

Company Registration No. 200901920D

Infraco Asia Development Pte. Ltd. and its subsidiaries

Annual Financial Statements
31 December 2018



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Infraco Asia Development Pte. Ltd. and its subsidiaries

Directors' statement

The directors present their statement to the members together with the audited consolidated financial statements of Infraco Asia Development Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) 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 of the Company in office at the date of this statement are:

John William Walker

Amy Lee Yuen Ying

Clive Watkin Turton

Michael Barry Chilton

(Appointed on 1 April 2018)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

None of the directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations, either at the beginning of the financial year, or date of appointment, if later, or at the end of the financial year.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Directors' statement

Share options

There were no options granted by the Group during the financial year to subscribe for unissued shares of the Company.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Group.

There were no unissued shares of the Group under option at the end of the financial year.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:



John William Walker
Director



Clive Watkin Turton
Director

Singapore
28 MAR 2019

Infraco Asia Development Pte. Ltd. and its subsidiaries

Independent auditor's report

For the financial year ended 31 December 2018

Independent auditor's report to the members of Infraco Asia Development Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Infraco Asia Development Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and the consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company 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 consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity 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 information

Management is responsible for 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.

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Independent auditor's report
For the financial year ended 31 December 2018**

Independent auditor's report to the members of Infraco Asia Development Pte. Ltd.

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 and Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company and Group'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 of 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 skepticism 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 and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Independent auditor's report

For the financial year ended 31 December 2018

Independent auditor's report to the members of Infraco Asia Development Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- 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 and Group'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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2019

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Consolidated statement of comprehensive income
For the financial year ended 31 December 2018**

	Note	2018 US\$	2017 US\$
Other income	4	36,951	10,408
Finance income	5	896,201	400,676
Project related operating expenses		(17,584,539)	(10,063,531)
Administrative expenses		(3,842,293)	(2,630,219)
Gain on disposal of subsidiaries, associate and joint ventures	23	5,837,183	2,890,061
Finance costs	5	–	(726,263)
Share of results of joint ventures		(661,152)	5,628,298
Share of results of associate		866,426	808,812
Loss before tax	6	(14,451,223)	(3,681,758)
Income tax expense	8	(1,188,717)	(7,946)
Loss for the year		(15,639,940)	(3,689,704)
Attributable to:			
Owners of the Company		(15,288,107)	(5,039,272)
Non-controlling interests		(351,833)	1,349,568
		(15,639,940)	(3,689,704)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(83,533)	(539,035)
Share of other reserves		–	(14,654)
Total other comprehensive income, net of tax		(83,533)	(553,689)
Total comprehensive income for the year		(15,723,473)	(4,243,393)
Attributable to:			
Owners of the Company		(15,389,378)	(5,547,660)
Non-controlling interests		(334,095)	1,304,267
Total comprehensive income for the year		(15,723,473)	(4,243,393)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Balance sheets

As at 31 December 2018

		Group		Company	
	Note	2018	2017	2018	2017
		US\$	US\$	US\$	US\$
ASSETS					
Non-current assets					
Plant and equipment	9	1,521,803	1,462,444	37,023	17,438
Investment in subsidiaries	10	—	—	26,401,089	12,347,483
Investments in joint ventures	11	10,720,900	3,894,063	—	—
Investment in associate	12	—	6,825,488	—	6,143,640
Loans and debentures	14	3,036,737	4,623,922	—	—
Other receivables	15	196,025	363,202	—	—
Advance to developers	15	801,340	1,030,294	801,340	1,030,294
Deferred tax asset		8,652	16,296	—	—
		16,285,457	18,215,709	27,239,452	19,538,855
Current assets					
Amounts due from subsidiaries	15	—	—	28,505	110,944
Amounts due from related parties	15	697,764	267,398	697,764	267,398
Amounts due from joint ventures	15	801,544	341,856	25,883	—
Other receivables	15	567,040	266,144	221,887	226,692
Prepayments		104,794	38,164	63,254	36,795
Deposits	15	146,509	63,662	135,290	52,377
Cash and cash equivalents	16	60,364,263	53,057,969	49,915,135	50,878,148
		62,681,914	54,035,193	51,087,718	51,572,354
Total assets		78,967,371	72,250,902	78,327,170	71,111,209

Infraco Asia Development Pte. Ltd. and its subsidiaries

Balance sheets

As at 31 December 2018

	Note	Group		Company	
		2018	2017	2018	2017
		US\$	US\$	US\$	US\$
EQUITY AND LIABILITIES					
Non-current liability					
Deferred tax liability		33,263	15,290	–	–
Current liabilities					
Deferred capital grant	17	1,464,363	161,863	609,303	161,863
Amounts due to related parties	18	64,617	64	64,560	–
Trade and other payables	18	2,672,883	2,430,042	2,170,523	2,155,780
Provision for tax		4,850	2,637	–	–
		4,206,713	2,594,606	2,844,386	2,317,643
Total liabilities		4,239,976	2,609,896	2,844,386	2,317,643
Equity attributable to owners of the Company					
Share capital	19	130,074,041	122,070,041	130,074,041	122,070,041
Share application monies	20	18,912,800	5,461,020	18,912,800	5,461,020
Translation reserve		88,785	(203,311)	–	–
Reserve on changes in non-controlling interest		130,003	130,417	–	–
Other reserve		(85,831)	84,633	–	–
Accumulated losses		(74,914,874)	(58,711,997)	(73,504,057)	(58,737,495)
Reserve of disposal group classified as held for sale		–	–	–	–
		74,204,924	68,830,803	75,482,784	68,793,566
Non-controlling interests		522,471	810,203	–	–
Total equity		74,727,395	69,641,006	75,482,784	68,793,566
Total equity and liabilities		78,967,371	72,250,902	78,327,170	71,111,209

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Statements of changes in equity
For the financial year ended 31 December 2018**

Group	Share capital (Note 19)	Share application monies (Note 20)	Translation reserve	Share-based payment reserve	Reserve on changes in non-controlling interest	Other reserves	Accumulated losses	Total attributable to owners of the Company	Non-controlling interests	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Opening as at 1 January 2018 (As previously reported)	122,070,041	5,461,020	(203,311)	–	130,417	84,633	(58,711,997)	68,830,803	810,203	69,641,006
Effects of adopting FRS 109 (Note 2.2)	–	–	–	–	–	–	(914,770)	(914,770)	–	(914,770)
Opening as at 1 January 2018	122,070,041	5,461,020	(203,311)	–	130,417	84,633	(59,626,767)	67,916,033	810,203	68,726,236
Loss for the year	–	–	–	–	–	–	(15,288,107)	(15,288,107)	(351,833)	(15,639,940)
Other comprehensive income	–	–	(101,271)	–	–	–	–	(101,271)	17,738	(83,533)
Total comprehensive income for the year	–	–	(101,271)	–	–	–	(15,288,107)	(15,389,378)	(334,095)	(15,723,473)
Contributions by and distributions to owners										
Issuance of shares	8,004,000	(5,461,020)	–	–	–	–	–	2,542,980	–	2,542,980
Share application monies	–	18,912,800	–	–	–	–	–	18,912,800	–	18,912,800
Total contributions by and distributions to owners	8,004,000	13,451,780	–	–	–	–	–	21,455,780	–	21,455,780
Contribution by non-controlling interests	–	–	–	–	–	–	–	–	45,949	45,949
Change in non-controlling interest without change of control	–	–	–	–	(414)	–	–	(414)	414	–
Disposal of associate (Note 23)	–	–	393,367	–	–	–	–	393,367	–	393,367
Total changes in ownership interest	–	–	393,367	–	(414)	–	–	392,953	46,363	439,316

Infracore Asia Development Pte. Ltd. and its subsidiaries

Statements of changes in equity
For the financial year ended 31 December 2018

	Share capital (Note 19) US\$	Share application monies (Note 20) US\$	Translation reserve US\$	Share-based payment reserve US\$	Reserve on changes in non- controlling interest US\$	Other reserves US\$	Accumulated losses US\$	Total attributable to owners of the Company US\$	Non- controlling interests US\$	Total US\$
Group 2018										
Total transactions with owners, recognised directly in equity	8,004,000	13,451,780	393,367	-	(414)	-	-	21,848,733	46,363	21,895,096
Others										
Share of other changes in equity of joint venture	-	-	-	-	-	(170,464)	-	(170,464)	-	(170,464)
At 31 December 2018	130,074,041	18,912,800	88,785	-	130,003	(85,831)	(74,914,874)	74,204,924	522,471	74,727,395

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Infracore Asia Development Pte. Ltd. and its subsidiaries

**Statements of changes in equity
For the financial year ended 31 December 2018**

	Share capital (Note 19) US\$	Share application monies (Note 20) US\$	Translation reserve US\$	Share-based payment reserve US\$	Reserve on changes in non-controlling interest US\$	Other reserves US\$	Accumulated losses US\$	Reserve of disposal group classified as held for sale US\$	Total attributable to owners of the Company US\$	Non-controlling interests US\$	Total US\$
Group 2017											
At 1 January 2017	88,767,760	9,717,981	297,657	1,383,700	1,043,138	99,287	(54,585,446)	(601,754)	46,122,323	5,797,189	51,919,512
Loss for the year	-	-	-	-	-	-	(5,039,272)	-	(5,039,272)	1,349,568	(3,689,704)
Other comprehensive income	-	-	(493,734)	-	-	(14,654)	-	-	(508,388)	(45,301)	(553,689)
Total comprehensive income for the year	-	-	(493,734)	-	-	(14,654)	(5,039,272)	-	(5,547,660)	1,304,267	(4,243,393)
<u>Contributions by and distributions to owners</u>											
Issuance of shares	33,302,281	-	-	-	-	-	-	-	33,302,281	-	33,302,281
Share application monies	-	(4,256,961)	-	-	-	-	-	-	(4,256,961)	-	(4,256,961)
Total contributions by and distributions to owners	33,302,281	(4,256,961)	-	-	-	-	-	-	29,045,320	-	29,045,320
Contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	230,134	230,134
Disposal of subsidiaries (Note 24)	-	-	(7,234)	(1,383,700)	(912,721)	-	912,721	601,754	(789,180)	(6,521,387)	(7,310,567)
Total changes in ownership interest	-	-	(7,234)	(1,383,700)	(912,721)	-	912,721	601,754	(789,180)	(6,291,253)	(7,080,433)
Total transactions with owners, recognised directly in equity	33,302,281	(4,256,961)	(7,234)	(1,383,700)	(912,721)	-	912,721	601,754	28,256,140	(6,291,253)	21,964,887
At 31 December 2017	122,070,041	5,461,020	(203,311)	-	130,417	84,633	(58,711,997)	-	68,830,803	810,203	69,641,006

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Statements of changes in equity
For the financial year ended 31 December 2018**

	Share capital (Note 19) US\$	Share application monies (Note 20) US\$	Accumulated losses US\$	Total US\$
Company				
2018				
At 1 January 2018	122,070,041	5,461,020	(58,737,495)	68,793,566
Loss representing total comprehensive income for the year	–	–	(14,766,562)	(14,766,562)
<u>Contributions by and distribution to owners:</u>				
Issuance of shares	8,004,000	(5,461,020)	–	2,542,980
Share application monies	–	18,912,800	–	18,912,800
Total transactions with owners in their capacity as owners	8,004,000	13,451,780	–	21,455,780
At 31 December 2018	130,074,041	18,912,800	(73,504,057)	75,482,784
2017				
At 1 January 2017	88,767,760	9,717,981	(49,953,088)	48,532,653
Loss representing total comprehensive income for the year	–	–	(8,784,407)	(8,784,407)
<u>Contributions by and distribution to owners:</u>				
Issuance of shares	33,302,281	–	–	33,302,281
Share application monies	–	(4,256,961)	–	(4,256,961)
Total transactions with owners in their capacity as owners	33,302,281	(4,256,961)	–	29,045,320
At 31 December 2017	122,070,041	5,461,020	(58,737,495)	68,793,566

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Consolidated cash flow statement
For the financial year ended 31 December 2018**

	Note	2018 US\$	2017 US\$
Operating activities			
Loss before tax		(14,451,223)	(3,681,758)
Adjustments for:			
Depreciation of plant and equipment	9	11,812	6,929
Provision for impairment loss on:			
- advance to developers		92,672	—
- investment in joint venture		3,727,487	1,070,000
- loans and debenture		2,700,511	—
- other receivables		278,453	230,000
Share of results of joint ventures		661,152	(5,628,298)
Share of results of associate		(866,426)	(808,812)
Gain on disposal of subsidiaries, associate and joint ventures	23	(5,837,183)	(2,890,061)
Finance costs	5	—	726,263
Finance income	5	(896,201)	(400,676)
Fair value adjustments on debt securities		168,765	—
Operating cash flows before changes in working capital		(14,410,181)	(11,376,413)
<u>Changes in working capital:</u>			
Increase in amounts due from joint ventures		(459,688)	(350,378)
Decrease in advance to developer		136,282	8,000
Decrease/(increase) in other receivables		1,138,910	(306,078)
Increase in prepayments		(66,630)	(7,880)
Increase in deposits		(82,847)	(13,048)
Increase in deferred capital grants		1,302,500	100,337
Increase in amount due from related parties		(365,812)	(35,571)
Increase in trade and other payables		242,841	1,047,351
Total changes in working capital		1,845,556	442,733
Cashflow from operations		(12,564,625)	(10,933,680)
Income taxes paid		(1,161,744)	—
Net cash flows used in operating activities		(13,726,369)	(10,933,680)

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Consolidated cash flow statement
For the financial year ended 31 December 2018**

	Note	2018 US\$	2017 US\$
Investing activities			
Purchase of plant and equipment	9	(296,633)	(105,017)
Investments in joint ventures		(11,139,009)	(2,069,144)
Investments in loans and debentures		(2,196,861)	(2,658,995)
Proceeds from purchaser for repayment of loan from a related company in relation to subsidiaries disposed		–	16,853,234
Disposal of subsidiaries, net of cash disposed	23	–	16,145,563
Disposal of associate and joint venture	23	13,068,220	–
Net cash flows (used in)/generated from investing activities		(564,283)	28,165,641
Financing activities			
Issuance of share capital		2,542,980	33,302,281
Repayment of from loans from a related company		–	(16,853,234)
Share application monies		18,912,800	(4,256,961)
Contributions from non-controlling interest		45,949	210,134
Net cash flows generated from financing activities		21,501,729	12,402,220
Net increase in cash and cash equivalents		7,211,077	29,634,181
Foreign exchange		95,217	110,103
Cash and cash equivalents at beginning of the year		53,057,969	23,313,685
Cash and cash equivalents at end of the year		60,364,263	53,057,969

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2018

1. Corporate information

Infraco Asia Development Pte. Ltd. (the "Company") is a private limited company incorporated in Singapore.

The Company's immediate and existing joint shareholders are SG Hambros Trust Company Ltd, Multiconsult Trustees Ltd and Minimax Ltd as trustees of the Private Infrastructure Development Group Trust (PIDG Trust), a trust established under the laws of Mauritius. SG Hambros Trust Company Limited has retired as principal trustee of the PIDG Trust and is in the process of a transfer of shares in the Company to SG Kleinwort Hambros Trust Company (UK) Limited, Multiconsult Trustees Ltd and Minimax Ltd, as joint shareholders of the Company.

Upon completion of the share transfer, filing with the Accounting and Corporate Regulatory Authority, Singapore and update of the register of members of the Company, the immediate and joint shareholders of the Company will be SG Kleinwort Hambros Trust Company (UK) Limited, Multiconsult Trustees Ltd and Minimax Ltd as trustees of PIDG Trust.

The registered office and principal place of business of the Company are located at 10 Collyer Quay, #10-01 Ocean Financial Centre, Singapore 049315 and Level 18 Republic Plaza II, 9 Raffles Place, Singapore 048619, respectively.

The principal activity of the Company is that of developing infrastructure projects and investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollars ("USD" or "US\$").

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the adoption of FRS 109 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 109 Financial Instruments

On 1 January 2018, the Group adopted FRS 109 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of FRS 109 have been applied retrospectively. The Group has elected not to restate comparative information in the year of initial application. The impact arising from FRS 109 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

FRS 109 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under FRS 109.

The Group currently measures its debt securities at amortised cost. Upon adoption of FRS 109, the Group measures the debt securities at FVTPL. The impact arising from this change resulted in a decrease in carrying value of \$914,770 to the debt securities with a corresponding adjustment to retained earnings as at 1 January 2018.

FRS 109 requires all equity instruments to be carried at fair value through profit or loss unless an entity chooses on initial recognition to present fair value changes in other comprehensive income. For equity securities, the Group continues to measure its available-for-sale ("AFS") quoted equity securities at FVTPL.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of FRS 109, the Group calculated the expected credit losses (ECLs) on all receivables. There is no significant impact arising from the ECL model on these receivables under FRS 109.

Infracore Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2018**

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 109 Financial Instruments (cont'd)

The Group has assessed which business model apply to the financial assets held by the Group at 1 January 2018 and into the appropriate categories in accordance with FRS 109. The effects, before tax impact are as follows:

	Group				
Measurement category	FRS 39 carrying amount as at 31 December 2017 US\$	Re- classification US\$	Re- measurement US\$	FRS 109 carrying amount on 1 January 2018 US\$	Retained earnings effect on 1 January 2018 US\$
FVTPL	-	-	(914,770)	(914,770)	(914,770)
Reclassified from amortised costs	-	4,987,124	-	4,987,124	-
FVPL balances, reclassifications and re-measurements at 1 January 2018	-	4,987,124	(914,770)	4,072,354	(914,770)

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	To be determined

Except for FRS116 the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS116 is described below.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. A commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to FRS 116 and assessing the possible impact of adoption.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss or as a change to other comprehensive income.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognized as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.5 *Transaction with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in United States Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. 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 measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

All items of plant and equipment, except for construction in progress, are depreciated on a straight-line basis over the estimated useful life of the assets as follows:

Computer and software	– 3 years
Office equipment, furniture and fittings	– 3 to 5 years

Asset under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of 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 profit or loss in the year the asset is derecognised.

2.8 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2. Summary of significant accounting policies (cont'd)

2.8 Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That 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 profit or loss.

2.10 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls over an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2. Summary of significant accounting policies (cont'd)

2.11 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

2.12 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in the associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.12 Joint ventures and associates (cont'd)

The financial statements of the associates and joint ventures are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

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

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The relevant measurement categories for classification of Group's debt instruments are:

(i) 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 amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

2. Summary of significant accounting policies (cont'd)

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus, in the case of financial liability not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

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

2.14 Impairment of financial assets

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

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial assets (cont'd)*

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

For loans and other receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

2.15 *Convertible instruments with embedded derivative*

Convertible instruments with conversion option are accounted for as financial assets with an embedded equity conversion derivative based on the terms of the contract.

The embedded option is recognised at its fair value through profit and loss as derivative asset with subsequent changes in fair value recognised in profit or loss.

The remainder of the proceeds is allocated to the asset component that is carried at amortised cost until the asset is extinguished on conversion or redemption.

When an equity conversion option is exercised, the carrying amounts of the asset component and the equity conversion option are derecognised with a corresponding recognition of investment in equity instrument.

2.16 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, and short-term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (cont'd)

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Capital grants

Capital grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Capital grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are presented as a credit in profit or loss, as "Other income".

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting period.

2. Summary of significant accounting policies (cont'd)

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.22 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.22 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.25 Revenue

Revenue is measured based on the consideration to which the Group 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 Group 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.

Grant income

Grant income is recognised on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Unspent grants are shown on the balance sheet as deferred capital grants.

Interest income

Interest income is recognised using the effective interest method.

2.26 Disposal groups and discontinued operations

Disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less cost to sell. Disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period.

3. Significant accounting judgements and estimates (cont'd)

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management makes judgements, apart from those involving estimations, which affect the amounts recognised in the consolidated financial statements.

Classification of investments in Sunseap Vietnam Pte Ltd, Nano Solar Limited and IABA Housing Private Limited as joint ventures

Judgement is applied by management in assessing whether the Group has power to participate in financial and operating policy decisions of the investee and whether control or joint control exists. Based on the facts and circumstances, management concluded that the Group has joint control over these companies, and therefore follows the guidance of FRS 28 on classifying its investments in these companies as an investment in joint ventures.

3.2 Key sources of estimation uncertainty

(a) Provision for expected credit losses of loans and other receivables

The Group 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 Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group'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 Group's trade receivables is disclosed in Note 25(a).

(b) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of model inputs regarding country risks, credit spreads and tenor of the loans that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 24.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

4. Other income

Other income mainly consists of reimbursement of expenses paid on behalf of an affiliated company.

5. Finance income/Finance costs

	Group	
	2018	2017
	US\$	US\$
<i>Finance income</i>		
Loans and debentures	455,918	208,327
Bank deposits	440,283	192,349
	<u>896,201</u>	<u>400,676</u>
<i>Finance costs</i>		
Interest expense paid/payable on:		
Loan from related company	<u>—</u>	<u>(726,263)</u>

6. Loss before tax

The following items have been included in arriving at loss before tax:

	Group	
	2018	2017
	US\$	US\$
Depreciation of plant and equipment	11,812	6,929
Consultancy and legal fees	782,723	868,280
Lease expenses	195,113	89,886
Foreign exchange loss – realised	17,316	110,181
Foreign exchange loss/(gain) – unrealised	49,206	(197,380)
Staff costs (Note 7)	2,299,229	1,741,120
Provision for impairment loss on:		
- advance to developers	92,672	—
- investment in joint venture	3,727,487	1,070,000
- loans and debenture	2,700,511	—
- other receivables	278,453	230,000
Developer services	9,272,222	6,839,071
Gain on disposal of subsidiaries, associates and joint ventures (Note 23)	<u>(5,837,183)</u>	<u>(2,890,061)</u>

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
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7. Staff costs

Staff costs, included in both project related operating expenses and administrative expenses, comprise the following:

	Group	
	2018	2017
	US\$	US\$
Staff salaries	2,108,157	1,528,580
CPF contribution	75,777	48,861
Directors' fees	115,295	163,679
	<u>2,299,229</u>	<u>1,741,120</u>

Key management personnel consist of the chief executive officer and the directors of the Company and their compensation are disclosed in Note 21.

8. Income tax expense

Relationship between tax expense and accounting loss

	Group	
	2018	2017
	US\$	US\$
<i>Current income tax</i>		
Current year	1,161,743	2,637
Under-provision in prior years	3,145	–
	<u>1,164,888</u>	<u>2,637</u>
<i>Deferred tax</i>		
Origination and reversal of temporary difference	23,829	5,309
	<u>1,188,717</u>	<u>7,946</u>

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

8. Income tax expense (cont'd)

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	Group	
	2018	2017
	US\$	US\$
Loss before tax	(14,451,222)	(3,681,758)
Tax calculated at tax rate of 17% (2017:17%)	(2,456,708)	(625,899)
Adjustments:		
Deferred tax assets not recognised	1,997,908	1,593,559
Income not subjected to tax	(1,047,851)	(631,481)
Non-deductible expenses	1,565,376	772,447
Tax exemption	—	(6,371)
Share of results of joint ventures	112,396	(956,811)
Share of results of associate	(147,292)	(137,498)
Under provision in prior years	3,145	—
Foreign tax paid	1,161,743	—
Income tax expense recognised in profit or loss	1,188,717	7,946

Deferred tax as at 31 December relates to the following:

	2018	2017
	US\$	US\$
<i>Deferred tax asset:</i>		
Provisions	8,652	16,296
<i>Deferred tax liability:</i>		
Unremitted foreign interest income	(33,263)	(15,290)

Unabsorbed tax losses

As at 31 December 2018, the Group has unabsorbed tax losses of approximately US\$60.3 million (2017: US\$49.4 million) available for set off against future taxable profits of the Group for which no deferred tax is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

9. Plant and equipment

	Computer and software	Office equipment, furniture and fittings	Construction in progress	Total
	US\$	US\$	US\$	US\$
Group				
Cost				
As at 1 January 2017	18,022	1,966	1,376,098	1,396,086
Additions	14,054	1,024	89,939	105,017
Exchange differences	—	21	(22,066)	(22,045)
As at 31 December 2017 and 1 January 2018	32,076	3,011	1,443,971	1,479,058
Additions	29,795	8,196	258,642	296,633
Exchange differences	—	(87)	(225,207)	(225,294)
As at 31 December 2018	61,871	11,120	1,477,406	1,550,397
Accumulated depreciation				
As at 1 January 2017	9,065	620	—	9,685
Charge for the year	6,264	665	—	6,929
As at 31 December 2017 and 1 January 2018	15,329	1,285	—	16,614
Charge for the year	10,010	1,802	—	11,812
Exchange differences	—	168	—	168
As at 31 December 2018	25,339	3,255	—	28,594
Net carrying amount				
As at 31 December 2018	36,532	7,865	1,477,406	1,521,803
As at 31 December 2017	16,747	1,726	1,443,971	1,462,444

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

9. Plant and equipment (cont'd)

Company	Computer and software US\$	Office furniture and fittings US\$	Total US\$
Cost			
As at 1 January 2017	18,022	1,966	19,988
Additions	14,054	–	14,054
As at 31 December 2017 and 1 January 2018	32,076	1,966	34,042
Additions	28,765	1,819	30,584
As at 31 December 2018	60,841	3,785	64,626
Accumulated depreciation			
As at 1 January 2017	9,064	620	9,684
Charge for the year	6,264	656	6,920
As at 31 December 2017 and 1 January 2018	15,328	1,276	16,604
Charge for the year	9,927	1,072	10,999
As at 31 December 2018	25,255	2,348	27,603
Net carrying amount			
As at 31 December 2018	35,586	1,437	37,023
As at 31 December 2017	16,748	690	17,438

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
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10. Investment in subsidiaries

	Company	
	2018	2017
	US\$	US\$
Unquoted equity shares, at cost	100,030	13,860,026
Less: Disposal of subsidiaries (Note 23)	–	(13,760,002)
	<u>100,030</u>	<u>100,024</u>
Amounts due from subsidiaries*	40,273,013	18,587,787
	<u>40,373,043</u>	<u>18,687,811</u>
Less: Allowance for impairment	(13,971,954)	(6,340,328)
	<u>26,401,089</u>	<u>12,347,483</u>

* The settlement of the amounts due from subsidiaries is at the discretion of the subsidiaries. Consequentially, these amounts form part of the Company's net investment in the subsidiaries.

Movement in allowance account

At 1 January	(6,340,328)	(100,000)
Reclassified from amount due from subsidiaries	–	(3,549,137)
Amounts due from subsidiaries	(7,631,626)	(2,691,191)
	<u>(13,971,954)</u>	<u>(6,340,328)</u>
At 31 December	(13,971,954)	(6,340,328)

During the current financial year, management performed an impairment testing on the Company's investments in subsidiaries. Based on the assessment of the subsidiaries' historical and current performance, as well as the probability of future cash flows, the Company has made an allowance for impairment against the investment in subsidiaries amount to US\$7,631,626 (2017: US\$2,691,191), representing the write-down of the subsidiaries to its recoverable amount.

The Group has the following investment in subsidiaries.

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018	2017
			%	%
Held by the Company				
Infraco India Low Cost Housing Pte. Ltd. (formerly known as. InfraCo Asia Rajasthan Pte. Ltd.) ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia Himalayan Hydro Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

10. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018 %	2017 %
Held by the Company (cont'd)				
Infraco Asia Salt Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Agmark Asia Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Recogen Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia Luzon Hydro Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia India Hydro Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia SL Biomass Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Vietnam Ninh Thuan Solar Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco VietAqua Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Biomass Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Telco Energy Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Yaeni Power Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Aqua Feed Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Agri Processing Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Hybrid Seed Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Rice Husk Briquette Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Myanmar Wind Power Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

10. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018 %	2017 %
Held by the Company (cont'd)				
Infraco Asia Philippines Waste Management Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia Vietnam Wind Co Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia Vietnam Solar Co Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Cambodia Agri Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Indonesia Hybrid Power Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Indonesia River Hydro Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	–
Infraco Asia Hydroponics Farm Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia Bangladesh Solar PV Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Asia KPK Hydro Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Bangladesh Solar Nano Grid Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	–
Infraco Asia Narmada Biomass Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	–
Infraco Asia Durgapur Low Cost Housing Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	–
Infraco Asia Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Held by the subsidiaries				
Renewgen Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	49.3^	49.3^

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2018**

10. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018 %	2017 %
Held by the subsidiaries (cont'd)				
RenewGEN Environment Protection Kotte Pvt Ltd ⁽²⁾	Sri Lanka	Development of infra-structure projects and provision of construction, technical, operational and management advice and services	49.3	49.3
Evergreen Renewables Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	95	100
Evergreen Renewables Co., Ltd. ⁽²⁾	Myanmar	Development of infra-structure projects and provision of construction, technical, operational and management advice and services	95	–
Infraco Myanmar Aqua Feed Company Limited ⁽²⁾	Myanmar	Processing and distribution of fish feed	80	80
Infraco Philippines Energy Co Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
Angkor Harvest Co., Ltd ⁽³⁾	Cambodia	Processing of mangoes	81	–
Phnom Sruoch Land Development Co., Ltd. ⁽³⁾	Cambodia	Land leasing company	49	–
Infraco Indonesia Hybrid 1 Pte. Ltd. (f.k.a. Infraco Philippines Waste Co Pte. Ltd.) ⁽¹⁾	Singapore	Investment holding	100	100
Infraco Indonesia Hybrid 2 Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	–
Junga Farmgenics Pvt Ltd ⁽³⁾	India	Development and operation of commercial horticulture facilities based on concept of hydroponics	51	51

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2018

10. Investment in subsidiaries (cont'd)

Composition of the Group (cont'd)

- (1) Audited by Ernst & Young LLP Singapore
- (2) Audited by member firms of EY Global in the respective countries
- (3) Audited by audit firms other than member firms of EY Global
- [^] Proportion of voting rights held by the Group, inclusive of its voting rights through its interest in convertible preference shares in Renewgen Pte. Ltd. amounts to 60.0% (2017: 55.3%).

Changes in shareholding interest without loss of control

(i) *Renewgen Pte. Ltd.*

On 3 January 2017 and 10 December 2018, a subsidiary of the Group, Renewgen Pte. Ltd. ("Renewgen"), issued 340,000 and 300,000 convertible preference shares at an issue price of US\$1 per share to its immediate holding company, Recogen Pte Ltd ("Recogen"), respectively.

(ii) *Evergreen Renewables Pte. Ltd.*

On 29 January 2018 and 26 July 2018, pursuant to the joint development agreement dated 17 November 2016, Evergreen Renewables Pte. Ltd. (Evergreen") issued 50 and 24,750 shares of US\$1 per share to its non-controlling shareholder. The issuance has resulted in the dilution of interest held in Evergreen Renewables Pte Ltd from 100% to 95%.

The transaction had been accounted for as equity transactions with non-controlling interests ("NCI"), resulting in:

	Group 2018
	US\$
Issuance of shares by subsidiary to NCI	24,800
Net assets attributable to NCI	(24,386)
Changes in equity attributable to parent	<u>414</u>

As at 31 December 2018, the Group does not have any subsidiaries that have NCI that is material to the Group.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2018

11. Investments in joint ventures

The Group's investment in joint ventures are summarised below:

	Group	
	2018	2017
	US\$	US\$
<u>Material joint ventures</u>		
Metro Power Company Limited	–	14,049,077
Gul Ahmed Wind Power Limited	–	14,307,438
Sunseap Vietnam Pte. Ltd.	7,341,208	–
IABA Housing Private Ltd	2,690,333	–
Less: Disposal (Note 23)	–	(28,356,515)
	<u>10,031,541</u>	<u>–</u>
<u>Non-material joint ventures</u>		
Other joint ventures	5,486,846	4,964,063
Less: Allowance for impairment	(4,797,487)	(1,070,000)
	<u>689,359</u>	<u>3,894,063</u>
	<u>10,720,900</u>	<u>3,894,063</u>

Name of joint venture	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018	2017
			%	%
Held by the subsidiaries				
Kota Agri Market Private Limited (formerly known as Rayfam Infrastructure Pvt Ltd) ⁽³⁾	India	Establishing warehouse facilities for storage, quality control and packing facilities	52	52
Gurans Energy Limited ⁽³⁾	Nepal	To develop own and manage energy, power and infrastructure related projects	60	60
Golden Sunland Singapore Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	–	43.8
Green Solar Energy Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	70.0	70.0
Markhor Hydro Holdings Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	74.0	74.0

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
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11. Investments in joint ventures (cont'd)

Name of joint venture	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018 %	2017 %
Held by the subsidiaries				
Sunseap Vietnam Pte. Ltd. ⁽³⁾	Singapore	Investment holding	33.2	—
Nano Solar Limited ⁽³⁾	Bangladesh	Investment holding	55	—
IABA Housing Private Limited ⁽³⁾	India	Development of affordable housing projects	75	—
Held by the joint ventures				
Kabeli Energy Limited ⁽³⁾	Nepal	To develop own and manage energy, power and infrastructure related projects	41.4	41.4
Golden Sunland Co.,Ltd. ⁽²⁾	Myanmar	Production of hybrid rice seeds	—	43.8
Sunseap CMX RE Solar Holdings Pte. Ltd. ⁽³⁾	Singapore	Investment holding	26.6	—
CMX RE Sunseap Vietnam Solar Power Joint Stock Company ⁽³⁾	Vietnam	To develop own and manage energy, power and infrastructure related projects	26	—
Markhor Rathi Gali – HPP (Pvt.) Ltd. ⁽³⁾	Pakistan	To develop own and manage energy, power and infrastructure related projects	49	—
Markhor Sakhra I – HPP (Pvt.) Ltd. ⁽³⁾	Pakistan	To develop own and manage energy, power and infrastructure related projects	49	—

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
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11. Investment in joint ventures (cont'd)

Name of joint venture	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018 %	2017 %
Held by the joint ventures (cont'd)				
Markhor Sakhra II – HPP (Pvt.) Ltd. ⁽³⁾	Pakistan	To develop own and manage energy, power and infrastructure related projects	49	—
Indonesia Hybrid Power Pte. Ltd.	Indonesia	To develop own and manage energy, power and infrastructure related projects	60	—

⁽¹⁾ Audited by Ernst & Young LLP, Singapore

⁽²⁾ Audited by member firms of EY Global in the respective countries

⁽³⁾ Audited by audit firms other than member firms of EY Global

Aggregate information about the Group's investments in joint ventures that are not individually material are as follows:

	Group	
	2018 US\$	2017 US\$
Loss after tax, representing total comprehensive income	141,374	771,206

Changes in interest in Golden Sunland Singapore Pte. Ltd. with loss of control

On 30 November 2018, the Company completed the disposal of its interest in Golden Sunland Singapore Pte Ltd and its subsidiary, Golden Sunland Co., Ltd for a cash consideration of US\$760,750. Consequently, the Group de-recognised its investment in the joint venture and recognised the gain on disposal of the joint venture in profit or loss. Please refer to Note 23 for further information.

The summarised financial information of material joint ventures, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

11. Investment in joint ventures (cont'd)

Summarised balance sheet

	Sunseap Vietnam Pte Ltd and its subsidiaries 2018 US\$	IABA Housing Pvt Ltd 2018 US\$	Metro Power Company Limited 2017 US\$	Gul Ahmed Wind Power Limited 2017 US\$
Cash and cash equivalents	10,531,339	313,748	2,449,154	16,198,070
Current assets	11,634,444	3,743,707	19,423,143	38,498,184
Non-current assets	30,513,689	–	108,379,188	104,214,697
Total assets	42,148,133	3,743,707	127,802,331	142,712,881
Other current liabilities	11,658,500	156,595	17,484,013	19,338,233
Non-current liabilities (excluding trade, other payables and provisions)	8,377,559	–	70,597,621	83,007,740
Total liabilities	20,036,059	156,595	88,081,634	102,345,973
Net assets	22,112,074	3,587,112	39,720,697	40,366,908
Proportion of the Group's ownership	33.2%	75%	35%	35%
Group's share of net assets	7,341,208	2,690,333	13,922,104	14,128,418
Goodwill on acquisition	–	–	108,055	121,337
Other adjustments	–	–	18,918	57,683
Carrying amount of the investments	7,341,208	2,690,333	14,049,077	14,307,438
Disposal (Note 23)	–	–	(14,049,077)	(14,307,438)
	7,341,208	2,690,333	–	–

As part of the Group's commitment to co-develop the project, the Group's equity investment in Sunseap Vietnam Pte Ltd was pledged to a financial institution for loan funding to the investee and its subsidiaries.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
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11. Investment in joint ventures (cont'd)

Summarised statement of comprehensive income

	Sunseap Vietnam Pte Ltd and its subsidiaries 2018 US\$	IABA Housing Pvt Ltd 2018 US\$	Metro Power Company Limited 2017 US\$	Gul Ahmed Wind Power Limited 2017 US\$
Revenue	—	—	18,060,736	20,903,077
Depreciation and amortisation	(808)	—	(4,315,796)	(4,122,284)
Interest expense	—	—	(4,710,655)	(5,392,575)
(Loss)/profit after tax	(765,455)	(28,478)	6,844,740	9,677,191
Total comprehensive income	(765,455)	(28,478)	6,844,740	9,677,191

The financial position and performance of Metro Wind Power Company Limited and Gul Ahmed Wind Power Limited presented above for year 2017 represent the results from 1 January 2017 up to date of disposal of 25 September 2017.

12. Investment in associate

The Group's material investment in associate is summarised below:

	Group		Company	
	2018 US\$	2017 US\$	2018 US\$	2017 US\$
Viet Hydro Pte. Ltd.	—	6,825,488	—	6,143,640

Name of associate	Country of incorporation	Principal activities	Effective interest held by the Group	
			2018 %	2017 %
Viet Hydro Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	—	36.38
Held by the associate				
Lao Cai Renewable Energy (Vietnam) Joint Stock Company ^{(2) (3)}	Vietnam	Operation of hydropower plant for the production and selling of electrical energy	—	33.4

⁽¹⁾ Audited by Ernst & Young LLP Singapore

⁽²⁾ Audited by member firm of EY Global in Vietnam

⁽³⁾ 91.8% held by Viet Hydro Pte. Ltd.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
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12. Investment in associate (cont'd)

Changes in interest in Viet Hydro Pte. Ltd. with loss of control

On 9 November 2018, the Company completed its disposal of its interest in Viet Hydro Pte Ltd ("Viet Hydro") for a cash consideration of US\$12,307,470. Consequently, the Group has de-recognised its investment in associate and recognised the gain on disposal of associate in profit or loss. Please see Note 23 for further information.

Share of results of associate amounting to US\$866,426 for the period from 1 January up to disposal date of 9 November 2018 was recognised during the financial period.

The summarised financial information and reconciliation with the carrying amount of the investment in the consolidated financial statements for prior year are as follow:

Summarised balance sheet

	2017 US\$
Current assets	4,902,108
Non-current assets excluding goodwill	39,207,471
Goodwill	95,300
Total assets	<u>44,204,879</u>
Current liabilities	1,950,419
Non-current liabilities	22,083,377
Total liabilities	<u>24,033,796</u>
Net assets	20,171,083
Less: non-controlling interest	(1,275,604)
	<u>18,895,479</u>
Proportion of the Group's ownership	36.38%
Group's share of net assets	6,874,175
Changes in ownership interest	(143,404)
Other reserve	—
Surplus of fair value on investment retained	94,717
Carrying amount of the investment	<u>6,825,488</u>

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
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12. Investment in associate (cont'd)

Summarised statement of comprehensive income

	2017
	US\$
Revenue	7,198,494
Profit after tax	2,566,147
Other comprehensive income	(424,749)
Total comprehensive income	<u>2,141,398</u>

During the year, dividends amounting to US\$654,880 (2017: US\$487,522) was received from Viet Hydro Pte. Ltd.

13. Other investments

	Group 2018
	US\$
<i>At fair value through profit or loss:</i>	
- Equity securities (unquoted)	—
- Debt securities (unquoted) (Note 14)	3,036,737
	<u>3,036,737</u>

	Group 2017
	US\$
Unquoted equity investment, at cost	100,000
Impairment loss	(100,000)
	<u>—</u>

Unquoted equity investment was denominated in USD and was stated at cost as there was no market price and the fair value cannot be reliably measured using valuation techniques.

During the year, the investee company was struck-off and accordingly, the Group has written off the unquoted equity investment. As the unquoted equity investment has been fully impaired in prior years, there is no impact to profit or loss.

In prior years, unquoted equity investment was impaired as the related project held by the investment company was unlikely to move forward in the foreseeable future.

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2018**

14. Loans and debentures

	Group 2018 US\$
<i>At fair value through profit or loss:</i>	
Debt securities (unquoted) consisting of:	
- Convertible loans	1,898,659
- Compulsory convertible debentures	670,446
- Optionally fully convertible debentures	467,632
	<u>3,036,737</u>
	Group 2017 US\$
<i>Debt securities at amortised cost:</i>	
Convertible loans	2,746,000
Compulsory convertible debentures	864,927
Optionally fully convertible debentures	1,012,995
	<u>4,623,922</u>

Convertible loans

The convertible loans are unsecured, interest-bearing at the effective interest rate of 1.5% to 12.5% (2017: 8.3% to 12.50%) per annum, repayable 36 months from draw down date and is expected to be settled in cash. As at reporting date, the convertible loans have been fully drawn down under the respective convertible loan agreements.

The convertible loans carry a right to elect for conversion of the outstanding amount of the loan (including interest accrued) or any part thereof into ordinary shares of the borrower's Company at any time.

As at reporting date, impairment loss of US\$2,440,000 was recognised in profit or loss in respect of the convertible loan held by the Group due to adverse operational difficulties experienced by one of the convertible loan issuer.

Compulsory convertible debentures

The compulsory convertible debentures are an unsecured debentures and interest bearing at the effective interest rate of 6.25% per annum. As at balance sheet date, the remaining undrawn commitment amounts to approximately US\$4.1 million.

The compulsory convertible debentures are convertible to ordinary shares of the issuer's Company by way of mandatory conversion at the end of 10 years or voluntary conversion, at the option of the holders at any time prior to mandatory conversion.

Notes to the financial statements
For the financial year ended 31 December 2018

14. Loans and debentures (cont'd)

Optionally fully convertible debentures

The optionally fully convertible debenture ("OFCD") is an unsecured debenture and interest bearing at the effective interest rate of 4.00% per annum. As at balance sheet date, the remaining undrawn commitment amounts to approximately US\$1.0 million.

The optionally fully convertible debenture is convertible to ordinary shares of the issuer's Company by way of optional conversion on the earlier of (i) anytime between the 49th month from the first draw down date till one month prior to the end of the 6 year term of the OFCD and (ii) the date falling immediately prior to the declaration of the first dividend by the Company.

The conversion feature of the above convertible loan and compulsory convertible debentures has been accounted for in accordance to Note 2.15.

As at reporting date, an impairment loss of US\$260,511 was recognised in profit or loss in respect of the OFCDs. The impairment loss was assessed using a discounted cash flow method of discounting future cash flows with a pre-tax discount rate that reflects current market assessments and specific to the OFCD issuer.

Loan and debentures that are denominated in foreign currency at 31 December are as follows:

	Group	
	2018	2017
	US\$	US\$
Indian Rupee	2,380,784	1,877,292

Movement for provision for impairment:

	Group	
	2018	2017
	US\$	US\$
At 1 January	—	—
Charge for the year pertaining to:		
Convertible loans	2,440,000	—
Optionally fully convertible debenture	796,740	—
Reversal of impairment in the current year	(536,229)	—
At 31 December	2,700,511	—

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

15. Other receivables and related receivables

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Current:				
<i>Other receivables</i>				
Value-added taxes receivables	137,149	217,790	135,445	217,790
Others	660,521	278,354	87,072	8,902
Less: Allowance for impairment	(230,630)	(230,000)	(630)	–
	429,891	48,354	86,442	8,902
Total other receivables	567,040	266,144	221,887	226,692
Amounts due from subsidiaries	–	–	113,034	162,514
Less: Allowance for impairment	–	–	(84,529)	(51,570)
	–	–	28,505	110,944
Amount due from joint ventures	801,544	341,856	25,883	–
Amounts due from related parties	697,764	267,398	697,764	267,398
Amounts due from a former joint ventures	–	368,476	–	50,384
Loan to a former joint venture	–	1,607,245	–	–
Amount due from former subsidiary	–	–	612,158	612,158
Less: Allowance for impairment	–	(1,975,721)	(612,158)	(662,542)
	–	–	–	–
Deposits	146,509	63,662	135,290	52,377
	2,212,857	939,060	1,109,329	657,411
Non-current:				
Other receivables	473,848	363,202	–	–
Less: Allowance for impairment	(277,823)	–	–	–
	196,025	363,202	–	–
Advance to developers	894,012	1,030,294	894,012	1,030,294
Less: Allowance for impairment	(92,672)	–	(92,672)	–
	801,340	1,030,294	801,340	1,030,294
Total receivables	3,210,222	2,332,556	1,910,669	1,687,705

Related parties balances

Amounts due from subsidiaries, related parties and joint ventures are non-trade related, unsecured, non-interest bearing, repayable upon demand and denominated in United States Dollars.

Notes to the financial statements
For the financial year ended 31 December 2018

15. Other receivables and related receivables (cont'd)

Advance to developers

Advance to developers relate to advance working capital provided to the Company's project developers. The advances are unsecured, non-interest bearing, denominated in United States Dollars and repayable upon the expiry of the developer services agreements or early termination of the developer services agreement.

Receivables that are impaired

The Group's and the Company's receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Other receivables	1,134,369	278,354	87,072	8,902
Amounts due from subsidiaries	—	—	113,034	162,514
Amounts due from former joint ventures	—	368,476	—	50,384
Loan to a former joint venture	—	1,607,245	—	—
Amount due from former subsidiary	—	—	612,158	612,158
Advance to developers	894,012	—	894,012	—
Less: Allowance for impairment	(601,125)	(2,205,721)	(789,989)	(714,112)
	1,427,256	48,354	916,287	119,846
Movement in allowance accounts:				
At 1 January	2,205,721	1,975,721	714,112	4,301,653
Reclassified to investment in subsidiaries	—	—	—	(3,549,137)
Charge for the year pertaining to:				
Others	—	—	630	—
Amount due from subsidiaries	—	—	32,959	16,265
Other receivables	278,453	230,000	—	—
Advance to developers	92,672	—	92,672	—
Reversal of impairment:				
Amount due from subsidiaries	—	—	—	(54,669)
Amounts due from former joint ventures	(368,476)	—	(50,384)	—
Loan to a former joint venture	(1,607,245)	—	—	—
At 31 December	601,125	2,205,721	789,989	714,112

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2018**

15. Other receivables and related receivables (cont'd)

Receivables that are impaired (cont'd)

During the year, the Group wrote off the amounts due from former joint ventures and loan to a former joint venture as these amounts are no longer recoverable and accordingly has reversed respective impairment provisions. As these amounts have been fully impaired in prior years, there are no impact to profit or loss.

16. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Cash at banks	50,464,263	12,057,969	41,915,135	9,878,148
Short-term deposits	9,900,000	41,000,000	8,000,000	41,000,000
Cash and cash equivalents as per cash flow statement	60,364,263	53,057,969	49,915,135	50,878,148

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods within one month and earn interests at the respective short-term deposit rates. The interest rates as at 31 December 2018 for the Group ranges from 0.99% to 1.68% (2017: 0.72% to 0.99%).

Cash and cash equivalents that are denominated in foreign currency at 31 December are as follows:

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Singapore Dollars	1,135,989	256,096	1,135,989	256,096

17. Deferred capital grants

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Deferred capital grants	1,464,363	161,863	609,303	161,863

Deferred capital grants relate to grants received from shareholders to partially fund certain costs incurred in specific projects developed by the Group. During the year, total grant received from shareholders amounts to US\$1,737,688 (2017: US\$850,891).

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

18. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Trade payables	698,280	256,339	641,307	249,825
Other payables	95,486	58,040	15,703	—
Deferred interest income	517	81,481	—	—
Accruals	1,878,600	2,034,182	1,513,513	1,905,955
	2,672,883	2,430,042	2,170,523	2,155,780
Amount due to related parties	64,617	64	64,560	—
	2,737,500	2,430,106	2,235,083	2,155,780

Trade and other payables/ accruals

Trade and other payables are non-interest bearing, and are usually settled on a 90-days term. Trade and other payables, and accruals that are denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Singapore Dollars	997,666	1,321,430	632,529	1,199,200

Amount due to related parties

Amount due to related parties are non-trade related, unsecured, non-interest bearing, repayable upon demand and denominated in United States Dollars.

19. Share capital

	Group and Company			
	2018		2017	
	No. of shares	US\$	No. of shares	US\$
Issued and fully paid ordinary shares:				
At 1 January	81,869,531	122,070,041	55,826,068	88,767,760
Issuance during the year	5,962,371	8,004,000	26,043,463	33,302,281
At 31 December	87,831,902	130,074,041	81,869,531	122,070,041

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. The ordinary shares have no par value.

Infraco Asia Development Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the financial year ended 31 December 2018

20. Share application monies

	Group and Company	
	2018	2017
	US\$	US\$
<i>Movement in share application monies:</i>		
At 1 January	5,461,020	9,717,981
Injection of funds by owners of the Company during the year	18,912,800	29,045,320
Issuance of ordinary shares during the year	(5,461,020)	(33,302,281)
At 31 December	<u>18,912,800</u>	<u>5,461,020</u>

21. Related party transactions

(a) Reimbursements and grants

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group and Company	
	2018	2017
	US\$	US\$
Grant received/receivable as reimbursement from shareholders	594,267	750,553
Recharge of expenses to a related company [#]	388,881	577,018
Interest expense charged by a related company [#]	—	726,263
Administration charges paid/payable to a related company [#]	630,764	—
Recharge of expenses to a joint venture	<u>100,000</u>	<u>—</u>

[#] The related companies refer to a firm under common shareholders of the Group.

(b) Compensation of directors and key management personnel

	Group and Company	
	2018	2017
	US\$	US\$
<i>Comprise amounts paid to:</i>		
Directors and other key management personnel of the Company	<u>558,751</u>	<u>586,076</u>

Infraco Asia Development Pte. Ltd. and its subsidiaries**Notes to the financial statements****For the financial year ended 31 December 2018****22. Commitments*****Operating commitments – as lessee***

The future minimum rental payable under significant non-cancellable leases is as follows:

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
Within 1 year	48,860	91,729	48,860	91,729
Between 1 to 5 years	3,553	3,556	3,553	3,556
	<u>52,413</u>	<u>95,285</u>	<u>52,413</u>	<u>95,285</u>

23. Disposal of subsidiaries, associate and joint ventures

During the year, the Group completed the disposal of its interest of the following:

Name of associate/ joint ventures	Disposal Date
Viet Hydro Pte. Ltd. and its subsidiary, Lao Cai Renewable Energy (Vietnam) Joint Stock Company ("Viet Hydro Group")	9 November 2018
Golden Sunland Singapore Pte. Ltd. and its subsidiary, Golden Sunland Co., Ltd ("Golden Sunland Group")	30 November 2018

The effects of the disposal of the associate and joint venture are as follow:

	Group 2018 US\$
Sale proceeds	13,068,220
Less: Carrying amount of investment in associate and joint venture	<u>(7,231,037)</u>
Gain on disposal	<u>5,837,183</u>

Cumulative exchange differences in respect of the net assets of the associate re-classified from equity on disposal amounts to US\$393,367.

Infraco Asia Development Pte. Ltd. and its subsidiaries

**Notes to the financial statements
For the financial year ended 31 December 2018**

23. Disposal of subsidiaries, associate and joint ventures (cont'd)

In prior year, the Group completed the disposal of its interest of the following:

Name of subsidiaries	Disposal Date
InfraCo Asia Bangladesh Power Pte. Ltd. and its subsidiary, EFH Bahrain International Limited	15 March 2017
InfraCo Asia Keenjhar Wind Pte. Ltd. and its joint venture, Metro Power Company Limited	25 September 2017
InfraCo Asia Indus Wind Pte. Ltd. and its joint venture, Gul Ahmed Wind Power Limited	25 September 2017
(Collectively the "disposal group")	

The value of assets and liabilities of the disposal group recorded in the consolidated financial statements as at the disposal date, and the effects of the disposal were:

	Note	Group 2017 US\$
Assets		
Investment in joint ventures	11	28,356,515
Trade and other receivables		2,356,980
Cash and cash equivalents		6,748,508
		<u>37,462,003</u>
Liabilities		
Trade and other payables		(42,700)
Loans from a related company		(16,853,234)
		<u>(16,895,934)</u>
Carrying amount of net assets disposed		<u>20,566,069</u>
Cash received		16,145,563
Share based payment		1,383,700
Carrying amount of net assets disposed		(20,566,069)
Carrying amount of non-controlling interest based on their proportionate interests in the net assets disposed		6,521,387
Cumulative exchange differences in respect of the net assets of the subsidiary re-classified from equity on disposal		(594,520)
Gain on disposal		<u>2,890,061</u>

24. Fair value of financial instruments

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is depended on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets measured at fair value

Loans and debentures (Note 14)

In determining the fair value of those debt securities, the Group has estimated the fair value of the convertible feature, and the probable cashflows and the timing of repayment (both principal and interest) and have discounted these cashflows with interest rates that commensurate with the risk of the borrowing companies. In estimating these market interest rates, the Group has considered the country risks, credit spread and tenor of the loans.

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value as at 31 December 2018 US\$	Valuation technique	Unobservable inputs	Range (weighted average)
<i>Recurring fair value measurement at FVTPL</i>				

Unquoted debt securities	3,036,737	Discounted cash flow	Discount rates based on management's assumption	10% to 18.5%
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For Level 3 fair value measurement of assets, the Group performs a sensitivity analysis on the unobservable inputs that reflect reasonably possible alternative assumption.

For unquoted debt securities, the Group assessed the probability of default and loss severity, and discounted the cashflows based on a market interest rate that commensurate with the risk of the borrowing companies. If the discount rates were to increase/decrease by 5% (2017: 5%), the profit or loss would decrease/increase by US\$169,081 (2017: US\$252,738) and US\$195,938 (2017: US\$306,633) respectively.

Notes to the financial statements
For the financial year ended 31 December 2018

24. Fair value of financial instruments (cont'd)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Amounts due from related parties (Note 15), amounts due from joint ventures (Note 15), other receivables (Note 15), deposits (Note 15), cash and cash equivalents (Note 16), amounts due to related parties (Note 18) and trade and other payables (Note 18).

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Carrying amounts of financial instruments by categories

	Group		Company	
	2018	2017	2018	2017
	US\$	US\$	US\$	US\$
<i>Financial assets measured at amortised cost</i>				
Amounts due from subsidiaries	—	—	28,505	110,944
Amounts due from related parties	697,764	267,398	697,764	267,398
Amounts due from joint ventures	801,544	341,856	25,883	—
Other receivables	763,065	629,346	221,887	226,692
Deposits	146,509	63,662	135,290	52,377
Cash and bank balances	60,364,263	53,057,969	49,915,135	50,878,148
	62,773,145	54,360,231	51,024,464	51,535,559
<i>Financial liabilities measured at amortised cost</i>				
Amounts due to related parties	64,617	64	64,560	—
Trade and other payables	2,672,883	2,430,042	2,170,523	2,155,780
	2,737,500	2,430,106	2,235,083	2,155,780
<i>Net financial assets measured at amortised cost</i>				
	60,035,645	51,930,125	48,789,381	49,379,779
<i>Financial assets measured at fair value</i>				
Debt securities (unquoted)	3,036,737	4,623,922	—	—
	3,036,737	4,623,922	—	—

25. Financial risk management policies and objectives

The Group and Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The following sections provide details regarding the Group's and 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 Group's exposure to those financial risks or the manners in which it manages and measures the risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and Company's exposure to credit risk arises primarily from amount due from related parties and other receivables. For other financial assets (including cash and cash equivalents), the Group and Company minimises credit risk by dealing exclusively with reputable financial institutions or high credit rating counterparties.

The Group 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.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

25. Financial risk management policies and objectives (cont'd)

(a) Credit risk (cont'd)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the company continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

Amount due from related parties and joint ventures, other receivables and advances at amortised cost

The Group categorises the loans according to internal credit risk ratings which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating companies, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

Where required, the Group computes expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward looking macroeconomic data such as GDP growth and central bank base rates.

There are no significant changes to estimation techniques or assumptions made during the reporting period. No loss allowance provision for these receivables have been made as at 1 January and 31 December 2018.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group and Company monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's and Company's operations.

All of the Group's and the Company's financial liabilities are payable within one year or less at the end of the reporting period based on contractual undiscounted repayment obligations.

(c) Interest rate risk

Interest rate risk is the risk of increase in interest rates that will result in higher borrowing costs. As at reporting date, the Group's exposure towards interest rate risk is not significant.

Notes to the financial statements
For the financial year ended 31 December 2018

25. Financial risk management policies and objectives (cont'd)

(d) Foreign currency risk

The Group has transactional currency exposure arising from transactions that are denominated in a currency other than the functional currency of the Group. The foreign currency in which these transactions are denominated is mainly Singapore Dollars (SGD) and Indian Rupee (INR).

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the SGD and INR exchange rates against the functional currency of the Group, with all other variables held constant.

	Group	
	2018	2017
	US\$	US\$
Singapore Dollars (SGD)		
– Strengthened by 5.0% (2017: 5%)	20,453	(39,758)
– Weakened by 5.0% (2017: 5%)	(20,453)	39,758
Indian Rupee (INR)		
– Strengthened by 5.0% (2017: 5%)	59,009	109,995
– Weakened by 5.0% (2017: 5%)	(59,009)	(109,995)

26. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital structure in order to support its business.

The Group manages its capital, defined as equity attributable to owners of the Company, and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group's capital requirement is met via funding from its shareholders for which new shares are issued.

No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

27. Events occurring after the reporting period

- a. On 8 Jan 2019, the Company received share application monies of US\$6,403,050 (GBP 5,100,000) from the shareholders.
- b. On 17 Jan 2019, the Company had entered into a lease agreement for the rental of new office premise at 8 Cross Street, Manulife Tower, Singapore 048424. The lease term is for 5 years commencing from 1 June 2019.

28. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 28 March 2019.

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