# GMR INFRASTRUCTURE (SINGAPORE) PTE. LIMITED

Company Registration No. 200902416Z

HEAD OFFICE ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

**GMR Infrastructure (Singapore) Pte. Limited**

**General Information**

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**Directors**

Puvan Sripathy
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana
Ravela Sri Satya Lakshmi Narasimha Bhaskarudu

**Company Secretary**

Yong Poh Ken

**Registered Office**

33A Chander Road
Singapore 219539

**Auditor**

CA.sg PAC

**Principal Bankers**

Standard Chartered Bank
Malayan Banking Berhad
CIMB Bank Berhad
DBS Banking Ltd
Axis Bank Ltd
Yes Bank Ltd

| **Index** | **Pages** |
|---|---|

**GMR Infrastructure (Singapore) Pte. Limited**

**Directors' Statement**
**For the year ended 31 December 2019**

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The directors present the report to the members together with the audited financial statements of GMR Infrastructure (Singapore) Pte. Limited – Head Office ("Head Office") for the year ended 31 December 2019.

## Opinion of the directors

In the opinion of the directors,

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

(b) at the date of this statement there are reasonable grounds to believe that the Head Office 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 :-

Puvan Sripathy
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana
Ravela Sri Satya Lakshmi Narasimha Bhaskarudu (Appointed on 11 June 2019)

## 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 the 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 :

**GMR Infrastructure (Singapore) Pte. Limited**

**Directors' Statement** (continued)
**For the year ended 31 December 2019**

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**Directors' interests in shares or debentures** (continued)

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

**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 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.

For and on behalf of the Board

Lakshminarayana TSSV

......................................
Director

Puvan Sripathy

......................................
Director

18 June 2020

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

**INDEPENDENT AUDITORS' REPORT**
to the members of
**GMR INFRASTRUCTURE (SINGAPORE) PTE. LIMITED**

## Report on the Financial Statements

*Opinion*

We have audited the financial statements of GMR Infrastructure (Singapore) Pte. Limited. – Head Office ("Head Office") 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 for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

*Basis for Opinion*

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

*Other matter*

We draw attention to Note 2.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist GMR Infrastructure (Singapore) Pte. Limited to report on the financial position of its Head Office to comply with the financial reporting requirements of its penultimate holding company. As a result, the financial statements may not be suitable for any other purpose. Our report is intended solely for GMR Infrastructure (Singapore) Pte. Limited and its penultimate holding company and should not be distributed to or used by parties other than GMR Infrastructure (Singapore) Pte. Limited and its penultimate holding company.

**Report on the Financial Statements** (continued)

*Other matter (continued)*

GMR Infrastructure (Singapore) Pte. Limited (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 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.

**INDEPENDENT AUDITORS' REPORT**
to the members of
**GMR INFRASTRUCTURE (SINGAPORE) PTE. LIMITED** (continued)

**Report on the Financial Statements** (continued)

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

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

**Report on Other Legal and Regulatory Requirements**

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

**CA.sg PAC**
Public Accountants and
Chartered Accountants
Singapore

18 June 2020

**GMR Infrastructure (Singapore) Pte. Limited**

**Statement of Financial Position**
**as at 31 December 2019**

| | Note | 2019 US$ | 2018 US$ |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-Current Assets** | | | |
| Plant and equipment | 4 | 60,644 | 10,394 |
| Investment in joint venture | 5 | 1,547,724 | 1,547,724 |
| Financial assets, at FVOCI | 6 | 9,792 | 9,791 |
| Other receivable | 8 | 48,500,000 | 48,500,000 |
| | | 50,118,160 | 50,067,909 |
| **Current Assets** | | | |
| Trade receivables | 7 | 12,118,749 | 18,941,568 |
| Other receivables | 8 | 221,097,621 | 215,703,832 |
| Cash and cash equivalents | 9 | 2,211,074 | 4,052,582 |
| | | 235,427,444 | 238,697,982 |
| **Total Assets** | | 285,545,604 | 288,765,891 |
| **Current Liabilities** | | | |
| Trade payables | 10 | 5,654,427 | 4,462,437 |
| Other payables | 11 | 7,624,688 | 4,947,071 |
| Interest-bearing financial liabilities | 12 | 34,941,644 | 43,750,000 |
| Lease liability | 13 | 26,883 | - |
| | | 48,247,642 | 53,159,508 |
| **Non-Current Liabilities** | | | |
| Interest-bearing financial liabilities | 12 | 15,000,000 | 24,500,000 |
| Lease liability | 13 | 27,640 | - |
| | | 15,027,640 | 24,500,000 |
| **Total Liabilities** | | 63,275,282 | 77,659,508 |
| Net Current Assets | | 187,179,802 | 185,538,474 |
| **Net Assets** | | 222,270,322 | 211,106,383 |
| **EQUITY** | | | |
| Share capital | 14 | 54,989,185 | 54,989,185 |
| Retained profits | | 243,131,136 | 231,967,197 |
| Fair value reserve | | (75,849,999) | (75,849,999) |
| **Total Equity** | | 222,270,322 | 211,106,383 |

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

**GMR Infrastructure (Singapore) Pte. Limited**

**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** | 15 | 60,110,951 | 48,294,608 |
| Purchases of inventories and incidental costs | | (58,829,282) | (47,741,670) |
| Other operating income | 16 | 23,105,271 | 205,018,174 |
| Depreciation of plant and equipment | 4 | (35,260) | (5,787) |
| Employee benefits expense | 17 | (1,149,505) | (372,366) |
| Other operating expenses | | (7,039,570) | (3,453,358) |
| Finance costs | 18 | (4,998,666) | (4,400,288) |
| **Profit before income tax expense** | | 11,163,939 | 197,339,313 |
| Income tax expense | 19 | - | (21,686) |
| **Net profit for the year** | | 11,163,939 | 197,317,627 |
| Other comprehensive income | | - | (75,849,999) |
| **Total comprehensive income for the year** | | 11,163,939 | 121,467,628 |

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

**GMR Infrastructure (Singapore) Pte. Limited**

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

| | Note | Share capital US$ | Fair value reserve US$ | Retained profits US$ | Total US$ |
|---|---|---|---|---|---|
| At 1 April 2018 | | 54,989,185 | - | 52,197,507 | 107,186,692 |
| Profit for the year | | - | - | 197,317,627 | 197,317,627 |
| Other comprehensive income | | - | (75,849,999) | - | (75,849,999) |
| Dividend | 20 | | | (17,547,937) | (17,547,937) |
| At 31 December 2018 | | 54,989,185 | (75,849,999) | 231,967,197 | 211,106,383 |
| Total comprehensive income for the year | | - | - | 11,163,939 | 11,163,939 |
| At 31 December 2019 | | 54,989,185 | (75,849,999) | 243,131,136 | 222,270,322 |

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

**GMR Infrastructure (Singapore) Pte. Limited**

**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** | | | |
| Profit before income tax expense | | 11,163,939 | 197,339,313 |
| Adjustments for:- | | | |
| Depreciation of plant and equipment | | 35,260 | 5,787 |
| Dividend income | | - | (561,993) |
| Fair value loss on financial assets, FVOCI | | - | 75,849,999 |
| Gain on disposal of investment in joint ventures | | - | (196,625,174) |
| Impairment loss on other receivables | | 2,782,659 | 2,096,525 |
| Interest income | | (23,105,271) | (7,820,903) |
| Interest expense | | 4,998,666 | 4,400,288 |
| Operating (loss)/profit before working capital changes | | (4,124,747) | 74,683,842 |
| Decrease in trade and other receivables | | 9,090,118 | 2,286,578 |
| Increase in trade and other payables | | 3,864,851 | 8,542,298 |
| Financial assets, FVOCI | | - | (75,849,999) |
| Cash generated from operations | | 8,830,222 | 9,662,719 |
| Interest received | | 23,105,271 | 7,820,903 |
| Interest paid | | (4,998,666) | (4,400,288) |
| Tax paid | | - | (21,686) |
| Net cash generated from operating activities | | 26,936,827 | 13,061,648 |
| **Cash flows from investing activities** | | | |
| Dividend received | | - | 561,993 |
| Increase in financial assets, FVOCI | | (1) | |
| Additional investment in a joint venture | | - | (684,000) |
| Proceeds from disposal of investment in joint ventures | | - | 239,915,738 |
| Purchases of plant and equipment | 4 | (4,839) | (5,062) |
| Net cash (used in)/generated from investing activities | | (4,840) | 239,788,669 |

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

**GMR Infrastructure (Singapore) Pte. Limited**

**Statement of Cash Flows**
**for the year ended 31 December 2019** (continued)

| | Note | 01.01.2019 to 31.12.2019 US$ | 01.04.2018 to 31.12.2018 US$ |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Dividend paid | | - | (17,547,937) |
| Net return of share application monies | | - | (31,865,019) |
| Repayment lease liabilities | | (26,148) | - |
| Repayment of term loan | | (18,308,356) | (9,375,000) |
| Net change in amounts due from/to related companies | | (10,438,991) | (194,152,255) |
| Decrease in fixed deposit | | 3,500,000 | - |
| Net cash used in financing activities | | (25,273,495) | (252,940,211) |
| | | | |
| Net increase/(decrease) in cash and cash equivalents | | 1,658,492 | (89,894) |
| Cash and cash equivalents at beginning of the year/period | | 552,582 | 642,476 |
| Cash and cash equivalents at end of the year/period | 9 | 2,211,074 | 552,582 |

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. 200902416Z) is a private 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 company has a Head Office with its principal place of business at 20 Collyer Quay #11-03, Singapore 049319 and a branch, with its principal place of business located at Level 10-1 One Global Place, 25th Street & 5th Avenue, Bonifacio Global City, Tauig City, Philippines. The branch was registered on 5 August 2014 and commenced operations since 5 August 2014.

The principal activities of the Head Office are those relating to the provision of infrastructure, engineering and management services, trading of commodities and investment holding.

The principal activities of the branch are providing technical services and executing Erection Procurement Construction Contract of mega projects.

The immediate holding company is GMR Infrastructure (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.

## 2. Significant accounting policies

### 2.1 Basis of accounting

These financial statements comprise only the financial statements of GMR Infrastructure (Singapore) Pte. Limited's Head Office, and have been prepared by the management based on the financial reporting requirements of its penultimate holding company, GMR Infrastructure Limited. The Head Office adopts the accounting policies of GMR Infrastructure (Singapore) Pte. Limited (hereinafter referred to as the "company").

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. **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.

FRS 116

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.

The company adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The company elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the company applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The company has lease contracts for its motor vehicles. Before the adoption of FRS 116, the company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.9.

Upon adoption of FRS 116, the company applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.9. The standard provides specific transition requirements and practical expedients, which have been applied by the company.

2. **Significant accounting policies** (continued)

## 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.

<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.

<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.

2. **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. **Significant accounting policies** (continued)

2.3 **Financial assets** (continued)

(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.

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.

2. **Significant accounting policies** (continued)

2.3 **Financial assets** (continued)

(b) Impairment (continued)

General approach (continued)

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 180 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.

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.

2. **Significant accounting policies** (continued)

2.3 **Financial assets** (continued)

(b) Impairment (continued)

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 210 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.

Write-off

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.

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

2.3 **Financial assets** (continued)

(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.

2.4 **Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives. The estimated useful lives are as follows :-

| | |
|---|---|
| Computers and software | 3 years |
| Office equipment | 3 years |
| Furniture and fittings | 5 years |
| Leasehold improvement | 5 years |
| Motor vehicle | 3 years |

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

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

2.4 **Plant and equipment** (continued)

The residual values, useful lives and depreciation methods are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. The effect of any changes in estimate is accounted for on a prospective basis.

On disposal of an item of equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.5 **Investment in joint ventures**

Investments in joint ventures are carried at cost less accumulated impairment losses in the company's statement of financial position, where applicable. On disposal of investments in jointly-controlled entities, 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. **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. **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 to 60 days.

2. **Significant accounting policies** (continued)

### 2.9 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

The company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As lessee

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The company recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.6.

The company's right-of-use assets are presented within property, plant and equipment (Note 4).

2. **Significant accounting policies** (continued)

2.9 **Leases** (continued)

(a) As lessee (continued)

Lease liabilities

At the commencement date of the lease, the company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the company and payments of penalties for terminating the lease, if the lease term reflects the company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The company's lease liabilities are disclosed separately (Note 13).

Short-term leases and leases of low-value assets

The company applies the short-term lease recognition exemption to its short-term leases of office premises (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

These accounting policies are applied before the initial application date of FRS 116, 1 January 2019:

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2. **Significant accounting policies** (continued)

2.9 **Leases** (continued)

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals, if any, arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.10 **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.

2.11 **Revenue recognition**

Revenue is measured based on the 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 parties.

Revenue is recognised when the company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) Sale of copper and coal

The company sells copper and coal.

Revenue is recognised based on shipping incoterms. Revenue is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. The contracts with customers usually do not provide a right of return or volume rebates.

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

2.11 **Revenue recognition** (continued)

(i) Sale of copper and coal (continued)

The goods sold by the company do not come with a warranty term, and accordingly, the company has no exposure to warranty obligations.

The amount of revenue recognised is based on the transaction price, which comprises the contractual price, net of the estimated discounts and adjusted for expected returns, if any. Based on the company's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The company has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

(ii) Interest income

Interest income from loans to related companies and third parties is accrued on a time proportion basis on the principal outstanding and at the applicable interest rate.

Interest income from bank deposits is accrued on the respective short term deposit rates.

(iii) Dividend income

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

2.12 **Foreign currency**

(i) **Functional currency**

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

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

2.12 **Foreign currency** (continued)

(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 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**

As required by law, the company makes contributions to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised as an expense in the same year as the employment that gives rise to the contributions.

2.14 **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.

2.15 **Cash and cash equivalents**

Cash and cash equivalents comprise deposits and cash in bank. Restricted deposits are excluded from cash and cash equivalents.

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

### 2.16 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 policies and 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.

## 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

<u>Fair value measurement of financial instruments</u>

A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the company uses observable market data as far as possible.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on observable market data in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

The company uses a variety of methods and makes assumptions that are based on market conditions existing at each date of the statement of financial position. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

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

3.1 **Significant accounting estimates and assumptions** (continued)

Fair value measurement of financial instruments (continued)

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in the respective notes to the financial statements.

Impairment of plant and equipment

The carrying values of plant and equipment are 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 plant and equipment was US$60,644.

Useful lives of property, plant and equipment

The cost of plant and equipment for the company's operations is depreciated on a straight line basis over the useful lives of the plant and equipment. Management estimates the useful lives of these plant and equipment to be within 3 to 5 years. These are common life expectancies applied in the industry. Changes in the expected levels of usage could impact the economic useful lives and the residual value of these assets and accordingly, future depreciation charges could be revised. The carrying values of the company's plant and equipment are as disclosed in note 4.

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.

### 3.2 Critical judgements in applying the entity's accounting policies

Provision for expected credit losses of trade receivables

The company uses a provision matrix to calculate ECLs for trade 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 24.2(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 receivables as at 31 December 2019 was US$12,118,749 (31 December 2018: US$18,941,568).

Leases – estimating the incremental borrowing rate

The company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The company estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

## 4. Plant and equipment

| | Computers and software US$ | Office equipment US$ | Furniture and fittings US$ | Leasehold improvement US$ | Motor vehicle US$ | Total US$ |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 April 2018 | 24,742 | 8,966 | 3,061 | 11,762 | - | 48,531 |
| Additions | 5,062 | - | - | - | - | 5,062 |
| At 31 December 2018 | 29,804 | 8,966 | 3,061 | 11,762 | - | 53,593 |
| Additions | 4,839 | - | - | - | 80,671 | 85,510 |
| At 31 December 2019 | 34,643 | 8,966 | 3,061 | 11,762 | 80,671 | 139,103 |
| **Accumulated Depreciation** | | | | | | |
| At 1 April 2018 | 22,363 | 4,750 | 2,126 | 8,173 | - | 37,412 |
| Depreciation charge for the period | 1,302 | 2,252 | 461 | 1,772 | - | 5,787 |
| At 31 December 2018 | 23,665 | 7,002 | 2,587 | 9,945 | - | 43,199 |
| Depreciation charge for the year | 4,114 | 1,964 | 474 | 1,817 | 26,891 | 35,260 |
| At 31 December 2019 | 27,779 | 8,966 | 3,061 | 11,762 | 26,891 | 78,459 |
| **Net Carrying Value** | | | | | | |
| At 31 December 2019 | 6,864 | - | - | - | 53,780 | 60,644 |
| At 31 December 2018 | 6,139 | 1,964 | 474 | 1,817 | - | 10,394 |

4. **Property, plant and equipment** (continued)

Additions to property, plant and equipment are acquired by way of :-

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| Cash | 4,839 | 5,062 |
| Lease liability | 80,671 | - |
| | 85,510 | 5,062 |

5. **Investment in joint venture**

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| Unquoted equity shares, at cost | 1,547,724 | 1,547,724 |

Details of the joint venture are as follows :-

| Name of company | Principal activities | Place of incorporation | Equity interest held 2019 | Equity interest held 2018 | Financial year |
|---|---|---|---|---|---|
| Megawide GMR Construction JV, Inc | Engage in general construction business including the construction, improvement and repair of or any work upon buildings, roads, bridges, plants, waterworks, railroads and structures | Philippines | 45.00% | 45.00% | 31-Dec |

6. **Financial assets, FVOCI**

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| At beginning of the year/period | 9,791 | - |
| Reclassification at 1 April 2018 | - | 78,309,867 |
| Addition | 1 | - |
| Fair value changes | - | (75,849,999) |
| Disposal | - | (2,450,077) |
| At end of the year/period | 9,792 | 9,791 |

6. **Financial assets, FVOCI** (continued)

Comprising :

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| - Unquoted equity shares | 9,791 | 9,790 |
| - Optionally Convertible Debentures | 1 | 1 |
| | 9,792 | 9,791 |

Each Optionally Convertible Debenture has a principal amount of US$100 with a 1.10% (31 December 2018 – 1.10%) coupon rate. The Debenture may be converted into equity shares at any time by the holder giving a month's notice.

The fair values of the unquoted equity shares and Optionally Convertible Debentures were derived using income approach of valuation. The fair values were within Level 3 of the fair value hierarchy.

The Optionally Convertible Debentures are pledged with a bank for credit facilities granted to the company as disclosed in note 12.

7. **Trade receivables**

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| Related party | - | 4,538,054 |
| Third parties | 10,174,342 | 14,403,514 |
| Unbilled revenue | 1,944,407 | - |
| | 12,118,749 | 18,941,568 |

Trade receivables are denominated in United States dollars.

Receivables from sales of commodities are non-interest bearing and are generally secured by letter of credit with issuance period of 120 to 180 days from the date of shipment.

## 8. Other receivables

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| **Non-current assets** | | |
| Security deposit | 48,500,000 | 48,500,000 |
| **Current assets** | | |
| Deposits | 9,411 | 37,244 |
| Other receivables | 563,410 | 516,002 |
| Prepayments | 281,250 | 848,007 |
| Advances to branch | 3,658,720 | 5,128,837 |
| Advance payment to a supplier | - | 250,000 |
| Amounts due from related companies | | |
| - (i) | 6,968,085 | 4,185,426 |
| - (ii) | 5,192,045 | 2,222,515 |
| - (iii) | 299,832 | 13,766,384 |
| - (iv) | 210,842,953 | 192,934,843 |
| - (v) | 250,000 | - |
| | 228,065,706 | 219,889,258 |
| Less : Expected credit losses | (6,968,085) | (4,185,426) |
| | 221,097,621 | 215,703,832 |
| | 269,597,621 | 264,203,832 |

Other receivables are denominated in the following currencies :

| | 31.12.2019<br>US$ | 31.12.2018<br>US$ |
|---|---|---|
| United States dollars | 269,553,032 | 264,125,646 |
| Singapore dollars | 42,940 | 78,186 |
| Indonesian rupiah | 1,649 | - |
| | 269,597,621 | 264,203,832 |

The security deposit is placed with a related company pursuant to a Coal Sales and Purchase Agreement for the supply of coal from the related company. This amount is unsecured, bears interest at rate of 6 months Libor plus 350 basis point per annum and repayable against future supplies of coal from the related company.

The advances to branch are unsecured, non-interest bearing and repayable on demand.

The amounts due from related companies are as follows:-

(i) The amount comprises interest receivable from the Optionally Convertible Debentures of GMR Energy Project (Mauritius) Limited as disclosed in note 6.

8. **Other receivables** (continued)

(ii) The amount comprises interest receivable from the security deposit placed with GMR Coal Resources Pte Ltd as disclosed above.

(iii) The amounts comprise advances to and payments made on behalf of related companies and are unsecured, non-interest bearing and repayable on demand.

(iv) The amount comprises loan to and interest receivable from GMR Infrastructure (Overseas) Limited and the loan is unsecured, bears an interest at 9% per annum and repayable on demand (2018 – on or before 31 March 2021).

(v) The amount comprises loan to GMR Airport (Singapore) Pte Ltd and the loan is unsecured, non-interest bearing and repayable within 12 months.

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

| | **2019** | **2018** |
|---|---|---|
| | **US$** | **US$** |
| At beginning of the year/period | 4,185,426 | 2,088,900 |
| Allowance made | 2,782,659 | 2,096,526 |
| At end of the year/period | 6,968,085 | 4,185,426 |

9. **Cash and cash equivalents**

Cash and cash equivalents are denominated in the following currencies :

| | **2019** | **2018** |
|---|---|---|
| | **US$** | **US$** |
| United States dollars | 2,130,007 | 3,925,416 |
| Singapore dollars | 81,067 | 127,166 |
| | 2,211,074 | 4,052,582 |

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following :-

| | **2019** | **2018** |
|---|---|---|
| | **US$** | **US$** |
| Cash and bank balances | 2,211,074 | 4,052,582 |
| Less : Restricted deposit | - | (3,500,000) |
| | 2,211,074 | 552,582 |

The restricted deposit was placed as security for Standby Letter of Credit facilities granted to the company. The deposit bore interest at 2.75% per annum and reached maturity during the financial year.

## 10. Trade payables

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| Third parties | 3,734,732 | 4,462,437 |
| Accrued purchases | 1,919,695 | - |
| | 5,654,427 | 4,462,437 |

Trade payables are denominated in United States dollars.

## 11. Other payables

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| Interest payable | 2,823,754 | 410,697 |
| Other payables | 269,682 | 72,220 |
| Amounts due to related companies | 13,755 | 8,999 |
| Accrued expenses | 152,497 | 90,155 |
| Advance payment from a related company | 4,365,000 | 4,365,000 |
| | 7,624,688 | 4,947,071 |

Other payables are denominated in the following currencies :.

| | 2019<br>US$ | 2018<br>US$ |
|---|---|---|
| Singapore dollars | 46,440 | 29,017 |
| United States dollars | 7,578,248 | 4,918,054 |
| | 7,624,688 | 4,947,071 |

The amounts due to related companies are unsecured, non-interest bearing and repayable on demand.

The advance payment from a related company represents a payment for the intended disposal of an investment in a joint venture. It is unsecured and non-interest bearing.

## 12. Interest-bearing financial liabilities

| | 2019 US$ | 2018 US$ |
|---|---|---|
| **Current liabilities** | | |
| Not later than one year | | |
| - Term loan 1 | 20,691,644 | 34,250,000 |
| - Term loan 2 | 14,250,000 | 9,500,000 |
| | 34,941,644 | 43,750,000 |
| **Non current liabilities** | | |
| Later than one year and not later than five years | | |
| - Term loan 2 | 15,000,000 | 24,500,000 |
| | 49,941,644 | 68,250,000 |

**Term Loan 1**

The company was granted a US$54,000,000 Term Loan facility for the purpose of funding the development of the Mactan-Cebu International Airport.

The facility bears interest at 3 months Libor plus margin of 2.25% (2018 - 3 months Libor plus margin of 2.25%) per annum. It was due for repayment on 19 March 2018, however an extension for the repayment within the next 12 months has been obtained as at the date of the statement of financial position.

The facility is secured by a corporate guarantee from a related company and first charge over the company's Optionally Convertible Debentures in a related company as disclosed in note 6.

The loan is denominated in United States dollars.

**Term Loan 2**

The company was granted a US$50,000,000 Term Loan facility on 27 April 2016 for the purpose of financing the security deposit pursuant to a Coal Sales and Purchase Agreement with a related company and meeting the expenses in relation to this facility.

The facility bears interest at 3 months Libor plus margin of 2.25% (2018 - 3 months Libor plus margin of 2.25%) per annum and is repayable over a period of 6 years over 12 instalments.

Term Loan 2 is secured by an irrecoverable and unconditional standby letter of credit up to a limit of US$49,000,000 and security deposit extended by the company to a related company under Coal Sales and Purchases Agreement as disclosed in note 8.

## 13. Lease liability

| | 2019 US$ | 2018 US$ |
|---|---|---|
| **Current liabilities** | | |
| Not later than one year | | |
| - Lease liabilities (Note 22) | 26,883 | - |
| **Non current liabilities** | | |
| Later than one year and not later than five years | | |
| - Lease liabilities (Note 22) | 27,640 | - |
| | 54,523 | - |

The lease liability is denominated in Singapore dollars. The movements of lease liability are as follows:

| | 2019 US$ |
|---|---|
| Addition | 80,671 |
| Accretion of interest | 1,911 |
| Lease payments – principal portion paid | (26,148) |
| Interest paid | (1,911) |
| | 54,523 |

## 14. Share capital

| | 2019 S$ | 2018 S$ |
|---|---|---|
| Issued and fully paid :- | | |
| 69,148,900 ordinary shares | 69,148,900 | 69,148,900 |
| | **US$** | **US$** |
| Equivalent to US$ | 54,989,185 | 54,989,185 |

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.

## 15. Revenue

(a) Disaggregation of revenue

The company generates revenue from the sale of coal and copper. The breakdown of revenue is as follows :-

| | 01.01.2019 to 31.12.2019 US$ | 01.04.2018 to 31.12.2018 US$ |
|---|---|---|
| Sales of coal | 60,110,951 | 34,401,542 |
| Sales of copper | - | 13,893,066 |
| | 60,110,951 | 48,294,608 |

(b) Company's performance obligations

(i) Point of revenue recognition

The company recognises revenue when the goods are delivered to the customer and all criteria for acceptance have been satisfied, i.e. at a point in time. As at 31 December 2019, there are no performance obligations that are unsatisfied or partially unsatisfied.

(ii) Significant payment terms

Invoices for sales are issued to the customers when the goods are delivered. Payment for these products is due within 120 - 180 days. No element of financing is deemed present as the credit terms are consistent with market practice. Hence no interest is charged to customers.

The company generally does not have a policy to give discounts to customers. In very limited situations where the company may give a discount for bulk purchases, such a discount is accounted for as consideration payable to customers and are netted against revenue that is recognised on those goods sold.

(iii) Obligations for returns, refunds and warranties

Customers do not have the right to return goods to the company.

The goods sold by the company do not come with a warranty term, and accordingly, the company has no exposure to warranty obligations.

15. **Revenue** (continued)

(c) Methods, inputs and assumptions in determining revenue

The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation. The transaction price, which may be fixed or variable, is then allocated to each performance obligation in the contract on the basis of the relative stand-alone selling prices of the goods. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Management exercises judgement in determining the estimated variable consideration and in applying the constraint on the estimated variable consideration that can be included in the transaction price. Based on historical experience with customers, the management has determined that the effect of variable consideration is insignificant.

16. **Other operating income**

| | **01.01.2019 to 31.12.2019 US$** | **01.04.2018 to 31.12.2018 US$** |
|---|---|---|
| Interest income from bank balances | 4,385 | 1,424 |
| Interest income from fixed deposits | 20,587 | 73,524 |
| Interest income from loan to a related company | 17,328,110 | 3,427,843 |
| Interest income from Optionally Convertible Debentures | 2,782,659 | 2,096,526 |
| Interest income from security deposit | 2,969,530 | 2,221,586 |
| | 23,105,271 | 7,820,903 |
| Dividend income | - | 561,993 |
| Gain on interest rate swap | - | 9,799 |
| Gain on disposal of investment in joint ventures | - | 196,625,174 |
| Miscellaneous income | - | 305 |
| | 23,105,271 | 205,018,174 |

## 17. Employee benefits expense

| | **01.01.2019 to 31.12.2019 US$** | **01.04.2018 to 31.12.2018 US$** |
|---|---|---|
| Director's remuneration | 231,004 | 81,180 |
| Staff CPF contributions | 17,565 | 5,750 |
| Staff salaries and bonus | 808,090 | 220,337 |
| Other staff related expenses | 92,846 | 65,099 |
| | 1,149,505 | 372,366 |

## 18. Finance costs

| | **01.01.2019 to 31.12.2019 US$** | **01.04.2018 to 31.12.2018 US$** |
|---|---|---|
| Interest on bank borrowings | 4,450,182 | 2,756,496 |
| LC commission | 85,747 | 65,742 |
| Processing fee | 176,154 | 534,558 |
| Upfront fees | 284,672 | 1,043,492 |
| Interest on lease liability | 1,911 | - |
| | 4,998,666 | 4,400,288 |

## 19. Income tax expense

| | **01.01.2019 to 31.12.2019 US$** | **01.04.2018 to 31.12.2018 US$** |
|---|---|---|
| Underprovision of taxation in respect of prior years | - | 21,686 |

## 19. **Income tax expense** (continued)

A numerical reconciliation between the accounting profit and tax expense is as follows :-

| | **01.01.2019 to 31.12.2019 US$** | **01.04.2018 to 31.12.2018 US$** |
|---|---|---|
| Accounting profit | 11,163,939 | 197,339,313 |
| Tax at the applicable tax rate of 17% | 1,897,870 | 33,547,683 |
| Tax effects of :- | | |
| Income not subject to tax | (3,619,411) | (34,589,962) |
| Expenses not deductible for tax purposes | 1,435,363 | 829,547 |
| Separate source of income | 195,810 | 129,001 |
| | (90,368) | (83,731) |
| Unabsorbed tax losses carried forward | 90,368 | 83,731 |
| Current taxation | - | - |
| Underprovision of taxation in respect of prior years | - | 21,686 |
| | - | 21,686 |

As at 31 December 2019, the company has estimated unabsorbed tax losses amounting to US$531,500 (2018 – US$620,000) 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 the agreement of the income tax authority.

## 20. **Dividend**

| | **01.04.2019 to 31.12.2019 US$** | **01.04.2018 to 31.12.2018 US$** |
|---|---|---|
| Interim tax-exempt dividends of Nil (2018 – S$0.35) (equivalent to US$0.25) per ordinary share | - | 17,547,937 |

## 21. Related party transactions

(i) 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$ |
|---|---|---|
| Sales of coal to a related party | - | 7,276,048 |
| Dividend income received from joint ventures | - | 561,993 |
| Interest income from Optionally Convertible Debentures of a related company | 2,782,659 | 2,096,526 |
| Interest income from security deposit to a related company | 2,969,530 | 2,221,586 |
| Interest income from loan to a related company | 17,328,110 | 3,427,843 |

The company also occupies the premise of its related company at a rent-free rate since October 2019.

(ii) **Key management personnel compensation**

The key management personnel's remuneration include fees, salary, bonus, commission, contributions to defined contribution plans and other emoluments (including benefits-in-kind) computed based on the cost incurred by the company, and where the company did not incur any costs, the value of the benefit. The key management personnel's remuneration is as follows:-

| | 01.01.2019 to 31.12.2019 US$ | 01.04.2018 to 31.12.2018 US$ |
|---|---|---|
| Short term employee benefits (including salaries and related costs) paid or payable to directors of the company | 231,004 | 81,180 |

## 22. Leases

Company as a lessee

The company has lease contracts for its motor vehicle. The company's obligations under this lease are secured by the lessor's title to the leased asset. The company is restricted from assigning and subleasing the leased asset.

The company also has certain leases of office premises with lease terms of 12 months or less. The company applies the "short-term leases" recognition exemptions for these leases.

22. **Leases** (continued)

(a) Carrying amounts of right-of-use assets classified within property, plant and equipment

| | **Motor Vehicle US$** |
|---|---|
| At 1 January 2019 | - |
| Addition | 80,671 |
| Depreciation | (26,891) |
| At 31 December 2019 | 53,780 |

(b) Lease liability

The carrying amounts of lease liability and the movements during the year are disclosed in Note 13.

(c) Amounts recognised in profit or loss

| | **2019 US$** |
|---|---|
| Depreciation of right-of-use assets | 26,891 |
| Interest expense on lease liability (Note 18) | 1,911 |
| Lease expense not capitalised in lease liabilities: | |
| - Expense relating to short-term leases (included in other operating expenses) | 104,288 |
| Total amount recognised in profit or loss | 133,090 |

(d) Total cash outflows

The company had total cash outflows for leases of US$132,347 in 2019.

23. **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.

## 24. Financial instruments

### 24.1 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<br>US$ | 2018<br>US$ |
|---|---|---|
| **Financial assets** | | |
| Financial assets, FVOCI | 9,792 | 9,791 |
| Trade and other receivables | 281,435,120 | 282,297,393 |
| Cash and cash equivalents | 2,211,074 | 4,052,582 |
| | 283,655,986 | 286,359,766 |
| **Financial liabilities** | | |
| Trade and other payables | 13,279,115 | 9,409,508 |
| Interest-bearing financial liabilities | 49,941,644 | 68,250,000 |
| Lease liabilities | 54,523 | - |
| | 63,275,282 | 77,659,508 |

### 24.2 Risk management

The main risks arising from the company's financial instruments are credit risk, liquidity risk and price risk, primarily changes in interest rates and 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 trade and other receivables and loan to the related companies. For other financial assets (including 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.

24. **Financial instruments** (continued)

24.2 **Risk management** (continued)

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

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

- 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 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 180 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; and
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

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.

24. **Financial instruments** (continued)

24.2 **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 S$ | Loss allowance S$ | Net carrying amount S$ |
|---|---|---|---|---|---|---|
| **As at 31 December 2019** | | | | | | |
| Trade receivables | 7 | Note 1 | Lifetime ECL (simplified) | 12,118,749 | - | 12,118,749 |
| Other receivables | 8 | 1 | 12-month ECL | 227,775,045 | (6,968,085) | 213,838,875 |
| | | | | 232,925,709 | (6,968,085) | 225,957,624 |

24. **Financial instruments** (continued)

24.2 **Risk management** (continued)

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

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:- (continued)

| | Note | Category | 12-month or lifetime ECL | Gross carrying amount S$ | Loss allowance S$ | Net carrying amount S$ |
|---|---|---|---|---|---|---|
| **As at 31 December 2018** | | | | | | |
| Trade receivables | 7 | Note 1 | Lifetime ECL (simplified) | 18,941,568 | - | 18,941,568 |
| Other receivables | 8 | 1 | 12-month ECL | 218,754,007 | (4,185,426) | 210,383,156 |
| | | | | 233,510,149 | (4,185,426) | 229,324,724 |

**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 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.

24. **Financial instruments** (continued)

24.2 **Risk management** (continued)

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

Exposure to credit risk

The company has concentration of credit risk in the form of outstanding debts owing by 3 major customers representing 100% of total trade receivables. The company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

(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 holding company when the need arises.

(iii) **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. At the date of the statement of financial position, the company uses derivative financial instruments to hedge their interest rate risk.

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

Sensitivity analysis

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

24. **Financial instruments** (continued)

24.2 **Risk management** (continued)

(iv) **Foreign exchange risk**

Foreign exchange risk is the risk to earnings and value of financial instruments caused by fluctuation in foreign exchange rates. 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 their 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.

24.3 **Fair values**

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

| | **Level 1 US$** | **Level 2 US$** | **Level 3 US$** | **Total US$** |
|---|---|---|---|---|
| **At 31 December 2019** | | | | |
| Financial asset, FVOCI | - | - | 9,792 | 9,792 |
| **At 31 December 2018** | | | | |
| Financial asset, FVOCI | - | - | 9,791 | 9,791 |

The Level 3 financial asset is valued using income approach of valuation.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

24. **Financial instruments** (continued)

24.3 **Fair values** (continued)

Other receivables, cash and cash equivalents and other payables

The directors are of the view that the fair values of the 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.

## 25. 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.

## 26. Significant events subsequent to the end of the financial period

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.

As at 31 December 2019, the company has considered its debtors' ability to meet their obligations, and the indicators and conditions as at that date in assessing and estimating the expected credit losses ("ECL") that may arise as a result of the outbreak. The management does not foresee that the outbreak is likely to have any significant impact on its receivables.

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 Covid-19 outbreak on the key indicators and conditions that will be used to estimate the ECL in the financial year ending 2020, and the likely impact on its operations and financial performance.

## 27. Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 18 June 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 Infrastructure (Singapore) Pte. Limited.**

**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** | | |
| Sales of goods | 60,110,951 | 48,294,608 |
| Less: | | |
| **Cost of sales** | | |
| Cost of goods sold | 58,829,282 | 47,741,670 |
| **Gross profit** | 1,281,669 | 552,938 |
| Add: | | |
| **Other operating income** | | |
| Dividend income | - | 561,993 |
| Gain on disposal of investment in joint ventures | - | 196,625,174 |
| Gain on interest rate swap | - | 9,799 |
| Interest income from bank balances | 4,385 | 1,424 |
| Interest income from fixed deposits | 20,587 | 73,524 |
| Interest income from loan to a related company | 17,328,110 | 3,427,843 |
| Interest income from Optionally Convertible Debentures | 2,782,659 | 2,096,526 |
| Interest income from security deposit | 2,969,530 | 2,221,586 |
| Miscellaneous income | - | 305 |
| | 23,105,271 | 205,018,174 |
| | 24,386,940 | 205,571,112 |
| Less: | | |
| **Employee benefits expense** | (1,149,505) | (372,366) |
| **Finance costs** | (4,998,666) | (4,400,288) |
| **Other operating expenses** | (7,074,830) | (3,459,145) |
| | (13,223,001) | (8,231,799) |
| **Profit before income tax expense** | 11,163,939 | 197,339,313 |

**GMR Infrastructure (Singapore) Pte. Limited.**

**Other operating expenses**
**for the year ended 31 December 2019**

| | 01.01.2019 to 31.12.2019 US$ | 01.04.2018 to 31.12.2018 US$ |
|---|---|---|
| **Employee benefits expense** | | |
| Directors' remuneration | 231,004 | 81,180 |
| Staff CPF contributions | 17,565 | 5,750 |
| Staff salaries and bonus | 808,090 | 220,337 |
| Staff welfare | 92,846 | 65,099 |
| | 1,149,505 | 372,366 |
| **Finance costs** | | |
| Interest on bank borrowings | 4,450,182 | 2,756,496 |
| Interest on lease liability | 1,911 | - |
| LC commission | 85,747 | 65,742 |
| Processing fee | 176,154 | 534,558 |
| Upfront fees | 284,672 | 1,043,492 |
| | 4,998,666 | 4,400,288 |

**GMR Infrastructure (Singapore) Pte. Limited.**

**Other operating expenses**
**for the year ended 31 December 2019** (continued)

| | 01.01.2019 to 31.12.2019 US$ | 01.04.2018 to 31.12.2018 US$ |
|---|---|---|
| **Other operating expenses** | | |
| Audit fee | 32,235 | 26,836 |
| Bank charges | 12,606 | 6,094 |
| Books and periodicals | - | 2,696 |
| Business promotion | 13,900 | 83,725 |
| Consultancy fees | 3,358,141 | 1,026,293 |
| Courier and postage | 2,714 | 2,171 |
| Depreciation of plant and equipment | 35,260 | 5,787 |
| Foreign exchange loss | 6,458 | 3,118 |
| Gifts and donations | 39,161 | 6,610 |
| Impairment loss on other receivables | 2,782,659 | 2,096,525 |
| Membership and subscriptions | 59,885 | 16,489 |
| Other administrative costs | 8,799 | 23,841 |
| Printing and stationery | 3,064 | 1,965 |
| Rental | 104,288 | 97,940 |
| Telecommunication | 36,554 | 16,886 |
| Travelling | 208,297 | 41,243 |
| Utilities | 1,221 | 926 |
| Subscription | 4,000 | - |
| Repairs and maintenance | 22,676 | - |
| Recruitment | 1,596 | - |
| Hedging loss | 341,316 | - |
| | 7,074,830 | 3,459,145 |
| **Total operating expenses** | 13,223,001 | 8,231,799 |