GMR COAL RESOURCES PTE. LTD.
COMPANY REGISTRATION NO. 201011900H

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

GMR Coal Resources Pte. Ltd.

General Information

Directors

Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana
Kada Megha Shyam

Company Secretary

Yong Poh Ken

Registered Office

33A Chander Road
Singapore 219539

Principal Bankers

Standard Chartered Bank Singapore
Malayan Banking Berhad
Standard Chartered Bank Jakarta

Auditor

CA.sg PAC

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GMR Coal Resources Pte. Ltd.

Directors' Statement
for the year ended 31 December 2019

The directors present their statement to the members together with the audited financial statements of the company for the year ended 31 December 2019.

Opinion of directors

In the opinion of the directors,

a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the company for the year then ended; and

b) at the date of this statement, having regard to the financial support from its holding company, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Directors

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

Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana
Kada Megha Shyam (appointed on 23/03/2020)

Arrangements to enable directors to acquire shares or debentures

Neither at the end of the financial year nor at any time during that year did there subsist any arrangements to which the company was a party whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the company or any other body corporate.

Directors' interests in shares or debentures

According to the register kept under Section 164 of the Singapore Companies Act, Chapter 50, the directors of the company who held office at the end of the financial year had an interest in the shares of the company or related corporations as follows :-

	No. of shares registered in the name of director	
	As at 01.01.2019	As at 31.12.2019
<u>Ordinary shares of related company - GMR Infrastructure Limited</u>		
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana	140,000	140,000

Directors' interests in shares or debentures (continued)

The director has deemed interest in the company by virtue of the 30,000 ordinary shares held by GMR Infrastructure Limited in the company.

Share options

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

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the company.

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

Auditor

The auditor, CA.sg PAC, has expressed its willingness to accept reappointment.

For and on behalf of the Board

Lakshminarayana T S S V

....
Director

Kada Megha Shyam

....
Director

19 May 2020

CA.sg

CA.SG PAC
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INDEPENDENT AUDITOR'S REPORT
to the members of
GMR COAL RESOURCES PTE. LTD.

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of GMR Coal Resources Pte. Ltd. (the "company") which comprise the statement of financial position as at 31 December 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Qualified Opinion

Other receivables

Included in other receivables are withholding taxes recoverable amounting to US$2,566,034 which are long outstanding but not impaired. We are unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to recoverability of the outstanding receivables as at the date of this report. Had the other receivables been impaired, the net loss for the year would increase by US$2,566,034 and the other receivable would correspondingly decrease by the same amount.

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

Material Uncertainty Related to Going Concern

We draw attention to note 2.1 to the financial statements which indicates that the company incurred a net loss of US$20,994,745 for the year ended 31 December 2019 and as at 31 December 2019, its current liabilities exceeded its current assets by US$413,441,104 and there is a deficit in shareholders' funds of US$48,738,021. As stated in note 2.1, these events or conditions, along with other matters as set forth in note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not qualified in that respect.

Report on the Audit of the Financial Statements (continued)

Other matter

These financial statements comprise only the separate financial statements of the company and are issued to comply with the financial reporting requirements of its holding company. As a result, the financial statements may not be suitable for any other purpose. Our report is intended solely for the company and its holding company and should not be distributed to or used by parties other than the company and its holding company.

The company will prepare a separate set of financial statements for the year ended 31 December 2019 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards on which we will issue a separate auditor's report to its members.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement [set out on pages 1 to 2].

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

The directors' responsibilities include overseeing the company's financial reporting process.

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT
to the members of
GMR COAL RESOURCES PTE. LTD. (continued)

Report on Other Legal and Regulatory Requirements

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

CA.sg PAC
Public Accountants and
Chartered Accountants
Singapore

19 May 2020

GMR Coal Resources Pte. Ltd.

Statement of Financial Position
as at 31 December 2019

	Note	2019 US$	2018 US$
ASSETS			
Non-Current Assets			
Investment in a jointly-controlled entity	4	506,920,960	506,920,960
Deferred financing charges	5	-	-
		506,920,960	506,920,960
Current Assets			
Trade receivables	6	81,972	81,972
Other receivables	7	2,661,357	1,866,288
Cash and cash equivalents	8	34,608	17,059
		2,777,937	1,965,319
Total Assets		509,698,897	508,886,279
Current Liabilities			
Trade payables	9	103,500	103,500
Other payables	10	181,073,557	159,266,194
Interest-bearing financial liabilities	11	235,041,984	131,641,984
		416,219,041	291,011,678
Non-Current Liabilities			
Other payables	10	48,500,000	48,500,000
Interest-bearing financial liabilities	11	93,717,877	197,117,877
		142,217,877	245,617,877
Total Liabilities		558,436,918	536,629,555
Net Current Liabilities		**(413,441,104)**	**(289,046,359)**
Net Liabilities		(48,738,021)	(27,743,276)
EQUITY			
Share capital	12	100,669,980	100,669,980
Accumulated losses		(149,408,001)	(128,413,256)
Total Equity		(48,738,021)	(27,743,276)

The annexed notes form an integral part of and should be
read in conjunction with these financial statements.

GMR Coal Resources Pte. Ltd.

Statement of Comprehensive Income
for the year ended 31 December 2019

	Note	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Revenue	13	11,626,668	17,822,062
Cost of sales		-	-
Gross profit		11,626,668	17,822,062
Other operating income	14	326	1,467
Other operating expenses	15	(591,377)	(316,346)
Finance costs	16	(30,867,695)	(24,990,698)
Loss before income tax	17	(19,832,078)	(7,483,515)
Income tax expense	18	(1,162,667)	(1,795,372)
Net loss for the year/period		(20,994,745)	(9,278,887)
Other comprehensive income for the year/period		-	-
Total comprehensive income for the year/period		(20,994,745)	(9,278,887)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GMR Coal Resources Pte. Ltd.

Statement of Changes in Equity
for the year ended 31 December 2019

	Share capital			
	Ordinary shares US$	**Preference shares US$**	**Accumulated losses US$**	**Total equity US$**
At 1 April 2018	75,499,980	25,170,000	(119,134,369)	(18,464,389)
Total comprehensive income for the period	-	-	(9,278,887)	(9,278,887)
At 31 December 2018	75,499,980	25,170,000	(128,413,256)	(27,743,276)
Total comprehensive income for the year	-	-	(20,994,745)	(20,994,745)
At 31 December 2019	75,499,980	25,170,000	(149,408,001)	(48,738,021)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

GMR Coal Resources Pte. Ltd.

Statement of Cash Flows
for the year ended 31 December 2019

	Note	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Cash flows from operating activities			
Loss before income tax		(19,832,078)	(7,483,515)
Adjustments for :			
Interest expense		30,849,882	24,990,698
Interest income		(326)	(1,467)
		30,849,556	24,989,231
Operating profit before working capital changes		11,017,478	17,505,716
Increase in trade and other receivables		(795,069)	(506,613)
Increase/(Decrease) in trade and other payables		31,677	(94,246)
Cash generated from operations		10,254,086	16,904,857
Interest received		326	1,467
Interest paid		(10,197,882)	(14,918,672)
Tax paid		(1,162,667)	(1,795,372)
Net cash (used in)/generated from operating activities		(1,106,137)	192,280
Cash flows from financing activities			
Repayment of bank borrowings		-	(34,146,747)
Advance from related companies		73,686	-
Loan from immediate holding company		1,050,000	33,643,915
Net cash generated from/(used in) financing activities		1,123,686	(502,832)
Net increase/(decrease) in cash and cash equivalents		17,549	(310,552)
Cash and cash equivalents at beginning of the year/period		17,059	327,611
Cash and cash equivalents at end of the year/period	8	34,608	17,059

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

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

1. Corporate information

The company (company registration no. 201011900H) is a limited liability company which is incorporated in the Republic of Singapore with the registered office at 33A Chander Road, Singapore 219539 and principal place of business at 135 Cecil Street, #14-01, MYP Plaza, Singapore 069536 respectively.

The principal activities of the company are those of investment holding, trading of coal, provision of management and technical services and holding of investments in coal projects and related activities.

The immediate holding company is GMR Infrastructure (Overseas) Limited, a company incorporated in Mauritius, which owns 99.99% of the issued and paid up capital of the company. The ultimate holding company is GMR Enterprises Private Limited, a company incorporated in India. Related companies in these financial statements refer to companies within the GMR Enterprises Private Limited group of companies.

2. Summary of significant accounting policies

2.1 Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies, and the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in United States dollars ("US$") and all values are presented to the nearest dollar except where indicated otherwise.

Going concern

The company incurred a net loss of US$20,994,745 for the year ended 31 December 2019 and as at 31 December 2019, its current liabilities exceeded its current assets by US$413,441,104 and there is a deficit in shareholders' funds of US$48,738,021. The company had also ceased its coal trading activities as a result of the restructuring of its loan facility. However, the financial statements are prepared on the going concern basis which is premised on the following:

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

2.1 **Basis of accounting** (continued)

(i) the market value of its investments in a jointly-controlled entity will improve, and various other alternative strategies to improve the jointly-controlled entity's operations, financial position and cash flows will be viable;

(ii) the company would be able to resume its coal trading activities and generate sufficient cash flows from its operations to meets its obligations as and when they fall due;

(iii) financial support from its holding company, if required.

If the support from the lenders is not forthcoming, or the company is unable to obtain alternative financing, the company may be unable to continue in operational existence for the foreseeable future. Accordingly, the company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the company may have to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively and provide for further liabilities which may arise. No such adjustments have been made in these financial statements.

2.2 **Adoption of new standards**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the company has adopted all the new and amended standards which are relevant to the company and are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the company.

<u>FRS 116</u>

FRS 116 supersedes FRS 17 - Leases, INT FRS 104 - Determining whether an Arrangement contains a Lease, INT FRS 15 - Operating Leases-Incentives and INT FRS 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

There is no significant impact arising from the adoption of FRS 116 on the company's financial performance or position as the company has no lease contracts.

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

2.2 **Adoption of new standards** (continued)

Other than the above, the company has not applied any new or revised FRS or interpretations that have been issued as of the date of the statement of financial position but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the company's financial statements. The company has not considered the impact of the accounting standards issued after the date of the statement of financial position.

2.3 **Financial assets**

(a) Classification and recognition

The company classifies its financial assets in the following measurement categories:
- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. The company reclassifies debt instruments when and only when its business model for managing those assets changes.

<u>At initial recognition</u>

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

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

2.3 **Financial assets** (continued)

(a) Classification and recognition (continued)

<u>At subsequent measurement</u>

(i) Debt instruments

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the company's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost - Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

- FVOCI - Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

- FVPL - Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

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

2.3 **Financial assets** (continued)

(a) Classification and recognition (continued)

At subsequent measurement (continued)

(ii) Equity investments

The company subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) Impairment

The company recognises loss allowances for expected credit losses ("ECLs") on:
- financial assets measured at amortised costs;
- debt investments measured at FVOCI;
- contract assets (as defined in FRS 115); and
- intra-group financial guarantee contracts ("FGC").

Loss allowances of the company are measured on either of the following bases:
- 12-month ECLs - these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs - these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The company applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs. The company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

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

2.3 **Financial assets** (continued)

(b) Impairment (continued)

General approach

The company applies the general approach to provide for ECLs on all other financial instruments and FGCs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The company considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 210 days past due.

The company considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the company in full, without recourse by the company to actions such as realising security (if any is held).

The company considers a FGC to be in default when the debtor of the loan is unlikely to pay its credit obligations to the creditor and the company in full, without recourse by the company to actions such as realising security (if any is held). The company only applies a discount rate if, and to the extent that, the risks are not taken into account by adjusting the expected cash shortfalls.

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

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

2.3 **Financial assets** (continued)

(b) Impairment (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Loss allowances for FGC are recognised as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the accumulated income recognised.

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

2.3 **Financial assets** (continued)

(b) Impairment (continued)

<u>Write-off</u>

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

(c) Recognition and derecognition

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

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

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

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

2.4 Intangible assets

Deferred financing charges

Deferred financing charges are carried at amortised cost using the effective interest method. The financing charges are recognised in profit and loss over the period of the loan.

2.5 Investment in a jointly-controlled entity

Investment in a jointly-controlled entity is carried at cost less accumulated impairment losses in the company's statement of financial position, where applicable. On disposal of investment in jointly-controlled entity, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.6 Impairment of non-financial assets

The carrying amounts of the company's assets are reviewed at the date of each statement of financial position to determine whether there is any objective evidence that a financial asset is impaired. If such indication exists, the assets' recoverable amount is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognised immediately in the statement of comprehensive income unless it reverses a previous revaluation, credited to equity, in which case it will be charged to equity.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of comprehensive income, unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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

2.7 **Financial liabilities**

(a) Classification and measurement

<u>At initial recognition</u>

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

<u>At subsequent measurement</u>

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by FRS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in FRS 109 are satisfied. The company has not designated any financial liability as at fair value through profit or loss.

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

2.7 **Financial liabilities** (continued)

(a) Classification and measurement (continued)

(ii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings.

(b) Derecognition

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

2.8 **Trade and other payables**

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

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

Trade payables are non-interest bearing and are generally payable within 30 days.

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

2.9 Deferred taxation

Deferred taxation is provided, using the liability method, on all temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on the tax rates enacted or substantively enacted at the date of the statement of financial position.

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

2.10 Share capital

Ordinary and preference shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

2.11 Income recognition

(i) **Dividend income**

Dividend income is recognised when the right to receive payment is established.

(ii) **Interest income**

Interest income from bank deposits and loans are accrued on a time proportion basis on the principal outstanding and at the applicable interest rate.

2.12 Foreign currency

(i) **Functional currency**

Items included in the financial statements of the company are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the company (“functional currency”). The financial statements are presented in United States dollars, which is also the functional currency of the company.

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

2.12 Foreign currency

(ii) Foreign currency transactions

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the date of the statement of financial position are recognised in the statement of comprehensive income.

2.13 Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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 obligation can be estimated reliably.

2.14 Borrowing costs

Borrowing costs are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

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

2.15 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the date of the statement of financial position.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

2.17 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party when making financial or operational decisions. In considering each possible related party relationship, attention is paid to the substance of the relationship, not merely the legal form.

Related parties include the company's shareholders, key management personnel, associates, and enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the company's shareholders or key management personnel, and close member of the family of any individual referred to herein.

3. Significant accounting estimates, assumptions and judgements

The preparation of financial statements in conformity with FRSs requires management to make estimates, assumptions and judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Significant accounting estimates and assumptions

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Significant accounting estimates, assumptions and judgements (continued)

3.1 Significant accounting estimates and assumptions (continued)

Income taxes

Significant judgement and assumptions are involved in determining the company's provision for income taxes. The company recognises liabilities for expected 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 recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. As at 31 December 2019, the company has unabsorbed tax losses which are subject to agreement by the relevant tax authorities as disclosed in note 18.

3.2 Critical judgements in applying the entity's accounting policies

Impairment of investment in a jointly-controlled entity

The carrying value of the company's investment in a jointly-controlled entity is reviewed for impairment when there are indications of impairment. As at 31 December 2019, there is no indication of impairment and the carrying value of the company's investment in a jointly-controlled entity is US$506,920,960.

Provision for expected credit losses of trade and other receivables

The company uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the company's historical observed default rates.

The company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables is disclosed in note 21.2(i).

The company has assessed that the impact of forecast economic conditions for the determination of ECL is not significant. The carrying amount of the company's trade and other receivables as at 31 December 2019 are as disclosed in the notes to the financial statements.

4. Investment in a jointly-controlled entity

	2019 US$	2018 US$
Quoted equity shares, at cost	506,920,960	506,920,960
Fair value of quoted equity shares	324,038,769	311,023,614

The fair value of quoted equity shares as disclosed is derived based on the market price of the quoted shares. However, the directors are of the view that the market price is not representative of the intrinsic value of the investment as the market is not broad based on account of the public float being merely 3% and the shares are not actively traded. Alternative valuation methods such as the discounted cash flow analysis is used by the directors in valuing the investment, which yields a fair value of approximately US$512 million as at 31 December 2019.

Details of the jointly-controlled entity are as follows :

Name of Company	Principal activities	Place of incorporation/ business	Effective interest held 2019 %	2018 %
PT Golden Energy Mines Tbk (“PT GEMS”)	Investment holding, coal mining and trading	Indonesia	30.00	30.00

5. Deferred financing charges

	2019 US$	2018 US$
Deferred financing charges	-	11,515,000
Less		
Accumulated amortisation	-	(11,515,000)
	-	-

These comprised financing charges paid in connection with securing a facility for US$470 million to part finance the acquisition of the company’s 30% stake in the jointly-controlled entity.

6. Trade receivables

	2019 US$	2018 US$
Related parties	81,972	81,972
Third parties	-	181,653
	81,972	263,625
less		
Allowance for expected credit losses	-	(181,653)
	81,972	81,972

Trade receivables are denominated in United States dollars.

Trade receivables are non-interest bearing and are generally secured by letter of credit with issuance period of 180 days from the date of shipment.

The movements in allowance for expected credit losses are as follows :-

	2019 US$	2018 US$
At beginning of the year/period	181,653	181,653
Write-offs	(181,653)	-
At end of the year/period	-	181,653

7. Other receivables

	2019 US$	2018 US$
Prepayments	89,976	7,067
Other receivables	2,566,034	1,853,874
Advance to a third party	5,347	5,347
	2,661,357	1,866,288

7. **Other receivables** (continued)

Other receivables are denominated in the following currencies :

	2019	**2018**
	US$	**US$**
United States dollars	89,976	7,067
Singapore dollars	2,571,381	1,859,221
	2,661,357	1,866,288

8. **Cash and cash equivalents**

Cash and cash equivalents are denominated in the following currencies :-

	2019	**2018**
	US$	**US$**
United States dollars	30,938	15,866
Indonesia Rupiah	2,801	-
Singapore dollars	869	1,193
	34,608	17,059

9. **Trade payables**

	2019	**2018**
	US$	**US$**
Third party	103,500	103,500

Trade payables are denominated in United States dollars.

10. Other payables

	2019 US$	2018 US$
Current liabilities		
Accrued expenses	30,716,379	13,034,250
Amounts owing to related companies		
- (i)	111,882	38,196
- (ii)	22,626,466	22,626,466
- (iii)	5,192,044	2,222,514
Amount owing to immediate holding company	122,388,050	121,338,050
Other payables	38,736	6,718
	181,073,557	159,266,194
Non-current liabilities		
Amount owing to a related company		
- (iii)	48,500,000	48,500,000
	229,573,557	207,766,194

Other payables are denominated in United States dollars.

(i) The amount owing comprises payments made on behalf and is unsecured, non-interest bearing and repayable on demand.

(ii) The loan is unsecured, non-interest bearing and repayable on demand.

(iii) The amount owing comprises interest payable and security deposit with principal amount of US$48,500,000, pursuant to a Coal Sales and Purchase Agreement for the sale of coal to the related company. This amount is unsecured, bears interest at a rate of 6 months Libor plus 350 basis point per annum and repayable against future supplies of coal from the related company.

The amount owing to the immediate holding company is unsecured, non-interest bearing and repayable on demand.

11. Interest-bearing financial liabilities

	2019 US$	2018 US$
Term loan		
Not later than one year	235,041,984	131,641,984
Later than one year and not later than 5 years	93,717,877	197,117,877
	328,759,861	328,759,861

The company was granted a US$470 million Term Loan facility in 2011 for the purpose of providing funding for its investment in a jointly-controlled entity. The facility was restructured in 2017. It is denominated in United States dollars and bears interest at a margin of 4.25% per annum plus the six-month USD LIBOR rate for the first 24 months, and at a margin of 5.25% per annum plus the six-month USD LIBOR rate for the remaining period. The term loan is repayable over 5 years commencing 16 January 2017. The facility is secured by a fixed and floating charge over the shares of the company, all the present and future assets of the company, and is guaranteed by a shareholder.

12. Share capital

	2019 No. of shares	2018 No. of shares	2019 US$	2018 US$
Issued and fully paid up :				
Ordinary shares	101,850,000	101,850,000	75,499,980	75,499,980
Redeemable preference shares	25,170,000	25,170,000	25,170,000	25,170,000
	127,020,000	127,020,000	100,669,980	100,669,980

The ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the company. All ordinary shares carry one vote per share without restrictions.

The redeemable preference shares have no par value and redeemable at fair value. The holders of these shares shall be entitled to attend the General Meetings of the company and vote on resolutions directly affecting their interests. They are also entitled to a preferential right of return on the amount paid on the shares in case of winding up of the company. The redeemable preference shares shall rank subordinated to the company's loan facility.

13. Revenue

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Dividend income	11,626,668	17,822,062

14. Other operating income

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Interest income	326	1,467

15. Other operating expenses

Included in other operating expenses are employee benefits expense as follows:-

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Staff salaries and bonus	73,347	52,065
Other related costs	7,233	1,118
	80,580	53,183

16. Finance costs

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Standby letter of credit commission	17,813	-
Interest on loans from related companies	2,969,530	2,221,586
Interest on term loan	27,880,352	22,769,112
	30,867,695	24,990,698

17. Loss before income tax

Other than as disclosed elsewhere in the financial statements, this is determined after charging the following :-

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Foreign exchange loss	16,997	119,055

18. Income tax expense

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Foreign tax paid	1,162,667	1,782,206
Penalty on late payment of tax	-	13,166
	1,162,667	1,795,372

The numerical reconciliation between the accounting loss and tax expense is as follows:-

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Accounting loss	(19,832,078)	(7,483,515)
Tax at the applicable tax rate of 17%	(3,371,453)	(1,272,198)
Tax effects of :-		
Expenses not deductible	5,244,480	4,248,419
Income not subject to tax	(1,976,534)	(3,029,751)
	(103,507)	(53,530)
Tax loss disallowed	103,507	53,530
Current taxation	-	-
Foreign tax paid	1,162,667	1,782,206
Penalty on late payment of tax	-	13,166
	1,162,667	1,795,372

As at 31 December 2019, the company has estimated unabsorbed tax losses amounting to US$25,558 (2018 – US$25,558) for which deferred tax benefits have not been recognised in the financial statements because it is not certain that future taxable profit will be available against which the company can utilise the benefits. However, the unabsorbed tax losses are available for offsetting against future taxable income subject to there being no substantial change in shareholders as required by the provisions of the Singapore Income Tax Act.

19. Related party transactions

Significant transactions with related parties on terms mutually agreed between the parties were as follows :-

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Interest expense on security deposit from a related company	2,969,530	2,221,586
Dividend income from jointly-controlled entity	(11,626,668)	(17,822,062)

20. Capital management

Capital comprises of share capital and reserves stated on the statement of financial position. The company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders. The company manages capital by regularly monitoring its current and expected liquidity requirements as well as using debt/equity ratio analyses.

The company is not subject to either internally or externally imposed capital requirements.

21. Financial instruments

21.1 Categories of financial instruments

The following sets out the financial instruments of the company as at the date of the statement of financial position:-

	2019 US$	2018 US$
Financial assets		
Trade and other receivables	2,653,353	1,941,193
Cash and cash equivalents	34,608	17,059
	2,687,961	1,958,252
Financial liabilities		
Trade and other payables	229,677,057	207,869,694
Interest-bearing financial liabilities	328,759,821	328,759,861
	558,436,918	536,629,555

21. **Financial instruments** (continued)

21.2 Risk management

Risk management is integral to the company's business. The management continually monitors the company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.

The main risks arising from the company's financial instruments are credit risk, liquidity risk and price risk, primarily changes in foreign exchange rates and interest rates. The management monitors and controls its main risks in the following manner :-

(i) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the company. The company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment in a jointly-controlled entity and cash), the company minimises credit risk by dealing exclusively with high credit rating counterparties.

The company has adopted a policy of only dealing with creditworthy counterparties. The company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 180 days, or there is significant difficulty of the counterparty.

To minimise credit risk, the company has developed and maintained the company's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the company's own trading records to rate its major customers and other debtors.

21. **Financial instruments** (continued)

21.2 **Risk management** (continued)

(i) **Credit risk** (continued)

The company considers available reasonable and supportive forward-looking information which includes the following indicators:-

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 210 days past due in making contractual payment.

The company determined that its financial assets are credit-impaired when:-

- There is significant difficulty of the debtor;
- A breach of contract, such as a default or past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- There is a disappearance of an active market for that financial asset because of financial difficulty.

The company categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 360 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

21. **Financial instruments** (continued)

21.2 **Risk management** (continued)

(i) **Credit risk** (continued)

The company's current credit risk grading framework comprises the following categories:

Category	**Definition of category**	**Basis for recognising expected credit loss (ECL)**
1	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
2	Amount is > 180 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
3	Amount is > 210 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit impaired
4	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the company's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:-

	Note	**Category**	**12-month or lifetime ECL**	**Gross carrying amount US$**	**Allowance for ECL US$**	**Net carrying amount US$**
As at 31 December 2019						
Trade receivables	6	Note 1	Lifetime ECL (simplified)	81,972	-	81,972
Other receivables	7	1	12-month ECL	2,571,381	-	2,571,381
				2,653,353	-	2,653,353

21. **Financial instruments** (continued)

21.2 **Risk management** (continued)

(i) **Credit risk** (continued)

As at 31 December 2018	Note	Category	12-month or lifetime ECL	Gross carrying amount S$	Allowance for ECL S$	Net carrying amount S$
Trade receivables	6	Note 1	Lifetime ECL (simplified)	263,625	(181,653)	81,972
Other receivables	7	1	12-month ECL	1,859,221	-	1,859,221
				2,122,846	(181,653)	1,941,193

Trade receivables (Note 1)

For trade receivables, the company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Accordingly, the credit risk profile of trade receivables is presented based on their past due status in terms of the provision matrix.

The company performed an assessment of its trade customers based on historical credit loss experience and concluded that there has been no significant increase in the credit risk since the initial recognition of the trade receivables. Accordingly, no additional allowance for ECL is recognised in the current year.

Excessive risk concentration

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

The company is not exposed to excessive risk concentration.

Exposure to credit risk

The company has no significant concentration of credit risk.

21. **Financial instruments** (continued)

21.2 **Risk management** (continued)

(i) **Credit risk** (continued)

Other receivables

The company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

(ii) **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

In the management of liquidity risk, the company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuation in cash flows.

Financing is obtained from established financial institutions and the holding and related companies when the need arises.

The following represents the contractual undiscounted cash outflows of financial liabilities, excluding interest payments and the impact of off-setting agreements :

	Trade and other payables US$	**Other financial liabilities US$**	**2019 Total US$**	**2018 Total US$**
Not later than one year	181,177,057	235,041,984	416,219,041	291,011,678
Later than one year and not later than 5 years	48,500,000	93,717,877	142,217,877	245,617,877
	229,677,057	328,759,861	558,436,918	536,629,555

21. **Financial instruments** (continued)

21.2 **Risk management** (continued)

(iii) **Foreign exchange risk**

Foreign exchange risk is the risk to earnings and value of financial instruments caused by fluctuation in foreign exchange rates. The company's exposure arises from transactions that are denominated in a currency other than the United States Dollars. The currency giving rise to this risk is primarily the Singapore Dollars. At the date of the statement of financial position, the company does not use derivative financial instruments to hedge their foreign exchange risk. The exchange rates are monitored regularly.

The company's exposure to foreign currency in the equivalent United States dollars in respect of financial assets and liabilities are disclosed in the respective notes to the financial statements.

Sensitivity analysis

The following demonstrates the sensitivity to a reasonably possible change in Singapore Dollar against the United States Dollar, with all other variables held constant, of the company's equity.

	Increase/(Decrease) on profit before taxation	
	2019	**2018**
	US$	**US$**
Singapore Dollars		
- strengthened by 10%	260,817	254,586
- weakened by 10%	(260,817)	(254,586)

(iv) **Interest rate risk**

Interest rate risk relates primarily to the risk that the value of financial instruments will fluctuate as a result of changes to market interest rates. Surplus cash and cash equivalents are placed with and financing is obtained from established financial institutions at favorable interest rates and terms and conditions available to the company.

The company's exposure to changes in interest rates relates primarily to interest-bearing financial assets and liabilities.

Sensitivity analysis

The following demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the company's profit before tax.

21. **Financial instruments** (continued)

21.2 **Risk management** (continued)

(iv) **Interest rate risk** (continued)

Sensitivity analysis

The following demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the company's profit before tax.

	Increase/(Decrease) on profit before taxation	
	2019	**2018**
	US$	**US$**
Loan interest rate		
- increase by 50 basis points	(1,886,299)	(1,886,299)
- decrease by 50 basis points	1,886,299	1,886,299

21.3 **Fair values**

The directors are of the view that the fair values of the other financial assets and liabilities with a maturity year of less than one year approximate their carrying amounts as disclosed in the statement of financial position and in the notes to the financial statements due to the short period to maturity.

22. **Significant event subsequent to the end of the financial year**

Coronavirus outbreak

Since early January 2020, the Coronavirus ("Covid-19") outbreak has spread across China and other countries, causing disruption to business and economic activity, and bringing significant economic uncertainties in Singapore and the related markets in which the company operates.

In 2020, the company's investment stated at fair value may be subject to fluctuations due to the outbreak. It is currently difficult to reasonably estimate the financial impact of Covid-19 as the situation is still evolving and the outcome of current events is uncertain. The company will continue to monitor the situation and evaluate the impact of the outbreak on its investment and financial performance.

23. **Comparative figures**

The financial statements in the previous financial period cover the period from 1 April 2018 to 31 December 2018 whilst the current year's financial statements cover the year from 1 January 2019 to 31 December 2019. Accordingly, the comparative amounts for the statement of comprehensive income, statement of changes in equity, statement of cash flows and related notes are not comparable.

24. **Authorisation of financial statements**

The financial statements were authorised for issue in accordance with a resolution of the directors on 19 May 2020.

The annexed detailed income statement does not form part of the audited statutory financial statements. It is not necessary to file the detailed income statement with the Accounting and Corporate Regulatory Authority.

GMR Coal Resources Pte. Ltd.

Detailed Income Statement
for the year ended 31 December 2019

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Revenue		
Dividend income	11,626,668	17,822,062
	11,626,668	17,822,062
Add		
Other operating income		
Other income	-	-
Foreign exchange gain	-	-
Interest income	326	1,467
	326	1,467
	11,626,994	17,823,529
Less		
Operating expenses	591,377	316,346
Finance costs	30,867,695	24,990,698
	31,459,072	25,307,044
Loss before income tax expense	(19,832,078)	(7,483,515)

GMR Coal Resources Pte. Ltd.

Detailed Income Statement (continued)
for the year ended 31 December 2019

	01.01.2019 to 31.12.2019 US$	01.04.2018 to 31.12.2018 US$
Operating expenses		
Accountancy fees	-	15,585
Agent fees	29,567	42,515
Audit fees	15,337	15,764
Bank charges	2,038	2,608
Custodial fees	44,861	13,898
Foreign exchange loss	16,997	119,055
Legal fees	357,121	40,185
Membership and subsription fee	19,889	-
Miscellaneous	715	2,283
Rent	2,341	3,367
Staff salaries and bonus	73,347	52,065
Staff welfare	7,233	1,118
Secretarial fees	1,634	2,422
Transportation and travelling	20,297	5,481
	591,377	316,346
Finance costs		
Standby letter of credit commission	17,813	-
Interest on security deposit from a related company	2,969,530	2,221,586
Interest on term loan	27,880,352	22,769,112
	30,867,695	24,990,698
	31,459,072	25,307,044