GMR INFRASTRUCTURE (SINGAPORE) PTE. LIMITED

Company Registration No. 200902416Z

ANNUAL REPORT AND CONDENSED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

GMR Infrastructure (Singapore) Pte. Limited

General Information

Directors

Puvan Sripathy
Suresh Lilaram Narang
Ranganathan Venkataramani

Company Secretary

Dominic Kevin Sim Hong Heng

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
Standard Chartered Bank
State Bank of India
Indian Bank Singapore Branch

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GMR Infrastructure (Singapore) Pte. Limited

Directors' Statement
For the year ended 31 December 2023

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 2023.

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 2023 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

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, none of the directors of the company who held office at the end of the financial year had any interest in the shares of the company or related corporations.

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

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Puvan Sripathy
Director

Venkataramani Ranganathan

....
Ranganathan Venkataramani
Director

10 May 2024

CA.SG PAC
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Website: www.ca.sg
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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 2023, 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 material accounting policy information.

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 2023 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.

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 2023 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.

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

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.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the 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

10 May 2024

GMR Infrastructure (Singapore) Pte. Limited

Consolidated Statement of Financial Position of Head Office and Dubai Branch as at 31 December 2023

	Note	2023 US$	2022 US$
ASSETS AND LIABILITIES			
Non-Current Assets			
Plant and equipment	4	188,707	457,808
Investment in subsidiary	5	1	204,173
Financial asset, FVOCI	6	9,792	9,792
		198,500	671,773
Current Assets			
Trade receivables	7	11,102,520	16,247,613
Other receivables	8	118,010,578	142,948,716
Cash and cash equivalents	9	1,887,917	23,513,019
		131,001,015	182,709,348
Total Assets		131,199,515	183,381,121
Current Liabilities			
Trade payables	10	11,798,393	20,123,049
Other payables	11	28,265,824	38,635,827
Lease liabilities	12	180,623	271,722
Interest-bearing financial liabilities	13	-	25,000,000
Current income tax liabilities		-	2,012,414
		40,244,840	86,043,012
Non-current Liabilities			
Other payables	11	19,280	-
Lease liabilities	12	-	188,168
Total Liabilities		40,264,120	86,231,180
Net Current Assets		90,756,175	96,666,336
Net Assets		90,935,395	97,149,941
EQUITY			
Share capital	14	61,644,057	61,644,057
Fair value reserve	15	(59,749,999)	(75,849,999)
Retained profits		89,041,337	111,355,883
Total Equity		90,935,395	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 Comprehensive Income of Head Office and Dubai Branch for the year ended 31 December 2023

	Note	2023 US$	2022 US$
Revenue	16	111,531,892	366,842,058
Purchases of inventories and incidental costs		(107,314,457)	(356,195,022)
Other operating income	17	4,885,034	10,016,232
Depreciation of plant and equipment	4	(275,913)	(92,066)
Employee benefits expense	18	(1,408,399)	(2,261,245)
Other operating expenses		(9,782,926)	(11,291,903)
Finance costs	19	(4,080,719)	(4,109,621)
(Loss)/Profit before income tax expense	20	(6,445,488)	2,908,433
Income tax credit/(expense)	21	310,281	(645,459)
Net (loss)/profit for the year		(6,135,207)	2,262,974
Other comprehensive income		16,100,000	-
Total comprehensive (loss)/income for the year		9,964,793	2,262,974

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 2023

	Note	Share capital US$	Fair value reserve US$	Retained profits US$	Total equity US$
At 1 January 2022		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	14	(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
Net loss for the year		-	-	(6,135,207)	(6,135,207)
Other comprehensive income for the year					
- Redemption of financial assets, FVOCI		-	16,100,000	-	16,100,000
Total comprehensive income for the year		-	16,100,000	(6,135,207)	9,964,793
Dividend	22	-	-	(16,179,339)	(16,179,339)
At 31 December 2023		61,644,057	(59,749,999)	89,041,337	90,935,395

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 2023

	2023 US$	2022 US$
Cash flows from operating activities		
Profit before income tax expense	(6,445,488)	2,908,433
Adjustments for :		
Bad debts written off	9,265	-
Depreciation of plant and equipment	2,043	776
Depreciation of right-of-use asset	273,870	91,290
Loss on disposal of a joint venture	-	6,850,000
Impairment loss on investment in subsidiary	204,172	-
Expected credit loss on other receivables	5,293,419	2,782,659
Expected credit loss on trade receivables	2,744,664	-
Payables written off	(57,793)	(4,494)
Interest income	(4,738,817)	(7,708,491)
Interest expense	4,080,719	4,109,621
Operating profit before working capital changes	1,366,054	9,029,794
Decrease in trade and other receivables	7,140,206	42,933,034
Decrease in trade and other payables	(16,658,887)	(785,827)
Cash generated from operations	(8,152,627)	51,177,001
Interest received	4,738,817	7,708,491
Interest paid	(4,080,719)	(4,109,621)
Tax paid	(1,702,133)	-
Net cash (used in)/generated from operating activities	(9,196,662)	54,775,871
Cash flows from investing activities		
Proceeds from disposal of investment in a joint venture	-	10,950,000
Purchases of plant and equipment	(6,812)	(1,087)
Net cash (used in)/generated from investing activities	(6,812)	10,948,913
Cash flows from financing activities		
Capital reduction	-	(158,605,115)
Proceeds from term loan	-	25,000,000
Repayment of term loan	(25,000,000)	(15,000,000)
Payment of principal portion of lease liabilities	(279,267)	(87,850)
Net change in amount due from/to subsidiary	1,066,747	(760,944)
Net change in amounts due from/to related companies	11,790,892	103,988,146
Net cash used in financing activities	(12,421,628)	(45,465,763)
Net (decrease)/increase in cash and cash equivalents	(21,625,102)	20,259,021
Cash and cash equivalents at beginning of the year	23,513,019	3,253,998
Cash and cash equivalents at end of the year	1,887,917	23,513,019

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 135 Cecil Street, #14-01, Philippine Airlines Building, 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. Material accounting policy information

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 Power and Urban Infra 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").

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.

2. **Material accounting policy information** (continued)

2.1 **Basis of accounting** (continued)

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

The financial statements of the company have been prepared on the basis that it will continue to operate as a going concern.

2.2 **Adoption of new and amended 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 2023. Except for the effect of the adoption of amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies described below, the adoption of these standards did not have any material effect on the financial performance or position of the company.

<u>FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies</u>

The company adopted amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies from 1 January 2023. The amendments did not result in any changes to the accounting policies themselves but impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of "material", rather than "significant" accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policy information (2022: Summary of significant accounting policies) in certain instances in line with the amendments.

2.3 **Financial assets**

(a) Classification and measurement

<u>Initial recognition and measurement</u>

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.

2. **Material accounting policy information** (continued)

2.3 **Financial assets** (continued)

(a) Classification and measurement (continued)

Initial recognition and measurement (continued)

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.

Subsequent measurement

(i) 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.

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.

(ii) 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. The company has elected to do so.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired.

2. **Material accounting policy information** (continued)

2.3 **Financial assets** (continued)

(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.

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).

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. The cost of an asset comprises its purchase price. 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.

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

2. **Material accounting policy information** (continued)

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.

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.

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.

2.7 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.

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. **Material accounting policy information** (continued)

2.8 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. 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.

<u>Right-of-use assets</u>

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. The cost of right-of-use assets includes the amount of lease liabilities recognised. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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).

<u>Lease liabilities</u>

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).

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 12).

2. **Material accounting policy information** (continued)

2.9 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. 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 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. **Material accounting policy information** (continued)

2.10 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.

2.11 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.

(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.

2.12 Income tax

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

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. **Material accounting policy information** (continued)

2.13 Cash and cash equivalents

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

2.14 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

Fair value measurement of financial instruments

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 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.

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.

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

3.1 Significant accounting estimates and assumptions (continued)

Provision for expected credit losses of trade receivables (continued)

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 25.2(a).

The carrying amount of the company's trade receivables as at 31 December 2023 are as disclosed in the notes to the financial statements.

3.2 Critical judgements in applying the entity's accounting policies

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

Determination of lease term of contracts with extension options

The company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The company has a lease contract that includes extension option. The company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the company reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customization to the leased asset).

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 2022	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
Additions	6,812	-	-	-	6,812
At 31 December 2023	43,472	8,966	3,061	547,740	603,239
Accumulated Depreciation					
At 1 January 2022	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
Depreciation charge for the year	2,043	-	-	273,870	275,913
At 31 December 2023	37,345	8,966	3,061	365,160	414,532
Net Carrying Value					
At 31 December 2023	6,127	-	-	182,580	188,707
At 31 December 2022	1,358	-	-	456,450	457,808

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 23.

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

	2023 US$	**2022 US$**
Cash	6,812	1,087
Lease liabilities	-	547,740
	6,812	548,827

5. **Investment in subsidiary**

	2023 US$	**2022 US$**
Unquoted equity investment, at cost	1	204,173

Details of the subsidiary company are as follows :-

Name of company	**Principal activities**	**Place of Incorporation**	**Effective percentage of equity held 2023**	**Effective percentage of equity held 2022**
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. Financial assets, FVOCI

	2023 No. of shares	2022 No. of shares	2023 US$	2022 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% (2022 – 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.

7. Trade receivables

	2023 US$	2022 US$
Related party	27,881	27,038
Third parties	11,716,656	16,220,575
Accrued revenue	2,102,647	-
	13,847,184	16,247,613
Less: Allowance for expected credit loss	(2,744,664)	-
	11,102,520	16,247,613

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.

7. **Trade receivables** (continued)

Trade receivables are denominated in the following currencies :

	2023 US$	**2022 US$**
United States dollars	11,102,520	16,220,575
Singapore dollars	-	27,038
	11,102,520	16,247,613

	2023 US$	**2022 US$**
At beginning of the year	-	-
Allowance made during the year	2,744,664	-
At end of the year	2,744,644	-

8. **Other receivables**

	2023 US$	**2022 US$**
Current assets		
Deposits	69,956	51,197
Other receivables	394,714	335,485
Prepayments	44,713	69,925
Advances to Philippines Branch	3,400,000	3,576,000
Advance payments to suppliers	101,936	4,742,266
Advances to third party	-	4,084
Amount due from subsidiary	2,460,412	1,059,175
Amounts due from related companies		
- (i)	18,081,255	15,323,687
- (ii)	330,401	294,156
- (iii)	113,744,297	130,516,428
- (iv)	-	2,300,000
	138,627,684	158,272,403
Less : Allowance for expected credit losses	(20,617,106)	(15,323,687)
	118,010,578	142,948,716
	118,010,578	142,948,716

8. **Other receivables** (continued)

Other receivables are denominated in the following currencies :

	2023 US$	2022 US$
United States dollars	117,933,475	141,789,309
Singapore dollars	47,467	47,467
Indonesian rupiah	-	1,060,756
United Arab Emirates Dirham	29,636	51,184
	118,010,578	142,948,716

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

The amount due from subsidiary is 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.

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

	2023 US$	2022 US$
GMR Megawide Cebu Airport Corporation	61,385	61,385
GMR Airports Infrastructure Ltd (formerly known as GMR Infrastructure Ltd)	193,577	232,771
GMR Power and Urban Infra Ltd	75,439	-
	330,401	294,156

(iii) The amount comprises loan to and interest receivable from GMR Infrastructure (Overseas) Limited and the loan is unsecured, bears interest at 2% per annum (2022 – 2% per annum) and repayable on demand.

(iv) The amount comprised service fee receivable from GMR Airports International B.V. and the service fee receivable was unsecured, non-interest bearing and has been fully repaid during the year.

8. **Other receivables** (continued)

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

	2023 US$	2022 US$
At beginning of the year	15,323,687	12,541,028
Allowance made	5,293,419	2,782,659
At end of the year	20,617,106	15,323,687

9. **Cash and cash equivalents**

Cash and cash equivalents are denominated in the following currencies :

	2023 US$	2022 US$
Indonesian Rupiah	687	322
United States dollars	1,589,870	22,031,699
Singapore dollars	260,370	1,435,397
United Arab Emirates Dirham	36,990	45,601
	1,887,917	23,513,019

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

	2023 US$	2022 US$
Cash and bank balances	1,887,917	17,013,019
Fixed deposits	-	6,500,000
	1,887,917	23,513,019

Fixed deposit was placed for a period of one month and earned interest at 4.85% per annum and has been uplifted during the year.

10. **Trade payables**

	2023 US$	2022 US$
Third parties	11,597,396	20,123,049
Accrued purchases	200,997	-
	11,798,393	20,123,049

10. **Trade payables** (continued)

Trade payables are denominated in United States dollars.

11. **Other payables**

	2023 US$	2022 US$
Current:		
Interest payable	491,816	1,270,833
Other payables	2,059,217	1,151,269
Amounts due to related companies	13,755	2,037,819
Amounts due to subsidiary	294,727	289,155
Accrued expenses	750,260	1,266,410
Advance payment from third party	17,700,000	22,700,000
Advance payment from customers	6,956,049	9,920,341
	28,265,824	38,635,827
Non-current:		
Other payables	19,280	-
	28,285,104	38,635,827

Other payables are denominated in the following currencies :-

	2023 US$	2022 US$
Indonesian Rupiah	294,727	289,155
Singapore dollars	7,455	2,582
United States dollars	27,894,646	38,341,081
United Arab Emirates Dirham	88,276	3,009
	28,285,104	38,635,827

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 previous financial year and the payment has not been fully refunded yet as of current year end.

12. Lease liabilities

	2023 US$	2022 US$
Current:		
- Lease liabilities (Note 23)	180,623	271,722
Non-current:		
- Lease liabilities (Note 23)	-	188,168
	180,623	459,890

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

	2023 US$	2022 US$
Balance at beginning of the year	459,890	-
Addition	-	547,740
Accretion of interest	15,832	7,857
Lease payments – principal portion paid	(279,267)	(87,850)
Interest paid	(15,832)	(7,857)
Balance at end of the year	180,623	459,890

13. Interest-bearing financial liabilities

	2023 US$	2022 US$
Not later than one year		
- Term loan	-	25,000,000

The term loan was denominated in United States dollars.

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; and

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

The Term Loan bore interest at 15% per annum and has been fully settled during the financial year.

14. Share capital

	2023	2022
	S$	S$
Issued and fully paid :-		
Ordinary shares	80,896,700	80,896,700
	US$	US$
Equivalent to US$	61,644,057	61,644,057

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.

15. 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.

16. Revenue

(a) Disaggregation of revenue

The breakdown of revenue is as follows :-

	2023	2022
	US$	US$
Sales of goods	111,531,892	366,842,058

16. **Revenue** (continued)

(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 2023, 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.

(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.

17. Other operating income

	2023 US$	2022 US$
Interest income from bank balances	489	-
Interest income from fixed deposits	52,891	21,428
Interest income from loans to related companies	1,927,869	3,300,548
Interest income from Optionally Convertible Debentures	2,757,568	2,782,659
Interest income from security deposit	-	1,603,856
	4,738,817	7,708,491
Consultancy fee	88,424	-
Hedge income	-	3,247
Payables written off	57,793	4,494
Service fee income	-	2,300,000
	4,885,034	10,016,232

18. Employee benefits expense

	2023 US$	2022 US$
Staff CPF contributions	25,433	18,564
Staff salaries and bonus	1,338,499	1,415,257
Other staff related expenses	44,467	835,608
	1,408,399	2,269,429
Less:		
- Job Growth Incentive (JGI) [(i)]	-	(8,184)
	1,408,399	2,261,245

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

19. Finance costs

	2023 US$	2022 US$
Interest on bank borrowings	155,657	534,242
Interest on term loan from a third party	3,771,948	1,270,833
Interest on lease liabilities	15,832	7,857
Interest on loan from intermediate holding company	-	641,096
Letter of credit commission	87,282	345,593
Processing fee for term loan and termination of agreement	50,000	1,310,000
	4,080,719	4,109,621

20. (Loss)/Profit before income tax expense

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

	2023 US$	2022 US$
Bad debts written off	9,265	-
Expected credit loss on trade receivables	2,744,664	-
Expected credit loss on other receivables	5,293,419	2,782,659
Foreign exchange loss	32,578	61,199
Impairment loss on investment in subsidiary	204,172	-
Loss on disposal of investment in a joint venture	-	6,850,000

21. Income tax (credit)/expense

	2023 US$	2022 US$
Taxation		
- Current year	-	645,459
- Overprovision in respect of prior financial year	(310,281)	-
	(310,281)	645,459

21. **Income tax (credit)/expense** (continued)

A numerical reconciliation between the (loss)/profit before income tax expense and tax expense is as follows :-

	2023 US$	**2022 US$**
(Loss)/Profit before income tax expense	(6,445,488)	2,908,433
Tax at the applicable tax rate of 17%	(1,095,733)	494,434
Tax effects of :-		
Income not subject to tax	(846,774)	(1,034,145)
Expenses not deductible for tax purposes	1,451,607	1,197,804
	(490,900)	658,093
Unabsorbed loss carried forward	598,940	-
Foreign branch not subject to tax	(108,040)	-
Tax exemption *	-	(12,634)
Current taxation	-	645,459
Overprovision in respect of prior financial year	(310,281)	-
	-	645,459

* This relates to a full tax exemption granted by the Comptroller of Income Tax

As at 31 December 2023, the company has estimated unabsorbed tax losses amounting to US$3,523,000 (2022 – Nil) for which deferred tax benefits have not been recognised in the financial statements because it is not certain that future taxable profit will be available against which the company can utilise the benefits. However, the unabsorbed tax losses are available for offsetting against future taxable income subject to there being no substantial change in shareholders as required by the provisions of the Income Tax Act 1947.

22. **Dividends**

	2023 US$	**2022 US$**
One-tier tax-exempt interim dividend of US$0.1999 per share in respect of the current financial year	16,179,339	-

23. Related party transactions

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

	2023 US$	2022 US$
Interest income from Optionally Convertible Debentures of a related company	2,757,568	2,782,659
Interest income from security deposit paid to a related company	-	1,603,856
Interest income from loans to related companies	1,927,869	3,300,548
Expected credit loss on interest receivable from Optionally Convertible Debentures of a related company	2,757,568	2,782,659

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

24. Leases

<u>Company as a lessee</u>

The company has lease contracts for its guest house. 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 had lease of office premise with lease terms of 12 months or less in . The company applied the "short-term lease" recognition exemption for the lease.

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

	Guest house US$
At 1 January 2022	-
Addition	547,740
Depreciation	(91,290)
At 31 December 2022	456,450
Depreciation	(273,870)
At 31 December 2023	182,580

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 12.

24. **Leases** (continued)

Company as a lessee (continued)

(c) Amounts recognised in profit or loss

	2023 US$	2022 US$
Depreciation of right-of-use assets	273,870	91,290
Interest expense on lease liabilities (Note 19)	15,832	7,857
Lease expense not capitalised in lease liabilities:		
- Expense relating to short-term leases (included in administrative and other expenses)	30,473	34,671
Total amount recognised in profit or loss	320,175	133,818

(d) Total cash outflow

The company had total cash outflows for leases of US$325,572 (2022: US$130,378).

(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.

	2023 US$	2022 US$
Net debt	38,376,203	60,705,747
Total equity	90,935,395	97,149,941
Total capital	129,311,598	157,855,688
Gearing ratio	30%	38%

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:-

	2023 US$	2022 US$
Financial assets		
Amortised cost		
Trade and other receivables	128,966,449	154,384,138
Cash and cash equivalents	1,887,917	23,513,019
	130,854,366	177,897,157
FVOCI		
Financial assets, FVOCI	9,792	9,792
	130,864,158	177,906,949

	2023 US$	2022 US$
Financial liabilities		
Amortised cost		
Trade and other payables	33,127,448	48,838,535
Interest-bearing financial liabilities	-	25,000,000
Lease liabilities	180,623	459,890
	33,308,071	74,298,425

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

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.

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.

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

26.2 **Risk management** (continued)

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

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.

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

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

26.2 **Risk management** (continued)

(a) **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:-

2023	**Note**	**Category**	**12-month or lifetime ECL**	**Gross carrying amount US$**	**Loss allowance US$**	**Net carrying amount US$**
Trade receivables	7	Note 1	Lifetime ECL (simplified)	13,847,184	(2,744,664)	11,102,520
Other receivables	8	3	Lifetime ECL	138,481,035	(20,617,106)	117,863,929
				152,328,219	(23,361,770)	128,966,449

2022	**Note**	**Category**	**12-month or lifetime ECL**	**Gross carrying amount US$**	**Loss allowance US$**	**Net carrying amount US$**
Trade receivables	7	Note 1	Lifetime ECL (simplified)	16,247,613	-	16,247,613
Other receivables	8	3	Lifetime ECL	153,460,212	(15,323,687)	138,136,525
				169,707,825	(15,323,687)	154,384,138

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.

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$
2023						
ECL rate	Nil	Nil	Nil	Nil	90%	
Gross carrying amount	6,539,782	4,271,295	-	-	3,036,107	13,847,184
ECL	-	-	-	-	(2,744,664)	(2,744,664)

	Not past due US$	≤ 30 days US$	Days past due 31-60 days US$	61-90 days US$	>90days US$	Total US$
2022						
ECL rate	Nil	Nil	Nil	Nil	Nil	
Gross carrying amount	12,588,695	-	-	-	3,658,918	16,247,613
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 3 customers representing 82% of total trade receivables before loss allowance. The company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

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

26.2 **Risk management** (continued)

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

Other receivables

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

(b) **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.

<u>Analysis of financial instruments by remaining contractual maturities</u>

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

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

26.2 **Risk management** (continued)

(c) **Liquidity risk**

		Contractual cash flows		
	Carrying amount 2023 US$	**Total 2023 US$**	**One year or less 2023 US$**	**One to five years 2023 US$**
Financial liabilities				
Trade payables	11,798,393	11,798,393	11,798,393	-
Other payables	21,329,055	21,329,055	21,329,055	-
Lease liabilities	180,623	191,413	191,413	-
	33,308,071	33,318,861	33,318,861	-

		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	28,715,486	28,715,486	28,715,486	-
Interest bearing financial liabilities	25,000,000	25,000,000	25,000,000	-
Lease liabilities	459,890	478,532	287,119	191,413
	74,298,425	74,317,067	74,125,654	191,413

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

26.2 **Risk management** (continued)

(d) **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.

<u>Sensitivity analysis</u>

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.

(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.

<u>Sensitivity analysis</u>

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. **Financial risk management** (continued)

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$
2023				
Financial asset, FVOCI	-	-	9,792	9,792
2022				
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.

<u>Trade receivables and payables</u>

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

<u>Other receivables, cash and cash equivalents and other payables</u>

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.

<u>Term loan from a third party</u>

The directors are of the view that the fair value of the loan from a third party approximated its carrying amount as disclosed in the statement of financial position and in the notes to the financial statements as it was 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 10 May 2024.

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 2023

	2023 US$	2022 US$
Revenue		
Sales of goods	111,531,892	366,842,058
Less		
Cost of sales		
Cost of goods sold	(107,314,457)	(356,195,022)
Gross profit	4,217,435	10,647,036
Add:		
Other operating income		
Consultancy fee	88,424	-
Hedging income	-	3,247
Interest income from bank balances	489	-
Interest income from fixed deposits	52,891	21,428
Interest income from loan to related companies	1,927,869	3,300,548
Interest income from Optionally Convertible Debentures	2,757,568	2,782,659
Interest income from security deposit	-	1,603,856
Payables written off	57,793	4,494
Service fee income	-	2,300,000
	4,885,034	10,016,232
	9,102,469	20,663,268
Less:		
Employee benefits expense	(1,408,399)	(2,261,245)
Finance costs	(4,080,719)	(4,109,621)
Other operating expenses	(10,058,839)	(11,383,969)
	(15,547,957)	(17,754,835)
Profit before income tax expense	(6,445,488)	2,908,433

This annexed detailed income statement does not form part of the audited financial statements.

GMR Infrastructure (Singapore) Pte. Limited.

Other operating expenses
for the year ended 31 December 2023

	2023 US$	2022 US$
Employee benefits expense		
Staff CPF contributions	25,433	18,564
Staff salaries and bonus	1,338,499	1,407,073
Staff welfare	44,467	835,608
	1,408,399	2,261,245
Finance costs		
Interest on bank borrowings	155,657	534,242
Interest on third party borrowings	3,771,948	1,270,833
Interest on lease liabilities	15,832	7,857
Interest on loan from intermediate holding company	-	641,096
Letter of credit commission	87,282	345,593
Processing fee for term loan and termination of agreement	50,000	1,310,000
	4,080,719	4,109,621
Other operating expenses		
Audit fee	46,680	41,660
Bad debts written off	9,265	-
Bank charges	17,658	29,489
Business promotion	192	115,932
Conference fee	-	3,998
Consultancy fees	319,233	817,752
Courier and postage	884	1,836
Depreciation of plant and equipment	2,043	776
Depreciation of right-of-use asset	273,870	91,290
Expected credit loss on other receivables	5,293,419	2,782,659
Expected credit loss on trade receivables	2,744,664	-
Foreign exchange loss	32,578	61,199
Guest house expenses	15,059	12,365
Impairment of investment in subsidiary	204,172	-
Loss on disposal of investment in a joint venture	-	6,850,000
Manpower charges	30,036	9,286
Membership and subscription	5,315	619
Other administrative cost	8,319	4,859
Printing and stationery	4,535	2,669
Recruitment charges	490	-
Regulatory and licenses	12,024	24,370
Reimbursement of expenses	834,448	-
Rental	30,473	34,671
Repairs and maintenance	91	-
Stamp duty	-	2,279
Telecommunication	9,987	56,957
Travelling	155,739	434,357
Utilities	7,665	1,120
Visa expenses	-	3,826
	10,058,839	11,383,969
Total operating expenses	15,547,957	17,754,835