

## **INDEPENDENT AUDITORS' REPORT**

to the members of

### **GMR INFRASTRUCTURE (SINGAPORE) PTE. LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of GMR Infrastructure (Singapore) Pte. Limited which comprise the statements of financial position as at 31 March 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss account and balance sheet and to maintain accountability of assets.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **INDEPENDENT AUDITORS' REPORT**

to the members of

**GMR INFRASTRUCTURE (SINGAPORE) PTE. LIMITED.** (continued)

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

#### *Basis for Qualified Opinion*

#### Fair value of business combination

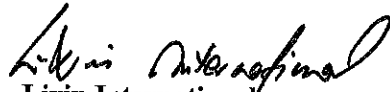
Management has informed us that the identifiable assets and liabilities of a subsidiary company acquired and assumed respectively were measured at their costs at acquisition date instead of at their fair values as required by Singapore Financial Reporting Standard 103 – Business Combinations. Accordingly, we are unable to assess the appropriateness of the carrying value of the goodwill amounting to S\$14,580,826 as at 31 March 2011.

In our opinion, except for the effects of the matter described in the paragraph above, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company and of the group as at 31 March 2011 and the results, changes in equity and cash flows of the company and of the group for the year ended on that date.

These financial statements are audited and issued for the purpose of the ultimate holding company's consolidation of the company's financial statements.

### **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 subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

  
**Lixin International**  
Public Accountants and  
Certified Public Accountants

Singapore, 13 May 2011

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Statements of Financial Position  
as at 31 March 2011**

	Note	GROUP		COMPANY	
		2011 S\$	2010 S\$	2011 S\$	2010 S\$
<b><u>ASSETS AND LIABILITIES</u></b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	3	231,615	282,689	221,693	282,689
Project development costs	4	98,215,914	28,328,961	-	-
Goodwill on consolidation	5	14,580,826	14,551,575	-	-
Available-for-sale financial assets	6	-	-	97,710,539	81,077,761
Other receivable	7	13,000	18,000	-	18,000
		<u>113,041,355</u>	<u>43,181,225</u>	<u>97,932,232</u>	<u>81,378,450</u>
<b>Current Assets</b>					
Other receivables	7	26,204,767	42,814,608	278,239	1,849,900
Cash and cash equivalents	8	2,430,039	302,475	99,094	143,618
		<u>28,634,806</u>	<u>43,117,083</u>	<u>377,333</u>	<u>1,993,518</u>
<b>Total Assets</b>		<u>141,676,161</u>	<u>86,298,308</u>	<u>98,309,565</u>	<u>83,371,968</u>
<b>Current Liabilities</b>					
Other payables	9	6,592,904	3,389,631	359,047	463,291
<b>Total Liabilities</b>		<u>6,592,904</u>	<u>3,389,631</u>	<u>359,047</u>	<u>463,291</u>
<b>Net Current Assets</b>		<u>22,041,902</u>	<u>39,727,452</u>	<u>18,286</u>	<u>1,530,227</u>
<b>Net Assets</b>		<u>135,083,257</u>	<u>82,908,677</u>	<u>97,950,518</u>	<u>82,908,677</u>
<b><u>EQUITY</u></b>					
Share capital	10	69,148,900	69,148,900	69,148,900	69,148,900
Share application monies		15,427,355	14,038,515	15,427,355	14,038,515
Retained profits/(Accumulated losses)		46,450,566	(278,738)	13,374,263	(278,738)
		<u>131,026,821</u>	<u>82,908,677</u>	<u>97,950,518</u>	<u>82,908,677</u>
Non-controlling interest	11	4,056,436	-	-	-
		<u>135,083,257</u>	<u>82,908,677</u>	<u>97,950,518</u>	<u>82,908,677</u>

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

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Statements of Comprehensive Income  
for the year ended 31 March 2011**

	Note	GROUP		COMPANY	
		2011 S\$	2010 S\$	2011 S\$	2010 S\$
Revenue		-	-	-	-
Other operating income	12	53,102,628	7,197,672	-	7,197,672
Depreciation of property, plant and equipment		-	(38,618)	-	(38,618)
Employee benefits expense	13	-	(1,795,461)	-	(1,795,461)
Other operating expenses		<u>(5,316,888)</u>	<u>(5,279,800)</u>	<u>(910,299)</u>	<u>(5,279,800)</u>
<b>Net profit/(loss) for the year</b>	14	47,785,740	83,793	(910,299)	83,793
Other comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income/(loss) for the year</b>		<u><u>47,785,740</u></u>	<u><u>83,793</u></u>	<u><u>(910,299)</u></u>	<u><u>83,793</u></u>

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

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Statements of Changes in Equity  
for the year ended 31 March 2011**

	Note	Share capital S\$	Share application monies S\$	Non-controlling interest S\$	(Accumulated losses)/ Retained profits S\$	Total S\$
<b>GROUP</b>						
At 1 April 2009		100	-	-	(362,531)	(362,431)
Issuance of shares	10	69,148,800	-	-	-	69,148,800
Share application monies		-	14,038,515	-	-	14,038,515
Total comprehensive income for the period		-	-	-	83,793	83,793
At 31 March 2010		69,148,900	14,038,515	-	(278,738)	82,908,677
Issuance of shares by a subsidiary company		-	-	3,000,000	-	3,000,000
Bonus issue of shares by a subsidiary company		-	-	1,056,436	(1,056,436)	-
Share application monies		-	1,388,840	-	-	1,388,840
Total comprehensive income for the year		-	-	-	47,785,740	47,785,740
At 31 March 2011		69,148,900	15,427,355	4,056,436	46,450,566	135,083,257

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

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Statements of Changes in Equity  
for the year ended 31 March 2011 (continued)**

	Note	Share capital S\$	Share application monies S\$	(Accumulated losses)/ Retained profits S\$	Total S\$
<b>COMPANY</b>					
<b>At 1 April 2009</b>		100	-	(362,531)	(362,431)
Issuance of shares	10	69,148,800	-	-	69,148,800
Share application monies		-	14,038,515	-	14,038,515
Total comprehensive income for the year		-	-	83,793	83,793
<b>At 31 March 2010</b>		69,148,900	14,038,515	(278,738)	82,908,677
Share application monies		-	1,388,840	-	1,388,840
Transfer of available-for-sale financial assets from a subsidiary company		-	-	14,563,300	14,563,300
Total comprehensive loss for the year		-	-	(910,299)	(910,299)
<b>At 31 March 2011</b>		<u>69,148,900</u>	<u>15,427,355</u>	<u>13,374,263</u>	<u>97,950,518</u>

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

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Statements of Cash Flows  
for the year ended 31 March 2011**

	Note	GROUP		COMPANY	
		2011 S\$	2010 S\$	2011 S\$	2010 S\$
<b>Cash flows from operating activities</b>					
Net profit/(loss) for the year		47,785,740	83,793	(910,299)	83,793
Adjustment for:-					
Depreciation of plant and equipment		-	38,618	-	38,618
Operating profit/(loss) before working capital changes		47,785,740	122,411	(910,299)	122,411
Decrease/(Increase) in other receivables		16,614,841	(42,794,032)	1,696,319	(1,805,185)
Increase in other payables		3,203,273	3,240,383	(104,244)	284,961
		<u>19,818,114</u>	<u>(39,553,649)</u>	<u>1,592,075</u>	<u>(1,520,224)</u>
Net cash generated from/(used in) operating activities		<u>67,603,854</u>	<u>(39,431,238)</u>	<u>681,776</u>	<u>(1,397,813)</u>
<b>Cash flows from investing activities</b>					
Purchases of plant and equipment		(57,146)	(249,156)	(45,662)	(249,156)
Payments for project development costs		(69,778,733)	(28,328,961)	-	-
Acquisition of subsidiary companies	15	-	(14,556,518)	-	(14,563,302)
Increase in goodwill on consolidation		(29,251)	-	-	-
Additional investment in a subsidiary company		-	-	(2,069,478)	(66,514,459)
Net cash used in investing activities		<u>(69,865,130)</u>	<u>(43,134,635)</u>	<u>(2,115,140)</u>	<u>(81,326,917)</u>
<b>Cash flows from financing activities</b>					
Decrease in amount due to immediate holding company		-	(148,144)	-	(148,144)
Decrease in amount due to a related company		-	(381,004)	-	(381,004)
Proceeds from issuance of shares		-	69,148,800	-	69,148,800
Contribution from a related company for additional interest in a subsidiary company		3,000,000	-	-	-
Receipt of share application monies		1,388,840	14,038,515	1,388,840	14,038,515
Net cash generated from financing activities		<u>4,388,840</u>	<u>82,658,167</u>	<u>1,388,840</u>	<u>82,658,167</u>
Net increase/(decrease) in cash and cash equivalents		2,127,564	92,294	(44,524)	(66,563)
Cash and cash equivalents at the beginning of the year		302,475	210,181	143,618	210,181
Cash and cash equivalents at end of the year		<u>2,430,039</u>	<u>302,475</u>	<u>99,094</u>	<u>143,618</u>

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

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**1. Corporate information**

The company (company registration no. 200902416Z) is a limited liability company which is incorporated and domiciled in the Republic of Singapore with its registered office at 80 Raffles Place, #25-01 UOB Plaza, Singapore 048624 and the principal place of business at 50 Raffles Place, Singapore Land Tower, #40-02/03, Singapore 048623.

The principal activities of the company are those relating to the provision of infrastructure, engineering and management services, and investment holding.

The immediate holding company is GMR Infrastructure (Mauritius) Limited, a company incorporated in Mauritius, which owns 99.99% of the issued share capital of the company. The ultimate holding company is GMR Holdings Private Limited, a company incorporated in India. Related companies in the financial statements refer to companies within the GMR Holdings Private Limited group of companies.

The details of the subsidiary companies are set out in note 6 to the financial statements.

**2. Summary of significant accounting policies**

**2.1 Basis of accounting**

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

The group and the company have not applied any new or revised FRS or interpretations that have been issued as of the date of the statement of financial position but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the group's and the company's financial statements. The group and the company have not considered the impact of the accounting standards issued after the date of the statement of financial position.

The financial statements are presented in Singapore dollars ("S\$") and all values are presented to the nearest dollar except where indicated otherwise.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.2 Significant accounting estimates and judgements**

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**(i) Judgements made in applying accounting policies**

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

Impairment of plant and equipment

The management reviews the carrying value of plant and equipment for impairment when there are indications of impairment. As at 31 March 2011, the carrying value of the group's plant and equipment relating to the development of a power plant has been assessed for impairment as further disclosed in notes 3 and 20 to the financial statements. The carrying value of the company's plant and equipment was S\$221,693.

Impairment of project development costs

The group's project development costs relate to the development of a power plant for the generation and supply of electricity by its subsidiary company. As at 31 March 2011, the directors are of the opinion that the project costs incurred so far are essential for the development of the project, including various construction related and commercial contracts and licences and there are no indications for impairment.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.2 Significant accounting estimates and judgements (continued)**

**(i) Judgements made in applying accounting policies (continued)**

Impairment of available-for-sale investments

The carrying value of the company's available-for-sale investments is reviewed for impairment when there are indications of impairment. As at 31 March 2011, the carrying value of the company's investment in subsidiary companies is S\$97,710,539 and the directors are of the opinion that assessing the impairment of the investments will be more meaningful when the subsidiaries are commercially viable as further disclosed in note 19 to the financial statements.

**(ii) Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :-

Useful lives of plant and equipment

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

Impairment of non-financial assets

The group and company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, the management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.2 Significant accounting estimates and judgements (continued)**

**(ii) Key sources of estimation uncertainty (continued)**

Impairment of loans and receivables

The group and company assess at each date of the statement of financial position whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the group's and the company's loans and receivables at the date of the statement of financial position are S\$28,612,946 and S\$342,472 respectively.

Income taxes

Significant judgement and assumptions are involved in determining the group's and the company's provision for income taxes. The group and company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2011, the company has unrecognised tax losses which are subject to agreement by the tax authority as disclosed in note 15.

**2.3 Group accounting**

The consolidated financial statements include the financial statements of the company and its subsidiary companies made up to the end of the financial year. Significant inter-company balances and transactions are eliminated on consolidation. The results of subsidiary companies acquired or disposed during the year are included from the effective date of acquisition or to the effective date of disposal respectively.

Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.3 Group accounting (continued)**

Subsidiaries (continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of non-controlling interest. Please refer to note 2.4 "Goodwill on consolidation" for the accounting policy on goodwill on acquisition of subsidiaries.

Subsidiaries are consolidated from the date on which control is transferred to the group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Please refer to note 2.9 – "Investments in subsidiary companies" for the accounting policy on investments in subsidiary companies in the separate financial statements of the company.

**2.4 Goodwill on consolidation**

Goodwill is defined as any excess of the consideration paid over the fair value of the net assets acquired as at the date of acquisition. Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested annually for impairment as well as when events or changes in circumstances indicate that the goodwill may be impaired.

Where the consideration is lower than the fair value of the net assets acquired, the difference will be taken to the statement of comprehensive income.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.5 Property, plant and equipment**

**(i) Measurement**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs and any fair value gains or losses on qualifying cash flow hedges of property, plant and equipment that are transferred from the hedging reserve, where applicable.

**(ii) Depreciation**

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Computer equipment	03 years
Office equipment	03 years
Furniture and fittings	05 years
Leasehold improvements	03 years

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

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

**(iii) Construction in progress**

Construction in progress represents costs incurred in the construction of property, plant and equipment. Cost comprises direct costs of construction incurred during the period of construction, installation and testing.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.5 Property, plant and equipment (continued)**

**(iii) Construction in progress (continued)**

Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided on construction in progress until the relevant assets are completed and ready for its intended use or put into use.

**(iv) Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of comprehensive income when incurred.

**(v) Disposal**

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of comprehensive income. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

**2.6 Project development costs**

Project development costs relating to the development and construction of a power plant by one of the company's subsidiary company are stated at cost. Costs comprise expenditure that is wholly and exclusively incurred for, or in connection with, the project.

**2.7 Impairment of non-financial assets**

The carrying amounts of the company's assets are reviewed at each date of the statement of financial position to determine whether there is any objective evidence that a financial asset is impaired. If such indication exists, the assets' recoverable amount is estimated. Where it is not possible to estimate the recoverable amount of an individual asset, the management estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.7 Impairment of non-financial assets (continued)**

Recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment loss is recognised immediately in the statement of comprehensive income unless it reverses a previous revaluation, credited to equity, in which case it will be charged to equity.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of comprehensive income, unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.8 Financial assets**

The company classifies its financial assets in the following categories: (i) loans and receivables and (ii) available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluate this designation at every reporting date.

**(i) Classification**

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. They are included in current assets, except those maturing later than 12 months after the end of the reporting period are classified as non-current assets. Loans and receivables are classified within "other receivables" and "cash and cash equivalents" on the statement of financial position.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.8 Financial assets (continued)**

**(i) Classification (continued)**

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or not classified in the above category. The company classifies its investments as available-for-sale. They are categorised as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

**(ii) Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the company commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is transferred to the statement of comprehensive income.

**(iii) Initial measurement**

Financial assets are initially recognised at fair value plus transaction costs.

**(iv) Subsequent measurement**

Loans and receivables

Loans and receivables are subsequently carried at amortised cost using the effective interest method. Interest and dividend income on financial assets are recognised separately in the statement of comprehensive income.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.8 Financial assets (continued)**

**(iv) Subsequent measurement (continued)**

Available-for sale

After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the statement of comprehensive income.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market prices at the close of business on the date of the statement of financial position. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models.

Unquoted equity investments without an active quoted market price and whose fair value cannot be reliably measured are measured at cost less impairment loss.

**(v) Impairment**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

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

**2.8 Financial assets (continued).**

**(v) Impairment (continued)**

Loans and receivables (continued)

The allowance for impairment loss account is reduced through the statement of comprehensive income in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Available-for-sale

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

If an evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to the statement of comprehensive income. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense in the statement of comprehensive income. The impairment losses recognised as an expense in the statement of comprehensive income on equity securities are not reversed through the statement of comprehensive income.

**2.9 Investments in subsidiary companies**

Subsidiary companies are those companies controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of a company.

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

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

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

**2.10 Other receivables**

Other receivables are accounted for as loans and receivables under FRS 39. They are recognised and carried at their fair value on initial recognition, less allowance for any uncollectible amounts. Allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

**2.11 Financial liabilities**

**(i) Classification**

Financial liabilities within the scope of FRS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The company determines the classification of its financial liabilities at initial recognition. The company's financial liabilities include other payables.

**(ii) Recognition and derecognition**

Financial liabilities are recognised on the statement of financial position when the company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the amortisation process.

**(iii) Initial measurement**

Financial liabilities are recognised initially at their fair values, plus in the case of financial liabilities other than derivatives, directly attributable transaction costs.

**(iv) Subsequent measurement**

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.12 Other payables**

Other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the group and the company and subsequently measured at amortised cost using the effective interest method.

**2.13 Leases**

Company as the lessee

**(i) Finance leases**

Leases where the company assumes substantially the risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance charges are recognised on the statement of financial position as property, plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in the statement of comprehensive income and allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability.

**(ii) Operating leases**

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.13 Leases (continued)**

Company as the lessor

**(i) Operating leases**

Assets leased out under operating leases are included in investment properties and stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Contingent rents are recognised as income in profit or loss when earned.

**2.14 Deferred taxation**

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

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

**2.15 Share capital**

Ordinary shares are classified as equity.

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

**2.16 Income recognition**

**(i) Interest income**

Interest income from bank deposits and loans are accrued on a time proportion basis on the principal outstanding and at the applicable interest rate.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.16 Income recognition (continued)**

**(ii) Management fee**

Management fee income is recognised on the accrual basis.

**2.17 Foreign currency**

**(i) Functional currency**

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

**(ii) Foreign currency transactions**

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

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

**2.18 Employee benefits**

**(i) Defined contribution plans**

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

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**2.18 Employee benefits (continued)**

**(ii) Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**2.19 Income tax**

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

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

**2.20 Cash and cash equivalents**

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

**2.21 Related parties**

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

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

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**3. Property, plant and equipment**

**GROUP**

Cost	Construction in progress S\$	Computer Equipment S\$	Office equipment S\$	Furniture and fittings S\$	Leasehold improvements S\$	Total S\$
At 1 April 2009	-	16,315	58,368	1,600	-	76,283
Arising from acquisition of subsidiaries	101,609,822	133,284	11,674	-	-	101,754,780
Additions	-	75,214	-	56,707	117,235	249,156
At 31 March 2010	101,609,822	224,813	70,042	58,307	117,235	102,080,219
Additions	-	20,481	-	15,518	21,147	57,146
Write-offs	(52,031,113)	-	-	-	-	(52,031,113)
Transfer to project development costs	(49,578,709)	-	-	-	-	(49,578,709)
At 31 March 2011	-	245,294	70,042	73,825	138,382	527,543
<b>Accumulated Depreciation and Impairment Losses</b>						
At 1 April 2009	-	867	3,238	27	-	4,132
Arising from acquisition of subsidiaries	101,609,822	133,284	11,674	-	-	101,754,780
Depreciation charge	-	13,089	19,673	2,537	3,319	38,618
At 31 March 2010	101,609,822	147,240	34,585	2,564	3,319	101,797,530
Depreciation charge	-	31,443	19,168	13,679	43,930	108,220
Write-offs	(52,031,113)	-	-	-	-	(52,031,113)
Reversal of impairment losses	(49,578,709)	-	-	-	-	(49,578,709)
At 31 March 2011	-	178,683	53,753	16,243	47,249	295,928

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

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

**GROUP**

<b>Net Carrying Value</b>	<b>Construction in progress S\$</b>	<b>Computer Equipment S\$</b>	<b>Office equipment S\$</b>	<b>Furniture and fittings S\$</b>	<b>Leasehold improvements S\$</b>	<b>Total S\$</b>
At 31 March 2011	-	66,611	16,289	57,582	91,133	231,615
At 31 March 2010	-	77,573	35,457	55,743	113,916	282,689

The cost of construction in progress of a subsidiary company acquired in the previous financial year has been fully impaired in 2007 as further disclosed in note 20 to the financial statements. However, the subsidiary company resumed its development activities in 2009. Based on the advanced development activities and milestones achieved up to date, the management has performed an assessment of the recoverable values of the costs of the construction in progress and is of the view that there is an indication that the impairment loss on development costs recognised in prior periods no longer exists or has decreased. Based on the assessment, specific costs have been identified as having future economic benefits and are expected to be recoverable through operation of the project in future. Accordingly, a reversal of the impairment loss amounting to S\$49,578,709 was made during the year.

GMR Infrastructure (Singapore) Pte. Limited  
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Notes to the financial statements - 31 March 2011

3. Property, plant and equipment (continued)

COMPANY

Cost	Computer equipment S\$	Office equipment S\$	Furniture and fittings S\$	Leasehold improvements S\$	Total S\$
At 1 April 2009	16,315	58,368	1,600	-	76,823
Additions	75,214	-	56,707	117,235	249,156
At 31 March 2010	91,529	58,368	58,307	117,235	325,439
Additions	8,997	-	15,518	21,147	45,662
At 31 March 2011	100,526	58,368	73,825	138,382	371,101
<b>Accumulated Depreciation</b>					
At 1 April 2009	867	3,238	27	-	4,132
Depreciation charge	13,089	19,673	2,537	3,319	38,618
At 31 March 2010	13,956	22,911	2,564	3,319	42,750
Depreciation charge	29,881	19,168	13,679	43,930	106,658
At 31 March 2011	43,837	42,079	16,243	47,249	149,408
<b>Net Carrying Value</b>					
At 31 March 2011	56,689	16,289	57,582	91,133	221,693
At 31 March 2010	77,573	35,457	55,743	113,916	282,689

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**4. Project development costs**

	<b>GROUP</b>	
	<b>2011</b> S\$	<b>2010</b> S\$
Project expenditure, at cost	<u>98,215,914</u>	<u>28,328,961</u>

Included in project expenditure are the following in respect of the current year :-

	<b>GROUP</b>	
	<b>2011</b> S\$	<b>2010</b> S\$
Employee benefits (excluding CPF contributions)	2,977,048	1,758,379
CPF contributions	56,873	37,082
Depreciation of property, plant and equipment	108,220	-
Foreign exchange loss	-	1,233,000
Interest income	-	<u>(698,366)</u>

**5. Goodwill on consolidation**

	<b>GROUP</b>	
	<b>2011</b> S\$	<b>2010</b> S\$
Arising from acquisition of subsidiary companies		
At beginning of the year	14,551,575	14,551,575
Increase during the year	<u>29,251</u>	<u>-</u>
At end of the year	<u>14,580,826</u>	<u>14,551,575</u>

The identifiable assets and liabilities of a subsidiary company acquired and assumed respectively were measured at their costs at acquisition date instead of their fair values.

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**6. Available-for-sale financial assets**

	<b>COMPANY</b>	
	<b>2011</b> S\$	<b>2010</b> S\$
Investments in a subsidiary companies, at cost	<u>97,710,539</u>	<u>81,077,761</u>

Details of the subsidiary companies are as follows :-

<b>Name of Company</b>	<b>Principal activities</b>	<b>Place of incorporation/ Business</b>	<b>Percentage of equity held</b>	
			<b>2011</b> %	<b>2010</b> %
<u>Held by the company</u>				
Island Power Company Pte. Ltd.	Build, own and operate a power plant	Singapore	95.8	99.8
Island Power Intermediary Pte. Ltd.	Investment holding	Singapore	100.0	100.0
<u>Held by a subsidiary</u>				
Island Power Supply Pte. Ltd.	Distribution of electricity, dormant during the year	Singapore	100.0	100.0

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

**7. Other receivables**

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
<u>Non-current portion</u>				
Staff loan	13,000	18,000	-	18,000
<u>Current portion</u>				
Interest receivable	365,118	698,366	-	-
Deposits	102,230	98,980	98,900	98,230
Other receivables	1,383,267	27,262	7,297	-
Staff loan	6,000	5,000	-	5,000
Prepayments	34,861	-	34,861	-
Advance payment for lease of land	339,471	-	-	-
Amount due from a subsidiary company	-	-	137,181	1,746,670
Amount due from a related company	23,973,820	41,985,000	-	-
	<u>26,204,767</u>	<u>42,814,608</u>	<u>278,239</u>	<u>1,849,900</u>
	<u>26,217,767</u>	<u>42,832,608</u>	<u>278,239</u>	<u>1,867,900</u>

Other receivables are denominated in the following currencies :

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
United States dollars	24,349,207	42,683,366	-	-
Singapore dollars	1,868,560	149,242	278,239	1,867,900
	<u>26,217,767</u>	<u>42,832,608</u>	<u>278,239</u>	<u>1,867,900</u>

The staff loan is unsecured, non-interest bearing and repayable by 38 equal monthly instalments of S\$500 each.

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

The amount due from a related company is unsecured, bears interest at an effective interest of 2.785% (or equivalent to 6 months USD LIBOR plus margin of 200 basis points) per annum and repayable within one year or on demand.

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**8. Cash and cash equivalents**

Cash and cash equivalents are denominated in the following currencies :

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
United States dollars	1,515,856	45,825	-	45,825
Singapore dollars	914,183	256,650	99,094	97,793
	<u>2,430,039</u>	<u>302,475</u>	<u>99,094</u>	<u>143,618</u>

**9. Other payables**

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Other creditors	19,485	352,417	19,485	220,525
Accrued expenses	1,910,576	242,766	339,562	242,766
Amounts due to related companies	4,662,843	2,794,448	-	-
	<u>6,592,904</u>	<u>3,389,631</u>	<u>359,047</u>	<u>463,291</u>

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

Other payables are denominated in the following currencies :

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Great Britain Pounds	4,288,378	2,365,440	-	-
United States Dollars	695,972	625,857	-	-
Australian Dollars	47,551	11,546	-	-
Singapore Dollars	1,561,003	386,788	359,047	463,291
	<u>6,592,904</u>	<u>3,389,631</u>	<u>359,047</u>	<u>463,291</u>

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**10. Share capital**

	<b>GROUP &amp; COMPANY</b>		<b>GROUP &amp; COMPANY</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>No. of</b>	<b>No. of</b>	<b>S\$</b>	<b>S\$</b>
	<b>shares</b>	<b>shares</b>		
Issued and fully paid up - ordinary shares				
At the beginning of the year	69,148,900	100	69,148,900	100
Issued during the year	-	69,148,800	-	69,148,800
At the end of the year	<u>69,148,900</u>	<u>69,148,900</u>	<u>69,148,900</u>	<u>69,148,900</u>

In the previous financial year, the company increased its share capital to S\$69,148,900 by way of cash through the issuance of an additional 69,148,800 ordinary shares.

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

**11. Non-controlling interest**

The non-controlling interest represents a related company with direct interest in a subsidiary company.

**12. Other operating income**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Expenses charged to subsidiary company	-	7,183,469	-	7,183,469
Other income	-	14,203	-	14,203
Foreign exchange gain from foreign exchange swaps	1,970,298	-	-	-
Interest income	1,553,621	-	-	-
Reversal of impairment losses on plant and equipment	49,578,709	-	-	-
	<u>53,102,628</u>	<u>7,197,672</u>	<u>-</u>	<u>7,197,672</u>

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**13. Employee benefits expense**

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
<u>Directors of the company</u>				
Directors' salaries and bonus	-	1,142,662	-	1,142,662
Directors' CPF contributions	-	11,822	-	11,822
<u>Other staff of the company</u>				
Staffs' salaries and bonus	-	581,908	-	581,908
Staffs' CPF contributions	-	25,260	-	25,260
Other staff related costs	-	33,809	-	33,809
	-	1,795,461	-	1,795,461

**14. Net profit/(loss) for the year**

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

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Foreign exchange loss/(gain), net	4,380,190	(84,496)	3,393	(84,496)

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**15. Taxation**

The numerical reconciliation between the accounting profit/(loss) and tax expense is as follows:-

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Accounting profit/(loss)	<u>47,785,740</u>	<u>83,793</u>	<u>(910,299)</u>	<u>83,793</u>
Tax at the applicable tax rate of 17%	8,123,576	14,245	(154,751)	14,245
Tax effects of :-				
Income not subject to tax	<u>(9,027,447)</u>	<u>(16,779)</u>	<u>-</u>	<u>(16,779)</u>
	(903,871)	(2,534)	(154,751)	(2,534)
Unabsorbed tax loss carried forward	<u>903,871</u>	<u>2,534</u>	<u>154,751</u>	<u>2,534</u>
Current taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

As at 31 March 2011, the company has estimated unabsorbed tax losses amounting to S\$1,278,800 (2010 - S\$368,500) for which deferred tax benefits have not been recognised in the financial statements because it is uncertain that future taxable profit will be available against which the company can utilise the benefits. However, the unabsorbed tax losses are available for offsetting against future taxable income subject to there being no substantial change in shareholders as required by the provisions of the Singapore Income Tax Act.

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**16. Acquisition of subsidiary companies**

In the previous financial year, the company acquired Island Power Company Pte. Ltd. and its subsidiary companies. The net assets acquired and liabilities assumed are as follows :-

	<b>GROUP 2010 S\$</b>
Other receivables	52,364
Cash and cash equivalents	6,784
Other payables	<u>(47,421)</u>
Net assets acquired	11,727
Goodwill on consolidation	<u>14,551,575</u>
Cost of acquisition	14,563,302
Less : Cash and cash equivalents of subsidiary companies acquired	<u>(6,784)</u>
Cash outflow on acquisition, net of cash acquired	<u><u>14,556,518</u></u>

**17. Related party transactions**

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011 S\$</b>	<b>2010 S\$</b>	<b>2011 S\$</b>	<b>2010 S\$</b>
Expenses charged to a subsidiary company	-	-	-	7,183,469
Payments made on behalf of a subsidiary company	-	-	-	637,660
Other expenses included in project development costs re-charged by related companies	-	8,777,669	-	-
Management fees charged by related companies	10,351,477	11,298,673	-	-
Interest income from a related company	<u>(852,907)</u>	<u>(698,366)</u>	-	-

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

**17. Related party transactions (continued)**

(ii) Key management personnel compensation:-

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

	GROUP		COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Short-term employee benefits (including salaries and related costs) paid or payable to key executives of the company	1,733,013	1,142,662	-	1,142,662
Contributions to defined contribution plans	<u>12,454</u>	<u>11,822</u>	<u>-</u>	<u>11,822</u>

**18. Capital management**

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

The group and the company are not subject to either internally or externally imposed capital requirements.

**GMR Infrastructure (Singapore) Pte. Limited  
And Its Subsidiary Companies**

**Notes to the financial statements - 31 March 2011**

**19. Financial instruments**

**19.1 Categories of financial instruments**

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

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2011</b> <b>S\$</b>	<b>2010</b> <b>S\$</b>	<b>2011</b> <b>S\$</b>	<b>2010</b> <b>S\$</b>
Available-for-sale financial assets	-	-	97,710,539	81,077,761
Other receivables	26,182,906	42,832,608	243,378	1,867,900
Cash and cash equivalents	2,430,039	302,475	99,094	143,618
	<u>28,612,945</u>	<u>43,135,083</u>	<u>98,053,011</u>	<u>83,089,279</u>
<b>Financial liabilities</b>				
Other payables	<u>6,592,904</u>	<u>3,389,631</u>	<u>359,047</u>	<u>463,291</u>

**19.2 Risk management**

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

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

**(i) Credit risk**

Financial instruments contain an element of risk in that the counterparties may be unable to meet their obligations. The management minimises this risk by dealing with credit-worthy counterparties, assessing and evaluating existing and new customers' credit reliability and monitoring of the collectability of receivables.

The group and company place their cash and cash equivalents with established institutions.

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

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**19. Financial instruments (continued)**

**19.2 Risk management (continued)**

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

At the date of the statement of financial position, the group and the company have no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the statements of financial position.

**(ii) Liquidity risk**

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

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

The contractual undiscounted cash outflows of financial liabilities, excluding interest payments and the impact of off-setting agreements, are as disclosed in the statements of financial position.

Financing is obtained from the immediate holding company when the need arises.

**(iii) Foreign exchange risk**

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

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**19. Financial instruments (continued)**

**19.2 Risk management (continued)**

**(iii) Foreign exchange risk (continued)**

Sensitivity analysis

The following demonstrates the sensitivity to a reasonably possible change in United States dollar against the Singapore dollar, with all other variables held constant, of the group's and the company's profit before tax.

	Increase/(Decrease) on profit before taxation GROUP		Increase/(Decrease) on profit before taxation COMPANY	
	2011 S\$	2010 S\$	2011 S\$	2010 S\$
<b>United States dollar</b>				
- strengthened 1%				
(2009 - 1%)	236,430	175,059	.*	(245,516)
- weakened 1%				
(2009 - 1%)	<u>(236,430)</u>	<u>(175,059)</u>	<u>.*</u>	<u>245,516</u>

\* Effect is insignificant

**(iv) Interest rate risk**

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

The group's and the company's exposure to changes in interest rates relates primarily to interest-bearing financial assets. Management has assessed that the exposure to changes in interest rates is minimal and hence the resulting impact on profit and loss or equity of the group and the company is insignificant.

**19.3 Fair values**

The directors are of the view that the fair values of the other financial assets and liabilities with a maturity period of less than one year approximate their carrying amounts as disclosed in the statement of financial position and in the notes to the financial statements due to the short period to maturity.

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

**19. Financial instruments (continued)**

**19.3 Fair values (continued)**

Fair value hierarchy

The following table analyses financial instruments carried at fair value by valuation method. The different levels are defined as follows :

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

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
<b>COMPANY</b>				
<b>2011</b>				
Investments in subsidiaries	-	-	97,710,539	97,710,539
<b>2010</b>				
Investments in subsidiaries	-	-	81,077,761	81,077,761

**20. Other information**

Island Power Company Pte.Ltd. ("IPC") was acquired with the intention to resume its development activities. The project consists of the construction of an 800-megawatt power plant that is expected to commence in the second quarter of 2011. Since its acquisition, additional funds have been injected by the company towards IPC's development activities, and the cost of investment in IPC as at the date of the statement of financial position amounted to S\$97,710,539.

**21. Subsequent event**

Subsequent to the end of the financial year, the company changed its financial year end to 30 June 2011 to align the financial year with the financial closure of the subsidiary's project, which is expected to take place in June.

**GMR Infrastructure (Singapore) Pte. Limited  
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**Notes to the financial statements - 31 March 2011**

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**22. Authorisation of financial statements**

The financial statements were authorised for issue in accordance with a resolution of the directors on 13 May 2011.

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

**Detailed Income Statement  
for the year ended 31 March 2011**

	<b>2011</b>	<b>2010</b>
	<b>S\$</b>	<b>S\$</b>
<b>Revenue</b>	-	-
<b>Other operating income</b>		
Expenses charged to subsidiary company	-	7,183,469
Other income	-	14,203
	<u>-</u>	<u>7,197,672</u>
Less		
<b>Operating expenses :-</b>		
<b>Employee benefits expense</b>		
Bonus - staff	-	127,300
CPF contributions - staff	-	25,260
CPF contributions - director	-	11,822
Meals	-	3,701
Medical expenses	-	958
Remuneration - director	-	1,142,662
Salaries - staff	-	454,608
Skill development levies	-	719
Staff welfare	-	28,431
	<u>-</u>	<u>1,795,461</u>

**GMR Infrastructure (Singapore) Pte. Limited****Detailed Income Statement (continued)  
for the year ended 31 March 2011**

	2011	2010
	S\$	S\$
<b>Other operating expenses</b>		
Audit fee	26,320	18,077
Bank charges	740	9,227
Bidding expenses	31,988	-
Computer expenses	-	51,098
Consultancy fees	751,240	4,810,798
Depreciation	-	38,618
Electricity	-	3,698
Entertainment	1,698	11,852
Foreign exchange loss/(gain)	3,392	(84,496)
General expenses	1,361	1,366
Membership	1,200	4,269
Office refreshments	-	4,738
Promotion	-	23,000
Postage and courier	20	2,146
Printing and stationery	64	8,441
Rental fee	-	257,586
Secretarial fee	4,100	4,388
Telecommunications	382	42,187
Transportation	203	9,256
Travelling	87,591	102,169
	<u>910,299</u>	<u>5,318,418</u>
<b>Total operating expenses</b>	<u>910,299</u>	<u>7,113,879</u>
<b>Net (loss)/profit for the year</b>	<u>(910,299)</u>	<u>83,793</u>