GMR INFRASTRUCTURE (SINGAPORE) PTE. LIMITED

Company Registration No. 200902416Z

ANNUAL REPORT AND CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

GMR Infrastructure (Singapore) Pte. Limited

General Information

Directors

Puvan Sripathy
Suresh Lilaram Narang
Ranganathan Venkataramani

Company Secretary

Sinha Mithilesh Kumar

Registered Office

33A Chander Road
Singapore 219539

Auditor

CA.sg PAC

Principal Bankers

AfrAsia Bank Limited
DBS Banking Ltd
HDFC Bank Ltd
ICICI Bank
Mashreq Bank
Malayan Banking Berhad
Standard Chartered Bank
State Bank of India

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GMR Infrastructure (Singapore) Pte. Limited

Directors' Statement
For the year ended 31 December 2022

The directors present the report to the members together with the audited financial statements of GMR Infrastructure (Singapore) Pte. Limited (the "Head Office") and one of its foreign branches - Dubai branch (collectively, the "company") for the year ended 31 December 2022.

Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the company are drawn up so as to give a true and fair view of the financial position of the company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the company for the year then ended; and

(b) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Directors

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

Puvan Sripathy
Suresh Lilaram Narang
Ranganathan Venkataramani (appointed on 12 January 2023)

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 Companies Act 1967, 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 :

Directors' interests in shares or debentures (continued)

	No. of shares registered in the name of director		No. of shares in which director is deemed to have an interest	
	As at 01.01.2022	As at 31.12.2022	As at 01.01.2022	As at 31.12.2022
Ordinary shares of penultimate holding company				
GMR Infrastructure Limited				
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana (Resigned on 31 March 2022)	20,000	-	120,000	-

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.

The Board of Directors

Puvan Sripathy

....
Puvan Sripathy
Director

....
Ranganathan Venkataramani
Director

18 May 2023

CA.SG PAC
(UEN : 201403139W)
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信•新 特许会计师事务所

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

Report on the Financial Statements

Opinion

We have audited the financial statements of GMR Infrastructure (Singapore) Pte. Limited (the "Head Office") and one of its foreign branches – Dubai branch (collectively, the "company") which comprise the statement of financial position as at 31 December 2022, 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 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the company as at 31 December 2022 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

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

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 and one of its foreign branches – Dubai branch to comply with the financial reporting requirements of its penultimate holding company. The investment in subsidiary is not consolidated in this set of financial statements. 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 2022 in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards on which we will issue a separate auditor's report to its member.

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.

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 and one of its foreign branches – Dubai branch have been properly kept in accordance with the provisions of the Act.

CA.sg PAC
Public Accountants and
Chartered Accountants
Singapore

18 May 2023

GMR Infrastructure (Singapore) Pte. Limited

Consolidated Statement of Financial Position of Head Office and Dubai Branch as at 31 December 2022

	Note	2022 US$	2021 US$
ASSETS AND LIABILITIES			
Non-Current Assets			
Plant and equipment	4	457,808	1,047
Investment in subsidiary	5	204,173	204,173
Investment in joint venture	6	-	17,800,000
Financial asset, FVOCI	7	9,792	9,792
Other receivable	9	-	48,500,000
		671,773	66,515,012
Current Assets			
Trade receivables	8	16,247,613	13,831,171
Other receivables	9	142,948,716	243,496,834
Cash and cash equivalents	10	23,513,019	3,253,998
		182,709,348	260,582,003
Total Assets		183,381,121	327,097,015
Current Liabilities			
Trade payables	11	20,123,049	26,948,658
Other payables	12	38,635,827	30,289,320
Lease liabilities	14	271,722	-
Interest-bearing financial liabilities	13	25,000,000	15,000,000
Current income tax liabilities		2,012,414	1,366,955
		86,043,012	73,604,933
Non-current Liabilities			
Lease liabilities	14	188,168	-
Total Liabilities		86,231,180	73,604,933
Net Current Assets		96,666,336	186,977,070
Net Assets		97,149,941	253,492,082
EQUITY			
Share capital	15	61,644,057	158,076,365
Fair value reserve	16	(75,849,999)	(75,849,999)
Retained profits		111,355,883	171,265,716
Total Equity		97,149,941	253,492,082

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

GMR Infrastructure (Singapore) Pte. Limited

Consolidated Statement of Comprehensive Income of Head Office and Dubai Branch for the year ended 31 December 2022

	Note	2022 US$	2021 US$
Revenue	17	366,842,058	185,942,536
Purchases of inventories and incidental costs		(356,195,022)	(175,998,179)
Other operating income	18	10,016,232	8,079,924
Depreciation of plant and equipment	4	(92,066)	(3,197)
Employee benefits expense	19	(2,261,245)	(306,549)
Other operating expenses		(11,291,903)	(4,736,040)
Finance costs	20	(4,109,621)	(852,583)
Profit before income tax expense	21	2,908,433	12,125,912
Income tax expense	22	(645,459)	(1,344,709)
Net profit for the year		2,262,974	10,781,203
Other comprehensive income		-	-
Total comprehensive income for the year		2,262,974	10,781,203

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

GMR Infrastructure (Singapore) Pte. Limited

Consolidated Statement of Changes in Equity of Head Office and Dubai Branch for the year ended 31 December 2022

		Share capital US$	Fair value reserve US$	Retained profits US$	Total equity US$
At 1 January 2021		158,076,365	(75,849,999)	160,484,513	242,710,879
Total comprehensive income for the year		-	-	10,781,203	10,781,203
At 31 December 2021		158,076,365	(75,849,999)	171,265,716	253,492,082
Total comprehensive income for the year		-	-	2,262,974	2,262,974
Capital reduction	15	(96,432,308)	-	(62,172,807)	(158,605,115)
At 31 December 2022		61,644,057	(75,849,999)	111,355,883	97,149,941

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

GMR Infrastructure (Singapore) Pte. Limited

Consolidated Statement of Cash Flows of Head Office and Dubai Branch for the year ended 31 December 2022

	2022 US$	2021 US$
Cash flows from operating activities		
Profit before income tax expense	2,908,433	12,125,912
Adjustments for :		
Depreciation of plant and equipment	776	3,197
Depreciation of right-of-use asset	91,290	-
Loss on disposal of a joint venture	6,850,000	-
Expected credit loss on other receivables	2,782,659	2,782,659
Interest income	(7,708,491)	(8,058,845)
Interest expense	4,109,621	852,583
Operating profit before working capital changes	9,034,288	7,705,506
Decrease/(Increase) in trade and other receivables	42,933,034	(13,874,525)
(Decrease)/Increase in trade and other payables	(790,321)	50,623,940
Cash generated from operations	51,177,001	44,454,921
Interest received	7,708,491	8,058,845
Interest paid	(4,109,621)	(852,583)
Tax refunded	-	22,246
Net cash generated from operating activities	54,775,871	51,683,429
Cash flows from investing activities		
Investment in subsidiary	-	(204,173)
Proceeds from disposal of investment in a joint venture	10,950,000	-
Purchases of plant and equipment	(1,087)	(930)
Net cash generated from/(used in) investing activities	10,948,913	(205,103)
Cash flows from financing activities		
Capital reduction	(158,605,115)	-
Proceeds from term loan	25,000,000	-
Repayment of term loan	(15,000,000)	(9,500,000)
Payment of principal portion of lease liabilities	(87,850)	-
Net change in amounts due from/to subsidiary	(760,944)	(11,076)
Net change in amounts due from/to related companies	103,988,146	(39,090,731)
Net cash used in financing activities	(45,465,763)	(48,601,807)
Net increase in cash and cash equivalents	20,259,021	2,876,519
Cash and cash equivalents at beginning of the year	3,253,998	377,479
Cash and cash equivalents at end of the year	23,513,019	3,253,998

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 condensed 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 Philippines branch ("Philippines 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 Philippines Branch was registered on 5 August 2014 and commenced operations since 5 August 2014. The principal activities of the Philippines Branch are providing technical services and executing Erection Procurement Construction Contract of mega projects.

On 3 August 2021, the company established another branch ("Dubai Branch") in Dubai Silicon Oasis, Dubai, United Arab Emirates. The Dubai Branch has commenced operations since 28 October 2021. The principal activities of the Dubai Branch are those relating to trading of commodities.

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 immediate holding company is GMR Power & Urban Infra (Mauritius) Ltd (formerly known as GMR Infrastructure (Mauritius) Ltd), 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 Dubai Branch, and have been prepared by the management based on the financial reporting requirements of its penultimate holding company, GMR Enterprises Private Limited. The investment in subsidiary is not consolidated in this set of financial statements. The Head Office and Dubai Branch adopt the accounting policies of GMR Infrastructure (Singapore) Pte. Limited (hereinafter referred to as the "company").

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

2.1 **Basis of accounting** (continued)

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.

2.2 **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 2022. The adoption of these standards did not have any material effect on the financial performance or position of the company.

2.3 **Financial assets**

(a) Classification and measurement

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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 (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The company only has debt instruments at amortised cost.

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

2.3 **Financial assets** (continued)

(a) Classification and measurement (continued)

Subsequent measurement (continued)

Investments in debt instruments (continued)

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the company’s right to receive payments is established. For investments in equity instruments which the company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

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

(b) Impairment

The company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

2.3 **Financial assets** (continued)

(b) Impairment (continued)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the company applies a simplified approach in calculating ECLs. Therefore, the company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. 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.

The company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 **Property, plant and equipment**

Property, 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
Guest house	Over the lease period of 2 years

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

The 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.

2. Summary of significant accounting policies (continued)

2.4 Plant and equipment (continued)

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 property, plant and equipment are retained in the financial statements until they are no longer in use.

2.5 Investment in subsidiary

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

2.6 Investment in joint venture

Investment in joint venture is 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.

2.7 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)

2.8 Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL 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, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.9 Leases

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.

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

2.9 **Leases** (continued)

(a) As lessee (continued)

Right-of-use assets (continued)

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 2.7.

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

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 14).

Short-term leases

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 are recognised as expense on a straight-line basis over the lease term.

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

2.10 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 goods

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.

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.

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

2.11 **Revenue recognition** (continued)

(ii) Interest income

Interest income from loans to related companies 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) Service fee income

Service income is recognised when services are performed and rendered to the customer and all criteria for acceptance have been satisfied.

2.12 **Government grants**

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

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

2.13 **Foreign currency**

(i) **Functional currency**

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

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

2.13 **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.

2.14 **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.

2.15 **Income tax**

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

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

2.16 **Cash and cash equivalents**

Cash and cash equivalents comprise cash in bank and fixed deposits.

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

2.17 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party when making financial or operational 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

3.1 Significant accounting estimates and assumptions (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 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.

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

The management is of the opinion that there are no significant judgments made in applying accounting estimates and policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Property, plant and equipment

	Computers and software US$	Office equipment US$	Furniture and fittings US$	Guest house US$	Total US$
Cost					
At 1 January 2021	34,643	8,966	3,061	-	46,670
Additions	930	-	-	-	930
At 31 December 2021	35,573	8,966	3,061	-	47,600
Additions	1,087	-	-	547,740	548,827
At 31 December 2022	36,660	8,966	3,061	547,740	596,427
Accumulated Depreciation					
At 1 January 2021	31,329	8,966	3,061	-	43,356
Depreciation charge for the year	3,197	-	-	-	3,197
At 31 December 2021	34,526	8,966	3,061	-	46,553
Depreciation charge for the year	776	-	-	91,290	92,066
At 31 December 2022	35,302	8,966	3,061	91,290	138,619
Net Carrying Value					
At 31 December 2022	1,358	-	-	456,450	457,808
At 31 December 2021	1,047	-	-	-	1,047

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

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 24.

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

	2022 US$	2021 US$
Cash	1,087	930
Lease liabilities	547,740	-
	548,827	930

5. **Investment in subsidiary**

	2022 US$	2021 US$
Unquoted equity investment, at cost	204,173	204,173

Details of the subsidiary company are as follows :-

Name of company	Principal activities	Place of Incorporation	Effective percentage of equity held 2022	 2021
PT. GMR Infrastructure Indonesia	Provides general consulting and airport services	Republic of Indonesia	99%[1]	99%[1]

[1] The remaining interest of 1% in PT. GMR Infrastructure Indonesia is held by the immediate holding company, GMR Power & Urban Infra (Mauritius) Ltd (formerly known as GMR Infrastructure (Mauritius) Ltd).

6. **Investment in joint venture**

	2022 US$	2021 US$
Unquoted equity shares, at cost	-	17,800,000

6. **Investment in joint venture** (continued)

Details of the joint venture are as follows :-

Name of company	Principal activities	Place of incorporation	Equity interest held 2022	2021	Financial year
Globemerchants, Inc	Supplies of duty free goods within airport	Philippines	-	50%	31-Dec

The company entered into an agreement with one of its related companies, GMR Holdings Overseas (Singapore) Pte Limited ("GHOSPL"), on 3 August 2020 to acquire a 50% equity interest in Globemerchants Inc. ("GMI"). The company took control over GMI following the acquisition, however the transfer of shares remained incomplete up to date following delays caused by Covid-19 restrictions.

During the financial year, the company secured a third party to sell its interest in GMI. To facilitate the sale of the shares, the company has given GHOSPL written authority to transfer the shares of GMI to the third party instead. The transfer of shares and control have been completed as at 31 December 2022.

7. **Financial assets, FVOCI**

	2022 No. of shares	2021 No. of shares	2022 US$	2021 US$
Unquoted equity shares				
- GMR Infrastructure Overseas Limited, Malta	1	1	9,790	9,790
- GMR Infrastructure (Overseas) Limited, Mauritius	1	1	1	1
			9,791	9,791
Optionally Convertible Debentures				
- GMR Energy Project (Mauritius) Limited	-	-	1	1
			9,792	9,792

Each Optionally Convertible Debenture has a principal amount of US$100 with a 1.10% (2021 – 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 net assets of the investees as at financial year end as management has assessed that this is the closest indicator of fair value after considering the investees' financial performance. The fair values were within Level 3 of the fair value hierarchy.

8. Trade receivables

	2022 US$	2021 US$
Related party	27,038	27,373
Third parties	16,220,575	8,926,068
Unbilled revenue	-	4,877,730
	16,247,613	13,831,171

Trade receivables are denominated in United States dollars.

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

9. Other receivables

	2022 US$	2021 US$
Non-current assets		
Security deposit	-	48,500,000
Current assets		
Deposits	51,197	3,915
Other receivables	335,485	1,396,706
Prepayments	69,925	53,584
Advances to Philippines Branch	3,576,000	3,400,000
Advance payments to suppliers	4,742,266	752,259
Advances to third party	4,084	21,969
Amount due from subsidiary	1,059,175	11,076
Amounts due from related companies		
- (i)	15,323,687	12,541,028
- (ii)	-	10,295,270
- (iii)	294,156	294,156
- (iv)	130,516,428	221,067,899
- (v)	-	6,200,000
- (vi)	2,300,000	-
	158,272,403	256,037,862
Less : Expected credit losses	(15,323,687)	(12,541,028)
	142,948,716	243,496,834
	142,948,716	291,996,834

9. **Other receivables** (continued)

Other receivables are denominated in the following currencies :

	2022 US$	2021 US$
United States dollars	141,789,309	291,939,381
Singapore dollars	47,467	22,155
Indonesian rupiah	1,060,756	12,656
United Arab Emirates Dirham	51,184	22,642
	142,948,716	291,996,834

The security deposit was placed with a related company pursuant to a Coal Sales and Purchase Agreement for the supply of coal from the related company. This amount was unsecured, bore interest at a rate of 6 months Libor plus 350 basis point per annum and has been fully settled during the financial year.

The amount due from subsidiary is unsecured, non-interest bearing and repayable on demand.

The advances to Philippines 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 7.

(ii) The amount comprises interest receivable from the security deposit placed with GMR Coal Resources Pte Ltd amounting to NIL (2021 – US$9,295,270) as disclosed above and payments on behalf. The amount has been fully settled during the financial year.

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

	2022 US$	2021 US$
GMR Megawide Cebu Airport Corporation	61,385	61,385
GMR Airports Infrastructure Ltd (formerly known as GMR Infrastructure Ltd)	232,771	232,771
	294,156	294,156

(iv) The amount comprises loan to and interest receivable from GMR Infrastructure (Overseas) Limited and the loan is unsecured, bears interest at 2% per annum (2021 – 2% per annum) and repayable on demand.

9. **Other receivables** (continued)

(v) The amount comprises loan to and interest receivable from GMR Airports International B.V. and the loan is unsecured, non-interest bearing and has been fully settled during the financial year.

(vi) The amount comprises service fee receivable from GMR Airports International B.V. and the service fee receivable is unsecured, non-interest bearing and is repayable on demand.

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

	2022 US$	2021 US$
At beginning of the year	12,541,028	9,758,369
Allowance made	2,782,659	2,782,659
At end of the year	15,323,687	12,541,028

10. **Cash and cash equivalents**

Cash and cash equivalents are denominated in the following currencies :

	2022 US$	2021 US$
Indonesian Rupiah	322	-
United States dollars	22,031,699	3,195,082
Singapore dollars	1,435,397	58,916
United Arab Emirates Dirham	45,601	-
	23,513,019	3,253,998

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

	2022 US$	2021 US$
Cash and bank balances	17,013,019	3,253,998
Fixed deposits	6,500,000	-
	23,513,019	3,253,998

Fixed deposits are placed for a period of one month and earn interest at 4.85% per annum (2021 – NIL).

11. Trade payables

	2022 US$	2021 US$
Third parties	20,123,049	22,144,573
Accrued purchases	-	4,804,085
	20,123,049	26,948,658

Trade payables are denominated in United States dollars.

12. Other payables

	2022 US$	2021 US$
Interest payable	1,270,833	98,482
Other payables	1,151,269	44,769
Amounts due to related companies	2,037,819	13,755
Amounts due to subsidiary	289,155	-
Accrued expenses	1,266,410	1,132,314
Advance payment from third party	22,700,000	21,700,000
Advance payment from a customer	9,920,341	7,300,000
	38,635,827	30,289,320

Other payables are denominated in the following currencies :-

	2022 US$	2021 US$
Indonesian Rupiah	289,155	-
Singapore dollars	2,582	8,866
United States dollars	38,341,081	30,280,454
United Arab Emirates Dirham	3,009	-
	38,635,827	30,289,320

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

The advance payment from a third party represents a payment for the proposed disposal of an investment in a joint venture. It is unsecured and non-interest bearing. The proposed disposal was terminated upon mutual agreement between the company and the third party during the financial year and the payment has not been refunded yet.

13. Interest-bearing financial liabilities

	2022 US$	2021 US$
Current liabilities		
Not later than one year		
- Term loan 1	-	15,000,000
- Term loan 2	25,000,000	-
	25,000,000	15,000,000

Term Loan 1

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 bore interest at 3 months Libor plus margin of 2.25% (2021 - 3 months Libor plus margin of 2.25%) per annum and has been fully settled during the financial year.

Term Loan 1 was 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 9.

The bank borrowings were denominated in United States dollars.

Term Loan 2

The company was granted a US$25,000,000 Term Loan facility on 31 August 2022 by a third party for the following purposes :-

(i) repayment of all amounts outstanding under an existing term loan facility pursuant to a facility agreement dated 27 April 2016;

(ii) funding the working capital requirements and various business activities of the company;

(iii) repayment of certain amounts outstanding under advances made to the company by related companies; and

(iv) payment of any fees, costs and expenses incurred or payable in connection with any finance document.

The facility bears interest at 15% per annum and is repayable by 30 June 2023.

Term Loan 2 is secured by a fixed charge over all the present and future assets of the company, and is guaranteed by a personal guarantor, related company and intermediate holding company.

14. Lease liabilities

	2022 US$	2021 US$
Current:		
- Lease liabilities (Note 24)	271,722	-
Non-current:		
- Lease liabilities (Note 24)	188,168	-
	459,890	-

The lease liabilities are denominated in Singapore Dollars. The movements of lease liabilities are as follows:

	2022 US$	2021 US$
Balance at beginning of the year	-	-
Addition	547,740	-
Accretion of interest	7,857	-
Lease payments – principal portion paid	(87,850)	-
Interest paid	(7,857)	-
Balance at end of the year	459,890	-

15. Share capital

	2022 S$	2021 S$
Issued and fully paid :-		
Ordinary shares	80,896,700	207,446,700
	US$	US$
Equivalent to US$	61,644,057	158,076,365

On 7 November 2022, the company's existing issued and paid-up capital was reduced from S$207,446,700 (equivalent to US$158,076,365 comprising of 207,446,700 ordinary shares) to S$80,896,700 (equivalent to US$61,644,057 comprising of 80,896,700 ordinary shares) following a share capital reduction exercise.

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.

16. Fair value reserve

Fair value reserve represents the cumulative fair value changes of equity securities at fair value through other comprehensive income until they are disposed of.

17. Revenue

(a) Disaggregation of revenue

The breakdown of revenue is as follows :-

	2022 US$	2021 US$
Sales of goods	366,842,058	185,942,536

(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 2022, 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.

17. **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.

18. **Other operating income**

	2022	**2021**
	US$	**US$**
Interest income from bank balances	-	2
Interest income from fixed deposits	21,428	-
Interest income from loans to related companies	3,300,548	3,450,819
Interest income from Optionally Convertible Debentures	2,782,659	2,782,659
Interest income from security deposit	1,603,856	1,825,365
	7,708,491	8,058,845
Debts written off	4,494	-
Service fee income	2,300,000	-
Hedge income	3,247	21,079
	10,016,232	8,079,924

19. Employee benefits expense

	2022 US$	2021 US$
Staff CPF contributions	18,564	18,221
Staff salaries and bonus	1,415,257	278,448
Other staff related expenses	835,608	22,444
	2,269,429	319,113
Less:		
- Job Support Scheme (JSS) (i)	-	(12,564)
- Job Growth Incentive (JGI) (ii)	(8,184)	-
	2,261,245	306,549

(i) The JSS grant was announced at the Budget 2020 (the "Unity Budget") in February 2020 for the purpose of providing wage support to employers to help companies retain their local employees (Singapore citizens and permanent residents) during the period of economic uncertainty arising from the COVID-19 situation.

Under the JSS, the Government co-funds between 25% to 75% of the first S$4,600 of gross monthly wages paid to each local employee in a ten month period.

(ii) The JGI was introduced by Singapore government to support employers to expand local hiring from September 2020 to March 2023.

20. Finance costs

	2022 US$	2021 US$
Interest on bank borrowings	534,242	714,808
Interest on term loan from a third party	1,270,833	-
Interest on lease liabilities	7,857	-
Interest on loan from intermediate holding company	641,096	-
Letter of credit commission	345,593	137,775
Processing fee for term loan and termination of agreement	1,310,000	-
	4,109,621	852,583

21. Profit before income tax expense

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

	2022 US$	2021 US$
Loss on disposal of investment in a joint venture	6,850,000	-
Expected credit loss on other receivables	2,782,659	2,782,659
Foreign exchange loss	61,199	5,984

22. Income tax expense

	2022 US$	2021 US$
Taxation		
- Current year	645,459	1,366,955
- Overprovision in respect of prior year	-	(22,246)
	645,459	1,344,709

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

	2022 US$	2021 US$
Accounting profit	2,908,433	12,125,912
Tax at the applicable tax rate of 17%	494,434	2,061,405
Tax effects of :-		
Income not subject to tax	(1,034,145)	(1,061,827)
Expenses not deductible for tax purposes	1,197,804	474,755
Utilisation of tax losses carried forward	-	(94,410)
	658,093	1,379,923
Tax exemption	(12,634)	(12,968)
Current taxation	645,459	1,366,955
Overprovision in respect of prior year	-	(22,246)
	645,459	1,344,709

23. Related party transactions

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

	2022 US$	2021 US$
Sales of goods to a related company	-	27,373
Interest income from Optionally Convertible Debentures of a related company	2,782,659	2,782,659
Interest income from security deposit paid to a related company	1,603,856	1,825,365
Interest income from loans to related companies	3,300,548	3,450,819
Expected credit loss on interest receivable from Optionally Convertible Debentures of a related company	2,782,659	2,782,659

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

24. Leases

Company as a lessee

The company has lease contracts for its office premise and motor vehicle. The company's obligations under these leases are secured by the lessor's title to the leased assets. The company is restricted from assigning and subleasing the leased assets. The lease contract includes extension options which are further discussed below.

The company also has lease of guest house with lease terms of 12 months or less. The company applies the 'short-term lease' recognition exemptions for these leases.

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

	Guest house US$
At 1 January 2021	-
Depreciation	-
At 31 December 2021	-
Addition	547,740
Depreciation	(91,290)
At 31 December 2022	456,450

24. **Leases** (continued)

Company as a lessee (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 14.

(c) Amounts recognised in profit or loss

	2022 US$	**2021 US$**
Depreciation of right-of-use assets	91,290	-
Interest expense on lease liabilities (Note 20)	7,857	-
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term leases		
in administrative and other expenses)	34,671	24,924
Total amount recognised in profit or loss	133,818	24,924

(d) Total cash outflow

The company had total cash outflows for leases of US$130,378 (2021: US$24,924).

(e) Extension options

The company's lease contract includes extension options. The option is negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the company's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised (Note 3.2).

25. **Capital management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the company may adjust the amount of dividend payments, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and bank balances. Total capital is calculated as total equity plus net debt.

25. **Capital management** (continued)

	2022 US$	2021 US$
Net debt	60,245,857	68,983,980
Total equity	97,149,941	253,492,082
Total capital	157,395,798	322,476,062
Gearing ratio	38%	21%

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

26. Financial risk management

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

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is the company's policy not to trade in derivatives for speculating purposes.

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

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

26.1 Categories of financial instruments

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

	2022 US$	2021 US$
Financial assets		
Amortised cost		
Trade and other receivables	154,384,138	305,022,162
Cash and cash equivalents	23,513,019	3,253,998
	177,897,157	308,276,160
FVOCI		
Financial assets, FVOCI	9,792	9,792
	177,906,949	308,285,952

26. **Financial risk management** (continued)

26.1 **Categories of financial instruments** (continued)

	2022 US$	2021 US$
Financial liabilities		
Amortised cost		
Trade and other payables	26,138,535	28,237,978
Interest-bearing financial liabilities	25,000,000	15,000,000
Lease liabilities	459,890	-
	51,598,425	43,237,978

26.2 **Risk management**

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

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

(a) **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.

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.

26. **Financial risk management** (continued)

26.2 **Risk management** (continued)

(b) **Credit risk** (continued)

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.

26. **Financial risk management** (continued)

26.2 **Risk management** (continued)

(a) **Credit risk** (continued)

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

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

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

	Note	Category	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
2022						
Trade receivables	8	Note 1	Lifetime ECL (simplified)	16,247,613	-	16,247,613
Other receivables	9	1	12-month ECL	153,460,212	(15,323,687)	138,136,525
				169,707,825	(15,323,687)	154,384,138

26. **Financial risk management** (continued)

26.2 **Risk management** (continued)

(a) **Credit risk** (continued)

2021	Note	Category	12-month or lifetime ECL	Gross carrying amount US$	Loss allowance US$	Net carrying amount US$
Trade receivables	8	Note 1	Lifetime ECL (simplified)	13,831,171	-	13,831,171
Other receivables	9	1	12-month ECL	303,732,019	(12,541,028)	291,190,991
				317,563,190	(12,541,028)	305,022,162

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.

		Days past due				
2022	Not past due US$	≤ 30 days US$	31-60 days US$	61-90 days US$	>90days US$	Total US$
ECL rate	Nil	Nil	Nil	Nil	Nil	
Gross carrying amount	12,588,695	-	-	-	3,658,918	16,247,613
ECL	-	-	-	-	-	-

26. **Financial risk management** (continued)

26.2 **Risk management** (continued)

(a) **Credit risk** (continued)

	Not past due US$	**≤ 30 days US$**	**Days past due 31-60 days US$**	**61-90 days US$**	**>90days US$**	**Total US$**
2021						
ECL rate	Nil	Nil	Nil	Nil	Nil	
Gross carrying amount	13,282,953	-	-	-	548,218	13,831,171
ECL	-	-	-	-	-	-

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.

Exposure to credit risk

The company has concentration of credit risk in the form of outstanding debts owing by 2 customers representing 77% of total trade receivables before loss allowance. The company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables

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

26. **Financial risk management** (continued)

26.2 **Risk management** (continued)

(a) **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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

		Contractual cash flows		
	Carrying amount 2022 US$	**Total 2022 US$**	**One year or less 2022 US$**	**One to five years 2022 US$**
Financial liabilities				
Trade payables	20,123,049	20,123,049	20,123,049	-
Other payables	6,015,486	6,015,486	6,015,486	-
Interest bearing financial liabilities	25,000,000	25,000,000	25,000,000	-
Lease liabilities	459,890	478,532	287,119	191,413
	51,598,425	51,617,067	51,425,654	191,413

26. **Financial risk management** (continued)

26.2 **Risk management** (continued)

(b) **Liquidity risk**

		Contractual cash flows		
	Carrying amount 2021 US$	**Total 2021 US$**	**One year or less 2021 US$**	**One to five years 2021 US$**
Financial liabilities				
Trade payables	26,948,658	26,948,658	26,948,658	-
Other payables	1,289,320	1,289,320	1,289,320	-
Interest bearing financial liabilities	15,000,000	15,000,000	15,000,000	-
	43,237,978	43,237,978	43,237,978	-

(c) **Market risk**

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

(i) **Interest rate risk**

Interest rate risk 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.

26. **Financial risk management** (continued)

26.2 **Risk management** (continued)

(c) **Market risk**

(ii) **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, United Arab Emirates Dirham and Indonesian Rupiah. 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.

26.3 **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$**
2022				
Financial asset, FVOCI	-	-	9,792	9,792
2021				
Financial asset, FVOCI	-	-	9,792	9,792

The Level 3 financial asset is valued using net assets of the investee as at financial year as management has assessed that this is the closest indicator of fair value after considering the investee's financial performance.

Trade receivables and payables

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

26. Financial risk management (continued)

26.3 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.

Term loan from a third party

The directors are of the view that the fair value of the loan from a third party approximates its carrying amount as disclosed in the statement of financial position and in the notes to the financial statements as it is subject to interest rate close to market rate of interest for similar arrangements with financial institutions.

27. Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the directors on 18 May 2023.

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.

Consolidated Detailed Income Statement of Head Office and Dubai Branch for the year ended 31 December 2022

	2022 US$	2021 US$
Revenue		
Sales of goods	366,842,058	185,942,536
Less		
Cost of sales		
Cost of goods sold	(356,195,022)	(175,998,179)
Gross profit	10,647,036	9,944,357
Add:		
Other operating income		
Service fee income	2,300,000	-
Debts written off	4,494	-
Hedging income	3,247	21,079
Interest income from bank balances	-	2
Interest income from fixed deposits	21,428	-
Interest income from loan to related companies	3,300,548	3,450,819
Interest income from security deposit	1,603,856	1,825,365
Interest income from Optionally Convertible Debentures	2,782,659	2,782,659
	10,016,232	8,079,924
	20,663,268	18,024,281
Less:		
Employee benefits expense	(2,261,245)	(306,549)
Finance costs	(4,109,621)	(852,583)
Other operating expenses	(11,383,969)	(4,739,237)
	(17,754,835)	(5,898,369)
Profit before income tax expense	2,908,433	12,125,912

GMR Infrastructure (Singapore) Pte. Limited.
Other operating expenses
for the year ended 31 December 2022

	2022 US$	2021 US$
Employee benefits expense		
Staff CPF contributions	18,564	18,221
Staff salaries and bonus	1,407,073	265,884
Staff welfare	835,608	22,444
	2,261,245	306,549
Finance costs		
Interest on bank borrowings	534,242	714,808
Interest on third party borrowings	1,270,833	-
Interest on lease liabilities	7,857	-
Interest on loan from intermediate holding company	641,096	-
Letter of credit commission	345,593	137,775
Processing fee for term loan and termination of agreement	1,310,000	-
	4,109,621	852,583
Other operating expenses		
Audit fee	41,660	27,636
Bank charges	29,489	16,207
Business promotion	115,932	-
Conference fee	3,998	-
Consultancy fees	817,752	1,853,504
Courier and postage	1,836	512
Depreciation of plant and equipment	776	3,197
Depreciation of right-of-use asset	91,290	-
Foreign exchange loss	61,199	5,984
Guest house expenses	12,365	-
Expected credit loss on other receivables	2,782,659	2,782,659
Loss on disposal of investment in a joint venture	6,850,000	-
Manpower charges	9,286	-
Membership and subscription	619	1,142
Other administrative cost	4,859	114
Printing and stationery	2,669	894
Recruitment charges	-	280
Regulatory and licenses	24,370	1,335
Reimbursement of expenses	-	-
Rental	34,671	24,924
Repairs and maintenance	-	2,799
Stamp duty	2,279	-
Telecommunication	56,957	1,949
Travelling	434,357	14,554
Utilities	1,120	1,547
Visa expenses	3,826	-
	11,383,969	4,739,237
Total operating expenses	17,754,835	5,898,369