

GMR AIRPORTS (SINGAPORE) PTE. LTD.

Company Registration No. 201924150R

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 24 JULY 2019

(DATE OF INCORPORATION) TO 31 DECEMBER 2019

GMR Airports (Singapore) Pte. Ltd.

General Information

Directors

Puvan Sripathy
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana
Vivek Singhal

Company Secretary

Yong Poh Ken

Registered Office

33A Chander Road
Singapore 219539

Auditor

CA.sg PAC

Principal Bankers

AfrAsia Bank Limited
ICICI Bank Limited

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GMR Airports (Singapore) Pte. Ltd.

Directors' Statement

For the period from 24 July 2019 (date of incorporation) to 31 December 2019

The directors present the statement to the member together with the audited financial statements of the company for the period from 24 July 2019 (date of incorporation) to 31 December 2019.

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 2019 and the financial performance, changes in equity and cash flows of the company for the period then ended; and
- (b) at the date of this statement, having regard to the financial support from its intermediate holding company, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Directors

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

Puvan Sripathy
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana
Vivek Singhal

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

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

	No. of shares registered in the name of director		No. of shares in which director is deemed to have an interest	
	As at 24.07.2019	As at 31.12.2019	As at 24.07.2019	As at 31.12.2019
Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana	120,000	120,000	20,000	20,000

GMR Airports (Singapore) Pte. Ltd.

Directors' statement (continued)

For the period from 24 July 2019 (date of incorporation) to 31 December 2019

Share options

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

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

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

Auditor

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

For and on behalf of the Board

Vivek Singhal
.....

Vivek Singhal
Director

Lakshminarayana TSSV
.....

Tummalapalli Srinivasa Subrahmanya Veerabhadra Lakshminarayana
Director

19 May 2020

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

Report on the Audit of the Financial Statements

Opinion

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

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

INDEPENDENT AUDITOR'S REPORT

to the member of

GMR AIRPORTS (SINGAPORE) PTE. LTD. (continued)

Report on the Audit of the Financial Statements (continued)

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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.

INDEPENDENT AUDITOR'S REPORT

to the member of

GMR AIRPORTS (SINGAPORE) PTE. LTD. (continued)

Report on the Audit of the Financial Statements (continued)

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

- 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.

Report on Other Legal and Regulatory Requirements

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



CA.sg PAC

Public Accountants and
Chartered Accountants
Singapore

19 May 2020

GMR Airports (Singapore) Pte. Ltd.**Statement of Financial Position
as at 31 December 2019**

	Note	2019 US\$
ASSETS AND LIABILITIES		
Non-Current Assets		
Property, plant and equipment	4	1,548,282
Other receivables	5	<u>80,264</u>
		<u>1,628,546</u>
Current Assets		
Other receivables	5	96,658
Cash and cash equivalents	6	<u>50,472</u>
		<u>147,130</u>
Total Assets		<u>1,775,676</u>
Current Liability		
Other payables	7	287,132
Lease liabilities	8	<u>225,917</u>
		<u>513,049</u>
Non-Current Liabilities		
Other payables	7	32,956
Lease liabilities	8	<u>1,328,431</u>
		<u>1,361,387</u>
Total Liabilities		<u>1,874,436</u>
Net Current Liabilities		<u>(365,919)</u>
Net Liabilities		<u>(98,760)</u>
EQUITY		
Share capital	9	430,000
Accumulated loss		<u>(528,760)</u>
Total Equity		<u>(98,760)</u>

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

GMR Airports (Singapore) Pte. Ltd.

**Statement of Comprehensive Income
for the period from 24 July 2019 (date of incorporation) to 31 December 2019**

		24/07/2019 to 31/12/2019 US\$
	Note	
Revenue		-
Administrative expenses	10	(524,727)
Finance costs	11	<u>(4,033)</u>
Loss before income tax expense	12	(528,760)
Income tax expense	13	<u>-</u>
Net loss for the period		(528,760)
Other comprehensive income		<u>-</u>
Total comprehensive income for the period		<u><u>(528,760)</u></u>

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

GMR Airports (Singapore) Pte. Ltd.

**Statement of Changes in Equity
for the period from 24 July 2019 (date of incorporation) to 31 December 2019**

	Note	Share capital US\$	Accumulated loss US\$	Total US\$
At 24 July 2019 (date of incorporation)	9	10,000	-	10,000
Issuance of shares during the period		420,000	-	420,000
Total comprehensive income for the period		<u>-</u>	<u>(528,760)</u>	<u>(528,760)</u>
At 31 December 2019		<u><u>430,000</u></u>	<u><u>(528,760)</u></u>	<u><u>(98,760)</u></u>

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

GMR Airports (Singapore) Pte. Ltd.

**Statement of Cash Flows
for the period from 24 July 2019 (date of incorporation) to 31 December 2019**

	Note	24/07/2019 to 31/12/2019 US\$
Cash flows from operating activities		
Loss before income tax expense		(528,760)
Adjustments for:-		
Depreciation expense		37,421
Interest expense		4,033
Operating loss before working capital changes		(487,306)
Increase in other receivables		(176,922)
Increase in other payables		37,132
Net cash used in operating activities		(627,096)
Cash flows from investing activity		
Acquisition of property, plant and equipment	4	(2,432)
Net cash used in investing activity		(2,432)
Cash flows from financing activities		
Increase in amount owing to related party		250,000
Proceeds from issuance of ordinary shares		420,000
Net cash generated from financing activities		670,000
Net increase in cash and cash equivalents		40,472
Cash and cash equivalents at 24 July 2019 (date of incorporation)		10,000
Cash and cash equivalents at 31 December 2019		50,472

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

GMR Airports (Singapore) Pte. Ltd.

Notes to the financial statements – 31 December 2019

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

1. Corporate information

The company (company registration no. 201924150R) is a limited liability company which is incorporated in the Republic of Singapore with the registered office at 33A Chander Road Singapore 219539 and the principal place of business at 135 Cecil Street, #14-01 MYP Plaza, Singapore 069536.

The principal activities of the company are those of provision of infrastructure engineering design and consultancy services.

The immediate holding company is GMR Airports International B.V., a company incorporated in Netherlands, which owns 100% of the issued ordinary share capital of the company. The ultimate holding company is GMR Enterprises Private Limited, a company incorporated in India. Related companies in these financial statements refer to companies within the GMR Enterprises Private Limited group of companies.

2. Summary of significant accounting policies

2.1 Basis of accounting

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

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

The company incurred a net loss of US\$528,760 for the period ended 31 December 2019 and as of that date, the company’s current liabilities exceed its current assets by US\$365,919 and there was a deficit in shareholder’s funds of US\$98,760. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company’s ability to continue as a going concern. However, the financial statements are prepared on the going concern basis as the intermediate holding company has given an undertaking to provide continual financial support to the company to enable it to continue as a going concern and meet its liabilities as and when they fall due.

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

2. Summary of significant accounting policies (continued)

2.2 Financial assets

(a) Classification and measurement

The company classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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

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

At initial recognition

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

At subsequent measurement

(i) Debt instruments

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

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

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

2. Summary of significant accounting policies (continued)

2.2 Financial assets (continued)

(a) Classification and measurement (continued)

(i) Debt instruments (continued)

- FVOCI - Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- FVPL - Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

(ii) Equity investments

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

(b) Impairment

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

2. Summary of significant accounting policies (continued)

2.2 Financial assets (continued)

(c) Recognition and derecognition

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

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

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

2.3 Property, plant and other equipment

All items of property plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use, and includes the costs of dismantlement, removal or restoration, the obligation for which the company incurs as a consequence of installing the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the statement of comprehensive income.

Depreciation is calculated on the straight line basis so as to write off the cost of the assets over their estimated useful lives as follows:-

Office premise	5 years
Computers and software	3 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of comprehensive income in the period when the asset is derecognised. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2. Summary of significant accounting policies (continued)

2.4 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.

2.5 Financial liabilities

(a) Classification and measurement

At initial recognition

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

The company's financial liabilities include other payables.

2. Summary of significant accounting policies (continued)

2.5 Financial liabilities (continued)

(a) Classification and measurement (continued)

At subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

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

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

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

(b) Derecognition

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

2.6 Other payables

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

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

2. Summary of significant accounting policies (continued)

2.7 Provisions

Provisions are recognised when :-

- (i) the company has a present obligation (legal or constructive) as a result of past events;
- (ii) it is probable that an outflow of resources will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

2.8 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 24 July 2019 (date of incorporation):

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

(a) As lessee

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

Right-of-use assets

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

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.4.

2. Summary of significant accounting policies (continued)

2.8 Leases (continued)

(a) As lessee (continued)

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 8).

Short-term leases and leases of low-value assets

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

2. Summary of significant accounting policies (continued)

2.9 Deferred taxation

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

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

2.10 Share capital

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

2.11 Foreign currency

(i) Functional currency

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

(ii) Foreign currency transactions

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

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

2. Summary of significant accounting policies (continued)

2.12 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 period as the employment that gives rise to the contributions.

2.13 Income tax

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

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

2.14 Cash and cash equivalents

Cash and cash equivalents comprise bank balances.

2.15 Related parties

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

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

3. Significant accounting estimates, assumptions and judgements

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

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

3.1 Significant accounting estimates and assumptions

Useful lives of property, plant and equipment

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

Impairment of non-financial assets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management will 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 period in which such determination is made.

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.

Impairment of property, plant and equipment

The carrying values of property, plant and equipment are reviewed for impairment when there are indications of impairment. As at the date of the statement of financial position, there is no indication of impairment and the carrying value of the company's property, plant and equipment is as disclosed in note 4.

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

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

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 several lease contracts that include extension options. 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 customisation to the leased asset).

As at 31 December 2019, potential future (undiscounted) cash outflows of approximately US\$1,011,485 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

Leases – estimating the incremental borrowing rate

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

GMR Airports (Singapore) Pte. Ltd.**Notes to the financial statements – 31 December 2019****4. Property, plant and equipment**

	Computers S\$	Office premise S\$	Total S\$
Cost			
As at 24 July 2019	-	-	-
Additions	2,432	1,583,271	1,585,703
As at 31 December 2019	<u>2,432</u>	<u>1,583,271</u>	<u>1,585,703</u>
Accumulated Depreciation			
As at 24 July 2019	-	-	-
Charge for the period	313	37,108	37,421
As at 31 December 2019	<u>313</u>	<u>37,108</u>	<u>37,421</u>
Net Carrying Value			
As at 31 December 2019	<u>2,119</u>	<u>1,546,163</u>	<u>1,548,282</u>

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 15.

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

	2019 US\$
Cash	2,432
Right-of-use assets	<u>1,583,271</u>
	<u>1,585,703</u>

GMR Airports (Singapore) Pte. Ltd.**Notes to the financial statements – 31 December 2019****5. Other receivables**

	2019 US\$
Non-current	
Deposit	<u>80,264</u>
Current	
Deposits	28,599
Prepayment	65,808
Other receivables	<u>2,251</u>
	<u>96,658</u>
	<u><u>176,922</u></u>

Non-current deposit comprises the security deposit paid in relation to the lease of office premise. The deposit is refundable at the end of the lease term.

Other receivables are denominated in Singapore dollars.

6. Cash and cash equivalents

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

	2019 US\$
Singapore Dollars	45,632
United States Dollars	<u>4,840</u>
	<u><u>50,472</u></u>

GMR Airports (Singapore) Pte. Ltd.**Notes to the financial statements – 31 December 2019****7. Other payables**

	2019 US\$
Non-current	
Provision for reinstatement costs	<u>32,956</u>
Current	
Accrued expenses	37,068
Amount owing to a related company	250,000
Other payables	<u>64</u>
	<u>287,132</u>
	<u><u>320,088</u></u>

Other payables are denominated in the following currencies :-

	2019 US\$
Singapore Dollars	250,700
United States Dollars	<u>69,388</u>
	<u><u>320,088</u></u>

The amount owing to the related company is unsecured, non-interest bearing and repayable within the next 12 months.

8. Lease liabilities

	2019 US\$
Current:	
- Lease liabilities (Note 15)	<u>225,917</u>
Non-current:	
- Lease liabilities (Note 15)	<u>1,328,431</u>
	<u><u>1,554,348</u></u>

GMR Airports (Singapore) Pte. Ltd.**Notes to the financial statements – 31 December 2019****8. Lease liabilities (continued)**

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

	2019 US\$
Addition	1,550,315
Accretion of interest	4,033
	<u>1,554,348</u>

9. Share capital

	2019 No. of shares	2019 US\$
Issued and fully paid :-		
At 24 July 2019 (date of incorporation)	10,000	10,000
Issuance of shares during the period	<u>420,000</u>	<u>420,000</u>
At 31 December 2019	<u>430,000</u>	<u>430,000</u>

As at the date of incorporation, the company issued 10,000 ordinary shares for US\$10,000 by way of cash to incorporate the company. During the period, the company issued an additional 420,000 ordinary shares for US\$420,000 by way of cash for additional working capital.

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

GMR Airports (Singapore) Pte. Ltd.**Notes to the financial statements – 31 December 2019****10. Administrative expenses**

Included in administrative expenses are employee benefits expense as follows :-

	24/07/2019 to 31/12/2019 US\$
<u>Directors of the company</u>	
Director's remuneration	260,566
Director's CPF contributions	2,533
	<u>263,099</u>
<u>Other staff of the company</u>	
Staff salaries and allowances	73,032
Staff CPF contributions	6,366
Skills development levy	98
Medical expenses	44
Staff welfare	423
	<u>79,963</u>
	<u><u>343,062</u></u>

11. Finance costs

	24/07/2019 to 31/12/2019 US\$
Interest expense on lease liabilities (Note 15)	<u><u>4,033</u></u>

12. Loss before income tax expense

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

	24/07/2019 to 31/12/2019 US\$
Depreciation of property, plant and equipment	37,421
Foreign exchange loss	<u><u>520</u></u>

GMR Airports (Singapore) Pte. Ltd.**Notes to the financial statements – 31 December 2019**

13. Income tax expense

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

	24/07/2019 to 31/12/2019 US\$
Accounting loss	<u>(528,760)</u>
Tax at the applicable tax rate of 17%	(89,889)
Tax effect of expenses not deductible for tax purposes	7,085
Unabsorbed tax losses carried forward	<u>82,804</u>
Current income tax expense	<u>-</u>

As at 31 December 2019, the company has estimated unabsorbed tax losses and unutilised capital allowances amounting to US\$487,100 and US\$2,400 respectively for which deferred tax benefits have not been recognised in the financial statements because it is uncertain that future taxable profit will be available against which the company can utilise the benefits. However, the unabsorbed tax losses and unutilised capital allowances are available for offsetting against future taxable income subject to there being no substantial change in shareholders as required by the provisions of the Singapore Income Tax Act.

14. Related party transactions

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

	24/07/2019 to 31/12/2019 US\$
Loan from related companies	450,000
Payments on behalf by related companies	<u>90,930</u>

GMR Airports (Singapore) Pte. Ltd.**Notes to the financial statements – 31 December 2019****15. Leases**Company as a lessee

The company has a lease contract for its office premise. 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 office premises 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

	Office premise US\$
At 24 July 2019	-
Addition	1,583,271
Depreciation	(37,108)
At 31 December 2019	<u>1,546,163</u>

- (b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 8.

- (c) Amounts recognised in profit or loss

	24/07/2019 to 31/12/2019 US\$
Depreciation of right-of-use assets	37,108
Interest expense on lease liabilities (Note 11)	4,033
Lease expense not capitalised in lease liabilities:	
- Expense relating to short-term leases (included in administrative expenses)	<u>51,688</u>
Total amount recognised in profit or loss	<u>92,829</u>

GMR Airports (Singapore) Pte. Ltd.

Notes to the financial statements – 31 December 2019

15. Leases (continued)

(d) Total cash outflow

The company had total cash outflows for short-term leases of US\$51,688 in 2019.

(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).

16. Capital management

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

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

17. Financial instruments

17.1 Categories of financial instruments

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

	2019 US\$
Financial assets	
Other receivables	111,114
Cash and cash equivalents	<u>50,472</u>
	<u>161,586</u>
Financial liabilities	
Other payables	320,088
Lease liabilities	<u>1,554,348</u>
	<u>1,874,436</u>

17. Financial instruments (continued)

17.2 Risk management

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

(i) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Financial instruments that are subject to credit risk and concentration thereof principally consist of other receivables and cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was US\$52,723 as at period end, being the total carrying value of other receivables, balances with banks and other financial assets.

Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with the company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(ii) Liquidity risk

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

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

Financing is obtained from an intermediate holding company when the need arises.

17. Financial instruments (continued)

17.2 Risk management (continued)

(iii) Foreign exchange risk

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

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

Sensitivity analysis

The following demonstrates the sensitivity to a reasonably possible change in the Singapore Dollar against United States Dollar, with all other variables held constant, of the company's profit/(loss) before tax.

	Increase/ (Decrease) in loss before tax 2019 US\$
Singapore dollar	
- Strengthened by 10%	(26,538)
- Weakened by 10%	<u>26,538</u>

(iv) Interest rate risk

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

GMR Airports (Singapore) Pte. Ltd.

Notes to the financial statements – 31 December 2019

17. Financial instruments (continued)

17.3 Fair values

Other receivables, other payables and cash and cash equivalents

The directors are of the view that the fair values of the other financial assets and liabilities as at the date of the statement of financial position 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.

18. Significant events subsequent to the end of the financial period

Coronavirus outbreak

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

It is currently difficult to reasonably estimate the financial impact of Covid-19 as the situation is still evolving and the outcome of current events is uncertain. The company will continue to monitor the situation and evaluate the impact of the outbreak on its operations and financial performance.

19. Comparative information

There are no comparative figures presented as this is the first set of financial statements issued since the date of the company’s incorporation on 24 July 2019.

20. Authorisation of financial statements

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

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

GMR Airports (Singapore) Pte. Ltd.

Detailed Income Statement

for the period from 24 July 2019 (date of incorporation) to 31 December 2019

	24/07/2019 to 31/12/2019 US\$
Revenue	-
Less:	
Operating expenses	
Employee benefits expense	(343,062)
Administrative expenses	(181,665)
Finance costs	(4,033)
Loss before income tax expense	<u>(528,760)</u>

GMR Airports (Singapore) Pte. Ltd.

**Administrative and Operating Expenses
for the period from 24 July 2019 (date of incorporation) to 31 December 2019**

	24/07/2019 to 31/12/2019 US\$
Employee benefits expense	
CPF contributions	6,366
Director's remuneration	260,566
Director's CPF contributions	2,533
Medical expenses	44
Skills development levy	98
Staff salaries and bonuses	73,032
Staff welfare	423
	<u>343,062</u>
Administrative expenses	
Audit fee	2,227
Bank charges	453
Communication charges	692
Consultancy fees	4,452
Depreciation of property, plant and equipment	37,421
Foreign exchange loss	520
Insurance	1,236
Maintenance	396
Printing and stationery	98
Rental	51,688
Travelling	82,482
	<u>181,665</u>
Finance costs	
Interest on lease liabilities	<u>4,033</u>
Total expenses	<u><u>528,760</u></u>