GMR HOLDINGS OVERSEAS (SINGAPORE) PTE. LTD.

Company Registration No. 201544285E

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

GMR Holdings Overseas (Singapore) Pte. Ltd.

General Information

Directors

Sreenivasa Rao Pasumarty
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana

Company Secretary

Dominic Kevin Sim Hong Heng

Registered Office

33A Chander Road
Singapore 219539

Auditor

CA.sg PAC

Principal Banker

AfrAsia Bank Limited

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The directors present the statement to the member together with the audited financial statements of the company for the year ended 31 March 2020.

Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 March 2020 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, 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 statement are:-

Sreenivasa Rao Pasumarty
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

According to the register of directors' shareholding kept by the company under Section 164 of the Singapore Companies Act, Chapter 50, none of 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.

Shares 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 was no unissued share 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.

The Board of Directors

Lakshminarayana TSSV

....
Director

Sreenivasarao Pasumarty

....
Director

30 September 2020

CA.sg

CA.SG PAC
(UEN : 201403139W)
33A Chander Road, Singapore 219539
Tel: +65 6220 2008 Fax: +65 6297 9309
Website: www.ca.sg
Email: info@ca-sg.com

信•新 特许会计师事务所

INDEPENDENT AUDITOR'S REPORT
to the member of
GMR HOLDINGS OVERSEAS (SINGAPORE) PTE. LTD.

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of GMR Holdings Overseas (Singapore) Pte. Ltd. which comprise the statement of financial position as at 31 March 2020, and 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.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

Investment in associated company

The company's investment in a foreign associated company, accounted for by the equity method, is carried at US$1,175,541 on the statement of financial position as at 31 March 2020 and the company's share of the associated company's net profit of US$774,589 is included in the statement of comprehensive income for the year then ended. Also included in the statement of comprehensive income are currency translation differences arising from equity accounting amounting to US$49,772. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the company's investment in the associated company as at 31 March 2020 and the company's share of net income and currency translation differences for the year because the financial statements of the associated company were audited by other auditors and we do not have access to the audit working papers of the associated company. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The financial year end of the foreign associated company is 31 December. Management has not made adjustments for the effects of significant transactions that occurred between 1 January 2020 and 31 March 2020, which constitutes a departure from FRS 28, Investments in Associates and Joint Ventures. The company's records indicate that, had management made adjustments for the effects of significant transactions that occurred between 1 January 2020 and 31 March 2020, its share of results amounting to US$160,022 would have been adjusted. Accordingly, the share of results of the foreign associated company would have been increased by US$160,022 and the shareholders' funds would have been increased by US$160,022.

INDEPENDENT AUDITOR'S REPORT
to the member of
GMR HOLDINGS OVERSEAS (SINGAPORE) PTE. LTD. (continued)

Report on the Audit of the Financial Statements (continued)

Basis for Disclaimer of Opinion (continued)

Investment in joint venture

The company's investment in a foreign joint venture, accounted for by the equity method, is carried at US$895,864 on the statement of financial position as at 31 March 2020 and the company's share of the joint venture's net profit of US$469,823 is included in the statement of comprehensive income for the year then ended. Also included in the statement of comprehensive income are currency translation differences arising from equity accounting amounting to US$15,302. We were unable to obtain sufficient appropriate audit evidence about the carrying amount of the company's investment in the joint venture as at 31 March 2020 and the company's share of net income and currency translation differences for the year because the interim financial statements used for equity accounting were unaudited and we do not have access to the financial information and management of the joint venture. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the company's financial statements in accordance with Singapore Standards on Auditing ("SSAs") and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

INDEPENDENT AUDITOR'S REPORT
to the member of
GMR HOLDINGS OVERSEAS (SINGAPORE) PTE. LTD. (continued)

Report on the Audit of the Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

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

30 September 2020

GMR Holdings Overseas (Singapore) Pte. Ltd.

Statement of Financial Position
as at 31 March 2020

	Note	2020 US$	2019 US$
ASSETS AND LIABILITIES			
Non-Current Assets			
Investment in associated company	4	1,175,541	1,335,808
Investment in joint venture	5	895,864	410,739
		2,071,405	1,746,547
Current assets			
Other receivables	6	879,554	79,554
Cash and cash equivalents	7	17,782	8,250
		897,336	87,804
Total assets		2,968,741	1,834,351
Current Liabilities			
Other payables	8	489,690	489,500
Total Liabilities		489,690	489,500
Net Current Assets/(Liabilities)		407,646	(401,696)
Net Assets		2,479,051	1,344,851
EQUITY			
Share capital	9	100	100
Foreign exchange reserve		45,212	(19,862)
Retained profits		2,433,739	1,364,613
Total Equity		2,479,051	1,344,851

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

GMR Holdings Overseas (Singapore) Pte. Ltd.

Statement of Comprehensive Income
for the year ended 31 March 2020

	Note	2020 US$	2019 US$
Revenue		-	-
Other operating income		-	-
Other operating expenses		(30,222)	(7,250)
Share of results of associated company and joint venture, net of tax		1,244,412	1,084,845
Profit before income tax		1,214,190	1,077,595
Income tax expense	10	(145,064)	-
Net profit for the year		1,069,126	1,077,595
Other comprehensive income, net of tax			
Currency translation differences arising from equity accounting		65,074	(7,300)
Total comprehensive income for the year		1,134,200	1,070,295

GMR Holdings Overseas (Singapore) Pte. Ltd.

Statement of Changes in Equity
for the year ended 31 March 2020

	Share Capital US$	Foreign Exchange Reserve US$	Retained Profits US$	Total US$
At 1 April 2018	100	(12,562)	287,018	274,556
Total comprehensive income for the year	-	(7,300)	1,077,595	1,070,295
At 31 March 2019	100	(19,862)	1,364,613	1,344,851
Total comprehensive income for the year	-	65,074	1,069,126	1,134,200
At 31 March 2020	100	45,212	2,433,739	2,479,051

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

GMR Holdings Overseas (Singapore) Pte. Ltd.

Statement of Cash Flows
for the year ended 31 March 2020

	2020 US$	2019 US$
Cash flows from operating activities		
Net profit for the year	1,214,190	1,077,595
Adjustment for:		
Share of results of associated company, net of tax	(1,244,412)	(1,084,845)
Operating loss before working capital changes	(30,222)	(7,250)
Decrease in other receivable	-	38,400
Increase in other payables	190	500
Cash (used in)/generated from in operation	(30,032)	31,659
Foreign tax paid	(145,064)	-
Net cash (used in)/generated from operating activities	(175,096)	31,650
Cash flows from investing activities		
Investment in associated company	-	(38,400)
Investment in joint venture	-	(76,000)
Dividend received	984,628	-
Net cash generated from/(used in) investing activities	984,628	(114,400)
Cash flows from financing activities		
Advance payment from a related company	-	485,000
Repayment of amount owing to immediate holding company	-	(314,446)
Advances to immediate holding company	(800,000)	(79,554)
Net cash (used in)/generated from financing activities	(800,000)	91,000
Net increase in cash and cash equivalents	9,532	8,250
Cash and cash equivalents at beginning of the year	8,250	-
Cash and cash equivalents at end of the year	17,782	8,250

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. 201544285E) is a limited liability company which is incorporated in Singapore with the registered office at 33A Chander Road Singapore 219539 and the principal place of business at #14-01, MYP Plaza, 135 Cecil Street, Singapore 069536.

The principal activities of the company are those of investment holding.

The immediate holding company is GMR Holdings (Mauritius) Limited, a company incorporated in Mauritius, which owns 100% 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.

The details of the associated company and joint venture are set out in notes 4 and 5 to the financial statements.

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.

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

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.

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 measurement

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.

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

2.3 **Financial assets** (continued)

(a) Classification and measurement (continued)

At initial recognition

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.

At subsequent measurement

(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.

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

2.3 **Financial assets** (continued)

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(i) Debt instruments (continued)

- 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".

(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".

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

2.3 **Financial assets** (continued)

(b) Impairment

The company assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(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.

2.4 **Investment in associated company**

An associated company is defined as a company, not being a subsidiary company, in which the company has a long-term interest of at least 20% and not more than 50% of the equity and in whose financial and operating policy decisions the company exercises significant influence.

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

2.4 **Investment in associated company** (continued)

The results and assets and liabilities of associated company are incorporated in these financial statements using the equity method of accounting. Under the equity method, investment in an associated company is carried at cost as adjusted for post-acquisition changes in the company's share of the net assets of the associated companies, less any impairment in the value of investment. Losses of an associated company in excess of the company's interest in that associated company are not recognised.

Any excess of the cost of acquisition over the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in the statement of comprehensive income.

Where the company transacts with the associated company, profits and losses arising from the transactions are eliminated to the extent of the company's interest in the associated company.

Investments in associated companies are derecognised when significant influence is lost. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss. Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in profit or loss.

Investment in associate is carried at cost less accumulated impairment losses in the company's statement of financial position. On disposal of investment in associate, the difference between disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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

2.5 Investment in joint venture

Joint ventures are entities over which the company has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investment in joint ventures are accounted for in the financial statements using the equity method of accounting less impairment losses, if any.

(i) **Acquisitions**

Investments in joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint ventures represents the excess of the cost of acquisition of the joint venture over the company's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

(ii) **Equity method of accounting**

In applying the equity method of accounting, the company's share of its joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the joint venture companies are adjusted against the carrying amount of the investments. When the company's share of losses in a joint venture company equals or exceeds its interest in the joint venture company, including any other unsecured non-current receivables, the company does not recognise further losses, unless it has obligations to make or has made payments on behalf of the joint venture company.

Unrealised gains on transactions between the company and joint venture companies are eliminated to the extent of the company's interest in the joint venture companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of joint venture companies have been changed where necessary to ensure consistency with the accounting policies adopted by the company.

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

2.5 **Investment in joint venture** (continued)

(iii) **Disposals**

Investments in joint venture companies are derecognised when the company loses joint control and any retained interest in the former joint venture is a financial asset. Such retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in joint venture companies in which joint control is retained are recognised in profit or loss.

Investments in joint ventures are carried at cost less accumulated impairment losses in the company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit and 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

At initial recognition

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.

At subsequent measurement

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)

(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 **Other payables**

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.

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

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

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

2.11 **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.

(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.

2.12 **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 period. 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 periods 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.

2.13 **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 key management personnel, associates and enterprises in which a substantial interest in the voting power is owned, directly or indirectly, by the shareholders or key management personnel.

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below :-

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 period in which such determination is made.

3.2 Critical judgements in applying the entity's accounting policies

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

The following are the judgements made by management in the process of applying the company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Determinants of joint control and classification of joint arrangements

The company has 5% equity interest in Megawide GMR Construction JV, Inc. The investee is deemed to be a joint venture of the company, as the decision over the activities that significantly affect the returns of the joint venture require the unanimous approval of its venturers.

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

3.2 **Critical judgements in applying the entity's accounting policies** (continued)

Impairment of investment in associated company

The carrying value of the company's investment in associated company is reviewed for impairment when there are indications of impairment. As at 31 March 2020, there is no indication of impairment and the carrying value of the company's investment in associated company was US$1,175,541.

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 March 2020, there is no indication of impairment and the carrying value of the company's investment in a jointly-controlled entity is US$895,864.

4. **Investment in associated company**

	2020 US$	**2019 US$**
Unquoted equity shares, at cost	204,200	204,200
Add :		
Share of post-acquisition results	938,298	1,148,337
Share of foreign exchange reserve	33,043	(16,729)
	1,175,541	1,335,808

Details of the associated company are as follows :

Name of company	**Principal Activities**	**Place of incorporation**	**Equity interest held 2020**	**2019**
Globemerchants, Inc.	Supplies of duty free goods within airport	Philippines	50%	50%

4. **Investment in associated company** (continued)

The financial year end of Globemerchants, Inc. is 31 December, which is not coterminous with that of the company as it is not practical to draw up the financial statements of Globemerchants, Inc due to different timelines for publication of financial statements. The results for the year from 1 January 2019 to 31 December 2019 are accounted for in the equity accounting and accordingly, the financial statements were not adjusted for the share of the results of the period from 1 January 2020 to 31 March 2020 to maintain a consistent approach.

The assets, liabilities and operating results of the associated company (not adjusted for the company's proportionate share) are as follows :

	2020 US$	2019 US$
Net assets		
Non-current assets	566,993	334,751
Current assets	4,028,611	3,368,096
Current liabilities	(2,125,880)	(1,031,231)
Non-current liabilities	(118,641)	-
Net results		
Revenue	6,426,869	5,503,704
Profit/(Loss) before taxation	2,210,932	2,197,413
Profit/(Loss) after taxation	1,549,179	1,538,446
Other comprehensive income	-	-
Total comprehensive income	1,549,179	1,538,446

Reconciliation of the summarised financial information presented to the carrying amount of the company's interest in the associated company is as follows:

	2020 US$	2019 US$
Net assets as at beginning of the year	2,671,616	1,141,504
Profit for the year	1,549,179	1,538,446
Dividends	(1,969,257)	-
Foreign exchange reserve	99,545	(8,334)
Net assets as at end of the year	2,351,083	2,671,616
Carrying value of interest in associated company @ 50%	1,175,541	1,335,808

5. Investment in joint venture

	2020 US$	2019 US$
Unquoted equity shares, at cost	174,000	174,000
Add :		
Share of post-acquisition results	709,695	239,872
Share of foreign exchange reserve	12,169	(3,133)
	895,864	410,739

Details of the joint venture are as follows :-

Name of company	Principal activities	Place of incorporation	Equity interest held 2020	2019
Megawide GMR Construction JV, Inc.	General construction business	Philippines	5%	5%

The financial year end of Megawide GMR Construction JV, Inc is 31 December, which is not coterminous with that of the company as it is not practical to draw up the financial statements of Megawide GMR Construction JV, Inc due to different timelines for publication of financial statements. However, the financial statements of the joint venture have been equity accounted for using the unaudited interim financial statements for the period ended 31 March 2020.

The assets, liabilities and operating results of the joint venture (not adjusted for the company's proportionate share) are as follows :

	2020 US$	2019 US$
Net assets		
Non-current assets	438,909	1,073,851
Current assets	89,558,305	60,944,995
Current liabilities	(72,079,925)	(53,804,074)
Net results		
Revenue	113,445,368	45,814,357
Profit/(Loss) before taxation	10,166,118	5,109,506
Profit/(Loss) after taxation	9,396,447	4,797,440
Other comprehensive income	-	-
Total comprehensive income	9,396,447	4,797,440

5. Investment in joint venture (continued)

Reconciliation of the summarised financial information presented to the carrying amount of the company's interest in the joint venture is as follows:

	2020 US$	2019 US$
Net assets as at beginning of the year	8,214,772	-
Additional cost of investment	-	3,480,000
Profit for the year	9,396,447	4,797,440
Foreign exchange reserve	306,070	(62,668)
Net assets as at end of the year	17,917,289	8,214,772
Carrying value of interest in joint venture @ 5%	895,864	410,739

6. Other receivables

	2020 US$	2019 US$
Advances to immediate holding company	879,554	79,554

The advances to immediate holding company are unsecured, non-interest bearing and repayable on demand.

Other receivables are denominated in United States dollars.

7. Cash and cash equivalents

Cash and cash equivalents are denominated in United States dollars.

8. Other payables

	2020 US$	2019 US$
Accrued expenses	4,690	4,500
Advance payment from a related company	485,000	485,000
	489,690	489,500

8. **Other payables** (continued)

Other payables are denominated in the following currencies:

	2020 US$	2019 US$
Singapore dollars	4,690	4,500
United States dollars	485,000	485,000
	489,690	489,500

9. **Share capital**

	2020 US$	2019 US$
Issued and fully paid :-		
100 ordinary shares	100	100

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.

10. **Income tax expense**

	2020 US$	2019 US$
Foreign tax paid	145,064	-

10. **Income tax expense** (continued)

	2020 US$	2019 US$
Accounting profit	1,069,126	1,077,595
Tax at the applicable tax rate of 17%	(181,751)	(183,191)
Tax effects of :-		
Share of results of associated company not subject to tax	211,550	184,424
	29,799	1,233
Tax losses disallowed	(29,799)	(1,233)
Current taxation	-	-
Foreign tax paid	145,064	-
	145,064	-

11. **Related party transactions**

Related party transactions, on terms mutually agreed between the parties, are as follows :-

	2020 US$	2019 US$
Advances to immediate holding company	800,000	79,554

12. **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 analysis.

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

13. Financial instruments

13.1 Categories of financial instruments

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

	2020 US$	2019 US$
Financial assets		
Other receivable	879,554	79,554
Cash and cash equivalents	17,782	8,250
	897,336	87,804
Financial liabilities		
Other payables	4,690	4,500

13.2 Risk management

The main risks arising from the company's financial instruments are credit risk, liquidity risk and price risk, primarily changes in foreign exchange rates. The management has not established any written risk management policies and guidelines. However, as a minimum requirement, 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 the other receivable and advances to its immediate holding company. For other financial assets (including cash and cash equivalents), 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.

Exposure to credit risk

The company has no significant concentration of credit risk other than those balances with related companies.

13. **Financial instruments** (continued)

13.2 **Risk management** (continued)

(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 the ultimate holding company when the need arises.

(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 dollar. The currency giving rise to this risk is primarily the Singapore dollar. At the date of the statement of financial position, the company does not use derivative financial instruments to hedge its foreign exchange risk. The exchange rates are monitored regularly.

Sensitivity analysis

Management has assessed that the exposure to changes in foreign exchange rates is minimal and hence the resulting impact on profit and loss or equity of the company is insignificant.

13.3 **Fair values**

Other receivables, cash and cash equivalents and other payables

The directors are of the view that the fair values of other financial assets and liabilities with a maturity period 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.

14. Significant events subsequent to the end of the financial year

Subsequent to the end of the financial year, the company disposed its investment in associated company to a related company for a consideration of US$17,800,000.

15. Other information

<u>Coronavirus outbreak</u>

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.

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 investments and financial performance.

16. Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 30 September 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 Holdings Overseas (Singapore) Pte. Ltd.

Detailed Income Statement
for the year ended 31 March 2020

	2020 US$	2019 US$
Dividend income	967,093	-
Less:		
Other operating expenses		
Auditor's remuneration		
- Current year	3,700	3,239
- Underprovision in respect of prior year	219	-
Bank charges	330	137
Consultancy fees	5,446	-
Secretarial fee	2,003	2,455
Tax fee	990	1,419
Total operating expenses	12,687	7,250
Profit/(Loss) before income tax expense	954,406	(7,250)