

MAPLETREE TREASURY SERVICES LIMITED
(Incorporated in Singapore. Registration Number: 200404563Z)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 March 2021

MAPLETREE TREASURY SERVICES LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES

ANNUAL REPORT
For the financial year ended 31 March 2021

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**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

The directors present their statement to the member together with the audited statements of profit or loss, statements of comprehensive income, statements of financial position and statement of changes in equity of the Company and of the Group, and the audited consolidated statement of cash flows of the Group for the financial year ended 31 March 2021.

In the opinion of the directors,

- (a) The statements of profit or loss, statements of comprehensive income, statements of financial position and statement of changes in equity of the Company and of the Group, and the consolidated statement of cash flows of the Group set out on pages 7 to 54 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2021 and the financial performance, changes in equity of the Company and of the Group and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) As at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Hiew Yoon Khong
Koh Mui Ai

Arrangements to enable directors to acquire shares and debentures

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

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

Directors' interests in shares and debentures

According to the register of directors' shareholdings, none of the directors holding office as at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	<u>Holdings registered in name of director</u>		<u>Holdings in which director is deemed to have an interest</u>	
	As at 31 March 2021	As at 1 April 2020	As at 31 March 2021	As at 1 April 2020
CapitaLand Limited <u>(Ordinary shares)</u>				
Hiew Yoon Khong	105,550	105,550	-	-
Singapore Technologies Engineering Ltd <u>(Ordinary shares)</u>				
Hiew Yoon Khong	-	-	30,000	30,000
Koh Mui Ai	-	-	30,000	30,000
Singapore Telecommunications Limited <u>(Ordinary shares)</u>				
Koh Mui Ai	-	-	30,000	30,000

Share options

No options were granted during the financial year to subscribe for unissued shares of the Company.

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

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

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

DIRECTORS' STATEMENT

For the financial year ended 31 March 2021

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.



HIEW YOON KHONG
Director

11 June 2021



KOH MUI AI
Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF MAPLETREE TREASURY SERVICES LIMITED

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying consolidated financial statements of Mapletree Treasury Services Limited (the "Company") and its subsidiaries (the "Group") and the statement of profit or loss, statement of comprehensive income, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 of the Group and the financial performance of the Company, consolidated changes in equity of the Group and changes in equity of the Company and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the statements of profit or loss of the Company and the Group for the financial year ended 31 March 2021;
- the statements of comprehensive income of the Company and the Group for the financial year then ended;
- the statements of financial position of the Company and the Group as at 31 March 2021;
- the statement of changes in equity of the Group for the financial year then ended;
- the statement of changes in equity of the Company for the financial year then ended;
- the consolidated statement of cash flows for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

Independence

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.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF MAPLETREE TREASURY SERVICES LIMITED (continued)**

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Other Information

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

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

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

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 SFRS(I)s, 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF MAPLETREE TREASURY SERVICES LIMITED (continued)**

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

- 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.

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Sim May Ling Theresa.



PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 11 June 2021

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

STATEMENTS OF PROFIT OR LOSS

For the financial year ended 31 March 2021

	Note	2021 \$'000	<u>Group</u> 2020 \$'000	2021 \$'000	<u>Company</u> 2020 \$'000
Revenue					
- Interest income	3	369,452	445,938	366,934	442,949
Other gains/(losses)					
- Changes in fair value of derivative financial instruments		128,390	(141,479)	128,390	(141,479)
- Currency exchange – net	5	(165,670)	129,971	(165,795)	130,034
Expenses					
- Professional fees		(546)	(428)	(404)	(397)
- Finance cost	6	(175,578)	(269,462)	(172,866)	(265,299)
- Others		(44)	(19)	(43)	(18)
Profit before income tax		156,004	164,521	156,216	165,790
Income tax expense	7	(25,615)	(27,192)	(25,594)	(27,207)
Profit for the financial year		130,389	137,329	130,622	138,583
Profit attributable to:					
Holder of ordinary shares of the Company		74,614	81,401	74,847	82,655
Perpetual securities holders		55,775	55,928	55,775	55,928
		130,389	137,329	130,622	138,583

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

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Note	<u>Group</u>		<u>Company</u>	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Profit for the financial year		130,389	137,329	130,622	138,583
Other comprehensive income/(loss):					
<i>Items that may be reclassified subsequently to profit and loss:</i>					
Cash flow hedges					
- Fair value gains/(losses)	19	6,429	(58,222)	6,429	(58,222)
- Reclassification		18,998	4,494	18,998	4,494
Currency translation differences arising from consolidation of financial statements of subsidiaries		(116)	90	-	-
Other comprehensive income/(loss) for the financial year, net of tax		25,311	(53,638)	25,427	(53,728)
Total comprehensive income for the financial year		155,700	83,691	156,049	84,855
Total comprehensive income attributable to:					
Holder of ordinary shares of the Company		99,925	27,763	100,274	28,927
Perpetual securities holders		55,775	55,928	55,775	55,928
		155,700	83,691	156,049	84,855

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

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

STATEMENTS OF FINANCIAL POSITION

As at 31 March 2021

	Note	<u>Group</u>		<u>Company</u>	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	8	159,366	448,759	154,414	448,126
Derivative financial instruments	9	65,305	36,562	65,305	36,562
Other receivables	10	311,842	282,831	310,288	277,293
Loans to related companies	11	836,454	76,603	644,418	-
Current income tax assets		-	186	-	-
		1,372,967	844,941	1,174,425	761,981
Non-current assets					
Loans to related companies	11	13,676,482	13,196,015	13,677,564	13,197,102
Derivative financial instruments	9	29,072	31,155	29,072	31,155
Investments in subsidiaries	12	-	-	1,127	1,127
Intangible asset	13	2	4	2	4
Deferred income taxes	14	-	524	-	524
		13,705,556	13,227,698	13,707,765	13,229,912
Total assets		15,078,523	14,072,639	14,882,190	13,991,893
LIABILITIES					
Current liabilities					
Other payables	15	9,108,896	8,369,280	9,110,474	8,347,968
Derivative financial instruments	9	105,476	181,427	105,476	181,427
Borrowings	16	636,793	748,186	631,634	691,261
Current income tax liabilities		16,396	19,071	16,393	19,071
Deferred income taxes	14	140	-	140	-
		9,867,701	9,317,964	9,864,117	9,239,727
Non-current liabilities					
Derivative financial instruments	9	98,687	144,416	98,687	144,416
Borrowings	16	3,483,628	3,091,006	3,293,039	3,091,006
		3,582,315	3,235,422	3,391,726	3,235,422
Total liabilities		13,450,016	12,553,386	13,255,843	12,475,149
NET ASSETS		1,628,507	1,519,253	1,626,347	1,516,744
EQUITY					
Share capital	17	1,000	1,000	1,000	1,000
Retained earnings		344,548	260,452	342,162	257,833
Hedging reserve	19	(46,902)	(72,329)	(46,902)	(72,329)
Foreign currency translation reserve		(226)	(110)	-	-
Perpetual securities	18	1,330,087	1,330,240	1,330,087	1,330,240
Total equity		1,628,507	1,519,253	1,626,347	1,516,744

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

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

STATEMENT OF CHANGES IN EQUITY - GROUP

For the financial year ended 31 March 2021

	Share capital \$'000	Retained earnings \$'000	Hedging reserve \$'000	Foreign currency translation reserve \$'000	Perpetual securities \$'000	Total \$'000
As at 1 April 2020	1,000	260,452	(72,329)	(110)	1,330,240	1,519,253
Total comprehensive income/(loss) for the financial year	-	74,614	25,427	(116)	55,775	155,700
Perpetual securities - distribution paid	-	-	-	-	(55,928)	(55,928)
Tax credit arising from perpetual securities distribution	-	9,482	-	-	-	9,482
As at 31 March 2021	1,000	344,548	(46,902)	(226)	1,330,087	1,628,507
As at 1 April 2019	1,000	169,543	(18,601)	(200)	1,330,087	1,481,829
Total comprehensive income/(loss) for the financial year	-	81,401	(53,728)	90	55,928	83,691
Perpetual securities - distribution paid	-	-	-	-	(55,775)	(55,775)
Tax credit arising from perpetual securities distribution	-	9,508	-	-	-	9,508
As at 31 March 2020	1,000	260,452	(72,329)	(110)	1,330,240	1,519,253

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

**MAPLETREE TREASURY SERVICES LIMITED
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STATEMENT OF CHANGES IN EQUITY - COMPANY

For the financial year ended 31 March 2021

	Share capital \$'000	Retained earnings \$'000	Hedging reserve \$'000	Perpetual securities \$'000	Total \$'000
As at 1 April 2020	1,000	257,833	(72,329)	1,330,240	1,516,744
Total comprehensive income for the financial year	-	74,847	25,427	55,775	156,049
Perpetual securities - distribution paid	-	-	-	(55,928)	(55,928)
Tax credit arising from perpetual securities distribution	-	9,482	-	-	9,482
As at 31 March 2021	1,000	342,162	(46,902)	1,330,087	1,626,347
As at 1 April 2019	1,000	165,670	(18,601)	1,330,087	1,478,156
Total comprehensive income/(loss) for the financial year	-	82,655	(53,728)	55,928	84,855
Perpetual securities - distribution paid	-	-	-	(55,775)	(55,775)
Tax credit arising from perpetual securities distribution	-	9,508	-	-	9,508
As at 31 March 2020	1,000	257,833	(72,329)	1,330,240	1,516,744

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

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Profit for the financial year		130,389	137,329
Adjustments for:			
- Changes in fair value of derivative financial instruments		(128,390)	141,479
- Interest income	3	(369,452)	(445,938)
- Currency exchange – net	5	165,670	(129,971)
- Finance cost	6	175,578	269,462
- Income tax expense	7	25,615	27,192
- Amortisation of intangible asset	13	2	3
Operating cash flow before working capital changes		(588)	(444)
Change in operating assets and liabilities			
- Other receivables		(15,690)	25,742
- Other payables		617,456	2,475,417
- Loans to related companies		(1,207,982)	(1,273,390)
Cash (used in)/generated from operations		(606,804)	1,227,325
Interest received		354,272	395,792
Income tax paid		(17,961)	(10,012)
Net cash (used in)/generated from operating activities		(270,493)	1,613,105
Cash flows from financing activities			
Loan proceeds from financial institutions		6,380,450	9,346,725
Repayment of loans from financial institutions		(6,329,005)	(10,532,381)
Proceeds from issuance of medium term notes		200,000	300,000
Perpetual securities distribution paid		(55,928)	(55,775)
Interest paid		(219,971)	(254,352)
Net cash used in financing activities		(24,454)	(1,195,783)
Net (decrease)/increase in cash and cash equivalents		(294,947)	417,322
Cash and cash equivalents at beginning of financial year		448,759	37,220
Effects of currency translation on cash and cash equivalents		5,554	(5,783)
Cash and cash equivalents at end of financial year	8	159,366	448,759

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

**MAPLETREE TREASURY SERVICES LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

For the financial year ended 31 March 2021

Reconciliation of liabilities arising from financing activities

	Loans from financial institutions \$'000	Medium term notes \$'000
As at 1 April 2020	2,493,240	1,345,952
Proceeds	6,380,450	200,000
Repayment	(6,329,005)	-
Interest paid	(16,456)	(257)
Non-cash changes:		
- Interest expenses	11,535	603
- Currency translation differences	34,359	-
As at 31 March 2021	2,574,123	1,546,298
As at 1 April 2019	3,668,433	1,046,969
Proceeds	9,346,725	300,000
Repayment	(10,532,381)	-
Interest paid	(8,866)	(1,541)
Non-cash changes:		
- Interest expenses	12,682	524
- Currency translation differences	6,647	-
As at 31 March 2020	2,493,240	1,345,952

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

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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

1. General information

Mapletree Treasury Services Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is 10 Pasir Panjang Road, #13-01, Mapletree Business City, Singapore 117438.

The principal activity of the Company and its subsidiaries (the "Group") are those relating to the provision of financial and treasury operations services to the immediate holding company, Mapletree Investments Pte Ltd, and related companies.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. There are no critical accounting estimates and assumptions identified by the management, other than disclosed in Note 2.2.

2.2 Interpretations and amendments to published standards effective in 2020

On 1 April 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as follows:

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.2 Interpretations and amendments to published standards effective in 2020
(continued)

Amendments to SFRS(I) 9 *Financial Instruments* and SFRS(I) 7 *Financial Instruments: Disclosures* - Interest Rate Benchmark Reform

In accordance with the transition provisions, the Group has adopted the amendments to SFRS(I) 9 and SFRS(I) 7 on 1 April 2020 retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by interbank offered rate ("IBOR") reform.

The Group has applied the following reliefs that were introduced by the amendments made to SFRS(I) 9:

- when considering the 'highly probable' requirement, the Group has assumed that the interest rates on which the Group's hedged debt is based does not change as a result of IBOR reform;
- in assessing whether the hedge is expected to be highly effective on a forward-looking basis, the Group has assumed that the interest rates on which the cash flows of the hedged debt and the interest rate swap that hedges it are based is not altered by the IBOR reform; and
- The Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.

The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. The reliefs will cease to apply when the uncertainties arising from interest rate benchmark reform are no longer present.

A fundamental reform of major interest rate benchmarks is being undertaken globally to replace some of the interbank offered rates ("IBORs") with alternative risk free rates. While the timing and the methods of transition of the IBORs are still uncertain, the Group has started to engage the existing lenders and derivative counterparties to plan the transition of the affected loans and derivatives.

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.2 Interpretations and amendments to published standards effective in 2020
(continued)

Amendments to SFRS(I) 9 Financial Instruments and SFRS(I) 7 Financial Instruments: Disclosures - Interest Rate Benchmark Reform (continued)

Assumptions made

Cash flow hedge

In calculating the change in fair value, the Group assumes that the loans and related derivatives will progressively move to the replacement benchmark rates in the same time period and the spread adjustment between the current and the replacement benchmark rates will be on a similar basis.

No other material changes to the terms, other than the transition to the replacement benchmark rates, are anticipated.

Note 20(a)(iii) provides information about the uncertainty arising from IBOR reform for hedging relationships for which the Group has applied the reliefs. No changes were required to any of the amounts recognised in the current or prior period as a result of these amendments.

2.3 Revenue recognition

Interest income, including income arising from financial instruments, is recognised on a time-proportion basis using the effective interest method.

2.4 Group accounting

(a) **Subsidiaries**

(i) **Consolidation**

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

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been aligned where necessary to ensure consistency with the policies adopted by the Group.

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

For acquisitions of subsidiaries which do not qualify as business combinations, the transactions are accounted for in accordance with the respective accounting policies for the assets acquired and the liabilities assumed.

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) *Subsidiaries* (continued)

(iii) *Disposals*

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

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

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

2.5 Intangible assets

Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are expensed off when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 10 years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.6 Financial assets

(a) Classification and measurement

The Group classifies its financial assets as amortised cost.

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instruments mainly comprise cash and cash equivalents, other receivables (amounts due from related companies and a subsidiary) and loans to related companies.

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

(b) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 20 details how the Group determines whether there has been a significant increase in credit risk.

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.6 Financial assets (continued)

(b) Impairment (continued)

For cash and cash equivalents, other receivables (amounts due from related companies and a subsidiary) and loans to related companies, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

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

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

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

2.7 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the balance sheet date are presented as non-current borrowings in the statements of financial position.

2.8 Borrowing costs

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.9 Other payables

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

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

2.10 Provisions

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

2.11 Derivative financial instruments and hedging activities

The Group holds derivative financial instruments such as interest rate swaps, currency forwards and cross currency interest rate swaps to hedge its interest rate and foreign currency risk exposures.

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

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

The Group documents, at the inception of the transaction, the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Note 9. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months.

**MAPLETREE TREASURY SERVICES LIMITED
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For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.11 Derivative financial instruments and hedging activities (continued)

The following hedges in place qualified as cash flow hedges under SFRS(I) 9. The Group's management strategies and hedge documentation are aligned with the requirements of SFRS(I) 9 and are thus treated as continuing hedges.

Cash flow hedge

(i) Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in the other comprehensive income, accumulated in the hedge reserve and reclassified to profit or loss when the hedged interest expense on borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(ii) Cross currency interest rate swaps

The Group has entered into cross currency interest rate swaps that are cash flow hedges and are used to reduce the Group's exposure to interest rate risk and currency risk on its borrowings and interest.

The fair value changes on the effective portion of cross currency interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the fair value reserve and reclassified to profit or loss when the hedged interest expense and/or exchange differences from the translation of the borrowings is recognised in profit or loss. The fair value changes on the ineffective portion of cross currency interest rate swaps are recognised immediately in profit or loss.

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.12 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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

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

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

Deferred income tax is measured:

- (i) At the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) Based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in profit or loss, except to the extent that the tax arises from a transaction which is recognised directly in equity.

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.13 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated, are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

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

Foreign exchange gains and losses are presented in profit or loss within "Currency exchange - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

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

- (i) Assets and liabilities are translated at the closing exchange rates at the balance sheet date;*

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.13 Currency translation (continued)

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

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

2.14 Segment reporting

The chief operating decision maker is the Executive Management Committee ("EMC") of the Company's immediate holding company, Mapletree Investments Pte Ltd. The Group has identified only one operating and reportable segment, "Treasury Services", based on its principal activity of providing financial and treasury operations services to the immediate holding company and related companies. Accordingly, the financial statements have incorporated the information relating to Treasury Services segment. In addition, no additional geographical information is disclosed as the Group operates predominantly through the Company in Singapore and does not have any significant business operations outside of Singapore.

2.15 Cash and cash equivalents

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand and deposits with financial institutions.

2.16 Investments in subsidiaries

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

**MAPLETREE TREASURY SERVICES LIMITED
AND ITS SUBSIDIARIES**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Significant accounting policies (continued)

2.17 Impairment of non-financial assets

The Group's other non-financial assets include investments in subsidiaries and intangible assets.

For non-financial assets, the Group assesses at each balance sheet date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

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

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

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

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount cannot exceed the carrying amount that would have been determined (net of any accumulated depreciation or amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the profit or loss.

2.18 Share capital and perpetual securities

Ordinary shares and perpetual securities are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entities that are potentially unfavourable to the issuer.

Incremental costs directly attributable to the issuance of new ordinary shares or perpetual securities are shown in equity as a deduction, net of tax, from proceeds. The proceeds received net of any directly attributable transactions costs are credited to share capital or perpetual securities.

**MAPLETREE TREASURY SERVICES LIMITED
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For the financial year ended 31 March 2021

3. Interest income

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest income				
- Short-term bank deposits	1,163	1,137	1,163	1,137
- Related companies	368,289	444,801	365,744	441,771
- Subsidiary	-	-	27	41
	<u>369,452</u>	<u>445,938</u>	<u>366,934</u>	<u>442,949</u>

4. Employee compensation

The Group does not have any employees on its payroll as its daily operations and administrative functions are managed and provided by its immediate holding company.

5. Currency exchange - net

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Currency exchange (loss)/gain - net	(159,244)	132,231	(159,369)	132,294
Reclassification from hedging reserve (Note 19)	(6,426)	(2,260)	(6,426)	(2,260)
	<u>(165,670)</u>	<u>129,971</u>	<u>(165,795)</u>	<u>130,034</u>

6. Finance cost

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest expense:				
- Medium term notes	43,720	39,104	43,720	39,104
- Deposits placed by related companies	8,290	19,449	8,290	19,449
- Deposits placed by immediate holding company	45,263	111,691	45,117	111,293
- Deposits placed by subsidiary	-	-	11	15
- Loans from financial institutions	63,031	94,129	60,454	90,349
- Hedging derivative financial instruments	12,572	2,234	12,572	2,234
- Others	2,702	2,855	2,702	2,855
	<u>175,578</u>	<u>269,462</u>	<u>172,866</u>	<u>265,299</u>

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

7. Income tax expense

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Tax expense/(credit) attributable to profit is made up of:				
Profit for the financial year				
- Current income tax	25,904	28,553	25,901	28,553
- Withholding tax	9	-	9	-
- Deferred income tax	638	(385)	638	(385)
	26,551	28,168	26,548	28,168
Over-provision in prior financial years				
- Current income tax	(936)	(976)	(954)	(961)
	25,615	27,192	25,594	27,207

The income tax expense on profit differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Profit before income tax	156,004	164,521	156,216	165,790
Tax calculated at a tax rate of 17% (2020: 17%)	26,521	27,969	26,557	28,184
Effects of:				
- Singapore statutory stepped income exemption	(21)	(17)	(18)	(17)
- Expenses not deductible for tax expenses	14	85	-	1
- Foreign source income subject to withholding tax	9	-	9	-
- Unrecognised tax losses	26	125	-	-
- Over-provision in prior financial years	(936)	(976)	(954)	(961)
- Others	2	6	-	-
Tax expense	25,615	27,192	25,594	27,207

Tax credit of \$9,482,000 (2020: \$9,508,000) relating to perpetual securities distribution was recognised directly in equity.

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unutilised tax losses of approximately \$963,000 (2020: \$793,000) at the balance sheet date for which deferred tax benefits have not been recognised in the financial statements. These are available for offset against future taxable income subject to meeting certain statutory requirements.

**MAPLETREE TREASURY SERVICES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Cash at bank and on hand	159,366	168,759	154,414	168,126
Short-term bank deposits	-	280,000	-	280,000
	159,366	448,759	154,414	448,126

9. Derivative financial instruments

	<u>Maturity</u>	<u>Contract Notional Amount</u> \$'000	<u>Group and Company Fair Value</u>	
			<u>Assets</u> \$'000	<u>Liabilities</u> \$'000
31 March 2021				
Current				
Cash-flow hedge:				
Cross currency interest rate swaps	June 2021	200,000	-	(9,500)
Interest rate swaps - non-related parties	November 2021 to December 2021	230,036	-	(1,446)
Non-hedge accounting:				
Currency forwards				
- non-related parties	April 2021 to March 2022	8,574,861	51,468	(88,544)
- related companies*	April 2021 to January 2022	672,240	13,510	(5,659)
Interest rate swaps				
- non-related parties	September 2021	675,420	-	(327)
- related companies*	September 2021	675,420	327	-
			65,305	(105,476)
Non-current				
Cash-flow hedge:				
Interest rate swaps - non-related parties	June 2023 to June 2028	598,961	-	(44,742)
Non-hedge accounting:				
Currency forwards				
- non-related parties	June 2022 to March 2024	273,548	727	(10,475)
- related companies*	June 2022 to March 2024	258,257	10,475	(720)
Interest rate swaps				
- non-related parties	April 2022 to June 2023	1,197,493	312	(17,558)
- related companies*	April 2022 to June 2023	1,197,493	17,558	(312)
Cross currency interest rate swaps	July 2022	247,100	-	(24,880)
			29,072	(98,687)
			94,377	(204,163)

* These are derivative financial assets and liabilities entered with non-related parties on behalf of related companies as at 31 March 2021.

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For the financial year ended 31 March 2021

9. Derivative financial instruments (continued)

		Contract Notional Amount \$'000	Group and Company Fair Value	
	<u>Maturity</u>		<u>Assets</u> \$'000	<u>Liabilities</u> \$'000
31 March 2020				
Current				
Non-hedge accounting:				
Currency forwards				
- non-related parties	April 2021 to February 2021	8,524,027	21,896	(171,684)
- related companies*	April 2021 to January 2021	754,977	7,618	(2,695)
Interest rate swaps				
- non-related parties	June 2021 to March 2021	851,491	-	(7,048)
- related companies*	June 2021 to March 2021	851,491	7,048	-
			36,562	(181,427)
Non-current				
Cash-flow hedge:				
Cross currency interest rate swaps				
	June 2021	200,000	-	(1,494)
Interest rate swaps				
- non-related parties	December 2021 to June 2028	676,150	-	(74,146)
Non-hedge accounting:				
Currency forwards				
- non-related parties	November 2023	128,553	-	(5,417)
- related companies*	November 2023	128,553	5,417	-
Interest rate swaps				
- non-related parties	November 2021 to June 2023	1,052,944	-	(25,738)
- related companies*	November 2021 to June 2023	1,052,944	25,738	-
Cross currency interest rate swaps				
	July 2022	247,100	-	(37,621)
			31,155	(144,416)
			67,717	(325,843)

* These are derivative financial assets and liabilities entered with non-related parties on behalf of related companies as at 31 March 2020.

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9. Derivative financial instruments (continued)

Hedging instruments used in the Group's hedging strategy in the financial year ended 31 March 2021

	<u>Carrying amount</u>		<u>Changes in fair value used for calculating hedge ineffectiveness</u>		<u>Weighted average hedged rate</u>	<u>Maturity date</u>
	<u>Contractual notional amount \$'000</u>	<u>Assets/ (liabilities) \$'000</u>	<u>Financial statement line item</u>	<u>Hedging instrument \$'000</u>	<u>Hedged item \$'000</u>	
<u>Group</u>						
Cash flow hedges						
<i>Foreign currency risk/Interest rate risk</i>						
- Gross currency swaps to hedge floating rate borrowings denominated in foreign currency	200,000	(9,500)	Derivative financial instruments	(8,006)	8,006	1.78% 2021
<i>Interest rate risk</i>						
- Interest rate swaps to hedge floating rate borrowings	828,997	(46,188)	Derivative financial instruments	27,957	(27,957)	0.90% - 2.86% 2021 - 2028

**MAPLETREE TREASURY SERVICES LIMITED
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For the financial year ended 31 March 2021

9. Derivative financial instruments (continued)

Hedging instruments used in the Group's hedging strategy in the financial year ended 31 March 2020

	<u>Carrying amount</u>		<u>Changes in fair value used for calculating hedge ineffectiveness</u>		<u>Weighted average hedged rate</u>	<u>Maturity date</u>
	<u>Assets/ (liabilities)</u> \$'000	<u>Financial statement line item</u>	<u>Hedging instrument</u> \$'000	<u>Hedged item</u> \$'000		
<u>Group</u>						
Cash flow hedges						
<i>Foreign currency risk/Interest rate risk</i>						
- Cross currency swaps to hedge floating rate borrowings denominated in foreign currency	(1,494)	Derivative financial instruments	(317)	317	1.78%	2021
<i>Interest rate risk</i>						
- Interest rate swaps to hedge floating rate borrowings	(74,146)	Derivative financial instruments	(55,829)	55,829	0.90% - 2.86%	2021 - 2028

**MAPLETREE TREASURY SERVICES LIMITED
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For the financial year ended 31 March 2021

10. Other receivables

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Interest receivable:				
- related companies	300,977	273,848	299,417	268,298
- subsidiary	-	-	7	13
Other receivables:				
- related companies	10,847	6,268	10,847	6,268
	<u>311,824</u>	<u>280,116</u>	<u>310,271</u>	<u>274,579</u>
Interest receivable on short-term bank deposits	-	53	-	53
Prepayments	18	2,662	17	2,661
	<u>311,842</u>	<u>282,831</u>	<u>310,288</u>	<u>277,293</u>

Other receivables from related companies are unsecured, interest-free and repayable on demand.

11. Loans to related companies

	<u>Group</u>		<u>Company</u>	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Loans to related companies	14,512,936	13,272,618	14,320,900	13,196,015
Loans to subsidiary	-	-	1,082	1,087
	<u>14,512,936</u>	<u>13,272,618</u>	<u>14,321,982</u>	<u>13,197,102</u>
Represented by:				
Current	836,454	76,603	644,418	-
Non-current	13,676,482	13,196,015	13,677,564	13,197,102
	<u>14,512,936</u>	<u>13,272,618</u>	<u>14,321,982</u>	<u>13,197,102</u>

**MAPLETREE TREASURY SERVICES LIMITED
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11. Loans to related companies (continued)

Group

The loans to related companies of \$13,299,817,000 (2020: \$12,565,368,000) are at variable rates, unsecured and have no fixed terms of repayment although repayments are not expected within the next 12 months. The effective interest rates at the balance sheet date ranged from 0.52% to 4.57% (2020: 1.08% to 5.12%) per annum. The carrying value of the loans to related companies at variable rates approximates the fair value.

The loans to related companies of \$1,213,119,000 (2020: \$707,250,000) are unsecured, repayable in full between May 2021 and October 2065 (2020: April 2020 and October 2065), and bear fixed interest rates which ranged from 0.25% to 7.50% (2020: 2.33% to 7.50%) per annum. The fair value of the fixed-rate loans to related companies is \$1,502,911,000 (2020: \$890,598,000) and computed based on cash flows discounted at market borrowing rates. The fair value is within Level 2 of the fair value hierarchy.

Company

The loans to related companies of \$13,109,406,000 (2020: \$12,490,339,000) are at variable rates, unsecured and have no fixed terms of repayment although repayments are not expected within the next 12 months. The effective interest rates at the balance sheet date ranged from 0.52% to 4.57% (2020: 1.08% to 5.12%) per annum. The carrying value of the loans to related companies at variable rates approximates the fair value.

The loans to related companies of \$1,212,576,000 (2020: \$706,763,000) are unsecured, repayable in full between May 2021 and October 2065 (2020: April 2020 and October 2065), and bear fixed interest rates which ranged from 0.25% to 7.50% (2020: 2.33% to 7.50%) per annum. The fair value of the fixed-rate loans to related companies is \$1,501,949,000 (2020: \$889,804,000) and computed based on cash flows discounted at market borrowing rates. The fair value is within Level 2 of the fair value hierarchy.

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For the financial year ended 31 March 2021

12. Investments in subsidiaries

	<u>Company</u>	
	2021	2020
	\$'000	\$'000
<i>Equity investment at cost</i>		
At beginning and end of year	1,127	1,127

Details of the subsidiaries are as follows:

<u>Name of companies</u>	<u>Principal activity</u>	<u>Country of business/ incorporation</u>	<u>Equity holding</u>	
			2021	2020
			%	%
Mapletree Treasury Services (HKSAR) Limited	Finance and treasury centre performing treasury operations and activities for the holding and related companies within the Group	Hong Kong SAR	100	100
Mapletree Treasury Services (US) Pte. Ltd.	Finance and treasury centre performing treasury operations and activities for the holding and related companies within the Group	Singapore	100	100

13. Intangible asset

	<u>Group and Company</u>	
	2021	2020
	\$'000	\$'000
Software licence		
At 1 April	4	7
Amortisation	(2)	(3)
At 31 March	2	4

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For the financial year ended 31 March 2021

14. Deferred income taxes

Movements in the deferred income tax account are as follows:

	<u>Group and Company</u>	
	2021	2020
	\$'000	\$'000
As at 1 April	524	113
Tax (credited)/charged to:		
- Profit or loss	(638)	385
- Equity	9,482	9,508
Utilisation of tax benefits related to perpetual securities	(9,508)	(9,482)
As at 31 March	(140)	524

The movements in the deferred income tax asset and liability (prior to offsetting of balances within the same tax jurisdiction) during the financial year are as follows:

Group and Company

Deferred income tax asset

	<u>Perpetual securities</u>	
	2021	2020
	\$'000	\$'000
As at 1 April	2,772	2,746
Charged to equity	9,482	9,508
Utilisation against current tax provision	(9,508)	(9,482)
As at 31 March	2,746	2,772

Deferred income tax asset relating to perpetual securities arise from the deductible temporary difference between the timing of the accrual of distribution on perpetual securities (Note 18) and the actual payment.

Deferred income tax liability

	<u>Borrowings related facility fee</u>	
	2021	2020
	\$'000	\$'000
As at 1 April	2,248	2,633
Charged/(credited) to profit or loss	638	(385)
As at 31 March	2,886	2,248

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15. Other payables

	<u>Group</u>		<u>Company</u>	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other payable:				
- related companies	12,012	11,963	12,012	11,963
Deposits placed by:				
- immediate holding company	7,800,288	6,548,616	7,800,288	6,525,777
- related companies	1,276,110	1,747,023	1,276,110	1,747,023
- subsidiary	-	-	2,098	1,769
	9,076,398	8,295,639	9,078,496	8,274,569
Interest payable on deposits placed by:				
- immediate holding company	5,810	33,082	5,810	33,028
- related companies	867	11,010	867	11,010
- subsidiary	-	-	1	4
	6,677	44,092	6,678	44,042
Interest payable on borrowings	12,682	14,144	12,352	14,078
Accrued operating expenses	1,127	3,442	936	3,316
	9,108,896	8,369,280	9,110,474	8,347,968

Deposits placed by the immediate holding company and related companies mature within six months (2020: six months) from the end of the financial year. The effective interest rates at the balance sheet date ranged from 0.22% to 0.29% (2020: 0.78% to 2.06%) per annum and the interest rates are re-priced upon maturity.

16. Borrowings

	<u>Group</u>		<u>Company</u>	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<u>Current</u>				
Loans from financial institutions (Note (a))	436,812	748,186	431,653	691,261
Medium term notes (Note (b))	199,981	-	199,981	-
	636,793	748,186	631,634	691,261
<u>Non-current</u>				
Loans from financial institutions (Note (a))	2,137,311	1,745,054	1,946,722	1,745,054
Medium term notes (Note (b))	1,346,317	1,345,952	1,346,317	1,345,952
	3,483,628	3,091,006	3,293,039	3,091,006
Total borrowings	4,120,421	3,839,192	3,924,673	3,782,267

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16. Borrowings (continued)

(a) Loans from financial institutions

Group

The current loans from financial institutions of \$436,812,000 (2020: \$748,186,000) are repayable between April 2021 and February 2022 (2020: April 2020 and March 2021). The effective interest rates at the balance sheet date ranged from 0.90% to 3.50% (2020: 2.19% to 4.95%) per annum and the interest rates are re-priced every one to six months (2020: every three to six months).

The non-current loans from financial institutions of \$2,137,311,000 (2020: \$1,745,054,000) are repayable between May 2022 and February 2026 (2020: April 2021 and March 2024). The effective interest rates at the balance sheet date ranged from 0.55% to 4.00% (2020: 0.55% to 4.50%) per annum and the interest rates are re-priced every one to six months (2020: every one to six months).

Company

The current loans from financial institutions of \$431,653,000 (2020: \$691,261,000) are repayable between July 2021 to February 2022 (2020: April 2020 and March 2021). The effective interest rate at the balance sheet date ranged from 0.90% to 3.38% (2020: 2.19% to 4.95%) per annum and the interest rates are re-priced every two to six months (2020: every three to six months).

The non-current loans from financial institutions of \$1,946,722,000 (2020: \$1,745,054,000) are repayable between May 2022 and February 2026 (2020: April 2021 and March 2024). The effective interest rates at the balance sheet date ranged from 0.55% to 4.00% (2020: 0.55% to 4.50%) per annum and the interest rates are re-priced every one to six months (2020: every one to six months).

(b) Medium term notes

Group and Company

The current medium term notes issued by the Group and the Company pursuant to the Medium Term Note Programme of \$199,981,000 (2020: Nil) are repayable on June 2021 (2020: Nil). The medium term notes are guaranteed by the immediate holding company and the effective interest rate at the balance sheet date is 2.88% (2020: Nil) per annum and are not subject to interest rate re-pricing.

The non-current medium term notes issued by the Group and the Company pursuant to the Medium Term Note Programme of \$1,346,317,000 (2020: \$1,345,952,000) are repayable between March 2023 and September 2031 (2020: June 2021 and September 2031). The medium term notes are guaranteed by the immediate holding company and the effective interest rate at the balance sheet date ranged from 1.20% to 3.58% (2020: 2.85% to 3.58%) per annum and are not subject to interest rate re-pricing.

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For the financial year ended 31 March 2021

17. Share capital

The Company's share capital comprises fully paid up 1,000,000 (2020: 1,000,000) ordinary shares with no par value, amounting to a total of \$1,000,000 (2020: \$1,000,000).

18. Perpetual securities

The Company issued perpetual securities with an aggregate principal amount of \$625,000,000 in January 2017 ("2017 Issuance") and \$700,000,000 in May 2017 ("2018 Issuance"). Total perpetual securities are guaranteed by the immediate holding company.

The perpetual securities bear distributions at rate of 4.50% per annum for the 2017 Issuance and 3.95% per annum for the 2018 Issuance, payable semi-annually. Subject to the relevant terms and conditions in the offering circular, the Company may elect to defer making such cumulative distributions and is not subject to any limits as to the number of times a distribution can be deferred.

These perpetual securities have no fixed redemption date and redemption is at the discretion of the Company.

As at 31 March 2021, total incremental cost of \$11,100,000 (2020: \$11,100,000) was recognised in equity as a deduction from proceeds.

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19. Hedging reserve

The movements in hedging reserve by risk category of the Group and the Company are as follows:

	Interest rate risk \$'000	Interest rate risk/Foreign exchange risk \$'000	Total \$'000
31 March 2021			
Beginning of financial year	(74,145)	1,816	(72,329)
Fair value gains/(losses)	12,704	(6,275)	6,429
	(61,441)	(4,459)	(65,900)
<i>Reclassification to profit or loss, as hedged item has affected profit or loss:</i>			
- Interest expense	13,881	(1,309)	12,572
- Foreign exchange	-	6,426	6,426
End of financial year	(47,560)	658	(46,902)
31 March 2020			
Beginning of financial year	(18,474)	(127)	(18,601)
Fair value (losses)/gains	(59,702)	1,480	(58,222)
	(78,176)	1,353	(76,823)
<i>Reclassification to profit or loss, as hedged item has affected profit or loss:</i>			
- Interest expense	4,031	(1,797)	2,234
- Foreign exchange	-	2,260	2,260
End of financial year	(74,145)	1,816	(72,329)

20. Financial risk management

The financial risk management of the Group is provided by the immediate holding company as part of its operations and these processes and policies are described in the financial statements of the immediate holding company.

(a) Market risk

(i) *Foreign exchange risk*

The Group and the Company are exposed to exchange rate risk on its foreign currency denominated assets and liabilities. This currency exposure, where practicable and appropriate, is managed through borrowings in the same currencies in which the assets are denominated as well as currency forwards, currency call/put options, and cross currency swap contracts.

Foreign exchange exposures in transactional currencies other than the functional currency of the Group are kept to an acceptable level.

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For the financial year ended 31 March 2021

20. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's currency exposure is as follows:

31 March 2021	SGD \$'000	USD \$'000	RMB \$'000	JPY \$'000	HKD \$'000	AUD \$'000	GBP \$'000	EUR \$'000
Financial assets								
Cash and cash equivalents	9,236	1,272	140	32	28	67	75,169	73,422
Other receivables	65,041	94,258	111,062	2,523	598	2,437	12,695	23,211
Loans to related companies	3,270,100	4,723,368	3,784,996	333,094	156,048	305,103	833,598	1,106,629
	3,344,377	4,818,898	3,896,198	335,649	156,674	307,607	921,462	1,203,262
Financial liabilities								
Borrowings	1,546,182	706,031	865,661	-	139,596	-	354,803	508,148
Other payables	8,912,515	50,544	4,523	-	110	-	79,064	62,140
	10,458,697	756,575	870,184	-	139,706	-	433,867	570,288
Net financial (liabilities)/assets	(7,114,320)	4,062,323	3,026,014	335,649	16,968	307,607	487,595	632,974
Notional amount of currency forwards and cross currency swaps	-	(3,918,955)	(2,787,903)	(338,530)	(13,746)	(303,412)	(473,769)	(619,477)
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	7,118,956	(63)	-	-	-	-	-	-
Currency exposure on financial assets/(liabilities)	4,636	143,305	238,111	(2,881)	3,222	4,195	13,826	13,497

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For the financial year ended 31 March 2021

20. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's currency exposure is as follows:

31 March 2020	SGD \$'000	USD \$'000	RMB \$'000	JPY \$'000	HKD \$'000	AUD \$'000	GBP \$'000	EUR \$'000
Financial assets								
Cash and cash equivalents	291,490	114,657	86	46	96	669	937	40,778
Other receivables	49,911	122,256	66,044	6,767	278	1,512	12,408	20,993
Loans to related companies	2,597,645	4,735,012	2,535,342	369,690	15,685	176,247	1,193,578	1,649,419
	2,939,046	4,971,925	2,601,472	376,503	16,059	178,428	1,206,923	1,711,190
Financial liabilities								
Borrowings	1,625,401	646,308	723,360	-	-	-	343,485	500,638
Other payables	8,340,659	15,422	7,446	-	96	1,711	2,480	1,466
	9,966,060	661,730	730,806	-	96	1,711	345,965	502,104
Net financial (liabilities)/assets	(7,027,014)	4,310,195	1,870,666	376,503	15,963	176,717	860,958	1,209,086
Notional amount of currency forwards and cross currency swaps	-	(4,064,742)	(1,727,118)	(369,554)	(14,198)	(174,541)	(852,362)	(1,201,322)
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	7,026,856	(144)	-	-	-	-	-	-
Currency exposure on financial (liabilities) /assets	(158)	245,309	143,548	6,949	1,765	2,176	8,596	7,764

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20. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Company's currency exposure is as follows:

31 March 2021	SGD \$'000	USD \$'000	RMB \$'000	JPY \$'000	HKD \$'000	AUD \$'000	GBP \$'000	EUR \$'000
Financial assets								
Cash and cash equivalents	4,560	1,165	10	32	8	67	75,150	73,422
Other receivables	65,041	94,223	110,689	2,523	231	2,437	12,695	22,432
Loans to related companies	3,270,100	4,724,450	3,733,378	333,094	15,630	305,103	833,598	1,106,629
	3,339,701	4,819,838	3,844,077	335,649	15,869	307,607	921,443	1,202,483
Financial liabilities								
Borrowings	1,546,182	706,031	809,509	-	-	-	354,803	508,148
Other payables	8,912,849	52,182	4,239	-	-	-	79,064	62,140
	10,459,031	758,213	813,748	-	-	-	433,867	570,288
Net financial (liabilities)/assets	(7,119,330)	4,061,625	3,030,329	335,649	15,869	307,607	487,576	632,195
Notional amount of currency forwards and cross currency swaps	-	(3,918,955)	(2,787,903)	(338,530)	(13,746)	(303,412)	(473,769)	(619,477)
Net financial liabilities denominated in the Company's functional currency	7,119,330	-	-	-	-	-	-	-
Currency exposure on financial assets/(liabilities)	-	142,670	242,426	(2,881)	2,123	4,195	13,807	12,718

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For the financial year ended 31 March 2021

20. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Company's currency exposure is as follows:

31 March 2020	SGD \$'000	USD \$'000	RMB \$'000	JPY \$'000	HKD \$'000	AUD \$'000	GBP \$'000	EUR \$'000
Financial assets								
Cash and cash equivalents	291,475	114,527	65	46	8	669	558	40,778
Other receivables	49,846	122,224	61,371	6,767	278	1,512	12,409	20,225
Loans to related companies	2,574,992	4,736,099	2,481,391	369,690	15,685	176,247	1,193,579	1,649,419
	2,916,313	4,972,850	2,542,827	376,503	15,971	178,428	1,206,546	1,710,422
Financial liabilities								
Borrowings	1,625,402	646,308	666,435	-	-	-	343,484	500,638
Other payables	8,317,767	17,164	7,381	-	-	1,711	2,479	1,466
	9,943,169	663,472	673,816	-	-	1,711	345,963	502,104
Net financial (liabilities)/assets	(7,026,856)	4,309,378	1,869,011	376,503	15,971	176,717	860,583	1,208,318
Notional amount of currency forwards and cross currency swaps	-	(4,064,742)	(1,727,118)	(369,554)	(14,198)	(174,541)	(852,362)	(1,201,322)
Net financial liabilities denominated in the Company's functional currency	7,026,856	-	-	-	-	-	-	-
Currency exposure on financial assets	-	244,636	141,893	6,949	1,773	2,176	8,221	6,996

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20. Financial risk management (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Group's and Company's currency risk mainly relates to USD and RMB exposure.

If the USD and RMB change against the SGD by 3.0% (2020: 3.0%) with all other variables including tax rate being held constant, the effects arising from the Group and the Company's net currency exposure will be as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	<u>Increase/(decrease)</u>		<u>Increase/(decrease)</u>	
	<u>Profit</u>	<u>Profit</u>	<u>Profit</u>	<u>Profit</u>
	<u>after tax</u>	<u>after tax</u>	<u>after tax</u>	<u>after tax</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
USD against SGD				
- Strengthened	3,552	6,108	3,552	6,108
- Weakened	(3,552)	(6,108)	(3,552)	(6,108)
RMB against SGD				
- Strengthened	5,929	3,574	6,036	3,533
- Weakened	(5,929)	(3,574)	(6,036)	(3,533)

(ii) Price risk

The Group is not exposed to equity price risk as it does not hold any equity securities held for trading or FVOCI.

(iii) Cash flow interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is exposed to interest rate risk on its borrowings. The Group manages the risk by maintaining an appropriate mix of fixed and floating rate interest-bearing liabilities. This is achieved either through fixed rate borrowings or the use of floating-to-fixed interest rate swaps and/or interest rate caps.

The Group enters into interest rate swaps with the same critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its loans; therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. As critical terms matched during the financial year, the economic relationship is deemed to be effective.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

20. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Cash flow interest rate risk* (continued)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item and so, a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness has occurred due to changes in the critical terms of either the interest rate swaps or the borrowings.

Hedges directly affected by interest rate benchmark reform

Hedging relationships that are impacted by IBOR reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding IBOR reform transition. On 5 March 2021, the Financial Conduct Authority ("FCA") formally announced the dates for the cessation of all LIBOR benchmark settings currently published by the ICE Benchmark Administration. The transition into the new benchmark rates may occur at different times for the hedged item and hedging instruments, which may impact the hedging relationship. The Group applied the amendments to SFRS(I) 9 issued in December 2019 to those hedging relationships directly affected by IBOR reform.

There is no hedge ineffectiveness in relation to the IBOR reform recognised for the financial year. The assumptions taken are disclosed in Note 2.2.

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20. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Cash flow interest rate risk* (continued)

As at 31 March 2021, the contractual notional amount for interest rate swaps held for hedging of interest rate risk arising from variable rate borrowings are as below:

<u>Reference rates</u>	<u>Group and Company</u>
	<u>Notional amount</u>
	<u>2021</u>
	<u>\$'000</u>
USD – LIBOR	598,961
GBP – LIBOR	230,036

The Group is actively engaging with its lenders and derivative counterparties to modify floating rate instruments to transit into the new benchmark rates.

If the interest rates increase or decrease by 0.50% (2020: 0.50%) per annum with all other variables including tax rate being held constant, the profit after tax would have been lower by \$9,900,000 (2020: \$8,600,000) and higher by \$9,900,000 (2020: \$8,600,000) as a result of higher and lower interest expense on these borrowings respectively. Other comprehensive income would have been higher by \$3,400,000 (2020: \$2,800,000) and lower by \$3,400,000 (2020: \$2,800,000) mainly as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of variable rate borrowings.

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank balances, other receivables (amounts due from related companies and a subsidiary) and loans to related companies. The Group adopts the policy of dealing only with acceptable credit quality counterparties.

The Group concentration credit risk mainly arises from other receivables and loans to subsidiaries and associated companies of the immediate holding company. The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

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20. Financial risk management (continued)

(b) Credit risk (continued)

Short-term bank deposits are considered to have low credit risk as they are mainly deposits with financial institutions with high credit rating assigned by international credit rating agencies.

Other receivables (amounts due from related companies) and loans to related companies are impaired when it is deemed probable that the Group is unable to collect all amounts due in accordance with the contractual terms of agreement. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Other receivables (amounts due from related companies and a subsidiary) and loans to related companies are subject to immaterial credit losses. There are no credit loss allowance for financial assets at amortised cost as at the balance sheet date.

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash to fund its working capital, financial obligations and expected committed capital expenditure requirements.

The table below analyses the financial liabilities of the Group and of the Company (including derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows) into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is insignificant.

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20. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than <u>1 year</u> \$'000	Between 1 and 2 <u>years</u> \$'000	Between 2 and 5 <u>years</u> \$'000	Over <u>5 years</u> \$'000
Group				
31 March 2021				
Gross-settled interest rate swaps				
- Receipts	(1,175)	(1,078)	(1,545)	(1,043)
Gross-settled currency forwards				
- Receipts	(5,749,473)	(18,360)	(238,489)	-
- Payments	5,878,035	20,135	268,443	-
Gross-settled cross currency interest rate swaps				
- Receipts	(215,544)	(253,380)	-	-
- Payments	227,255	276,221	-	-
Other payables	9,108,896	-	-	-
Borrowings	734,847	1,153,250	1,743,611	932,029
	<u>9,982,841</u>	<u>1,176,788</u>	<u>1,772,020</u>	<u>930,986</u>
31 March 2020				
Gross-settled interest rate swaps				
- Receipts	(6,661)	(6,467)	(12,169)	(8,946)
Gross-settled currency forwards				
- Receipts	(7,380,591)	-	(128,553)	-
- Payments	7,557,883	-	159,657	-
Gross-settled cross currency interest rate swaps				
- Receipts	(18,459)	(215,544)	(253,380)	-
- Payments	19,783	221,382	285,775	-
Other payables	8,369,280	-	-	-
Borrowings	832,774	1,210,272	927,818	1,265,831
	<u>9,374,009</u>	<u>1,209,643</u>	<u>979,148</u>	<u>1,256,885</u>

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For the financial year ended 31 March 2021

20. Financial risk management (continued)

(c) Liquidity risk (continued)

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
Company				
31 March 2021				
Gross-settled interest rate swaps				
- Receipts	(1,175)	(1,078)	(1,545)	(1,043)
Gross-settled currency forwards				
- Receipts	(5,749,473)	(18,360)	(238,489)	-
- Payments	5,878,035	20,135	268,443	-
Gross-settled cross currency interest rate swaps				
- Receipts	(215,544)	(253,380)	-	-
- Payments	227,255	276,221	-	-
Other payables	9,110,474	-	-	-
Borrowings	726,708	979,144	1,723,781	932,029
	<u>9,976,280</u>	<u>1,002,682</u>	<u>1,752,190</u>	<u>930,986</u>
31 March 2020				
Gross-settled interest rate swaps				
- Receipts	(6,661)	(6,467)	(12,169)	(8,946)
Gross-settled currency forwards				
- Receipts	(7,380,591)	-	(128,553)	-
- Payments	7,557,883	-	159,657	-
Gross-settled cross currency interest rate swaps				
- Receipts	(18,459)	(215,544)	(253,380)	-
- Payments	19,783	221,382	285,775	-
Other payables	8,347,968	-	-	-
Borrowings	775,369	1,210,272	927,818	1,265,831
	<u>9,295,292</u>	<u>1,209,643</u>	<u>979,148</u>	<u>1,256,885</u>

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20. Financial risk management (continued)

(d) Capital risk

The Group's objectives when managing capital follows that of the immediate holding company's objective which is to safeguard the ability to continue as a going concern and maintain an optimal capital structure so as to maximise shareholder value. The approach to the Group's capital management is described in the financial statements of its immediate holding company and there were no changes in the Group's approach during the financial year. The Group and the Company are required by the financial institutions to maintain a positive tangible net worth.

(e) Categories of financial assets and financial liabilities

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statements of financial position and in Note 9 to the financial statements, except for the following:

	<u>Group</u> \$'000	<u>Company</u> \$'000
31 March 2021		
Financial assets, at amortised cost	14,984,126	14,786,667
Financial liabilities, at amortised cost	<u>13,229,317</u>	<u>13,035,147</u>
31 March 2020		
Financial assets, at amortised cost	14,001,546	13,919,860
Financial liabilities, at amortised cost	<u>12,208,472</u>	<u>12,130,235</u>

21. Fair value measurements

(a) Fair value hierarchy

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

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

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For the financial year ended 31 March 2021

21. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

The Group's policy is to recognise transfers into and out of fair value hierarchy levels at the balance sheet date. There were no transfers into or out of fair value hierarchy levels for the financial years ended 31 March 2021 and 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<u>Group and Company</u>				
31 March 2021				
Assets				
Derivative financial instruments	-	94,377	-	94,377
Liabilities				
Derivative financial instruments	-	(204,163)	-	(204,163)
31 March 2020				
Assets				
Derivative financial instruments	-	67,717	-	67,717
Liabilities				
Derivative financial instruments	-	(325,843)	-	(325,843)

(b) Valuation techniques

(i) Financial assets and financial liabilities at fair value

The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use a variety of methods and make assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date. These investments are classified as Level 2 and comprise derivative financial instruments.

(ii) Financial assets and financial liabilities not carried at fair values

The carrying value of other receivables and other payables approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group and the Company for similar financial instruments. The fair value of borrowings approximates their carrying amounts as the interest rates of such loans are adjusted for changes in relevant market interest rates except for the fixed-rate medium term notes of \$1,546,298,000 (2020: \$1,345,952,000), whereby their fair values which are derived from quoted prices, amounted to \$1,617,813,000 (2020: \$1,339,736,000).

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For the financial year ended 31 March 2021

21. Fair value measurements (continued)

(b) Valuation techniques (continued)

(iii) *Financial assets and financial liabilities not carried at fair values*
(continued)

The fair values of other financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

22. Immediate and ultimate holding companies

The Company's immediate holding company is Mapletree Investments Pte Ltd, incorporated in Singapore. The ultimate holding company is Temasek Holdings (Private) Limited, incorporated in Singapore.

23. Related party transactions

Related companies in these financial statements refer to subsidiaries and associated companies of the immediate holding company.

(a) The following significant transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

	2021	Group	2020
	\$'000		\$'000
Interest income from related companies	368,289		444,801
Interest expense on deposits placed by related companies	8,290		19,449
Interest expense on deposits placed by immediate holding company	45,263		111,691

Balances with related parties as at the balance sheet date are set out in Notes 9, 10, 11 and 15.

(b) There is no key management remuneration as the key management having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, namely the directors of the Company, are employed by the immediate holding company.

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For the financial year ended 31 March 2021

24. New accounting standards and interpretations

The Group and the Company have not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group and the Company's accounting periods beginning on or after 1 April 2021.

- (a) Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

- (b) Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7 and SFRS(I) 16 (effective for annual periods beginning on or after 1 January 2021)

The Phase 2 amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7 and SFRS(I) 16 are applicable for periods beginning on or after 1 January 2021 ("Phase 2 amendments"). The Phase 2 amendments provide further reliefs for hedge accounting as well as practical expedients for modifications of debt instruments and lease liabilities for lessees with IBOR based terms. The Group has not early adopted the Phase 2 amendments.

Management is currently assessing the impact of the Phase 2 amendments on the Group.

25. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mapletree Treasury Services Limited on 11 June 2021.