

**ROTARY PILING PTE LTD.**  
**(Company Registration No. 197401931D)**

**FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**ROTARY PILING PTE LTD.**

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## **ROTARY PILING PTE LTD.**

### **DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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The directors present their statement to the member together with the audited financial statements of Rotary Piling Pte Ltd. (the "Company") for the financial year ended 31 March 2018.

#### **1. OPINION OF THE DIRECTORS**

In the opinion of the directors,

- (i) 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 2018 and of the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (ii) 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 as its immediate holding company, KH Foges Pte. Ltd. has undertaken to provide continuing financial support and has agreed not to demand for repayment until all other external financial obligations have been fully settled.

#### **2. DIRECTORS**

The directors of the Company in office at the date of this statement are as follows:-

Anil Dhanpatlal Agrawal  
Lee Ying Gee

#### **3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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.

#### **4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the directors who held office at the end of the financial year had an interest in the shares or debentures of the Company and its related corporations, except as stated below:

## ROTARY PILING PTE LTD.

### DIRECTORS' STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

#### 4. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

	Shareholdings registered in the name of the director		*Shareholdings in which a director is deemed to have an interest	
	At 1 April 2017	At 31 March 2018	At 1 April 2017	At 31 March 2018
<u>The Company</u> (Ordinary shares with no par value)				
Anil Dhanpatlal Agrawal*	3,577,547	3,577,547	3,577,547	3,577,547
<u>Immediate holding company</u>				
KH Foges Pte. Ltd. (Ordinary shares with no par value)				
Anil Dhanpatlal Agrawal	6,500,000	6,500,000	6,500,000	6,500,000

By virtue of Mr Anil Dhanpatlal Agrawal's direct interest in the ultimate holding company, Kridhan Infra Limited, he is deemed to have an interest in all the shares of the immediate holding company, KH Foges Pte. Ltd. and in the Company, under Section 7 of the Singapore Companies Act as at the end of the reporting period.

Note:

\* These 3,577,547 shares, are held by United Overseas Bank Nominees (Private) Limited who is holding the shares on behalf of United Overseas Bank Limited ("UOB") as the shares of the Company have been pledged by KH Foges Pte. Ltd. to UOB for certain banking facilities.

#### 5. SHARE OPTIONS

There were no share options granted during the financial year to subscribe for unissued shares of the Company.

There were no shares 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 at the end of the financial year.

**ROTARY PILING PTE LTD.**

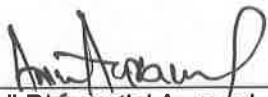
**DIRECTORS' STATEMENT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

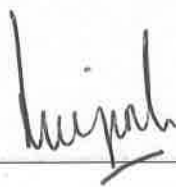
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**6. INDEPENDENT AUDITOR**

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

The Board of Directors

  
\_\_\_\_\_  
Anil Dharampatlal Agrawal  
Director

  
\_\_\_\_\_  
Lee Ying Gee  
Director

Singapore, 28 May 2018

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBER OF ROTARY PILING PTE LTD.  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the financial statements of Rotary Piling Pte Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 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 2018 and of the financial performance, changes in equity and cash flows of the Company for the 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**

As disclosed in Note 1.2 to the financial statements, the Company's profit before tax has reduced from \$1,818,682 to \$868,524 for the financial year ended 31 March 2018. As of 31 March 2018, the Company's net current assets and accumulated losses amounted to \$1,809,968 (2017: \$3,538,873) and \$3,390,579 (2017: \$4,106,526) respectively.

**RT LLP**  
**Chartered Accountants**  
UEN : T08LL0811J

**RT ASEAN Pte Ltd**  
**Head Office**  
UEN : 201537050N

**RT Advisory Pte Ltd**  
UEN : 201510979W

**RT Links Pte Ltd**  
UEN : 201542866E

**RT Academy Pte Ltd**  
UEN : 201527798R

**RT Business Advisory Sdn Bhd**  
Company No: 1124767-X



**Financial**



**Digital**



**Legal**

Founding Member of the **RT ASEAN Network** and Independent Member of BKR International

Singapore Australia Cambodia China India Indonesia South Korea Laos Malaysia Myanmar Thailand Vietnam UK USA



**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
TO THE MEMBER OF ROTARY PILING PTE LTD.  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**Material Uncertainty Related to Going Concern (Cont'd)**

Included in current assets are cash and cash equivalent of \$16,041 (2017: \$151,219) and amount due from immediate holding company and amounts due from related companies of \$2,108,835 (2017: \$1,151,005) and \$6,102,390 (2017: \$6,100,000) respectively. Included in current liabilities are borrowings and finance leases of \$628,657 (2017: \$606,506) and \$1,829,637 (2017: \$1,259,584) respectively, which are contractually due within 12 months from the end of the reporting period. These borrowings are secured by a legal mortgage over the Company's 11 equipment and a corporate guarantee from the immediate holding company, whilst the finance leases are secured by the Company's leased assets.

Should the Company be unable to rollover the existing borrowings or alternative refinancing of the borrowings be unsuccessful, the Company may have insufficient cash to fulfil obligations at the relevant repayment dates unless it has the financial support from its immediate holding company.

The financial statements of the Company for the financial year ended 31 March 2018 have been prepared on a going concern basis based on the following assumptions:

- The immediate holding company has undertaken to provide continuing financial support to the Company to enable the Company to meet all its financial obligations as and when they fall due;
- The immediate holding company has undertaken not to recall the amounts due from the Company until all other external financial obligations have been settled.

If the going concern assumption is no longer applicable, 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 may 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 respectively. No such adjustments have been made to these financial statements.

**Other information**

Management is responsible for the other information. The other information comprises the Directors' Statement set out on pages 1 to 3.

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

**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
TO THE MEMBER OF ROTARY PILING PTE LTD.  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**Other information (Cont'd)**

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 Directors 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 directors' responsibilities include overseeing the Company's financial reporting process.

**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 of 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.



**INDEPENDENT AUDITOR'S REPORT (CONT'D)  
TO THE MEMBER OF ROTARY PILING PTE LTD.  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

- 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 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.



**RT LLP**  
Public Accountants and  
Chartered Accountants

Singapore, 28 May 2018

ROTARY PILING PTE LTD.

STATEMENT OF FINANCIAL POSITION  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Non-current asset</b>			
Property, plant and equipment	4	9,448,767	7,981,489
<b>Total non-current asset</b>		<u>9,448,767</u>	<u>7,981,489</u>
<b>Current assets</b>			
Other Assets	5	92,602	7,365
Amount due from immediate holding company	12	2,108,535	1,151,005
Amounts due from related companies	6	6,102,390	6,100,000
Cash and cash equivalents	7	16,041	151,219
<b>Total current assets</b>		<u>8,319,568</u>	<u>7,409,589</u>
<b>Total assets</b>		<u>17,768,335</u>	<u>15,391,078</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Non-current liabilities</b>			
Finance leases	9	2,032,531	2,534,025
Borrowings	10	268,558	897,215
Deferred tax liability	13	293,512	140,935
<b>Total non-current liabilities</b>		<u>2,594,601</u>	<u>3,572,175</u>
<b>Current liabilities</b>			
Other payables and accruals	11	17,237	92,601
Amount due to immediate holding company	12	3,550,381	1,855,845
Amounts due to related companies	6	483,688	56,180
Finance leases	9	1,829,637	1,259,584
Borrowings	10	628,657	606,506
<b>Total current liabilities</b>		<u>6,509,600</u>	<u>3,870,716</u>
<b>Total liabilities</b>		<u>9,104,201</u>	<u>7,442,891</u>
<b>Equity</b>			
Share capital	8	12,054,713	12,054,713
Accumulated losses		(3,390,579)	(4,106,526)
<b>Total equity</b>		<u>8,664,134</u>	<u>7,948,187</u>
<b>Total liabilities and equity</b>		<u>17,768,335</u>	<u>15,391,078</u>

The accompanying notes form an integral part of these financial statements.

ROTARY PILING PTE LTD.

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	<u>2018</u> \$	<u>2017</u> \$ (Restated) [Note 25]
Revenue	14	4,368,430	3,548,770
Cost of sales		<u>(3,007,947)</u>	<u>(1,266,798)</u>
Gross profit		1,360,483	2,281,972
Other income	15	3,446	11,297
General and administrative expenses		(232,582)	(205,866)
Other operating expenses	16	(60,000)	(60,000)
Finance costs	17	<u>(202,823)</u>	<u>(208,721)</u>
<b>Profit before income tax</b>	18	868,524	1,818,682
Income tax expense	19	<u>(152,577)</u>	<u>(140,935)</u>
<b>Net profit, representing total comprehensive income for the financial year</b>		<u>715,947</u>	<u>1,677,747</u>

*The accompanying notes form an integral part of these financial statements.*

ROTARY PILING PTE LTD.

STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Share capital \$	Accumulated losses \$	Total \$
<b>2018</b>			
Balance as at 1 April 2017	12,054,713	(4,106,526)	7,948,187
Net profit, representing total comprehensive income for the financial year	-	715,947	715,947
Balance as at 31 March 2018	12,054,713	(3,390,579)	8,664,134
<b>2017</b>			
Balance as at 1 April 2016	12,054,713	(5,784,273)	6,270,440
Net profit, representing total comprehensive income for the financial year	-	1,677,747	1,677,747
Balance as at 31 March 2017	12,054,713	(4,106,526)	7,948,187

*The accompanying notes form an integral part of these financial statements.*

ROTARY PILING PTE LTD.

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	Note	<u>2018</u> \$	<u>2017</u> \$
<b>Cash flows from operating activities</b>			
Profit before income tax		868,524	1,818,682
Adjustments for:			
Depreciation of property, plant and equipment	4	1,522,684	1,234,110
Loss/ (gain) on disposal of property, plant and equipment	15, 18	30,189	(800)
Interest expense	17	202,823	208,721
Operating cash flows before changes in working capital		2,624,220	3,260,713
Decrease in retention receivables		-	249,771
Increase in other assets		(85,237)	(1,088)
Decrease in amounts due from related companies		(2,390)	(3,571,881)
Increase/ (decrease) in amounts due to related companies		427,508	(544,923)
Decrease in trade payables		-	(1,906)
(Decrease)/ increase in other payables and accruals		(75,364)	13,570
<b>Net cash generated from/ (used in) operating activities</b>		<b>2,888,737</b>	<b>(595,744)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		26,822	800
Purchase of property, plant and equipment ( <b>Note A</b> )		(606,973)	(1,503,000)
<b>Net cash used in investing activities</b>		<b>(580,151)</b>	<b>(1,502,200)</b>
<b>Cash flows from financing activities</b>			
Increase in amounts due to immediate holding		737,006	4,078,108
Interest paid		(202,823)	(208,721)
Repayment of borrowings		(606,506)	(584,354)
Repayment of finance lease liabilities		(2,371,441)	(1,078,683)
<b>Net cash (used in)/ generated from financing</b>		<b>(2,443,764)</b>	<b>2,206,350</b>
Net (decrease)/ increase in cash and cash equivalents		(135,178)	108,406
Cash and cash equivalents at beginning of financial year		151,219	42,813
<b>Cash and cash equivalents at end of financial year</b>	7	<b>16,041</b>	<b>151,219</b>

**ROTARY PILING PTE LTD.**

**STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

**Note A:**

During the financial year, the Company acquired property, plant and equipment with an aggregate costs of \$3,046,973 (2017: \$5,010,000) of which \$2,440,000 (2017: \$3,507,000) was acquired under finance leases. A cash payment of \$606,973 (2017: \$1,503,000) was made to purchase property, plant and equipment.

Reconciliation of liabilities arising from financing activities

	1 April 2017	Principal and interest	Non-cash changes		31 March 2018
			Acquisition of property, plant and equipment	Interest expense	
	\$	\$	\$	\$	\$
Borrowings	1,503,721	(649,884)	-	43,378	897,215
Finance lease liabilities	3,793,609	(2,530,886)	2,440,000	159,445	3,862,168

*The accompanying notes form an integral part of these financial statements.*

## **ROTARY PILING PTE LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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

#### **1. GENERAL**

##### **1.1 General**

Rotary Piling Pte Ltd. (the "Company") is incorporated and domiciled in Singapore with its registered office and principal place of business located at 58 Sungei Kadut Drive, Singapore 729572.

The principal activities of the Company consist of bored piling, civil, mechanical and ground engineering works as well as rental of equipment.

The Company's immediate holding company is KH Foges Pte Ltd, incorporated in Singapore and its ultimate holding company is Kridhan Infra Limited, which is incorporated in India.

##### **1.2 Going Concern**

The Company's profit before tax has reduced from \$1,818,682 to \$868,524 for the financial year ended 31 March 2018. As of 31 March 2018, the Company's net current assets and accumulated losses amounted to \$1,809,968 (2017: \$3,538,873) and \$3,390,579 (2017: \$4,106,526) respectively.

Included in current assets are cash and cash equivalent of \$16,041 (2017: \$151,219) and amount due from immediate holding company and amounts due from related companies of \$2,108,835 (2017: \$1,151,005) and \$6,102,390 (2017: \$6,100,000) respectively. Included in current liabilities are borrowings and finance leases of \$628,657 (2017: \$606,506) and \$1,829,637 (2017: \$1,259,584) respectively, which are contractually due within 12 months from the end of the reporting period. These borrowings are secured by a legal mortgage over the Company's 11 equipment and a corporate guarantee from the immediate holding company, whilst the finance leases are secured by the Company's leased assets.

Should the Company be unable to rollover the existing borrowings or alternative refinancing of the borrowings be unsuccessful, the Company may have insufficient cash to fulfil obligations at the relevant repayment dates unless it has the financial support from its immediate holding company.

The financial statements of the Company for the financial year ended 31 March 2018 have been prepared on a going concern basis based on the following assumptions:

- The immediate holding company has undertaken to provide continuing financial support to the Company to enable the Company to meet all its financial obligations as and when they fall due;
- The immediate holding company has undertaken not to recall the amounts due from the Company until all other external financial obligations have been settled.

## **ROTARY PILING PTE LTD.**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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#### **1. GENERAL (Continued)**

##### **1.2 General (Continued)**

If the going concern assumption is no longer applicable, 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 may 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 respectively. No such adjustments have been made to these financial statements.

#### **2. Summary of significant accounting policies**

##### **2.1 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 a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (\$), which is the Company's functional currency.

The estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognised in the financial year in which the estimate is revised if the revision affects only the financial year or in the financial year of the revision and future financial years if the revision affects both current and future financial years. The areas where such judgement or estimates have the most significant effect on the financial statements are disclosed in Note 3.

##### **2.2 Adoption of new and revised Singapore Financial Reporting 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 periods beginning on or after 1 April 2017. The adoption of these standards did not have any material effect on the financial statements.



## ROTARY PILING PTE LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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#### 2. Summary of significant accounting policies (Continued)

##### 2.3 Standards issued but not yet effective

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 April 2017 and which the Company has not early adopted:

Description	Effective for annual periods beginning on or after
FRS 109 Financial Instruments	1 Jan 2018
FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116 Leases	1 Jan 2019
Improvements to FRSs (December 2016)	1 Jan 2018
Improvements to FRSs (March 2018)	1 Jan 2019

Management anticipates that the adoption of the above standards in the future periods will not have a material impact to the Company's accounting policies but will require more disclosure in the financial statements in the period of their initial adoption except for FRS 109, FRS 115 and FRS 116. Management is currently evaluating the potential impact of the application of FRS 109, FRS 115 and FRS 116 on the financial statements of the Company in the period of their initial application.

#### **FRS 109 - Financial Instruments**

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cashflow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Company plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Company has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis, until the Company adopts FRS 109 for the financial year ended 31 March 2019.

ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

**FRS 115 – Revenue from Contracts with Customers**

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers and introduces new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Key issues for the Company include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

The new standard will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

**FRS 116 – Leases**

FRS 116 requires lessees to recognise most leases on statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases which do not contain any purchase options. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Company expects the adoption of the new standard to result in an increase in total assets and total liabilities, earnings before interest, taxes, depreciation and amortisation (EBITDA) and gearing ratio.

## ROTARY PILING PTE LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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#### 2. Summary of significant accounting policies (Continued)

##### 2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

During the financial year, the Company did not have any foreign currency transactions or balances.

##### 2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line basis to write off the cost of property, plant and equipment over the estimated useful lives of the assets as follows:

	<u>Useful lives</u>
Plant and machinery	3 to 10 years
Office furniture and equipment	3 to 5 years
Motor vehicles	5 years

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. Summary of significant accounting policies (Continued)**

**2.5 Property, plant and equipment (Continued)**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

**2.6 Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the assets' recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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**2. Summary of significant accounting policies (Continued)**

**2.7 Financial instruments**

**a) Financial assets**

**Classification**

Financial assets are classified into the following categories: at fair value through profit or loss, loans and receivables, held to maturity and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

**Initial recognition and measurement**

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

**Subsequent measurement**

**Loans and receivables**

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise amount due from immediate holding company, amounts due from related companies and cash and cash equivalents.

**De-recognition**

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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**2. Summary of significant accounting policies (Continued)**

**2.7 Financial instruments (Continued)**

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

**Subsequent measurement**

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are decognised, and through the amortisation process.

Such financial liabilities comprise amount due to immediate holding company, amounts due to related companies, finance leases, borrowings and other payables and accruals.

**De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.8 Impairment of financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

**Financial assets carried at amortised cost**

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairments exists individually for financial assets that are 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 risk 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. Summary of significant accounting policies (Continued)**

**2.8 Impairment of financial assets (Continued)**

**Financial assets carried at amortised cost (Continued)**

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 assets's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current 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 asset 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 amount 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 debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decrease 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.

**2.9 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand and are subject to an insignificant risk of changes in value.

**2.10 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. Summary of significant accounting policies (Continued)**

**2.11 Government grants**

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of relevant asset by equal annual installments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

**2.12 Borrowing costs**

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

**2.13 Employee benefits**

**a) Defined contribution plans**

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**b) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**2.14 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, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. Summary of significant accounting policies (Continued)**

**2.14 Revenue recognition (Continued)**

**a) Rental income**

Rental income from operating leases is recognised on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

**2.15 Taxes**

**a) Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**b) Deferred tax**

Deferred tax is provided using the liability method on 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 are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. Summary of significant accounting policies (Continued)**

**2.15 Taxes (Continued)**

**b) Deferred tax (Continued)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

**c) Sales Tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**2.16 Operating leases as lessee**

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**2. Summary of significant accounting policies (Continued)**

**2.17 Share capital**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

**2.18 Related party disclosures**

(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 a 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 group (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 group 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).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

**3. Significant accounting judgements and estimates**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**3. Significant accounting judgements and estimates (Continued)**

**Critical judgements made in applying the Company accounting policies**

In the process of applying the Company's accounting policies, which are described in Note 2, management is required to make judgements, 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 results may differ from these estimates.

Management is of the opinion that there are no instances of applications of judgements (apart from those involving estimations), which is dealt with below: -

**Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

a) Impairment of receivables

Management reviews its receivables for objective evidence of impairment periodically. 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 makes 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.

As at 31 March 2018, the carrying amount of amount due from immediate holding company (trade) and amounts due from related companies (non-trade) amounted to \$2,108,535 (2017: \$1,151,005) and \$6,194,992 (2017: \$6,107,365), respectively.

b) Useful life of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the assets affected by the assumption is \$9,448,767 (2017: \$7,981,489).

ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4. Property, Plant and Equipment

2018

	Plant and machinery	Office furniture and equipment	Motor vehicles	Total
	\$	\$	\$	\$
Cost:				
At 1 April 2017	13,753,094	203,103	130,629	14,086,826
Additions	3,011,133	-	35,840	3,046,973
Disposal	(68,750)	-	(38,201)	(106,951)
At 31 March 2018	16,695,477	203,103	128,268	17,026,848
Accumulated depreciation:				
At 1 April 2017	5,783,558	203,103	118,676	6,105,337
Depreciation	1,514,220	-	8,464	1,522,684
Disposal	(19,708)	-	(30,232)	(49,940)
At 31 March 2018	7,278,070	203,103	96,908	7,578,081
Carrying amount:				
At 31 March 2018	9,417,407	-	31,360	9,448,767

2017

	Plant and machinery	Office furniture and equipment	Motor vehicles	Total
	\$	\$	\$	\$
Cost:				
At 1 April 2016	8,743,094	203,103	193,340	9,139,537
Additions	5,010,000	-	-	5,010,000
Disposal	-	-	(62,711)	(62,711)
At 31 March 2017	13,753,094	203,103	130,629	14,086,826
Accumulated depreciation:				
At 1 April 2016	4,554,228	203,103	176,607	4,933,938
Depreciation	1,229,330	-	4,780	1,234,110
Disposal	-	-	(62,711)	(62,711)
At 31 March 2017	5,783,558	203,103	118,676	6,105,337
Carrying amount:				
At 31 March 2017	7,969,536	-	11,953	7,981,489

ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

4. Property, Plant and Equipment (Continued)

The carrying amounts of the Company's property, plant and equipment held under finance lease agreements are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Plant and machinery	7,773,333	6,323,167

Leased assets are pledged as security for the related finance lease liabilities.

Certain plant and machinery with carrying amounts of \$ 1,055,705 (2017: \$1,614,366) at the end of the reporting period are mortgaged to secure the Company's debenture loan (Note 10).

5. Other Assets

	<u>2018</u>	<u>2017</u>
	\$	\$
Prepayments	7,792	7,365
Goods and services tax receivable	84,810	-
	<u>92,602</u>	<u>7,365</u>

6. Amounts Due From/(To) Related Companies

	<u>2018</u>	<u>2017</u>
	\$	\$
Amounts due from related companies - non-trade	6,102,390	6,100,000
Amounts due to related companies: - non-trade	<u>(483,688)</u>	<u>(56,180)</u>

The amounts due from/(to) related companies (non-trade) are unsecured, interest free and repayable on demand.

7. Cash and Cash Equivalents

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash at banks	15,495	150,673
Cash on hand	546	546
	<u>16,041</u>	<u>151,219</u>

# ROTARY PILING PTE LTD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### 8. Share Capital

	No of shares		Amount	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	\$	\$	\$	\$
Issued and fully paid ordinary shares,				
At 1 January and 31 December	3,577,547	3,577,547	12,054,713	12,054,713

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. The ordinary shares have no par value.

These 3,577,547 shares, are held by United Overseas Bank Nominees (Private) Limited who is holding the shares on behalf of United Overseas Bank Limited ("UOB") as the shares of the Company have been pledged by KH Foges Pte Ltd to UOB for certain banking facilities.

### 9. Finance Lease

	Minimum lease payments <u>2018</u>	Present value of minimum lease payments <u>2018</u>	Minimum lease payments <u>2017</u>	Present value of minimum lease payments <u>2017</u>
	\$	\$	\$	\$
Within one year	1,944,048	1,829,637	1,380,864	1,259,584
After one year but not more than five years	2,084,086	2,032,531	2,635,722	2,534,025
Total minimum lease payments	4,028,134	3,862,168	4,016,586	3,793,609
Less: Amounts representing finance charges	(165,966)	-	(222,977)	-
Present value of minimum lease payments	3,862,168	3,862,168	3,793,609	3,793,609

The effective interest rate is 2.21% (2017: 2.28%) per annum. The above finance lease agreements are secured by a corporate guarantee from the immediate holding company.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. Lease terms range from 3 years to 5 years and do not contain restrictions concerning dividends, additional debt or further leasing.

# ROTARY PILING PTE LTD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### 10. Borrowings

	<u>2018</u>	<u>2017</u>
	\$	\$
Debenture loan:		
Repayable within one year	628,657	606,506
Repayable after 1 year but not more than 5 years	268,558	897,215
	<u>897,215</u>	<u>1,503,721</u>

Debenture loan of \$897,215 (2017: \$1,503,721) from a finance company is secured by a legal mortgage over 11 equipment with a carrying value of \$1,055,705 (2017: \$1,614,366), and a corporate guarantee from the immediate holding company as stated in the Deed of Debenture dated 5 September 2014. The debenture loan bears interest at 1.896% (2017: 1.896%) per annum and is repayable over 60 monthly instalments commencing from 5 September 2014.

Payment will comprise 59 monthly instalments of \$54,157 and a final instalment of \$54,103.40. A late interest of 5% above the average prime leading rates of the 3 local Singapore banks will be imposed on late payment.

#### Fair value of non-current borrowings

	<u>2018</u>	<u>2017</u>
	\$	\$
Debenture loan	<u>270,731</u>	<u>920,615</u>

The fair values above are determined based on contractual undiscounted cash flows.

	<u>2018</u>	<u>2017</u>
	1.896%	1.896%
Debenture loan	<u>1.896%</u>	<u>1.896%</u>

The fair values are within level 2 of fair values hierarchy.

### 11. Other Payables and Accruals

	<u>2018</u>	<u>2017</u>
	\$	\$
Accrued expenses	17,037	7,692
Goods and services tax payable	-	84,909
Staff tax retention	200	-
	<u>17,237</u>	<u>92,601</u>



ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

12. Amount Due From/(To) Immediate Holding Company

	<u>2018</u>	<u>2017</u>
	\$	\$
Amount due from immediate holding company:		
- trade	2,108,535	1,151,005
Amount due to immediate holding company:		
- non-trade	(3,550,381)	(1,855,845)

The trade amount due from immediate holding company are non-interest bearing and are normally settled within 30 days (2017: 30 days).

The non-trade amount due to immediate holding company are unsecured, interest-free and repayable on demand.

13. Deferred tax liabilities

	<u>2018</u>	<u>2017</u>
	\$	\$
Balance at beginning of financial year	140,935	-
Tax charged to profit or loss	152,577	140,935
Balance at end of financial year	293,512	140,935

The deferred tax liabilities on temporary differences recognised in financial statements are as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Tax effects of:		
- excess of the carrying amount over tax written down values of qualifying property, plant and equipment	327,635	146,534
- unutilised tax losses	(5,599)	(5,599)
- unutilised capital allowances	(28,524)	-
	293,512	140,935

14. Revenue

	<u>2018</u>	<u>2017</u>
	\$	\$
Rental income - rental of machinery to immediate holding company (Note 20)	4,368,430	3,527,647
Others	-	21,123
	4,368,430	3,548,770

ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

15. Other Income

	<u>2018</u>	<u>2017</u>
	\$	\$
Government grants	2,455	3,323
Gain on disposal of property, plant and equipment	-	800
Accounts payable written off	-	2,028
Insurance claims	-	3,297
Workforce training & upgrading scheme	728	-
Sundry income	263	1,849
	<u>3,446</u>	<u>11,297</u>

16. Other Operating Expenses

	<u>2018</u>	<u>2017</u>
	\$	\$
Rental of office premises from a related party (Note 20)	60,000	60,000

17. Finance Costs

	<u>2018</u>	<u>2017</u>
	\$	\$
Interest expense:		
-Finance lease	159,445	143,191
-Debenture loan	43,378	65,530
	<u>202,823</u>	<u>208,721</u>

18. Profit before Income Tax

	<u>2018</u>	<u>2017</u>
	\$	\$
Profit before income tax is stated after charging:		
Depreciation of property, plant and equipment	1,522,684	1,234,110
Director's remuneration	29,042	39,896
Loss on disposal of property, plant and equipment	30,189	-

ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

19. Income Tax Expenses

	<u>2018</u> \$	<u>2017</u> \$
Current income tax		
-Current year	-	-
Deferred income tax		
-Origination and reversal of temporary differences (Note 13)	152,577	140,935
Income tax expense recognised in profit or loss	<u>152,577</u>	<u>140,935</u>

The income tax expense varies from the amount of income tax expense by applying the Singapore income tax rate of 17% (2017: 17%) to profit before income tax as a result of the following differences:

	<u>2018</u> \$	<u>2017</u> \$
Profit before income tax	868,524	1,818,682
Income tax expense at statutory rate of 17%	147,649	309,176
Non-deductible expenses	4,928	5,061
Tax incentive	-	(82,020)
Utilisation of previously unrecognized deferred tax assets	-	(91,282)
	<u>152,577</u>	<u>140,935</u>
	<u>2018</u> \$	<u>2017</u> \$
Tax effects of:		
- excess of the carrying amount over tax written down values of qualifying property, plant and equipment.	(1,927,265)	(861,965)
- unutilised tax losses	32,937	32,937
- unutilised capital allowances	167,786	-
	<u>(1,726,542)</u>	<u>(829,028)</u>

Subject to agreement with the Tax Authority and compliance with certain conditions of the Income Tax Act, the Company has unutilised tax losses and unutilised capital allowances of approximately \$32,937 (2017: \$32,937) and S\$167,786 (2017: NIL) respectively as at the end of reporting date, which is available for set off against future taxable income.

ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

20. Related Party Transactions

In addition to information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and the related parties.

	<u>2018</u>	<u>2017</u>
	\$	\$
(i) Significant transactions with related companies:		
With fellow subsidiaries:		
- Office rental expense (Note 16)	60,000	60,000
- Management fee to PSL Engineering Pte. Ltd.	147,600	147,600
- Advances from	333,600	-
- Advances to	-	3,800,000
- Purchase of machine	10,700	-
- Expenses paid on behalf of	2,390	12,265
- Expenses paid on behalf by	63,800	15,338
	<u>2018</u>	<u>2017</u>
	\$	\$
(ii) Significant transactions with immediate holding company:		
- Equipment rental income (Note 14)	4,368,430	3,527,647
- Expenses paid on behalf of	331,427	209,235
- Expenses paid by	2,224,736	-
- Sale of machine	32,100	-
- Purchase of machine	658,800	1,853,700
- Credit note issued	-	1,979
	<u>2018</u>	<u>2017</u>
	\$	\$
(iii) Key management's compensation:		
	<u>2018</u>	<u>2017</u>
	\$	\$
Salaries, bonuses and other short-term employee benefits	24,988	34,422
Contributions to defined contribution plan	4,054	5,474
	<u>29,042</u>	<u>39,896</u>

There are no other key management personnel apart from the directors.

## ROTARY PILING PTE LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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#### 21. Financial risk management

The Company's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to above mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

#### ***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.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount if those assets as stated in the statement of financial position.

#### Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

## ROTARY PILING PTE LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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#### 21. Financial risk management (Continued)

##### ***Credit risk (Continued)***

###### Exposure to credit risk

As at 31 March 2018, approximately 25% and 73% (2017: 16% and 84%) of receivables of the Company relates to amount due from the immediate holding company and related companies. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

###### Financial assets that are neither past due nor impaired

There is no other receivables that are neither past due nor impaired. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

###### Financial assets that are either past due or impaired

There is no other class of financial assets that are either past due or impaired.

##### ***Liquidity risk***

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company's operations are financed mainly through equity, borrowings, finance leases and on the continuing financial support from its immediate holding company.

The Company incurred a net cash generated from operating activities of \$2,888,737 for the financial year ended 31 March 2018 and a net cash used in operating activities of \$595,744 for the financial year ended 2017. The Company's ability to operate as a going concern is dependent on the undertaking of its immediate holding company, KH Foges Pte Ltd, to provide continuing financial support and agreed not to demand for repayment until all other external financial obligations has been fully settled so as to enable the Company to meet its financial obligations as and when they fall due as disclosed in Note 1.2.

The Directors are satisfied that the financial support will be readily available when required from its immediate holding company for at least one year from the date of authorising these financial statements for issuance by the Board of Directors.

ROTARY PILING PTE LTD.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

21. Financial risk management (Continued)

*Liquidity risk (Continued)*

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

<u>2018</u>	Less than 1 year \$	Between 2 and 5 years \$	Total \$
<u>Financial Assets</u>			
Amounts due from immediate holding company	2,108,535	-	2,108,535
Amounts due from related companies	6,102,390	-	6,102,390
Cash and cash equivalents	16,041	-	16,041
	<u>8,226,966</u>	<u>-</u>	<u>8,226,966</u>
<u>Financial Liabilities</u>			
Other payables and accruals	17,037	-	17,037
Finance leases	1,944,048	2,084,086	4,028,134
Borrowings	649,884	270,731	920,615
Amounts due to immediate holding company	3,550,381	-	3,550,381
Amounts due to related companies	483,688	-	483,688
	<u>6,645,038</u>	<u>2,354,817</u>	<u>8,999,855</u>
<u>2017</u>	Less than 1 year \$	Between 2 and 5 years \$	Total \$
<u>Financial Assets</u>			
Amount due from immediate holding company	1,151,005	-	1,151,005
Amounts due from related companies	6,100,000	-	6,100,000
Cash and cash equivalents	151,219	-	151,219
	<u>7,402,224</u>	<u>-</u>	<u>7,402,224</u>
<u>Financial Liabilities</u>			
Other payables and accruals	7,692	-	7,692
Finance leases	1,380,864	2,635,722	4,016,586
Borrowings	649,884	920,615	1,570,499
Amount due to immediate holding company	1,855,845	-	1,855,845
Amounts due to related companies	56,180	-	56,180
	<u>3,950,465</u>	<u>3,556,337</u>	<u>7,506,802</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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**21. Financial risk management (Continued)**

***Market risk***

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**(i) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from borrowings and finance leases.

The Company does not expect any significant effect on the Company's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, if the interest rates had been 50 (2017: 50) basis points higher/lower with all other variables held constant, the Company's profit before tax would have been \$4,486 (2017: \$948) higher/lower, arising mainly as a result of higher/lower interest income/expenses on floating rate finance leases and floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**(ii) Foreign currency risk**

As at 31 March 2018 and 31 March 2017, the Company has no currency exposure for the financial assets and liabilities as they are all denominated in the Company's functional currency.

**22. Fair values**

The fair value of a financial instruments 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 the value.

**(i) Cash and cash equivalents, amount due from immediate holding company, amounts due from related companies, other payables and accruals, amount due to immediate holding company, amounts due to related companies**

The carrying amounts of these balances are reasonable approximation of their fair values due to the short-term nature of these balances on or near the end of the reporting period.



## ROTARY PILING PTE LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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#### 22. Fair values (Continued)

##### (ii) *Borrowings and finance leases*

The carrying amount of borrowings and finance leases approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

#### 23. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern and to maintain an efficient capital structure so as to enhance shareholders' value. The capital structure of the Company comprises issued share capital net of accumulated losses and financing from immediate holding company, borrowings and finance leases.

The Company manages its capital structure and makes adjustments to it, in light of the changes in economic conditions. To maintain or achieve a prudent and efficient capital structure, the Company may adjust the amount of dividend payment, issue new shares, obtain new borrowings or sell assets to reduce borrowings. The Company's overall strategy remains unchanged from for the financial year ended 31 March 2018 and 31 March 2017.

The Company is not subject to externally imposed capital requirements. The Company's overall strategy remain unchanged from 2017.

#### 24. Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Loans and receivables	8,226,966	7,402,224
Financial liabilities at amortised cost	8,810,489	7,217,047

## ROTARY PILING PTE LTD.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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#### 25. Reclassifications and comparative figures

During the financial year, reclassification of certain comparative numbers were made in the statement of comprehensive income to enhance the comparability with the current year's financial statements.

The effects of the reclassifications are as follows:

#### Statement of comprehensive income

	<u>Previously reported</u> \$	<u>Reclassification</u> \$	<u>As restated</u> \$
General and administrative expenses	205,663	203	205,866
Finance costs	208,924	(203)	208,721
	<u>414,587</u>	<u>-</u>	<u>414,587</u>