Deloitte.

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES (FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)
Registration No. 201430150K

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

C O N T E N T S

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of TVS Supply Chain Solutions Pte. Ltd. (formerly known as TVS - Asianics Supply Chain Solutions Pte Ltd) (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 March 2021.

1 OPINION OF THE DIRECTORS

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 7 to 73 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 the 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 as and when they fall due based on the assessment performed outlined in Note 2.1 to the financial statements.

2 DIRECTORS

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

Dinesh Ramachandran
Yak Chau Wei
Vittorio Marino Favati

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

Under the Service Agreement of the erstwhile CEO/director, he was to be issued ordinary shares in the Company dependent upon him inter alia meeting certain KPIs ("Key Performance Indicator"). His entitlement to such shares is disputed and is the subject matter of the arbitration by the erstwhile CEO.

4 DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations as stated below:

	Direct interest	
	At beginning of the financial year	At end of the financial year
TVS Supply Chain -Solutions Limited (Ultimate holding company) *(Ordinary shares)*		
Dinesh Ramachandran	264,490	264,490
TVS SCS Global Freight Solutions Limited (Related company) *(Ordinary shares)*		
Dinesh Ramachandran	1	1

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, the above director with shareholdings is deemed to have an interest in the Company and in all the related corporations of the Company.

5 OPTIONS

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under options

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

R. Dinesh
....
Dinesh Ramachandran

Vittorio M. Favati
....
Vittorio Marino Favati

10 August 2021

Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD.
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TVS Supply Chain Solutions Pte. Ltd. (formerly known as TVS - Asianics Supply Chain Solutions Pte Ltd) (the "Company") and its subsidiaries (collectively, 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 statement of profit or loss and other 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 7 to 73.

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") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 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 financial 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 *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.

Emphasis of Matter

We draw attention to Note 2.1and Note 3(a) to the consolidated financial statements which describes the continuing impact of COVID-19 pandemic, and its possible consequential implications, on the Group's operations and financial metrics.

Our opinion is not modified in respect of these matters.

Deloitte & Touche LLP (Unique Entity No. T08LL0721A) is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnerships Act (Chapter 163A).

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

Management is responsible for other information. The other information comprises Directors' statement set out on pages 1 to 3.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- 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.

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.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

10 August 2021

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 March 2021

		Group	
	Note	2021	2020
		$	$
Revenue	4	332,172,088	279,518,468
Cost of sales		(245,882,993)	(199,280,544)
Gross profit		86,289,095	80,237,924
Other income	5	4,549,884	10,712,711
Administrative expenses		(88,100,702)	(118,023,468)
Finance costs	6	(7,012,887)	(13,888,571)
Loss before tax	7	(4,274,610)	(40,961,404)
Income tax expense	8	934,785	1,176,448
Loss for the year		(3,339,825)	(39,784,956)
Other comprehensive (loss) income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		(50,678)	(681,826)
Effective portion of (losses) gains on hedging instruments in cash flow hedges		(828,485)	387,841
Other comprehensive loss, net of tax		(879,163)	(293,985)
Total comprehensive loss for the year		(4,218,988)	(40,078,941)

See accompanying notes to financial statements.

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

STATEMENTS OF FINANCIAL POSITION
31 March 2021

	Note	Group 31.03.2021	Group 31.03.2020	Company 31.03.2021	Company 31.03.2020
		$	$	$	$
Assets					
Plant and equipment	9	9,005,389	12,985,199	1,138,081	2,270,693
Intangible assets	10	54,081,060	55,273,307	-	-
Right-of-use assets	11	31,811,652	38,255,259	-	194,809
Investment in subsidiaries	12	-	-	80,386,268	80,386,268
Deferred tax assets	13	5,560,341	1,328,536	-	-
Other receivables	15a	927,738	918,158	-	-
Fixed deposit with banks	17b	1,460,496	-	-	-
Derivative financial instruments	14	1,689,784	-	1,689,784	-
Non-current assets		104,536,460	108,760,459	83,214,133	82,851,770
Contract assets	15b	3,568,275	2,264,227	-	1,211,645
Tax recoverable		1,397,941	1,278,465	-	-
Trade and other receivables	15a	69,375,287	51,050,541	10,424,720	7,800,322
Amount due from related company	16	-	-	2,787,239	898,502
Amount due from ultimate holding company	16	113,603	100,387	113,603	100,387
Loan to related companies	16	107,911	108,601	29,244,521	18,884,425
Investment security		-	6,584	-	-
Fixed deposit with banks	17b	4,506,093	4,131,733	-	-
Cash and cash equivalents	17a	17,537,395	31,499,959	174,181	18,249,169
Current assets		96,606,505	90,440,497	42,744,264	47,144,450
Total assets		201,142,965	199,200,956	125,958,397	129,996,220
Equity					
Share capital	18	39,254,530	37,349,311	39,254,530	37,349,311
Capital reserve	19a	(1,325,704)	(1,325,704)	-	-
Currency translation reserve	19b	(1,233,804)	(1,183,126)	-	-
Hedge reserve		(828,485)	-	(828,485)	-
Accumulated losses		(76,981,481)	(73,641,656)	(50,713,243)	(43,797,714)
Total equity		(41,114,944)	(38,801,175)	(12,287,198)	(6,448,403)

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

STATEMENTS OF FINANCIAL POSITION (cont'd)
31 March 2021

		Group		Company	
	Note	31.03.2021	31.03.2020	31.03.2021	31.03.2020
		$	$	$	$
Liabilities					
Other payables	20	5,497,297	5,378,924	-	475,701
Borrowings	22	102,382,892	105,966,779	102,382,892	105,966,779
Lease liabilities	24	23,735,085	30,822,127	-	16,215
Deferred tax liabilities	13	4,300,498	1,798,300	-	-
Derivative financial instruments	14	554,147	-	554,147	-
Non-current liabilities		136,469,919	143,966,130	102,937,039	106,458,695
Trade and other payables	20	62,742,504	50,855,706	5,054,445	11,106,524
Amount due to a related company	16	4,565,644	3,084,548	5,929,229	5,556,057
Amount due to ultimate holding company	16	2,083,659	-	2,083,659	-
Loan from ultimate holding company	23	-	2,116,717	-	2,116,717
Borrowings	22	21,998,810	22,269,135	22,241,223	11,017,588
Lease liabilties	24	14,285,600	15,615,519	-	189,042
Tax payable		111,773	94,376	-	-
Current liabilities		105,787,990	94,036,001	35,308,556	29,985,928
Total liabilities		242,257,909	238,002,131	138,245,595	136,444,623
Total equity and liabilities		201,142,965	199,200,956	125,958,397	129,996,220

See accompanying notes to financial statements.

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2021

	Share capital	Capital reserve	Currency translation reserve	Hedge reserve	Accumulated losses	Total equity
	$	$	$	$	$	$
Group						
At 1 April 2019	7,449,968	(1,325,704)	(501,300)	(387,841)	(33,856,700)	(28,621,577)
Loss for the year	-	-	-	-	(39,784,956)	(39,784,956)
Other comprehensive loss:						
Currency translation differences arising from consolidation	-	-	(681,826)	-	-	(681,826)
Gain on cash flow hedges	-	-	-	387,841	-	387,841
Total comprehensive loss for the year:	-	-	(681,826)	387,841	(39,784,956)	(40,078,941)
Transactions with owners, recognised directly in equity						
Issuance of shares (Note 18)	29,899,343	-	-	-	-	29,899,343
At 31 March 2020	37,349,311	(1,325,704)	(1,183,126)	-	(73,641,656)	(38,801,175)
Loss for the year	-	-	-	-	(3,339,825)	(3,339,825)
Other comprehensive loss:						
Currency translation differences arising from consolidation	-	-	(50,678)	-	-	(50,678)
Loss on cash flow hedges	-	-	-	(828,485)	-	(828,485)
Total comprehensive income for the year:	-	-	(50,678)	(828,485)	(3,339,825)	(4,218,988)
Transactions with owners, recognised directly in equity						
Issuance of shares (Note 18)	1,905,219	-	-	-	-	1,905,219
At 31 March 2021	39,254,530	(1,325,704)	(1,233,804)	(828,485)	(76,981,481)	(41,114,944)

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

STATEMENTS OF CHANGES IN EQUITY (cont'd)
Year ended 31 March 2021

	Share capital	Hedge reserve	Accumulated losses	Total equity
	$	$	$	$
Company				
At 1 April 2019	7,449,968	(868,403)	(21,536,064)	(14,954,499)
Loss for the year	-	-	(22,261,650)	(22,261,650)
Other comprehensive gain/(loss):				
Gain on cash flow hedge	-	868,403	-	868,403
Total comprehensive loss for the year:	-	868,403	(22,261,650)	(21,393,247)
Transactions with owners, recognised directly in equity				
Issuance of shares (Note 18)	29,899,343	-	-	29,899,343
At 31 March 2020	37,349,311	-	(43,797,714)	(6,448,403)
Loss for the year	-	-	(6,915,529)	(6,915,529)
Other comprehensive gain /(loss):				
Loss on cash flow hedge	-	(828,485)	-	(828,485)
Total comprehensive loss for the year:	-	(828,485)	(6,915,529)	(7,744,014)
Transactions with owners, recognised directly in equity				
Issuance of shares (Note 18)	1,905,219	-	-	1,905,219
At 31 March 2021	39,254,530	(828,485)	(50,713,243)	(12,287,198)

See accompanying notes to financial statements.

TVS SUPPLY CHAIN SOLUTIONS PTE. LTD. AND ITS SUBSIDIARIES
(FORMERLY KNOWN AS TVS – ASIANICS SUPPLY CHAIN SOLUTIONS PTE. LTD.)

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2021

	Group	
	2021	2020
	$	$
Cash flows from operating activities		
Loss before tax	(4,274,610)	(40,961,404)
Adjustment for:		
Depreciation for plant and equipment	4,223,615	4,228,241
Interest expense	7,012,887	13,888,571
Interest income	(89,650)	(290,242)
Provision written back	-	(6,077,939)
Loss on derivative financial instrument	-	(711,781)
Amortisation of intangible assets	2,669,931	3,083,424
Depreciation of right-of-use assets	17,097,262	17,887,661
Fixed assets written-off	507,001	816,207
Allowance (Reversal) for doubtful debts-net	1,320,506	872,197
Rent concessions	(685,135)	-
Foreign exchange loss	(2,869,711)	5,358,608
Operating cash flow before working capital changes	24,912,096	(1,906,457)
Contract assets	(1,304,048)	310,496
Trade and other receivables	(19,774,308)	13,568,811
Trade and other payables	13,670,951	1,725,678
Amounts due to ultimate holding company	1,843,133	-
Cash generated from operations	19,347,824	13,698,528
Income tax paid	(787,671)	(730,820)
Net cash generated from operating activities	18,560,153	12,967,708
Cash flow from investing activities		
Deferred payment related to acquisition	(1,912,000)	(5,443,096)
Interest received	89,650	290,242
Addition of plant and equipment	(632,197)	(2,019,897)
Amount due from related company	690	(108,601)
Net cash used in investing activities	(2,453,857)	(7,281,352)
Cash flow from financing activities		
Amounts due to a related company	1,481,096	1,446,667
Loan from related company	6,829,276	8,629,326
Repayment of loan from ultimate holding company	(1,800,000)	-
Proceeds from issue of equity share capital	-	29,899,343
Proceeds from borrowings	-	103,139,505
Repayment of borrowings	(11,507,813)	(107,806,843)
Payment of principal portion of lease liabilities	(16,083,477)	(18,652,637)
Payment of interest and others	(7,153,086)	(12,368,094)
Increase in pledged deposits	(1,834,856)	(60,090)
Net cash (used in) generated from financing activities	(30,068,860)	4,227,177
Net (decrease) increase in cash and cash equivalents	(13,962,564)	9,913,533
Cash and cash equivalents at beginning of the financial year	31,499,959	21,586,426
Cash and cash equivalents at end of the financial year	17,537,395	31,499,959

See accompanying notes to financial statements.

1. CORPORATE INFORMATION

TVS Supply Chain Solutions Pte. Ltd. (formerly known as TVS - Asianics Supply Chain Solutions Pte Ltd) ('the Company') is incorporated in the Republic of Singapore. The address of the Company's registered office is 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778.

The principal activities of the Company are to provide transport and logistics management services. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

The immediate and ultimate holding company is TVS Supply Chain Solutions Limited, formerly known as TVS Logistics Services Limited, incorporated in India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with the provisions of the Act and Singapore Financial Reporting Standards (FRSs).

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

The financial statements are presented in Singapore Dollars (SGD or $).

Statement of compliance and going concern assessment

In view of the matters as mentioned in Note 3(a), the Group has assessed the impact of the Novel Coronavirus (COVID-19) pandemic on its liquidity and ability to repay its obligations as and when they are due.

With the gradual relaxation of lockdown rules, as well as resumption of commercial activities in the current year for the majority of geographies in which the Group operates, the management is confident that business will resume to pre-covid levels in the near future. The Group also believes the pandemic is not expected to have any material medium to long term financial impact to its business prospects.

The Group has made a detailed assessment of its liquidity position and has considered the possible impact of COVID-19 on the financial projections and commitments using available information, estimates and judgements.

In borrowing arrangements, the ultimate holding company has not defaulted on the terms of the bank loan and had obtained the waiver for compliance with certain key financial covenants till March 31, 2021.In addition, the Group has restructured certain key financial covenants of the existing facility agreements up to 31 March 2023 which would enable it to continue servicing the loans as per the existing repayment plan. The Group is confident that it would meet the revised commitments with the lenders for periods subsequent to 31 March 2021.

Based on the foregoing and necessary stress tests considering various scenarios, management believes that the Group will be able to pay its obligations as and when these become due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Details of the Group's accounting policies are included in Note 2.3.

2.2 *Adoption of new and revised standards*

On 1 April 2020, the Group and the Company adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations. The adoption of these new/ revised FRSs and INT FRSs 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, except for the following:

Impact of the initial application of COVID-19-*Related Rent Concessions* amendment to FRS 116

In May 2020, the Accounting Standards Council Singapore ("ASC") issued COVID-19-*Related Rent Concessions* (Amendment to FRS 116) 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 FRS 116. 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 FRS 116 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.

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:

a) 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;

b) 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

c) There is no substantive change to other terms and conditions of the lease.

Standards issued but not effective

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Group were issued but not yet effective:

- Amendments to FRS 37: *Onerous Contracts - Cost of Fulfilling a Contract* (Effective for annual periods beginning on or after 1 January 2022)

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current* (Effective for annual periods beginning on or after 1 January 2023)

- *The Interest Rate Benchmark Reform - Phase 2* (FRS 109, FRS 39 and FRS 107) (Effective for annual periods beginning on or after 1 January 2021)

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS may result in changes to the accounting policies relating to the financial instruments. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt above FRSs, INT FRSs and amendments to FRS.

Amendments to FRS 109, FRS 107, FRS 116: *Interest Rate Benchmark Reform - Phase 2*

The amendments to FRS 109, FRS 107, FRS 104 and FRS 116 address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

The changes in *Interest Rate Benchmark Reform - Phase 2 (Amendments to FRS 109, FRS 107 and FRS 116)* relate to the modification of financial assets, financial liabilities and lease liabilities, and disclosure requirements applying FRS 107 to accompany the amendments regarding modifications.

On modification of financial assets, financial liabilities and lease liabilities, a practical expedient is available to allow for modifications required by the reform as a direct consequence and made on an economically equivalent basis to be accounted for by updating the effective interest rate prospectively. All other modifications are accounted for using current FRS requirements. A similar practical expedient is provided for lessee accounting applying FRS 116.

Amendments to FRS 107 outline disclosure requirements to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments apply to all entities and are not optional and are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. The amendments must be applied retrospectively, however, the amendments provide relief from restating comparative information. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

2.3 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

A change in the ownership interest of a subsidiary company, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

- De-recognises the carrying amount of any non-controlling interest;

- De-recognises the cumulative translation differences recorded in equity;

- Recognises the fair value of the consideration received;

- Recognises the fair value of any investment retained;

- Recognises any surplus or deficit in profit or loss; and

- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) *Business combinations and goodwill*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2.4 *Financial instruments*

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

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

(a) *Financial assets*

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.

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.

Classification of financial assets

Debt instruments mainly comprise trade and other receivables that meet the following conditions and 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.

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. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost 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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost , except for short-term balances when the effect of discounting is immaterial.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables and contract assets. 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 and contract assets. 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. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The Group recognised 12-month ECL for other receivables.

The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

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.

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. The Group will adjust the historical loss rates based on expected changes in these factors.

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;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, 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 regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower; or
- a breach of contract, such as a default or past due event; or
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses 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 expected credit loss 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.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

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.

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. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

(b) *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

<u>Classification as debt or equity</u>

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which FRS 103 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and FRS 109 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss (Notes 27 and 28) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in foreign currencies determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash asset transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group enters into a cross-currency interest rate swap contract to manage its exposure to interest rate and foreign exchange rate risks. Further details of derivative financial instruments are disclosed in Note 14.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value as at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in fair value hedges, cash flow hedges, or hedges of net investments in foreign operations as appropriate. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses" line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

2.5 *Foreign currency*

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

(a) *Transactions and balances*

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

(b) *Consolidated financial statements*

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

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

2.6 *Plant and equipment*

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Leasehold improvements	-	2 to 20 years
Warehouse equipment	-	4 to 20 years
Motor vehicles	-	4 to 5 years
Furniture and fittings	-	3 to 10 years
Computer equipment and software	-	3 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the income statement in the year the asset is derecognised.

2.7 *Intangible asset*

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Restraint on shareholders' clause

Restraint on shareholders' clause acquired in a business combination are carried at fair value on acquisition and amortised on a straightline basis over the restraint period. The restraint on shareholders' clause is effective for a period of three years from the date on which the shareholders' cease to hold shares on 7 August 2018. The shareholders will not, within the applicable period interfere with, endeavour to entice away, or supply goods and services to the Group's customers. Hence, the clause will be effective for at least 6 years.

Patent and trademarks

Patent and trademarks refers to trademarks registered with the World Intellectual Property Organisation.

Customers relationship

Customer relationships and contracts acquired in a business combination are carried at cost and amortised on a straight line basis over the period during which economic benefits are expected to be received.

Amortisation of intangible assets

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and patent and trademarks, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Restraint on shareholders' clause	-	6 years
Customer relationship	-	3 to 10 years

2.8 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five (5) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.9 *Subsidiaries*

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. Details of the subsidiary companies are set out in Note 12.

2.10 *Cash and cash equivalents*

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

2.11 *Provisions*

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

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

2.12 *Financial guarantees*

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 payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.13 *Borrowing costs*

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

2.14 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Defined benefit retirement plans*

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item staff costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

(c) *Employee leave entitlement*

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

(d) *Shared based payments*

Under the terms of their service agreements, certain employees of the Group received part of their remuneration in the form of ordinary shares in the Company subject to them inter alia achieving certain performance targets.

An accrual is made upon approval of these performance shares by the Board and stays in the general reserve until the actual issuance of shares upon which it is transferred to share capital.

2.15 *Leases*

The Group as 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.

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 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.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day 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 FRS 37. 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.

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

The Group applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.8.

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, FRS 116 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 not used this practical expedient. For a contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.16 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

(c) *Sales tax*

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

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

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

2.17 *Share capital and share issuance expenses*

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

2.18 Share-based payments

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 18. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. As at each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2.19 *Contingencies*

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.20 *Revenue*

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 renders service to a customer.

The Group generates revenue principally by providing freight forwarding services and warehousing services.

<u>Freight Forwarding Services</u>

Freight forwarding services include air and sea transportation, custom clearance, documentation, cartage, handling, transfers and delivery of goods. Revenue from outbound freight forwarding is recognised upon departure of goods from port of disembarkation, while revenue from inward freight forwarding is recognised when goods arrive at port of arrival. Management expects that the amount of revenue recognised by these recognition points would approximate the amount of revenue to be recognised over time as services are performed.

<u>Warehousing Services</u>

Warehousing Services refers to the provision of the storage of customer's products. Revenue is recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, based on the time elapsed. Services are billed on weekly/monthly basis.

2.21 *Government Grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Management is of the opinion that there is no significant judgement made in applying accounting policies that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Estimation of uncertainties relating to the global health pandemic from COVID-19

COVID-19 pandemic (declared as such by the World Health Organisation on 11 March 2020), had contributed to widespread volatility and decrease in economic activity in global market across geographies where the group operates. Its impact continues in 2021 across countries and economies, particularly in emerging markets. This pandemic has led to disruptions to business operations. During the year, various governments imposed lockdowns over a period of time depending on the severity of the outbreak. This has led to an uncertainty in the Group's ability to return to full capacity in its operations.

A detail assessment has been carried out by the Group with regards to impact on revenue and costs and other financial metrics for any risk due to COVID-19 on revenue recognised and collectability thereof.

In assessing the recoverability of its assets including receivables, property plant and equipment, intangibles, investments, goodwill etc., the Group has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Group has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. While the Group expects to address all challenges from the pandemic, it continues to monitor these matters and the estimates and judgements used in the preparation of these financial statements. Given the dynamic and evolving nature of this pandemic, these estimates are subject to uncertainties and may be affected by the severity and duration of the pandemic and consequential impact on the economy.

(b) Calculation of loss allowance

When measuring Expected Credit Loss (ECL), the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The carrying amounts of trade receivables and contract asset are disclosed in Notes 15a and 15b to the financial statements respectively.

(c) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculations are based on discounted cash flow models. The recoverable amounts are more sensitive to the discount rates used for the discounted cash flow models as well as the expected future cash inflows and the growth rates used for extrapolation purposes. The key assumptions applied in the determination of the value in use calculations are disclosed in Note 10 to the financial statements.

As at 31 March 2021, the carrying amount of goodwill is $38,190,644 (2020 : $37,070,310) (Note 10).

(d) Impairment of plant and equipment and intangible assets

Determining whether the intangible assets are impaired requires an estimation of the recoverable amount, which is the higher of fair value less costs to sell and the value in use of the cash-generating units to which intangible assets have been allocated. The fair value less costs to sell and value in use calculation requires the Group to estimate the fair value of the intangible assets and future cash-flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. As the assessment involves significant estimates and is based on both prospective financial and non-financial information, management has to exercise judgment in estimating the recoverable amounts of these assets. The carrying amount of the plant and equipment and intangible assets at the end of the reporting period are disclosed in Notes 9 and 10 respectively.

(e) Impairment of investment in subsidiaries

The carrying value of the Group's investment in subsidiaries is reviewed for impairment in accordance with FRS 36 *Impairment of Assets*. The investment in subsidiaries is tested for impairment when a subsidiary is in a net liabilities position or has suffered continual operating losses or has any other known impairment indicators.

As at 31 March 2021, the carrying amount of investment amounted to $80,386,268 (2020 : $80,386,268) respectively (Note 12).

(f) Recoverability of deferred tax assets

Deferred tax assets arising from unused tax losses and all deductible temporary differences are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The assessment involves significant estimates with regards to future taxable profits.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. As at 31 March 2021, the Group has recognised $5,560,341 (2020 : $1,328,536) (Note 13).

4. REVENUE

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

	Group	
	2021	2020
	$	$
By timing of recognition		
Over time	332,172,088	279,518,468
By geographical location		
Europe	74,347,421	58,401,857
Asia - Pacific	158,757,040	129,338,332
Australia	99,067,627	91,778,279
	332,172,088	279,518,468

5. OTHER INCOME

	Group	
	2021	2020
	$	$
Amount recovered from trade receivables impaired (Note 15)	-	1,664,197
Liability written back	-	4,413,742
Interest income	89,650	290,242
Management fees	1,198,786	1,399,157
Net gain arising from derivative instruments	-	1,107,772
Government grant income		
- JSS grant income(1)	1,636,340	-
- FWL rebates(2)	108,000	-
- Property tax rebate(3)	19,317	-
- Rent concessions(4)	685,135	-
- Others	266,411	169,566
Other non-operating income	546,245	1,668,035
	4,549,884	10,712,711

(1) Wage support for local employees under the Jobs Support Scheme ("JSS")

Management has assessed that there is reasonable assurance that the Group will comply with the conditions attached to the grants and the grants will be received. JSS grant income is recognised in profit or loss on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 17 months commencing from April 2020. JSS grant income of $1,636,340 was recognised during the year.

(2) Foreign Worker Levy ("FWL") rebates

Management has assessed that there is reasonable assurance that the Group will comply with the conditions attached to the grants and the grants will be received. FWL rebates are recognised in profit or loss on a systematic basis as over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. FWL rebates of $108,000 was recognised during the year in profit or loss.

(3) Property tax rebate

The Group has received rental rebate of $19,317 relating to the property tax rebate from the Singapore Government which was mandated to be fully passed on by the landlord to the Group as a tenant.

(4) Rent concessions

The Group received rental rebate of $685,135 for the leased buildings 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 and the receivable for rental rebate has been offset against the lease liability.

6. FINANCE COSTS

	Group	
	2021	2020
	$	$
Interest expenses:		
- Bank borrowings	2,721,535	5,586,585
- Loan from ultimate holding company (Note 26)	19,479	90,248
- Loan from a related company (Note 26)	577,870	1,561,076
- Lease liability	2,060,461	2,695,090
Amortisation of transaction cost on borrowing	521,506	2,619,773
Guarantee fee cost to ultimate holding company (Note 26)	1,112,036	1,335,799
	7,012,887	13,888,571

7. LOSS BEFORE TAX

Loss before tax is stated after charging the following items:

	Group	
	2021	2020
	$	$
Loss before tax is arrived at after charging:		
Staff costs:		
- Salaries, bonuses and related costs	42,560,083	49,709,602
- Contribution to defined contribution plan	5,306,007	6,202,569
Amortisation of intangible assets	2,669,931	3,083,424
Loss allowance on trade receivables	1,320,506	872,197
Depreciation of plant and equipment	4,223,615	4,228,241
Depreciation of right-of-use assets	17,097,262	17,887,661
Professional fees	5,347,798	6,011,921
Building repairs and maintenance	892,576	945,241

8. INCOME TAX EXPENSE

	Group	
	2021	2020
	$	$
Tax (credit) expense attributable to profits is made up of:		
- Current income tax	805,068	1,312,291
- Deferred tax	(1,739,853)	(2,488,739)
	(934,785)	(1,176,448)

The reconciliation between the income tax (credit) expense and the loss before taxation at the applicable corporate tax rate for the financial years ended 31 March 2021 and 2020 is as follows:

	Group	
	2021	2020
	$	$
Loss before tax	(4,274,610)	(40,961,404)
Tax calculated at tax rate of 17%	(726,684)	(6,963,439)
Income not subject to tax	(900,313)	(97,332)
Expenses not deductible for tax purpose	791,155	2,622,044
Effect of different tax rates in other countries	78,761	(54,841)
Utilisation of previously unrecognised deferred tax assets	(1,407,275)	(640,471)
Deferred tax asset not recognised	1,229,571	3,957,591
	(934,785)	(1,176,448)

Subject to the agreement by the tax authorities, the group has unused tax losses of $68,307,209 (2020 : $64,565,809) available for offset against future profits. A deferred tax asset (liability) has been recognised in respect of $14,392,445 (2020 : $8,237,459) of such losses and other taxable temporary differences of $6,981,604 (2020 : $11,000,777). No deferred tax asset has been recognised in respect of the remaining $53,914,764 (2020 : $56,328,350) as it is not considered probable that there will be future taxable profits available.

At the end of the reporting period, the Group has unrecognised unutilised tax losses of $53,914,764 (2020 : $56,328,350), unrecognised capital allowances of $Nil (2020 : $15,890) and unrecognised tax credit of $1,384,158 (2020 : $Nil) available for offset against future profits. Deferred tax asset of $9,400,817 (2020 : $9,578,521) has not been recognised in respect of such losses due to the unpredictability of future taxable profit.

The realisation of the future income tax benefits from tax losses carry forward of $47,475,514 (2020 : $51,949,310) is available for an unlimited future period and balance of $6,439,250 (2020 : $4,379,040) is available for less than 10 years subject to the conditions imposed by law including the retention of majority shareholders as defined.

9. PLANT AND EQUIPMENT

	Warehouse equipment	Furniture and fittings	Computer equipment and software	Motor vehicles	Leasehold improvements	Total
	$	$	$	$	$	$
<u>Group</u>						
Cost:						
At 1 April 2019	12,881,072	867,339	4,967,692	439,938	3,007,257	22,163,298
Additions	285,040	218,869	1,057,949	68,227	389,812	2,019,897
Adjustments	2,437,254	4,209,940	5,145,611	1,247,146	3,362,259	16,402,210
Write off	(329,577)	(666,616)	(229,817)	(53,544)	(574,615)	(1,854,169)
Translation differences	75,577	196,759	(420,695)	(182,300)	156,763	(173,896)
At 31 March 2020	15,349,366	4,826,291	10,520,740	1,519,467	6,341,476	38,557,340
Additions	207,746	58,010	240,521	69	125,851	632,197
Write off	(553,343)	(41,485)	(2,951)	(328,254)	(29,493)	(955,526)
Translation differences	222,363	46,560	106,151	74,488	108,974	558,536
At 31 March 2021	15,226,132	4,889,376	10,864,461	1,265,770	6,546,808	38,792,547

	Warehouse equipment	Furniture and fittings	Computer equipment and software	Motor vehicles	Leasehold improvements	Total
	$	$	$	$	$	$
Group						
Accumulated depreciation:						
At 1 April 2019	2,916,773	262,790	1,939,146	110,426	948,372	6,177,507
Charge for the year	1,881,370	322,841	1,539,183	57,323	427,524	4,228,241
Write off	(329,577)	(236,756)	(229,817)	(52,172)	(189,641)	(1,037,963)
Adjustments	3,054,507	3,699,863	5,122,056	1,282,081	3,243,703	16,402,210
Translation differences	666,301	(32,888)	(555,085)	(232,497)	(43,685)	(197,854)
At 31 March 2020	8,189,374	4,015,850	7,815,483	1,165,161	4,386,273	25,572,141
Charge for the year	2,013,203	314,603	1,486,131	17,227	392,451	4,223,615
Write off	(185,061)	(19,273)	(3,314)	(227,589)	(13,288)	(448,525)
Translation differences	81,436	10,193	119,950	95,650	132,698	439,927
At 31 March 2021	10,098,952	4,321,373	9,418,250	1,050,449	4,898,134	29,787,158
Net carrying amount:						
At 31 March 2020	7,159,992	810,441	2,705,257	354,306	1,955,203	12,985,199
At 31 March 2021	5,127,180	568,003	1,446,211	215,321	1,648,674	9,005,389

	Furniture and fittings	Computer equipment and software	Leasehold improvements	Total
	$	$	$	$
Company				
Cost:				
At 1 April 2019	52,602	3,130,649	125,624	3,308,875
Additions	-	913,942	-	913,942
Write off	(52,602)	-	(125,624)	(178,226)
At 31 March 2020	-	4,044,591	-	4,044,591
Additions	-	108,261	-	108,261
At 31 March 2021	-	4,152,852	-	4,152,852
Accumulated depreciation and impairment losses:				
At 1 April 2019	12,901	658,529	23,031	694,461
Charge for the year	9,437	1,115,369	23,031	1,147,837
Write off	(22,338)	-	(46,062)	(68,400)
At 31 March 2020	-	1,773,898	-	1,773,898
Charge for the year	-	1,240,873	-	1,240,873
At 31 March 2021	-	3,014,771	-	3,014,771
Net carrying amount:				
At 31 March 2020	-	2,270,693	-	2,270,693
At 31 March 2021	-	1,138,081	-	1,138,081

10. INTANGIBLE ASSETS

	Goodwill	Restraint on shareholders' clause	Customer relationship	Patent and trademarks	Total
	$	$	$	$	$
Group					
Cost:					
At 1 April 2019	37,677,008	664,029	26,945,272	11,648	65,297,957
Translation differences	(606,698)	-	548,627	(1,360)	(59,431)
At 31 March 2020	37,070,310	664,029	27,493,899	10,288	65,238,526
Translation differences	1,120,334	-	355,633	1,717	1,477,684
At 31 March 2021	38,190,644	664,029	27,849,532	12,005	66,716,210
Accumulated amortisation:					
At 1 April 2019	-	423,018	5,687,030	-	6,110,048
Charge for the year	-	225,879	2,857,545	-	3,083,424
Translation differences	-	15,132	756,615	-	771,747
At 31 March 2020	-	664,029	9,301,190	-	9,965,219
Charge for the year	-	-	2,669,931	-	2,669,931
At 31 March 2021	-	664,029	11,971,121	-	12,635,150
Net carrying amount:					
At 31 March 2020	37,070,310	-	18,192,709	10,288	55,273,307
At 31 March 2021	38,190,644	-	15,878,411	12,005	54,081,060

Impairment assessment on goodwill

For the purpose of impairment assessment, goodwill arising from acquisition have been allocated to, T.I.F Holdings Pty Ltd and its subsidiaries, TVS SCS Singapore Pte Ltd (formerly known as Pan Asia Logistics Singapore Pte Ltd) and its subsidiaries and TVS SCS Logistics Management Co Ltd (formerly known as TLM Logistics Management Co., Ltd) as a single cash-generating unit (CGU).

The recoverable amount of the CGU is determined based on a value in use calculation using cash flow projections from financial budgets covering a five year period. The following key assumptions are used in the value in use calculation:

	2021	2020	2019
Discount rate	7.5%	6%	7%
Terminal growth rate	3.4%	3%	2%
Budgeted revenue growth rate (average of the next 5 years)	4.6%	4.2%	4%

Cash flow projections during the five year period are based on the same expected gross margins throughout this period, which are materially consistent with the gross margins achieved in the financial year 2021.

Based on the assessment, management is of the opinion that the carrying value of the goodwill does not exceed its recoverable amount.

Sensitivity to changes in assumptions

With regards to the value in use calculation, management believes that no reasonable possible changes in any of the above key assumptions cause the carrying amounts of goodwill to materially exceed its recoverable amount.

11. RIGHT-OF-USE ASSETS

The Group leases several buildings, plant and equipment, office equipment and vehicles. The average lease term is 3 years (2020 : 3 years).

	Building	Plant and equipment	Office equipment	Vehicles	Total
	$	$	$	$	$
Group					
Cost:					
At 1 April 2019	67,043,067	2,736,817	739,786	705,813	71,225,483
Additions	2,679,342	677,011	161,197	158,772	3,676,322
Translation differences	24,407	(1)	(1)	2	24,407
At 31 March 2020	69,746,816	3,413,827	900,982	864,587	74,926,212
Additions	9,597,019	872,317	8,013	47,445	10,524,794
Derecognition	(11,407,420)	(1,929,484)	(41,994)	(214,751)	(13,593,649)
Translation differences	612,557	1	(753)	(19,665)	592,140
At 31 March 2021	68,548,972	2,356,661	866,248	677,616	72,449,497
Accumulated depreciation:					
At 1 April 2019	16,447,033	962,955	109,287	202,333	17,721,608
Depreciation	16,342,754	1,078,452	220,941	245,514	17,887,661
Adjustment	1,081,013	-	-	-	1,081,013
Translation differences	431	21,923	(11,633)	(30,050)	(19,329)
At 31 March 2020	33,871,231	2,063,330	318,595	417,797	36,670,953
Depreciation	15,861,403	781,037	248,974	205,848	17,097,262
Derecognition	(11,302,864)	(1,929,484)	(41,994)	(214,751)	(13,489,093)
Translation differences	374,631	-	(14,964)	(944)	358,723
At 31 March 2021	38,804,401	914,883	510,611	407,950	40,637,845
Net carrying amount:					
At 31 March 2020	35,875,585	1,350,497	582,387	446,790	38,255,259
At 31 March 2021	29,744,571	1,441,778	355,637	269,666	31,811,652

Leases as lessee

Amount recognised in profit or loss relating to leases under FRS 116

	Group	
	31.03.2021	31.03.2020
	$	$
Depreciation expense on right-of-use assets	17,097,262	17,887,661
Interest expense on lease liabilities	2,060,461	2,695,090
Expense relating to short-term and low value leases	1,189,153	2,423,248

12. INVESTMENT IN SUBSIDIARIES

	Company 2021	Company 2020
	$	$
Unquoted equity shares, at cost		
As at 1 April and 31 March	80,386,268	80,386,268

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group (%) 2021	2020
Held by the Company				
TVS Supply Chain Solutions Australia Holdings Pty Ltd (Formerly known as TVS – Asianics Australia Pty. Ltd.)	Investment holding	Australia	100	100
TVS SCS International Freight (Spain), S.L.U. (Formerly known as Nadal Forwarding S.L.)	Freight forwarding	Spain	100	100
TVS SCS International Pte. Ltd (Formerly known as Pan Asia Logistics International Pte Ltd)	Freight forwarding	Singapore	100	100
TVS SCS Singapore Pte. Ltd. (Formerly known as Pan Asia Logistics Singapore Pte Ltd)	Freight forwarding	Singapore	100	100
TVS Supply Chain Solutions (Thailand) Limited (Formerly known as TVS Asianics (Thailand) Limited)	Investment holding	Thailand	100	100
Held by the Company and TVS Supply Chain Solutions (Thailand) Limited (Formerly known as TVS Asianics (Thailand) Limited)				
TVS SCS Logistics Management Co., Ltd (Formerly known as TLM Logistics Management Co., Ltd)	Warehousing	Thailand	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group (%) 2021	2020
Held by TVS Supply Chain Solutions Australia Holdings Pty Ltd (Formerly known as TVS - Asianics Australia Pty. Ltd.)				
T.I.F Holdings Pty. Ltd.	Investment holding	Australia	100	100
Held by T.I.F Holdings Pty. Ltd.				
TVS SCS (Aust) Pty Ltd (Formerly known as Transtar International Freight (Aust) Pty Ltd)	Freight forwarding	Australia	100	100
TVS SCS New Zealand Limited (Formerly known as Transtar International Freight Limited)	Freight forwarding	New Zealand	100	100
Kahn Nominees Pty Ltd	Investment holding	Australia	100	100
Held by Kahn Nominees Pty. Ltd.				
TVS SCS International Freight Hong Kong Limited (Formerly known as Transtar International Freight Limited)	Freight forwarding	Hong Kong	100	100
TVS SCS International Freight (Singapore) Pte. Ltd (Formerly known as Transtar International Freight (Singapore) Pte. Ltd.	Freight forwarding	Singapore	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group (%)	
			2021	2020
Held by TVS SCS International Freight Hong Kong Limited (Formerly known as Transtar International Freight Limited				
TVS SCS International Freight (Thailand) Limited (Formerly known as Transtar International Freight (Thailand) Limited	Freight forwarding	Thailand	100	100
TVS (Shanghai) Limited (Formerly known *as* Transtar International Freight (Shanghai) Limited)	Freight forwarding	China	100	100
TVS SCS International Freight Sdn Bhd (Formerly known as Transtar International Freight Sdn Bhd)	Freight forwarding	Malaysia	100	100
Held by TVS SCS International Freight (Spain), S.L.U. (Formerly known as Nadal Forwarding S.L.)				
Lineas Regulares XXI, S.L.	Freight forwarding	Spain	100	100
Held by TVS SCS Singapore Pte. Ltd. (Formerly known as Pan Asia Logistics Singapore Pte Ltd)				
TVS SCS (Korea) Ltd (Formerly known as Pan Asia Logistics International (Korea) Ltd.)	Freight forwarding	Korea	100	100
TVS SCS Logistics Ltd (Formerly known as Pan Asia Logistics Ltd)	Freight forwarding	China	100	100
TVS SCS Logistics (Thailand) Limited (Formerly known as Pan Asia Logistics (Thailand) Limited)	Freight forwarding	Thailand	100	100
TVS SCS Hong Kong Limited (Formerly known as Pan Asia Freight-Forwarding & Logistics Hong Kong Limited)	Freight forwarding	Hong Kong	100	100

Name of subsidiaries	Principal activities	Country of incorporation	Effective equity interest held by the Group (%) 2021	2020
Held by TVS SCS Singapore Pte. Ltd. (Formerly known as Pan Asia Logistics Singapore Pte Ltd)(cont'd)				
Pan Asia Container Line Pte Limited	Freight forwarding	Hong Kong	100	100
TVS SCS Deutschland GmbH (formerly known as Pan Asia Logistics Deustchland GmbH)	Freight forwarding	Germany	100	100
TVS SCS Malaysia Sdn Bhd (Formerly known as Pan Asia Logistics Malaysia Sdn Bhd)	Freight forwarding	Malaysia	100	100
TVS SCS Vietnam Company Limited (Formerly known as Pan Asia Logistics Vietnam Corporation)	Freight forwarding	Vietnam	100	100
PT TVS SCS Indonesia (Formerly known as PT Pan Asia Logistics Indonesia)	Freight forwarding	Indonesia	100	100
TVS SCS Taiwan Limited (Formerly known as PT Pan Asia Logistics Taiwan Limited)	Freight forwarding	Taiwan	100	100
TVS SCS India Private Limited (Formerly known as PT Pan Asia Freight Forwarding & Logistics India Private Limited)	Freight forwarding	India	100	100

13. DEFERRED TAX

Movements in deferred tax assets and liabilities (prior to offsetting of balances) during the financial year are as follows:

	Note	31.03.2021	31.03.2020
		$	$
Group			
At 1 April		(469,764)	(2,958,503)
Recognised in profit or loss	8	1,739,853	2,488,739
Foreign exchange difference		(10,246)	-
At 31 March		1,259,843	(469,764)
Represented by:			
- Deferred tax assets		5,560,341	1,328,536
- Deferred tax liabilities		(4,300,498)	(1,798,300)
		1,259,843	(469,764)

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Group and Company			
	31.03.2021		31.03.2020	
	Assets	Liabilities	Assets	Liabilities
	$	$	$	$
USD - SGD cross currency swap	-	554,147	-	-
GBP - SGD cross currency swap	1,689,784	-	-	-
Analysed as:				
- Non-current	1,689,784	554,147	-	-

USD - SGD cross currency swap

The Group enters into cross currency swap to manage the foreign currency risk associated with borrowing denominated in foreign currencies.

The Group performs a qualitative assessment of effectiveness and it is expected that the value of the cross currency swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The following tables detail the cross currency swap contracts outstanding at the end of the previous reporting period, as well as information regarding their related hedged items:

	Notional value : Foreign currency	Notional value	Fair value	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
	USD	$	$		$
Hedging instrument					
USD - SGD Cross-currency swap	12,300,000	16,537,350	554,147	Derivative – financial liability	554,147

	Change in fair value used for measuring ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
	$	$	$
Hedged item			
Borrowing in USD at LIBOR +2.10%	(554,147)	(311,222)	-

The following tables details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss in previous period:

	Current period hedging gains (losses) recognised in OCI	Amount reclassified to profit or loss due to hedged item affecting Profit or (Loss)	Line item in profit or loss in which reclassification adjustment is included
	$	$	
Cash flow hedge			
Borrowing in USD at LIBOR +2.10%	(554,147)	(242,925)	Administrative expenses

GBP - SGD cross currency swap

The Group enters into cross currency swap to manage the foreign currency risk associated with borrowing denominated in foreign currencies.

The Group performs a qualitative assessment of effectiveness and it is expected that the value of the cross currency swap contracts and the value of the corresponding hedged items will systematically change in opposite direction in response to movements in the underlying exchange rates.

The following tables detail the cross currency swap contracts outstanding at the end of the previous reporting period, as well as information regarding their related hedged items:

	Notional value	Notional value	Fair value	Line item in the statement of financial position	Change in fair value used for measuring ineffectiveness for the period
	GBP	$	$		$
Hedging instrument					
GBP - SGD Cross-currency swap	25,063,000	46,429,208	1,689,784	Derivative – financial asset	1,689,784

	Change in fair value used for measuring ineffectiveness	Balance in cash flow hedge reserve for continuing hedges	Balance in cash flow hedge reserve arising from hedging relationships for which hedge accounting is no longer applied
	$	$	$
Hedged item			
Borrowing in GBP at LIBOR +2.10%	1,689,784	(517,263)	-

The following tables details the effectiveness of the hedging relationships and the amounts reclassified from hedging reserve to profit or loss in previous period:

	Current period hedging gains (losses) recognised in OCI	Amount reclassified to profit or loss due to hedged item affecting Profit or (Loss)	Line item in profit or loss in which reclassification adjustment is included
	$	$	
Cash flow hedge			
Borrowing in GBP at LIBOR +2.10%	1,689,784	2,207,047	Administrative expenses

15a. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
Trade and other receivables (current):				
Trade receivables	62,821,569	43,665,031	-	-
Amount due from subsidiary (trade)	-	-	9,566,078	6,944,800
Amount due from related company (trade)	61,149	990,870	-	-
Bill receivables	-	-	-	515,442
Deposits	2,806,865	2,349,426	265,015	48,979
	65,689,583	47,005,327	9,831,093	7,509,221
Prepayments	1,693,627	1,916,962	204,462	291,101
Other tax receivables	1,062,119	1,361,258	287,836	-
Grant receivables	106,090	-	-	-
Advances	275,337	766,994	101,329	-
Others	548,531	-	-	-
	69,375,287	51,050,541	10,424,720	7,800,322
Other receivables (non-current):				
Deposits	927,213	914,772	-	-
Others	525	3,386	-	-
	927,738	918,158	-	-
Total trade and other receivables (current and non-current)	70,303,025	51,968,699	10,424,720	7,800,322

Grant receivable relates to the amount granted to the Group under the COVID-19 Government Relief Measures, mainly the Jobs Support Scheme ("JSS") initiative by the Singapore Government.
The initiative is intended to defray certain manpower costs.

Trade Receivable

Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group Trade receivables - days past due				
2021	Not due	Past due 0 - 90 days	Past due 90 - 180 days	Past due more than 180 days	Total
Expected credit loss rate	0.3%	0.8%	2.3%	4.9%	
Estimated total gross carrying amount at default	42,478,005	17,321,733	2,081,641	4,120,960	66,002,339
Lifetime ECL	(124,894)	(137,778)	(47,626)	(68,126)	(378,424)
Lifetime ECL credit impaired	-	-	-	(2,741,197)	(2,741,197)
					62,882,718

	Group Trade receivables - days past due				
2020	Not due	Past due 0 - 90 days	Past due 90 - 180 days	Past due more than 180 days	Total
Expected credit loss rate	0.4%	1.0%	10.3%	0.6%	
Estimated total gross carrying amount at default	18,652,410	8,837,117	2,939,063	16,316,214	46,744,804
Lifetime ECL	(75,624)	(87,972)	(304,043)	(94,703)	(562,342)
Lifetime ECL credit impaired	-	-	-	(1,526,561)	(1,526,561)
					44,655,901

Receivables that are impaired

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

	Group
	$
Balance as at 1 April 2019	5,634,790
Charge for the year	872,197
Amount recovered	(1,664,197)
Amounts written off	(2,766,415)
Exchange differences	12,528
At 31 March 2020	2,088,903
Charge for the year	1,320,506
Amounts written off	(289,333)
Exchange differences	(455)
At 31 March 2021	3,119,621

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

15b. CONTRACT ASSETS

Contract assets are initially recognised for revenue earned from freight forwarding services and warehouse services as receipt of consideration is conditional on successful completion of services. Upon completion of services and billing, the amounts recognised as contract assets are reclassified to trade receivables.

At the end of the reporting period, the Group and the Company has contract assets of $3,568,275 (2020 : $2,264,227) and $Nil (2020 : $1,211,645) respectively.

Management estimates the loss allowance on contract assets at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the industry. None of the amounts due from customers at the end of the reporting period is past due. There was no credit allowance provided for during the financial year.

16. AMOUNT DUE FROM/(TO) A RELATED COMPANY AND AMOUNT DUE FROM/(TO) ULTIMATE HOLDING COMPANY

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
Current assets				
Amount due from a related company	-	-	2,787,239	898,502
Amount due from ultimate holding company	113,603	100,387	113,603	100,387
Loan to related companies	107,911	108,601	29,244,521	18,884,425
	221,514	208,988	32,145,363	19,883,314

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
Current liabilities				
Amount due to ultimate holding company	(2,083,659)	-	(2,083,659)	-
Amount due to a related company	(4,565,644)	(3,084,548)	(5,929,229)	(5,556,057)
	(6,649,303)	(3,084,548)	(8,012,888)	(5,556,057)

The balance amount of $2,787,239 (2020 : $898,502) due from a related company to the Company is unsecured, interest free and payable on demand. There is no allowance for doubtful recoverables arising from the outstanding balances.

The balance amount of $113,603 (2020 : $100,387) due from ultimate holding company to the Group and the Company is unsecured, interest free and payable on demand. There is no allowance for doubtful recoverables arising from the outstanding balances.

The balance amount of $29,244,521 (2020 : $18,884,425) due from related companies to the Company and $107,911 (2020 : $108,601) due from related companies to the Group is unsecured, bears interest at rate of 4.6% to 7% (2020 : 5% to 7%) and payable on demand. There is no expected credit loss for doubtful recoverables arising from the outstanding balances.

The balance amount of $2,083,659 (2020 : $Nil) due to ultimate holding company from the Group and the Company are unsecured, interest free and payable on demand.

The balance amount of $4,565,644 (2020 : $3,084,548) due to related companies from the Group and $5,929,2929 (2020 : $5,556,057) due to related companies from the Company are unsecured, interest free and payable on demand.

17a. CASH AND CASH EQUIVALENTS

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
Bank balances	17,452,332	31,411,003	174,181	18,249,169
Cash on hand	85,063	88,956	-	-
	17,537,395	31,499,959	174,181	18,249,169

17b. FIXED DEPOSIT WITH BANKS

Fixed deposits of $5,966,589 (2020 : $4,131,733) are pledged as collaterals to secure banking facilities. Fixed deposits at the end of the reporting period had a maturity of 2 to 28 months (2020 : 2 to 8 months) from the end of the reporting period with interest rates of 0.03% to 0.25% (2020 : 1.00% to 1.40%) per annum.

18. SHARE CAPITAL

	Group and Company	
	31.03.2021	31.03.2020
	$	$
Ordinary shares		
Fully paid ordinary shares, with no par values:		
Balance at beginning of the financial year	37,349,311	7,449,968
Shares issued during the year	1,905,219	29,899,343
Balance at end of the financial year	39,254,530	37,349,311

The holders of ordinary share are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

Issuance of ordinary shares

In February 2020, the directors approved the issue of 29,899,343 ordinary shares to its immediate holding company at an exercise price of $1.00 per share (2018 : $1.00).

In October 2020, the directors approved the issue of 464,687 ordinary shares at the issue price of of $2.05 per share and 226,812 ordinary shares at the issue price of $4.20 per share. The shares were issued in satisfaction of share based payment for the performance of employees.

19a. CAPITAL RESERVE

Capital reserve represents effects of changes in ownership interest in subsidiaries when there is no change in control.

19b. CURRENCY TRANSLATION RESERVE

The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
Trade and other payables (current):				
Trade payables	27,049,457	16,245,108	-	-
Accrued expenses	19,491,505	24,442,530	3,751,313	8,108,049
Other payables	8,980,608	3,929,882	827,431	982,588
Provision for leave entitlement	1,643,123	923,055	-	-
Provision for retirement benefit (Note 21)	314,836	-	-	-
Provision for social security contributions	499,222	556,495	-	-
Deferred cash settlements	2,454,808	2,351,372	475,701	1,819,978
Deferred income	138,889	651,388	-	-
Deposits	825,568	520,527	-	195,909
	61,398,016	49,620,357	5,054,445	11,106,524
Other tax liabilities	1,344,488	1,235,349	-	-
	62,742,504	50,855,706	5,054,445	11,106,524
Other payables (non-current):				
Provision for leave entitlement	61,381	147,810	-	-
Provision for retirement benefit (Note 21)	1,160,282	1,410,363	-	-
Provision for restoration	2,291,638	-	-	-
Deferred cash settlements	-	1,833,759	-	475,701
Deposits	1,983,996	1,986,992	-	-
	5,497,297	5,378,924	-	475,701

Deferred grant income relates to the amount granted to the Group under COVID-19 Government Relief Measures, mainly the JSS initiative by the Singapore Government. The initiative is intended to defray certain manpower costs.

21. RETIREMENT BENEFIT OBLIGATIONS

The Group has defined benefit plans for qualifying employees from the following subsidiaries - PT TVS SCS Indonesia (Formerly known as PT Pan Asia Logistics Indonesia), TVS SCS (Korea) Ltd (Formerly known as Pan Asia Logistics International (Korea) Ltd), TVS SCS Logistics (Thailand) Limited (Formerly known as Pan Asia Logistics (Thailand) Limited) and TVS SCS Logistics Management Co., Ltd (Formerly known as TLM Logistics Management Co., Ltd).

The amount recognised in the consolidated statements of financial position in respect of the Group's defined benefit plans are as follows:

	Group	
	31.03.2021	31.03.2020
	$	$
Net liability arising from defined benefit obligations	1,475,118	1,410,363

The amount recognised in total comprehensive income in respect of the Group's defined benefit plans are as follows:

	Group	
	2021	2020
	$	$
Current service cost	148,321	239,081
Net interest expense	34,681	30,812
Past Service Cost	5,000	61,986
Exchange loss	49,922	30,268
Components of defined benefit costs recognised in profit or loss	237,924	362,147
Remeasurement on net defined liability	-	-
Components of defined benefit costs recognised in other comprehensive income	-	-
Total	237,924	362,147

The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss for the year.

The net actuarial gain is recognised in profit or loss and remeasurement of the net defined benefit liability is included in other comprehensive income.

Movements in the net liability arising from defined benefit obligation in the current are as follows:

	Group	
	31.03.2021	31.03.2020
	$	$
Opening defined benefit obligation	1,410,361	1,059,319
Current service cost	148,321	239,081
Past Service Cost	5,000	61,986
Interest cost	34,681	30,812
Exchange loss	49,922	30,270
Benefits paid	(173,167)	(11,105)
Closing defined benefit obligation	1,475,118	1,410,363

The actuarial valuation was carried out by an independent valuer as of 31 December 2020 for PT Pan Asia Logistics Indonesia, as of 31 March 2021 for Pan Asia Logistics International (Korea) Ltd and Pan Asia Logistics (Thailand) Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method. The actuarial valuation was carried out using the following key assumptions:

	Group	
	2021	2020
Discount rate at the date of valuation	1%-8% p.a	2%-8% p.a
Long-term salary increase	2%-8% p.a	0%-8% p.a

22. BORROWINGS

		Group		Company	
	Maturity	31.03.2021	31.03.2020	31.03.2021	31.03.2020
		$	$	$	$
Non-current					
Bank term loan at LIBOR + 2.10% p.a.	2025	102,382,892	105,966,779	102,382,892	105,966,779
Current					
Bank term loan at LIBOR + 2.10% p.a.	2022	4,955,427	-	4,955,427	-
Loan from related company at 3.25% - 5% p.a.		17,043,383	10,761,322	17,043,383	10,761,322
Loan from related company at 5% p.a.		-	-	242,413	256,266
Secured bank cash credit facilities at BBSY +1.10% p.a.		-	9,448,056	-	-
Bills discounting		-	2,059,757	-	-
		21,998,810	22,269,135	22,241,223	11,017,588
		124,381,702	128,235,914	124,624,115	116,984,367

Bank term loan

The bank term loan is repayable between March 2022 and March 2025. The term loan is secured by the assets of the company and its material subsidiaries as defined in the banking facility agreement. It is also secured by the guarantee provided by TVS Supply Chain Solutions Limited ("ultimate holding company") and carries interest at 2.1% plus 1-month LIBOR rate (2020 : 2.1% plus 3-month LIBOR rate).

Loan from related company

The loan from related company is unsecured and repayable on demand. The loan from related company carries interest rate of 3.25% to 5.00% (2020 : 5%) per annum.

Secured bank cash credit facilities

Cash credit facility provided by ANZ Banking Corporation is secured by fixed and floating charges over all present and future assets, and unpaid or uncalled capital of one of the Group's subsidiaries, T.I.F Holdings Pty. Limited, corporate guarantee and indemnity provided by TVS Asianics Australia Pty Ltd. and TVS Asianics Singapore Pte. Ltd. The facility carries interest at 1.25% plus Bank Bill Swap Bid Rate (2020 : 1.10% plus Bank Bill Swap Bid Rate). This loan was fully repaid to the bank in the current year.

Reconciliation of liabilities arising from financing activities

	31 March 2020	Financing cash flows	New lease liabilities	Rent concessios	Other changes	31 March 2021
	$	$	$	$	$	$
Bank borrowings	117,474,592	(11,507,813)	-	-	1,371,540	107,338,319
Lease liabilities	46,437,646	(16,083,477)	8,233,156	(685,135)	118,495	38,020,685
Loan from related company	10,761,322	6,829,276	-	-	(547,215)	17,043,383
Loan from ultimate holding company	2,116,717	(1,800,000)	-	-	(316,717)	-
Amount due to related company	3,084,548	1,481,096	-	-	-	4,565,644
	179,874,825	(21,080,918)	8,233,156	(685,135)	626,103	166,968,031

	31 March 2019	Financing cash flows	New lease liabilities	Other changes	31 March 2020
	$	$	$	$	$
Bank borrowings	116,251,885	(4,667,338)	-	5,890,045	117,474,592
Lease liabilities	62,536,292	(18,652,637)	2,553,991	-	46,437,646
Loan from related company	2,879,527	8,629,326	-	(747,531)	10,761,322
Loan from ultimate holding company	2,025,732	-	-	90,985	2,116,717
Amount due to related company	1,637,881	1,446,667	-	-	3,084,548
	185,331,317	(13,243,982)	2,553,991	5,233,499	179,874,825

23. LOAN FROM ULTIMATE HOLDING COMPANY

In 2020, loan from ultimate holding company bears interest of 5.00% per annum, non-trade in nature, unsecured, with no fixed terms of repayment and repayable on demand.

24. LEASE LIABILITIES

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
Maturity analysis:				
Year 1	16,083,863	17,416,121	-	194,597
Year 2	13,872,658	13,996,744	-	16,216
Year 3	9,510,786	9,294,316	-	-
Year 4	1,721,974	8,819,876	-	-
Year 5	82,811	613,500	-	-
Year 6	-	3,044	-	-
Less: Unearned interest	(3,251,407)	(3,705,955)	-	(5,556)
	38,020,685	46,437,646	-	205,257
Analysis as:				
Current	14,285,600	15,615,519	-	189,042
Non-current	23,735,085	30,822,127	-	16,215
	38,020,685	46,437,646	-	205,257

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

25. INTRA-GROUP FINANCIAL GUARANTEES

The fair value of financial guarantees provided by the Group to subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rates charged by the banks with these guarantees made available, with the estimated rates that the banks would have charged had these guarantees not been available. The Group has provided corporate guarantee of up to $Nil (2020 : $9,448,056) to a bank for bank borrowings of up to $Nil (2020 : $9,448,056) taken by Transtar International Freight (Aust) Pty Ltd at the end of the reporting period.

26. RELATED COMPANY TRANSACTIONS

The company is a subsidiary of TVS Supply Chain Solutions Limited, ultimate holding company, is incorporated in India.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies. The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

(a) *Sale and purchase of goods and services*

In addition to the related companies information disclosed elsewhere in the financial statements, the following are significant transactions with related companies at mutually agreed amounts:

	2021	2020
	$	$
Income from logistics services:		
Related companies	4,233,224	3,806,021
Freight charges:		
Related companies	2,104,154	1,547,742
Finance cost:		
Ultimate holding company	1,131,515	1,426,047
Related companies	577,870	1,561,076

(b) *Key management personnel compensation*

	2021	2020
	$	$
Short-term employee benefits	644,367	678,416

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to those financial risks or the manners in which it manages and measures the risks.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
Financial assets				
At amortised cost	90,891,350	84,537,843	42,150,637	45,641,704
Derivative Instruments:				
Designated in hedge accounting relationship	1,689,784	-	1,689,784	-
	92,581,134	84,537,843	43,840,421	45,641,704
Financial liabilities				
Amortised cost	199,131,917	189,020,421	137,691,448	136,239,366
Lease liabilities	38,020,685	46,437,646	-	205,257
Derivative Instruments:				
Designated in hedge accounting relationship	554,147	-	554,147	-
	237,706,749	235,458,067	138,245,595	136,444,623

Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

Trade and other receivables

The Group and the Company have a credit policy in place which establishes credit limits for customers and monitors their balances on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

At 31 March 2021, the Group and the Company have concentration of credit risk in 5 (2020 : 5) major trade debtors representing approximately 7.8% (2020 : 11.4%) of total trade receivables. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial position.

The Group and the Company do not require collateral in respect of trade and other receivables. The Group and the Company established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group and the Company are satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and approved financial institutions.

Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group and the Company's approach to managing liquidity are to ensure, as far as possible, that they will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group and the Company's reputation.

The Group and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group and the Company's policy are to regularly monitor current and expected liquidity requirements and its compliance with lending covenants by reviewing each operating entity's cash flow forecast, to ensure that the Group and the Company maintain sufficient reserves of cash and adequate committed lines of funding from banks and its holding company to meet its liquidity requirements in the short and longer term.

Please refer to Note 2.1 for further details.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 to 5 years
	$	$	$	$
Group				
31 March 2021				
Borrowings	107,338,319	114,071,199	7,344,489	106,726,710
Trade and other payables	68,102,221	68,102,221	62,604,924	5,497,297
Amount due to a related company	4,564,335	4,564,335	4,564,335	-
Amount due to ultimate holding company	2,083,659	2,083,659	2,083,659	-
Loan from a related party	17,043,383	17,563,950	17,563,950	-
Lease liabilities	38,020,685	41,272,092	16,083,863	25,188,229
	237,152,602	247,657,456	110,245,220	137,412,236
31 March 2020				
Borrowings	117,474,592	150,786,402	119,964,275	30,822,127
Trade and other payables	55,583,242	55,583,242	50,204,318	5,378,924
Amount due to a related company	3,084,548	3,084,548	3,084,548	-
Loan from ultimate holding company	2,116,717	2,206,717	2,206,717	-
Loan from a related party	10,761,322	11,210,876	11,210,876	-
Lease liabilities	46,437,646	50,143,601	17,416,121	32,727,480
	235,458,067	273,015,386	204,086,855	68,928,531

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 to 5 years
	$	$	$	$
Company				
31 March 2021				
Borrowings	107,338,319	114,071,199	7,344,489	106,726,710
Trade and other payables	5,054,445	5,054,445	5,054,445	-
Amount due to a related company	5,929,229	5,929,229	5,929,229	-
Amount due to ultimate holding company	2,083,659	2,083,659	2,083,659	-
Loan from related company	17,285,796	17,818,463	17,818,463	-
	137,691,448	144,956,995	38,230,285	106,726,710
31 March 2020				
Borrowings	105,966,779	108,456,462	108,456,462	-
Trade and other payables	11,582,225	11,582,225	11,106,524	475,701
Amount due to a related company	5,556,057	5,556,057	5,556,057	-
Loan from ultimate holding company	2,116,717	2,206,717	2,206,717	-
Loan from related company	11,017,588	11,210,876	11,210,876	-
Lease liabilities	205,257	210,813	194,597	16,216
	136,444,623	139,223,150	138,731,233	491,917

Derivative financial instruments

The following table details the liquidity analysis for derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period.

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 to 5 years
	$	$	$	$
Group				
31 March 2021				
Derivative - Financial Asset	1,689,784	1,689,784	-	1,689,784
Derivative - Financial Liability	554,147	554,147	-	554,147

	Carrying amount	Contractual cash flows	Within 1 year	Within 2 to 5 years
	$	$	$	$
Company				
31 March 2021				
Derivative - Financial Asset	1,689,784	1,689,784	-	1,689,784
Derivative - Financial Liability	554,147	554,147	-	554,147

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Group and the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Group and the Company's exposure to market risk for changes in interest rates relate primarily to the Group and the Company's cash and cash equivalents and debt obligations. Interest rate risk is managed by the Group and the Company on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group and the Company adopt a policy of managing its interest rate exposure by maintaining a mix of debt portfolio with both fixed and floating rates of interest.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group and the Company's interest bearing financial instruments are:

	Note	31.03.2021	31.03.2020
Group		$	$
Financial assets			
Fixed rate instruments			
Loan to related companies	16	107,911	108,601
Financial liabilities			
Fixed rate instruments			
Loan from ultimate holding company	23	-	2,116,717
Lease liabilities	24	38,020,685	46,437,646
Variable rate instruments			
Borrowings	22	124,381,702	128,235,914
Company			
Financial assets			
Fixed rate instruments			
Loan to related companies	16	29,244,521	18,884,425
Financial liabilities			
Fixed rate instruments			
Loan from ultimate holding company	23	-	2,116,717
Variable rate instruments			
Borrowings	22	124,624,115	116,984,367

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

For the variable rate financial assets and liabilities, a change of 100 basis points (bp) in interest rate at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss	
	100 bp Increase	100 bp Decrease
	$	$
Group		
31 March 2021		
Variable rate instruments	1,243,817	(1,243,817)
31 March 2020		
Variable rate instruments	1,282,359	(1,282,359)

	Profit or loss	
	100 bp Increase	100 bp Decrease
	$	$
Company		
31 March 2021		
Variable rate instruments	1,246,241	(1,246,241)
31 March 2020		
Variable rate instruments	1,169,844	(1,169,844)

Foreign currency risk

Foreign exchange risk arises from a change in foreign currency exchange rate, which is expected to have an adverse effect on the Group in the current reporting period and in future years. The Group operates in several countries and subsidiary, associated and joint venture companies within the Group maintain their books and records in their respective functional currencies. The Group's accounting policy is to translate the results of overseas subsidiary companies using the weighted average exchange rates. Net assets denominated in foreign currencies and held at the financial year end are translated into Singapore Dollar, the Group's reporting currency, at year end exchange rates. Fluctuations in the exchange rate between the functional currencies and Singapore Dollar will therefore have an impact on the Group. It is the Group's policy not to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currencies as a natural hedge against overseas assets.

The Group is also exposed to the volatility in the foreign currency cash flows related to repatriation of the investments in and advances to its subsidiary companies. The Group does not hedge exposures arising from such risks.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	$	$	$	$
USD	11,621,760*	44,360,180	14,604,198	22,319,746
EUR	26,230,075	32,335,821	21,459,956	21,160,066
AUD	8,817,281	24,024,074	20,765,871	13,389,524
GBP	47,114,742*	-	-	-

* Bank term loan denominated in USD12,300,000 ($16,537,350) and GBP25,063,000 ($46,429,208) are not included as foreign currency risk has been hedged using a cross currency swap.

A 5% strengthening of the Singapore dollar against the following currencies as at 31 March would have increased/(decreased) profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

	Profit or loss	
	31.03.2021	31.03.2020
	$	$
USD	149,122	(1,102,022)
EUR	(238,506)	(558,788)
AUD	597,430	(531,728)
GBP	(2,355,737)	-

A 5% weakening of Singapore dollar against the above currencies at 31 March would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

28. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments whose carrying amounts approximate fair value

The directors are of the view that the fair values of the financial assets and liabilities with a maturity period of less than one (1) year approximate their carrying amounts as disclosed in the statements of financial position and in the notes to the financial statements due to the short period to maturity.

Some of the group's financial assets and financial liabilities are measured at fair value as at each reporting date. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/ financial liabities	**Fair value as at**				**Fair value hierarchy**	**Valuation technique (s) and key input(s)**	**Significant unobservab le input(s)**	**Relationship and sensitivity of unobservable inputs to fair value**
	2021		**2020**					
Derivative financial instruments	**Asset**	**Liability**	**Asset**	**Liability**				
	$	$	$	$				
Cross-currency swap	1,689,784	554,147	-	-	Level 2	Discounted cash flow Future cash flows are estimated based on exchange rates over the period of derivative maturity dates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

29. CAPITAL MANAGEMENT

The Board defines capital to include share capital, accumulated profits and other reserves. The Board's objective is to maintain a sound capital base so as to sustain the future development and expansion of the Group's business in order to maintain investor and creditor confidence in the Group.

The Group monitors capital using net debt-to-equity ratio. This ratio is calculated as total borrowings, net of cash and cash equivalents, divided by total shareholders' equity. The net debt-to-equity ratio was negative 2.60 as at 31 March 2021 (2020 : negative 2.55).

There were no changes in the Group's approach to capital management during the financial year.

30. CONTINGENT LIABILITY

(a) Arbitration with erstwhile Chief Executive officer and Minority Shareholders

As at the end of the reporting period, Company is part of an ongoing arbitration at Singapore International Arbitration Centre (SIAC) with a former CEO who is also a minority shareholder in relation to amounts payable and other benefits due under the employment and other related contracts. The Company had terminated the services of the CEO for cause in 2019 and has accrued for appropriate costs till the date of termination based on internal review and legal advice and believes no further adjustments are considered necessary to these financial statements pending resolution of the proceedings at SIAC.

(b) The Company is part of an ongoing litigation with the erstwhile shareholders of the T.I.F Holdings Pty. Ltd. with respect to amounts payable for the acquisition of the balance minority shareholding (45%) computed as per the terms of the PPA (Second completion amounts). The Company believes that the amounts paid, and the balance liability accrued in the books fairly represents the amounts payable to the erstwhile shareholders under the terms of the shareholders' agreement and no further material adjustments to these amounts would be required. The dispute is pending with the Supreme Court of Victoria.

(c) The erstwhile shareholders of the TVS SCS Singapore Pte Ltd (Formerly known as "Pan Asia Logistics Singapore Pte Ltd") are claiming Top-up Payment in connection with the acquisition. The Company believes that there are no amounts payable to the erstwhile shareholders under the terms of the shareholders' agreement, and no further material adjustments to these amounts would be required to these financial statements pending resolution of the proceedings at SIAC.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the directors on 10 August 2021.