITIES	(55,444)	(509,968)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary	(8,193)	-
Held-to-maturity investment	(141,669)	-
NET CASH USED IN INVESTING ACTIVITIES	(149,862)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Share capital	-	7,000
Amount due to holding company	207,171	503,788
NET CASH GENERATED FROM FINANCING ACTIVITIES	207,171	510,788
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,865	820
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	937	117
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	2,802	937
Comprising:		
Bank balance	2,802	937

The annexed notes form an integral part of the audited financial statements.

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

1. Corporate Information

The Company is incorporated and domiciled in Singapore. The registered office of the Company is located at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712.

The principal activity of the Company is that of distribution and supply of electrical energy of all kinds and to own and to operate and maintain power generation and related activities. There has been no significant change in the nature of these activities during the financial year.

However, the Company did not trade since the incorporation date.

The financial statements of the Company, which is incorporated in Singapore, are prepared for the financial year ended 31 March 2016 and were authorised for issue in accordance with a resolution of the directors issued on the date of directors' report.

Immediate and Ultimate Holding Company

The company is 100% owned by **INDIA POWER CORPORATION LIMITED**, a company incorporated in India, which is also its ultimate holding company.

2. Significant Accounting Policies

(a) Basis of Preparation

The financial statements of the Company have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

As at 31 March 2016, the Company incurred a net loss of S$62,389 (2015: S$21,423) during the financial year ended 31 March 2016 and as at that date, the Company's total and current liabilities exceeded its total and current assets by S$76,099 (2015: S$13,710) and S$225,961 (2015: S$13,710) respectively. The financial statements have been prepared on a going concern basis as the ultimate holding company intends to provide adequate funds to enable the Company to meet their liabilities as and when they fall due and to sustain the Company's normal operations for the next 12 months.

Accordingly, the financial statements do not include any adjustments that may have to be made to reflect the situation that assets may have to be realised at other than the amounts at which they are currently recorded in the statement of financial position or provide for further liabilities that might arise. The accounting policies have been consistently applied by the Company during the financial year.

The financial statements are presented in Singapore dollars ("SGD"), which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest dollar, unless otherwise indicated.

2. Significant Accounting Policies - continued

(b) Adoption of New and Revised Standards

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards which are relevant to the Company and are effective for annual financial period beginning on or after 1 April 2015. The adoption of these standards did not have any material effect on the financial statements.

(c) Standards Issued but Not Yet Effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual periods beginning after 1 April 2015, and have not been applied in preparing these financial statements. The Company does not plan to early adopt these standards.

The Company has not adopted the following standards which are potentially relevant to the Company that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Improvements to FRSs (November 2014)	
Amendments to FRS 107 Financial Instruments: Disclosures	1 Jan 2016
FRS 109 Financial Instruments	1 Jan 2018
Amendments to FRS 1: Disclosure Initiative	1 Jan 2016

The directors expect that adoption of the standards above will have no material impact on the financial statements in the period of initial application.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised.

Sale of goods

Revenue is recognised when the significant risk and rewards of ownership of the goods have to be passed to the buyer.

2. Significant Accounting Policies - continued

(e) Income Taxes

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or tax deductible. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using tax rates expected to apply to taxable income in the financial years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the reporting date. At each reporting date, the Company re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Company recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or the entire deferred tax asset to be utilised.

Deferred tax assets are recognised for all deductible temporary differences and carry-forward of unabsorbed capital allowances and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax losses can be utilised.

(f) Financial Assets

Financial assets, other than hedging instruments, if any, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loan and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of the financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Company commit to purchase or sell the asset. All financial assets that are not classified as fair value through profit or loss are initially recognised at fair value, plus transaction costs.

2. Significant Accounting Policies – continued

(f) Financial Assets – continued

De-recognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each re[porting date to determine whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

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 arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those with maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Any change in their value is recognised in profit or loss. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date of the impairment is reversed. Any reversal is recognised in profit or loss.

Receivables are provided against when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of provision for impairment is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Held to maturity

Bonds with fixed and determinable payments and fixed maturity dates where the Company has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

(g) Impairment of Financial Assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

2. Significant Accounting Policies - continued

(g) Impairment of Financial Assets - continued

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. Significant Accounting Policies - continued

(h) Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include bank balances.

(i) Financial Liabilities

The Company's financial liability includes sundry payables and accruals and amount due to holding company.

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest related charges is recognised as an expense in "finance costs" in the profit or loss.

Borrowings which are due to be settled within twelve months after the reporting date are in current borrowings in the reporting date even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date.

Borrowings to be settled within the Company's normal operating cycle are considered as current. Other borrowings due to be settled more than twelve months after the reporting date are included in the non-current borrowings in the reporting date.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(k) 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. Significant Accounting Policies – continued

(l) Functional Currency and Foreign Currency Transactions and Balances

Functional Currency

Items included in the financial statements in the Company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("the functional currency"). The financial statements of the Company are presented in Singapore Dollars ("SGD"),which is the functional currency.

Foreign Currency Transactions and Balances

Transactions in foreign currencies are measured in SGD and recorded at exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at statement of financial position date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the profit or loss.

(m) Investment in subsidiary

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries, the differences between net disposal proceeds and the carrying amount of the investment is taken to the profit or loss.

(n) Basis of Consolidation

As permitted by FRS 110: Consolidated Financial Statements, no Consolidated Financial Statements for subsidiary is prepared as the company is a wholly owned subsidiary of **India Power Corporation Limited** which issues Consolidated Financial Statements and the shareholders of the Company do not object to the company not presenting Consolidated Financial Statements. **India Power Corporation Limited's** Consolidated Financial Statements can be obtained at the registered address **Plot No. X1 – 2&3, Block – EP, Sector – V, Salt Lake City, Kolkata – 700091.**

(o) Related Party

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.

2. Significant Accounting Policies - continued

(o) Related Party - continued

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. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Company of which the other entity is a member);
iii. Both entities are joint ventures of the same third party;
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
v. 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;
vi. The entity is controlled or jointly controlled by a person identified in (a);
vii. A person identified in (a) (i) 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).

3. Critical Accounting Estimates, Assumptions and Judgments

In the application of the Company's accounting policies which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual result may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only that financial year, or in the financial year of the revision and future financial years if the revision affects both current and future financial years.

3.1 Judgments in Applying the Company's Accounting Policies

Management is of the opinion that there are no critical judgments involved that have a significant effect on the amounts recognised in the financial statements.

3.2 Key Sources of Estimating Uncertainty

Management is of the opinion that there are no key assumptions made concerning the future and other key sources of estimating uncertainty at the statement of financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Other Operating Expenses

	Year ended 31.3.2016 S$	Year ended 31.3.2015 S$
Professional fees	5,996	4,383
Others	5,603	3,172
	11,599	7,555

5. Taxation

There is no tax change or loss allowed to be carried forward as the company has not traded since its incorporation.

6. Share Capital

	2016		2015	
	No. of shares	Amount S$	No. of shares	Amount S$
Issued and paid ordinary shares				
At beginning of the financial year	12,000	12,000	5,000	5,000
Issuance of new shares	-	-	7000	7000
As at 31 March	12,000	12,000	12,000	12,000

All issued ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual asset.

7. Investment in subsidiary

The Company acquired 51% shares in a newly formed company (Edision Power Limited) in Jersey. The object of Edision Power Limited is to invest in power related sectors across Europe.

The principal business activities of the subsidiary are:

To own, operate, maintain, supply, distribute all forms of electrical energy and related investment across Europe.

However, the subsidiary is not yet operational since its date of incorporation.

8. Held-to-maturity investment

The Company invested in 0% Optionally Convertible Debentures issued by Edision Power Limited. The debt securities are unquoted.

The Optionally Convertible Debentures is unsecured, interest-free, with no coupon rate and maturity date of 17 December 2018.

9. Prepayments

	2016 S$	2015 S$
Prepayments	492,922	492,927

During the last financial year ended 31 March 2015, the Company made payment of $490,910 towards consultancy services, included in prepayment above, to evaluate the business initiative to enhance the principal activity of the Company. The services shall be rendered by them in the next financial year and is hence classified as a prepayment. The amount paid shall be charged to expenses in the next financial year.

10. Sundry Payables and Accruals

	2016 S$	2015 S$
Sundry payables	7,726	2,086
Accruals	3,000	1,700
	10,726	3,786

11. Amount Due to Holding Company

Amount due to holding company (interest bearing) is non-trade in nature, unsecured and repayable on demand. It is interest-bearing at 8.5% per annum.

12. Financial Risk Management

The main risks arising from the Company's financial instruments are as follows:

Market risk

Price risk

The Company has insignificant exposure to equity price risk as it does not hold any equity financial assets.

Interest rate risk

Cash flows interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not use natural hedges or derivative financial instruments such as interest rate swaps, caps and options.

The Company has an insignificant exposure to interest rate risk.

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company does not use derivative financial instruments such as foreign currency forward exchange contracts and currency options.

The Company has an insignificant exposure to foreign currency risk.

12. Financial Risk Management – continued

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral

(i) Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Company.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk arises in the general funding of the Company's business activities. It includes the risks of not being able to fund the business activities at settlement dates and liquidate assets in a timely manner at a reasonable price. The Company manages its liquidity risk by placing its cash and cash equivalents with reputable banks and financing its business activities through the use of funds from the shareholders.

The table below analyses the maturity profile of the Company's financial assets and liabilities based on contractual undiscounted cash flows.

	On demand or within 1 year	
	2016	2015
	S$	S$
Sundry payables and accruals	10,726	3,786
Amount due to holding company	710,959	503,788
	721,685	507,574

13. Fair Value

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.

13. Fair Value – continued

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.

Loan from holding company

The carrying amount of loan from holding company approximate its fair value as it is subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

14. Financial Instruments

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2016 S$	2015 S$
Loans and receivables		
Held-to-maturity investment	141,669	-
Bank Balance	2,802	937
Total loans and receivables	144,471	937
Financial liabilities measured at amortised cost		
Sundry payables and accruals	10,726	3786
Amount due to holding company	710,959	503,788
Total financial liabilities measured at amortised cost	721,685	507,574

15. Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The Company is not subject to externally imposed capital requirements. The management monitors capital based on a gearing ratio. There has been no change in the objectives, policies and processes since last financial year.

15. Capital Risk Management – continued

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as summation of sundry payables and accruals and amount due to holding company less bank balances. Total capital is calculated as summation of total equity plus net debt

	2016 S$	2015 S$
Debt	721,685	507,574
Less: Cash and bank balances	(2,802)	(937)
Net debt	718,883	506,637
Total equity	(76,099)	(13,710)
Total capital	642,784	492,927
Gearing ratio	**112%**	**103%**

16. Authorisation of Financial Statements for Issue

The financial statements of the Company for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors issued on the date of the directors' statement.

	2016 $	2015 $
Turnover	-	-
Other operating expenses		
Audit fees	3,954	1,869
Bank charges	323	313
Professional fees	5,996	4,383
Secretarial fees	857	856
General expenses	214	113
Postage and telegram	255	21
	(11,599)	(7,555)
Interest on loan from holding company	(50,790)	(13,868)
Losses before taxation	(62,389)	(21,423)

The above statement does not form part of the audited financial statements.