G.N. SHANBHAG & CO.

CHARTERED ACCOUNTANTS

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To
The Board of Directors
Sterling &Wilson Solar Limited
(Formerly known as Sterling and Wilson Solar Private Limited, prior to that Rashmika Energy Private Limited)
9th Floor, Universal Majestic
P.L. Lokhande Marg
Chembur (West)
Mumbai – 400 043 (India)

Dear Sirs

We have verified the annexed translated version of the audited financial statements of Sterling &Wilson Engineering Proprietary Limited (the "Company") for the year ended March 31, 2017 ("Financial Year"). These financial statements have been translated by the Company in Indian Rupee in accordance with Ind AS 21 - The Effect of Changes in Foreign Currency Rates. The work carried out by us is in accordance with the Standard on Related Services (SRS) 4400 i.e. "Engagements to Perform Agreed-upon Procedures regarding Financial Information" issued by the Institute of Chartered Accountants of India.

As required by Securities and Exchange Board of India (Issued of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations") we have verified the translated financial information contained in the Annexures attached to this certificate which is proposed to be uploaded on the website of Sterling &Wilson Solar Limited *(formerly known as Sterling and Wilson Solar Private Limited, prior to that Rashmika Energy Private Limited) ('SWSL')* in connection with its proposed initial public offering of equity shares.

We did not audit the financial statements of Sterling &Wilson Engineering Proprietary Limited., These financial statements have been audited by other audit firms, whose reports have been furnished to us by the company.

These Financials should not in any way be construed as a reissuance or re-dating of any of the previous audit reports, nor should these be construed as a new opinion on any of the audited financial statements referred to herein.

These financials are intended solely for use the management for uploading on website of SWSL in connection with the proposed IPO of the Company. Our certificate should not be used referred to or distributed for any other purpose except with our prior consent in writing.

For G.N. SHANBHAG & CO.
CHARTERED ACCOUNTANTS
F.R.N.-109885W

G. N. SHANBHAG & CO. MUMBAI FRN 109885W CHARTERED ACCOUNTANTS

G.N SHANBHAG
(Proprietor)
Membership No. 32057
UDIN: 19035057AAAAFV5916

Place: Mumbai
Date: April 8, 2019

Sterling & Wilson Engineering Proprietary Limited

Balance sheet
as at 31 March 2017

(Currency : Indian rupees)

Particulars	***Note***	**As at 31 March 2017**	**As at 31 March 2016**
Assets			
Non current assets			
Property, plant and equipment	*4*	900,543	875,612
Other intangible assets	*4*	5	12,140
Deferred tax assets (net)	*5*	12,666,805	-
Total non current assets		**13,567,353**	**887,752**
Current assets			
Financial assets			
(i) Trade receivables	*6*	670,491,979	1,151,732,462
(ii) Cash and cash equivalents	*7*	102,745,243	299,622,354
(iv) Loans	*8*	402,601	355,024
Other current assets	*9*	24,897,292	14,085,100
Non current tax assets (net)	*10*	7,451,950	4,733,497
Total current assets		**805,989,065**	**1,470,528,437**
Total assets		**819,556,418**	**1,471,416,189**
Equity and liabilities			
Equity Share Capital	11	515	515
Other equity			
Retained Earnings		(36,317,666)	79,255,874
Foreign currency translation reserve		(1,193,895)	(5,387,839)
Others (including items of other comprehensive income)			
Total equity		**(37,511,046)**	**73,868,550**
Non current liabilities			
Deferred tax liabilities (net)	5	-	9,274
Total non current liabilities		**-**	**9,274**
Current liabilities			
Financial liabilities			
(i) Borrowings	12	57,323,789	3,067,386
(ii) Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	13	442,155,794	554,051,700
(iii) Other financial liabilities	14	3,603,866	746,169
Other current liabilities	15	29,944,147	540,231,516
Provisions	16	324,039,869	299,441,593
Total current liabilities		**857,067,464**	**1,397,538,365**
Total equity and liabilities		**819,556,418**	**1,471,416,189**

Sterling & Wilson Engineering Proprietary Limited

Statement of profit and loss
for the year ended 31 March 2017

(Currency : Indian rupees)

Particulars		**31 March 2017**	**31 March 2016**
Income			
Revenue from operations	*17*	72,061,804	8,995,723,701
Other income	*18*	74,011,860	26,710,734
Total income		**146,073,664**	**9,022,434,434**
Expenses			
Cost of construction materials, stores and spare parts	*19*	58,133,854	8,385,499,376
Employee benefits expense	*20*	21,327,100	10,684,899
Finance costs	*21*	38,704,399	2,805
Depreciation and amortisation expense	*22*	245,836	168,941
Other expenses	*23*	76,456,198	501,010,514
Total expenses		**194,867,386**	**8,897,366,535**
Profit before income tax		**(48,793,722)**	**125,067,900**
Tax expense:			
Current tax		-	32,669,358
Deferred tax (credit) / charge	*24*	(12,474,553)	3,231,853
Total tax expense		**(12,474,553)**	35,901,211
Profit for the year		**(36,319,170)**	**89,166,689**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
(i) Remeasurements of defined benefit liability		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss			
(i) Exchange differences in translating financial statements of foreign operations		(1,193,895)	(5,387,839)
(ii) Effective portion of (losses) on hedging instruments in cash flow hedges		-	-
(iii) Income tax relating to items that will be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of income tax		**(1,193,895)**	**(5,387,839)**
Total comprehensive income for the year		**(37,513,065)**	**83,778,849**

Sterling & Wilson Engineering Proprietary Limited

Statement of changes in equity

as at 31 March 2017

(Currency : Indian rupees)

a) Equity Share Capital

Particulars	As At March 31, 2017	As At March 31, 2016
Balance at the beginning of the year	515	515
Changes in equity share capital during the year	-	-
Balance at the end of the year	515	515

	Attributable to the owners of the parent		Total
	Retained earnings	**Foreign currency translation reserve**	
Balance as at 1 April 2016	**79,255,874**		**79,255,874**
Adjustments:			
Total comprehensive income for the period			
Profit for the year	(36,319,170)	-	(36,319,170)
Dividend	(79,254,371)	-	(79,254,371)
Items of OCI for the period, net of tax:			
Exchange differences in translating financial statements of foreign operations	-	(1,193,895)	(1,193,895)
Balance as at 31 March 2017	**(36,317,666)**	**(1,193,895)**	**(37,511,561)**

	Attributable to the owners of the parent		Total
	Retained earnings	**Foreign currency translation reserve**	
Balance as at 1 April 2015	**(9,910,815)**	**-**	**(9,910,815)**
Adjustments:			
Total comprehensive income for the period			
Profit for the year	89,166,689	-	89,166,689
Items of OCI for the period, net of tax:			
Exchange differences in translating financial statements of foreign operations		(5,387,839)	(5,387,839)
Balance as at 31 March 2016	**79,255,874**	**(5,387,839)**	**73,868,035**

Sterling & Wilson Engineering Proprietary Limited

Statement of cash flow

for the year ended 31 March 2017

(Currency : Indian rupees)

	Particulars	Notes	31 March 2017	31 March 2016
A)	**Cash flow from operating activities**			
	Cash used in operations	a	(198,841,742)	356,713,764
	Interest income		74,011,860	26,710,734
	Dividends		(79,254,371)	-
	Finance costs		(38,704,399)	(2,805)
	Tax paid		(2,292,435)	(37,788,800)
	Net cash (used in) from operating activities		**(245,081,086)**	**345,632,893**
B)	**Cash flows from investing activities**			
	Purchase of property, plant and equipment	4	(253,894)	(1,020,331)
	Proceeds on sale of property, plant and equipment	4	67,229	-
	Net cash used in investing activities		**(186,665)**	**(1,020,331)**
C)	**Cash flows from financing activities**			
	Payments to other financial liabilities		-	-
	Receipts from other financial liabilities		53,142,661	(9,466,263)
	Receipts from sharholders loan		-	241
	Net cash from financing activities		**53,142,661**	**(9,466,022)**
	Total cash movement for the year		(192,125,090)	335,146,539
	Cash at the beginning of the year		299,622,354	21,625
	Foreign Currency Translation Reserve		(3,515,314)	(33,090,749)
	Total cash at the end of the year	7	**102,745,243**	**299,622,354**

a. Cash used in operations

Loss before taxation	**(48,793,722)**	**125,067,900**
Adjustments for:		
Depreciation	245,836	168,941
Impairment losses and reversals	3,764,953	11,114,732
Interest received	(74,011,860)	(26,710,734)
Finance costs	38,704,399	2,805
Movements in provisions	-	323,856,547
IFRS adjustment in debtors and creditors	-	
Changes in working capital:		
Trade and other receivables	505,620,001	(1,254,707,055)
Trade and other payables	(697,960,953)	1,177,920,628
	(272,431,347)	**356,713,764**

(Currency : Indian Rupees)

1 *Background*

Sterling & Wilson Engineering Proprietary Limited is a private company incorporated and domiciled in South Africa.

2 *Basis of preparation of the financial statements*

a *Statement of compliance*

The accompanying financial statements have been prepared in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under section 133 of the Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

b *Functional and presentation currency*

These financial statements are presented in Indian Rupees (INR), the Company’s functional currency is South African Rand (ZAR). All amounts have been rounded off to the nearest rupee, unless otherwise stated. Foreign exchange difference in translating from functional currency to presentation currency is transferred to foreign currency translation reserve through other comprehensive income.
The assets and liabilities have been translated at the exchange rates at the year end. The income and expenses are translated at an average rate.

c *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following::
- certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy regarding financial instruments); and
- employee's defined benefit plan as per actuarial valuation.

d *Use of estimates and judgments*

The preparation of the financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised prospectively.
Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2016 and 31 March 2017 are as follows:

(i) *Evaluation of percentage of completion*

Determination of revenue under percentage of completion method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenue from the project or activity and foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognised in the financial statements for the period in which such changes are determined.

(ii) *Estimated useful lives of property, plant and equipment*

the Company estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and on the historical experience with similar assets. It is possible, however, that future results from operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. The estimated useful lives are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

(iii) *Recoverability of deferred income tax assets*

In determining the recoverability of deferred income tax assets, the Company primarily considers current and expected profitability of applicable operating business segments and their ability to utilise any recorded tax assets. the Company reviews its deferred income tax assets at every reporting period end, taking into consideration the availability of sufficient current and projected taxable profits, reversals of taxable temporary differences and tax planning strategies.

(iv) *Impairment losses on trade receivables and unbilled receivables*

the Company reviews its trade receivables and unbilled receivables to assess impairment at regular intervals. the Company's credit risk is primarily attributable to its trade receivables and unbilled receivables. In determining whether impairment losses should be reported in the statement of profit and loss, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for expected credit loss is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

(Currency : Indian Rupees)

3 *Significant accounting policies*

3.1 Current/ non-current classification

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

(i) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(ii) it is expected to be realised within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

(i) it is expected to be settled in the Company's normal operating cycle;

(ii) it is due to be settled within twelve months from the reporting date;

(iii) it is held primarily for the purposes of being traded; or

(iv) the Company does not have an unconditional right to defer settlement of the liability for atleast twelve months from the reporting date.

All other liabilities are classified as non-current.

Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out above which are in accordance with the Schedule III to the Act.

3.2 Foreign currency

(i) Foreign currency transactions

- Initial Recognition

All transactions that are not denominated in the Company’s functional currency are foreign currency transactions. These transactions are initially recorded in the functional currency by applying the appropriate daily rate which best approximates the actual rate of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

- Measurement of foreign currency items at the reporting date

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in the statement of profit and loss.

(ii) Foreign operations

The assets and liabilities of foreign operations (subsidiaries and branches) including goodwill and fair value adjustments arising on acquisition, are translated into INR, the functional currency of the Company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Exchange differences are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation), except to the extent that the exchange differences are allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to the statement profit and loss as part of the gain or loss on disposal. If the Company disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is re-allocated to NCI. When the Company disposes of only a part of its interest in a joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to the statement of profit and loss.

3 *Significant accounting policies (Continued)*

3.3 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at
- amortised cost;

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
− the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
− the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
− the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Company's management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:
− contingent events that would change the amount or timing of cash flows;
− terms that may adjust the contractual coupon rate, including variable interest rate features;
− prepayment and extension features; and
− terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies (Continued)

Financial instruments (Continued)

Financial assets: Subsequent measurement and gains and losses

(i) Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit and loss. Any gain or loss on derecognition is recognised in the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

(c) Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. the Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the statement of profit and loss.

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability

3.6 Fair Value

the Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) in the principal market for the asset or liability; or

(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy that categorises into three levels, as described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs).

Level 1 : quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 : inputs that are unobservable for the asset or liability

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

3 Significant accounting policies (Continued)

3.7 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably and is measured at cost. Subsequent to recognition, all items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

If the cost of an individual part of property, plant and equipment is significant relative to the total cost of the item, the individual part is accounted for and depreciated separately.

The cost of property, plant and equipment comprises its purchase price plus 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 and the initial estimate of decommissioning, restoration and similar liabilities, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Items such as spare parts, stand-by equipment's and servicing that meets the definition of property, plant and equipment are capitalised at cost and depreciated over the useful life. Cost of repairs and maintenance are recognised in the statement of profit and loss as and when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided using the straight line method over the estimated useful lives prescribed by Schedule II of the Act, except for certain items of plant and machinery (such as welding machine, drilling machine, porta cabin etc. whose useful life has been estimated to be five years) wherein depreciation is provided based on the estimated useful lives of the plant and machinery so acquired, determined by the Company's management based on the technical evaluation carried out by the projects team. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of). The useful lives used, as set out in the following table, are lower than or as those specified in Schedule II of the Act as under :

Assets	**Life in no. of years**	**Schedule II useful lives**
Plant and equipment	5 years to 15 years	15 years
Furniture and fixtures	3 years to 10 years	10 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Assets costing INR 5,000 or less are fully depreciated in the year/period of purchase.

3.8 Other intangible assets

Intangible assets comprise primarily of computer software (including enterprise systems). Intangible assets are initially recorded at cost and subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Other intangible assets are amortised over an expected benefit period of one to five years using straight line method.

The amortisation period and the amortisation method for an intangible asset with finite useful life is reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such changes is accounted for as a change in an accounting estimate.

Derecognition

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of an item of intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the statement of profit and loss in the period the asset is derecognised.

3.9 Impairment

Impairment of non-derivative financial assets

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

the Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:
(i) Trade receivables, unbilled receivables; and
(ii) Financial assets measured at amortised cost (other than trade receivables, unbilled receivables).

In case of trade receivables, unbilled receivables, contract revenue receivables and lease receivables, the Company follows a simplified approach wherein an amount equal to lifetime ECL is measured and recognition as loss allowance. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime of ECL.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate.
Lifetime ECL are the expected credit losses resulting from all possible defaults events over the expected life of a financial asset. 12 month ECL are a portion of the lifetime ECL which result from default events that are possible within 12 months from the reporting date.

ECL are measured in a manner that they reflect unbiased and profitability weighted amounts determined by a range of outcomes, taking into account the time value of money and other reasonable information available as a result of past events, current conditions and forecasts of future economic conditions.

The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in the statement of profit and loss.

3.10 Impairment (Continued)

Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Employee benefits

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 e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

3 Significant accounting policies (Continued)

3.12 Provisions and Contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources embodying economic benefits or the amount of such obligation cannot be measured reliably. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources embodying economic benefits is remote, no provision or disclosure is made.

A contingent asset is disclosed where an inflow of economic benefits is probable.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognises any impairment loss on the assets associated with that contract.

3.13 Revenue recognition

Revenue is recognised upon transfer of control of promised services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those services.

Effective April 1, 2016, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the financial statements of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 11.

Revenue from works contracts

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component.

Contract prices are either fixed or subject to price escalation clauses. Revenue from works contracts is recognised on the basis of percentage completion method, and the level of completion depends on the nature and type of each contract including:
a) Unbilled work-in-progress valued at lower of cost and net realisable value upto the stage of completion. Cost includes direct material, labour cost and appropriate overheads; and
b) amounts due in respect of the price and other escalation, bonus claims and/or variation in contract work approved by the customer/third parties etc. where the contract allows for such claims or variations and there is evidence that the customer/third party has accepted it.

Revenue from works contracts, where the outcome can be estimated reliably, is recognised using percentage-of-completion method ('POC method') of accounting with contract cost incurred determining the degree of completion of the performance obligation.
The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project / activity and the foreseeable losses to completion. The estimates of cost are periodically reviewed by the management and the effect of changes in estimates is recognised in the period such changes are identified.

Revenue from works contracts, where the outcome cannot be estimated reliably, is recognised only to the extent of contract costs incurred that it is

Contract costs are recognised as expenses as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognised immediately in the statement of profit and loss. Liquidated damages/ penalties are accounted as per the contract terms wherever there is a delayed delivery attributable to the Company.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Contract Liability is recognized when there is billing in excess of revenue.

Revenue from sale of goods

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer.

Operation and maintenance income:

Revenue related to fixed price operation and maintenance services contracts is recognised based on time elapsed mode and revenue is straight lined over the period of performance.

3 *Significant accounting policies (Continued)*

3.13 Revenue recognition (Continued)

Multiple deliverable arrangements

When two or more revenue generating activities or deliverables are provided under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair value of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

3.14 Export incentives

Export incentives receivable are accrued for when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds. The export incentives are disclosed as other operating income in the financial statements.

3.15 Advances from customers, progress payments and retention

Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract.

Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Amounts retained by the customers until the satisfactory completion of the contracts are recognised as receivables.

3.16 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

Assets held under leases

Leases of property, plant and equipment that transfer to the Company substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under leases that do not transfer to the Company substantially all the risks and rewards of ownership (i.e. operating leases) are not recognised in the Company’s Balance Sheet.

Lease payments

Payments made under operating leases are generally recognised in the statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.17 Recognition of dividend income, interest income or expense

Dividend income is recognised in the statement of profit and loss on the date on which the Company’s right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(Currency : Indian Rupees)

3 Significant accounting policies (Continued)

3.18 Income tax

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The entity recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the entity to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the entity to realise the net deferred tax assets recorded at the reporting date could be impacted.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax is not recognised for:
- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.
The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.19 Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded

3.20 Statement of cash flows

The statement of cash flows are prepared using the Indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits that are subject to an insignificant risk of changes in value.

3.21 Share capital and Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity

3.22 Events after reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted with the financial statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

Sterling & Wilson Engineering Proprietary Limited

Notes to financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees)

4 Property, plant and equipment

Particulars	2017				2016			
	Cost	**Accumulated Depreciation**	**FCTR**	**Carrying value**	**Cost**	**Accumulated Depreciation**	**FCTR**	**Carrying value**
Tool & equipment	75,540	(21,484)	5,857	59,913	87,293	(8,199)	(11,135)	67,959
Furniture and fixtures	657,157	(231,276)	50,233	476,114	759,398	(92,746)	(95,250)	571,402
IT equipment	133,307	(99,068)	9,344	43,583	154,047	(52,562)	(16,778)	84,707
Computer software	41,046	(43,704)	2,663	5	47,432	(31,263)	(4,029)	12,140
Other property, plant and equipment	327,562	(33,002)	26,373	320,933	180,250	(4,801)	(23,906)	151,543
	1,234,611	**(428,534)**	**94,471**	**900,548**	**1,228,419**	**(189,571)**	**(151,097)**	**887,752**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Disposals	FCTR	Total
Tool & equipment	67,959	-	(13,412)	-	5,365	59,913
Furniture and fixtures	571,402	-	(139,958)	-	44,670	476,114
IT equipment	84,707	71,182	(51,269)	(67,229)	6,191	43,583
Computer software	12,140	-	(12,923)	-	788	5
Other property, plant and equipment	151,543	182,712	(28,275)	-	14,953	320,933
	887,752	**253,894**	**(245,836)**	**(67,229)**	**71,967**	**900,548**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Disposals	FCTR	Total
Tool & equipment	-	81,699	(8,199)	-	(5,541)	67,959
Office equipment	-	710,738	(92,746)	-	(46,589)	571,402
IT equipment	78,440	59,194	(40,994)	-	(11,933)	84,707
Computer software	37,750	-	(22,201)	-	(3,409)	12,140
Other property, plant and equipment	-	168,700	(4,801)	-	(12,356)	151,543
	116,189	**1,020,331**	**(168,941)**	-	**(79,828)**	**887,752**

A register containing the information required by Regulation 25 (3) of the Companies Regulations is available for inspection at the registered office of the company.

Notes to financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees)

		31 March 2017	31 March 2016
5	**Deferred tax assets (net)**		
	Deferred tax assets		
	Employee benefits	27,046	64,541
	Trade receivable	19,865,146	-
	Carry forward business losses	5,004,772	-
		24,896,964	64,541
	Deferred tax liabilities		
	Prepayments and deposits	(60,959)	(73,815)
	Trade payables	(12,169,200)	-
		(12,230,160)	**(73,815)**
	Deferred tax assets / (liabilities) recognised (net)	**12,666,805**	**(9,274)**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	31 March 2017	31 March 2016
Deferred tax liability	(12,230,160)	(73,815)
Deferred tax asset	24,896,964	64,541
Total deferred tax asset	**12,666,805**	**(9,274)**

Reconciliation of deferred tax asset / (liability)

	31 March 2017	31 March 2016
At beginning of year	(9,274)	3,442,409
Increase / (decrease) in tax losses available for set off against future taxable income	4,924,909	(3,182,533)
(Originating) / reversing temporary difference on prepayments	18,618	8,770
Reversing temporary difference on leave pay accrual	(42,114)	(8,324)
Originating temporary difference on trade receivables	19,548,152	-
Originating temporary difference on trade payables	(11,975,013)	-
Foreign Exchange Difference Reserve	201,526	(269,597)
	12,666,805	**(9,274)**

Recognition of deferred tax asset / (liability)

The directors have determined that the deferred tax asset to be recoverable as the items giving rise to the deductible temporary difference will be settled through the ordinary course of business.

		31 March 2017	31 March 2016
6	**Trade receivables**		
	(Unsecured)		
	Trade receivable		
	-Considered good	670,491,979	1,151,732,462
	- Doubtful	-	-
		670,491,979	**1,151,732,462**
	Less: Loss allowance	-	-
	Net trade receivables	**670,491,979**	**1,151,732,462**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired have been evaluated by management on an ongoing basis. Management assess the credit quality of the customers, taking into account its financial position, past experience and other factors.

Fair value of trade and other receivables

Due to the short-term nature of these receivables, their carrying values are assumed to approximate their fair values.

Trade and other receivables past due but not impaired

At 31 March 2017, Rs 255,930,000 (2016: Nil) were past due but not impaired.

	31 March 2017	31 March 2016
2 months past dues	294,722	-
3 months past dues	660,655,730	-
	660,950,452	**-**

As of 31 March 2017, trade and other receivables of Rs 52,359,311 (2016: Nil) were impaired and provided for.

The ageing of these loans is as follows:

	31 March 2017	31 March 2016
Over 6 months	52,359,311	-

(Currency : Indian Rupees)

		31 March 2017	31 March 2016
7	**Cash and cash equivalents**		
	Balance with banks		
	- Current accounts	35,611,885	1,831,808
	- short term deposits	67,133,358	297,790,546
		102,745,243	**299,622,354**

Fair value of cash and cash equivalents

Due to the short-term nature of cash and cash equivalents, the carrying amount is assumed to approximate fair value.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or historical information about counterparty default rates:

	Credit rating - B (Standard & Poor)	102,745,243	299,622,354

		31 March 2017	31 March 2016
8	**Current financial assets - Loans**		
	Unsecured, considered good		
	To parties other than related parties		
	Security deposits	402,601	355,024
		402,601	**355,024**
9	**Other current assets**		
	Unsecured, considered good		
	From parties other than related parties		
	Balance with government and excise authorities	641,722	9,052,153
	Prepayments	24,255,570	5,032,947
		24,897,292	**14,085,100**
10	**Current tax assets (net)**		
	Advance tax (net of provision for tax)	7,451,950	4,733,497
		7,451,950	**4,733,497**

11 Share capital

	31 March 2017	31 March 2016
Authorised		
1,000 Ordinary shares of no par value	**515**	**515**

900 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	31 March 2017	31 March 2016
Issued		
100 Ordinary shares of no par value	515	515
	515	**515**

Notes to financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees)

	31 March 2017	31 March 2016
12 Current borrowings		
Unsecured		
Loan from Sterling and Wilson International FZE	57,323,789	3,067,386
	57,323,789	**3,067,386**

Loans from related parties are interest free and repayable on demand. This loan has been subordinated in favour of other creditors, until such time as the assets of the company, fairly values, exceeds its liabilities. The fair values of the financial liabilities carried at amortised cost. Due to the short-term nature of the loan, the carrying value is deemed to approximate the fair values.

Current liabilities At amortised cost	**57,323,789**	**3,067,386**

The fair values of the financial liabilities carried at amortised cost. Due to the short-term nature of the loan, the carrying value is deemed to approximate the fair value.

Currencies

The carrying amounts of financial liabilities at amortised cost are denominate in the following currencies:

US Dollar	**57,323,789**	**3,067,386**

13 Trade payables		
Total outstanding dues to micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	442,155,794	554,051,700
	442,155,794	**554,051,700**

14 Other current financial liabilities		
Tax on proposed dividends	2,818,885	-
Employee benefits payable	644,963	365,301
Other payables	140,018	380,868
	3,603,866	**746,169**

15 Other current liabilities		
To parties other than related parties		
Advances from customers	4,519,861	4,176,753
Accrued expenses	25,424,286	536,054,763
	29,944,147	**540,231,516**

Fair valueof trade and other liabilities

Trade and other payables are short-term by nature and their carrying values are deemed to approximate their fair values.

Currencies

The carrying amounts of trade payables are denominated in the following currencies:

Rand	23,194,015	45,499,633
US Dollar	4,899,048	99,433,530
Euro	144,397	-

Notes to financial statements (Continued)

as at 31 March 2017

(Currency : Indian Rupees)

		31 March 2017	31 March 2016
16	**Current - Provisions**		
	Other provisions		
	- Provision for product warranty	324,039,869	299,441,593
		324,039,869	**299,441,593**

Provision for product warranty:

The warranty provision represents management's best estimate of the company's liability under warranties granted on products, based on prior experience and industry averages.

Movement in provision for product warranty:

Particulars	**31 March 2017**	**31 March 2016**
Opening balance	**299,441,593**	-
Charge during the year	-	323,856,547
Utilised during the year	-	-
Foreign Currency Translation Reserve	**24,598,275**	(24,414,954)
Closing balance	**324,039,869**	**299,441,593**

The warranty provision represents management's best estimate of the company's liability under warranties granted on products, based on prior experience and industry averages.

Notes to financial statements (Continued)
for the year ended 31 March 2017

(Currency : Indian Rupees)

		31 March 2017	31 March 2016
17	**Revenue from operations**		
	Sale of services		
	Operations and maintenance contract	64,067,904	-
	Additional services rendered	5,503,343	-
	Procuring and replacing spare parts	2,144,063	-
	Construction contracts	-	8,952,343,701
		71,715,311	**8,952,343,701**

The company only had one contract during the 2016 financial period for the construction of plant which was completed at the year end.

The costs to obtain and fulfil the contracts were all recognised in cost of sales and therefore the cost of sales balance for 2016 represents all costs related to the contracts with respect to fulfilling and obtaining the contacts.

The revenue recognised at the end of the financial year represents the total contract revenue per the contracts as the contracts were completed and all performance obligations satisfied per the contracts. There are no further revenue per contracts outstanding with regards to the revenue recognised at the end of the financial year.

		31 March 2017	31 March 2016
	Other operating income		
	Miscellaneous income	346,493	-
	Product warranty insurance	-	43,380,000
		346,493	**43,380,000**
		72,061,804	**8,995,723,701**
18	**Other income**		
	Interest income:		
	- deposits with banks	10,831,016	26,710,734
	Trade and other receivables	63,180,844	-
	SARS	-	-
		74,011,860	**26,710,734**
19	**Cost of construction materials, stores and spare parts**		
	Cost of services and goods sold	58,133,854	-
	Construction contracts		8,385,499,376
		58,133,854	**8,385,499,376**
20	**Employee benefits expense**		
	Salaries, wages and bonus	21,327,100	10,684,899
		21,327,100	**10,684,899**
21	**Finance costs**		
	Trade and other payables	38,703,981	-
	Bank overdraft	418	2,805
		38,704,399	**2,805**
22	**Depreciation and amortisation**		
	Depreciation of property, plant and equipment	232,913	146,740
	Amortisation of intangible assets	12,923	22,201
		245,836	**168,941**

Sterling & Wilson Engineering Proprietary Limited

Notes to financial statements (Continued)

for the year ended 31 March 2017

(Currency : Indian Rupees)

	31 March 2017	31 March 2016
23 Other expenses		
Communication expenses	368,922	587,862
Legal and professional fees	5,891,020	460,413,885
Printing and stationery expenses	61,875	253,137
Insurance costs	2,377,076	8,025,300
Repairs and maintenance - others	982,859	2,550,214
Traveling and conveyance expenses	3,114,412	2,489,665
Rent	1,137,566	3,606,657
Payment to auditors	3,398,617	5,433,388
Foreign exchange loss (net)	3,764,953	11,114,732
Bank charges	378,883	5,003,507
Staff welfare expenses	-	230,107
Miscellaneous expenses	54,980,015	1,302,060
	76,456,198	**501,010,514**

Sterling & Wilson Engineering Proprietary Limited

Notes to financial statements (Continued)

for the year ended 31 March 2017

(Currency : Indian rupees)

24 Taxes

(a) Amounts recognised in the statement of profit and loss

Particulars	31 March 2017	31 March 2016
Current tax expense		
Current year	-	32,669,358
Deferred tax (credit) / charge		
Origination and reversal of temporary differences	(12,474,553)	3,231,853
Change in tax rate		
Tax expense for the year	**(12,474,553)**	**35,901,211**

(b) Amounts recognised in other comprehensive income

Particulars	31 March 2017	31 March 2016
Items that will not be reclassified to the statement of profit and loss		
Tax effect on remeasurements of the defined benefit plans	-	-
	-	-

(c) Reconciliation of effective tax rate

Particulars	31 March 2017	31 March 2016
Profit before tax	(48,793,722)	125,067,900
Statutory income tax rate in South Africa	28.00%	28.00%
Tax using the statutory tax rate	**(13,662,242)**	**35,019,012**
Tax effects of adjustments on taxable income		
Fines and penalties	-	6,295
Donations	-	21,420
Leagl fees	-	521,384
Foreign exchange gain (loss)	1,054,191	-
Overseas travel	133,499	19,367
Previously recognised assessed losses not allowed	-	313,733
Total tax expense	**(12,474,553)**	**35,901,211**

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is Rs 3,235,420 (2016: Nil).

(Currency : Indian rupees)

25 Operating leases

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of six to sixteen months. No contingent rent is payable.

Particulars	**31 March 2017**	**31 March 2016**
Lease payments recognised in the statement of profit and loss		
- Cancellable	-	-
Future minimum lease payments under non-cancellable operating leases		
Due not later than one year	2,192,688	-
Due later than one year but not later than five years	161,356	-
Later than five years	-	-
	2,354,045	-

26 Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 11, cash and cash equivalents disclosed in note 7, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The- company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Currency : Indian rupees)

26 Risk management *(Continued)*

Liquidity risk *(Contiunued)*

At 31 March 2017	**Less than 1 year**
Other financial liabilities	56,878,174
Trade and other payables	467,720,098

At 31 March 2016	**Less than 1 year**
Other financial liabilities	3,319,363
Trade and other payables	1,180,067,770

Interest rate risk

The company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. Variable interest rate assets and liabilities expose the company to cash flow interest rate risk, being the risk that cash flows earned or paid on such assets and liabilities

At 31 March 2017, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been Rs 475,650 (2016: Rs 2,318,912) lower/higher, mainly as a result of higher/lower interest income on floating rate borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a small customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**31 March 2017**	**31 March 2016**
Trade and other receivables	670,894,580	1,152,087,486
Cash and cash equivalents	102,745,243	299,622,354

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The company does not hedge foreign exchange fluctuations.

At 31 March 2017, if the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, post-tax profit for the year would have been Rs 62,341 (2016: Rs 798,178) higher, mainly as a result of foreign exchange gains or losses on translation of foreign currencies denominated trade payables

(Currency : Indian rupees)

26 Risk management *(Continued)*

Foreign exchange risk *(Continued)*

Foreign currency exposure at the end of the reporting period

Liabilities		
Trade payables (USD)	4,899,048	99,433,530
Trade payables (Euro)	144,397	-
Other financial liabilities (USD)	3,764,979	3,067,386
	8,808,424	102,500,916

The company reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

(Currency : Indian rupees)

27 Related party disclosures

Related parties and their relationship

Category of related parties

1) Holding company	Sterling and Wilson International FZE (70%) Orange Oak Investments 26 Proprietary Limited
2) Other Related Parties	Shapoorji Pallonji and Company Private Limited Sterling and Wilson Private Limited, India Sterling and Wilson Middle East

Related party disclosures *(Continued)*

Transactions and balances with related parties

Sr. No	Nature of transaction	31 March 2017			31 March 2016		
		Holding Company	Other Related Parties	Total	Holding Company	Other Related Parties	Total
	Related party transactions						
1	**Purchases**						
	Sterling and Wilson Private Limited, India	-	739,505	**739,505**	-	83,610,896	**83,610,896**
	Sterling and Wilson Middle East	-	-	**-**	-	548,545,195	**548,545,195**
2	**Management suppport fees**						
	Sterling and Wilson International FZE	-	-	**-**	365,696,697	-	**365,696,697**
3	**Guarantee fees paid**						
	Sterling and Wilson International FZE	-	-	**-**	137,136,307	-	**137,136,307**
	Shapoorji Pallonji and Company Private Limited	-	-	**-**	-	91,424,203	**91,424,203**
	Related party balances						
1	**Loan accounts - Owing (to) by related parties**						
	Sterling and Wilson International FZE	57,323,789	-	**57,323,789**	3,067,386	-	**3,067,386**
2	**Trade Payables**						
	Shapoorji Pallonji and Company Private Limited	-	-	**-**	-	91,823,100	**91,823,100**
	Sterling and Wilson Private Limited, India	-	678,867	**678,867**	-	376,518	**376,518**

28 Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial period, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the company or the results of operations to the date of the annual financial statements.

29 Going concern

We draw attention to the fact that at 31 March 2017, the company had accumulated losses of Rs 36,912,946 and that the company's total liabilities exceed its assets by Rs 37,511,046.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

The company obtained a letter of support from Sterling & Wilson International FZE.

Sterling & Wilson Engineering Proprietary Limited
(Registration number 2013/189325/07)
Audited financial statements
for the year ended 31 March 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Design, engineering, procurement, fabrication, construction, installation, commissioning, testing and handing over of solar generation facilities.
Directors	A. Choudhuri N.D. Madan M.O. Nyama
Registered office	The Boulevard Office Park 2nd Floor, Block D Searle Street Cape Town 7925
Business address	1st Floor, Convention Tower Cnr of Walter Sisulu & Heerengracht Street Foreshore Cape Town 8001
Postal address	P O Box 3883 Cape Town 8000
Bankers	First National Bank
Auditors	Moore Stephens Cape Town Inc. Chartered Accountants (SA) Registered Auditors
Company registration number	2013/189325/07
Level of assurance	These annual financial statements have been audited in terms of Section 30(2)(b)(i) of the Companies Act of South Africa as read with Regulation 28(2)(c) as the company's public interest score exceeds 350.
Preparer	The audited financial statements were independently compiled by: BDO Business Services Proprietary Limited
Published	06 September 2017

Index

The reports and statements set out below comprise the audited financial statements presented to the shareholders:

Index	Page/s
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 7
Statement of Financial Position	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 19
Notes to the Audited Financial Statements	20 - 35

The following supplementary information does not form part of the audited financial statements and is unaudited:

Detailed Income Statement	36 - 37
Tax Computation	38

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the audited financial statements and related financial information included in this report. It is their responsibility to ensure that the audited financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the audited financial statements.

The audited financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2018 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's audited financial statements. The audited financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 7.

The audited financial statements set out on pages 4 to 38, which have been prepared on the going concern basis, were approved by the board on 06 September 2017 and were signed on their behalf by:

Approval of financial statements

Director

Directors' Report

The directors have pleasure in submitting their report on the audited financial statements of Sterling & Wilson Engineering Proprietary Limited for the year ended 31 March 2017.

1. Nature of business

Sterling & Wilson Engineering Proprietary Limited was incorporated in South Africa with interests in the industry. The company operates in South Africa, rest of Africa and Europe.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The audited financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these audited financial statements.

3. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

The dividends already declared and paid to the shareholders during the year are as reflected in the statement of changes in equity, once the appropriate approval was granted by the directors.

5. Directors

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

Name
A. Choudhuri
N.D. Madan
M.O. Nyama

There have been no changes to the directorate for the year under review.

6. Secretary

The company had no secretary during the year.

7. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

8. Events after the reporting period

The directors are not aware of any significant matter of circumstance arising since the end of the financial period, not otherwise dealt with in this report or the financial statements, which significantly affect the financial position of the company or the results of its operations to the date of this report.

Directors' Report

9. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the audited financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

Management has assessed the company's ability to continue as a going concern for the foreseeable future and is not aware of any factors beyond their period of assessment that may cast significant doubt on the company's ability to continue as a going concern. Management thus considers the use of the going concern principle to be appropriate in the preparation of the 2017 financial statements.

10. Auditors

Moore Stephens Cape Town Inc. continued as auditors of the company for 2017.

11. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

Long Live Sensible

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Independent Auditors' Report

To the shareholder of Sterling & Wilson Engineering Proprietary Limited

Qualified opinion

We have audited the Annual Financial Statements of Sterling & Wilson Engineering Proprietary Limited set out on 8 to 35, which comprise the Statement of Financial Position as at 31 March 2017, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the Annual Financial Statements present fairly, in all material respects, the financial position of Sterling & Wilson Engineering Proprietary Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008.

Basis for qualified opinion

Included in accounts receivable shown on the Statement of Financial Position as at 31 March 2017 is an amount of R54,277,771 due from a debtor that is long outstanding. The company has no security for this debt. We were unable to obtain sufficient appropriate audit evidence regarding the valuation of the accounts receivable.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The director is responsible for the other information. The other information comprises the Director's Report as required by the Companies Act 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual 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.

Independent Auditors' Report

Responsibilities of the director for the Annual Financial Statements

The director is responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, and for such internal control as the director determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the director 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 the director either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual 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 International Standards on Auditing 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 Annual Financial Statements.

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

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

We communicate with the director 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.

Moore Stephens

Moore Stephens Cape Town Inc
Chartered Accountants (S.A.)
Registered Auditors

Per: Adele Smit

06 September 2017
Cape Town

Statement of Financial Position as at 31 March 2017

Figures in Rand	Notes	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	3	186 730	199 198
Deferred tax	7	2 626 481	-
		2 813 211	**199 198**
Current Assets			
Trade and other receivables	4	144 273 493	261 671 453
Current tax receivable		1 545 173	1 062 125
Cash and cash equivalents	5	21 304 381	67 230 715
		167 123 047	**329 964 293**
Total Assets		**169 936 258**	**330 163 491**
Equity and Liabilities			
Equity			
Share capital	6	100	100
Accumulated loss		(7 778 072)	16 574 883
		(7 777 972)	**16 574 983**
Liabilities			
Non-Current Liabilities			
Deferred tax	7	-	2 081
Current Liabilities			
Other financial liabilities	8	11 886 174	688 275
Trade and other payables	9	98 637 901	245 707 997
Provisions	10	67 190 155	67 190 155
		177 714 230	**313 586 427**
Total Liabilities		**177 714 230**	**313 588 508**
Total Equity and Liabilities		**169 936 258**	**330 163 491**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	12 months ended 31 March 2017	13 months ended 31 March 2016
Revenue	13	15 111 415	1 857 332 718
Cost of sales	14	(12 249 613)	(1 739 730 161)
Gross profit		**2 861 802**	**117 602 557**
Other operating income	15	73 011	9 000 000
Loss on foreign exchange		(793 328)	(2 305 961)
Other operating expenses		(19 862 776)	(103 889 963)
Operating (loss) / profit	16	**(17 721 291)**	**20 406 633**
Investment income	17	15 595 330	5 541 646
Finance costs	18	(8 155 556)	(582)
(Loss) / profit before taxation		**(10 281 517)**	**25 947 697**
Taxation	19	2 628 562	(7 448 384)
(Loss) / profit for the period		**(7 652 955)**	**18 499 313**
Other comprehensive income		-	-
Total comprehensive (loss) / income for the period		**(7 652 955)**	**18 499 313**

Sterling & Wilson Engineering Proprietary Limited

(Registration number 2013/189325/07)
Audited Financial Statements for the year ended 31 March 2017

Statement of Changes in Equity

Figures in Rand	Share capital	Accumulated loss	Total equity
Balance at 01 March 2015	**100**	**(1 924 430)**	**(1 924 330)**
Profit for the period	-	18 499 313	18 499 313
Other comprehensive income	-	-	-
Total comprehensive income for the period	**-**	**18 499 313**	**18 499 313**
Balance at 01 April 2016	**100**	**16 574 883**	**16 574 983**
Loss for the year	-	(7 652 955)	(7 652 955)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(7 652 955)**	**(7 652 955)**
Dividends	-	(16 700 000)	(16 700 000)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(16 700 000)**	**(16 700 000)**
Balance at 31 March 2017	**100**	**(7 778 072)**	**(7 777 972)**
Note	6		

Statement of Cash Flows

Figures in Rand	Notes	12 months ended 31 March 2017	13 months ended 31 March 2016
Cash flows from operating activities			
Cash (used in) / generated from operations	20	(47 341 626)	71 701 044
Interest income		15 595 330	5 541 646
Finance costs		(8 155 556)	(582)
Dividends		(16 700 000)	-
Tax paid	21	(483 048)	(7 840 000)
Net cash (used in) / generated from operating activities		**(57 084 900)**	**69 402 108**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(53 499)	(211 687)
Proceeds on sale of property, plant and equipment	3	14 166	-
Net cash used in investing activities		**(39 333)**	**(211 687)**
Cash flows from financing activities			
Repayment of other financial liabilities		11 197 899	(1 963 955)
Loans advanced to shareholders		-	50
Net cash generated from / (used in) financing activities		**11 197 899**	**(1 963 905)**
Total cash movement for the year		**(45 926 334)**	**67 226 516**
Cash at the beginning of the year		67 230 715	4 199
Total cash at end of the year	5	**21 304 381**	**67 230 715**

Accounting Policies

Corporate information

Sterling & Wilson Engineering Proprietary Limited is a private company incorporated and domiciled in South Africa.

1. Significant accounting policies

The audited financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The audited financial statements have been prepared on the historic cost convention, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the audited financial statements, management is required to make estimates and assumptions that affect the amounts represented in the audited financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the audited financial statements. Significant judgements include:

Trade receivables

The company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

Provisions

Provisions were raised and management determined an estimate based on the information available. Refer to note 10.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Residual values and useful lives

The company assesses useful lives and residual values of property, plant and equipment at the end of each reporting period. In determining whether there is a change in the useful lives and residual values of the property, plant and equipment of the company, the company makes judgements as to whether there is observable data indicating such changes e.g. a change in the manner of use or technological development. Actual results in the future could differ from these estimates which may impact the depreciation change for the year.

Accounting Policies

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years
Tools & equipment	Straight line	6 years
Other property, plant and equipment	Straight line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Any gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Accounting Policies

1.3 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

Subsequent measurement

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

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Fair value determination

Financial instruments that are measured at fair value in the Statement of Financial Position, are disclosed using the following fair value hierarchy.

Level 1 - Quoted prices in active market for identical assets or liabilities. The fair value of Level 1 financial instruments traded in an organised financial market is measured at the applicable bid or offer prices.

Level 2 - Prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices). The fair value of Level 2 financial instruments traded in an organised financial market is measured at the applicable retail price which is typically available over the counter. This typically relates to purchases not done through an exchange, for example forward exchange contracts.

Level 3 - Prices for assets and liabilities that are not based on observable market data. The fair value of these financial instruments (those not traded in an organised financial market) is determined using a variety of methods and assumptions based on market conditions and risk existing at reporting date, including independent appraisals.

Fair value represents approximates of possible values, which may differ from the value that will finally be realised.

Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Accounting Policies

1.3 Financial instruments (continued)

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to shareholders

Loans to shareholders are classified as loans and receivables.

Loans to group companies

These include loans to holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and other short-term financial assets readily realisable in cash, which has been classified as loans and receivables. These non-derivative financial instruments are initially measured at fair value plus any directly attributable transaction cost. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating income over the relevant period. The effective interest rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

1.3 Financial instruments (continued)

Offsetting

Financial assets and financial liabilities are offset where there are both an intention to settle on a net basis or realise the asset and settle the liability simultaneously and a legal right to offset exists.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a transaction or event which is recognised, in the same or a different period, directly to equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

Accounting Policies

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the company reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Accounting Policies

1.9 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation 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
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

1.10 Revenue

The company adopted "IFRS 15 Revenue from contracts with customer" in the financial period ending 31 March 2016.

IFRS 15 supersedes IAS 11 Construction contract; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principal of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognised revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies the performance obligations.

IFRS 15 also includes extensive new disclosure requirements.

Revenue from contracts with customers is recognised when:

- the company has identified a contract(s) with the customer;
- the company has identified the performance obligations in the contract;
- the company has determined the price;
- the transaction price has been allocated to the performance obligations in the contract; and
- revenue is recognised when (or as) the entity satisfies the performance obligations.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
  - to the extent that it is probable that they will result in revenue; and
  - they are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Accounting Policies

1.11 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.12 Cost of sales

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.13 Borrowing costs

Finance costs comprise interest expense on borrowings and trade payables and are recognised as an expense in the period in which it is incurred.

1.14 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous audited financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Notes to the Audited Financial Statements

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Amendment to IFRS 7: Financial Instruments: Disclosures: Annual Improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the company is for years beginning on or after 01 January 2016.

The company has adopted the amendment for the first time in the 2017 audited financial statements.

The impact of the amendment is not material.

Disclosure Initiative: Amendment to IAS 1: Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its audited financial statements. It also provides amended guidance concerning the order of presentation of the notes in the audited financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the company is for years beginning on or after 01 January 2016.

The company has adopted the amendment for the first time in the 2017 audited financial statements.

The impact of the amendment is not material.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 01 January 2016.

The company has adopted the amendment for the first time in the 2017 audited financial statements.

The impact of the amendment is not material.

2.2 Standards and Interpretations early adopted

The company has chosen to early adopt the following standards and interpretations:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Notes to the Audited Financial Statements

2. **New Standards and Interpretations (continued)**

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company has early adopted the standard for the first time in the 2016 audited financial statements.

The impact of the amendment was as disclosed in note 1.10 and 14.

2.3 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 April 2017 or later periods:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.
- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

Notes to the Audited Financial Statements

2. **New Standards and Interpretations (continued)**

- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:
- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:
- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company expects to adopt the standard for the first time in the 2020 audited financial statements.

The impact of this standard is currently being assessed.

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after 01 January 2018.

The company expects to adopt the amendment for the first time in the 2019 audited financial statements.

It is unlikely that the amendment will have a material impact on the company's audited financial statements.

Notes to the Audited Financial Statements

2. **New Standards and Interpretations (continued)**

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 01 January 2018.

The company expects to adopt the standard for the first time in the 2019 audited financial statements.

It is unlikely that the standard will have a material impact on the company's audited financial statements.

Amendments to IAS 7: Disclosure initiative

The amendment requires entities to provide additional disclosures for changes in liabilities arising from financing activities. Specifically, entities are now required to provide disclosure of the following changes in liabilities arising from financing activities:

- changes from financing cash flows;
- changes arising from obtaining or losing control of subsidiaries or other businesses;
- the effect of changes in foreign exchanges;
- changes in fair values; and
- other changes.

Notes to the Audited Financial Statements

2. New Standards and Interpretations (continued)

The effective date of the amendment is for years beginning on or after 01 January 2017.

The company expects to adopt the amendment for the first time in the 2018 audited financial statements.

The impact of this amendment is currently being assessed.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

In terms of IAS 12 Income Taxes, deferred tax assets are recognised only when it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. The following amendments have been made, which may have an impact on the company:

If tax law restricts the utilisation of losses to deductions against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Additional guidelines were prescribed for evaluating whether the company will have sufficient taxable profit in future periods. The company is required to compare the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences. This comparison shows the extent to which the future taxable profit is sufficient for the entity to deduct the amounts resulting from the reversal of those deductible temporary differences.

The amendment also provides that the estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The effective date of the amendment is for years beginning on or after 01 January 2017.

The company expects to adopt the amendment for the first time in the 2018 audited financial statements.

The impact of this amendment is currently being assessed.

3. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office equipment	147 456	(48 733)	98 723	147 456	(19 242)	128 214
IT equipment	29 912	(20 875)	9 037	29 912	(10 905)	19 007
Computer software	9 210	(9 209)	1	9 210	(6 486)	2 724
Tools & equipment	16 950	(4 527)	12 423	16 950	(1 701)	15 249
Other property, plant and equipment	73 500	(6 954)	66 546	35 000	(996)	34 004
Total	**277 028**	**(90 298)**	**186 730**	**238 528**	**(39 330)**	**199 198**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	128 214	-	-	(29 491)	98 723
IT equipment	19 007	14 999	(14 166)	(10 803)	9 037
Computer software	2 724	-	-	(2 723)	1
Tools & equipment	15 249	-	-	(2 826)	12 423
Other property, plant and equipment	34 004	38 500	-	(5 958)	66 546
	199 198	**53 499**	**(14 166)**	**(51 801)**	**186 730**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Office equipment	-	147 456	-	(19 242)	128 214
IT equipment	15 231	12 281	-	(8 505)	19 007
Computer software	7 330	-	-	(4 606)	2 724
Tools & equipment	-	16 950	-	(1 701)	15 249
Other property, plant and equipment	-	35 000	-	(996)	34 004
	22 561	**211 687**	-	**(35 050)**	**199 198**

A register containing the information required by Regulation 25 (3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

4. Trade and other receivables

	2017	2016
Trade receivables	139 027 522	258 431 308
Prepayments	5 029 429	1 129 317
Deposits	83 480	79 662
Value Added Taxation	133 062	2 031 166
	144 273 493	**261 671 453**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired have been evaluated by management on an ongoing basis. Management assesses the credit quality of the customers, taking into account its financial position, past experience and other factors.

Fair value of trade and other receivables

Due to the short-term nature of these receivables, their carrying values are assumed to approximate their fair values.

Notes to the Audited Financial Statements

Figures in Rand	2017	2016

4. Trade and other receivables (continued)

Trade and other receivables past due but not impaired

At 31 March 2017, R 53 067 471 (2016: R nil) were past due but not impaired.

2 months past due	61 111	-
3 months past due	136 987 961	-
	137 049 072	-

Trade and other receivables impaired

As of 31 March 2017, trade and other receivables of R 10 856 782 (2015: R Nil) were impaired and provided for.

The ageing of these loans is as follows:

Over 6 months	10 856 782	-

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 384 178	411 030
Short-term deposits	13 920 203	66 819 685
	21 304 381	**67 230 715**

Fair value of cash and cash equivalents

Due to the short-term nature of cash and cash equivalents, the carrying amount is assumed to approximate fair value.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
B (Standard & Poor)	21 304 381	67 230 715

6. Share capital

Authorised
1 000 Ordinary no par value shares

Reconciliation of number of shares issued:		
Reported as at 01 April 2016	100	100

900 unissued ordinary shares are under the control of the directors in terms of the memorandum of incorporation.

Issued		
100 Ordinary no par value shares for R100 in total	100	100

Notes to the Audited Financial Statements

Figures in Rand	2017	2016

7. Deferred tax

Deferred tax liability

Prepayments and deposits	(12 640)	(16 563)
Trade payables	(2 523 302)	-
Total deferred tax liability	**(2 535 942)**	**(16 563)**

Deferred tax asset

Trade receivables	4 119 068	-
Leave pay accrual	5 608	14 482
Deferred tax balance from temporary differences other than unused tax losses	4 124 676	14 482
Tax losses available for set off against future taxable income	1 037 747	-
	5 162 423	14 482
Total deferred tax asset	**5 162 423**	**14 482**

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	(2 535 942)	(16 563)
Deferred tax asset	5 162 423	14 482
Total net deferred tax asset	**2 626 481**	**(2 081)**

Reconciliation of deferred tax asset / (liability)

At beginning of year	(2 081)	668 429
Increase / (decrease) in tax losses available for set off against future taxable income	1 037 747	(670 604)
(Originating) / reversing temporary difference on prepayments	3 923	1 848
Reversing temporary difference on leave pay accrual	(8 874)	(1 754)
Originating temporary difference on trade receivables	4 119 068	-
Originating temporary difference on trade payables	(2 523 302)	-
	2 626 481	**(2 081)**

Recognition of deferred tax asset

The directors have determined that the deferred tax asset to be recoverable as the items giving rise to the deductible temporary difference will be settled through the ordinary course of business.

8. Other financial liabilities

Held at amortised cost		
Loan: Sterling & Wilson International FZE	11 886 174	688 275

The loan is unsecured, interest free and is payable on demand.

Current liabilities		
At amortised cost	11 886 174	688 275

Fair values of financial liabilities carried at amortised cost

Due to the short-term nature of the loan, the carrying value is deemed to approximate the fair value.

Notes to the Audited Financial Statements

Figures in Rand	2017	2016

8. Other financial liabilities (continued)

Currencies

The carrying amounts of financial liabilities at amortised cost are denominate in the following currencies:

Rand	11 105 500	-
US Dollar	780 674	688 275
	11 886 174	**688 275**

9. Trade and other payables

Trade payables	91 681 670	124 320 804
Amounts received in advance	937 200	937 200
Accrued expenses	5 271 764	120 282 564
First National Bank Credit cards	29 033	85 461
Accrued employee expenses	133 734	81 968
Dividends withholding tax	584 500	-
	98 637 901	**245 707 997**

Fair value of trade and other payables

Trade and other payables are short-term by nature and their carrying values are deemed to approximate their fair values.

Currencies

The carrying amounts of trade and other payables are denominated in the following currencies:

Rand	4 809 314	102 009 428
US Dollar	1 015 825	22 311 377
Euro	29 941	-
	5 855 080	**124 320 805**

10. Provisions

Reconciliation of provisions - 2017

	Opening balance	Total
Product warranties	67 190 155	67 190 155

Reconciliation of provisions - 2016

	Opening balance	Additions	Total
Product warranties	-	67 190 155	67 190 155

The warranty provision represents management's best estimate of the company's liability under warranties granted on products, based on prior experience and industry averages.

Notes to the Audited Financial Statements

11. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Loans and receivables	Total
Trade and other receivables	139 111 002	139 111 002
Cash and cash equivalents	21 304 381	21 304 381
	160 415 383	**160 415 383**

2016

	Loans and receivables	Total
Trade and other receivables	258 510 970	258 510 970
Cash and cash equivalents	67 230 715	67 230 715
	325 741 685	**325 741 685**

12. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2017

	Financial liabilities at amortised cost	Total
Other financial liabilities	11 793 775	11 793 775
Trade and other payables	96 982 467	96 982 467
	108 776 242	**108 776 242**

2016

	Financial liabilities at amortised cost	Total
Other financial liabilities	688 275	688 275
Trade and other payables	244 688 830	244 688 830
	245 377 105	**245 377 105**

Notes to the Audited Financial Statements

Figures in Rand	2017	2016

13. Revenue

Operations and maintenance contract	13 500 000	-
Additional services rendered	1 159 631	-
Procuring and replacing spare parts	451 784	-
Construction contracts	-	1 857 332 718
	15 111 415	**1 857 332 718**

The company only had one contract during the 2016 financial period for the construction of plant which was completed at year end.

The costs to obtain and fulfil the contract was all recognised in cost of sales and therefore the cost of the sales balance for 2016 represents all costs related to the contract with respect to fulfilling and obtaining the contract.

The revenue recognised at the end of the 2016 financial period represents the total contract revenue per the contract as the contract was completed and all performance obligations satisfied per the contract. There was no further revenue per the contract outstanding with regards to the revenue recognised at the end of the 2016 financial period.

14. Cost of sales

Cost of services and goods sold	12 249 613	-
Construction contracts	-	1 739 730 161

15. Other operating income

Product warranty insurance	-	9 000 000
Recovery of cost	73 011	-
	73 011	**9 000 000**

16. Operating (loss) / profit

Operating (loss) / profit for the period is stated after charging (crediting) the following, amongst others:

Employee costs

Salaries, wages, bonuses and other benefits	4 493 917	2 216 784

Leases

Operating lease charges		
Premises	195 213	630 580
Training facility	-	58 830
	195 213	**689 410**
Operating expenses on operating leases		
Premises	44 488	58 859
Total operating lease charges	**239 701**	**748 269**

Depreciation and amortisation		
Depreciation of property, plant and equipment	51 801	35 050

Notes to the Audited Financial Statements

Figures in Rand	2017	2016
16. Operating (loss) / profit (continued)		
Other		
Loss on foreign exchange	793 328	2 305 961
Change in allowance for impairment of trade and other receivables	10 856 782	-

17. Investment income

Interest income		
From investments in financial assets:		
Bank and other cash	2 282 246	5 541 646
Trade and other receivables	13 313 084	-
Total interest income	**15 595 330**	**5 541 646**

18. Finance costs

Trade and other payables	8 155 468	-
Bank overdraft	88	582
	8 155 556	**582**

19. Taxation

Major components of the tax income

Current		
Local income tax - current period	-	6 777 875
Deferred		
Originating and reversing temporary differences	(2 628 562)	670 509
	(2 628 562)	**7 448 384**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(10 281 517)	25 947 697
Tax at the applicable tax rate of 28% (2016: 28%)	(2 878 824)	7 265 355
Tax effect of adjustments on taxable income		
Fines and penalties	-	1 306
Donations	-	4 444
Legal fees	-	108 171
Overseas travel	28 130	4 018
Loss on foreign exchange	222 132	-
Previously recognised assessed losses not allowed	-	65 778
Prior year difference in deferred tax	-	(688)
	(2 628 562)	**7 448 384**

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R (3 706 240) (2016: R -).

Notes to the Audited Financial Statements

Figures in Rand	2017	2016

20. Cash generated from / (used in) operations

Loss before taxation	(10 281 517)	25 947 697
Adjustments for:		
Depreciation and amortisation	51 801	35 050
Interest received	(15 595 330)	(5 541 646)
Finance costs	8 155 556	582
Impairment losses and reversals	10 856 782	-
Movements in provisions	-	67 190 155
Changes in working capital:		
Trade and other receivables	106 541 178	(260 312 667)
Trade and other payables	(147 070 096)	244 381 873
	(47 341 626)	**71 701 044**

21. Tax paid

Balance at beginning of the year	1 062 125	-
Current tax for the year recognised in profit or loss	-	(6 777 875)
Balance at end of the year	(1 545 173)	(1 062 125)
	(483 048)	**(7 840 000)**

22. Commitments

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	462 030	-
- in second to fifth year inclusive	34 000	-
	496 030	-

Operating lease payments represent rentals payable by the company for certain of its office properties. Leases are negotiated for an average term of 6 to 16 months. No contingent rent is payable.

23. Related parties

Relationships

Shareholders	Sterling & Wilson International FZE (70%) Orange Oak Investments 26 Proprietary Limited
Company within the same group	Shapoorji Pallonji & Co. PvT. Ltd Sterling & Wilson PvT Ltd, India Sterling & Wilson Middle East

Related party balances

Loan accounts - Owing (to) / by related parties		
Sterling & Wilson International FZE	(11 886 174)	(688 275)

Amounts included in trade payables regarding related parties		
Shapoorji Pallonji & Co. PvT. Ltd	-	(20 603 712)
Sterling & Wilson PvT. Ltd, India	(140 764)	(84 485)
	(140 764)	**(20 688 197)**

Notes to the Audited Financial Statements

Figures in Rand	2017	2016

23. Related parties (continued)

Related party transactions

	2017	2016
Purchases from related parties		
Sterling & Wilson PvT. Ltd, India	155 824	17 346 659
Sterling & Wilson Middle East	-	113 806 057
	155 824	**131 152 716**

	2017	2016
Management service fees paid to related parties		
Sterling & Wilson International FZE	-	75 870 684

	2017	2016
Guarantee fees paid to related parties		
Sterling & Wilson International FZE	-	28 451 516
Shapoorji Pallonji & Co. Pvt. Ltd	-	18 967 677
	-	**47 419 193**

24. Risk management

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in note 8, cash and cash equivalents disclosed in note 5, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Notes to the Audited Financial Statements

24. Risk management (continued)

The table below analyses the company's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2017	Less than 1 year
Other financial liabilities	11 793 775
Trade and other payables	96 982 467

At 31 March 2016	Less than 1 year
Other financial liabilities	688 275
Trade and other payables	244 688 830

Interest rate risk

The company's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates. Variable interest rate assets and liabilities expose the company to cash flow interest rate risk, being the risk that cash flows earned or paid on such assets and liabilities will change due to movements in market rates.

At 31 March 2017, if interest rates on Rand-denominated assets had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R 100 226 (2016: R 481 102) lower/higher, mainly as a result of higher/lower interest income on floating rate borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a small customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument		
Trade and other receivables	139 111 002	258 510 970
Cash and cash equivalents	21 304 381	67 230 715

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The company does not hedge foreign exchange fluctuations.

At 31 March 2017, if the currency had weakened/strengthened by 1% against the foreign currenciess with all other variables held constant, post-tax profit for the year would have been R 13 136 (2016: R 165 597) higher / lower, mainly as a result of foreign exchange gains or losses on translation of foreign currenciess denominated trade payables.

Notes to the Audited Financial Statements

Figures in Rand	2017	2016

24. Risk management (continued)

Foreign currency exposure at the end of the reporting period

Liabilities		
Trade payables, USD 75 470 (2016: USD 1 499 220)	1 015 825	22 311 377
Trade payables, Eur 2080 (2016: Euro NIL)	29 941	-
Other financial liabilities, USD 58 000 (2016: USD 58 000)	780 674	688 275
	1 826 440	**22 999 652**

Exchange rates used for conversion of foreign items were:

USD	13,460	14,882

25. Going concern

We draw attention to the fact that at 31 March 2017, the company had accumulated losses of R (7 778 072) and that the company's total liabilities exceed its assets by R (7 777 972).

The audited financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company.

The company obtained a letter of support from Sterling & Wilson International FZE.

26. Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial period, not otherwise dealt with in the financial statements, which significantly affect the financial position of the company or the results of operations to the date of this report.

Detailed Income Statement

Figures in Rand	Notes	12 months ended 31 March 2017	13 months ended 31 March 2016
Revenue			
Operations and maintenance contract		13 500 000	-
Additional services rendered		1 159 631	-
Procuring and replacing spare parts		451 784	-
Construction contracts		-	1 857 332 718
	13	**15 111 415**	**1 857 332 718**
Cost of sales			
Purchases		(12 249 613)	(1 739 730 161)
Gross profit		**2 861 802**	**117 602 557**
Other operating income			
Product warranty insurance		-	9 000 000
Recovery income		73 011	-
	15	**73 011**	**9 000 000**
Other operating losses			
Foreign exchange losses		(793 328)	(2 305 961)
Expenses (Refer to page 37)		**(19 862 776)**	**(103 889 963)**
Operating (loss) / profit	16	**(17 721 291)**	**20 406 633**
Investment income	17	15 595 330	5 541 646
Finance costs	18	(8 155 556)	(582)
(Loss) / profit before taxation		**(10 281 517)**	**25 947 697**
Taxation	19	2 628 562	(7 448 384)
(Loss) / profit for the period		**(7 652 955)**	**18 499 313**

The supplementary information presented does not form part of the audited financial statements and is unaudited

Detailed Income Statement

Figures in Rand	12 months ended 31 March 2017	13 months ended 31 March 2016
Other operating expenses		
Accounting and audit fees	716 136	1 059 259
Advertising	-	18 723
Assets < R7000	3 353	74 622
Auditors remuneration - external auditors	-	68 000
Bank charges	79 836	1 038 072
Boarding & lodging	480 162	176 641
CIPC - annual return fees	-	3 000
Change in allowance for impairment of trade and other receivables	10 856 782	-
Computer expenses	569	3 127
Consulting and professional fees	219 294	94 838 383
Consulting and professional fees - tax	65 770	184 304
Consulting and professional fees - legal	69 293	87 541
Consumption of consumables	-	5 233
Courier and postage	7 763	15 465
Depreciation	51 801	35 050
Donations	-	15 870
Employee costs	4 493 917	2 216 784
Entertainment	-	9 177
Fines and penalties	(930)	4 663
Insurance	500 883	1 665 000
Lease rentals on operating lease	239 701	748 269
Legal expenses	886 963	411 325
Motor vehicle expenses	203 880	519 879
Printing and stationery	5 275	37 053
Registration fees (CIDB)	-	450
Repairs and maintenance	2 653	6 084
Security	696 167	117 360
Subscriptions	4 643	17 661
Telephone and data	77 737	121 963
Training	25 040	3 378
Travel - local	75 627	209 728
Travel - overseas	100 461	130 159
Uniforms	-	47 740
	19 862 776	**103 889 963**

Tax Computation

Figures in Rand	2017
Net loss per income statement	(10 281 517)
Permanent differences	
Overseas travel	100 461
Loss on foreign exchange	793 328
	893 789
Temporary differences	
Leave pay accrual - 2016	(51 723)
Leave pay accrual - 2017	20 028
Prepayments - 2016	59 152
Prepayments - 2017	(45 135)
Depreciation according to financial statements	51 801
Wear and tear allowance (s11(e))	(51 801)
Adjustments to comply with IFRS	5 699 166
	5 681 488
Assessed loss brought forward	-
Assessed loss for 2017 - carried forward	**(3 706 240)**
Tax thereon @ 28% in the Rand	**Nil**
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	(1 062 125)
Prior year adjustment	-
Amount refunded/(paid) in respect of prior year	-
Amount owing/(prepaid) in respect of prior year	**(1 062 125)**
Tax owing/(prepaid) for the current year:	
Normal tax	
Per calculation	-
1st provisional payment	(483 048)
2nd provisional payment	-
Amount owing/(prepaid) at the end of the period	**(1 545 173)**