

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

The directors present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 March 2021.

In the opinion of the directors,

- (a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 108 to 215 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 March 2021, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Mr Simon Claude Israel (Chairman)
 Mr Paul William Coutts (Group Chief Executive Officer)
 Mr Bob Tan Beng Hai
 Mr Chen Jun
 Ms Elizabeth Kong Sau Wai
 Mrs Fang Ai Lian
 Mr Steven Robert Leonard
 Ms Lim Cheng Cheng
 Ms Chu Swee Yeok

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF 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 object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" and "Restricted Share Plan" on pages 97 to 101 of this statement.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

- (a) According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, none of the directors holding office at the end of the financial year had any interest in the shares and debentures of the Company and its related corporations, except as follows:

	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 31.3.2021	At 1.4.2020	At 31.3.2021	At 1.4.2020
Company				
Singapore Post Limited				
<u>(4.25% Senior Perpetual Cumulative securities)</u>				
Mrs Fang Ai Lian	250,000	250,000	-	-

- (b) According to the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act, certain directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Singapore Post Share Option Scheme and unvested restricted shares of the Company granted pursuant to Singapore Post Restricted Share Plan 2013 as set out below and under "Share Options" and "Restricted Share Plan" on pages 97 to 101 of this statement.

	Number of unvested restricted shares held by director	
	At 31.3.2021	At 1.4.2020
<u>Unvested performance share awards</u>		
Paul William Coutts	3,723,637	2,722,970
<u>Unvested restricted shares awards</u>		
Paul William Coutts	1,063,314	466,744

- (c) The directors' interests in the shares and convertible securities of the Company as at 21 April 2021 were the same as those as at 31 March 2021.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as the "Scheme". The Scheme is administered by the Compensation Committee comprising Mr Bob Tan Beng Hai (Chairman), Mr Simon Claude Israel and Mrs Fang Ai Lian during the financial year ended 31 March 2021.

Employees (including executive directors), subject to certain conditions, are eligible to participate in the Scheme. The Scheme provides a means to recruit, retain and give recognition to employees who have contributed to the success and development of the Company and / or the Group.

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.
- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).
- Granted options shall be exercisable, in whole or in part, during the exercise period applicable to that option and in accordance with the vesting schedule applicable to that option or other conditions (if any) that may be imposed by the Compensation Committee in relation to that option. Options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by a participant giving notice in writing, accompanied by a remittance for the aggregate subscription cost in respect of the shares for which that option is exercised. The method of settlement could be in cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company. There are no restrictions on the eligibility of the persons to whom the options have been granted to participate in any other share option or share incentive scheme, whether or not implemented by any of the other companies within the Group or any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.
- The vesting schedule for the share options granted to eligible employees (including executive directors) effective from 20 May 2014 are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 30.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 30.0 per cent of grant OR Up to 60.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary till tenth anniversary of date of grant	Balance OR 100.0 per cent of grant if share options were not exercised after the first and second vesting years

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 March 2014 have a four-year vesting schedule and the details are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 25.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 25.0 per cent of grant OR Up to 50.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary and before fourth anniversary of date of grant	Up to another 25.0 per cent of grant OR Up to 75.0 per cent of grant if share options were not exercised after the first and second vesting years
On / After fourth anniversary till tenth anniversary of date of grant	Balance OR 100.0 per cent of grant if share options were not exercised after the first, second and third vesting years

- On 11 May 2012, 17 January 2014, 7 March 2014 and 1 April 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company's target share price performance.
- The total number of shares over which options may be granted under the Scheme on any date, when added to the nominal amount of shares issued and issuable and in respect of all options granted under the Scheme, shall not exceed 5.0 per cent of the issued share capital of the Company on the day preceding that date.

Since the adoption of the Scheme to 31 March 2020, a total of 178,687,936 share options have been granted. Detail of the options are set out in the Directors' Statement for the respective financial years.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

During the financial year ended 31 March 2021, no share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

Date of Grant	Exercise Period	Exercise Price	Number of ordinary shares under options outstanding				Balance At 31.3.21 ('000)
			Balance At 1.4.20 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
29.06.10	30.06.11 to 29.06.20	S\$1.140	333	–	–	333	–
26.07.11	27.07.12 to 26.07.21	S\$1.100	400	–	–	–	400
11.05.12	19.05.14 to 11.05.22	S\$1.030	482	–	–	–	482
10.08.12	11.08.13 to 10.08.22	S\$1.070	884	–	–	57	827
17.01.14	18.01.17 to 17.01.24	S\$1.350	1,736	–	–	53	1,683
07.03.14	08.03.17 to 07.03.24	S\$1.330	375	–	–	–	375
20.05.14	21.05.15 to 20.05.24	S\$1.450	2,662	–	–	64	2,598
07.08.14	08.08.15 to 07.08.24	S\$1.760	259	–	–	–	259
13.05.15	14.05.16 to 13.05.25	S\$1.910	250	–	–	250	–
19.05.15	20.05.16 to 19.05.25	S\$1.890	3,871	–	–	344	3,527
20.05.16	21.05.17 to 20.05.26	S\$1.570	2,437	–	–	472	1,965
Total Share Options			13,689	–	–	1,573	12,116

No option has been granted to controlling shareholders of the Company or their associates.

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013. Amendments to the Plan to prescribe performance conditions were duly approved by the shareholders at the Company's annual general meeting held on 20 July 2017.

Enhancements to the Plan (the "Enhanced Plan") were subsequently designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan allow fully paid shares to be granted to non-executive directors of the Group and associated companies.

The release schedule for the shares granted to eligible employees (excluding non-executive directors) prior to FY2017/18 is as follows:

Vesting Period	Vesting Date	Percentage of Shares that will be Released on Vesting Date
From award date to date before first anniversary of award date	First anniversary of award date	30% (rounded to nearest whole share)
From first anniversary of award date to date before second anniversary of award date	On second anniversary of date of award	30% (rounded to nearest whole share)
From second anniversary of award date to date before third anniversary of award date	On third anniversary of date of award	Balance 40%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of the Plan to 31 March 2020, a total of 5,839,118 restricted shares were granted.

During the financial year ended 31 March 2021, no restricted shares were granted under the Plan. There is no outstanding unvested restricted shares as at the start of the financial year.

Enhanced Plan

Following shareholders' approval to the Enhanced Plan at the Company's annual general meeting held on 20 July 2017, participants will receive fully paid SingPost shares provided that prescribed performance targets are met within a prescribed performance period. Shares granted from financial year 2017/18 onwards comprises of two types of awards:

- Performance Share Award; and
- Restricted Share Award.

The Performance Share Award, granted to senior management, has two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Award, granted to a broader group of executives and key talents, has one long-term performance hurdle: Underlying Net Profit. The performance period for both types of awards is three or four years depending on when the performance hurdles are met.

The performance conditions incorporate stretched targets aimed at delivering long-term shareholder value. Depending on achievement of the respective performance hurdles, 0% to 200% of the awards may vest.

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

SHARE OPTIONS (continued)

Enhanced Plan (continued)

Performance Share Awards

Since the adoption of the Enhanced Plan, a total of 4,180,094 shares have been granted.

During the financial year ended 31 March 2021, 1,571,047 shares were granted. Details of the grants are as follows:

Date of Grant	Balance As At 1.4.20 (‘000)	Share Awards Granted (‘000)	Share Awards Vested (‘000)	Share Awards Cancelled (‘000)	Balance As At 31.3.21 (‘000)
18.01.18	359	–	–	–	359
31.05.18	2,278	–	–	–	2,278
31.05.19	1,292	–	–	–	1,292
01.06.20	–	1,571	–	–	1,571
Total	3,929	1,571	–	–	5,500

Restricted Share Awards

Since the adoption of the Enhanced Plan, a total of 5,710,852 restricted shares have been granted.

During the financial year ended 31 March 2021, 4,192,854 shares were granted. Details of the grants are as follows:

Date of Grant	Balance As At 1.4.20 (‘000)	Share Awards Granted (‘000)	Share Awards Vested (‘000)	Share Awards Cancelled (‘000)	Balance As At 31.3.21 (‘000)
18.01.18	899	–	–	101	798
31.05.18	1,080	–	–	111	969
31.05.19	2,562	–	–	193	2,369
01.06.20	–	4,193	–	238	3,955
Total	4,541	4,193	–	643	8,091

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

AUDIT COMMITTEE

At the date of this statement, the members of the Audit Committee are as follows:

Mrs Fang Ai Lian (Chairman)
Mr Bob Tan Beng Hai
Ms Chu Swee Yeok

All members of the Audit Committee were non-executive and independent directors.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap 50.

The Audit Committee has reviewed the overall scope, plans and results of both internal and independent audits and the assistance given by the Company's officers to the auditors. It has met with the Company's internal and independent auditors to discuss the results of their respective examinations and evaluations of the Company's system of internal accounting controls.

The Audit Committee has also reviewed the statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group for the financial year ended 31 March 2021 as well as the independent auditor's report thereon prior to their submission to the Board of Directors for approval.

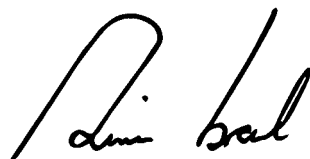
Pursuant to the requirements of the SGX-ST, the Audit Committee, with the assistance of the internal auditors, has reviewed the guidelines and procedures that were set up to identify, report and where necessary, seek appropriate approval for interested person transactions of the Group. Interested person transactions of the Group during the financial year have also been reviewed by the Audit Committee.

The Audit Committee has recommended to the Board of Directors that the independent auditor, Deloitte & Touche LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

AUDITOR

The auditor, Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Mr Simon Claude Israel
Chairman



Mr Paul William Coutts
Director

Singapore

28 May 2021

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Singapore Post Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2021, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 108 to 215.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and 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"), Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs") 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 March 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the 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 Group 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter

Our audit performed and responses thereon

Assessment of impairment of goodwill and other intangible assets

Refer to Notes 3(b) and 27 to the financial statements.

As at 31 March 2021, the goodwill and other intangible assets amounted to S\$270.9 million and S\$43.6 million respectively.

Management's assessment of the recoverable amounts of the cash-generating units ("CGUs") involves significant judgement about the future cash flow projections of the business and the appropriate terminal growth rates and discount rates applied to these future cash flow projections. In arriving at the recoverable amounts, management has considered strategies and plans that have been approved by the Board and are in the process of being implemented.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There remains significant uncertainty as to the duration of the pandemic and its future impact on those economies. Management has considered the performance of the different CGUs during the current financial year to develop the future cash flow projections. Overall, management has assessed that there is no impairment of goodwill and other intangible assets as the recoverable amount is higher than the carrying value as at 31 March 2021.

Our audit procedures focused on evaluating the key assumptions used by management in performing the impairment review. These procedures included:

- evaluating the appropriateness of allocation of goodwill and other intangible assets to the different CGUs;
- challenging management's future cash flow projections through comparison with recent performance, historical trend analyses, expectations of future development of the business and market including the impact arising from COVID-19 and publicly available industry and economic data;
- involving our specialists to evaluate the appropriateness of management's assumptions, which include terminal growth rates and discount rates, by developing an independent expectation using economic and industry forecasts and rates of comparable companies with consideration for specific jurisdiction factors;
- comparing current year's actual results against prior year's forecasts to assess whether assumptions made in prior year on hindsight had been reasonable; and
- performing sensitivity analysis over the recoverable amounts of the Group's CGUs, based on reasonably possible changes in the key assumptions as set out above.

Based on the procedures performed, we noted management's key estimates and assumptions used in the impairment assessment of goodwill and other intangible assets to be within a reasonable range of our expectations.

We have evaluated the adequacy of the Group's disclosures made in relation to goodwill and other intangible assets and found them to be adequate.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

Key Audit Matter

Valuation of investment properties

Refer to Notes 3(c) and 24 to the financial statements.

As at 31 March 2021, the Group's investment properties amounted to S\$1,010.8 million, representing 37.1% of the Group's total assets. These investment properties are stated at their fair values based on independent external valuations. The net fair value loss on investment properties recognised during the year amounted to S\$6.7 million.

The valuation of these investment properties (primarily Singapore Post Centre, and the Group's warehousing and self-storage facilities located in Singapore) is inherently subjective as it involves judgement in determining the appropriate valuation methodologies to be used, the underlying assumptions to be applied and consideration of terms and conditions and restrictions in the property agreements.

The assumptions on which the property values are based, are influenced by the tenure and tenancy details for each property, prevailing market yields, comparable market transactions and market conditions, including consideration of impact from COVID-19.

Our audit performed and responses thereon

We obtained an understanding of the Group's process for selection of the external valuer. We evaluated the qualifications and competence of the external valuer and read the engagement terms to determine whether there were any matters that might have affected their independence and objectivity or imposed a limitation on the scope of their work. We also read and considered the external valuer's reports to confirm whether the valuation approach used was appropriate.

We held discussions with the valuer to understand the basis of valuation techniques, assumptions applied and the impact of COVID-19 on the properties' valuations.

With the involvement of our internal valuation specialists, we evaluated the appropriateness of the valuation techniques used by the external valuer for the key investment properties. We benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data, where available, and we also considered whether these assumptions are consistent with the current market environment.

Based on the procedures performed, the valuation methodologies used are in line with generally accepted market practices and the estimates and assumptions used are within a reasonable range of our expectations.

We also considered the adequacy of the disclosures in the financial statements regarding the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values and found them to be adequate.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

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, SFRS(I)s and IFRSs, 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 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 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Group 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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Singapore Post Limited

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


We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shariq Barmaky.



Public Accountants and
Chartered Accountants

Singapore

28 May 2021

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2021

	Note	Group	
		2021 S\$'000	2020 S\$'000
Continuing operations			
Revenue	4	1,404,681	1,313,783
Labour and related expenses	5	(304,215)	(282,399)
Volume-related expenses	6	(842,225)	(710,526)
Administrative and other expenses	7a	(108,677)	(102,880)
Depreciation and amortisation	7b	(68,725)	(67,979)
Selling-related expenses		(9,389)	(9,528)
Impairment loss on trade and other receivables		(1,856)	(1,503)
Operating expenses		(1,335,087)	(1,174,815)
Other income		9,738	4,637
Profit on operating activities		79,332	143,605
Share of profit / (loss) of associated companies and joint venture	22	989	(114)
Exceptional items	8	(12,491)	(9,122)
Interest income and investment income (net)	9	3,470	6,872
Finance expenses	10	(11,031)	(12,648)
Profit before income tax		60,269	128,593
Income tax expense	11	(13,259)	(28,319)
Profit after tax from continuing operations		47,010	100,274
Discontinued operations			
Loss after tax from discontinued operations	12	-	(11,994)
Profit after tax		47,010	88,280
Profit attributable to:			
Equity holders of the Company		47,620	91,078
Non-controlling interests		(610)	(2,798)
		47,010	88,280
Earnings per share attributable to ordinary shareholders of the Company			
	13		
From continuing and discontinued operations:			
– Basic		1.46 cents	3.39 cents
– Diluted		1.46 cents	3.39 cents
From continuing operations:			
– Basic		1.46 cents	3.92 cents
– Diluted		1.46 cents	3.92 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Group	
	2021 S\$'000	2020 S\$'000
Profit after tax	47,010	88,280
Other comprehensive income / (loss) (net of tax):		
Items that may be reclassified subsequently to profit or loss:		
Deconsolidation of a foreign subsidiary's other capital reserve	-	1,622
Currency translation differences:		
- Gain / (loss) on translation of foreign operations	16,706	(10,878)
- Deconsolidation of foreign subsidiaries	-	2,115
- Transfer to profit or loss arising from disposal of associated companies	-	(75)
Items that will not be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income		
- Fair value gain / (loss)	20,367	(410)
- Gain on sale	-	5
Revaluation gain on property, plant and equipment upon transfer to investment properties	672	301
Other comprehensive income / (loss) for the year (net of tax)	37,745	(7,320)
Total comprehensive income for the year	84,755	80,960
Total comprehensive income attributable to:		
Equity holders of the Company	78,728	84,015
Non-controlling interests	6,027	(3,055)
	84,755	80,960

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

	Note	Group		Company	
		2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents	15	501,212	492,997	418,831	431,056
Financial assets	16	6,505	9,501	6,505	9,501
Trade and other receivables	17	166,411	262,067	124,048	218,392
Derivative financial instruments	18	40	2,109	40	2,109
Inventories		558	331	83	36
Other current assets	19	18,669	18,628	7,338	8,913
		693,395	785,633	556,845	670,007
Non-current assets					
Financial assets	16	111,124	95,841	12,581	19,104
Trade and other receivables	20	8,626	8,641	245,919	246,723
Investments in associated companies and joint venture	22	97,469	35,334	21,891	18,534
Investments in subsidiaries	23	–	–	322,397	319,371
Investment properties	24	1,010,804	1,008,020	956,362	951,501
Property, plant and equipment	25	405,448	441,474	251,953	277,410
Right-of-use assets	26	70,163	73,218	21,816	21,101
Intangible assets	27	314,532	297,363	–	–
Deferred income tax assets	31	4,248	2,277	–	–
Other non-current asset	19	5,958	3,834	–	–
		2,028,372	1,966,002	1,832,919	1,853,744
Total assets		2,721,767	2,751,635	2,389,764	2,523,751
LIABILITIES					
Current liabilities					
Trade and other payables	28	506,011	506,952	447,532	457,542
Current income tax liabilities		19,752	40,531	9,380	27,540
Contract liabilities	30	34,759	31,957	22,342	20,190
Lease liabilities	29	23,656	19,346	12,911	9,179
Derivative financial instruments	18	1,173	932	1,173	932
Borrowings	29	9,466	156,963	–	149,750
		594,817	756,681	493,338	665,133
Non-current liabilities					
Trade and other payables	28	22,308	13,206	254,715	2,042
Borrowings	29	312,846	207,461	–	200,000
Contract liabilities	30	23,319	30,712	23,319	30,962
Lease liabilities	29	60,189	66,820	9,649	12,281
Deferred income tax liabilities	31	36,865	34,437	21,971	21,621
		455,527	352,636	309,654	266,906
Total liabilities		1,050,344	1,109,317	802,992	932,039
NET ASSETS		1,671,423	1,642,318	1,586,772	1,591,712
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	32	638,762	638,762	638,762	638,762
Treasury shares	32	(29,724)	(29,724)	(29,724)	(29,724)
Other reserves	33	103,005	73,310	46,836	42,859
Retained earnings		564,708	570,206	584,072	592,989
Ordinary equity		1,276,751	1,252,554	1,239,946	1,244,886
Perpetual securities	34	346,826	346,826	346,826	346,826
		1,623,577	1,599,380	1,586,772	1,591,712
Non-controlling interests	23	47,846	42,938	–	–
Total equity		1,671,423	1,642,318	1,586,772	1,591,712

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

Group	Note	Attributable to ordinary shareholders of the Company					Perpetual securities	Total	Non-controlling interests	Total
		Share capital	Treasury shares	Retained earnings	Other reserves	Total				
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000				
Balance at 1 April 2020		638,762	(29,724)	570,206	73,310	1,252,554	346,826	1,599,380	42,938	1,642,318
Total comprehensive income for the year		-	-	47,620	31,108	78,728	-	78,728	6,027	84,755
<i>Transactions with owners, recognised directly into equity</i>										
Acquisition of non-controlling interests		-	-	-	(1,867)	(1,867)	-	(1,867)	(429)	(2,296)
Adjustment to other reserves		-	-	-	(2,498)	(2,498)	-	(2,498)	-	(2,498)
Distribution of perpetual securities	34	-	-	(14,875)	-	(14,875)	14,875	-	-	-
Distribution paid on perpetual securities	34	-	-	-	-	-	(14,875)	(14,875)	-	(14,875)
Dividends paid to shareholders	35	-	-	(38,243)	-	(38,243)	-	(38,243)	-	(38,243)
Dividends paid to non-controlling interests in a subsidiary		-	-	-	-	-	-	-	(690)	(690)
Employee share option scheme:										
- Value of employee services	33b(i)	-	-	-	2,952	2,952	-	2,952	-	2,952
Total		-	-	(53,118)	(1,413)	(54,531)	-	(54,531)	(1,119)	(55,650)
Balance at 31 March 2021		638,762	(29,724)	564,708	103,005	1,276,751	346,826	1,623,577	47,846	1,671,423
Balance at 1 April 2019		638,762	(30,174)	572,774	78,024	1,259,386	346,826	1,606,212	47,392	1,653,604
Total comprehensive income / (loss) for the year		-	-	91,078	(7,063)	84,015	-	84,015	(3,055)	80,960
<i>Transactions with owners, recognised directly into equity</i>										
Transfer upon disposal of investment		-	-	5	(5)	-	-	-	(407)	(407)
Distribution of perpetual securities	34	-	-	(14,915)	-	(14,915)	14,915	-	-	-
Distribution paid on perpetual securities	34	-	-	-	-	-	(14,915)	(14,915)	-	(14,915)
Dividends paid to shareholders	35	-	-	(78,736)	-	(78,736)	-	(78,736)	-	(78,736)
Dividends paid to non-controlling interests in a subsidiary		-	-	-	-	-	-	-	(992)	(992)
Employee share option scheme:										
- Value of employee services	33b(i)	-	-	-	2,804	2,804	-	2,804	-	2,804
- Treasury shares re-issued	32	-	450	-	(450)	-	-	-	-	-
Total		-	450	(93,646)	2,349	(90,847)	-	(90,847)	(1,399)	(92,246)
Balance at 31 March 2020		638,762	(29,724)	570,206	73,310	1,252,554	346,826	1,599,380	42,938	1,642,318

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2021

Company	Note	Attributable to ordinary shareholders of the Company					Perpetual securities	Total equity
		Share capital	Treasury shares	Retained earnings	Other reserves	Total		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1 April 2020		638,762	(29,724)	592,989	42,859	1,244,886	346,826	1,591,712
Total comprehensive income for the year		-	-	44,201	1,025	45,226	-	45,226
<i>Transactions with owners, recognised directly into equity</i>								
Distribution of perpetual securities	34	-	-	(14,875)	-	(14,875)	14,875	-
Distribution paid on perpetual securities	34	-	-	-	-	-	(14,875)	(14,875)
Dividends paid to shareholders	35	-	-	(38,243)	-	(38,243)	-	(38,243)
Employee share option scheme:								
- Value of employee services	33b(i)	-	-	-	2,952	2,952	-	2,952
Total		-	-	(53,118)	2,952	(50,166)	-	(50,166)
Balance at 31 March 2021		638,762	(29,724)	584,072	46,836	1,239,946	346,826	1,586,772
Balance at 1 April 2019		638,762	(30,174)	585,832	40,127	1,234,547	346,826	1,581,373
Total comprehensive income for the year		-	-	100,803	383	101,186	-	101,186
<i>Transactions with owners, recognised directly into equity</i>								
Transfer upon disposal of investment		-	-	5	(5)	-	-	-
Distribution of perpetual securities	34	-	-	(14,915)	-	(14,915)	14,915	-
Distribution paid on perpetual securities	34	-	-	-	-	-	(14,915)	(14,915)
Dividends paid to shareholders	35	-	-	(78,736)	-	(78,736)	-	(78,736)
Employee share option scheme:								
- Value of employee services	33b(i)	-	-	-	2,804	2,804	-	2,804
- Treasury shares re-issued	32	-	450	-	(450)	-	-	-
Total		-	450	(93,646)	2,349	(90,847)	-	(90,847)
Balance at 31 March 2020		638,762	(29,724)	592,989	42,859	1,244,886	346,826	1,591,712

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Group	
	2021 S\$'000	2020 S\$'000
Cash flows from operating activities		
Profit after tax	47,010	88,280
Adjustments for:		
Income tax expense	13,259	28,391
Impairment loss on trade and other receivables	1,856	1,012
Amortisation of contract liabilities	(9,075)	(7,934)
Amortisation of intangible assets	456	507
Depreciation	68,269	67,472
Fair value loss on put option redemption liability	3,501	–
Fair value loss on investment properties	6,670	1,551
Gains on disposal of investments and property, plant and equipment	(17)	(31)
Gain on disposal of warrants from an associated company	(3,356)	–
Provision for restructuring costs	480	943
Share-based staff costs	2,952	2,804
Interest expense	11,031	13,508
Interest income	(2,927)	(5,885)
Impairment of property, plant and equipment	1,209	–
Impairment of associated companies	115	3,882
Impairment of loans to associated companies	1,103	–
Share of (profit) / loss of associated companies and joint venture	(989)	114
	94,537	106,334
Operating cash flow before working capital changes	141,547	194,614
Changes in working capital, net of effects from acquisition and disposal of subsidiaries		
Inventories	(227)	361
Trade and other receivables	87,868	(41,197)
Trade and other payables	17,222	71,585
Contract liabilities	4,484	(5,945)
Cash generated from operations	250,894	219,418
Income tax paid	(35,461)	(36,256)
Net cash provided by operating activities	215,433	183,162

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Group	
	2021 S\$'000	2020 S\$'000
Cash flows from investing activities		
Additions to property, plant and equipment and investment properties	(21,861)	(27,125)
Deconsolidation of subsidiaries, net of cash disposed (Note 14)	–	(3,934)
Dividends received from associated company	430	543
Interest received	3,147	6,371
Investment in an associated company	(59,407)	–
Loan to an associated company	(108)	(1,158)
Proceeds from sale of financial assets	–	741
Proceeds from divestment of an associated company (net of capital gain tax)	–	139
Proceeds from disposal of property, plant and equipment	399	160
Proceeds on maturity of financial assets	9,500	6,500
Repayment of loans by an associated company	383	–
Net cash used in investing activities	(67,517)	(17,763)
Cash flows from financing activities		
Acquisition of non-controlling interests	(2,296)	–
Distribution paid to perpetual securities	(14,875)	(14,915)
Dividends paid to shareholders	(38,243)	(78,736)
Dividends paid to non-controlling interests in a subsidiary	(690)	(992)
Interest paid	(9,105)	(16,072)
Repayment of principal portion of lease liabilities	(32,588)	(26,995)
Proceeds from bank loans and notes	409,869	628,364
Repayment of bank loans and notes	(451,773)	(555,276)
Net cash used in financing activities	(139,701)	(64,622)
Net increase in cash and cash equivalents	8,215	100,777
Cash and cash equivalents at beginning of financial year	492,997	392,220
Cash and cash equivalents at end of financial year	501,212	492,997

Significant non-cash transactions

In the current financial year, contingent consideration amounting to S\$1,508,000 (2020: S\$Nil) in relation to the acquisition of subsidiaries in prior financial years was settled by way of offset against escrow deposits for the acquisition of those subsidiaries.

During the current financial year, there was an additional investment in an associated company amounting to S\$3,356,000 (2020: S\$Nil) which was settled with proceeds from the disposal of warrants from the associated company amounting to S\$3,356,000 (2020: S\$Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

1. GENERAL INFORMATION

Singapore Post Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is 10 Eunos Road 8, Singapore Post Centre, Singapore 408600.

The principal activities of the Company consist of the operation and provision of post & parcel, eCommerce logistics and property. Its subsidiaries are principally engaged in provision of business mail solutions and distribution of mail, investment holding and provision of electronic platform and recyclable lockers for merchandise distribution.

These financial statements were authorised for issue on 28 May 2021 in accordance with a resolution of the Board of Directors of Singapore Post Limited.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Singapore Financial Reporting Standards (International) ("SFRS(I)s") and International Financial Reporting Standards ("IFRSs"). SFRS(I)s are issued by the Accounting Standards Council and comprise standards and interpretations that are equivalent to IFRSs issued by the International Accounting Standards Board. All references to SFRS(I)s and IFRSs are subsequently referred to as SFRS(I)s in these financial statements unless otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise judgement in applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Adoption of new and revised standards

On 1 April 2020, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. Pronouncements issued, but not yet effective, as at 31 March 2021 have not been early adopted in the financial statements except for the amendment to SFRS(I) 16 which has been applied by the Group and Company in advance of its effective date. The adoption of these new and revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

Amendment to SFRS(I) 16: COVID-19-Related Rent Concessions

In May 2020, the Accounting Standards Council Singapore issued COVID-19-Related Rent Concessions (Amendment to SFRS(I) 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 if the change were not a lease modification. The amendment is effective for annual periods beginning on or after 1 June 2020, with early application permitted.

In the current financial year, the Group has applied the amendment to SFRS(I) 16 in advance of its effective date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new and revised standards (continued)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- (i) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (ii) Any reduction in lease payments affects only payments originally due in on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- (iii) There is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in SFRS(I) 16:46B, and has not restated prior period figures.

2.3 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that 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.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and of net assets of a subsidiary attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary at the acquisition date.

If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) *Subsidiaries (continued)*

(ii) *Acquisitions (continued)*

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

Please refer to the paragraph "Intangible assets – Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) *Disposals of subsidiaries or businesses*

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.16 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as equity transactions.

(c) *Associated companies and joint ventures*

Associated companies are entities over which the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties.

Investments in associated companies and joint venture are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) *Associated companies and joint ventures (continued)*

Investments in associated companies and joint venture are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Goodwill on associated companies and joint venture represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the associated companies and joint venture and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' and joint venture's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies and joint venture are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals or exceeds its interest in the associated company or joint ventures, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

Unrealised gains on transactions between the Group and its associated companies and joint ventures are eliminated to the extent of the Group's interest in the associated companies and joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. Where necessary, adjustments are made to the financial statements of associated companies and joint ventures to ensure consistency of accounting policies adopted by the Group.

Investments in associated companies and joint ventures are derecognised when the Group loses significant influence and joint control respectively. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies and joint ventures are recognised in profit or loss.

Please refer to Note 2.16 for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

2.4 Leases

As a *lessee*, the Group leases various retail outlets, warehouse space and machinery from non-related parties.

As a *lessor*, the Group leases retail and office space to non-related parties.

(a) *When the Group is the lessee:*

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Leases (continued)

(a) When the Group is the lessee (continued):

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Leases (continued)

(a) *When the Group is the lessee (continued):*

The right-of-use assets are presented as a separate line in the statement of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.20.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

The Group has applied the amendment to SFRS(I) 16 *Leases: COVID-19-Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether a rent concession related to COVID-19 is a lease modification. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances.

(b) *When the Group is the lessor:*

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

2.5 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

(a) *Post and Parcel*

Revenue is recognised from post and parcel related activities which includes collecting, sorting, transporting and distributing domestic and international mail as well as sale of philatelic products, agency services, financial services and parcel deliveries in Singapore.

Revenue from sale of goods is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied which is the point when control of goods has transferred to the customer. Under the Group's standard contract terms, customers do not have a right of return.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Revenue recognition (continued)

(a) *Post and Parcel (continued)*

Revenue from the rendering of services is recognised when the services are rendered and the contracted performance obligation is satisfied. Such revenue can be recognised at a point in time or over time depending on when control of goods or services is transferred to the customer. The Group's delivery-related contracts may include variable consideration such as volume-based discounts or rebates. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Fee commission is recognised for agency services provided for which the Group acts as an agent and has no control over specified goods/services.

Accrual for unearned revenue is made for stamps which have been sold, but for which services have not been rendered as at the end of the reporting period. This accrual is classified as "contract liabilities".

The Group received upfront payment with respect to postassurance collaboration from AXA Life Insurance Singapore Private Limited ("AXA") and revenue is recognised in profit or loss on a straight-line basis over the period of 10 years till 19 January 2025. When the period between the recognition of revenue and payment by the customer exceeds one year, an adjustment is made to the transaction price for the time value of money. The Group has elected to apply the practical expedient not to adjust the transaction price for the existence of significant financing component when the period between the transfer of control of good or service to a customer and the payment date is one year or less.

A contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract liabilities are recognised as revenue as the Group performs under the contract.

(b) *Logistics and U.S. Businesses*

The Group provides eCommerce logistics, warehousing, fulfilment and distribution and freight forwarding services.

Revenue from the rendering of services is recognised when the services are rendered.

Brokerage income from freight forwarding, being net of costs of premium against premium income is recognised at the effective date of the related insurance policies. Brokerage on premium adjustments is recognised when the uncertainty associated with the variable consideration is resolved.

(c) *Property*

Rental income from operating leases is recognised on a straight-line basis over the lease term.

Revenue from self-storage solutions, management services and advertising and promotion income are recognised on a straight-line basis over the service period.

2.6 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Employee compensation (continued)

(b) *Defined benefit plans*

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the reporting date less the fair value plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses are recognised in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(c) *Share-based compensation*

The Group operates an equity-settled, share-based compensation plan. The value of the employee services received in exchange for the grant of options is recognised as an expense in profit or loss with a corresponding increase in the share option reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to become exercisable on the vesting date. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share option reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share option reserve are credited to the share capital account, when new ordinary shares are issued, or to the "treasury shares" account, when treasury shares are re-issued to the employees.

2.7 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income or cost recovery over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as offset against the related expenses.

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.9 Exceptional items

Exceptional items refer to items of income or expense within the income statement from ordinary activities that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Group for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Income taxes

Income tax expense comprises current and deferred tax.

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is calculated at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value method, the measurement of deferred tax liabilities and assets reflects the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively). Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollars, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income. For equity investments measured at fair value through other comprehensive income ("FVTOCI"), exchange differences are recognised in other comprehensive income in the fair value reserve. In the consolidated financial statements, currency translation differences arising from net investment in foreign operations are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, the proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

(c) *Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are classified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the end of the reporting period.

2.12 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of change in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets

Financial assets are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments. All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) *Classification of financial assets*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(i) *Classification of financial assets (continued)*

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

Interest income is recognised in profit or loss.

Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI unless the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 *Business Combinations* applies.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the fair value reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of SFRS(I) 9 *Financial Instruments* (see Note 16).

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "interest income and investment income (net)" line item in profit or loss.

(ii) *Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(ii) *Impairment of financial assets (continued)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- breach of settlement contract or default in contractual obligations.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial assets (continued)

(ii) *Impairment of financial assets (continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

2.14 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations,
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average method for the retail goods at post offices. The cost of trading goods comprises all cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Investments in subsidiaries, associated companies and joint ventures

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

2.17 Investment property

Investment properties include those portions of commercial buildings that are held for long-term rental yields and/or for capital appreciation. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value. Changes in fair values are recognised in the income statement for the period in which they arise.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amounts is recognised in the income statement in the period in which the property is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Property, plant and equipment

(a) *Measurement*

All 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. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the asset.

(b) *Depreciation*

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

	<u>Useful lives</u>
Leasehold land	30 to 99 years
Buildings	5 to 50 years
Postal equipment	3 to 20 years
Plant and machinery	3 to 20 years

Capital work-in-progress, representing costs of property, plant and equipment which have not been commissioned for use, is not depreciated.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) *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 Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in profit or loss when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

(e) *Transfer*

A transfer from property, plant and equipment to investment properties is fair valued at the date of transfer and the difference between fair value and the previous carrying amount is accounted for as an asset revaluation surplus or deficit in equity. Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income, unless there was an impairment loss recognised for the same property in prior years and a portion of the increase is recognised in profit or loss to the extent of that impairment loss. Decreases are recognised in profit or loss for any decrease in excess of the amount included in the revaluation surplus for that property.

Please refer to Note 2.17 for the accounting policy on the transfer from investment properties to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Intangible assets

(a) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition over the Group's share of the fair values of the identifiable net assets acquired and is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) *Customer relationships*

Customer relationships acquired in business combination are recognised at fair value at the acquisition date. The customer relationships have finite useful lives and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight line method over 7 years, which is the expected life of the customer relationships.

(c) *Preferential rents*

Preferential rent was acquired in a business combination and is amortised on a straight basis over the remaining lease terms from the acquisition date.

(d) *Acquired software licence*

Acquired software licence is initially capitalised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over the licence term or the estimated useful life of 5 years.

(e) *Trademarked brands*

Trademarked brands acquired as part of business combinations are recognised at their fair values at the acquisition date.

The trademarked brand with indefinite useful life is not amortised and is subsequently tested for impairment annually. In connection with the annual impairment assessment of the trademarked brand, the critical accounting judgement in respect of the indefinite useful life assumption will also be reviewed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units or group of cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Trademarked brand with indefinite useful life

Trademarked brand with indefinite useful life is tested for impairment annually and whenever there is indication that the trademarked brand may be impaired.

An impairment loss is recognised in profit or loss when the carrying amount of the trademarked brand exceeds the recoverable amount of the acquired brand. The recoverable amount of the trademarked brand is the higher of a trademarked brand's fair value less costs to sell and value-in-use.

(c) Other intangible assets (excluding goodwill and trademarked brand with indefinite useful life)

Property, plant and equipment

Right-of-use assets

Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.22 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

The carrying amount of a derivative is presented as a non-current asset or liability if the remaining expected life of the derivative is more than 12 months, and as a current asset or liability if the remaining expected life of the derivative is less than 12 months.

A call option to acquire an equity-accounted investee is measured at fair value through profit or loss, and the consideration transferred includes the fair value of the derivative at the date of acquisition of the investee.

2.23 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost, except for the borrowings that are designated as fair value hedges. The gain or loss on the borrowings attributable to the hedged risk shall adjust the carrying amount of the borrowings and be recognised in profit or loss. The adjustment of the fair value will be reversed when the hedging relationship is discontinued or lapsed.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position. Other borrowings with an unconditional right to defer settlement for at least twelve months after the end of the reporting period are included in non-current borrowings in the statement of financial position.

2.24 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.26 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

2.27 Perpetual securities

The perpetual securities do not have a maturity date and the Company is able to elect to defer making a distribution, subject to the terms and conditions of the securities issue. Accordingly, the Company is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issued and the perpetual securities are presented within equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issue of the perpetual securities are deducted against the proceeds from the issue.

2.28 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payments.

2.29 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group Chief Executive Officer and Group Chief Financial Officer who are responsible for allocating resources and assessing performance of operating segments.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

(a) *Accounting for government assistance grants: Jobs Support Scheme*

For the financial year ended 31 March 2021, the Group recorded government grants amounting to S\$28.6 million (2020: S\$8.1 million) which is presented against labour and related expenses (Note 5) as such grants are intended to compensate these expenses. Included in the government grants is S\$24.5 million (2020: S\$5.2 million) which relates to Jobs Support Scheme ("JSS") announced by the Singapore Government to provide wage support to employers to help them retain their local employees during this period of economic uncertainty. In determining the timing of recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commences in the beginning of 2020 when volume of international mails and eCommerce activities reduced following supply chain disruption in China.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(b) Estimated impairment of goodwill and other intangible assets

Goodwill and trademarked brands with indefinite useful lives are tested for impairment annually and whenever there is indication that goodwill and trademarked brand may be impaired. The recoverable amount of goodwill and trademarked brand, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

When value-in-use calculations are undertaken, the Group uses discounted cash flow projections based on approved financial budgets covering a five-year period. Significant judgements are used to estimate the terminal growth rates and discount rates applied in computing the recoverable amounts of the different CGUs. In making these estimates, management has relied on past performance, its expectations of the future developments of the various businesses and market (including the impact arising from COVID-19) and publicly available industry and economic data. Details of these key assumptions applied in the impairment assessment of goodwill and trademarked brand are provided in Note 27.

No impairment charge is recognised on its goodwill and other intangible assets during the financial years ended 31 March 2021 and 2020.

Other intangible assets are tested for impairment whenever there is any objective evidence of indication that these assets may be impaired.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

The carrying value of goodwill and other intangible assets is disclosed in Note 27.

(c) Valuation of investment properties

As at 31 March 2021, the Group's investment properties of S\$1,010.8 million (2020: S\$1,008.0 million) (Note 24) are stated at their estimated fair values determined by independent professional valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from ongoing development of COVID-19 and other unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates disclosed in these financial statements.

(d) Valuation of investment in Shenzhen 4PX Information and Technology Co., Limited ("4PX")

The Group carries an investment in Shenzhen 4PX Information and Technology Co., Limited ("4PX") measured at fair value and classified as an equity investment measured at FVTOCI (Note 16).

When the fair value of such investment cannot be determined from active markets, valuation techniques including trading multiples of comparable companies with entity-specific adjustments made are used. Under the market approach, the Enterprise Value/Earnings Before Interest, Taxes, Depreciation, and Amortisation ("EBITDA") multiples and Enterprise Value/Revenue multiples of selected comparable companies are obtained and the inputs to the valuation model are derived from market observable data where possible, including but not limited to financial data of selected public companies in logistics services, freight management, supply chain management and e-commerce, but where this is not feasible, a degree of judgement is required to establish fair value. In the current year assessment, Enterprise Value/EBITDA was also considered as the performance of 4PX had improved compared to the preceding year and is now profitable at the EBITDA level. Details of the valuation techniques and inputs used are disclosed in Note 38(f).

As at 31 March 2021, the carrying value of the investment in 4PX measured at FVTOCI was S\$96.8 million (2020: S\$76.5 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(e) Acquisition of an associated company, Freight Management Holdings Pty Ltd

During the year, the Group acquired 28% equity interest in Freight Management Holdings Pty Ltd ("FMH"), a company which provides freight services.

The purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification of the acquired assets and liabilities and determining their respective fair values.

Goodwill and other intangible assets arising from the purchase price allocation exercise is included in the carrying amount of investments in associated companies as disclosed in Note 22.

(f) Estimated impairment of other non-financial assets

Property, plant and equipment, right-of-use assets and investments in subsidiaries, associated companies and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amount of an asset, and where applicable, a CGU, is determined based on the higher of fair value less costs to sell and value-in-use calculation prepared on the basis of management's assumptions and estimates.

The Group recognised impairment charges on investment in associated companies and impairment charges on property, plant and equipment of S\$0.1 million (2020: S\$3.9 million) and S\$1.2 million (2020: S\$Nil) respectively during the financial year. Details are provided in Notes 22 and 25 respectively.

All impairment calculations demand a high degree of estimation, which include assessments of the expected cash flows arising from such assets and the selection of key assumptions. Changes to these estimates may significantly impact the impairment charges recognised.

Other than those disclosed above, no impairment charge was recognised on the Group's other non-financial assets during the preceding and current financial years. The carrying values of investments in associated companies and joint venture, investments in subsidiaries, property, plant and equipment and right-of-use assets are disclosed in Notes 22, 23, 25 and 26 respectively.

(g) Estimated residual values and useful lives of property, plant and equipment

The Group reviews the residual values and useful lives of property, plant and equipment at the end of each reporting period based on factors such as business plans and strategies, expected level of usage and future technological developments. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying value of property, plant and equipment. The net book value of property, plant and equipment at 31 March 2021 was S\$405.4 million (2020: S\$441.5 million). There were no significant revisions to the estimated residual values and useful lives during the financial year ended 31 March 2021.

(h) Calculation of loss allowance for trade and other receivables

When measuring ECL, the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers with consideration on the impact of COVID-19 and how these drivers will affect each other.

Apart from the estimates involved in determining likelihood of default over a given time horizon to determine ECL, when there are events indicating that trade and other receivables are credit impaired, management has to estimate the loss allowance required.

Impairment loss on trade and other receivables charged to profit or loss amounted to S\$1.9 million (2020: S\$1.0 million) for the financial year ended 31 March 2021.

The carrying values of trade and other receivables are disclosed in Notes 17, 20 and 21.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(i) *Estimation of lease term*

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further. During the financial year ended 31 March 2021, the effect of considering extension and termination options was an increase in recognised lease liabilities and right-of-use assets of S\$0.9 million (2020: S\$4.0 million).

4. REVENUE

Revenue from external customers is derived from the provision of mail, logistics solution, agency and financial services and front-end ecommerce solutions.

	Group	
	2021 S\$'000	2020 S\$'000
Continuing operations		
Domestic and International Mail services	721,475	736,643
Domestic and International distribution and delivery services	608,347	496,845
Retail sale of products and services	-	596
Property ⁽¹⁾	74,859	79,699
	1,404,681	1,313,783
Discontinued operations		
U.S. businesses	-	88,885

(1) The Group is required to waive up to four months of contractual rent for eligible tenants of its properties under the Rental Relief Framework as mandated by the Government. Consequently, the Group recognised variable lease payment of S\$3.2 million as a reduction to property revenue in profit or loss during the financial year ended 31 March 2021 and offset the obligation for rental reliefs against the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

4. REVENUE (continued)

A disaggregation of the Group's revenue for the year is as follows:

	Group					
	2021			2020		
	Revenue from services rendered S\$'000	Sale of products S\$'000	Total S\$'000	Revenue from services rendered S\$'000	Sale of products S\$'000	Total S\$'000
Continuing Operations						
Post and Parcel	718,603	2,872	721,475	735,058	2,181	737,239
Logistics	608,347	-	608,347	496,828	17	496,845
Property	74,859	-	74,859	79,699	-	79,699
	1,401,809	2,872	1,404,681	1,311,585	2,198	1,313,783
Discontinued operations						
U.S. businesses	-	-	-	88,885	-	88,885
Timing of revenue recognition in respect of revenue from contracts with customers						
Continuing Operations						
At a point in time	4,403	2,872	7,275	8,475	2,198	10,673
Over time	1,358,936	-	1,358,936	1,261,711	-	1,261,711
	1,363,339	2,872	1,366,211	1,270,186	2,198	1,272,384
Discontinued operations						
Over time	-	-	-	88,885	-	88,885

Further revenue information for each reportable segment under SFRS(I) 8 *Operating Segments* is disclosed in Note 40.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

Accordingly, transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period relates to 'Advances received for postassurance collaboration'. Refer to Note 30 for further details.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

5. LABOUR AND RELATED EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Wages and salaries	213,241	192,355	-	10,873	213,241	203,228
Employer's contribution to defined contribution plans including Central Provident Fund	26,785	24,813	-	218	26,785	25,031
Share-based expense (Note 33(b)(i))	2,952	2,804	-	-	2,952	2,804
Other benefits	16,038	7,459	-	1,113	16,038	8,572
Temporary and contract staff cost	73,840	63,056	-	4,195	73,840	67,251
Government grant (Note 3(a))	(28,641)	(8,088)	-	-	(28,641)	(8,088)
	304,215	282,399	-	16,399	304,215	298,798

6. VOLUME-RELATED EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Traffic expenses	597,159	534,698	-	-	597,159	534,698
Outsourcing services and delivery expenses	245,066	175,828	-	75,611	245,066	251,439
	842,225	710,526	-	75,611	842,225	786,137

7a. ADMINISTRATIVE AND OTHER EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Included in administrative and other expenses ⁽¹⁾ are the following:						
Professional services	10,777	9,812	-	724	10,777	10,536
Repair and maintenance expenses	26,167	26,405	-	701	26,167	27,106
Rental expenses ⁽²⁾	5,102	3,387	-	3,093	5,102	6,480
Supplies and services	26,294	24,047	-	1,611	26,294	25,658

- (1) In 2021, the Group received property tax rebate from the Singapore Government as part of the Government's relief measures to help businesses deal with the impact from COVID-19. Consequently, the Group recognised government grant income of S\$1.0 million as a reduction to property tax expense in the profit or loss for the year.
- (2) In 2021, the Group received rental rebate of S\$1.3 million for the leased properties under the Rental Relief Framework as mandated by the Government. The rental rebate has been accounted for as rent concessions in profit or loss as negative variable rent. There was no rental rebate in 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

7b. DEPRECIATION AND AMORTISATION

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Depreciation – property, plant and equipment (Note 25)	40,452	38,698	-	-	40,452	38,698
Depreciation – right-of-use assets (Note 26)	27,817	28,774	-	-	27,817	28,774
Amortisations (Note 27)	456	507	-	-	456	507
	68,725	67,979	-	-	68,725	67,979

8. EXCEPTIONAL ITEMS

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Fair value loss:						
– Investment properties (Note 24)	(6,670)	(1,551)	-	-	(6,670)	(1,551)
– Put option redemption liability (Note 28(e))	(3,501)	-	-	-	(3,501)	-
Impairment charges ⁽¹⁾ :						
– Property, plant and equipment	(1,209)	-	-	-	(1,209)	-
– Associated companies (Note 22(a))	(115)	(3,882)	-	-	(115)	(3,882)
– Loan to associated companies	(1,103)	-	-	-	(1,103)	-
Provision for the restructuring of overseas operations	(480)	(943)	-	-	(480)	(943)
Reversal of contingent consideration	-	971	-	-	-	971
Gain on disposal of warrants from an associated company	3,356	-	-	-	3,356	-
Gain / (loss) on disposal of property, plant and equipment	17	(55)	-	-	17	(55)
Gain on divestment of interest in an associated company	-	86	-	-	-	86
Professional fees	(2,786)	(3,748)	-	-	(2,786)	(3,748)
	(12,491)	(9,122)	-	-	(12,491)	(9,122)

(1) Total impairment charges amounted to S\$2,427,000 (2020: S\$3,882,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

9. INTEREST INCOME AND INVESTMENT INCOME (NET)

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Interest income						
– Bank deposits	1,921	4,859	–	–	1,921	4,859
– Bonds at amortised cost	526	801	–	–	526	801
– Others	480	225	–	–	480	225
	2,927	5,885	–	–	2,927	5,885
Currency exchange gains / (losses) – net	531	983	–	(29)	531	954
Others	12	4	–	–	12	4
	3,470	6,872	–	(29)	3,470	6,843

10. FINANCE EXPENSES

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Interest expense:						
– Fixed rate notes	2,305	6,185	–	–	2,305	6,185
– Bank borrowings	2,937	809	–	860	2,937	1,669
– Other borrowing cost	423	–	–	–	423	–
– Interest on lease liabilities	4,080	4,094	–	–	4,080	4,094
– Significant financing component from contracts with customers	1,286	1,560	–	–	1,286	1,560
	11,031	12,648	–	860	11,031	13,508

11. INCOME TAX EXPENSE

	Group					
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Tax expense attributable to profit is made up of:						
– Current income tax	14,723	34,520	–	54	14,723	34,574
– Deferred income tax (Note 31)	225	(5,162)	–	18	225	(5,144)
	14,948	29,358	–	72	14,948	29,430
(Over) / under provision in preceding financial years:						
– Current income tax	(522)	(1,047)	–	–	(522)	(1,047)
– Deferred income tax (Note 31)	(1,167)	8	–	–	(1,167)	8
	13,259	28,319	–	72	13,259	28,391

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. INCOME TAX EXPENSE (continued)

The tax expense on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as explained below:

	Group	
	Continuing operations	
	2021	2020
	S\$'000	S\$'000
Profit before tax	60,269	128,593
Tax calculated at a tax rate of 17% (2020: 17%)	10,246	21,862
Effects of:		
– Tax effect of share of results of associated companies and joint venture	(168)	19
– Different tax rates in other countries	1,578	692
– Withholding tax deducted at source	308	133
– Singapore statutory stepped income exemption	(141)	(137)
– Tax incentive	(17)	(165)
– Income not subject to tax	(6,776)	(4,644)
– Expenses not deductible for tax purposes	7,384	6,286
– Utilisation of tax losses and capital allowances	(208)	(114)
– Deferred income tax assets not recognised	2,742	5,426
– Overprovision in preceding financial years	(1,689)	(1,039)
Tax charge	13,259	28,319

12. DISCONTINUED OPERATIONS

In September 2019, Jagged Peak, Inc. ("JP"), TradeGlobal North America Holdings, Inc. ("TGNH") (being one of the upstream US holding companies of TradeGlobal LLC), and TradeGlobal LLC (collectively, the "U.S. businesses") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada.

The filing triggered the loss of control as a U.S. Trustee was appointed to run the operations and ensure the sale of the assets. On 2 December 2019, the bankruptcy court entered orders approving the sale of substantially all of the assets of Jagged Peak, Inc. (the "Jagged Peak Sale") and the sale of substantially all of the assets of TradeGlobal LLC (the "TradeGlobal Sale"). On 12 December 2019 (U.S. time), the U.S. Subsidiaries filed notices with the bankruptcy court that the closing of the Jagged Peak Sale and the TradeGlobal Sale had occurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. DISCONTINUED OPERATIONS (continued)

The loss for the year from the discontinued operations in 2020 is analysed as follows:

	Group 2020 S\$'000
Loss from U.S. businesses	<u>(11,994)</u>

The results of the U.S. businesses for the period from 1 April 2019 to 31 August 2019 are as follows:

	Group 2020 S\$'000
Revenue (Note 4)	88,885
Labour and related expenses (Note 5)	(16,399)
Volume-related expenses (Note 6)	(75,611)
Administrative and other expenses (Note 7a)	(8,362)
Depreciation and amortisation (Note 7b)	–
Selling-related expenses	(81)
Reversal of impairment loss on trade and other receivables	491
	<u>(11,077)</u>
Other income	44
Exceptional items (Note 8)	–
Interest income and investment income (net) (Note 9)	(29)
Finance expenses (Note 10)	(860)
Loss before income tax	<u>(11,922)</u>
Income tax expense (Note 11)	(72)
Loss for the year (attributable to owners of the Company)	<u>(11,994)</u>

The carrying amounts of the assets and liabilities of the U.S. businesses at the date of deconsolidation are disclosed in Note 14.

The impact of the discontinued operations on the consolidated cash flows of the Group is as follows:

	Group 2020 S\$'000
Net cash used in operating activities	(5,254)
Net cash used in investing activities	–
Net cash used in financing activities	(7,145)
Total cash flows used in discontinued operations	<u>(12,399)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. EARNINGS PER SHARE

(i) From continuing and discontinued operations

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding, excluding treasury shares, during the financial year.

	Group	
	2021	2020
Net profit attributable to equity holders of the Company (S\$'000)	47,620	91,078
Less: Net profit attributable to perpetual securities holders of the Company (S\$'000)	(14,875)	(14,915)
Net profit attributable to ordinary shareholders of the Company (S\$'000)	32,745	76,163
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,249,578	2,249,802
Basic earnings per share (cents per share)	1.46	3.39

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, excluding treasury shares, are adjusted for the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares are in the form of share options.

For share options, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. The number of shares that could have been issued upon the exercise of all dilutive share options less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

Diluted earnings per share is calculated as follows:

	Group	
	2021	2020
Net profit attributable to equity holders of the Company (S\$'000)	47,620	91,078
Less: Net profit attributable to perpetual securities holders of the Company (S\$'000)	(14,875)	(14,915)
Net profit attributable to ordinary shareholders of the Company (S\$'000)	32,745	76,163
Weighted average number of ordinary shares basic earnings per share ('000)	2,249,578	2,249,802
Adjustment for share options ('000)	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	2,249,578	2,249,802
Diluted earnings per share (cents per share)	1.46	3.39

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. EARNINGS PER SHARE (continued)

(ii) From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to ordinary owners of the Company is as follows:

Earnings figures are calculated as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Profit for the year attributable to ordinary owners of the Company	32,745	76,163
Add: Loss for the year from discontinued operations	-	(11,994)
Earnings for the purpose of calculating basic earnings per share from continuing operations	32,745	88,157
Effect of dilutive potential ordinary shares (net of tax)	-	-
Earnings for the purposes of calculating diluted earnings per share from continuing operations	32,745	88,157

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

(iii) From discontinued operations

For the previous financial year ended 31 March 2020, basic loss per share for the discontinued operation was 0.53 cents per share and diluted earnings per share for the discontinued operation was 0.53 cents per share, based on the loss for that financial year from the discontinued operation of S\$12.0 million and the denominators detailed above for both basic and diluted earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

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14. LOSS OF CONTROL OF SUBSIDIARIES

As disclosed in Note 12, the U.S. businesses filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Nevada. The filing triggered the loss of control as a U.S. Trustee was appointed to run the operations and ensure the sale of the assets.

Consequently, the U.S. businesses were deconsolidated effective from 1 September 2019.

Details of the deconsolidation of the U.S. businesses are as follows:

Carrying amounts of net liabilities over which control was lost

	2020 S\$'000
Current assets	
Cash and cash equivalents	3,934
Trade and other receivables	21,752
Inventory	364
Other current assets	3,475
	<u>29,525</u>
Non-current assets	
Property, plant and equipment	852
Deferred tax assets	201
	<u>1,053</u>
Current liabilities	
Trade and other payables	(49,421)
Contract liabilities	(2,064)
Borrowings	(60,016)
	<u>(111,501)</u>
Non-current liabilities	
Trade and other payables	(2,670)
Deferred tax liabilities	(1,077)
	<u>(3,747)</u>
Net liabilities derecognised	<u>(84,670)</u>
Net financial impact on disposal	
Net liabilities derecognised	84,670
Non-controlling interest derecognised	407
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries	(2,115)
Repayment of subsidiaries' borrowings for which the Group is the Guarantor	(68,802)
Legal fees and other related expenses for winding up of subsidiaries	(14,160)
Net financial impact on disposal	<u>-</u>

Following the announcement of the filing of Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court, the Group no longer had control over the cash balance of S\$3.9 million held by the U.S. businesses. As part of deconsolidation, this amount was reflected as an outflow under investing activities.

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For the financial year ended 31 March 2021

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Cash at bank and on hand	196,279	156,481	115,982	96,851
Deposits with financial institutions	304,933	336,516	302,849	334,205
	501,212	492,997	418,831	431,056

Deposits with financial institutions earn interest ranging from 0.21% to 0.44% (2020: 0.72% to 2.26%) per annum. Tenure for these deposits range from 14 to 152 days (2020: 14 to 92 days).

16. FINANCIAL ASSETS

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<u>Current</u>				
<i>Financial assets at amortised cost</i>				
– Bonds – quoted in Singapore	6,505	9,501	6,505	9,501
	6,505	9,501	6,505	9,501
<u>Non-current</u>				
<i>Financial assets at amortised cost</i>				
– Bonds – quoted in Singapore	8,020	14,543	8,020	14,543
<i>Financial assets designated as FVTOCI</i>				
– Equity instrument – unquoted	101,645	81,298	4,561	4,561
<i>Financial assets at FVTPL</i>				
– Call option (Note 22(a)(i))	1,459	–	–	–
	111,124	95,841	12,581	19,104

The debt securities are corporate bonds at fixed rates between 3.1% to 3.7% (2020: 2.8% to 3.7%) per annum and due between 11 February 2022 and 29 August 2022 (2020: 9 April 2020 and 29 August 2022).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. FINANCIAL ASSETS (continued)

The fair values of the financial assets at the end of the reporting period are as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<u>Current</u>				
<i>Financial assets at amortised cost</i>				
– Bonds – quoted in Singapore	6,590	9,529	6,590	9,529
	6,590	9,529	6,590	9,529
<u>Non-current</u>				
<i>Financial assets at amortised cost</i>				
– Bonds – quoted in Singapore	8,261	14,718	8,261	14,718
<i>Financial assets designated as FVTOCI</i>				
– Equity instrument – unquoted	101,645	81,298	4,561	4,561
<i>Financial assets at FVTPL</i>				
– Call option	1,459	–	–	–
	111,365	96,016	12,822	19,279

The fair values of quoted securities are based on published price quotations at the end of the reporting period.

17. TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Trade receivables				
– Subsidiaries	–	–	11,166	6,321
– Companies related by a substantial shareholder	2,287	1,970	2,287	1,970
– Non-related parties	165,773	248,528	97,218	187,473
	168,060	250,498	110,671	195,764
Less: Allowance for impairment of receivables				
– non-related parties	(3,172)	(1,843)	(2,552)	(856)
Trade receivables – net	164,888	248,655	108,119	194,908
Non-trade receivables from subsidiaries				
Loans to associated companies	4,737	4,777	–	–
Less: Allowance for impairment of loan to associated companies				
	(746)	–	–	–
Less: Non-current portion (Note 20)	(3,675)	(3,737)	–	–
	316	1,040	13,620	13,348
Staff loans (Note 21)				
	16	29	16	29
Interest receivable	192	412	183	395
Grant receivables	444	9,424	373	8,857
Other receivables	555	2,507	1,737	855
	166,411	262,067	124,048	218,392

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For the financial year ended 31 March 2021

17. TRADE AND OTHER RECEIVABLES – CURRENT (continued)

- (i) A loan of S\$746,000 (2020: S\$691,000) to an associated company is unsecured, repayable in full on 15 June 2021 and bears interest at 1.14% above the 1 month bank bill swap rate per annum. During the financial year ended 31 March 2021, the Group provided impairment amounting to S\$746,000.
- (ii) A loan of S\$3,675,000 (2020: S\$3,046,000) to an associated company bears interest at 1.14% above the 1 month bank bill swap rate per annum, and is secured by the shareholdings held by the shareholders of the associated company. S\$1,711,000 is repayable on 29 June 2021, while S\$1,964,000 is repayable on 5 November 2021 and convertible to shares in the associated company. Management is of the view that the loans are recoverable and the settlement of the loans are not foreseeable within the next twelve months.
- (iii) A loan of S\$316,000 (2020: S\$688,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.15% per annum.
- (iv) Remaining loan of S\$Nil (2020: S\$352,000) to an associated company is unsecured and repayable on demand. Interest is fixed at 2.95% per annum.
- (v) Non-trade receivables from subsidiaries are unsecured, interest-free and repayable on demand.

18. DERIVATIVE FINANCIAL INSTRUMENTS

	Contract notional amount 2021 S\$'000	Fair value liabilities 2021 S\$'000	Contract notional amount 2020 S\$'000	Fair value assets 2020 S\$'000
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Group and Company

Other non-hedging derivatives

Currency forwards	150,116	(1,133)	207,943	1,177
Total derivative financial instruments	150,116	(1,133)	207,943	1,177

Currency forwards

Currency forwards are transacted to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within twelve months from the end of the reporting period. The currency forwards have maturity dates that coincide within the expected occurrence of these transactions. Changes in fair value of the currency forwards not designated as hedging are recognised in profit or loss.

The fair value of derivative financial instruments are shown on the statement of financial position as follows:

	<u>Group and Company</u>	
	2021	2020
	S\$'000	S\$'000
Assets:		
– Current	40	2,109
Liabilities:		
– Current	(1,173)	(932)

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19. OTHER ASSETS

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<u>Current</u>				
Deposits	5,642	7,266	1,647	1,780
Prepayments	13,027	11,362	5,691	7,133
	18,669	18,628	7,338	8,913
<u>Non-current</u>				
Deposits	4,226	3,834	-	-
Prepayments	1,732	-	-	-
	5,958	3,834	-	-

20. TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Loans to subsidiaries	-	-	297,220	298,010
Less: Allowance for impairment	-	-	(51,442)	(51,442)
	-	-	245,778	246,568
Loan to an associated company (Note 17)	3,675	3,737	-	-
Loan to a shareholder of a subsidiary	4,810	4,749	-	-
Staff loans (Note 21)	141	155	141	155
	8,626	8,641	245,919	246,723

Loans to subsidiaries of S\$35,609,000 (2020: S\$36,227,000) are non-trade related, unsecured, interest bearing at SIBOR plus 1.2% per annum and is not expected to be repayable within the next twelve months. The carrying amount of these loans approximate their fair value.

Loan to a subsidiary of S\$5,978,000 (2020: S\$6,079,000) is non-trade related, unsecured, interest bearing at KLIBOR plus 1.2% per annum and is repayable in full on demand. Settlement of the loan is not foreseeable within the next twelve months. The carrying amount of the loan approximates its fair value.

Loan to a subsidiary of S\$1,767,000 (2020: S\$1,563,000) is non-trade related, unsecured, interest bearing at 1.94% to 2.96% per annum and not expected to be repayable in the next twelve months. The carrying amount of the loan approximates its fair value.

Loans to subsidiaries of S\$202,424,000 (2020: S\$202,699,000) are non-trade related, unsecured, interest bearing at 2.52% to 3.07% per annum and not expected to be repayable in the next twelve months. The fair value of the loans is S\$200,753,000 (2020: S\$202,262,000). The fair value of the loans is computed based on cash flows discounted at the difference between market and existing borrowing rates of 0.378% to 0.504% (2020: 0.536% to 0.923%). The fair value is within Level 2 of the fair value hierarchy.

During the year, the Company wrote off allowance for impairment amounting to S\$Nil (2020: S\$212.3 million) in respect of loans to subsidiaries for which underlying investments have been impaired and the loans receivable are assessed as non-recoverable.

The loan to a shareholder of a subsidiary is unsecured, interest bearing at 1.2% to 1.4% per annum (2020: 2.3% to 2.8% per annum). The carrying amount of the loan approximates its fair value. Refer to Note 23 in respect of the timing and recoverability of this loan.

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For the financial year ended 31 March 2021

21. STAFF LOANS

	Group and Company	
	2021 S\$'000	2020 S\$'000
Not later than one year (Note 17)	16	29
Later than one year (Note 20)	141	155
– Between one and five years	7	23
– Later than five years	134	132
	157	184

As at the end of the reporting period, no loan was made to the key management personnel of the Group.

22. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Investments in associated companies (Note (a))	97,469	35,334	21,891	18,534
Investment in a joint venture (Note (b))	–	–	–	–
	97,469	35,334	21,891	18,534

(a) Associated companies

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Equity investment at cost			21,891	18,534
Beginning of financial year	35,334	39,840		
Acquisition of an associated company during the year (Note (i))	58,749	–		
Additional investment in an associated company	3,356	–		
Impairment of associated companies (Note (ii), 8)	(115)	(3,882)		
Share of profit / (loss)	989	(114)		
Dividends received	(430)	(543)		
Currency translation differences	(414)	33		
End of financial year	97,469	35,334		

- (i) On 31 December 2020, the Group acquired 28% equity interest at a cost of S\$58.7 million in Freight Management Holdings Pty Ltd ("FMH"), a company which provides freight services.

Under the sale and purchase agreement, the Group will acquire additional 10% equity interest in FMH by 31 December 2021 at a consideration of S\$21.0 million (AUD 20.5 million), which is based on the estimated fair value of FMH as at 31 March 2021.

The Group was also granted a call option to acquire a further 13% equity interest in FMH, which is exercisable between 31 December 2022 to 31 December 2023. The call option is recorded at fair value as at 31 March 2021. Details of the valuation technique and inputs used are disclosed in Note 38(f).

- (ii) During the financial year ended 31 March 2021, the Group recognised an impairment loss of S\$115,000 (2020: S\$3,882,000) against the carrying amount of its investments in associated companies, being the difference between the carrying amount of the Group's investments and their recoverable amounts. The recoverable amounts are determined based on value-in-use or quoted market price of the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

22. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

(a) Associated companies (continued)

The Group's investments in associated companies include investments in listed associated companies with a carrying value of S\$30,288,000 (2020: S\$27,295,000), for which the published price quotations are S\$87,412,000 (2020: S\$37,392,000) at the end of the reporting period, and classified within Level 1 of the fair value hierarchy.

There are no contingent liabilities relating to the Group's interest in the associated companies.

Details of associated companies are disclosed in Note 42.

(b) Joint venture

The Group has a joint venture, PT Trio Speccommerce Indonesia, which had been fully written off since 2016.

23. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	2020
	S\$'000	S\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	368,429	367,429
Capital injection into a new subsidiary	–	1,000
Additional capital injection into an existing subsidiary	3,026	–
	371,455	368,429
Less: Allowance for impairment	(49,058)	(49,058)
End of financial year	322,397	319,371

Details of the subsidiaries are included in Note 42. The proportion of ownership interest held by the Group does not differ from the proportion of voting rights held by the Group.

Carrying value of non-controlling interests

	2021	2020
	S\$'000	S\$'000
Quantum Solutions International Pte Ltd ("QSI")	42,896	38,639
Other subsidiaries with immaterial non-controlling interests	4,950	4,299
Total	47,846	42,938

Exercise of put option in a subsidiary

A non-controlling shareholder of a subsidiary had exercised his put option in September 2016. As there were differences between the parties on the final valuation of the put option, the non-controlling shareholder commenced arbitration proceedings. The Company, in consultation with its advisors, is of the view that they are without merit.

Apart from the above, the Group has a loan to the non-controlling shareholder amounting to S\$4,810,000 (2020: S\$4,749,000) (Note 20) as at 31 March 2021. Management is of the view that the loan is recoverable and the settlement of the loan is not foreseeable within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

23. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised financial information for a subsidiary that has a non-controlling interest that is material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	QSI	
	2021 S\$'000	2020 S\$'000
Current		
Assets	44,023	46,780
Liabilities	(23,469)	(30,100)
Total current net assets	20,554	16,680
Non-current		
Assets	109,991	108,036
Liabilities	(4,380)	(11,073)
Total non-current net assets	105,611	96,963
Net assets	126,165	113,643

Summarised income statement

	QSI	
	2021 S\$'000	2020 S\$'000
Revenue	107,119	105,720
Loss before income tax	(5,788)	(11,688)
Income tax expense	(950)	(337)
Post-tax loss from continuing operations	(6,738)	(12,025)
Other comprehensive income / (loss)	19,260	(779)
Total comprehensive income / (loss)	12,522	(12,804)
Total comprehensive income / (loss) allocated to non-controlling interests	4,257	(4,353)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

23. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information of subsidiaries with material non-controlling interests (continued)

Summarised cash flows

	QSI	
	2021 S\$'000	2020 S\$'000
<u>Cash flows from operating activities</u>		
Cash generated from operations	15,462	3,905
Income tax paid	(369)	(241)
Net cash provided by operating activities	15,093	3,664
Net cash used in investing activities	(77)	(1,694)
Net cash (used in) / provided by financing activities	(8,146)	1,468
Net increase in cash and cash equivalents	6,870	3,438
Cash and cash equivalents at beginning of year	10,401	6,963
Cash and cash equivalents at end of year	17,271	10,401

24. INVESTMENT PROPERTIES

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Beginning of financial year	1,008,020	1,000,767	951,501	948,253
Additions	-	4,057	-	3,137
Reclassification from property, plant and equipment (Note 25)	9,658	4,838	11,689	300
Fair value loss recognised in profit or loss (Note 8)	(6,670)	(1,551)	(6,828)	(189)
Currency translation differences	(204)	(91)	-	-
End of financial year	1,010,804	1,008,020	956,362	951,501

Certain investment properties of the Group with carrying amounts of S\$50.4 million (2020: S\$50.7 million) are mortgaged to secure bank borrowings (Note 29).

As at 31 March 2021, the right-of-use asset presented as investment properties has carrying amount of S\$1.7 million (2020: S\$1.2 million).

The following amounts are recognised in profit or loss:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Rental and property-related income	60,006	64,278	53,950	58,388
Direct operating expenses arising from:				
- Investment properties that generated income	(14,073)	(13,200)	(12,574)	(11,458)

Investment properties are leased to non-related parties under operating leases (Note 37(c)).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. INVESTMENT PROPERTIES (continued)

At the end of the reporting period, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
10 Eunos Road 8, Singapore Post Centre	Building for commercial and retail.	Leasehold of 99 years expiring on 30 August 2081
502 Chai Chee Lane	Building for warehousing and self-storage.	Leasehold of 30 years expiring on 30 April 2041
No. 5, Jalan Penyair U1/44, Off Jalan Glenmarie, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia	Warehousing.	Freehold
110 Alexandra Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
10 Choa Chu Kang Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
373 Tanjong Katong Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
1 Killiney Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
396 Pasir Panjang Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
10 Palm Avenue	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
350 Bedok Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
56 Tanglin Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
6 Ayer Rajah Crescent	Building for warehousing and self-storage.	Leasehold of 30 years expiring on 1 February 2026
755 Upper Serangoon Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
5 Mandai Road	Building for commercial and retail.	Leasehold of 99 years expiring on 31 March 2091
21 Ghim Moh Road	Building for commercial and retail.	Leasehold of 82 years expiring on 1 April 2076
3B Toh Guan Road East	Building for warehousing.	Leasehold of 30 + 30 years expiring on 31 August 2049

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24. INVESTMENT PROPERTIES (continued)

	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant other observable inputs (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000
2021			
– Commercial and retail – Singapore	–	2,484	996,377
– Commercial and retail – Malaysia	–	–	11,943
2020			
– Commercial and retail – Singapore	–	2,484	993,326
– Commercial and retail – Malaysia	–	–	12,210

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been derived using the sales comparison approach. Sales proceeds of comparable properties in close proximity are adjusted for differences in key attributes such as property size and timing of sale. The most significant input in this valuation approach is the selling price per square metre.

Valuation techniques used to derive Level 3 fair values

Level 3 fair values have been generally derived using capitalisation/income approach, discounted cash flow approach, sales comparison approach and cost approach.

In the capitalisation/income approach, the net income of the property is capitalised for the balance term of the lease tenure at a yield rate which is appropriate for the type of use, tenure and reflective of the quality of the investment. The revenue is adjusted for outgoings such as property tax and also vacancies to arrive at net income.

The discounted cash flow approach involved the estimation and projection of the net rent over a period and discounting the future income stream to arrive at a present value. Net rent is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent.

The cost approach involves the summation of the land and building values. The land value is determined by comparison with similar lands that had been sold recently and those that are currently for sale, with appropriate adjustments made to reflect improvements and other dissimilarities. The building value is determined by estimating the cost of constructing similar properties and deducting depreciation.

There were no transfers in or out of fair value hierarchy levels for the financial years ended 31 March 2021 and 2020.

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24. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3:

Description	Fair value (S\$'000)	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	2021			2021	
<u>Group</u>					
Building for commercial and retail (Singapore Post Centre)	849,071 (2020: 844,256)	Capitalisation/ income approach	Capitalisation rate	4.00 – 6.00% (2020: 4.00 – 6.00%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	7.00 – 7.50% (2020: 7.00 – 7.50%)	The higher the discount rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	96,687 (2020: 97,099)	Capitalisation/ income approach	Capitalisation rate	4.25 – 4.75% (2020: 4.25 – 4.75%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	7.25 – 7.50% (2020: 7.25 – 7.50%)	The higher the discount rate, the lower the valuation
Building for warehousing and self-storage – Singapore	41,378 (2020: 41,032)	Capitalisation/ income approach	Capitalisation rate	6.25 – 7.5% (2020: 6.25 – 7.50%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	7.50% (2020: 7.50%)	The higher the discount rate, the lower the valuation
Warehousing – Singapore	9,241 (2020: 10,939)	Capitalisation/ income approach	Capitalisation rate	6.50% (2020: 6.50%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	7.75% (2020: 7.75%)	The higher the discount rate, the lower the valuation

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24. INVESTMENT PROPERTIES (continued)

Valuation techniques and inputs used in Level 3 fair value measurements (continued)

Description	Fair value (S\$'000) 2021	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2021	Relationship of unobservable inputs to fair value
<u>Group (continued)</u>					
Warehousing – Malaysia	11,943 (2020: 12,210)	Sales comparison approach	Comparable price per square metre	S\$894 – S\$1,646	The higher the comparable price, the higher the valuation
		Cost approach	Comparable price per square metre of land component	S\$939	The higher the comparable price, the higher the valuation
			Estimated cost of constructing similar new buildings per square metre	S\$436 – S\$611	The higher the estimated cost of construction, the higher the valuation
		(2020: Capitalisation/income approach)	(2020: Capitalisation rate)	(2020: 7.50%)	(2020: The higher the capitalisation rate, the lower the valuation)
	1,008,320				
<u>Company</u>					
Building for commercial and retail (Singapore Post Centre)	857,191 (2020: 851,918)	Capitalisation/income approach	Capitalisation rate	4.00 – 6.00% (2020: 4.00 – 6.00%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	7.00 – 7.50% (2020: 7.00 – 7.50%)	The higher the discount rate, the lower the valuation
Building for commercial and retail (10 SLA Properties)	96,687 (2020: 97,099)	Capitalisation/income approach	Capitalisation rate	4.25 – 4.75% (2020: 4.25 – 4.75%)	The higher the capitalisation rate, the lower the valuation
		Discounted cash flow approach	Discount rate	7.25 – 7.50% (2020: 7.25 – 7.50%)	The higher the discount rate, the lower the valuation
	953,878				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. INVESTMENT PROPERTIES (continued)

Valuation processes used by the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every financial year based on the properties' highest and best use. As at 31 March 2021, the fair values of the Group's investment properties have been determined by Colliers International Consultancy & Valuation (Singapore) Pte. Ltd. (2020: Jones Lang LaSalle Property Consultants Pte. Ltd.).

25. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land S\$'000	Buildings S\$'000	Postal equipment S\$'000	Plant and machinery S\$'000	Capital work-in- progress S\$'000	Total S\$'000
<u>Group</u>						
2021						
<i>Cost</i>						
Beginning of financial year	79,596	378,274	47,047	212,514	12,177	729,608
Additions	-	120	10	8,096	5,360	13,586
Reclassifications from / (to) investment properties						
- At fair value (Note 24)	579	(10,237)	-	-	-	(9,658)
- Transfer (to) / from valuation reserve (Note 33)	(285)	957	-	-	-	672
Disposals	-	(240)	(345)	(10,107)	-	(10,692)
Transfers	-	-	-	6,285	(6,285)	-
Currency translation differences	-	16	-	3,220	-	3,236
End of financial year	79,890	368,890	46,712	220,008	11,252	726,752
<i>Accumulated depreciation and accumulated impairment losses</i>						
Beginning of financial year	24,673	133,621	17,936	111,904	-	288,134
Depreciation charge	1,663	9,004	6,105	23,680	-	40,452
Disposals	-	(89)	(255)	(9,966)	-	(10,310)
Impairment	-	-	-	1,209	-	1,209
Currency translation differences	-	-	-	1,819	-	1,819
End of financial year	26,336	142,536	23,786	128,646	-	321,304
<i>Net book value</i>						
End of financial year	53,554	226,354	22,926	91,362	11,252	405,448

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S\$'000	Buildings S\$'000	Postal equipment S\$'000	Plant and machinery S\$'000	Capital work-in- progress S\$'000	Total S\$'000
<u>Group</u>						
2020						
<i>Cost</i>						
Beginning of financial year	79,754	382,447	46,657	292,879	18,293	820,030
Additions	–	821	23	12,005	6,440	19,289
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(349)	(4,489)	–	–	–	(4,838)
– Transfer from valuation reserve (Note 33)	191	110	–	–	–	301
Loss of control of subsidiaries (Notes 12 and 14)	–	(510)	–	(57,845)	–	(58,355)
Disposals	–	(192)	(47)	(45,320)	(283)	(45,842)
Transfers	–	87	414	11,772	(12,273)	–
Currency translation differences	–	–	–	(977)	–	(977)
End of financial year	79,596	378,274	47,047	212,514	12,177	729,608
<i>Accumulated depreciation and accumulated impairment losses</i>						
Beginning of financial year	23,011	124,959	13,511	191,751	–	353,232
Depreciation charge	1,662	8,854	4,472	23,710	–	38,698
Loss of control of subsidiaries (Notes 12 and 14)	–	–	–	(57,503)	–	(57,503)
Disposals	–	(192)	(47)	(45,388)	–	(45,627)
Currency translation differences	–	–	–	(666)	–	(666)
End of financial year	24,673	133,621	17,936	111,904	–	288,134
<i>Net book value</i>						
End of financial year	54,923	244,653	29,111	100,610	12,177	441,474

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For the financial year ended 31 March 2021

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S\$'000	Buildings S\$'000	Postal equipment S\$'000	Plant and machinery S\$'000	Capital work-in- progress S\$'000	Total S\$'000
<i>Company</i>						
2021						
<i>Cost</i>						
Beginning of financial year	58,991	223,035	63,583	165,255	7,270	518,134
Additions	-	120	10	8,030	5,335	13,495
Reclassifications from / (to) investment properties						
- At fair value (Note 24)	188	(11,877)	-	-	-	(11,689)
- Transfer from valuation reserve (Note 33)	71	954	-	-	-	1,025
Disposals	-	(240)	(345)	(1,525)	-	(2,110)
Transfers	-	-	-	6,215	(6,215)	-
End of financial year	59,250	211,992	63,248	177,975	6,390	518,855
<i>Accumulated depreciation and accumulated impairment losses</i>						
Beginning of financial year	20,188	93,346	17,936	109,254	-	240,724
Depreciation charge	832	4,463	6,105	16,650	-	28,050
Disposals	-	(89)	(255)	(1,528)	-	(1,872)
End of financial year	21,020	97,720	23,786	124,376	-	266,902
<i>Net book value</i>						
End of financial year	38,230	114,272	39,462	53,599	6,390	251,953

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

25. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land S\$'000	Buildings S\$'000	Postal equipment S\$'000	Plant and machinery S\$'000	Capital work-in- progress S\$'000	Total S\$'000
<i>Company</i>						
2020						
<i>Cost</i>						
Beginning of financial year	59,162	222,081	46,657	152,711	14,733	495,344
Additions	–	821	16,559	10,230	4,810	32,420
Reclassifications (to) / from investment properties						
– At fair value (Note 24)	(411)	111	–	–	–	(300)
– Transfer from valuation reserve (Note 33)	240	130	–	–	–	370
Disposals	–	(192)	(47)	(9,461)	–	(9,700)
Transfers	–	84	414	11,775	(12,273)	–
End of financial year	58,991	223,035	63,583	165,255	7,270	518,134
<i>Accumulated depreciation and accumulated impairment losses</i>						
Beginning of financial year	19,357	89,214	13,511	102,520	–	224,602
Depreciation charge	831	4,324	4,472	16,065	–	25,692
Disposals	–	(192)	(47)	(9,331)	–	(9,570)
End of financial year	20,188	93,346	17,936	109,254	–	240,724
<i>Net book value</i>						
End of financial year	38,803	129,689	45,647	56,001	7,270	277,410

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

26. RIGHT-OF-USE ASSETS

	Properties S\$'000	Motor vehicles S\$'000	Equipment S\$'000	Total S\$'000
<u>Group</u>				
2021				
<i>Cost</i>				
Beginning of financial year	124,628	2,564	1,265	128,457
Additions	21,592	1,557	1,220	24,369
Disposals	(12,357)	(934)	(265)	(13,556)
Currency translation differences	5,991	6	61	6,058
End of financial year	139,854	3,193	2,281	145,328
<i>Accumulated depreciation</i>				
Beginning of financial year	53,305	1,364	570	55,239
Depreciation charge	25,656	1,254	907	27,817
Disposals	(9,450)	(924)	(222)	(10,596)
Currency translation differences	2,713	(12)	4	2,705
End of financial year	72,224	1,682	1,259	75,165
<i>Net book value</i>				
End of financial year	67,630	1,511	1,022	70,163
2020				
<i>Cost</i>				
Beginning of financial year	113,503	2,354	1,025	116,882
Additions	18,367	212	285	18,864
Disposals	(3,944)	–	(5)	(3,949)
Currency translation differences	(3,298)	(2)	(40)	(3,340)
End of financial year	124,628	2,564	1,265	128,457
<i>Accumulated depreciation</i>				
Beginning of financial year	30,566	–	–	30,566
Depreciation charge	26,816	1,363	595	28,774
Disposals	(2,733)	–	(5)	(2,738)
Currency translation differences	(1,344)	1	(20)	(1,363)
End of financial year	53,305	1,364	570	55,239
<i>Net book value</i>				
End of financial year	71,323	1,200	695	73,218

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

26. RIGHT-OF-USE ASSETS (continued)

	Properties S\$'000	Motor vehicles S\$'000	Equipment S\$'000	Total S\$'000
<i>Company</i>				
2021				
<i>Cost</i>				
Beginning of financial year	30,793	2,249	424	33,466
Additions	14,310	626	75	15,011
Disposals	(3,861)	(741)	(123)	(4,725)
End of financial year	41,242	2,134	376	43,752
<i>Accumulated depreciation</i>				
Beginning of financial year	11,061	1,081	223	12,365
Depreciation charge	13,236	867	193	14,296
Disposals	(3,861)	(741)	(123)	(4,725)
End of financial year	20,436	1,207	293	21,936
<i>Net book value</i>				
End of financial year	20,806	927	83	21,816
2020				
<i>Cost</i>				
Beginning of financial year	22,736	2,043	424	25,203
Additions	8,057	206	–	8,263
End of financial year	30,793	2,249	424	33,466
<i>Accumulated depreciation</i>				
Beginning of financial year	–	–	–	–
Depreciation charge	11,061	1,081	223	12,365
End of financial year	11,061	1,081	223	12,365
<i>Net book value</i>				
End of financial year	19,732	1,168	201	21,101

The Group and Company leases several properties, motor vehicles and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

26. RIGHT-OF-USE ASSETS (continued)

In addition, certain right-of-use assets are secured by the Group and Company with no future payments required and are presented within property, plant and equipment (Note 25). The carrying amounts of such assets are as follows:

	Group		Company	
	Carrying amount S\$'000	Depreciation during the year S\$'000	Carrying amount S\$'000	Depreciation during the year S\$'000
2021				
Leasehold land	53,554	1,662	38,230	831
Plant and machinery	4,388	194	111	13
Total	57,942	1,856	38,341	844
2020				
Leasehold land	54,923	1,662	38,803	831
Plant and machinery	4,582	194	124	13
Total	59,505	1,856	38,927	844

There is no addition to the above right-of-use assets for the years ended 31 March 2021 and 2020.

27. INTANGIBLE ASSETS

	Group	
	2021 S\$'000	2020 S\$'000
<u>Composition:</u>		
Goodwill on acquisitions (Note (a))	270,903	259,502
Customer relationship (Note (b))	-	-
Preferential rent (Note (c))	2,665	3,121
Acquired software license (Note (d))	-	-
Trademarked brands (Note (e))	40,964	34,740
	314,532	297,363

(a) Goodwill on acquisitions

	Group	
	2021 S\$'000	2020 S\$'000
<i>Cost</i>		
Beginning of financial year	280,102	482,553
Loss of control of subsidiaries (Notes 12 and 14)	-	(196,551)
Currency translation differences	11,401	(5,900)
End of financial year	291,503	280,102
<i>Accumulated impairment</i>		
Beginning of financial year	(20,600)	(217,151)
Loss of control of subsidiaries (Notes 12 and 14)	-	196,551
End of financial year	(20,600)	(20,600)
Net book value	270,903	259,502

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. INTANGIBLE ASSETS (continued)

(a) Goodwill on acquisitions (continued)

Impairment tests for goodwill

Goodwill arising from acquisition of subsidiaries is allocated to the Group's four (2020: ten) cash-generating units or groups of cash-generating units as follows:

	Group	
	2021 S\$'000	2020 S\$'000
Quantium Solutions International group	77,858	77,858
General Storage Company group	28,202	29,023
Famous Holdings group	89,521	88,743
Couriers Please Holdings group	75,322	63,878
	270,903	259,502

The recoverable amounts of the CGUs are determined based on value-in-use calculations using cash flow projections based on financial budgets covering a five-year period (2020: five-year period). Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated below.

Key assumptions used for value-in-use calculations for goodwill are as follows:

	Quantium Solutions International group	General Storage Company group	Famous Holdings group	Couriers Please Holdings group
2021				
Terminal growth rate	2.3%	2.8%	1.4%	2.5%
Discount rate	6.9%	5.3%	6.4%	6.3%
2020				
Terminal growth rate	2.5%	2.5%	2.5%	2.5%
Discount rate	8.2%	6.3%	8.2%	7.6%

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for the CGU to which goodwill is allocated. Management believes that any reasonably possible change in the key assumptions on which the recoverable amounts of the CGU are based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related group of CGUs as at 31 March 2021.

For the impairment tests carried out as at 31 March 2020 for Quantium Solutions International group and Couriers Please group CGUs, which comprised 30% and 25% of the goodwill recognised on the statement of financial position respectively, a further decrease in the terminal growth rate by 1.7% or an increase in the discount rate by 1.7% would result in the recoverable amount of the Quantium Solutions International group CGU being equal to its carrying amount, and a further decrease in the terminal growth rate by 1.2% or an increase in the discount rate by 0.9% would result in the recoverable amount of the Couriers Please Holdings group CGU being equal to its carrying amount (comprising goodwill and trademarked brand with indefinite useful life (Note 27(e))).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. INTANGIBLE ASSETS (continued)

(b) Customer relationships

	Group	
	2021 S\$'000	2020 S\$'000
<i>Cost</i>		
Beginning of financial year	-	66,452
Loss of control of subsidiaries (Notes 12 and 14)	-	(66,452)
End of financial year	-	-
<i>Accumulated amortisation and impairment</i>		
Beginning of financial year	-	(66,452)
Loss of control of subsidiaries (Notes 12 and 14)	-	66,452
End of financial year	-	-
Net book value	-	-

(c) Preferential rent

	Group	
	2021 S\$'000	2020 S\$'000
<i>Cost</i>		
Beginning and end of financial year	7,501	7,501
<i>Accumulated amortisation</i>		
Beginning of financial year	(4,380)	(3,924)
Amortisation charge	(456)	(456)
End of financial year	(4,836)	(4,380)
Net book value	2,665	3,121

(d) Acquired software licence

	Group	
	2021 S\$'000	2020 S\$'000
<i>Cost</i>		
Beginning of financial year	51	22,974
Loss of control of subsidiaries (Notes 12 and 14)	-	(22,923)
End of financial year	51	51
<i>Accumulated amortisation and impairment</i>		
Beginning of financial year	(51)	(22,923)
Loss of control of subsidiaries (Notes 12 and 14)	-	22,923
Amortisation charge	-	(51)
End of financial year	(51)	(51)
Net book value	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. INTANGIBLE ASSETS (continued)

(e) Trademarked brands

	Group	
	2021 S\$'000	2020 S\$'000
<i>Cost</i>		
Beginning of financial year	34,740	38,951
Loss of control of subsidiaries (Notes 12 and 14)	-	(543)
Currency translation differences	6,224	(3,668)
End of financial year	40,964	34,740
<i>Accumulated amortisation and impairment</i>		
Beginning of financial year	-	(543)
Loss of control of subsidiaries (Notes 12 and 14)	-	543
End of financial year	-	-
Net book value	40,964	34,740

The trademarked brand amounting to S\$40,964,000 (2020: S\$34,740,000) has an indefinite useful life.

Key assumptions used for value-in-use calculations for the trademarked brand with indefinite useful life are disclosed in Note 27(a).

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<i>Current</i>				
Trade payables				
- Subsidiaries	-	-	23,134	23,281
- Companies related by a substantial shareholder	483	635	465	590
- Non-related parties	351,061	340,716	310,779	308,956
	351,544	341,351	334,378	332,827
Accrual for other operating expenses	101,931	104,561	70,430	78,878
Provision for restructuring (Note (a))	480	943	-	-
Provision for reinstatement costs (Note (b))	1,918	1,007	990	696
Customers' deposits	6,725	6,484	6,725	6,484
Collections on behalf of third parties	6,383	8,126	6,383	8,126
Contingent consideration payable (Note (c))	-	1,558	-	-
Deposits	16,408	17,392	13,225	14,142
Other creditors	20,622	25,530	15,401	16,389
	506,011	506,952	447,532	457,542
<i>Non-current</i>				
Loans from a subsidiary (Note (d))	-	-	253,088	-
Accrual for operating expenses	4,929	1,114	-	-
Provision for reinstatement costs (Note (b))	9,596	10,143	1,627	2,042
Put option redemption liability (Note (e))	5,966	-	-	-
Post-employment benefits (Note 36)	1,817	1,949	-	-
	22,308	13,206	254,715	2,042
Total trade and other payables	528,319	520,158	702,247	459,584

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For the financial year ended 31 March 2021

28. TRADE AND OTHER PAYABLES (continued)

(a) Provision for restructuring

Restructuring provision comprises mainly of lease termination penalties and employee termination payments from overseas subsidiaries.

(b) Provision for reinstatement costs

A provision is recognised for the present value of costs to be incurred for the restoration of the Group's investment properties and property, plant and equipment.

Movement in this provision is as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Beginning of financial year	11,150	15,920	2,738	1,819
Loss of control of subsidiaries	-	(4,569)	-	-
Adjustment	364	(201)	(121)	919
End of financial year	11,514	11,150	2,617	2,738

(c) Contingent consideration payable

Rotterdam Harbour Holding B.V. ("FPS Rotterdam")

The consideration for the acquired 80% interest is dependent on the revenue achieved for the financial years 31 March 2016 and 2017, and the cumulative net profit after tax of FPS Rotterdam for the five financial years prior to 14 July 2020. The fair value of the consideration at acquisition date, discounted at 2.18% per annum, is at its maximum of S\$5,222,000 based on the criteria above.

The contingent consideration has been settled during the financial year ended 31 March 2021 by way of offset against escrow deposits for the acquisition. As at 31 March 2020, the fair value of contingent consideration amounted to S\$1,558,000.

(d) Loans from a subsidiary

Loans from a subsidiary comprise:

- (i) S\$250,000,000 (2020: S\$Nil) which is non-trade related, unsecured, interest bearing at 2.83% per annum and repayable by 19 November 2030; and
- (ii) S\$3,088,000 (2020: S\$Nil) which is non-trade related, unsecured, interest bearing at 1.96% per annum and repayable by 28 March 2026.

The carrying amount of these loans approximates their fair value.

(e) Put option redemption liability

A put option was granted to the non-controlling shareholders of FPS Rotterdam to sell the remaining 15% interest to the Group, which is exercisable at any time after 31 March 2025. The put option redemption liability is recorded at fair value as at 31 March 2021. Details of the valuation technique and inputs used are disclosed in Note 38(f).

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For the financial year ended 31 March 2021

29. LEASE LIABILITIES / BORROWINGS

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
(a) Lease liabilities				
– Current	23,656	19,346	12,911	9,179
– Non-current	60,189	66,820	9,649	12,281
	83,845	86,166	22,560	21,460
(b) Borrowings ⁽¹⁾				
– Other borrowings	322,312	364,424	–	349,750

(1) The analysis of the current and non-current borrowings is as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<i>Current</i>				
– Borrowings (secured)	4,166	1,863	–	–
– Borrowings (unsecured)	5,300	155,100	–	149,750
	9,466	156,963	–	149,750
<i>Non-current</i>				
– Borrowings (secured)	3,233	7,461	–	–
– Borrowings (unsecured)	309,613	200,000	–	200,000
	312,846	207,461	–	200,000
	322,312	364,424	–	349,750

Secured borrowings comprise external bank loans and are secured over investment properties with carrying amount of S\$50.4 million (2020: S\$50.7 million) (Note 24) at the end of the reporting period.

During the financial year, a wholly-owned subsidiary of the Group has issued S\$250 million in aggregate principal amount of Notes due 2030 comprised in Series 001 under the S\$1 billion Multicurrency Debt Issuance Programme. These Notes are guaranteed by the Company and bear interest at a fixed rate of 2.53% per annum and payable semi-annually.

As at 31 March 2021, the Group's unsecured borrowings consist of S\$250 million 10-year Notes, S\$60.8 million 5-year term loan facility and short-term revolving credit facilities of S\$5.3 million.

As at 31 March 2020, the Group's unsecured borrowings consist of S\$200 million 15-month term loan facility and short-term revolving credit facilities of S\$155.1 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. LEASE LIABILITIES / BORROWINGS (continued)

Fair value of non-current borrowings

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<i>Non-current</i>				
- Borrowings (secured)	3,233	7,461	-	-
- Borrowings (unsecured)	313,991	200,000	-	200,000
	317,224	207,461	-	200,000

The fair value of the Notes above are determined based on the over-the-counter quoted price.

The fair value of external bank loans are computed based on cash flows discounted at market borrowing rates. The fair value is classified within Level 2 of the fair value hierarchy.

The exposure of non-current borrowings to interest rate risks is disclosed in Note 38(a)(ii).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	1 April 2020 S\$'000	Financing cash flows ⁽ⁱ⁾ S\$'000	Non-cash changes		31 March 2021 S\$'000
			Foreign exchange movement S\$'000	Other changes ⁽ⁱⁱ⁾ S\$'000	
Borrowings	364,424	(46,929)	(458)	5,275	322,312
Lease liabilities	86,166	(36,668)	8,634	25,713	83,845
	450,590	(83,597)	8,176	30,988	406,157

	1 April 2019 S\$'000	Financing cash flows ⁽ⁱ⁾ S\$'000	Non-cash changes		31 March 2020 S\$'000
			Foreign exchange movement S\$'000	Other changes ⁽ⁱⁱ⁾ S\$'000	
Borrowings	290,876	61,110	460	11,978	364,424
Lease liabilities	97,476	(31,089)	(550)	20,329	86,166
	388,352	30,021	(90)	32,307	450,590

(i) The cash flows consist of interest paid, net amount of proceeds from borrowings and repayments of borrowings in the consolidated statement of cash flows.

(ii) Other changes include interest accruals as well as additions and disposals of right-of-use assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

30. CONTRACT LIABILITIES

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Advances received for postassurance collaboration (Note (a))	30,962	38,334	30,962	38,334
Advance billings (Note (b))	27,005	23,547	14,699	12,818
Others	111	788	-	-
	58,078	62,669	45,661	51,152
Analysed as:				
Current	34,759	31,957	22,342	20,190
Non-current	23,319	30,712	23,319	30,962
	58,078	62,669	45,661	51,152

(a) Arises from definitive agreements with respect to the postassurance collaboration with AXA Life Insurance Singapore Private Limited ("AXA") which is recognised in profit or loss over the period of 10 years till 19 January 2025.

(b) Mainly relates to advance billings to customers and unearned revenue from paid postage.

The change in contract liabilities during the reporting period is due to recognition of advance billings and advances from AXA to profit or loss.

31. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same tax authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Deferred income tax assets	4,248	2,277	-	-
Deferred income tax liabilities	36,865	34,437	21,971	21,621

Movement in the deferred income tax account is as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Beginning of financial year	32,160	38,681	21,621	22,896
Loss of control of subsidiaries (Notes 12 and 14)	-	(876)	-	-
Currency translation differences	1,399	(509)	-	-
Tax (credited) / charged to profit or loss (Note 11)	(942)	(5,136)	350	(1,275)
End of financial year	32,617	32,160	21,971	21,621

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. DEFERRED INCOME TAXES (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowance of S\$130,721,000 (2020: S\$125,501,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry dates.

Deferred income tax liabilities

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Group

Deferred income tax liabilities

	Accelerated tax Depreciation S\$'000	Others ⁽¹⁾ S\$'000	Total S\$'000
2021			
Beginning of financial year	24,862	9,774	34,636
Currency translation differences	210	1,858	2,068
Charged to profit or loss	77	520	597
End of financial year	25,149	12,152	37,301
2020			
Beginning of financial year	32,818	17,281	50,099
Loss of control of subsidiaries (Notes 12 and 14)	(4,331)	(4,777)	(9,108)
Currency translation differences	185	(1,410)	(1,225)
Credited to profit or loss	(3,810)	(1,320)	(5,130)
End of financial year	24,862	9,774	34,636

(1) Mainly arises from intangible assets.

Deferred income tax assets

	Provisions S\$'000	Tax losses S\$'000	Total S\$'000
2021			
Beginning of financial year	(1,869)	(607)	(2,476)
Currency translation difference	34	(703)	(669)
Credited to profit or loss	(253)	(1,286)	(1,539)
End of financial year	(2,088)	(2,596)	(4,684)
2020			
Beginning of financial year	(10,038)	(1,380)	(11,418)
Loss of control of subsidiaries (Notes 12 and 14)	8,232	–	8,232
Currency translation difference	(57)	773	716
Credited to profit or loss	(6)	–	(6)
End of financial year	(1,869)	(607)	(2,476)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

31. DEFERRED INCOME TAXES (continued)

Company

Deferred income tax liabilities

	Accelerated tax Depreciation S\$'000	Others S\$'000	Total S\$'000
2021			
Beginning of financial year	22,363	(540)	21,823
Charged to profit or loss	64	523	587
End of financial year	22,427	(17)	22,410
2020			
Beginning of financial year	22,380	692	23,072
Credited to profit or loss	(17)	(1,232)	(1,249)
End of financial year	22,363	(540)	21,823

Deferred income tax assets

	Provisions S\$'000
2021	
Beginning of financial year	(202)
Credited to profit or loss	(237)
End of financial year	(439)
2020	
Beginning of financial year	(176)
Credited to profit or loss	(26)
End of financial year	(202)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital S\$'000	Treasury shares S\$'000
<u>Group and Company</u>				
2021				
Beginning and end of financial year	2,275,089	(25,512)	638,762	(29,724)
2020				
Beginning of financial year	2,275,089	(25,858)	638,762	(30,174)
Employee share option scheme				
– Treasury shares re-issued	–	346	–	450
End of financial year	<u>2,275,089</u>	<u>(25,512)</u>	<u>638,762</u>	<u>(29,724)</u>

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

(a) Treasury shares

The Company re-issued Nil (2020: 346,430) treasury shares during the financial year pursuant to the Singapore Post Share Option Scheme at exercise price of S\$1.296. The cost of the treasury shares re-issued amounted to S\$Nil (2020: S\$450,000).

(b) Share options

The Singapore Post Share Option Scheme was adopted on 21 March 2003, and a new scheme, known as Singapore Post Share Option Scheme 2012 was adopted on 29 June 2012; collectively known as the "Scheme". The Scheme is administered by the Compensation Committee comprising Mr Bob Tan Beng Hai (Chairman), Mr Simon Claude Israel, and Mrs Fang Ai Lian during the financial year ended 31 March 2021.

Employees (including executive directors) and non-executive directors, subject to certain conditions, are eligible to participate in the Scheme. The Scheme provides a means to recruit, retain and give recognition to employees, and to give recognition to non-executive directors, who have contributed to the success and development of the Company and / or the Group.

The principal terms of the Scheme are as follows:

- The exercise price of the granted options is equal to the average of the last dealt prices for the share on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the five (5) consecutive trading days immediately preceding the date of grant of that option.
- The value of the share option is determined using the Trinomial option pricing model (taking into account relevant assumptions).
- Granted options shall be exercisable, in whole or in part, during the exercise period applicable to that option and in accordance with the vesting schedule applicable to that option or other conditions (if any) that may be imposed by the Compensation Committee in relation to that option. Options may be exercised, in whole or in part in respect of 1,000 shares or any multiple thereof, by a participant giving notice in writing, accompanied by a remittance for the aggregate subscription cost in respect of the shares for which that option is exercised. The method of settlement could be in cheque, cashier's order, banker's draft or postal order made out in favour of the Company or such other mode of payment as may be acceptable to the Company. There are no restrictions on the eligibility of the persons to whom the options have been granted to participate in any other share option or share incentive scheme, whether or not implemented by any of the other companies within the Group or any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

- The vesting schedule for the share options granted to eligible employees (including executive directors) effective from 20 May 2014 are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 30.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 30.0 per cent of grant OR Up to 60.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary till tenth anniversary of date of grant	Balance OR 100.0 per cent of grant if share options were not exercised after the first and second vesting years

- The share options granted to eligible employees (including executive directors) effective 26 June 2006 to 10 March 2014 have a four-year vesting schedule and the details are as follows:

Vesting period	Proportion of Total Share Options that are exercisable
Before / On first anniversary of date of grant	0 per cent
After first anniversary and before second anniversary of date of grant	Up to 25.0 per cent of grant
On / After second anniversary and before third anniversary of date of grant	Up to another 25.0 per cent of grant OR Up to 50.0 per cent of grant if share options were not exercised after the first vesting year
On / After third anniversary and before fourth anniversary of date of grant	Up to another 25.0 per cent of grant OR Up to 75.0 per cent of grant if share options were not exercised after the first and second vesting years
On / After fourth anniversary till tenth anniversary of date of grant	Balance OR 100.0 per cent of grant if share options were not exercised after the first, second and third vesting years

- On 11 May 2012, 17 January 2014, 7 March 2014 and 1 April 2014, performance share options were granted to key management staff. Vesting of these options is based on the Company's performance against a set of stretched targets on the Group's profit and the Company's target share price performance.
- The total number of shares over which options may be granted under the Scheme on any date, when added to the nominal amount of shares issued and issuable and in respect of all options granted under the Scheme, shall not exceed 5.0 per cent of the issued share capital of the Company on the day preceding that date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Since the adoption of the Scheme to 31 March 2020, a total of 178,687,936 share options have been granted. Details of the options are set out in the Directors' Statement for the respective financial years.

During the financial year ended 31 March 2021, no share options were granted. At the end of the financial year, details of the options granted and the number of unissued ordinary shares of the Company under options outstanding are as follows:

Date of Grant	Exercise Period	Exercise Price	Number of ordinary shares under options outstanding				
			Balance At 1.4.20 ('000)	Granted during financial year ('000)	Options exercised ('000)	Options forfeited ('000)	Balance At 31.3.21 ('000)
Options Granted Under Singapore Post Share Options Scheme							
For employees (including executive directors)							
29.06.10	30.06.11 to 29.06.20	S\$1.140	333	–	–	333	–
26.07.11	27.07.12 to 26.07.21	S\$1.100	400	–	–	–	400
11.05.12	19.05.14 to 11.05.22	S\$1.030	482	–	–	–	482
10.08.12	11.08.13 to 10.08.22	S\$1.070	884	–	–	57	827
17.01.14	18.01.17 to 17.01.24	S\$1.350	1,736	–	–	53	1,683
07.03.14	08.03.17 to 07.03.24	S\$1.330	375	–	–	–	375
20.05.14	21.05.15 to 20.05.24	S\$1.450	2,662	–	–	64	2,598
07.08.14	08.08.15 to 07.08.24	S\$1.760	259	–	–	–	259
13.05.15	14.05.16 to 13.05.25	S\$1.910	250	–	–	250	–
19.05.15	20.05.16 to 19.05.25	S\$1.890	3,871	–	–	344	3,527
20.05.16	21.05.17 to 20.05.26	S\$1.570	2,437	–	–	472	1,965
Total Share Options			13,689	–	–	1,573	12,116

No option has been granted to controlling shareholders of the Company or their associates.

No key management personnel or employee has received options of 5% or more of the total number of shares available under the Scheme during the financial year. No other director or employee of the Company and its subsidiaries (as defined in the SGX-ST Listing Manual) has received options of 5% or more of the total number of shares available to all directors and employees of the Company and its subsidiaries under the Scheme during the financial year.

No option was granted at a discount during the financial year.

Restricted Share Plan

The Singapore Post Restricted Share Plan 2013 (the "Plan") was implemented with the approval of shareholders at the Extraordinary General Meeting held on 28 June 2013. The duration of the Plan is 10 years commencing from 28 June 2013. Amendments to the Plan to prescribe performance conditions were duly approved by the shareholders at the Company's annual general meeting held on 20 July 2017.

Enhancements to the Plan (the "Enhanced Plan") were subsequently designed to reinforce the delivery of long-term growth and shareholder value to drive an ownership culture and retain staff whose contributions are essential to the well-being of the Group. The Enhanced Plan allow fully paid shares to be granted to non-executive directors of the Group and associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Restricted Share Plan (continued)

The release schedule for the shares granted to eligible employees (excluding non-executive directors) prior to FY2017/18 is as follows:

Vesting Period	Vesting Date	Percentage of Shares that will be Released on Vesting Date
From award date to date before first anniversary of award date	First anniversary of award date	30% (rounded to nearest whole share)
From first anniversary of award date to date before second anniversary of award date	On second anniversary of date of award	30% (rounded to nearest whole share)
From second anniversary of award date to date before third anniversary of award date	On third anniversary of date of award	Balance 40%

- 100% of the restricted shares granted to non-executive directors vest after one year from the date of grant.

Since the adoption of the Plan to 31 March 2020, a total of 5,839,118 restricted shares were granted.

During the financial year ended 31 March 2021, no restricted shares were granted under the Plan. There is no outstanding unvested restricted shares as at the start of the financial year.

Enhanced Plan

Following shareholders' approval to the Enhanced Plan at the Company's annual general meeting held on 20 July 2017, participants will receive fully paid SingPost shares provided that prescribed performance targets are met within a prescribed performance period. Shares granted from financial year 2017/18 onwards comprises of two types of awards:

- Performance Share Award; and
- Restricted Share Award.

The Performance Share Award, granted to senior management, has two long-term performance hurdles: Return on Equity and Absolute Total Shareholder Returns. The Restricted Share Award, granted to a broader group of executives and key talents, has one long-term performance hurdle: Underlying Net Profit. The performance period for both types of awards granted is three or four years depending on when the performance hurdles are met.

The performance conditions incorporate stretched targets aimed at delivering long-term shareholder value. Depending on achievement of the respective performance hurdles, 0% to 200% of the shares comprised in the awards may vest.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Enhanced Plan (continued)

Performance Share Awards

Since the adoption of the Enhanced Plan to 31 March 2020, a total of 4,180,094 restricted shares have been granted.

During the financial year ended 31 March 2021, 1,571,047 shares were granted. Details of the grants are as follows:

Date of Grant	Balance As At 1.4.20 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.21 ('000)
18.01.18	359	–	–	–	359
31.05.18	2,278	–	–	–	2,278
31.05.19	1,292	–	–	–	1,292
01.06.20	–	1,571	–	–	1,571
Total	3,929	1,571	–	–	5,500

Restricted Share Awards

Since the adoption of the Enhanced Plan to 31 March 2020, a total of 5,710,852 restricted shares were granted.

During the financial year ended 31 March 2021, 4,192,854 shares were granted. Details of the restricted shares granted and cancelled and the number of unvested restricted shares outstanding as at the end of the financial year are as follows:

Date of Grant	Balance As At 1.4.20 ('000)	Share Awards Granted ('000)	Share Awards Vested ('000)	Share Awards Cancelled ('000)	Balance As At 31.3.21 ('000)
18.01.18	899	–	–	101	798
31.05.18	1,080	–	–	111	969
31.05.19	2,562	–	–	193	2,369
01.06.20	–	4,193	–	238	3,955
Total	4,541	4,193	–	643	8,091

Of the outstanding options (including Performance Share Option Plan but excluding Restricted Share Plan) for 12,116,000 (2020: 13,689,000) shares, 12,116,000 (2020: 13,689,000) options are exercisable as at 31 March 2021. Options were exercised throughout the year. The weighted average share price during the financial year was S\$0.71 (2020: S\$0.93).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. SHARE CAPITAL AND TREASURY SHARES (continued)

(b) Share options (continued)

Enhanced Plan (continued)

Restricted Share Awards (continued)

Following is the details of the significant inputs into the valuation model to determine fair value of the share incentive granted during the financial year.

Type of Share Options	Performance Share Awards (TSR)	Performance Share Awards (ROE)	Restricted Share Awards (UNP)
2021			
Total fair value of options granted during financial year	S\$245,869	S\$503,521	S\$2,687,619
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Weighted average share price at the grant dates	S\$0.76	S\$0.76	S\$0.76
Expected volatility	21.1%	21.1%	21.1%
Expected option life	4 years	4 years	4 years
Expected dividend yield	4.3%	4.3%	4.3%
2020			
Total fair value of options granted during financial year	S\$463,834	S\$588,330	S\$2,367,905
Valuation Model	Monte Carlo Simulation	Monte Carlo Simulation	Monte Carlo Simulation
Weighted average share price at the grant dates	S\$0.93	S\$0.93	S\$0.93
Expected volatility	19.7%	19.7%	19.7%
Expected option life	3 years	3 years	3 years
Expected dividend yield	3.8%	3.8%	3.8%

The volatility assumption is based on the actual volatility of Singapore Post's daily closing share price over the three-year period to the valuation date.

The annual risk free rate is interpolated from the yield on Singapore Government Bonds of appropriate term, as detailed by the Monetary Authority of Singapore.

33. OTHER RESERVES

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
(a) <u>Composition:</u>				
Share option reserve	16,134	13,182	16,134	13,182
Fair value reserve	13,668	227	-	-
Currency translation reserve	(5,051)	(22,046)	-	-
Other capital reserve	33,192	37,557	-	-
Asset valuation reserve	45,062	44,390	30,702	29,677
	103,005	73,310	46,836	42,859

Other reserves are non-distributable.

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For the financial year ended 31 March 2021

33. OTHER RESERVES (continued)

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
(b) <u>Movements:</u>				
(i) Share option reserve				
Beginning of financial year	13,182	10,828	13,182	10,828
Employee share option scheme:				
– Value of employee services (Note 5)	2,952	2,804	2,952	2,804
– Re-issuance of treasury shares	–	(450)	–	(450)
End of financial year	16,134	13,182	16,134	13,182
(ii) Fair value reserve				
Beginning of financial year	227	494	–	(8)
Fair value gain / (loss)	20,367	(410)	–	8
Less: Non-controlling interests	(6,926)	143	–	–
End of financial year	13,668	227	–	–
(iii) Currency translation reserve				
Beginning of financial year	(22,046)	(13,322)	–	–
Loss of control of subsidiaries (Notes 12 and 14)	–	2,115	–	–
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	16,706	(10,878)	–	–
Transfer to profit and loss on divestment of interest in an associated company	–	(75)	–	–
Adjusted for non-controlling interests	289	114	–	–
End of financial year	(5,051)	(22,046)	–	–
(iv) Other capital reserve				
Beginning of financial year	37,557	35,935	–	–
Additional interest in a subsidiary	(1,867)	–	–	–
Adjustment	(2,498)	–	–	–
Loss of control of subsidiaries (Notes 12 and 14)	–	1,622	–	–
End of financial year	33,192	37,557	–	–
<i>Other capital reserve mainly arises from changes in shareholding in subsidiaries which do not result in a loss of control</i>				
(v) Asset valuation reserve				
Beginning of financial year	44,390	44,089	29,677	29,307
Revaluation gain on property, plant and equipment upon transfer to investment property (Note 25)	672	301	1,025	370
End of financial year	45,062	44,390	30,702	29,677

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

34. PERPETUAL SECURITIES

On 2 March 2012, the Company issued senior perpetual cumulative securities (the “perpetual securities”) with an aggregate principal amount of S\$350,000,000. Incremental cost incurred amounting to S\$4,397,000 were recognised in equity as a deduction from proceeds.

Such perpetual securities bear distributions at a rate of 4.25% per annum, payable semi-annually. Subject to the relevant terms and conditions in the offering memorandum, the Company may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the Company is considered to have no contractual obligations to repay its principal or to pay any distributions and the perpetual securities do not meet the definition for classification as a financial liability under SFRS(I) 1-32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

During the financial year, distributions amounting to S\$14,875,000 (2020: S\$14,915,000) were made to perpetual securities holders.

35. DIVIDENDS

	2021	2020
	S\$'000	S\$'000
<i>Ordinary dividends paid</i>		
Final exempt (one-tier) dividend paid in respect of the previous financial year of 1.2 cents per share (2020: 2.0 cents)	26,995	44,991
Interim exempt (one-tier) dividend paid in respect of the first quarter of current financial year of Nil cent per share (2020: 0.5 cent)	-	11,248
Interim exempt (one-tier) dividend paid in respect of the second quarter of current financial year of 0.5 cent per share (2020: 0.5 cent)	11,248	11,248
Interim exempt (one-tier) dividend paid in respect of the third quarter of current financial year of Nil cent per share (2020: 0.5 cent)	-	11,249
	38,243	78,736

At the Annual General Meeting on 15 July 2021, a final exempt (one-tier) dividend of 0.6 cents per share amounting to S\$13.5 million will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

36. POST-EMPLOYMENT BENEFITS

The Group operates one defined benefit pension plan in Japan to provide pensions for employees upon retirement.

	Group	
	2021	2020
	S\$'000	S\$'000
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations (Note 28)	1,817	1,949
The amounts recognised in profit or loss are as follows:		
Current service cost	769	782
Interest cost	10	15
	779	797
Beginning of financial year	1,949	1,728
Current service cost	769	782
Interest cost	10	15
Benefits paid	(766)	(705)
Currency translation differences	(145)	129
End of financial year	1,817	1,949
The significant actuarial assumptions used were as follows:		
Discount rate	0.60%	0.50%
Retirement age	60	60
Salary growth rates	2.60%	2.50%
Withdrawal	0%	0%
The cumulative actuarial losses recognised for the defined benefit pension plans were as follows:		
Beginning and end of financial year	(11)	(11)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

37. COMMITMENTS

(a) Capital and investment commitments

Capital expenditures and investments contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Property, plant and equipment	5,622	9,271	5,530	8,291
Investment in an associated company (Note 22(a)(i))	20,994	–	–	–

(b) Operating lease arrangements – where the Group is a lessee

The Group and Company lease various post offices, warehouse space and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

At 31 March 2021, the Group is committed to S\$0.2 million (2020: S\$1.5 million) for short-term leases.

(c) Operating lease commitments – where the Group is a lessor

Operating leases, in which the Group is the lessor, relate to investment properties owned by the Group. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The unguaranteed residual values do not represent a significant risk for the Group, as they are not material.

Maturity analysis of operating lease income:

	Group S\$'000	Company S\$'000
<u>2021</u>		
Maturity analysis:		
Year 1	48,281	45,394
Year 2	39,554	38,345
Year 3	26,066	25,806
Year 4	4,288	4,174
Year 5	169	154
Year 6 onwards	56	–
	118,414	113,873
<u>2020</u>		
Maturity analysis:		
Year 1	50,383	47,298
Year 2	35,475	32,833
Year 3	25,858	25,184
Year 4	16,717	16,612
Year 5	2,322	2,222
Year 6 onwards	154	154
	130,909	124,303

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards to hedge certain financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Board Risk Committee then performs oversight responsibilities to ensure the financial risks are managed in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) *Currency risk*

The currency transaction risk of the Group arises mainly from the international mail business, which generates inpayments and outpayments denominated in foreign currencies. The currency exposure is primarily in Special Drawing Rights ("SDR"), Euro ("EUR"), United States Dollar ("USD") and Chinese Renminbi ("RMB"). SDR is an International Monetary Fund unit of account used for valuing international transactions, which is defined in terms of a basket of currencies. The actual settlement is substantially in EUR and USD. The Group uses foreign currency purchases and currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

In addition, the Group is exposed to currency translation risk on net assets in foreign subsidiaries, associated companies and joint ventures. Currency exposure to the net assets in foreign subsidiaries and associated companies where a divestment is not foreseeable is not hedged by the Group.

Group Treasury's risk management policy is to hedge planned divestment of overseas investments using currency forwards to manage the currency risk. These instruments are used mainly to hedge underlying exposures and the instruments are not entered into for speculative reasons.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	SGD S\$'000	SDR S\$'000	EUR S\$'000	USD S\$'000	HKD S\$'000	AUD S\$'000	MYR S\$'000	RMB S\$'000	Others S\$'000	Total S\$'000
Group										
2021										
Financial assets										
Cash and cash equivalents	437,190	-	3,111	7,347	5,218	17,177	1,785	715	28,669	501,212
Trade and other receivables	60,655	6,860	14,927	378	4,042	24,933	2,048	43,434	17,760	175,037
Other financial assets	2,606	-	-	16	1,368	70	350	-	5,458	9,868
Financial assets	19,086	-	-	-	-	1,459	-	96,829	255	117,629
Derivative financial instruments	-	-	-	10	-	-	-	-	30	40
	519,537	6,860	18,038	7,751	10,628	43,639	4,183	140,978	52,172	803,786
Financial liabilities										
Derivative financial instruments	-	-	(760)	(4)	-	-	-	-	(409)	(1,173)
Borrowings	(258,337)	-	-	-	-	(60,320)	(3,655)	-	-	(322,312)
Lease liabilities	(41,966)	-	(1,101)	-	(7,634)	(26,367)	(533)	-	(6,244)	(83,845)
Trade and other payables	(180,057)	(273,857)	(5,338)	(4,397)	(4,870)	(27,982)	(1,822)	(1,156)	(27,023)	(526,502)
	(480,360)	(273,857)	(7,199)	(4,401)	(12,504)	(114,669)	(6,010)	(1,156)	(33,676)	(933,832)
Net financial assets/(liabilities)	39,177	(266,997)	10,839	3,350	(1,876)	(71,030)	(1,827)	139,822	18,496	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	39,177	-	10,559	(3,457)	(1,341)	(11,568)	(1,108)	3,506	16,964	
Less: Currency forwards	-	(1,193)	-	-	-	-	-	-	-	-
Currency exposure	-	(268,190)	280	6,807	(535)	(59,462)	(719)	136,316	1,532	
2020										
Financial assets										
Cash and cash equivalents	392,290	-	4,394	54,505	4,829	11,644	1,769	700	22,866	492,997
Trade and other receivables	174,729	6,348	8,901	160	5,758	20,503	1,960	35,304	17,045	270,708
Other financial assets	2,607	-	1,509	17	1,311	160	359	-	5,137	11,100
Financial assets	28,605	-	-	-	-	-	-	76,461	276	105,342
Derivative financial instruments	-	-	-	2,078	-	-	-	-	31	2,109
	598,231	6,348	14,804	56,760	11,898	32,307	4,088	112,465	45,355	882,256
Financial liabilities										
Derivative financial instruments	-	-	(553)	-	(14)	-	-	-	(365)	(932)
Borrowings	(360,345)	-	-	-	-	-	(4,079)	-	-	(364,424)
Lease liabilities	(45,170)	-	(302)	-	(7,373)	(25,957)	(1,135)	-	(6,229)	(86,166)
Trade and other payables	(179,326)	(283,937)	(5,431)	(315)	(3,111)	(19,231)	(2,089)	(1,132)	(23,637)	(518,209)
	(584,841)	(283,937)	(6,286)	(315)	(10,498)	(45,188)	(7,303)	(1,132)	(30,231)	(969,731)
Net financial assets/(liabilities)	13,390	(277,589)	8,518	56,445	1,400	(12,881)	(3,215)	111,333	15,124	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	13,390	-	6,503	157	1,631	(13,132)	(2,591)	2,975	13,843	
Add/(less): Currency forwards	-	136,835	-	(49,237)	-	-	-	-	-	-
Currency exposure	-	(140,754)	2,015	7,051	(231)	251	(624)	108,358	1,281	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	SGD S\$'000	SDR S\$'000	EUR S\$'000	USD S\$'000	HKD S\$'000	AUD S\$'000	MYR S\$'000	RMB S\$'000	Others S\$'000	Total S\$'000
Company										
<u>2021</u>										
Financial assets										
Cash and cash equivalents	417,817	-	785	104	10	5	-	-	110	418,831
Trade and other receivables	314,126	6,860	-	-	-	1,870	7,157	39,954	-	369,967
Other financial assets	1,647	-	-	-	-	-	-	-	-	1,647
Financial assets	19,086	-	-	-	-	-	-	-	-	19,086
Derivative financial instruments	-	-	-	10	-	-	-	-	30	40
	752,676	6,860	785	114	10	1,875	7,157	39,954	140	809,571
Financial liabilities										
Derivative financial instruments	-	-	(760)	(4)	-	-	-	-	(409)	(1,173)
Lease liabilities	(22,560)	-	-	-	-	-	-	-	-	(22,560)
Trade and other payables	(428,390)	(273,857)	-	-	-	-	-	-	-	(702,247)
	(450,950)	(273,857)	(760)	(4)	-	-	-	-	(409)	(725,980)
Net financial assets/(liabilities)	301,726	(266,997)	25	110	10	1,875	7,157	39,954	(269)	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	301,726	-	-	-	-	-	-	-	-	-
Less: Currency forwards	-	(1,193)	-	-	-	-	-	-	-	-
Currency exposure	-	(268,190)	25	110	10	1,875	7,157	39,954	(269)	
<u>2020</u>										
Financial assets										
Cash and cash equivalents	380,016	-	877	49,943	6	109	-	-	105	431,056
Trade and other receivables	418,242	6,348	-	-	-	1,612	7,016	31,897	-	465,115
Other financial assets	1,780	-	-	-	-	-	-	-	-	1,780
Financial assets	28,605	-	-	-	-	-	-	-	-	28,605
Derivative financial instruments	-	-	-	2,078	-	-	-	-	31	2,109
	828,643	6,348	877	52,021	6	1,721	7,016	31,897	136	928,665
Financial liabilities										
Derivative financial instruments	-	-	(553)	-	(14)	-	-	-	(365)	(932)
Borrowings	(349,750)	-	-	-	-	-	-	-	-	(349,750)
Lease liabilities	(21,460)	-	-	-	-	-	-	-	-	(21,460)
Trade and other payables	(175,647)	(283,937)	-	-	-	-	-	-	-	(459,584)
	(546,857)	(283,937)	(553)	-	(14)	-	-	-	(365)	(831,726)
Net financial assets/(liabilities)	281,786	(277,589)	324	52,021	(8)	1,721	7,016	31,897	(229)	
Less: Net financial assets / (liabilities) denominated in the respective entities' functional currencies	281,786	-	-	-	-	-	-	-	-	-
Add/(less): Currency forwards	-	136,835	-	(49,237)	-	-	-	-	-	-
Currency exposure	-	(140,754)	324	2,784	(8)	1,721	7,016	31,897	(229)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the SDR changes against the SGD by 2% (2020: 1%) with all other variables being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Increase/(decrease) Profit before tax	
	2021	2020
	S\$'000	S\$'000
<u>Group and Company</u>		
SDR against SGD		
- strengthened	(5,364)	(1,408)
- weakened	5,364	1,408

If the EUR changes against the SGD by 2% (2020: 2%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2021	2020
	S\$'000	S\$'000
<u>Group</u>		
EUR against SGD		
- strengthened	6	40
- weakened	(6)	(40)
<u>Company</u>		
EUR against SGD		
- strengthened	1	6
- weakened	(1)	(6)

If the USD changes against the SGD by 3% (2020: 3%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2021	2020
	S\$'000	S\$'000
<u>Group</u>		
USD against SGD		
- strengthened	204	212
- weakened	(204)	(212)
<u>Company</u>		
USD against SGD		
- strengthened	3	84
- weakened	(3)	(84)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

If the RMB changes against the SGD by 3% (2020: 3%) with all other variables being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Increase/(decrease) Profit before tax	
	2021 S\$'000	2020 S\$'000
<hr/>		
<u>Group</u>		
RMB against SGD		
– strengthened	1,185	942
– weakened	(1,185)	(942)
	<hr/>	<hr/>
<u>Company</u>		
RMB against SGD		
– strengthened	1,199	942
– weakened	(1,199)	(942)
	<hr/>	<hr/>
	Increase/(decrease) Other comprehensive income	
	2021 S\$'000	2020 S\$'000
	<hr/>	<hr/>
<u>Group</u>		
RMB against SGD		
– strengthened	2,905	2,294
– weakened	(2,905)	(2,294)
	<hr/>	<hr/>

(ii) Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant variable interest-bearing assets, the Group's interest income and operating cash flows are substantially independent of changes in market interest rates.

The Group's policy is to minimise the interest expense consistent with maintaining an acceptable level of exposure to interest rate fluctuations. A target mix of fixed and floating debt based on the assessment of interest rate trends is used to achieve this objective. The Group was exposed to interest rate risk from its borrowings (Note 29) which bear interest ranging from 1.35% to 3.28% (2020: 1.2% to 3.5%).

For the financial year ended 31 March 2021, if the interest rate had increased/decreased by 1% (2020: 1%) with all other variables being held constant, profit before tax will decrease/increase by S\$0.7 million (2020: S\$3.6 million).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) *Interest rate risk (continued)*

The Group has closely monitored the market and the output from the various Singapore industry working groups managing the transition to new benchmark interest rates. This includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STs) (together 'IBOR Committees'). Under the direction of the IBOR Committees, the Singapore Interbank Offered Rate ('SIBOR') and the Singapore Swap Offer Rate ('SOR') are expected to be phased out and replaced by the Singapore Overnight Rate Average ('SORA'). The IBOR Committees have made clear that SOR, which relies on USD LIBOR, is expected to be discontinued in line with USD LIBOR in mid-2023, and SIBOR is expected to cease after that.

(iii) *Equity price risk management*

The Group is exposed to equity risks arising from equity investments classified as at FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade such investments.

Further details of these equity investments can be found in Note 16.

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of equity investments at FVTOCI, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant, the Group's fair value reserve would increase/decrease by S\$10.2 million (2020: S\$8.1 million).

(b) Overview of the Group's exposure to credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 March 2021, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The credit risk for trade receivables based on the information provided to key management is as follows:

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
<u>By geographical areas</u>				
Singapore	45,851	66,147	53,132	45,311
Other countries	119,037	182,508	54,987	149,597
	164,888	248,655	108,119	194,908
<u>By types of customers</u>				
Related parties	2,287	1,970	13,453	8,291
Non-related parties:				
– Government bodies	2,652	2,406	2,652	2,405
– Banks	5,149	5,856	4,908	5,617
– Overseas postal administrations	6,728	6,890	6,728	6,890
– Other companies	148,072	231,533	80,378	171,705
	164,888	248,655	108,119	194,908

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

(i) *Trade receivables*

The Group uses a provision matrix to measure the lifetime expected credit loss for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers under each business.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Any recoveries made are recognised in profit or loss. The Group generally considers a financial asset in default if the counterparty fails to make contractual payments within 90 days past due or there is evidence indicating the asset is credit-impaired.

(ii) *Other financial assets at amortised cost*

In determining the expected credit loss, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors / debt instrument and general economic conditions of the industry in which the debtors / debt instrument operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

The tables below detail the credit quality of the Group's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month ("12m") or lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
2021							
Group							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	168,060	(3,172)	164,888
Other receivables	17, 20	N.A.	(ii)	12m ECL and lifetime ECL	10,895	(746)	10,149
Other financial assets	19	N.A.	(ii)	12m ECL	9,868	-	9,868
Bonds	16	At least BBB-	N.A.	12m ECL	14,525	-	14,525
						(3,918)	
Company							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	110,671	(2,552)	108,119
Other receivables	17,20	N.A.	(ii)	12m ECL and lifetime ECL	313,290	(51,442)	261,848
Other financial assets	19	N.A.	(ii)	12m ECL	1,647	-	1,647
Bonds	16	At least BBB-	N.A.	12m ECL	14,525	-	14,525
						(53,994)	
2020							
Group							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	250,498	(1,843)	248,655
Other receivables	17, 20	N.A.	(ii)	12m ECL and lifetime ECL	22,053	-	22,053
Other financial assets	19	N.A.	(ii)	12m ECL	11,100	-	11,100
Bonds	16	At least BBB-	N.A.	12m ECL	24,044	-	24,044
						(1,843)	
Company							
Trade receivables	17	N.A.	(i)	Lifetime ECL (simplified approach)	195,764	(856)	194,908
Other receivables	17,20	N.A.	(ii)	12m ECL and lifetime ECL	321,649	(51,442)	270,207
Other financial assets	19	N.A.	(ii)	12m ECL	1,780	-	1,780
Bonds	16	At least BBB-	N.A.	12m ECL	24,044	-	24,044
						(52,298)	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

- (i) For trade receivables, the Group has applied the simplified approach in SFRS (I) 9 *Financial Instruments* to measure the loss allowance at lifetime ECL. The credit risk profile is presented based on the trade receivables' past due status in terms of the provision matrix.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	Expected weighted credit loss rate %	Estimated total gross carrying amount at default S\$'000	Lifetime ECL S\$'000	Total S\$'000
<u>Trade receivables</u>				
<u>2021</u>				
<u>Group</u>				
Current (not past due)	*	136,833	-	136,833
1 to 90 days past due	7.6%	29,304	(2,213)	27,091
More than 90 days past due	49.9%	1,923	(959)	964
		168,060	(3,172)	164,888
<u>Company</u>				
Current (not past due)	*	98,066	-	98,066
1 to 90 days past due	19.2%	11,514	(2,213)	9,301
More than 90 days past due	31.1%	1,091	(339)	752
		110,671	(2,552)	108,119
<u>2020</u>				
<u>Group</u>				
Current (not past due)	*	119,452	-	119,452
1 to 90 days past due	0.0%	56,810	(13)	56,797
More than 90 days past due	2.5%	74,236	(1,830)	72,406
		250,498	(1,843)	248,655
<u>Company</u>				
Current (not past due)	*	93,842	-	93,842
1 to 90 days past due	0.0%	29,299	(13)	29,286
More than 90 days past due	1.2%	72,623	(843)	71,780
		195,764	(856)	194,908

* The expected weighted credit loss rate is assessed as negligible.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(b) Overview of the Group's exposure to credit risk (continued)

- (ii) Other receivables and other financial assets at amortised cost except for the credit impaired other receivables are considered to be recoverable as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default since initial recognition. The Group assesses that no loss allowance is required in respect of these financial assets. Loss allowance recognised arises from loans to associated companies and subsidiaries and is determined after taking into account the financial position of the associated company and subsidiary adjusted for factors specific to them and general economic conditions of the industries in which the associated companies and subsidiaries operate.

Movements in loss allowance are as follows:

Group

	Trade receivables S\$'000	Loans to associated companies S\$'000
Balance as at 1 April 2019	5,714	–
Amount written off	(4,883)	–
Loss allowance recognised in profit or loss during the year	1,012	–
Balance as at 31 March 2020	1,843	–
Amount written off	(527)	(357)
Loss allowance recognised in profit or loss during the year	1,856	1,103
Balance as at 31 March 2021	3,172	746

Company

	Trade receivables S\$'000	Loans to subsidiaries S\$'000
Balance as at 1 April 2019	547	263,753
Loss allowance written off during the year arising from the deconsolidation of U.S. businesses	–	(212,311)
Loss allowance recognised in profit or loss during the year	309	–
Balance as at 31 March 2020	856	51,442
Loss allowance recognised in profit or loss during the year	1,696	–
Balance as at 31 March 2021	2,552	51,442

(c) Credit risk management

The major classes of financial assets of the Group and of the Company are bank deposits, trade and other receivables, investments in financial assets and financial instruments used in hedging activities. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to any individual counterparty is restricted by credit limits that are approved based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at the entity level by the respective management and at the Group level. As at 31 March 2021, trade receivables from a customer represented 24% and 37% (2020: 13% and 16%) of the Group's and Company's trade receivables respectively and contributed revenue of S\$326,147,000 (2020: S\$122,208,000). In the prior year, 43% and 55% of the Group's and Company's trade receivables respectively were due from another customer who contributed revenue of S\$220,974,000. This customer only accounted for 2% of the Group's and Company's trade receivables as at 31 March 2021. These revenues are attributable to the Post and Parcel segment.

Bank deposits are placed in banks which are regulated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk

The Group and Company manage the liquidity risk by maintaining sufficient cash and cash equivalents to enable them to meet their normal operating commitments, having an adequate amount of credit facilities and the ability to close market positions at short notice.

The Group's earnings and operating cashflows will face headwinds from the COVID-19 operating environment and the Group is carefully managing its operating and capital expenses in this operating environment. The Group maintains access to undrawn credit facilities and debt capital markets and has financial resources to meet its obligations when they fall due.

The table below analyses the maturity profile of the Group's and Company's financial liabilities (excluding derivative financial liabilities) based on contractual undiscounted cash flows.

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<u>Group</u>				
2021				
Trade and other payables	(504,283)	(11,844)	(1,456)	(7,192)
Lease liabilities	(26,805)	(20,429)	(31,878)	(20,488)
Borrowings	(16,752)	(10,511)	(82,374)	(279,303)
	(547,840)	(42,784)	(115,708)	(306,983)
2020				
Trade and other payables	(502,696)	(2,366)	(1,608)	(7,283)
Lease liabilities	(23,293)	(19,787)	(33,268)	(26,971)
Borrowings	(160,884)	(208,551)	(365)	–
	(686,873)	(230,704)	(35,241)	(34,254)
<u>Company</u>				
2021				
Trade and other payables	(452,940)	(7,466)	(24,722)	(283,752)
Lease liabilities	(13,388)	(4,151)	(5,951)	(70)
	(466,328)	(11,617)	(30,673)	(283,822)
2020				
Trade and other payables	(453,853)	(709)	(493)	(840)
Lease liabilities	(9,698)	(7,099)	(4,960)	(820)
Borrowings	(153,336)	(200,896)	–	–
	(616,887)	(208,704)	(5,453)	(1,660)

The following table details the expected maturity for non-derivative financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flow will occur in a different period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

	Less than 1 year S\$'000	Between 1 and 2 years S\$'000	Between 2 and 5 years S\$'000	Over 5 years S\$'000
<u>Group</u>				
2021				
Cash and cash equivalents	501,212	-	-	-
Trade and other receivables	166,174	8,485	7	134
Other financial assets	5,642	9	147	4,070
Financial assets	6,960	9,839	-	-
	679,988	18,333	154	4,204
2020				
Cash and cash equivalents	492,997	-	-	-
Trade and other receivables	253,190	8,646	20	132
Other financial assets	7,266	8	120	3,706
Financial assets	10,057	6,964	8,117	-
	763,510	15,618	8,257	3,838
<u>Company</u>				
2021				
Cash and cash equivalents	418,831	-	-	-
Trade and other receivables	133,545	251,728	7	134
Other financial assets	1,647	-	-	-
Financial assets	6,960	8,380	-	-
	560,983	260,108	7	134
2020				
Cash and cash equivalents	431,056	-	-	-
Trade and other receivables	220,973	253,138	20	132
Other financial assets	1,780	-	-	-
Financial assets	10,057	6,964	8,117	-
	663,866	260,102	8,137	132

The following table details the liquidity analysis for derivative financial liabilities. The table has been drawn up based on the undiscounted net cash inflows and (outflows) on the derivative instruments that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement.

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Less than 1 year				
Gross settled:				
Foreign exchange contracts forward				
- Gross inflow	148,943	206,979	148,943	206,979
- Gross outflow	(150,076)	(205,802)	(150,076)	(205,802)
	(1,133)	1,177	(1,133)	1,177

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(e) Capital risk

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

Management monitors capital based on gearing ratio. In the management of the debt and capital structure, the Group and Company aim to sustain a strong investment-grade credit profile.

The gearing ratio is calculated as net cash with and without perpetual securities divided by total equity. Net cash is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2021 S\$'000	2020 S\$'000	2021 S\$'000	2020 S\$'000
Net cash	(178,900)	(128,573)	(418,831)	(81,306)
Total equity	1,671,423	1,642,318	1,586,772	1,591,712
Gearing ratio without perpetual securities	(10.7%)	(7.8%)	(26.4%)	(5.1%)
Net debt / (cash) plus perpetual securities	167,926	218,253	(72,005)	265,520
Total equity	1,671,423	1,642,318	1,586,772	1,591,712
Gearing ratio with perpetual securities	10.0%	13.3%	(4.5%)	16.7%

The capital structure of the Group and Company consists of equity attributable to owners of the parents comprising issued capital, perpetual securities, reserve, retained earnings and borrowings disclosed in Note 29. The Group is in compliance with externally imposed capital requirements for the financial years ended 31 March 2021 and 2020.

(f) Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid price; the appropriate quoted market prices used for financial liabilities are the current asking prices. The instruments are presented within Level 1 of the fair value hierarchy.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and make assumptions based on market conditions existing at the end of each reporting period. Where appropriate, quoted market price or dealer quotes for similar instruments are used.

The fair values of currency forwards are determined using actively quoted forward exchange rates. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. These investments are classified as Level 2 and comprise derivative financial instruments.

The fair values of financial assets at FVTPL – call option, financial assets designated as at FVTOCI, contingent consideration payable and put option redemption liability are estimated by using valuation techniques that are not based on observable market data and are accordingly classified as Level 3 fair value measurement.

The fair values of current and non-current financial assets and liabilities carried at amortised cost approximate their carrying amounts, except for certain financial assets and non-current borrowings which fair values are disclosed in Notes 16 and 29 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<u>Group</u>				
2021				
Assets				
Financial assets at FVTPL – call option	-	-	1,459	1,459
Financial assets designated as at FVTOCI	-	-	101,645	101,645
Derivative financial instruments	-	40	-	40
Liabilities				
Derivative financial instruments	-	1,173	-	1,173
Put option redemption liability	-	-	5,966	5,966
2020				
Assets				
Financial assets designated as at FVTOCI	-	-	81,298	81,298
Derivative financial instruments	-	2,109	-	2,109
Liabilities				
Derivative financial instruments	-	932	-	932
Contingent consideration payable	-	-	1,558	1,558
<u>Company</u>				
2021				
Assets				
Financial assets designated as at FVTOCI	-	-	4,561	4,561
Derivative financial instruments	-	40	-	40
Liabilities				
Derivative financial instruments	-	1,173	-	1,173
2020				
Assets				
Financial assets designated as at FVTOCI	-	-	4,561	4,561
Derivative financial instruments	-	2,109	-	2,109
Liabilities				
Derivative financial instruments	-	932	-	932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

The following table presents the changes in Level 3 instruments:

	Group			
	Financial assets at FVTPL – call option S\$'000	Financial assets designated as at FVTOCI S\$'000	Contingent consideration S\$'000	Put option redemption liability S\$'000
2021				
Beginning of financial year	-	81,298	1,558	-
Acquired during the financial year	1,459	-	-	-
Fair value gains recognised in				
– Profit or loss	-	-	3	3,501
– Other comprehensive income	-	18,731	-	-
Adjustment recognised in other reserves	-	-	-	2,498
Settlement of contingent consideration	-	-	(1,508)	-
Currency translation differences	-	1,616	(53)	(33)
End of financial year	1,459	101,645	-	5,966
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	-	-	3	3,501
2020				
Beginning of financial year	-	81,698	2,462	-
Reversal of contingent consideration	-	-	(971)	-
Fair value gains recognised in				
– Profit or loss	-	-	20	-
Currency translation differences	-	(400)	47	-
End of financial year	-	81,298	1,558	-
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	-	-	20	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

	<u>Company</u> Financial assets designated as at FVTOCI S\$'000
2021	
Beginning and end of financial year	<u>4,561</u>
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	<u>-</u>
2020	
Beginning and end of financial year	<u>4,561</u>
Total profit for the year included in profit or loss for assets and liabilities held at the end of the financial year	<u>-</u>

There were no transfers between Levels 1, 2 and 3 during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

38. FINANCIAL RISK MANAGEMENT (continued)

(f) Fair value estimation of financial assets and liabilities (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair value of financial instruments categorised under Level 3 of the fair value hierarchy.

Description	Fair value	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
	(S\$'000)			inputs	
	2021			2021	
<u>Group</u>					
Financial assets at FVTPL – call option	1,459 (2020: Nil)	Black-Scholes pricing model	Volatility	27.0%	The higher the volatility, the higher the valuation
			Risk-free rate	0.14%	The higher the risk-free rate, the higher the valuation
Financial assets designated as at FVTOCI	101,645 (2020: 81,298)	Market approach	Enterprise Value/EBITDA multiple of comparable companies	8.5 – 15.7x (2020: NA)	The higher the Enterprise Value/EBITDA multiple, the higher the valuation
			Enterprise Value/Revenue multiple of comparable companies	0.4 – 1.1x (2020: 0.5 – 0.6x)	The higher the Enterprise Value/Revenue multiple, the higher the valuation
Put option redemption liability	5,966 (2020: Nil)	Discounted cash flow approach	Discount rate	4.0 – 5.0%	The higher the discount rate, the lower the valuation

(g) Financial instruments by category

The carrying amount of the different categories of financial instruments other than those disclosed in Notes 16, 18 and 29 to the financial statements are as follows:

	Group		Company	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost	686,117	774,805	790,445	897,951
Financial liabilities at amortised cost	520,536	517,319	702,247	458,891
Financial liabilities at fair value through profit or loss	5,966	–	–	–

(h) Offsetting financial assets and financial liabilities

There were no financial instruments subject to enforceable master netting arrangement as at 31 March 2021 and 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

39. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following significant transactions with its related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2021	2020
	S\$'000	S\$'000
Services rendered to an associated company	494	–
Services received from associated companies	(1,786)	(766)
Services rendered to related companies of a substantial shareholder	16,285	19,413
Services received from related companies of a substantial shareholder	(31,246)	(26,203)
Interest received from loans to associated companies	103	133

During the financial year ended 31 March 2021, the Company made payments on behalf of subsidiaries totalling S\$4.4 million (2020: S\$13.1 million) which were subsequently reimbursed.

Outstanding balances at 31 March 2021, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from the end of the reporting period and are disclosed in Notes 17 and 28 respectively.

(b) Key management personnel compensation is as follows:

	Group	
	2021	2020
	S\$'000	S\$'000
Salaries and other short-term employee benefits	5,748	6,663
Post-employment benefits	73	102
Share-based staff costs	1,842	1,682
	7,663	8,447

Included in the above is total compensation to non-executive directors of the Company amounting to S\$1,185,600 (2020: S\$1,180,800) based on the non-executive director remuneration framework.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer and Group Chief Financial Officer (“Chief Operating Decision Maker” or “CODM”) that are used to make strategic decisions.

With effect from 1 April 2019, SingPost Group has reclassified the reporting of certain business units into three key business segments, namely Post and Parcel, Logistics and Property. During the financial year ended 31 March 2020, businesses in the U.S. under TradeGlobal and Jagged Peak have been re-presented as discontinued operations in accordance with SFRS(I) 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

- **Post and Parcel** segment comprises the core postal and parcel delivery business of the Group. This includes Domestic post and parcels, International post and parcels, as well as products and services transacted at the post offices.
- **Logistics** segment comprises the logistics businesses of the Group. The services are divided into Freight forwarding and eCommerce logistics, which includes front-end related eCommerce solutions, warehousing, fulfilment, delivery and other value-added services in Asia Pacific.
- **Property** segment includes the provision of commercial property rental, as well as the self-storage business.

Others comprise unallocated corporate overhead items as they are not included in the reports provided to the CODM. The results of these operations are included in the “All other segments” column.

With effect from 1 April 2020, corporate cost allocation has been revised and prior year profit numbers have been restated for comparative purposes.

The measurement of segment results is in line with the basis of information presented to management for internal reporting purpose.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(a) Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments that were provided to the CODM for the financial years ended 31 March 2021 and 2020.

Continuing operations

	Post and Parcel S\$'000	Logistics S\$'000	Property S\$'000	All other segments S\$'000	Eliminations S\$'000	Total S\$'000
<u>Group</u>						
2021						
Revenue:						
- External	721,475	608,347	74,859	-	-	1,404,681
- Inter-segment	21,364	10,771	40,569	-	(72,704)	-
	742,839	619,118	115,428	-	(72,704)	1,404,681
Profit / (loss) on operating activities	43,502	11,256	50,013	(25,439)	-	79,332
2020						
Revenue:						
- External	737,239	496,845	79,699	-	-	1,313,783
- Inter-segment	25,840	4,378	41,396	-	(71,614)	-
	763,079	501,223	121,095	-	(71,614)	1,313,783
Profit / (loss) on operating activities	119,825	(5,541)	53,909	(24,588)	-	143,605

Discontinued operations

	U.S. Business S\$'000
<u>Group</u>	
2020	
Revenue:	
- External	88,885
Loss on operating activities	(11,033)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

Reconciliation of Segment profits

The CODM assesses the performance of the operating segments based on a measure of operating profit, which is profit before interest, tax and share of results of associated companies and joint venture. Interest income and finance expenses are not allocated to segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(a) Segment revenues and results (continued)

A reconciliation of profit on operating activities to profit from continuing operations is provided as follows:

Continuing operations

	Group	
	2021	2020
	S\$'000	S\$'000
Profit on operating activities for reportable segments	104,771	168,193
Other segments loss on operating activities	(25,439)	(24,588)
Exceptional items	(12,491)	(9,122)
Finance expenses	(11,031)	(12,648)
Interest income and investment income (net)	3,470	6,872
Share of profit / (loss) of associated companies and joint venture	989	(114)
Profit before tax	60,269	128,593
Tax expense	(13,259)	(28,319)
Profit after tax	47,010	100,274

A reconciliation of loss on operating activities to loss from discontinued operations is provided as follows:

Discontinued operations

	Group	
	2021	2020
	S\$'000	S\$'000
Loss on operating activities for reportable segments	-	(11,033)
Finance expenses	-	(860)
Interest income and investment income (net)	-	(29)
Loss before tax	-	(11,922)
Tax expense	-	(72)
Loss from discontinued operations	-	(11,994)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(b) Segment assets

The following is an analysis of the Group's segment assets as at 31 March 2021 and 2020 that were provided to the CODM:

	Post and Parcel S\$'000	Logistics S\$'000	Property S\$'000	All other segments S\$'000	Total S\$'000
<u>Group</u>					
31 March 2021					
Segment assets	182,720	660,137	1,400,006	43,121	2,285,984
Segment assets include:					
Investment in associated companies	-	66,490	-	30,979	97,469
Intangible assets	-	283,665	30,867	-	314,532
31 March 2020					
Segment assets	278,842	543,437	1,415,157	54,655	2,292,091
Segment assets include:					
Investment in associated companies	-	7,496	-	27,838	35,334
Intangible assets	-	265,219	32,144	-	297,363

Reconciliation of segment assets

Reportable segments' assets are reconciled to total assets as follows:

Segment assets are measured in a manner consistent with that of the financial statements. The CODM does not review statement of financial position items by reportable segments, but rather monitors them at the Group level. All assets are allocated to reportable segments other than derivative financial instruments and financial assets. Cash and cash equivalents are allocated to reportable segments where applicable.

	Group	
	2021 S\$'000	2020 S\$'000
Segment assets for reportable segments	2,242,863	2,237,436
Other segments assets	43,121	54,655
Unallocated:		
Cash and cash equivalents	416,657	428,830
Financial assets	19,086	28,605
Derivative financial instruments	40	2,109
Total assets	2,721,767	2,751,635

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(c) Other segment information

	Post and Parcel S\$'000	Logistics S\$'000	Property S\$'000	All other segments S\$'000	Total S\$'000
<u>Group</u>					
2021					
Depreciation and amortisation	22,291	18,117	23,979	4,338	68,725
Additions to ⁽¹⁾ :					
– Property, plant and equipment	3,305	5,197	2,841	2,243	13,586
– Right-of-use assets	812	10,461	13,004	92	24,369
2020					
Depreciation and amortisation	16,992	23,472	21,577	5,938	67,979
Additions to ⁽¹⁾ :					
– Property, plant and equipment	2,894	8,070	6,385	1,940	19,289
– Investment property	–	–	4,057	–	4,057
– Right-of-use assets	7,441	2,778	8,645	–	18,864

(1) Net of inter-segment elimination

In addition to the depreciation and amortisation reported above, impairment losses of S\$1.2 million (2020: S\$3.9 million) and S\$1.2 million (2020: S\$Nil) were recognised in respect of investment in and loan to associated companies and property, plant and equipment respectively.

These impairment losses were attributable to the following reportable segments:

	2021 S\$'000	2020 S\$'000
Logistics	(2,427)	(1,542)
Others	–	(2,340)
	(2,427)	(3,882)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

40. SEGMENT INFORMATION (continued)

(d) Revenue from major products and services

The Group's revenue from its major products and services are disclosed in Note 4.

(e) Geographical information

The Group's three business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore where 59% (2020: 60%) of its revenues are generated. The operations in this area comprise principally of the core postal business, post office products and services, courier activities and investment holding.
- Australia – the operations in this area are principally delivery services and e-commerce logistics solutions.
- Other regions – the operations include warehousing and logistics delivery in Japan and Hong Kong, and freight forwarding businesses in Europe and New Zealand.

	Revenue	
	2021	2020
	S\$'000	S\$'000
Singapore	832,156	847,787
Australia	252,484	175,977
Other countries ⁽¹⁾	320,041	378,904
	1,404,681	1,402,668

(1) Prior year included discontinued operations of S\$88,885,000.

The geographical information on the Group's non-current assets is not presented as it is not used for segmental reporting purposes.

(f) Information about major customers

Included in revenues arising from Post and Parcel segment of S\$721,475,000 (2020: S\$737,239,000) are revenues of approximately S\$326,147,000 (2020: S\$220,974,000) derived from the Group's largest customer in the respective years.

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41. PRONOUNCEMENTS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) and IFRS pronouncements were issued but not effective and are applicable to the Group and the Company.

Effective for financial year beginning on 1 April 2021

- Amendment to SFRS(I) 16: *COVID-19-Related Rent Concessions*
- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*

The Group has floating rate debt linked to SGD Swap Offered Rate and will be able to apply the practical expedient available under the Interest Rate Benchmark Reform – Phase 2 amendments to allow for modifications required as a direct consequence of the reform and made on an economically equivalent basis, to be accounted for by revising the effective interest rate prospectively. Accordingly, adopting the amendments enables the Group to reflect the effects of transitioning from interbank offered rates (IBOR) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements.

Effective for financial year beginning on 1 April 2022

- Amendments to IAS 1 *Presentation of Financial Statements*
- Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*
- Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual Improvements to SFRS(I)s 2018-2020

Effective for financial year beginning on 1 April 2023

- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*
- Amendments to IAS 8: *Definition of Accounting Estimates*
- Amendments to IAS 1 IFRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to IAS 12: *Income Taxes*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I)/IFRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

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42. LISTING OF COMPANIES IN THE GROUP

Name	Principal activities	Country of incorporation	Percentage of effective equity held			
			by the Group		by the NCI	
			2021 %	2020 %	2021 %	2020 %
SUBSIDIARIES						
<u>Held by the Company</u>						
SingPost eCommerce II Pte. Ltd.	Dormant	Singapore	100	100	-	-
SingPost eCommerce Pte. Ltd.	eCommerce specialising in the provision of online sale of products	Singapore	100	100	-	-
SingPost Logistics Holdings Pte. Ltd.	Investment holding	Singapore	100	100	-	-
Singapore Post Enterprise Private Limited	Investment holding	Singapore	100	100	-	-
SingPost Investments Pte. Ltd.	Investment holding	Singapore	100	100	-	-
SingPost Logistics Investments Pte. Ltd.	Investment holding	Singapore	100	100	-	-
SingPost Group Treasury Pte Ltd	Provision of financial and treasury services to its related companies	Singapore	100	100	-	-
<u>Held by subsidiaries</u>						
SP Jagged Peak LLC ⁽¹⁾	Investment holding	United States	100	100	-	-
SingPost Distribution Pte. Ltd.	Dormant	Singapore	100	100	-	-
TradeGlobal Asia Holdings Limited ⁽³⁾	Investment holding	Hong Kong	100	100	-	-
Netrada Trading and Consulting (Shanghai) Co, Ltd. ⁽³⁾	Dormant	China	100	100	-	-
SP Commerce Holdings, Inc. ⁽¹⁾	Investment holding	United States	100	100	-	-
SP Commerce, Inc. ⁽¹⁾	Dormant	United States	100	100	-	-
TG Acquisition Corp. ⁽¹⁾	Investment holding	United States	97.3	97.3	2.7	2.7
TradeGlobal Holdings, Inc. ⁽¹⁾	Dormant	United States	97.3	97.3	2.7	2.7

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held			
			by the Group		by the NCI	
			2021 %	2020 %	2021 %	2020 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries (continued)</u>						
SingPost Logistics Enterprise Pte. Ltd.	Investment holding	Singapore	100	100	–	–
SingPost Australia Investments Pty Ltd ⁽¹⁾	Investment holding	Australia	100	–	–	–
SingPost Logistics Australia Holdings Pty Ltd	Investment holding	Australia	100	100	–	–
Quantum Solutions International Pte. Ltd.	Investment holding, provision of management and consultancy services to related entities	Singapore	66	66	34	34
Quantum Solutions (Singapore) Pte. Ltd.	Provision of delivery services and eCommerce logistics solutions	Singapore	66	66	34	34
Quantum Mail Logistics Solutions (India) Private Limited ^{(3) (9)}	Dormant	India	66	66	34	34
Quantum Express Solutions (India) Private Limited ^{(3) (9)}	Dormant	India	66	66	34	34
Quantum Solutions (Australia) Pty Ltd	Provision of delivery services and eCommerce logistics solutions	Australia	66	66	34	34
Quantum Solutions (Hong Kong) Limited	Provision of delivery services and eCommerce logistics solutions	Hong Kong	66	66	34	34
Quantum Solutions (Japan) Inc.	Provision of delivery services and eCommerce logistics solutions	Japan	66	66	34	34

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held			
			by the Group		by the NCI	
			2021 %	2020 %	2021 %	2020 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries (continued)</u>						
Quantum Solutions International (Malaysia) Sdn. Bhd.	Provision of delivery services and eCommerce logistics solutions	Malaysia	66	66	34	34
Quantum Solutions (New Zealand) Pty Limited	Provision of delivery services and eCommerce logistics solutions	New Zealand	66	66	34	34
Quantum Solutions (Philippines) Inc. *	Provision of delivery services and eCommerce logistics solutions	Philippines	26.4	26.4	73.6	73.6
Quantum Solutions (Taiwan) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Taiwan	66	66	34	34
Quantum Solutions (Thailand) Co., Ltd.	Provision of delivery services and eCommerce logistics solutions	Thailand	66	66	34	34
PT Quantum Solutions Logistics Indonesia *	Provision of delivery services and eCommerce logistics solutions	Indonesia	44.22	44.22	55.78	55.78
Couriers Please Holdings Pty Limited	Investment holding	Australia	100	100	-	-
Couriers Please Australia Pty Limited	Investment holding	Australia	100	100	-	-
Couriers Please Pty Limited	Provision of delivery services and eCommerce logistics solutions	Australia	100	100	-	-
SingPost Storage Company Ltd ⁽⁹⁾	Investment holding	Mauritius	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held			
			by the Group		by the NCI	
			2021 %	2020 %	2021 %	2020 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries (continued)</u>						
SingPost Investments (Tampines) Pte. Ltd.	Investment holding and real estate activities with owned or leased property	Singapore	100	100	-	-
SingPost Investments (Toh Guan) Pte. Ltd.	Investment holding	Singapore	100	100	-	-
SingPost Investments (Ecommerce Logistics) Pte. Ltd.	Investment holding	Singapore	100	100	-	-
SingPost Centre (Retail) Pte. Ltd.	Investment holding	Singapore	100	100	-	-
SingPost eCommerce Logistics Holdings Pte. Ltd.	Investment holding	Singapore	100	100	-	-
General Storage Company Pte. Ltd.	Investment holding & provision of management services	Singapore	100	100	-	-
Lock + Store (Chai Chee) Pte. Ltd.	Self storage solutions and warehousing	Singapore	100	100	-	-
Lock + Store (Tanjong Pagar) Pte. Ltd.	Self storage solutions	Singapore	100	100	-	-
Lock + Store (Ayer Rajah) Pte. Ltd.	Self storage solutions	Singapore	100	100	-	-
The Store House Limited	Self storage solutions	Hong Kong	100	100	-	-
The Store House Operating Company Limited	Dormant	Hong Kong	100	100	-	-
Lock and Store (Glenmarie) Sdn. Bhd.	Self storage solutions and warehousing	Malaysia	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held			
			by the Group		by the NCI	
			2021 %	2020 %	2021 %	2020 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries (continued)</u>						
L+S Self Storage Pte. Ltd.	Self storage solutions	Singapore	100	100	-	-
SP Parcels Pte Ltd	Dormant	Singapore	100	100	-	-
Famous Holdings Pte Ltd	Investment holding and provision of management services	Singapore	100	100	-	-
Famous Air & Sea Services Pte. Ltd.	Freight forwarding	Singapore	100	100	-	-
FPS Global Logistics Pte. Ltd.	Freight forwarding	Singapore	100	100	-	-
FPS Famous Pacific Shipping Sdn. Bhd.	Freight forwarding	Malaysia	100	100	-	-
Famous Pacific Shipping (WA) Pty Ltd	Freight collections transshipments	Australia	100	100	-	-
F.S. Mackenzie Limited	Freight forwarding	United Kingdom	100	100	-	-
Famous Pacific Shipping (NZ) Limited	Freight forwarding	New Zealand	100	100	-	-
Mercury Worldwide (NZ) Limited ⁽¹⁾	Dormant	New Zealand	100	100	-	-
FPS Logistics (USA) Inc. ⁽¹⁾	Logistics management and services	United States	100	100	-	-
Sino-Famous Intertrans Co., Ltd ⁽¹⁾	Freight forwarding	China	100	100	-	-
Famous Container Lines Co Ltd ⁽¹⁾	Freight forwarding	China	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of incorporation	Percentage of effective equity held			
			by the Group		by the NCI	
			2021 %	2020 %	2021 %	2020 %
SUBSIDIARIES (continued)						
<u>Held by subsidiaries (continued)</u>						
Shinyei Shipping Co Ltd ⁽¹⁾	Freight forwarding	Japan	89	89	11	11
Tras - Inter Co., Ltd ⁽¹⁾	Customs brokerage and freight forwarding	Japan	89	89	11	11
Rotterdam Harbour Holding B.V. ⁽²⁾	Investment holding	Netherlands	85	80	15	20
FPS Famous Pacific Shipping B.V. ⁽²⁾	Logistics services	Netherlands	85	80	15	20
Trans Ocean Pacific Forwarding B.V. ⁽²⁾	Logistics services	Netherlands	85	80	15	20
EWC East Way Commodities B.V. ⁽¹⁰⁾	Dormant	Netherlands	–	80	–	20
SP eCommerce (Thailand) Co Ltd ⁽¹⁾	eCommerce specialising in the provision of online shopping platforms and services	Thailand	100	100	–	–
SP eCommerce (Korea) Co., Ltd. ⁽¹⁰⁾	Dormant	Korea	–	100	–	–
SP eCommerce (Malaysia) Sdn. Bhd.	eCommerce specialising in the provision of online shopping platforms and services	Malaysia	100	100	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

42. LISTING OF COMPANIES IN THE GROUP (continued)

Name	Principal activities	Country of Incorporation	Percentage of effective equity held by the Group	
			2021 %	2020 %
ASSOCIATED COMPANIES				
<u>Held by the Company</u>				
GDEX Berhad (previously known as GD Express Carrier Bhd)*	Investment holding	Malaysia	12.12	11.61
<u>Held by subsidiaries</u>				
Dash Logistics Company Ltd ^{(3)*}	Provision of integrated logistics, freight and transport management and aviation services	Vietnam	30	30
Efficient E-Solutions Berhad ⁽⁴⁾	Provision of data print, record management, data and document processing	Malaysia	20.81	20.81
Hubbed Holdings Pty Ltd ⁽⁵⁾	eCommerce and logistics retail network	Australia	30	30
Morning Express & Logistics Limited ⁽⁶⁾	Provision of courier services and provision of management services to its related company	Hong Kong	33	33
E Link Station Limited ⁽⁶⁾	Dormant	Hong Kong	50	50
Freight Management Holdings Pty Ltd ⁽⁷⁾⁽⁹⁾	Provision of integrated supply chain and distribution services	Australia	28	–
JOINT VENTURE				
<u>Held by subsidiary</u>				
PT Trio SPeCommerce Indonesia ⁽¹⁾	Dormant	Indonesia	33	33

Notes:

All companies as at 31 March 2021 are audited by member firms of Deloitte Touche Tohmatsu Limited, except for the following:

- (1) Not required to be audited for the financial year ended 31 March 2021
 - (2) Audited by Crowe Peak Audit & Assurance, The Netherlands
 - (3) Audited by local statutory auditors in the countries of incorporation
 - (4) Audited by Russell Bedford LC & Company, Malaysia
 - (5) Audited by Assura Group
 - (6) Audited by HKCMCPA Company Limited
 - (7) Audited by Ernst & Young, Australia
 - (8) Acquired during the financial year ended 31 March 2021
 - (9) Placed under members' voluntary liquidation during the financial year ended 31 March 2021
 - (10) Dissolved by way of members' voluntary liquidation during the financial year ended 31 March 2021
- + It is considered to be a subsidiary of the Company as the Company can exercise control over its financial and operating policies and voting rights.
- * It is considered to be an associate of the Company as the Company can exercise significant influence over its financial and operating policies and voting rights.