3. Financial Statements of the Issuer

Statements of Financial Position

		GLPGroup	OTHER Seg.Lisco	GLPGroup	OTHER Seg.Lisco
		Group	**Company**	**Group**	**Company**
		As at	**As at**	**As at**	**As at**
	Note	**30 Jun 2020**	**30 Jun 2020**	**31 Dec 2019**	**31 Dec 2019**
		US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current assets					
Investment properties		21,098,781	-	21,275,620	-
Subsidiaries		0	6,299,060	0	6,117,009
Associates and joint ventures		6,240,522	-	4,419,731	-
Deferred tax assets		41,070	-	21,861	-
Plant and equipment		279,736	4,860	235,643	4,756
Intangible assets		481,788	-	438,052	-
Other investments		1,675,647	-	1,894,056	-
Other non-current assets		583,280	-	375,920	-
		30,400,825	6,303,920	28,660,883	6,121,765
Current assets					
Trade and other receivables		4,297,560	3,404,584	3,457,914	3,106,886
Financial derivative assets		-	-	-	-
Cash and cash equivalents		1,445,541	424,863	1,004,175	3,237
Assets classified as held for sale		1,733,955	-	1,451,482	-
		7,477,056	3,829,447	5,913,570	3,110,123
Total assets		37,877,880	10,133,367	34,574,454	9,231,888
Equity attributable to owners of the Company					
Share capital		5,538,589	5,538,589	5,538,589	5,538,589
Reserves		5,020,374	96,212	5,253,463	184,515
		10,558,963	5,634,801	10,792,052	5,723,104
Non-controlling interests		7,752,018	-	7,596,293	-
Total equity		18,310,981	5,634,801	18,388,346	5,723,104
Non-current liabilities					
Loans and borrowings	1	9,444,878	2,299,501	9,336,929	2,283,723
Financial derivative liabilities		5,410	5,410	4,741	4,741
Deferred tax liabilities		2,376,109	-	2,350,528	-
Other non-current liabilities		373,044	1,003	274,396	1,269
		12,199,441	2,305,915	11,966,594	2,289,733
Current liabilities					
Loans and borrowings	1	5,007,099	1,497,846	1,836,377	604,124
Trade and other payables		1,397,825	693,037	1,539,195	613,578
Financial derivative liabilities		-	-	23	-
Current tax payable		86,231	1,768	86,519	1,348
Liabilities classified as held for sale		876,303	-	757,400	-
		7,367,458	2,192,651	4,219,514	1,219,050
Total liabilities		19,566,899	4,498,566	16,186,108	3,508,784
Total equity and liabilities		37,877,880	10,133,367	34,574,454	9,231,888

Consolidated Income Statement

	Note	GLPGroup **Group** **Six months period ended 30 Jun 2020** **US$'000**	GLPGroup **Group** **Six months period ended 30 Jun 2019** **US$'000**
Continuing operations			
Revenue		750,006	606,356
Other income		42,614	25,231
Property-related expenses		(136,143)	(110,542)
Cost of goods sold and other financial services costs		(114,874)	(14,295)
Other expenses		(197,207)	(179,245)
		344,395	327,505
Share of results (net of tax expense) of associates and joint ventures		211,333	483,355
Profit from operating activities after share of results of associates and joint ventures		555,729	810,860
Net finance costs	2	(290,579)	(196,952)
Non-operating income/(costs)		193,472	52,008
Profit before changes in fair value of subsidiaries' investment properties		458,622	665,915
Changes in fair value of investment properties		220,767	359,062
Profit before tax		679,388	1,024,977
Tax expense		(216,963)	(169,855)
Profit from continuing operations		462,425	855,122
Discontinued operations			
Profit from discontinued operations (net of tax)		-	-
Profit for the period		462,425	855,122
Profit attributable to:			
Owners of the Company		312,544	664,958
Non-controlling interests		149,881	190,164
Profit for the period		462,425	855,122

1. Loans and borrowings

	GLPGroup **Group** **As at** **30 Jun 2019** **US$'000**
Non-current liabilities	
Secured bank loans	2,815,808
Secured bonds	644,266
Unsecured bank loans	825,353
Unsecured bonds	5,031,534
	9,316,961
Current liabilities	
Secured bank loans	632,209
Secured bonds	68,921
Unsecured bank loans	1,285,500
Unsecured bonds	140,305
Bank overdraft	-
	2,126,934

2. Net finance costs

	GLPGroup **Group** **Six months** **period ended** **30 Jun 2019** **US$'000**
Interest income	24,333
Amortization of transaction costs of bonds and bank loans	(10,973)
Interest expenses	(214,890)
Foreign exchange gain/(loss)	220
Changes in fair value of financial derivatives	(50)
Borrowing costs capitalized in investment properties	4,408
Net finance costs recognized in profit or loss	(196,952)

1. Loans and borrowings

	GLPGroup	OTHER_Seg.Lisco
	Group	**Company**
	As at	**As at**
	30 Jun 2020	**30 Jun 2020**
	US$'000	**US$'000**
Non-current liabilities		
Secured bank loans	2,956,884	-
Secured bonds	774,914	-
Unsecured bank loans	1,913,165	550,398
Unsecured bonds	3,799,916	1,749,103
	9,444,878	2,299,501
Current liabilities		
Secured bank loans	1,422,541	-
Secured bonds	1,678	-
Unsecured bank loans	2,274,084	1,497,846
Unsecured bonds	1,308,797	-
Bank overdraft	-	-
	5,007,099	1,497,846

2. Net finance costs

	GLPGroup
	Group
	Six months
	period ended
	30 Jun 2020
	US$'000
Interest income	22,581
Amortization of transaction costs of bonds and bank loans	(15,363)
Interest expenses	(266,925)
Foreign exchange gain/(loss)	(36,558)
Changes in fair value of financial derivatives	-
Borrowing costs capitalized in investment properties	5,686
Net finance costs recognized in profit or loss	(290,579)

Consolidated Statement of Comprehensive Income

	GLPGroup **Group** **Six months period ended 30 Jun 2020** **US$'000**
Profit for the period	462,425
Other comprehensive income	
Item that will not be reclassified to profit or loss	
Change in fair value of equity investments at fair value through other comprehensive income	82,798
Revaluation of building	1,449
	84,247
Items that are or may be reclassified subsequently to profit or loss:	
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	(1,130,413)
Exchange differences reclassified to profit or loss	-
Effective portion of changes in fair value of cash flow hedges	(748)
Share of other comprehensive income of associates and joint ventures	(1,514)
	(1,132,676)
Other comprehensive income for the period	(1,048,428)
Total comprehensive income for the period	(586,003)
Total comprehensive income attributable to:	
Owners of the Company	(636,209)
Non-controlling interests	50,205
Total comprehensive income for the period	(586,003)

Consolidated Statement of Comprehensive Income

	GLPGroup **Group** **Six months period ended 30 Jun 2019** **US$'000**
Profit for the period	855,122
Other comprehensive income	
Items that are or may be reclassified subsequently to profit or loss:	
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	15,832
Effective portion of changes in fair value of cash flow hedges	(3,017)
Change in fair value of equity investments at fair value through other comprehensive income	84,772
Share of other comprehensive income of associates and joint ventures	(5,478)
Exchange differences reclassified to profit or loss	-
Others	2,320
Other comprehensive income for the period	94,431
Total comprehensive income for the period	949,553
Total comprehensive income attributable to:	
Owners of the Company	762,179
Non-controlling interests	187,373
Total comprehensive income for the period	949,553

CONSOLIDATED STATEMENT OF CASH FLOWS INFORMATION

	For the six-month period ended 30 June	
	2019	**2020**
Net cash from operating activities..............................	227,995	112,829
Net cash from operating activities of discontinued operation...	–	–
Net cash used in investing activities...........................	-922,595	-3,045,219
Net cash used in investing activities of discontinued operation...	–	–
Net cash from financing activities..............................	1,439,639	3,380,649
Net cash from financing activities of discontinued operation...	–	–
Net (decrease)/increase in cash and cash equivalents	745,039	448,259
Cash and cash equivalents at beginning of year/period...	974,428	1,054,909
Effects of exchange rate changes on cash balances held in foreign currencies..	-206	-13,621
Cash and cash equivalents at end of year/period........	1,719,261	1,489,547
Cash and cash equivalent of subsidiaries reclassified as assets held for sale........	(22,209)	(44,006)
Restricted cash deposits........	41,468	–
Cash and cash equivalents in the statement of financial position......	1,738,520	1,445,541

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Independent auditors' report

Member of the Company
GLP Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of GLP Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS120.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") to give a true and fair view of the consolidated financial position of the Group and of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matters (cont'd)

Valuation of investment properties
(Refer to Note 4 – Investment properties)

Risk:

The Group has a significant portfolio of investment properties comprising logistic properties located mainly in the People's Republic of China ("PRC"), Japan, United States of America ("USA"), Brazil and Europe which are held through subsidiaries, associates and joint ventures.

These investment properties are stated at their fair values based on external and internal valuations, with changes in fair value recognized in profit or loss.

The valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied in deriving the capitalization, discount and terminal yield rates.

Our response:

We evaluated the qualifications and competency of the valuers and made inquiries with the valuers to understand their valuation methods, and the assumptions and basis applied.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We assessed the reasonableness of projected cash flows used in the valuation to supporting leases and externally available industrial and economic data available as at 31 December 2019. We also assessed the reasonableness of capitalization rates, discount rates, terminal yield rates and estimated development costs to complete construction used in the valuations by comparing these against historical rates and available industry data as at 31 December 2019, taking into consideration comparability and market factors. Where the rates were outside our expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

Our findings:

The valuers are members of generally-recognized professional bodies for real estate valuers and have recent experience in the location and category of the respective investment property being valued. The valuation methodologies used by the valuers are consistent with generally accepted market practices. The key assumptions used in the valuations, including projected cash flows, market rental growth rates, capitalization rates, discount rates, terminal yield rates and estimated development costs to complete construction, were substantiated by supporting leases and cost estimates or within the range of historical rates and industry data.

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Key audit matters (cont'd)

Recoverable amount of goodwill
(Refer to Note 9 – Intangible assets)

Risk:

The Group recognizes goodwill of US$418.2 million on its statement of financial position in connection with the acquisitions of Global Logistic Properties Holdings Limited and Airport City Development Co., Ltd during the financial year ended 31 March 2011.

Goodwill is tested for impairment annually by estimating the recoverable amount of each identifiable cash-generating unit ("CGU") which goodwill has been allocated to. Management applies the value in use (discounted cash flow) method to determine the recoverable amount of each CGU.

The measurement of value in use as the recoverable amount of each identifiable CGU for operations in China and Japan involves significant judgment and estimation in determining the cash flow projections, and risk-free, discount and terminal growth rates.

Our response:

We evaluated management's determination of CGUs based on our knowledge of the business acquisitions giving rise to the goodwill and our understanding of the current business of the Group.

We assessed management's key assumptions underlying the cash flows projections by comparing them with historical performance, future business plans and external data, taking into consideration comparability and market factors. This also included enquiry with management to understand their business plan, strategies around revenue growth and cost initiatives.

We independently derived applicable discount rates from available industry data and compared these with those used by management. We performed stress tests using plausible range of key assumptions and rates, and analyzed the impact to the recoverable amount determined by management.

Our findings:

The Group has a reasonable basis to determine the CGU for goodwill allocation purposes.

The assumptions and resulting estimations by management are in line with future business plans and external data, and are within the range of reasonable expectations. The discount rates used in the cash flow forecasts appropriately reflect the risks attributed to the respective CGU.

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Key audit matters (cont'd)

Accounting for acquisitions
(Refer to Notes 10 and 29 – Other investments and Acquisition of subsidiaries)

Risk:

The Group makes acquisitions of investments as part of its business strategy. Such transactions can be complex and judgment is involved in determining whether an acquisition of a controlling interest is a business combination or an acquisition of an asset; and whether an acquisition of a non-controlling interest is an investment in equity investment interest, associate or joint arrangement, each of which requires different accounting treatments. In accounting for a business combination, there is further judgment involved and inherent uncertainty in the estimation used in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

Our response:

We examined the Group's process on classifying and accounting for each investment acquired. We also examined legal and contractual documents to determine whether each acquisition is appropriately classified and accounted for in accordance with the relevant accounting standards and faithfully presents the nature of the transaction.

For significant acquisition of interest accounted for as a business combination during the year, we examined the terms and conditions of the sale and purchase agreement and the purchase price allocation exercise. We compared the methodologies and key assumptions used in determining the fair values allocated to the identified assets acquired and liabilities assumed to generally accepted market practices and market data.

Our findings:

The Group has a policy in place to ensure that each investment acquired is identified, appropriately classified and the relevant accounting treatments are consistently applied.

The judgments applied by the Group reflect a fair assessment in determining whether significant acquisitions are business combinations, acquisitions of assets, investment in equity investment interest, associate or joint arrangement. Estimates used in determining the fair values allocated to the respective assets acquired and liabilities assumed in significant business combination were within an acceptable range.

Key audit matters (cont'd)

Valuation of other investments
(Refer to Notes 10 – Other investments)

Risk:

The Group's investment portfolio of US$1,894 million as at 31 December 2019 included unquoted equity investments of US$1,094 million, measured at Level 3 of the fair value hierarchy. The unquoted equity investments are measured using non-observable market data, and hence, the valuation of these investments involves significant judgment in determining the appropriate valuation technique to be used and underlying assumptions to be applied.

Our response:

We evaluated the appropriateness of the valuation techniques (i.e. recent transacted price, indicative price for divestment in the foreseeable future, comparable companies' financial multiples and underlying net asset value of the investee companies) and the key valuation inputs used to determine the fair value of these unquoted equity investments as at 31 December 2019.

For a sample of unquoted equity instruments, we involved our valuation specialists to review the valuation techniques and key valuation inputs.

Our findings:

The valuation techniques applied are in line with generally accepted market practices and the valuations are supported by recent transacted prices for equity participation, notification of acquisition by potential acquirer, financial ratio of comparable companies or external net assets valuation reports. The assumptions and estimates applied to arrive at the fair value as at 31 December 2019 are within an acceptable range.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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 unauthorized use or disposition; and transactions are properly authorized 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 judgment 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.

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

- Obtain an understanding of internal controls 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 controls.

- 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 year and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude 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.

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Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Tan Kar Yee, Linda.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 April 2020

Statements of Financial Position
As at 31 December 2019

	Note	Group 2019 US$'000	Group 2018 US$'000	Company 2019 US$'000	Company 2018 US$'000
Non-current assets					
Investment properties	4	21,275,620	19,481,683	–	–
Subsidiaries	5	–	–	6,117,009	7,188,302
Associates and joint ventures	6	4,419,731	4,366,690	–	–
Deferred tax assets	7	21,861	19,649	–	–
Property, plant and equipment	8	235,643	22,198	4,756	3,521
Intangible assets	9	438,052	445,038	–	–
Other investments	10	1,894,056	1,481,794	–	–
Other non-current assets	11	375,920	736,450	–	19,553
		28,660,883	26,553,502	6,121,765	7,211,376
Current assets					
Trade and other receivables	12	3,478,891	2,265,764	3,106,886	1,583,545
Cash and cash equivalents	14	1,004,174	988,369	3,237	217,029
Assets classified as held for sale	15	1,451,482	687,224	–	–
		5,934,547	3,941,357	3,110,123	1,800,574
Total assets		34,595,430	30,494,859	9,231,888	9,011,950
Equity attributable to owners of the Company					
Share capital	16	5,538,589	5,638,589	5,538,589	5,638,589
Reserves	17	5,274,440	4,628,762	184,515	(182,500)
		10,813,029	10,267,351	5,723,104	5,456,089
Non-controlling interests	18	7,596,293	6,107,073	–	–
Total equity		18,409,322	16,374,424	5,723,104	5,456,089
Non-current liabilities					
Loans and borrowings	19	9,336,929	7,351,561	2,283,723	2,143,919
Financial derivative liabilities	20	4,741	6,845	4,741	4,223
Deferred tax liabilities	7	2,350,528	2,021,089	–	–
Other non-current liabilities	21	274,396	201,552	1,269	11,388
		11,966,594	9,581,047	2,289,733	2,159,530
Current liabilities					
Loans and borrowings	19	1,836,377	2,725,818	604,124	911,008
Financial derivative liabilities	20	23	1,176	–	–
Trade and other payables	22	1,539,195	1,323,167	613,579	483,444
Current tax payable		86,519	62,541	1,348	1,879
Liabilities classified as held for sale	15	757,400	426,686	–	–
		4,219,514	4,539,388	1,219,051	1,396,331
Total liabilities		16,186,108	14,120,435	3,508,784	3,555,861
Total equity and liabilities		34,595,430	30,494,859	9,231,888	9,011,950

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

Consolidated Income Statement
Year ended 31 December 2019

	Note	Group Year ended 31/12/2019 US$'000	Group Period from 1/4/2018 to 31/12/2018 US$'000
Revenue	24	1,451,602	975,700
Other income	25	186,636	53,971
Property-related expenses		(226,081)	(152,733)
Cost of goods and other financial services costs		(25,857)	(70,491)
Other expenses		(447,958)	(247,556)
		938,342	558,891
Share of results (net of tax expense) of associates and joint ventures		426,571	405,894
Profit from operating activities after share of results of associates and joint ventures		1,364,913	964,785
Net finance costs	26	(471,341)	(458,053)
Non-operating income	27	426,839	198,240
Profit before changes in fair value of subsidiaries' investment properties		1,320,411	704,972
Changes in fair value of investment properties	4	1,193,643	2,467,482
Profit before tax	27	2,514,054	3,172,454
Tax expense	28	(658,142)	(824,515)
Profit for the year/period		1,855,912	2,347,939
Profit attributable to:			
Owners of the Company		1,256,317	1,438,685
Non-controlling interests	18	599,595	909,254
Profit for the year/period		1,855,912	2,347,939

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

Consolidated Statement of Comprehensive Income
Year ended 31 December 2019

	Group	
	Year ended 31/12/2019 US$'000	**Period from 1/4/2018 to 31/12/2018 US$'000**
Profit for the year/period	1,855,912	2,347,939
Other comprehensive income		
Item that will not be reclassified to profit or loss		
Change in fair value of equity investments at fair value through other comprehensive income ("FVOCI")[1]	95,584	(262,323)
Revaluation of building[2]	3,305	–
	98,889	(262,323)
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	(183,743)	(1,319,511)
Effective portion of changes in fair value of cash flow hedges[3]	3,126	(2,524)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	(22,428)	(30,771)
Share of other comprehensive income of associates and joint ventures	5,556	(8,475)
	(197,489)	(1,361,281)
Other comprehensive income for the year/period[4]	(98,600)	(1,623,604)
Total comprehensive income for the year/period	1,757,312	724,335
Total comprehensive income attributable to:		
Owners of the Company	1,245,644	409,496
Non-controlling interests	511,668	314,839
Total comprehensive income for the year/period	1,757,312	724,335

Notes:

[1] Includes income tax effects of US$7,956,000 (2018: US$21,763,000), refer to Note 7.

[2] Includes income tax effects of US$1,102,000 (2018: Nil), refer to Note 7.

[3] Includes income tax effects of US$31,000 (credit) (2018: US$89,000), refer to Note 7.

[4] Except for income tax effects relating to effective portion of changes in fair value of cash flow hedges, change in fair value of equity investments at FVOCI and revaluation of building, there are no income tax effects relating to other components of other comprehensive income.

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

Consolidated Statement of Changes in Equity
Year ended 31 December 2019

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 April 2018	6,305,266	701,349	3,819,666	(306,361)	10,519,920	5,867,562	16,387,482
Adjustment on initial application of SFRS(I) 9 (net of tax)	–	–	16,632	–	16,632	8,488	25,120
Adjusted balance at 1 April 2018	6,305,266	701,349	3,836,298	(306,361)	10,536,552	5,876,050	16,412,602
Total comprehensive income for the period							
Profit for the period	–	–	1,438,685	–	1,438,685	909,254	2,347,939
Other comprehensive income							
Change in fair value of equity investment as FVOCI	–	–	–	(178,174)	(178,174)	(84,149)	(262,323)
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	(809,245)	–	–	(809,245)	(510,266)	(1,319,511)
Effective portion of changes in fair value of cash flow hedges	–	–	–	(2,524)	(2,524)	–	(2,524)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(30,771)	–	–	(30,771)	–	(30,771)
Share of other comprehensive income of associates and joint ventures	–	(8,488)	–	13	(8,475)	–	(8,475)
Total other comprehensive income	–	(848,504)	–	(180,685)	(1,029,189)	(594,415)	(1,623,604)
Total comprehensive income for the period	–	(848,504)	1,438,685	(180,685)	409,496	314,839	724,335

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2019

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Redemption of ordinary shares	(666,677)	–	–	–	(666,677)	–	(666,677)
Capital contribution from non-controlling interests	–	–	–	1,994	1,994	202,871	204,865
Interim tax-exempt (one-tier) dividends paid of US$0.003 per share	–	–	(14,000)	–	(14,000)	–	(14,000)
Dividends paid to non-controlling interests	–	–	–	–	–	(3,254)	(3,254)
Total contribution by and distribution to owners	(666,677)	–	(14,000)	1,994	(678,683)	199,617	(479,066)
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	(14)	(14)	(18,086)	(18,100)
Disposal of subsidiaries	–	–	–	–	–	(181,783)	(181,783)
Acquisition of subsidiaries	–	–	–	–	–	122,361	122,361
Disposal of assets classified as held for sale	–	–	–	–	–	(205,925)	(205,925)
Total transactions with owners	(666,677)	–	(14,000)	1,980	(678,697)	(83,816)	(762,513)
Transfer to reserves	–	–	(1,194)	1,194	–	–	–
At 31 December 2018	5,638,589	(147,155)	5,259,789	(483,872)	10,267,351	6,107,073	16,374,424

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2019

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2019	5,638,589	(147,155)	5,259,789	(483,872)	10,267,351	6,107,073	16,374,424
Total comprehensive income for the year							
Profit for the year	–	–	1,256,317	–	1,256,317	599,595	1,855,912
Other comprehensive income							
Change in fair value of equity investment as FVOCI	–	–	–	77,705	77,705	17,879	95,584
Revaluation of building	–	–	–	2,188	2,188	1,117	3,305
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	(76,820)	–	–	(76,820)	(106,923)	(183,743)
Effective portion of changes in fair value of cash flow hedges	–	–	–	3,126	3,126	–	3,126
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(22,428)	–	–	(22,428)		(22,428)
Transfer upon disposal of equity investment at FVOCI	–	–	111,437	(111,437)	–	–	–
Share of other comprehensive income of associates and joint ventures	–	4,645	–	911	5,556	–	5,556
Total other comprehensive income	–	(94,603)	111,437	(27,507)	(10,673)	(87,927)	(98,600)
Total comprehensive income for the year	–	(94,603)	1,367,754	(27,507)	1,245,644	511,668	1,757,312

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 December 2019

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Share buy back	(100,000)	–	–	–	(100,000)	–	(100,000)
Capital contribution from non-controlling interests	–	–	–	–	–	244,658	244,658
Issuance of shares to non-controlling interests	–	–	–	–	–	90,271	90,271
Interim tax-exempt (one-tier) dividends paid of US$0.014 per share	–	–	(589,000)	–	(589,000)	–	(589,000)
Dividends paid to non-controlling interests	–	–	–	–	–	(53,432)	(53,432)
Dividends declared to non-controlling interest	–	–	–	–	–	(15,518)	(15,518)
Total contribution by and distribution to owners	(100,000)	–	(589,000)	–	(689,000)	265,979	(423,021)
Acquisition of interests in subsidiaries from non-controlling interests	–	–	(4,864)	(1,435)	(6,299)	(16,359)	(22,658)
Disposal of interest in subsidiaries to non-controlling interests	–	–	–	(4,667)	(4,667)	578,495	573,828
Acquisition of subsidiaries	–	–	–	–	–	149,437	149,437
	(100,000)	–	(593,864)	(6,102)	(699,966)	977,552	277,586
Total transactions with owners							
Transfer to reserves	–	–	(1,420)	1,420	–	–	–
At 31 December 2019	5,538,589	(241,758)	6,032,259	(516,061)	10,813,029	7,596,293	18,409,322

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

Consolidated Statement of Cash Flows
Year ended 31 December 2019

	Year ended 31/12/2019 US$'000	Period from 1/4/2018 to 31/12/2018 US$'000
Cash flows from operating activities		
Profit before income tax	2,514,054	3,172,454
Adjustments for:		
Depreciation of property, plant and equipment	23,513	5,510
Amortization of intangible assets and deferred management costs	18,281	4,171
Gain on disposal of subsidiaries	(60,761)	(194,744)
Gain on disposal of associates and joint venture	(262,648)	–
(Gain)/Loss on disposal of investment properties	(66,469)	825
Loss on acquisition of subsidiaries	2,998	–
Loss on liquidation of subsidiaries	36,578	–
Loss on disposal of property, plant and equipment	352	73
Property, plant and equipment written off	3,283	53
Gain on disposal of assets and liabilities classified as held for sale	(58,669)	(296)
Share of results (net of tax expense) of associates and joint ventures	(426,571)	(405,894)
Changes in fair value of unquoted equity investments at fair value through profit or loss	(152,899)	(38,778)
Changes in fair value of subsidiaries' investment properties	(1,193,643)	(2,467,482)
Recognition of impairment loss on trade and other receivables	12,175	3,596
Dividend income from other investments	(19,959)	–
Net finance costs	471,341	458,053
	840,956	537,541
Changes in working capital:		
Trade and other receivables	(190,161)	76,791
Trade and other payables	238,427	(262,918)
Cash generated from operations	889,222	351,414
Tax paid	(62,219)	(75,833)
Net cash from operating activities	827,003	275,581

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2019

	Note	Year ended 31/12/2019 US$'000	Period from 1/4/2018 to 31/12/2018 US$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	29(a)	(971,917)	(746,752)
Acquisition of joint venture and associates		(210,169)	(212,382)
Acquisition of intangible assets		(17)	–
Acquisition of investment properties		(364,987)	(750,788)
Proceeds from disposal of investment properties		745,403	689,894
Acquisition of other investments		(392,957)	(316,237)
Proceeds from disposal of other investments		236,134	–
Development expenditure on investment properties		(1,681,998)	(948,458)
Proceeds from disposal of assets classified as held for sale, net of deposits received	29(c)	244,728	1,073,677
Contribution to associates and joint ventures		(557,584)	(638,864)
Return of capital from joint ventures and associates		286,365	68,455
Proceeds from disposal of controlling interest in subsidiaries	29(b)	488,480	860,692
Proceeds from disposal of associates and joint ventures		1,071,226	–
Payments for liquidation of subsidiary		(35,496)	–
Deposits refunded/(placed) for investment properties and investments		8,762	(89,654)
Purchase of property, plant and equipment		(149,035)	(9,258)
Proceeds from sale of property, plant and equipment		23	16
Interest income received		38,670	9,561
Distributions received from other investment		13,753	–
Dividends received from associates and joint ventures		277,569	61,970
Withholding tax paid on dividend and interest income from associates, joint ventures and subsidiaries		(58,167)	(27,668)
Withholding tax paid on disposal of assets classified as held for sale		(124,452)	–
Advances to immediate holding company		(1,264,225)	(2,056,608)
Loans to associates and joint ventures		(125,449)	(189,204)
Loans to non-controlling interests		(4,117)	(4,445)
Loans to third parties		(109,861)	(293,301)
Loans repayment from associates and joint ventures		322,368	33,035
Loans repayment from non-controlling interests		2,494	5,382
Loans repayment from third parties		222,879	71,415
Net cash used in investing activities		(2,091,577)	(3,409,522)

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 December 2019

	Note	Year ended 31/12/2019 US$'000	Period from 1/4/2018 to 31/12/2018 US$'000
Cash flows from financing activities			
Acquisition of non-controlling interests		(22,658)	(18,100)
Contribution from non-controlling interests		244,658	204,865
Proceeds from disposal of partial interest in subsidiaries without loss of control		602,498	–
Proceeds from issuance of shares to non-controlling interest		6,813	–
Proceeds from bank loans		4,247,431	3,982,448
Repayment of bank loans		(3,625,936)	(3,440,293)
Proceeds from issue of bonds, net of transaction costs		1,433,930	2,755,326
Redemption of bonds		(386,257)	(304,768)
Settlement of financial derivative liabilities		(3,143)	(712)
Interest paid		(427,018)	(193,823)
Dividends paid to shareholders		(589,000)	(14,000)
Dividends paid to non-controlling interests		(53,432)	(3,254)
Repayments of loans from non-controlling interests		(421)	(36,520)
Repayment of lease liabilities		(7,531)	–
Repayment of loans to third party		(4,363)	–
Share buyback		(100,000)	–
Loans from joint ventures		26,494	31,472
Loans from non-controlling interests		8,992	2,567
Loans from third parties		2,700	5,772
Net cash from financing activities		1,353,757	2,970,980
Net increase/(decrease) in cash and cash equivalents		89,183	(162,961)
Cash and cash equivalents at beginning of year/period		974,429	1,192,675
Effect of exchange rate changes on cash balances held in foreign currencies		(8,704)	(55,285)
Cash and cash equivalents at end of year/period		1,054,908	974,429
Cash and cash equivalents of subsidiaries reclassified as assets held for sale		(61,670)	(27,531)
Restricted cash deposits		10,936	41,471
Cash and cash equivalents in the statement of financial position	14	1,004,174	988,369

Significant non-cash transactions:

During the year ended 31 December 2019, the Group issued shares of US$83,458,000 to non-controlling interest under the Co-Investment Share Plan and GLP Global Share Plan for which proceeds were settled by way of loan to non-controlling interests.

During the year ended 31 December 2018, the Group redeemed 501,368,000 units of ordinary shares from the immediate holding company for a consideration of US$666,677,000, which was settled by way of a set-off against amounts due from immediate holding company.

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 20 April 2020.

1 Domicile and activities

GLP Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

The principal activities of the Company and its subsidiaries are those of investment holding, provision of distribution facilities and services, and provision of financial services.

The Company's immediate holding company and ultimate holding company are GLP Bidco Limited and GLP Holdings L.P. respectively, which are incorporated in Cayman Islands.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

This is the first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars ("US dollars" or "US$"), which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgments

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2 Basis of preparation (continued)

2.4 Use of estimates and judgments (continued)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 7 – Recognition of deferred tax assets
Note 3.1(i) and Note 29 – Recognition of acquisitions as business combinations or asset acquisitions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4 – Determination of fair value of investment properties
Note 9 – Measurement of recoverable amounts of goodwill
Note 15 – Valuation of assets and liabilities held for sale
Note 32 – Determination of fair value of financial assets and liabilities

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

2 Basis of preparation (continued)

2.4 Use of estimates and judgments (continued)

Measurement of fair values (continued)

If the inputs used to measure the fair value of an asset or a liability might fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level or the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.5 New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalization* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

2 Basis of preparation (continued)

2.5 New standards and amendments (continued)

Definition of a lease (continued)

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property, production equipment and IT equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognizes right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all other leases.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

2 Basis of preparation (continued)

2.5 New standards and amendments (continued)

As a lessor

The group leases out its investment properties, including own property and ROU assets. The Group have classified theses leases as operating leases.

The Group is not required to make any adjustments on transaction for SFRS(I) 16 for leases in which it acts as lessor.

The impact on Group's financial statements arising from adoption of SFRS(I) 16 is as follows:

The Group	**1 January 2019 \$'000**
Right-of-use assets – property, plant and equipment	9,386
Lease liabilities	(9,386)
Net assets	–

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using the applicable incremental borrowing rates at 1 January 2019. The weighted average rate applied was 4%.

	Note	**1 January 2019 \$'000**
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements		16,931
Discounted using the incremental borrowing rate at 1 January 2019		16,347
(Less): short-term leases not recognized as a liability	27	(6,961)
Lease liabilities recognized at 1 January 2019		9,386

Early adoption of Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform

The Group has early adopted amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 on 1 January 2019. The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. These amendments also apply to the gain or loss recognized in the other comprehensive income that existed on 1 January 2019. The adoption of amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 did not have a material impact on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 April 2018 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it 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.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is recognized at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI' proportionate share of the recognized amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

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

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

The Group's acquisitions of those subsidiaries which are special purpose vehicles established for the sole purpose of holding assets are primarily accounted for as acquisitions of assets.

(iii) Acquisition of entities under common control

For acquisition of entities under common control, the identifiable assets and liabilities were accounted for at their historical costs, in a manner similar to the "pooling-of-interests" method of accounting. Any excess or deficiency between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is recognized directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognized the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in associates and joint ventures are accounted for using the equity method (collectively referred to as equity-accounted investees) and they are recognized initially at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(v) Investments in associates and joint ventures (continued)

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(vii) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of Group's entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognized in profit or loss. However, foreign currency differences arising from the translation of the following items are recognized in OCI:

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(i) Foreign currency transactions (continued)

- an equity investment designated as at FVOCI;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see Note 3.3(vii)); or
- qualifying cash flow hedges to the extent such hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognized in OCI. Since 1 April 2017, the Group's date of transition to SFRS(I), such differences have been recognized in the foreign currency translation reserve ("translation reserve") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint ventures that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognized in OCI, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Equity investment at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment (continued)

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Directly attributable transaction costs are recognized in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(iii) Derecognition (continued)

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

(vii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(vii) Derivative financial instruments and hedge accounting (continued)

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognized in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(vii) Derivative financial instruments and hedge accounting (continued)

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Specific policies for hedges directly affected by interbank offer rates (IBOR) reform

For a cash flow hedge of a forecast transaction, the Group assumes that the benchmark interest rate will not be not altered as a result of IBOR reform for the purpose of asserting that the forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss. The Group will no longer apply the amendments to its highly probable assessment of the hedged item when the uncertainty arising from interest rate benchmark reform with respect to the timing and amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued. To determine whether the designated forecast transaction is no longer expected to occur, the Group assumes that the interest rate benchmark cash flows designated as a hedge will not be altered as a result of interest rate benchmark reform.

The Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

3 Significant accounting policies (continued)

3.4 Investment properties (continued)

Land held for development represents lease prepayments for acquiring rights to use land in the People's Republic of China ("PRC") with periods ranging from 40 to 50 years. Such rights granted with consideration are recognized initially at acquisition cost.

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognized in profit or loss. Rental income from investment properties is accounted for in the manner described in Note 3.13.

(ii) Properties under development and land held for development

Property that is being constructed or developed for future use as investment property is initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

3.5 Property, plant and equipment

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to property, plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Land is not depreciated.

Depreciation is recognized from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

3 Significant accounting policies (continued)

3.5 Property, plant and equipment (continued)

The estimated useful lives for the current and comparative years are as follows:

• buildings	40 years
• solar plants	20 years
• furniture, fittings and equipment	2-20 years
• right-of-use assets	1-15 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1 (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortization and accumulated impairment losses.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of intangible assets are as follows:

Trademarks	20 years
Non-competition	over the term of relevant agreement
License rights	over the term of the license period

Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3 Significant accounting policies (continued)

3.7 Impairment

(i) Non-derivative financial assets

The Group recognizes loss allowances for expected credit loss ("ECLs") on financial assets measured at amortized costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Associate and joint venture

Any impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements of non-financial assets. An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimate used to determine the recoverable amount.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in associates and joint ventures is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in associates and joint ventures is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

3 Significant accounting policies (continued)

3.8 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Investments properties classified within assets held for sale are subsequently remeasured at their fair values. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of joint ventures and associates ceases once classified as held for sale.

3.9 Deferred management costs

Costs that are directly attributable to securing a fund management agreement are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred management costs represent the costs incurred to secure the right to benefit from the provision of fund management services, and are amortized as the Group recognizes the related revenue over the tenure of the fund.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

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

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

3 Significant accounting policies (continued)

3.10 Employee benefits (continued)

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes costs for a restructuring of benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

(v) Share-based payment

For equity-settled share-based payment transactions, the fair value of the services received is recognized as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the date of the grant. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognized as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

For cash-settled share-based payment transactions, e.g. Award shares, the fair value of the goods or services received is recognized as an expense with a corresponding increase in liability.

The grant-date fair value of the liability is recognized over the vesting period. If no services are required, then the amount is recognized immediately. Remeasurements during the vesting period are recognized immediately to the extent that they relate to past services, and recognition is spread over the remaining vesting period to the extent that they relate to future services. That is, in the period of the remeasurement there is a catch-up adjustment for prior periods in order for the recognized liability at each reporting date to equal a defined proportion of the total fair value of the liability. The recognized proportion is generally calculated by dividing the period for which services have been provided as at the reporting date by the total vesting period. Remeasurements are recognized in profit or loss.

3.11 Provision

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3 Significant accounting policies (continued)

3.12 Leases

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

3 Significant accounting policies (continued)

3.12 Leases (continued)

Policy applicable from 1 January 2019 (continued)

(i) As a lessee (continued)

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'trade and other payables' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

3 Significant accounting policies (continued)

3.12 Leases (continued)

Policy applicable from 1 January 2019 (continued)

(ii) As a lessor (continued)

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies SFRS(I) 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in SFRS(I) 9 to the net investment in the lease (see Note 3.7(i)). The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'. Rental income from sub-leased property is recognized as "other income".

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from SFRS(I) 16 except for the classification of the sub-lease entered into during current reporting period that resulted in a finance lease classification.

Leases - Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

3 Significant accounting policies (continued)

3.12 Leases (continued)

Leases - Policy applicable before 1 January 2019 (continued)

(i) As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognized in the Group's statement of financial position. Payments made under operating leases were recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognized as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

Rental income from investment property is recognized as "revenue" on a straight-line basis over the term of the lease. Rental income from sub-leased property is recognized as "other income".

3.13 Revenue recognition

Rental income

Rental income receivable under operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income to be received. Contingent rentals are recognized as income in the accounting period in which they are earned.

Fund management fee income

Fund management fee income is recognized in profit or loss as and when services are rendered.

3 Significant accounting policies (continued)

3.13 Revenue recognition (continued)

Dividend income

Dividend income is recognized on the date that the Group's right to receive payment is established.

Financial services income

Financial services income is recognized in profit or loss upon the completion of the transaction.

3.14 Government grants

Grants that compensate the Group for expenses already incurred or for purpose of giving immediate financial support with no future related costs are recognized in profit or loss in the period in which they become receivable.

3.15 Finance income and expenses

Finance income comprises interest income on funds invested (including equity investments) and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and losses on hedging instruments that are recognized in profit or loss.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

3 Significant accounting policies (continued)

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and equity accounted investees to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has been rebutted for investment properties held in certain countries which the Group operates in. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3 Significant accounting policies (continued)

3.16 Tax (continued)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.17 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision-makers ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

3.18 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Group's consolidated financial statements and the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I)1- 8)
- SFRS(I) 17 *Insurance Contracts*

4 Investment properties

	Note	Group 2019 US$'000	Group 2018 US$'000
At 1 January 2019, 1 April 2018		19,481,683	18,497,429
Additions		2,069,660	1,613,421
Disposals		(674,852)	(689,894)
Acquisition of subsidiaries	29(a)	1,161,699	1,170,548
Disposal of subsidiaries	29(b)	(356,443)	(1,634,627)
Borrowing cost capitalized	26	9,860	5,616
Changes in fair value		1,193,643	2,467,482
Reclassification to assets classified as held for sale		(1,306,784)	(382,600)
Effect of movements in exchange rates		(302,846)	(1,565,692)
At 31 December		21,275,620	19,481,683
Comprising:			
Completed investment properties		17,047,963	15,475,890
Investment properties under re-development		241,105	476,862
Properties under development		1,980,202	1,669,367
Land held for development		2,006,350	1,859,564
		21,275,620	19,481,683

The Group reclassified certain investment properties of US$1,306,784,000 (2018: US$382,600,000) to assets classified as held for sale following initiation of an active programme to sell (Note 15).

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Investment properties with carrying value totaling approximately US$13,215,908,000 as at 31 December 2019 (2018: US$10,213,491,000) were mortgaged to banks and bondholders to secure credit facilities for the Group (Note 19). Interest capitalized as costs of investment properties amounted to approximately US$9,860,000 (2018: US$5,616,000) during the year.

Measurement of fair value

(i) Fair value hierarchy

The Group's investment property portfolio are valued by external and internal valuers at the reporting date. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value as at the reporting date, the external and internal valuers have adopted a combination of valuation methods, including income capitalization, discounted cash flows and residual methods, which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalization rate, discount rate and terminal yield rate.

4 Investment properties (continued)

Measurement of fair value (continued)

(i) Fair value hierarchy (continued)

The income capitalization method capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square metre in the area.

In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The fair value measurement for investment properties of US$21,275,620,000 (2018: US$19,481,683,000) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4) and was measured based on valuation by valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the respective investment property being valued.

(ii) Reconciliation of Level 3 fair values

	Group	
	2019	**2018**
	US$'000	**US$'000**
Balance at 1 January 2019, 1 April 2018	19,481,683	18,497,429
Capital expenditure incurred and borrowing costs capitalized	2,079,520	1,619,037
Disposal of investment properties	(674,852)	(689,894)
Acquisition of subsidiaries	1,161,699	1,170,548
Disposal of subsidiaries	(356,443)	(1,634,627)
Reclassification to assets classified as held for sale	(1,306,784)	(382,600)
Gains and losses for the year		
Changes in fair value of investment properties	1,193,643	2,467,482
Gains and losses recognized in OCI		
Effect of movements in exchange rates	(302,846)	(1,565,692)
Balance at 31 December	21,275,620	19,481,683

4 Investment properties (continued)

Measurement of fair value (continued)

(ii) Reconciliation of Level 3 fair values (continued)

Valuation technique and significant unobservable inputs

The following table shows the key unobservable inputs used in measuring the fair value of investment properties.

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalization	***Capitalization rate:*** PRC: 4.00% to 7.00% (2018: 4.25% to 7.00%) Japan: 4.30% to 4.50% (2018: 4.40% to 5.75%) USA: Nil (2018: 5.90%) Europe: 4.66% (2018: Nil)	The estimated fair value varies inversely against the capitalization rate.
Discounted cash flow	***Discount rate:*** PRC: 8.00% to 10.50% (2018: 8.00% to 10.50%) Japan: 4.30% to 4.50% (2018: 4.90% to 6.25%) USA: Nil (2018: 7.40%) Brazil: 7.25% (2018: Nil)	The estimated fair value varies inversely against the discount rate.
	Terminal yield rate: PRC: 4.00% to 7.00% (2018: 4.25% to 6.75%) Japan: 4.50% (2018: 4.65% to 6.00%) USA: Nil (2018: 5.40%) Brazil: 9.25% (2018: Nil)	The estimated fair value varies inversely against the terminal yield rate.
Residual	***Capitalization rate[1]:*** PRC: 4.75% to 6.25% (2018: 4.25% to 7.00%) Europe: 4.49% (2018: Nil) ***Estimated development costs to complete construction***	The estimated fair value and gross development value vary inversely against the capitalization rate. The estimated fair value varies inversely against the development costs to complete construction.

[1] *Income capitalization method is applied to derive the total gross development value under the residual approach.*

5 Subsidiaries

	Company	
	2019	**2018**
	US$'000	**US$'000**
Unquoted equity shares, at cost	5,782,001	6,744,563
Less: Allowance for impairment loss	(313,345)	(228,334)
	5,468,656	6,516,229
Loans to subsidiaries (interest-free)	648,353	672,073
	6,117,009	7,188,302

During the year ended 31 December 2019, an impairment loss of US$82,492,000 was recognized in profit or loss for the Company's investment in a subsidiary in the USA, in view of the shortfall in recoverable amount.

The recoverable amount was estimated based on net assets as the assets held by subsidiaries which comprises mainly investment properties or joint ventures owning investment properties measured at fair value and categorized as Level 3 on the fair value hierarchy.

During the year ended 31 December 2019, an impairment loss of US$2,519,000 (2018: US$113,145,000) was recognized in profit or loss for the Company's investment in certain subsidiaries which have underlying interests in joint ventures in Brazil, in view of the depreciation of the Brazilian Real which the investments are denominated in.

The recoverable amount for the relevant joint ventures was estimated to be US$726,571,000 (2018: US$709,423,000). The fair value measurement was estimated based on net assets as the assets held by the subsidiaries comprise mainly investment properties measured at fair value and categorized as Level 3 on the fair value hierarchy.

The loans to subsidiaries are unsecured and not expected to be repaid within the next 12 months from 31 December 2019.

Details of significant subsidiaries are set out in Note 35.

6 Associates and joint ventures

	Group 2019 US$'000	Group 2018 US$'000
Interests in associates	1,107,233	894,326
Interests in joint ventures	3,312,498	3,472,364
	4,419,731	4,366,690
Capital commitments in relation to interests in associates and joint ventures	695,435	416,756
Proportionate interest in associates' and joint ventures' commitments	228,569	112,769

The Group has two joint ventures (2018: two joint ventures) that are material and a number of associates and joint ventures that are individually immaterial to the Group. All are equity accounted. The following are the material associates and joint ventures:

Name of associate and joint ventures[1]	Principal activity	Principal place of business	2019 %	2018 %
GLP Japan Development Venture I	Private equity fund focused on logistics properties	Japan	50.00	50.00
GLP Japan Development Partners II	Private equity fund focused on logistics properties	Japan	50.00	50.00
GLP US Income Partners I	Private equity fund focused on logistics properties	USA	–[2]	10.35

Notes:

[1] Relates to the commercial name of the joint ventures used under GLP's fund management platform.
[2] GLP US Income Partners I was disposed during the year ended 31 December 2019.

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group

This summarized financial information is shown on a 100% basis. It represents the amounts shown in the associates and joint ventures' financial statements prepared in accordance with SFRS(I) under Group accounting policies.

31 December 2019	GLP Japan Development Venture I US$'000	GLP Japan Development Partners II US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**50.00%**		
Results				
Revenue	117,359	37,321	1,772,505	1,927,185
Expenses	(48,805)	(11,646)	(1,572,485)	(1,632,936)
Changes in fair value of investment properties	225,350	222,450	580,442	1,028,242
Income tax expense	(17,325)	(13,300)	(213,737)	(244,362)
Profit for the year	276,579	234,825	566,725	1,078,129
NCI	–	–	(37,665)	(37,665)
Profit attributable to owners	276,579	234,825	529,060	1,040,464
OCI	2,011	(12,395)	42,891	32,507
Total comprehensive income	278,590	222,430	571,951	1,072,971
Profit after tax include:				
Interest income	1	–	14,419	14,420
Depreciation and amortization	(8,553)	(2,816)	(24,503)	(35,872)
Interest expense	(11,375)	(3,198)	(208,472)	(223,045)
Assets and liabilities				
Non-current assets	2,489,123	1,258,263	16,839,754	20,587,140
Current assets	60,434	38,586	2,882,727	2,981,747
Total assets	2,549,557	1,296,849	19,722,481	23,568,887
Non-current liabilities	(889,923)	(611,555)	(5,154,270)	(6,655,748)
Current liabilities	(308,320)	(136,932)	(2,714,840)	(3,160,092)
Total liabilities	(1,198,243)	(748,487)	(7,869,110)	(9,815,840)
Assets and liabilities include:				
Cash and cash equivalents	49,513	26,964	1,594,968	1,671,445
Current financial liabilities (excluding trade and other payables)	(280,521)	(653)	(543,343)	(824,517)
Non-current financial liabilities (excluding trade and other payables)	(800,449)	(579,895)	(3,175,632)	(4,555,976)

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

31 December 2018	GLP Japan Development Venture I US$'000	GLP US Income Partners I US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**10.35%**		
Results				
Revenue	93,921	518,405	1,321,850	1,934,176
Expenses	(35,788)	(315,547)	(1,191,546)	(1,542,881)
Changes in fair value of investment properties	274,248	432,702	885,445	1,592,395
Income tax expense	(18,441)	(154,067)	(200,394)	(372,902)
Profit for the year	313,940	481,493	815,355	1,610,788
NCI	–	–	(23,459)	(23,459)
Profit attributable to owners	313,940	481,493	791,896	1,587,329
OCI	(307)	–	(72,388)	(72,695)
Total comprehensive income	313,633	481,493	719,508	1,514,634
Profit after tax include:				
Interest income	1	123	7,155	7,279
Depreciation and amortization	(3,527)	–	(15,063)	(18,590)
Interest expense	(5,136)	(137,893)	(221,169)	(364,198)
Assets and liabilities				
Non-current assets	2,218,470	9,016,244	19,149,030	30,383,744
Current assets	896,284	302,375	2,301,979	3,500,638
Total assets	3,114,754	9,318,619	21,451,009	33,884,382
Non-current liabilities	(1,034,800)	(4,489,106)	(8,194,609)	(13,718,515)
Current liabilities	(497,800)	(175,399)	(1,985,943)	(2,659,142)
Total liabilities	(1,532,600)	(4,664,505)	(10,180,552)	(16,377,657)
Assets and liabilities include:				
Cash and cash equivalents	67,612	208,860	1,171,224	1,447,696
Current financial liabilities (excluding trade and other payables)	(461,614)	–	(299,024)	(760,638)
Non-current financial liabilities (excluding trade and other payables)	(928,778)	(4,476,214)	(6,814,691)	(12,219,683)

6 Associates and joint ventures (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position

31 December 2019	**GLP Japan Development Venture I US$'000**	**GLP Japan Development Partners II US$'000**	**Immaterial associates and joint ventures US$'000**	**Total US$'000**
Group's interests				
Group's interest in net assets of associates and joint ventures at beginning of the year	795,747	189,231	3,381,712	4,366,690
Group's share of total comprehensive income	139,295	111,215	181,617	432,127
Dividends received from associates and joint ventures (the Group's share)	(185,178)	(11,438)	(80,953)	(277,569)
Group's share of total (distribution to)/contribution by owners (net)	(172,657)	(14,811)	654,014	466,546
Group's investment in associates through acquisition of subsidiaries (Note 29(a))	–	–	211,379	211,379
Capitalization of loan to third party to equity contribution to joint venture	–	–	48,462	48,462
Reclassification of assets classified as held for sale to joint venture (Note 29(c))	–	–	62,505	62,505
Disposal of associates and joint ventures	–	–	(817,679)	(817,679)
Reclassification of joint venture to assets classified as held for sale	–	–	(42,105)	(42,105)
Effect of movements in exchange rates	11,328	3,482	(45,435)	(30,625)
Carrying amount of interest in associates and joint ventures at the end of the year	588,535	277,679	3,553,517	4,419,731

6 Associates and joint ventures (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position (continued)

31 December 2018	GLP Japan Development Venture I US$'000	GLP US Income Partners I US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**10.35%**		
Group's interest in net assets of associates and joint ventures at beginning of the year	688,988	447,835	2,114,926	3,251,749
Group's share of total comprehensive income	156,817	49,835	190,767	397,419
Dividends received from associates and joint ventures (the Group's share)	(15,308)	(13,530)	(33,132)	(61,970)
Group's share of total (distribution to)/contribution by owners (net)	(2,823)	–	775,064	772,241
Capitalization of loan to third party to equity contribution to joint venture	–	–	151,097	151,097
Reclassification of assets held for sale to associate (Note 29(c))	–	–	130,495	130,495
Transaction costs in connection with acquisition of joint venture	–	–	(3,534)	(3,534)
Disposal of previously held equity interest (Note 29(b))	–	–	(28,482)	(28,482)
Effect of movements in exchange rates	(31,927)	–	(210,398)	(242,325)
Carrying amount of interest in associates and joint ventures at the end of the year	795,747	484,140	3,086,803	4,366,690

7 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1 January US$'000	Acquisition of subsidiaries (Note 29(a)) US$'000	Disposal of subsidiaries (Note 29(b)) US$'000	Effect of movements in exchange rates US$'000	Recognized in OCI US$'000	Recognized in profit or loss (Note 28) US$'000	Reclassified as held for sale US$'000	At 31 December US$'000
31 December 2019								
Deferred tax assets								
Unutilized tax losses	35,445	–	(939)	(538)	(372)	7,606	–	41,202
Interest rate swaps	190	–	–	3	31	(222)	–	2
Others	14,327	–	–	20	770	(3,139)	–	11,978
	49,962	–	(939)	(515)	429	4,245	–	53,182
Deferred tax liabilities								
Investment properties	(2,030,462)	(2,987)	40,530	36,578	–	(370,148)	2,372	(2,324,117)
Property, plant and equipment	–	–	–	13	(1,102)	–	–	(1,089)
Equity investments at FVOCI	(14,035)	–	–	621	(7,956)	(27,809)	–	(49,179)
Others	(6,905)	–	–	115	–	(674)	–	(7,464)
	(2,051,402)	(2,987)	40,530	37,327	(9,058)	(398,631)	2,372	(2,381,849)
Total	(2,001,440)	(2,987)	39,591	36,812	(8,629)	(394,386)	2,372	(2,328,667)

7 Deferred tax (continued)

Group	At 1 April US$'000	Disposal of subsidiaries (Note 29(b)) US$'000	Effect of movements in exchange rates US$'000	Recognized in OCI US$'000	Recognized in profit or loss (Note 28) US$'000	Reclassification to asset held for sale US$'000	At 31 December US$'000
31 December 2018							
Deferred tax assets							
Unutilized tax losses	36,519	(1,545)	(3,214)	–	3,749	(64)	35,445
Interest rate swaps	293	–	(14)	(89)	–	–	190
Others	13,660	–	(599)	–	1,269	(3)	14,327
	50,472	(1,545)	(3,827)	(89)	5,018	(67)	49,962
Deferred tax liabilities							
Investment properties	(1,774,714)	242,909	163,179	–	(661,836)	–	(2,030,462)
Equity investments at FVOCI	(29,925)	–	2,190	21,763	(8,063)	–	(14,035)
Others	(10,536)	–	785	–	2,846	–	(6,905)
	(1,815,175)	242,909	166,154	21,763	(667,053)	–	(2,051,402)
Total	(1,764,703)	241,364	162,327	21,674	(662,035)	(67)	(2,001,440)

7 Deferred tax (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Deferred tax assets	21,861	19,649
Deferred tax liabilities	(2,350,528)	(2,021,089)

As at reporting date, deferred tax liabilities have not been recognized in respect of taxes that would be payable on the undistributed earnings of certain subsidiaries of US$29,514,000 (2018: US$22,820,000) as the Group do not have plans to distribute these earnings in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Group has not recognized deferred tax assets in respect of the following:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Tax losses	483,104	408,741

Deferred tax assets in respect of tax losses have not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognized tax losses will expire within one to five years.

8 Property, plant and equipment

Group	Furniture, fittings and equipment US$'000	Solar plants US$'000	Assets under construction US$'000	Buildings US$'000	Right-of-use assets US$'000	Total US$'000
Cost						
At 1 April 2018	59,933	–	231	–	–	60,164
Acquisition of subsidiaries	1,324	–	–	–	–	1,324
Additions	8,797	–	461	–	–	9,258
Disposals	(1,137)	–	–	–	–	(1,137)
Disposal of subsidiaries	(1,314)	–	–	–	–	(1,314)
Written off	–	–	(53)	–	–	(53)
Effect of movements in exchange rates	(3,631)	–	–	–	–	(3,631)
At 31 December 2018	63,972	–	639	–	–	64,611
Cost						
At 1 January 2019	63,972	–	639	–	–	64,611
Recognition of right-of-use assets on initial application of SFRS(I) 16	–	–	–	–	9,386	9,386
Adjusted balance at 1 January 2019	63,972	–	639	–	9,386	73,997
Acquisition of subsidiaries	1,812	–	–	–	52,248	54,060
Additions	63,554	–	14,078	71,403	38,750	187,785
Disposals	(4,333)	–	–	–	–	(4,333)
Disposal of subsidiaries	(27)	(9,436)	(3,355)	–	–	(12,818)
Reclassification	34	10,059	(10,093)	–	–	–
Revaluation of buildings recognized in other comprehensive income	–	–	–	4,407	–	4,407
Written off	(2,132)	–	–	–	(4,318)	(6,450)
Elimination on revaluation of buildings	–	–	–	(1,255)	–	(1,255)
Effect of movements in exchange rates	(1,111)	(184)	(66)	(862)	(546)	(2,769)
At 31 December 2019	121,769	439	1,203	73,693	95,520	292,624

8 Property, plant and equipment (continued)

Group	Furniture, fittings and equipment US$'000	Solar plants US$'000	Assets under construction US$'000	Buildings US$'000	Right-of-use assets US$'000	Total US$'000
Accumulated depreciation						
At 1 April 2018	40,932	–	–	–	–	40,932
Depreciation charge for the period	5,510	–	–	–	–	5,510
Disposals	(1,048)	–	–	–	–	(1,048)
Disposal of subsidiaries	(1,204)	–	–	–	–	(1,204)
Effect of movements in exchange rates	(1,777)	–	–	–	–	(1,777)
At 31 December 2018	42,413	–	–	–	–	42,413
Written off	(1,581)	–	–	–	(1,586)	(3,167)
Elimination on revaluation of buildings	–	–	–	(1,255)	–	(1,255)
Depreciation charge for the year	10,553	185	–	1,255	11,520	23,513
Disposals	(3,958)	–	–	–	–	(3,958)
Disposal of subsidiaries	(22)	(173)	–	–	–	(195)
Effect of movements in exchange rates	(342)	(3)	–	–	(25)	(370)
At 31 December 2019	47,063	9	–	–	9,909	56,981
Carrying amounts						
At 1 April 2018	19,001	–	231	–	–	19,232
At 31 December 2018	21,559	–	639	–	–	22,198
At 31 December 2019	74,706	430	1,203	73,693	85,611	235,643

8 Property, plant and equipment (continued)

Company	Furniture, fittings and equipment US$'000	Assets under construction US$'000	Right-of-use assets US$'000	Total US$'000
Cost				
At 1 April 2018	14,761	143	–	14,904
Additions	312	461	–	773
Reclassifications	(21)	–	–	(21)
At 31 December 2018	15,052	604	–	15,656
Additions	626	599	1,965	3,190
Written off	(940)	–	–	(940)
At 31 December 2019	14,738	1,203	1,965	17,906
Accumulated depreciation				
At 1 April 2018	10,679	–	–	10,679
Depreciation charge for the period	1,477	–	–	1,477
Disposals	(21)	–	–	(21)
At 31 December 2018	12,135	–	–	12,135
Depreciation charge for the year	1,688	–	267	1,955
Written off	(940)	–	–	(940)
At 31 December 2019	12,883	–	267	13,150
Carrying amounts				
At 1 April 2018	4,082	143	–	4,225
At 31 December 2018	2,917	604	–	3,521
At 31 December 2019	1,855	1,203	1,698	4,756

9 Intangible assets

Group	Goodwill US$'000	Trademarks US$'000	Non-competition US$'000	License rights US$'000	Total US$'000
Cost					
At 1 April 2018	448,958	40,052	6,831	1,014	496,855
Effect of movements in exchange rates	(26,196)	(2,219)	–	(87)	(28,502)
At 31 December 2018	422,762	37,833	6,831	927	468,353
Additions	–	17	–	–	17
Written off	–	–	(4,330)	–	(4,330)
Effect of movements in exchange rates	(4,556)	(376)	–	(15)	(4,947)
At 31 December 2019	418,206	37,474	2,501	912	459,093
Accumulated amortization					
At 1 April 2018	–	15,235	6,831	486	22,552
Amortization for the period	–	1,549	–	151	1,700
Effect of movements in exchange rates	–	(892)	–	(45)	(937)
At 31 December 2018	–	15,892	6,831	592	23,315
Amortization for the year	–	2,047	–	196	2,243
Written off	–	–	(4,330)	–	(4,330)
Effect of movements in exchange rates	–	(176)	–	(11)	(187)
At 31 December 2019	–	17,763	2,501	777	21,041
Carrying amounts					
At 1 April 2018	448,958	24,817	–	528	474,303
At 31 December 2018	422,762	21,941	–	335	445,038
At 31 December 2019	418,206	19,711	–	135	438,052

Impairment test for goodwill

For the purpose of goodwill impairment testing, the aggregate carrying amount of goodwill allocated to each cash-generating unit ("CGU") as at 31 December 2019 are as follows:

Group	Carrying amount 2019 US$'000	Carrying amount 2018 US$'000
Airport City Development Group ("ACL Group")	52,708	53,576
GLP China[1]	224,031	227,719
GLP Japan[2]	141,467	141,467
Total	418,206	422,762

Notes:

[1] Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.

[2] Relates to the leasing of logistic facilities and provision of asset management services in Japan.

9 Intangible assets (continued)

Impairment test for goodwill (continued)

ACL Group

The recoverable amount of ACL Group are determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering five years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rate of 3.00% (2018: 3.00%). The discount rate of 7.50% (2018: 7.50%) applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which ACL Group operates.

GLP China and GLP Japan

Recoverable amount of GLP China and Japan as of 31 December 2019 is determined using the Sum-Of-The-Parts ("SOTP") approach to measure the fair value less costs of disposal of the CGU by aggregating the standalone fair value of each of its business units within the CGU to arrive at a single total enterprise value. The equity value is then derived by adjusting the CGU's net debt and other non-operating assets and expenses from the total enterprise value.

The enterprise value of each business unit is derived separately and determined based on valuation by internal and external valuers with the appropriate qualifications and experience using observable and unobservable inputs taking into account management's experience and knowledge of market conditions of the specific activities.

Significant business units - valuation technique and significant unobservable inputs

Details of significant business units identified and the key unobservable inputs used in estimating the fair value less costs of disposal of these significant business units are as follows:

Development business

The fair value measurement for development business has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.4).

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement of business unit
Discounted cash flow	***Estimated development costs to complete construction***	The estimated fair value varies inversely against the estimated development costs to complete construction.
	Value creation margin: 17.1% to 34.8% (2018: 20.0% to 45.2%)	The estimated fair value varies proportionately against value creation margin.
	Discount rate: 3.0% to 6.6% (2018: 3.2% to 7.1%)	The estimated fair values varies inversely against the discount rate.

9 Intangible assets (continued)

Impairment test for goodwill (continued)

GLP China and GLP Japan (continued

Fund management

The fair value measurement for fund management has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see note 2.4).

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement of business unit
Market multiples derived from comparable businesses	***Funds margin:*** 55.6% to 64.0% (2018: 66.7% to 73.6%)	The estimated fair value varies proportionately against funds margin.
	Equity value/EBITDA Multiple: 16 x (2018: 14 x)	The estimated fair value increases as the multiple increases

Sensitivity analysis

As at 31 December 2019, the estimated recoverable amount of the CGUs exceeded its carrying amounts. Management has not identified any reasonably possible changes in the above key assumptions applied which are likely to materially cause the estimated recoverable amount of the CGUs to be lower than its carrying amount except for:

For the fair value of each CGU, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Recoverable amount	
	Increase US$'000	**Decrease US$'000**
31 December 2019		
Development business value creation margin (5% movement)		
- PRC	285,000	(285,000)
- Japan	110,000	(110,000)
Fund management services funds margin (5% movement)		
- PRC	86,000	(86,000)
- Japan	93,000	(93,000)
Fund management services fee related earnings multiple (1x movement)		
- PRC	60,000	(60,000)
- Japan	74,000	(74,000)

9 Intangible assets (continued)

Impairment test for goodwill (continued)

Sensitivity analysis (continued)

	Recoverable amount	
	Increase	**Decrease**
	US$'000	**US$'000**
31 December 2018		
Development business value creation margin (5% movement)		
- PRC	299,000	(299,000)
- Japan	130,000	(130,000)
Fund management services funds margin (5% movement)		
- PRC	23,000	(23,000)
- Japan	51,000	(51,000)
Fund management services fee related earnings multiple (1x movement)		
- PRC	22,000	(22,000)
- Japan	54,000	(54,000)

10 Other investments

	Group	
	2019	**2018**
	US$'000	**US$'000**
Non-current investments		
- Quoted equity investments – at FVOCI	800,038	740,326
- Unquoted equity investments – at FVOCI	67,612	23,706
- Unquoted equity investments – mandatorily at FVTPL	1,026,406	717,762
	1,894,056	1,481,794

Quoted equity investments mainly comprise:

- 4.4% (2018: 10.2%) interest in GLP J-REIT, which is listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange;
- 15.5% (2018: 15.5%) interest in CMST Development Co., Ltd., which is listed on the Shanghai Stock Exchange;
- 6.1% (2018: 6.1%) shareholdings in Shenzhen New Nanshan Holdings (Group) Co., Ltd, which is listed on Shenzhen Stock exchange.
- 1.5% (2018: 0.9%) shareholdings in Shanghai Lingang Holdings Co., Ltd., which is listed on the Shanghai Stock Exchange.
- 10.0% (2018: Nil%) shareholdings in Beijing Vantone Real Estate Co., Ltd., which is listed on the Shanghai Stock Exchange.

The quoted equity investments are stated at their fair values at the reporting date, determined by reference to their quoted closing bid price in an active market at the reporting date. The Group's exposure to market risks and fair value information related to other investments are disclosed in Notes 31 and 32.

10 Other investments (continued)

The Group invests in companies listed in active markets and private companies that are not quoted in an active market. The quoted equity investments are stated at their fair values at the reporting date, determined by reference to their quoted closing bid price in an active market at the reporting date. The unquoted equity investments are stated at their fair values at the reporting date, determined by reference to an internal rate of return agreed with a potential buyer on a willing buyer, willing seller basis, at net asset value which approximates the investments' fair value or market comparison technique based on market multiple of comparable companies with adjustments for the effect of non-marketability of the investments.

Reconciliation of Level 3 fair values

	2019 US$'000	2018 US$'000
Balance at 1 January/1 April	741,468	376,307
Adjustment on initial application of SFRS(I) 9	–	32,497
Net unrealized gains recognized in profit or loss		
- recognized in profit or loss	152,899	38,778
- recognized in other comprehensive income	(419)	–
Additions	216,605	335,050
Effects of movements in exchange rates	(16,535)	(41,164)
Balance at 31 December	1,094,018	741,468

11 Other non-current assets

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade receivables	44,340	38,130	–	–
Deposits	12,318	11,890	–	–
Prepayments	657	3,352	–	–
Amounts due from:			–	
- joint ventures	18,786	24,397	–	–
- an investee entity	99,244	88,060	–	–
Loans to associate and joint ventures	77,888	276,022	–	19,553
Loans to third parties	15,740	122,268	–	–
Finance lease receivables (Note 13)	16,130	52,065	–	–
Deferred management costs	38,667	44,590	–	–
Prepaid construction costs	46,955	74,838	–	–
Others	5,195	838	–	–
	375,920	736,450	–	19,553

Management has assessed that no allowance for impairment losses is required in respect of the Group's non-current trade receivables, none of which are past due.

Deposits include an amount of US$9,883,000 (2018: US$8,181,000) in relation to the acquisition of new investments.

The amounts due from joint ventures and an investee entity are attributed to the transfer of tenant security deposits to these entities.

11 Other non-current assets (continued)

The loans to associate and joint ventures are unsecured, bear fixed interest ranging from 5.39% to 10.00% (2018: 4.40% to 10.00%) per annum at the reporting date and are fully repayable by October 2024 (2018: November 2025).

The loans to third parties amounting to US$15,740,000 (2018: US$22,417,000) are unsecured, bear fixed interest of 18% (2018: 8.00% to 18.00%) per annum at the reporting date and are fully repayable within the next 2 to 5 years.

12 Trade and other receivables

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
Trade receivables	60,610	74,777	–	–
Impairment losses	(2,984)	(2,914)	–	–
Net trade receivables	57,626	71,863	–	–
Amounts due from immediate holding company (non-trade)	1,665,780	401,555	1,665,780	401,555
Amounts due from subsidiaries:				
- non-trade and interest-free	–	–	60,447	165,362
- non-trade and interest-bearing	–	–	1,374,540	1,009,925
Amounts due from associates and joint ventures:				
- trade	155,988	114,286	–	–
- non-trade and interest-free	254,812	421,480	285	377
Amounts due from an investee entity:				
- trade	14,802	13,652	–	–
- non-trade and interest-free	14,133	20,169	–	–
Loans to NCI	7,640	5,930	–	–
Loans to associate and joint ventures	222,583	228,592	2,001	2,046
Loans to employees	86,442	–	–	–
Loans to third parties:				
- in relation to acquisition of new investments	126,884	315,548	–	–
- others	114,458	34,090	–	–
	2,663,522	1,555,302	3,103,053	1,579,265
Finance lease receivables (Note 13)	157,777	180,553	–	–
Impairment losses	(22,444)	(11,372)	–	–
	135,333	169,181	–	–
Deposits	191,561	202,325	186	189
Other receivables	337,958	185,860	2,014	1,343
Impairment losses	(56)	(12)	–	–
	337,902	185,848	2,014	1,343
Trade and other receivables	3,385,944	2,184,519	3,105,253	1,580,797
Other assets	3,654	5,836	–	–
Prepayments	89,293	75,409	1,633	2,748
	3,478,891	2,265,764	3,106,886	1,583,545

12 Trade and other receivables (continued)

The non-trade amounts due from immediate holding company, associates and joint ventures, an investee entity, and subsidiaries are unsecured and are repayable on demand. The effective interest rates of non-trade interest-bearing amounts due from subsidiaries at the reporting date range from 2.00% to 10.00% (2018: 3.95% to 6.10%) per annum.

The loans to NCI are unsecured, bears fixed interest of 10.00% (2018: 10.00%) per annum at the reporting date and are repayable on demand. The loans to associate and joint ventures are unsecured, bear fixed interest at the reporting date ranging from 6.00% to 10.00% (2018: 4.40% to 10.00%) per annum and are repayable within the next 12 months.

Loans to employees comprise loans granted under the Co-Investment and GLP Global Share Plans (see Note 23). The loans are secured by the full purchased investment and leveraged shares for which the loans relate to and bear interests at rates determined by the Group with reference to prevailing external borrowing rates. The loans have fixed maturity date of 5 years and 10 years for loans extended under Co-Investment Share Plan and GLP Global Share Plan respectively, and are repayable from distribution and redemption proceeds at discretion of the Company. Upon termination of employment, employees are required to repay the loans immediately.

The loan to third parties in relation to acquisition of new investments are unsecured, repayable within the next 12 months, and bear fixed interest ranging from 4.90% to 12.00% (2018: 4.90% to 15.00%) per annum, except for US$10,835,000 which is interest-free until completion of the acquisition (2018: US$185,274,000). The other loans to third parties are unsecured, repayable within the next 12 months and bear fixed interest at the reporting date ranging from 7.78% to 13.00% (2018: 12.00% to 15.00%) per annum.

Deposits include an amount of US$182,256,000 (2018: US$178,832,000) in relation to acquisitions of new investments. Other receivables comprise value added tax receivables and other recoverables (2018: value added tax receivables and other recoverable). Prepayments include prepaid purchase consideration for other assets of US$51,521,000 (2018: US$43,755,000).

Other receivables include an amount of US$67,294,000 restricted bank deposit under the Group's bank account. This bank deposit can be convertible to demand deposits under the authorisation of both the Group and a third party.

(a) The maximum exposure to credit risk for trade and other receivables at the reporting date (by country) is:

	Gross 2019 US$'000	Allowance for doubtful receivables 2019 US$'000	Gross 2018 US$'000	Allowance for doubtful receivables 2018 US$'000
Group				
PRC	1,378,653	(25,484)	1,590,338	(14,298)
Japan	82,377	–	47,818	–
Singapore	1,839,107	–	473,118	–
USA	66,010	–	18,615	–
Others	45,281	–	68,928	–
	3,411,428	(25,484)	2,198,817	(14,298)
Company				
Singapore	3,106,886	–	1,580,797	–

12 Trade and other receivables (continued)

(b) The ageing of loans and receivables at the reporting date is:

	Gross 2019 US$'000	Allowance for doubtful receivables 2019 US$'000	Gross 2018 US$'000	Allowance for doubtful receivables 2018 US$'000
Group				
Not past due	3,195,115	–	1,949,819	–
Past due 1 – 60 days	159,318	(4,033)	121,456	(1,378)
Past due 61 – 180 days	31,762	(8,070)	34,196	(1,474)
More than 180 days	25,233	(13,381)	93,346	(11,446)
	3,411,428	(25,484)	2,198,817	(14,298)
Company				
Not past due	3,106,886	–	1,580,797	–

The Group's historical experience in the collection of accounts receivables falls within the recorded allowances. Based on historical payment behaviors, and the security deposits, bankers' guarantees and other forms of collateral held, the Group believes that no additional allowance for impairment losses is required in respect of its loans and receivables.

The majority of the trade receivables are due from tenants that have good credit records with the Group. The Group monitors and considers credit risk based on trade and other receivables grouped by reportable business segments, and uses management's judgement in assessing the risk of default. The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Expected credit loss assessment for trade and other receivables

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

12 Trade and other receivables (continued)

(b) The ageing of loans and receivables at the reporting date is: (continued)

Expected credit loss assessment for trade and other receivables (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables as at 31 December:

	Expected loss rate %	Gross carrying amount US$'000	Lifetime ECL US$'000
2019			
Not past due	–	3,195,115	–
Past due 1 – 60 days	0.68 – 6.68	159,318	(4,033)
Past due 61 – 180 days	9.36 – 34.00	31,762	(8,070)
More than 180 days	13.96 – 100.00	25,233	(13,381)
		3,411,428	(25,484)
2018			
Not past due	–	1,949,819	–
Past due 1 – 60 days	0.32 – 7.88	121,456	(1,378)
Past due 61 – 180 days	2.70 – 16.58	34,196	(1,474)
More than 180 days	2.97 – 100.00	93,346	(11,446)
		2,198,817	(14,298)

Expected loss rates are based on actual loss experience over the past 12 months. These rates are adjusted to reflect differences between economic conditions during the year over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The non-trade amounts due from subsidiaries, associates, joint ventures, immediate holding company and an investee entity are amounts lent to satisfy the counterparties' short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

(c) The movement in allowances for impairment losses in respect of trade and other receivables during the year is as follows:

	Group US$'000
At 1 April 2018 under FRS39	10,810
Adjustment on initial application on SFRS(I) 9	–
At 1 April 2018 per SFRS(I) 9	10,810
Recognition of impairment losses	3,596
Acquisition of subsidiaries	(73)
Effect of movements in exchange rates	(35)
At 31 December 2018	14,298
At 1 January 2019 per SFRS(I) 9	14,298
Recognition of impairment losses	12,175
Written off	(624)
Effect of movements in exchange rates	(365)
At 31 December 2019	25,484

13 Finance lease receivables

The Group leases vehicles and equipment to non-related parties under finance leases. The agreement expires between 2018 and 2023, and the non-related parties have options to extend these leases at the prevailing market rates.

	Group	
	2019	2018
	US$'000	US$'000
Gross receivables due:		
- Not later than one year	160,241	188,359
- Later than one year but within five years	17,229	55,621
	177,470	243,980
Less: Unearned finance income	(3,563)	(11,362)
Less: Impairment losses on finance lease receivables	(22,444)	(11,372)
Net investment in finance leases	151,463	221,246

The net investment in finance leases is analyzed as follows:

	Group	
	2019	2018
	US$'000	US$'000
Not later than one year (Note 12)	135,333	169,181
Later than one year but within five years (Note 11)	16,130	52,065
	151,463	221,246

14 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Fixed deposits	66,661	47,932	–	35,000
Cash at bank	926,577	898,966	3,237	182,029
Restricted cash deposits	10,936	41,471	–	–
	1,004,174	988,369	3,237	217,029

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group and Company ranged from 1.10% to 4.12% (2018: 0.01% to 5.97%) per annum and Nil (2018: 2.00%) per annum respectively. Interest rates reprice at intervals of one to twelve months.

Restricted cash deposits represent bank balances of certain subsidiaries pledged as security for future investments.

15 Assets and liabilities classified as held for sale

	Group	
	2019	2018
	US$'000	US$'000
Assets classified as held for sale	1,451,482	687,224
Liabilities classified as held for sale	(757,400)	(426,686)
	694,082	260,538

In 2019, the Group syndicated 38.72% equity interest in Fundo de Investimento em Participacoes Camacari Multiestrategia and its subsidiaries (FIP IV).

The Group ceased to control FIP IV and the remaining equity interests at 41.28% to be syndicated was classified as investment in joint venture within assets classified as held for sale. The Group equity accounts for only the results of the 20% equity interests in FIP IV that is retained and classified as joint venture.

As at 31 December 2019, the assets and liabilities classified as held for sale pertains to equity interest in FIP IV and equity interests in a group of investment property-holding entities in Europe, a portfolio of investment properties in US and a piece of land in China. All of which the Group expects to syndicate within the next 12 months ending 31 December 2020. The assets and liabilities classified as held for sale were stated at fair value less costs to sell at the reporting date, determined based on the estimated syndication consideration.

As at 31 December 2018, the assets and liabilities classified as held for sale pertains to equity interest in Shiodome (Fourteen) Logistic Pte. Ltd. and its subsidiaries, and equity interest in Fundo de Investimento em Participacoes Camacari Multiestrategia and its subsidiaries, all of which the Group expects to syndicate within the next 12 months. The assets and liabilities classified as held for sale were stated at fair value less costs to sell at the reporting date, determined based on the estimated syndication consideration.

16 Share capital, capital securities and capital management

(a) Share capital

	No. of shares	
	2019	2018
	'000	'000
Fully paid ordinary shares, with no par value:		
At 1 January/1 April, including treasury shares	4,240,446	4,741,814
Less: Redemption of ordinary shares	–	(501,368)
Less: Share buy back	(74,969)	–
At 31 December, excluding treasury shares	4,165,477	4,240,446

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

During the year ended 31 December 2019, the Company buy back 74,969,000 ordinary shares held by the immediate holding company for a consideration of US$100,000,000.

16 Share capital, capital securities and capital management (continued)

(b) Capital management

During the year ended 31 December 2018, the Company redeemed 501,368,000 ordinary shares from the immediate holding company for a consideration of US$666,677,000.

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximize shareholders' value. The Group defines "capital" as including all components of equity.

The Group's capital structure is regularly reviewed. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including NCI).

	Group	
	2019	**2018**
	US$'000	**US$'000**
Gross borrowings (net of transaction costs)	11,173,306	10,077,379
Less: Cash and cash equivalents	(1,004,174)	(988,369)
Net debt	10,169,132	9,089,010
Total equity	18,409,322	16,374,424
Net debt to equity ratio	0.55	0.56

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

Except for the requirement on the maintenance of statutory reserve fund by subsidiaries incorporated in the PRC, there were no externally imposed capital requirements.

17 Reserves

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Capital reserve	67,767	72,449	(20,064)	(20,064)
Hedging reserve	(13,893)	(17,930)	(4,741)	(4,222)
Fair value reserve	127,656	161,387	–	–
Revaluation reserve	2,188	–	–	–
Other reserve	(699,779)	(699,778)	–	–
Capital and other reserves	(516,061)	(483,872)	(24,805)	(24,286)
Currency translation reserve	(241,758)	(147,155)	–	–
Retained earnings	6,032,259	5,259,789	209,320	(158,214)
	5,274,440	4,628,762	184,515	(182,500)

17 Reserves (continued)

Capital reserve comprises mainly capital contributions from shareholders, gains/losses in connection with changes in ownership interests in subsidiaries that do not result in loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Subsidiaries incorporated in the PRC are required by the Foreign Enterprise Law to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities. In accordance with the relevant PRC rules and regulations, and the articles of association of the subsidiaries incorporated in PRC, 10% of the retained earnings are to be transferred to statutory reserves prior to the distribution of dividends to shareholders. As at 31 December 2019, retained earnings include approximately US$49,530,000 (2018: US$13,343,000) to be transferred to statutory reserve fund before the distribution of dividends to shareholders.

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

As at 31 December 2019, fair value reserve comprises the cumulative net change in the fair value of equity investments measured at FVOCI and are not transferred to profit or loss when derecognized or impaired.

The revaluation reserve relates to the revaluation of a building.

Other reserve comprises the pre-acquisition reserves of those common control entities that were acquired in connection with the Group reorganization which occurred immediately prior to the initial public offering of the Company.

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of foreign currency loans and bonds that hedge the Group's net investments in foreign operations.

18 Non-controlling interests

The following subsidiaries have NCI that are material to the Group:

Name of Company	Principal place of business	Ownership interest held by NCI	
		2019	2018
		%	%
Airport City Development Co., Ltd.	PRC	46.86	46.86
CLF Fund I, LP	PRC	69.88	44.12
CLF Fund II, LP	PRC	43.62	43.62
GLP China Holdings Limited	PRC	33.79	33.79

The following table summarizes the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with IFRS. See Note 35 for details of the significant subsidiaries of the Group.

18 Non-controlling interests (continued)

31 December 2019	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Results						
Revenue	75,996	176,811	21,544	990,954	286,181	
Profit for the year	91,029	123,159	132,119	1,057,605	367,940	
OCI	(16,846)	(8,008)	(20,279)	(157,284)	–	
Total comprehensive income	74,183	115,151	111,840	900,321	367,940	
Attributable to:						
- NCI	–	–	224	194,270	1,959	
- Owners of the Company	74,183	115,151	111,616	706,051	365,981	
Attributable to NCI:						
- Profit for the year	42,657	71,175	58,248	274,124	153,391	599,595
- OCI	(7,894)	(11,583)	(9,336)	(35,549)	(23,565)	(87,927)
- Total comprehensive income	34,763	59,592	48,912	238,575	129,826	511,668
Assets and liabilities						
Non-current assets	1,781,182	3,373,772	2,198,459	25,013,650	6,984,849	
Current assets	54,674	132,809	210,117	2,396,480	497,978	
Total assets	1,835,856	3,506,581	2,408,576	27,410,130	7,482,827	
Non-current liabilities	(644,933)	(1,311,929)	(264,046)	(9,909,329)	(1,800,303)	
Current liabilities	(131,418)	(151,014)	(507,589)	(2,673,065)	(779,406)	
Total liabilities	(776,351)	(1,462,943)	(771,635)	(12,582,394)	(2,579,709)	
NCI	–	–	(74,889)	(3,762,461)	(48,372)	
Net assets attributable to owners of the Company	1,059,505	2,043,638	1,562,052	11,065,275	4,854,746	
Net assets attributable to NCI	491,697	1,434,412	757,002	3,738,956	1,174,226	7,596,293
Cash flows from operating activities	899	88,274	5,590	597,852		
Cash flows used in investing activities	(32,257)	(124,584)	(713,177)	(2,509,233)		
Cash flows from financing activities (dividends to NCI: US$Nil)	43,645	54,328	805,850	2,116,711		
Net increase in cash and cash equivalents	12,287	18,018	98,263	205,330		

18 Non-controlling interests (continued)

	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
31 December 2018						
Results						
Revenue	53,236	123,000	6,034	753,442	142,947	
Profit for the period	249,800	285,254	41,966	1,926,758	426,252	
OCI	(75,414)	(177,675)	(38,599)	(1,332,937)	–	
Total comprehensive income	174,386	107,579	3,367	593,821	426,252	
Attributable to:						
- NCI	–	–	216	187,752	–	
- Owners of the Company	174,386	107,579	3,151	406,069	426,252	
Attributable to NCI:						
- Profit for the year	117,056	125,854	18,211	518,240	129,893	909,254
- OCI	(35,339)	(78,390)	(16,837)	(381,029)	(82,820)	(594,415)
- Total comprehensive income	81,717	47,464	1,374	137,211	47,073	314,839
Assets and liabilities						
Non-current assets	1,689,348	3,178,894	1,117,008	20,971,120	4,504,309	
Current assets	47,848	114,483	171,996	2,485,722	239,952	
Total assets	1,737,196	3,293,377	1,289,004	23,456,842	4,744,261	
Non-current liabilities	(559,620)	(789,855)	(63,901)	(7,503,273)	(902,701)	
Current liabilities	(192,086)	(360,036)	(510,028)	(2,984,330)	(409,705)	
Total liabilities	(751,706)	(1,149,891)	(573,929)	(10,487,603)	(1,312,406)	
NCI	–	–	(16,557)	(2,600,800)	(47,200)	
Net assets attributable to owners of the Company	985,490	2,143,486	698,518	10,368,439	3,384,655	
Net assets attributable to NCI	461,815	945,654	304,723	3,503,496	891,385	6,107,073
Cash flows from/(used in) operating activities	1,615	84,409	(1,585)	404,680		
Cash flows used in investing activities	(1,594)	(126,796)	(439,405)	(1,875,103)		
Cash flows from financing activities (dividends to NCI: US$Nil)	18,401	2,211	366,640	1,100,722		
Net increase/(decrease) in cash and cash equivalents	18,422	(40,176)	(74,350)	(369,701)		

19 Loans and borrowings

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current liabilities				
Secured bank loans	2,652,528	2,047,970	–	–
Secured bonds	456,214	419,359	–	–
Unsecured bank loans	1,109,002	827,761	541,088	529,903
Unsecured bonds	5,119,185	4,056,471	1,742,635	1,614,016
	9,336,929	7,351,561	2,283,723	2,143,919
Current liabilities				
Secured bank loans	479,473	685,277	–	–
Secured bonds	43,946	3,301	–	–
Unsecured bank loans	1,303,875	1,895,229	604,124	911,008
Unsecured bonds	9,083	142,011	–	–
	1,836,377	2,725,818	604,124	911,008

(a) Secured and unsecured bank loans

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of US$12,380,863,000 (2018: US$9,301,387,000) (Note 4).

At the reporting date, the effective interest rates for bank borrowings for the Group and Company (taking into account the effects of interest rate swaps) ranged from 0.27% to 6.50% (2018: 0.47% to 6.50%) per annum and 0.64% to 2.45% (2018: 0.70% to 3.58%) per annum.

Maturity of bank loans:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within 1 year	1,783,348	2,580,506	604,124	911,008
From 1 to 5 years	2,671,415	1,980,111	541,088	133,189
After 5 years	1,090,115	895,620	–	396,714
After 1 year	3,761,530	2,875,731	541,088	529,903
	5,544,878	5,456,237	1,145,212	1,440,911

Analysis of bank loans by geographic regions:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
PRC	4,360,031	3,327,114	–	–
Japan	29,503	435,642	–	–
USA	10,132	252,570	–	–
Singapore	1,145,212	1,440,911	1,145,212	1,440,911
	5,544,878	5,456,237	1,145,212	1,440,911

19 Loans and borrowings (continued)

(b) Secured bonds

The bonds are issued by certain subsidiaries in Japan and are fully secured by investment properties with carrying amounts of US$835,045,000 (2018: US$912,104,000) (Note 4) owned by these subsidiaries.

The effective interest rates as at 31 December 2019 for secured bonds (taking into account the effects of interest rate swaps) ranged from 0.42% to 5.00% (2018: 0.42% to 5.65%) per annum.

Maturity of secured bonds:

	Group	
	2019	2018
	US$'000	US$'000
Within 1 year	43,946	3,301
From 1 to 5 years	39,520	205,921
After 5 years	416,694	213,438
After 1 year	456,214	419,359
	500,160	422,660

(c) Unsecured bonds

At the reporting date, the bonds issued by the Group and the Company bear fixed interest rates (taking into account the effects of interest rate swaps) ranging from 1.24% to 5.70% (2018: 2.70% to 5.65%) per annum.

Maturity of unsecured bonds:

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Within 1 year	9,083	142,011	–	–
From 1 to 5 years	4,846,983	2,934,675	1,470,433	492,221
After 5 years	272,202	1,121,796	272,202	1,121,795
After 1 year	5,119,185	4,056,471	1,742,635	1,614,016
	5,128,268	4,198,482	1,742,635	1,614,016

19 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities					Derivative liabilities held to hedge borrowings	
	Loans and borrowings	**Loans from NCI (Note 22)**	**Loans from a joint venture (Note 22)**	**Loans from third parties (Note 22)**	**Interest payable (Note 22)**	**Financial derivative liabilities (Note 20)**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance at 1 April 2018	7,892,528	43,884	–	–	35,742	6,009	7,978,163
Changes from financing cash flows							
Proceeds from bank loans	3,982,448	–	–	–	–	–	3,982,448
Repayment of bank loans	(3,440,293)	–	–	–	–	–	(3,440,293)
Proceeds from issue of bonds, net of transaction costs	2,755,326	–	–	–	–	–	2,755,326
Redemption of bonds	(304,768)	–	–	–	–	–	(304,768)
Settlement of financial derivative liabilities	–	–	–	–	–	(712)	(712)
Interest paid	–	–	–	–	(193,823)	–	(193,823)
Repayments of loans from NCI	–	(36,520)	–	–	–	–	(36,520)
Loans from a joint venture	–	–	31,472	–	–	–	31,472
Loans from NCI	–	2,567	–	–	–	–	2,567
Loans from third party	–	–	–	5,772	–	–	5,772
Total changes from financing cash flows	2,992,713	(33,953)	31,472	5,772	(193,823)	(712)	2,801,469
Changes arising from obtaining or losing control of subsidiaries or other business	(2,705)	–	–	–	–	–	(2,705)
Changes arising from assets and liabilities classified as held for sales	(362,089)	–	–	–	–	–	(362,089)
The effect of changes in foreign exchange rates	(457,302)	1,787	16	42	5,742	(544)	(450,259)
Change in fair value	–	–	–	–	–	744	744
Other changes							
Amortization of transaction costs of bonds and bank loans	14,234	–	–	–	–	–	14,234
Interest expense	–	–	–	–	244,062	–	244,062
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	2,524	2,524
Other changes	14,234	–	–	–	244,062	2,524	260,820
Balance at 31 December 2018	10,077,379	11,718	31,488	5,814	91,723	8,021	10,226,143

19 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Liabilities						Derivative liabilities held to hedge borrowings	
	Loans and borrowings	**Loans from NCI**	**Loans from a joint venture**	**Loans from third parties**	**Lease liabilities (Note 21 & 22)**	**Interest payable**	**Financial derivative liabilities**	**Total**
		(Note 22)	**(Note 22)**	**(Note 22)**		**(Note 22)**	**(Note 20)**	
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Balance at 1 January 2019	10,077,379	11,718	31,488	5,814	9,386	91,723	8,021	10,235,529
Changes from financing cash flows								
Proceeds from bank loans	4,247,431	–	–	–	–	–		4,247,431
Repayment of bank loans	(3,625,936)	–	–	–	–	–	–	(3,625,936)
Proceeds from issue of bonds, net of transaction costs	1,433,930	–	–	–	–	–	–	1,433,930
Redemption of bonds	(386,257)	–	–	–	–	–	–	(386,257)
Settlement of financial derivative liabilities	–	–	–	–	–	–	(3,143)	(3,143)
Interest paid	–	–	–	–	–	(427,018)	–	(427,018)
Repayments of loans from NCI	–	(421)	–	–	–	–	–	(421)
Repayment of loans from third party	–	–	–	(4,363)	–	–	–	(4,363)
Repayment of lease liabilities	–	–	–	–	(7,531)	–	–	(7,531)
Loans from a joint venture	–	–	26,494	–	–	–	–	26,494
Loans from NCI	–	8,992	–	–	–	–	–	8,992
Loans from third party	–	–	–	2,700	–	–	–	2,700
Total changes from financing cash flows	1,669,168	8,571	26,494	(1,663)	(7,531)	(427,018)	(3,143)	1,264,878
Changes arising from obtaining or losing control of subsidiaries or other business	131,960	–	–	–	–	–	–	131,960
Changes arising from assets and liabilities classified as held for sales	(690,110)	–	–	–	–	–	–	(690,110)
The effect of changes in foreign exchange rates	(38,181)	10,265	(32,385)	54		3,471	3,280	(53,496)
Change in fair value	–	–	–	–	–	–	3,116	3,116
Other changes								
Amortization of transaction costs of bonds and bank loans	23,090	–	–	–	–	–	–	23,090
New leases	–	–	–	–	61,810	–	–	61,810
Interest expense	–	–	–	–	2,672	445,347	–	448,019
Effective portion of changes in fair value of cash flow hedges	–	–	–	–		–	(6,510)	(6,510)
Other changes	23,090	–	–	–	64,482	445,347	(6,510)	526,409
Balance at 31 December 2019	11,173,306	30,554	25,597	4,205	66,337	113,523	4,764	11,418,286

20 Financial derivative liabilities

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Non-current liabilities				
Interest rate swaps	4,741	6,845	4,741	4,223
	4,741	6,845	4,741	4,223
Current liabilities				
Interest rate swaps	23	1,176	–	–
	23	1,176	–	–
	4,764	8,021	4,741	4,223

Interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rates and forward rate curves.

21 Other non-current liabilities

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Security deposits received	185,084	186,279	–	–
Payables for acquisition of investment properties	105	277	–	–
Provision for reinstatement costs	892	882	100	100
Advance rental received	1,610	2,826	–	–
Lease liabilities	57,298	–	1,169	–
Employee bonus/incentive payable	29,407	11,288	–	11,288
	274,396	201,552	1,269	11,388

Lease liabilities relate to leases of property, plant and equipment (Note 8).

22 Trade and other payables

	Group		Company	
	2019	2018	2019	2018
	US$'000	US$'000	US$'000	US$'000
Trade payables	13,727	19,719	–	–
Accrued development expenditure	510,578	485,018	–	–
Accrued operating expenses	134,802	114,410	11,965	41,134
Advance rental received	42,150	38,086	–	–
Security deposits received	120,557	97,965	–	–
Amounts due to:				
- subsidiaries (non-trade)	–	–	592,492	433,317
- joint ventures and associates (trade)	1,244	664	–	–
- joint ventures and associates (non-trade)	2,219	2,150	–	–
- NCI (trade)	3,018	1,816	–	–
- NCI (non-trade)	15,290	–	–	–
Loan from a joint venture (interest-bearing)	25,597	31,488	–	–
Loan from NCI:				
- Interest-free	23,790	4,836	–	–
- Interest-bearing	6,764	6,882	–	–
Loan from a third party (interest-bearing)	4,205	5,814	–	–
Interest payable	113,523	91,723	7,666	8,127
Consideration payable for acquisition of associate and subsidiaries	236,328	227,119	–	–
Consideration payable for acquisition of investment properties	8,371	14,423	–	–
Consideration payable for acquisition of other investments	–	18,000	–	–
Deposits received and accrued expenses for disposal of investment properties	55,098	56,005	–	–
Lease liabilities	9,039	–	514	–
Other payables	212,895	107,049	942	866
	1,539,195	1,323,167	613,579	483,444

The non-trade amounts due to subsidiaries, joint ventures and associates, and NCI are unsecured, interest-free and are repayable on demand.

At the reporting date, the loans from joint venture, NCI and third parties are unsecured and are repayable on demand. The interest-bearing loans from joint venture, NCI and third party bear fixed interests ranging from 3.92% to 8.00% (2018: 4.00% to 8.00%) per annum.

Lease liabilities relate to leases of property, plant and equipment (Note 8).

Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

23 Equity compensation benefits

Co-invest share plan

The Group introduced the Co-Investment Share Plan (the "Co-invest Plan") in 2019 that provides eligible employee to indirectly co-invest in GLP's development projects. The shares issued under the Co-invest Plan have been accounted for as equity share under the SFRS (I) 1-32 *Financial Instruments: Presentation.*

GLP Global share plan

The Group introduced the Global Share Plan (the "Plan") in 2019 that provides eligible senior personnel and advisors of the Group the opportunity to participate in the value of the fund management business of the Group through the acquisition of Global Shares and align the economic interests of the senior personnel and advisors of the Group with those of the Company and its owners in growing the fund management business in a sustainable, profitable fashion.

For year-ended 31 December 2019, two types of shares namely, the Award Shares and the Leveraged Shares were issued.

(a) Award shares

Award Shares are converted from present or future compensation elected to be in lieu of by the participants at a defined purchase price and vest on the earliest of third anniversary or events specified in the programme. Vested Award Shares will generally be redeemed but subject to discretionary rights of the Group to adjust the percentage being purchased. Redeemed shares will be settled by cash with reference to the fair market value of the share at date of redemption. The shares are accounted for cash settled share-based plan under SFRS(I) 2 *Share Based Payments.*

Fair value of the liability at grant date is recognized either over the vesting period or immediately should no future services be required. Remeasurements during the vesting period are recognized immediately to the extent that they relate to past services, and over the remaining vesting period to the extent relating to future services. Re-measurement adjustments are accounted such that recognized liability at each reporting date equals a defined proportion of total fair value of the liability. Proportion to be recognized is calculated by dividing the period for which services have been provided as at the reporting date by the total vesting period. Re-measurement effects are recognized in profit or loss.

On 31 December 2019, the Group granted 33,580 Award Shares totaling US$28,346,372. The shares were recognized as cash-settled share-based liabilities and vest over the next three years from 31 December 2019. Fair market value of the share was determined from valuation of fund management business calculated using a combination of income approach and market approach.

23 Equity compensation benefits (continued)

GLP Global share plan (continued)

(a) Award shares (continued)

	2019	
	Fixed cost US$	**Number of shares**
At the beginning of the year	NA	–
Granted during the year	1,080	26,246
True-ups		7,334
At the end of the year		33,580
Fair value of the Award share at reporting date	1,701	US$1,701
Redeemable at the end of the year		Nil

(b) Leveraged Shares

The fair value per Leveraged Share granted is derived from the fair value of the Group's fund management business. Participants may drawdown on interest-bearing loans granted by the Group to purchase the Leverage Shares. Interest rate of the loans are set at the prevailing external borrowing rates. The shares vest immediately upon issuance. Redemption of shares are initiated by the participants and subject to discretionary rights of the Group. The shares are recognized as equity share under the SFRS (I) 1-32 *Financial Instruments: Presentation.* On 31 December 2019, the Group issued Leveraged Shares amounting to US$56,692,744.

	2019	
	Fair value US$	**Number of shares**
At the beginning of the year	NA	–
Granted during the year	1,255	45,160
At the end of the year		45,160
Fair value per leveraged share at reporting date		US$1,701
Redeemable at the end of the year		45,160

24 Revenue

	Group	
	Year ended 31/12/2019 US$'000	**Period from 1/4/2018 to 31/12/2018 US$'000**
Revenue recognized over time:		
- Rental and related income	924,524	676,696
- Fund management fee	447,430	164,100
- Financial services	27,063	24,585
Revenue recognized at point in time:		
- Dividend income from other investments	19,959	36,974
- Financial services	22,860	70,906
- Others	9,766	2,439
	1,451,602	975,700

25 Other income

	Group	
	Year ended 31/12/2019 US$'000	**Period from 1/4/2018 to 31/12/2018 US$'000**
Changes in fair value of unquoted equity investments at FVTPL	152,899	38,778
Government grant	20,014	6,515
Investment income	6,762	1,320
Utility income	3,348	1,210
Others	3,613	6,148
	186,636	53,971

26 Net finance costs

	Group	
	Year ended 31/12/2019 US$'000	**Period from 1/4/2018 to 31/12/2018 US$'000**
Interest income on:		
- fixed deposits and cash at bank	10,769	5,251
- loans to NCI	289	255
- loans to associate and joint ventures	19,463	7,163
- loans to third parties	17,155	8,176
- others	53	–
	47,729	20,845

26 Net finance costs (continued)

	Note	Group Year ended 31/12/2019 US$'000	Group Period from 1/4/2018 to 31/12/2018 US$'000
Amortization of transaction costs of bonds and bank loans		(23,090)	(14,234)
Interest expenses on:			
- bonds		(248,263)	(126,715)
- bank loans		(195,186)	(116,391)
- loans from NCI		(604)	(944)
- loans from joint ventures		(976)	(12)
- lease liabilities		(2,672)	–
- others		(319)	–
Total borrowing costs		(471,110)	(258,296)
Less: Borrowing costs capitalized in investment properties	4	9,860	5,616
Net borrowing costs		(461,250)	(252,680)
Foreign exchange loss		(54,704)	(225,474)
Changes in fair value of financial derivatives		(3,116)	(744)
Net finance costs recognized in profit or loss		(471,341)	(458,053)

27 Profit before tax

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

	Group Year ended 31/12/2019 US$'000	Group Period from 1/4/2018 to 31/12/2018 US$'000
(a) Non-operating income		
Gain on disposal of subsidiaries[1]	60,761	194,744
Gain on disposal of associates and joint venture	262,648	–
Loss on acquisition of subsidiaries	(2,998)	–
Loss on liquidation of subsidiaries	(36,578)	–
Gain/(loss) on disposal of investment properties	66,469	(825)
Loss on disposal of property, plant and equipment	(352)	(73)
Gain on disposal of assets and liabilities classified as held for sale[2]	58,669	296
Others	18,220	4,098
	426,839	198,240

27 Profit before tax (continued)

	Group	
		Period from
	Year ended	**1/4/2018 to**
	31/12/2019	**31/12/2018**
	US$'000	**US$'000**
(b) Staff costs included in other expenses		
Wages and salaries (excluding contributions to defined contribution plans)	(181,630)	(112,482)
Contributions to defined contribution plans	(8,528)	(4,568)
(c) Other expenses include:		
Depreciation of property, plant and equipment	(23,513)	(5,510)
Amortization of intangible assets and deferred management costs	(18,281)	(4,171)
Recognition of impairment losses on trade and other receivables	(12,175)	(3,596)
Property, plant and equipment written off	(3,283)	(53)
Lease expenses (short-term lease)	(6,961)	–
Operating lease expenses	–	(10,016)
Asset management fees	(4,412)	(2,126)
(d) Other information		
Operating expenses arising from investment properties that generate rental income[3]	(254,666)	(252,553)

Notes:

[1] Comprising gain on reclassification of cumulative exchange differences related to foreign exchange operations to profit or loss of US$22,428,000 (2018: US$30,771,000) and net cash gain on disposal of subsidiaries of US$38,333,000 (2018: net gain of US$163,973,000) (Note 29(b)).

[2] Gain on disposal of assets held for sales for the year ended 31 December 2019 pertains to disposal of equity interest in Shiodome (Fourteen) Logistic Pte. Ltd. and its subsidiaries, and equity interest in FIP IV.

[3] Comprise property-related expenses, staff costs and asset management fees.

28 Tax expense

	Group	
	Year ended 31/12/2019 US$'000	Period from 1/4/2018 to 31/12/2018 US$'000
Current tax		
Current year/period	221,643	131,418
Withholding tax on foreign-sourced income	41,036	31,262
Under/(over) provision of prior years' tax	1,077	(200)
	263,756	162,480
Deferred tax		
Origination and reversal of temporary differences	394,386	662,035
	658,142	824,515
Reconciliation of expected to actual tax		
Profit before tax	2,514,054	3,172,454
Less: Share of results of associates and joint ventures	(426,571)	(405,894)
Profit before share of results of associates and joint ventures and tax expense	2,087,483	2,766,560
Tax expense using Singapore tax rate of 17%	354,872	470,315
Effect of tax rates in foreign jurisdictions	199,814	255,970
Net income not subjected to tax	(30,941)	(12,960)
Non-deductible expenses	70,320	63,358
Deferred tax assets not recognized	47,716	24,257
Recognition of previously unrecognized tax losses	(12,443)	(10,853)
Withholding tax on foreign-sourced income	41,036	31,262
Under/(over) provision of prior years' tax	1,077	(200)
Others	(13,309)	3,366
	658,142	824,515

29 Notes to the statement of cash flows – Acquisition and disposal

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

(a) Acquisition of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties in different geographical locations.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

(i) The list of subsidiaries acquired during the year ended 31 December 2019 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Chongqing Minzhao Internet of Things Technology Co., Ltd.	March 2019	95
Jinan Buffalo Supply Chain Management Co., Ltd.	March 2019	85
Shanghai Aolun Industry Co., Ltd.	March 2019	100
Guofu Huijin (Tianjin) Investment Management LLP	April 2019	100
Huai'an Pufu Technology Development Co., Ltd.	June 2019	100
Nan'an Civil and Commercial Internet of Things Technology Development Co., Ltd.	June 2019	95
Shanghai Fuhe Industrial Development Co., Ltd.	June 2019	70
Beijing Zongheng Qiyun Information Technology Co., Ltd.	June 2019	100
Guangzhou G7 Logistics Co., Ltd.	July 2019	100
Dongguan Fumanduo Food Co., Ltd.	August 2019	100
Minshang (Hefei) Internet of Things Technology Development Co., Ltd.	September 2019	90
Shaoxing Pujian Science & Technology Industrial Development Co., Ltd.	September 2019	51
Sayamahidaka One Logistic TMK	September 2019	100
Sayamahidaka Two Logistic TMK	September 2019	100
Zama Logistic TMK	September 2019	100
Kashiwa Two Logistic TMK	September 2019	100
Minshang (Ganjiang New Zone) Internet of Things Technology Development Co., Ltd.	November 2019	95
Shanghai Zhongji Yangshan Container Services Co., Ltd.	November 2019	100
Chengdu Times Noah Ark Education Software Co., Ltd.	November 2019	100
Chengdu Times Noah Ark Information Technology Co., Ltd.	November 2019	100
Chengdu Chenggong Xinye Industrial Co., Ltd.	November 2019	73
Guangzhou Zhengongfu Supply Chain Co., Ltd.	November 2019	70
Qingyun Tuopu (Shanghai) Development Co., Ltd.	December 2019	95
Shenzhen Dekai Vehicle Electronic Co., Ltd.	December 2019	100
Hangzhou Xinheng Corporate Management Co., Ltd.	December 2019	95
Hangzhou Xinke Corporate Management Co., Ltd.	December 2019	95

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

(i) The list of subsidiaries acquired during the year ended 31 December 2019 is as follows: (continued)

Name of subsidiaries	Date acquired	Equity interest acquired %
Zhengzhou Haoxiangni Warehousing & Logistics Co., Ltd.	December 2019	51
Zhonghang Cloud Data (Shenzhen) Co., Ltd.	December 2019	100
SCI Compans	December 2019	100
AMBLAINVILLE	December 2019	100
Mönchegladbach 1	December 2019	100
Mönchegladbach 2	December 2019	100

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 December 2019 are provided below:

	Recognized values on acquisition US$'000
Investment properties	1,161,699
Plant and equipment	54,060
Interests in associates	211,379
Trade and other receivables	33,369
Cash and cash equivalents	56,377
Trade and other payables	(134,392)
Loans and borrowings	(156,342)
Other non-current liabilities	(30,529)
Deferred tax liabilities	(2,987)
NCI	(149,437)
Net assets acquired	1,043,197
Loss on acquisition of subsidiaries	(2,998)
Total purchase consideration	(1,046,195)
Purchase consideration payable	168,015
Purchase consideration satisfied in cash	(878,180)
Cash of subsidiaries acquired	56,377
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(150,114)
Cash outflow on acquisition of subsidiaries	(971,917)

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

(i) The list of subsidiaries acquired during the year ended 31 December 2019 is as follows: (continued)

Effects of acquisitions (continued)

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$1,046,195,000. From the dates of acquisitions to 31 December 2019, the above-mentioned acquisitions contributed net profit after tax of US$15,649,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 January 2019, management estimates that consolidated revenue would have been US$1,471,375,000 and consolidated profit after tax for the year would have been US$1,850,317,000.

(ii) The list of subsidiaries acquired during the period ended 31 December 2018 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Hongjin (Beijing) Sports Equipment Co., Ltd.	April 2018	100
Changsha Wangcheng Jingyang Logistics Facilities Co., ltd.	May 2018	80
Shanghai Sanaier Zhenhua Logistics Co., ltd.	June 2018	100
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	July 2018	100
Huayuan Group Ningbo New Material Co., Ltd.	July 2018	100
Hunan Landun Machinery & Equipment Co., Ltd.	July 2018	98
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	July 2018	100
Kunshan Createc Automation Tech Co., Ltd.	August 2018	100
Soja Logistic Special Purpose Company	August 2018	100
Shanghai Puguang Logistic Development Co., Ltd.	September 2018	100
Ningbo Anqirui Technology Co., Ltd.	September 2018	100
Ningbo Yongrui Zhibo Technology Co., Ltd.	September 2018	100
Ningbo Zhida Hongchuang Technology Co., Ltd.	September 2018	100
Beijing Gangtong Sifang Logistics Co., Ltd.	October 2018	100
East Europe Energy New Technology (Shanghai) Development Cooperation Center Co., Ltd.	October 2018	100
Procurant USA, LLC	October 2018	70
Shanghai Junbo Textile Co., Ltd.	November 2018	80
Haimei (Taicang) Intelligent Technology Development Co., Ltd.	December 2018	70
Hubei Hanhong Tongrui Technology Co., Ltd.	December 2018	51

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

(ii) The list of subsidiaries acquired during the period ended 31 December 2018 is as follows: (continued)

Name of subsidiaries	Date acquired	Equity interest acquired %
Guangzhou Xiangxue Airport Cross Border Logistics Co., Ltd.	December 2018	51
Hengtong Group Shanghai Electronic Technology Co., Ltd.	December 2018	100
Kanglian International Food (Hangzhou) Co., Ltd.	December 2018	100
Sanhui Food Logistic (Tianjin) Co., Ltd.	December 2018	90
Shenzhen Lingxian Technology Co., Ltd.	December 2018	55
Tianjin Xiangzhan Logistics Co., Ltd.	December 2018	100

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the period ended 31 December 2018 are provided below:

	Recognized values on acquisition US$'000
Investment properties	1,170,548
Plant and equipment	1,324
Trade and other receivables	37,184
Cash and cash equivalents	12,736
Trade and other payables	(155,715)
Loans and borrowings	(76,331)
Current tax payable	63
NCI	(122,361)
Net assets acquired	867,448
Total purchase consideration	(867,448)
Purchase consideration payable	175,957
Purchase consideration satisfied in cash	(691,491)
Cash of subsidiaries acquired	12,736
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(67,997)
Cash outflow on acquisition of subsidiaries	(746,752)

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

(ii) The list of subsidiaries acquired during the period ended 31 December 2018 is as follows: (continued)

Effects of acquisitions (continued)

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$867,448,000. From the dates of acquisitions to 31 December 2018, the above-mentioned acquisitions contributed net profit after tax of US$17,376,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 April 2018, management estimates that consolidated revenue would have been US$986,759,000 and consolidated profit after tax for the period would have been US$2,340,745,000.

(b) Disposal of subsidiaries

(i) The list of subsidiaries disposed during the year ended 31 December 2019 is as follows:

Name of subsidiaries	Date disposed	Equity interest disposed %
JDP III CO-INVEST II TMK	January 2019	100
JDP III CO-INVEST TMK	January 2019	100
Gazeley Project Guadalajara S.L.	January 2019	100
Gazeley Project Illescas S.L.	January 2019	100
Gazeley Project Valls S.L.	January 2019	100
Kitamoto Logistic TMK	March 2019	100
Soja Logistic TMK	March 2019	100
Gazeley Bremen South S.a.r.l.	June 2019	100
Gazeley Moers S.a.r.l.	June 2019	100
Gazeley Castrop S.a.r.l.	June 2019	100
Weilun Storage Services Co., Ltd.	August 2019	100
Gazeley Kaiserslautern S.a.r.l.	October 2019	100
GLP Nanjing Jiangning Development Co., Ltd.	October 2019	100
GLP Suzhou Puping Logistics Facilities Co., Ltd.	November 2019	100
GLP Tangshan Logistics Facilities Co., Ltd.	December 2019	100
Chongqing Pujia Logistics Facilities Co., Ltd.	December 2019	100
Suzhou Industrial Park Pushang Bofeng New Energy Co., Ltd.	December 2019	100
Shanghai Puyi New Energy Co., Ltd.	December 2019	100
Suzhou Industrial Park Pufeng New Energy Co., Ltd.	December 2019	100
Beijing Pushun New Energy Co., Ltd.	December 2019	100

29 Notes to the statement of cash flows (continued)

(b) Disposal of subsidiaries (continued)

(i) The list of subsidiaries disposed during the year ended 31 December 2019 is as follows: (continued)

Effects of disposals

The cash flow and the net assets of subsidiaries disposed during the year ended 31 December 2019 are provided below:

	Recognized values on disposal US$'000
Investment properties	356,443
Deferred tax assets	939
Plant and equipment	12,623
Trade and other receivables	16,028
Cash and cash equivalents	34,901
Other assets	244
Trade and other payables	(66,269)
Loans and borrowings	(24,382)
Current tax payable	(412)
Deferred tax liabilities	(40,530)
Net assets disposed	289,585
Gain on disposal of subsidiaries	38,333
Disposal consideration	327,918
Disposal consideration receivables	(222,780)
Cash of subsidiaries disposed	(34,901)
Sales consideration satisfied in cash in relation to subsidiaries disposed in prior year	418,243
Cash inflow on disposal of subsidiaries	488,480

From 1 January 2019 to the dates of disposal, the above-mentioned subsidiaries contributed US$12,729,000 and US$6,931,000 to the Group's revenue and net profit after tax for the period ended 31 December 2019 respectively.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(b) Disposal of subsidiaries (continued)

(ii) The list of subsidiaries disposed during the period ended 31 December 2018 is as follows:

Name of subsidiaries	Date disposed	Equity interest disposed %
Suzhou Industrial Park Genway Factory Building Industrial Development Co., Ltd.	May 2018	57[1]
Shanghai Sanaier Zhenhua Logistics Co., Ltd.	September 2018	82[1]
Shanghai Yuhang Anting Logistics Co., Ltd.	November 2018	82[1]
GLP Zhengzhou ILZ Logistics Facilities Co., Ltd.	December 2018	82[1]
Zhonghui (Nanjing) Curtain Wall Technology Co., Ltd.	December 2018	82[1]
GLP Suzhou Development Co., Ltd.	December 2018	65[1]
GLP Changzhou Tianning Logistics Facilities Co., Ltd.	December 2018	80[1]
GLP Deqing Pu'an Logistics Facilities Co., Ltd	December 2018	80[1]
Changchun CMT International Logistic Co., Ltd.	December 2018	80[1]
Shen Yang GLP Jifa Logistics Development Co., Ltd.	December 2018	80[1]
GLP Wangcheng EDZ Logistics Facilities Co., Ltd.	December 2018	80[1]
GLP Shenyang Punan Logistics Facilities Co., Ltd.	December 2018	80[1]
Wuhan Puling Warehousing Services Co., Ltd.	December 2018	80[1]
Nantong Puling Warehousing Service Co., Ltd.	December 2018	80[1]
Chongqing Puqing Warehousing Service Co., Ltd.	December 2018	80[1]

[1] Disposed to China Value-Add Fund II, which is joint venture of the Group.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(b) Disposal of subsidiaries (continued)

(ii) The list of subsidiaries disposed during the period ended 31 December 2018 is as follows: (continued)

Effects of disposals

The cash flow and the net assets of subsidiaries disposed during the year ended 31 December 2018 are provided below:

	Recognized values on disposal US$'000
Investment properties	1,634,627
Deferred tax assets	1,545
Plant and equipment	110
Trade and other receivables	19,986
Cash and cash equivalents	83,689
Other assets	555
Trade and other payables	(146,434)
Loans and borrowings	(79,037)
Current tax payable	(1,456)
Deferred tax liabilities	(242,909)
NCI	(181,783)
Net assets disposed	1,088,893
Gain on disposal of subsidiaries	163,973
Paid by carrying amount of previously held equity interest	28,482
Disposal consideration	1,281,348
Disposal consideration receivable from joint venture	(444,438)
Cash of subsidiaries disposed	(83,689)
Sales consideration satisfied in cash in relation to subsidiaries disposed in prior year	107,471
Cash inflow on disposal of subsidiaries	860,692

From 1 April 2018 to the dates of disposal, the above-mentioned subsidiaries contributed US$55,735,000 and US$117,349,000 to the Group's revenue and net profit after tax for the period ended 31 December 2018 respectively.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(c) Disposal of assets and liabilities classified as held for sale

(i) Details of the disposal of assets and liabilities classified as held for sale during the year ended 31 December 2019 are as follows:

During the year ended 31 December 2019, the Group completed the syndication of Shiodome (Fourteen) Logistic Pte. Ltd. and its subsidiaries, and 38.72% equity interest in FIP IV to third party investors.

Effects of disposals

	Recognized values on disposal US$'000
Investment properties	658,374
Trade and other receivables	4,946
Cash and cash equivalents	4,381
Other assets	9,946
Loans and borrowings	(363,146)
Other non-current liabilities	(33,952)
Trade and other payables	(27,233)
Current tax payable	(371)
Net assets disposed	252,945
Equity interest retained as investment in joint venture	(62,505)
Gain on disposal of assets and liabilities classified as held for sale	58,669
Cash of subsidiaries disposed	(4,381)
Cash inflow on disposals of assets and liabilities classified as held for sale	244,728

(ii) Details of the disposal of assets and liabilities classified as held for sale during the period ended 31 December 2018 are as follows:

During the period ended 31 December 2018, the Group completed the syndication of 61% equity interest in GLP EDP I, 55.25% equity interest in GLP EIP I and a portfolio of investment properties in Brazil to third party investors.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(c) Disposal of assets and liabilities classified as held for sale (continued)

(ii) Details of the disposal of assets and liabilities classified as held for sale during the period ended 31 December 2018 are as follows: (continued)

Effects of disposals

	Recognized values on disposal US$'000
Investment properties	2,600,512
Goodwill and other intangibles	318,219
Trade and other receivables	250,085
Cash and cash equivalents	250,300
Loans and borrowings	(1,204,409)
Other non-current liabilities	(11,770)
Trade and other payables	(11,577)
Deferred tax liabilities	(161,702)
Current tax payable	(65)
NCI	(205,925)
Net assets disposed	1,823,668
Equity interest retained as investment in associate	(130,495)
Equity interest previously classified as investment in associate	(90,682)
Gain on disposal of assets and liabilities classified as held for sale	296
Disposal consideration received in prior year	(529,110)
Cash inflow on disposals of assets and liabilities classified as held for sale	1,073,677

30 Operating segments

The Group has five reportable geographical segments, representing its operations in the PRC, Japan, USA, Brazil and Europe, which are managed separately due to the different geographical locations. The Group also has two reportable business segments, representing its real estate business and financial services business. The Group's CODM review internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Performance of each reportable segment is measured based on segment revenue and segment earnings before net interest expense, tax expense, and excluding changes in fair value of investment properties held by subsidiaries, associates and joint ventures (net of tax) ("EBIT excluding revaluation"). EBIT excluding revaluation is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within the logistics industry. Segment assets and liabilities are presented net of inter-segment balances.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

30 Operating segments (continued)

Information regarding the Group's reportable geographical segments is presented in the tables below.

Information about reportable geographical segments

	PRC		Japan		USA		Brazil		Europe		Others		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Group	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Continuing operations														
Revenue and expenses														
External revenue	983,799	748,700	166,561	134,676	256,996	63,010	10,904	7,906	33,342	21,408	–	–	1,451,602	975,700
Changes in fair value of investment properties held by subsidiaries	1,081,831	2,433,474	30,025	34,008	14,752	–	10,542	–	56,493	–	–	–	1,193,643	2,467,482
Share of changes in fair value of investment properties (net of tax) held by associates and joint ventures	53,545	75,255	237,170	194,268	6,132	62,040	36,106	(6,591)	13,341	15,203	–	–	346,294	340,175
Net finance (costs)/income	(370,161)	(399,186)	(9,078)	(5,773)	(8,379)	970	(12,309)	(3,624)	(74)	(3)	(71,340)	(50,437)	(471,341)	(458,053)
Tax expense	(464,893)	(802,018)	(21,742)	(14,651)	(153,946)	(2,316)	(5,291)	(1,233)	(11,375)	(2,712)	(895)	(1,585)	(658,142)	(824,515)
Profit/(Loss) after tax	1,096,850	1,973,600	526,054	341,841	306,638	102,221	62,141	526	31,684	(2,628)	(167,455)	(67,621)	1,855,912	2,347,939
EBIT	1,931,904	3,174,804	556,873	362,265	468,964	103,567	79,741	5,383	43,132	87	(95,219)	(15,599)	2,985,395	3,630,507
EBIT excluding revaluation	796,529	666,075	289,678	133,989	448,080	41,527	33,094	11,974	(26,703)	(15,116)	(95,219)	(15,599)	1,445,459	822,850
Profit attributable to:														
- Owners of the Company ("PATMI")	576,378	1,062,310	526,054	341,841	237,139	102,208	53,293	526	31,684	(579)	(168,231)	(67,621)	1,256,317	1,438,685
- NCI	520,472	911,290	–	–	69,500	13	8,848	–	–	(2,049)	775	–	599,595	909,254
PATMI excluding revaluation	152,644	54,071	260,360	115,265	220,285	40,161	10,229	7,117	(18,378)	(17,830)	(170,255)	(67,621)	454,885	131,163

30 Operating segments (continued)

Information about reportable geographical segments (continued)

Group	PRC 2019 US$'000	PRC 2018 US$'000	Japan 2019 US$'000	Japan 2018 US$'000	USA 2019 US$'000	USA 2018 US$'000	Brazil 2019 US$'000	Brazil 2018 US$'000	Europe 2019 US$'000	Europe 2018 US$'000	Others 2019 US$'000	Others 2018 US$'000	Total 2019 US$'000	Total 2018 US$'000
Assets and liabilities														
Investment properties	20,656,664	17,855,646	150,638	728,155	55,388	539,122	43,872	–	369,058	358,760	–	–	21,275,620	19,481,683
Associates and joint ventures	2,036,433	1,338,782	1,136,909	1,210,641	–	740,386	673,812	629,364	264,912	235,135	307,665	212,382	4,419,731	4,366,690
Other segment assets	4,690,951	4,090,303	636,418	1,152,039	903,157	117,641	80,008	298,313	607,589	133,423	1,981,956	854,767	8,900,079	6,646,486
Reportable segment assets	27,384,048	23,284,731	1,923,965	3,090,835	958,545	1,397,149	797,692	927,677	1,241,559	727,318	2,289,621	1,067,149	34,595,430	30,494,859
Loans and borrowings	(8,190,560)	(6,130,092)	(57,147)	(639,790)	(10,133)	(252,570)	(27,619)	–	–	–	(2,887,847)	(3,054,927)	(11,173,306)	(10,077,379)
Other segment liabilities	(3,837,709)	(3,299,683)	(206,922)	(424,801)	(501,601)	(35,625)	(29,231)	(192,660)	(344,503)	(15,681)	(92,836)	(74,606)	(5,012,802)	(4,043,056)
Reportable segment liabilities	(12,028,269)	(9,429,775)	(264,069)	(1,064,591)	(511,734)	(288,195)	(56,850)	(192,660)	(344,503)	(15,681)	(2,980,683)	(3,129,533)	(16,186,108)	(14,120,435)
Other information														
Depreciation and amortization	(14,386)	(4,052)	(4,821)	(1,086)	(1,992)	(126)	(356)	(370)	(4,240)	(570)	(15,999)	(3,477)	(41,794)	(9,681)
Interest income	40,412	14,878	14	–	2,928	2,943	247	83	2	1	4,126	2,940	47,729	20,845
NCI's share of EBITDA excluding revaluation[1]	360,230	280,130	–	–	–	–	–	–	–	–	–	–	360,230	280,130
Capital expenditure[2]	1,656,239	763,073	69,173	9,633	270,333	495,284	18,701	104	256,820	359,429	5,423	773	2,276,689	1,628,296

Notes:

1. EBITDA refers to EBIT excluding depreciation and amortization.
2. Capital expenditure includes acquisition, borrowing costs and development expenditure of investment properties and acquisition of property, plant and equipment.

30 Operating segments (continued)

Information about reportable business segments (continued)

	Real estate		Financial services		Total	
Group	**2019 US$'000**	**2018 US$'000**	**2019 US$'000**	**2018 US$'000**	**2019 US$'000**	**2018 US$'000**
Continuing operations						
Revenue and expenses						
External revenue	1,401,197	879,579	50,405	96,121	1,451,602	975,700
Cost of goods sold	(8)	–	(25,849)	(70,491)	(25,857)	(70,491)
Net finance (costs)/income	(475,559)	(456,020)	4,218	(2,033)	(471,341)	(458,053)
Tax (expense)/credits	(660,042)	(823,949)	1,900	(566)	(658,142)	(824,515)
Profit/(Loss) from continuing operations	1,864,220	2,337,513	(8,308)	10,426	1,855,912	2,347,939
Profit/(Loss) after tax	1,864,220	2,337,513	(8,308)	10,426	1,855,912	2,347,939

31 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Risk management framework

The Group adopts the risk management policies and guidelines of the ultimate holding entity, GLP Holdings, L.P., which has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to meet its contractual obligations. Financial transactions are restricted to counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. In respect of trade receivables, the Group has guidelines governing the process of granting credit and outstanding balances are monitored on an ongoing basis. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and operate in a variety of markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Trade and other receivables (non-current and current)	3,666,485	2,798,189	3,105,253	1,600,350
Cash and cash equivalents	1,004,174	988,369	3,237	217,029
	4,670,659	3,786,558	3,108,490	1,817,379

31 Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

The maximum exposure to credit risk for financial assets at the reporting date by geographic region is as follows:

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
PRC	2,368,091	2,560,117	–	–
Japan	218,497	187,590	–	–
Singapore	1,846,460	711,995	3,108,490	1,817,379
US	158,305	212,250	–	–
Europe	55,858	108,863	–	–
Others	23,448	5,743	–	–
	4,670,659	3,786,558	3,108,490	1,817,379

Expected credit loss assessment for cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects the short term maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties and low credit risks exposures. The amount of ECL on cash and cash equivalents was negligible.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains a level of cash and cash equivalents deemed adequate by management to meet the Group's working capital requirement. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

As far as possible, the Group will raise medium and long-term funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

As at 31 December 2019, the Group has unutilized credit and loan facilities amounting to US$2,347,095,000 (2018: US$1,363,890,000), of which US$229,656,000 (2018: US$34,341,000) are committed credit facilities.

As at 31 December 2019, the Company has unutilized credit and loan facilities amounting to US$1,170,725,000 (2018: US$245,283,000), of which US$202,876,000 (2018: US$34,341,000) are committed credit facilities.

31 Financial risk management (continued)

(c) Liquidity risk (continued)

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

Group	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows: Within 1 year US$'000	Cash flows: From 1 to 5 years US$'000	Cash flows: After 5 years US$'000
31 December 2019					
Non-derivative financial liabilities					
Bank loans	5,544,878	6,373,140	1,926,396	2,745,605	1,701,139
Bonds	5,628,428	6,715,015	306,994	4,468,449	1,939,572
Trade and other payables[1]	1,769,831	1,788,595	1,536,821	210,629	41,145
	12,943,137	14,876,750	3,770,211	7,424,683	3,681,856
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,764	8,396	1,777	6,091	528
	12,947,901	14,885,146	3,771,988	7,430,774	3,682,384
31 December 2018					
Non-derivative financial liabilities					
Bank loans	5,456,237	5,965,021	2,719,390	2,289,631	956,000
Bonds	4,621,142	5,570,103	349,218	3,680,070	1,540,815
Trade and other payables[1]	1,483,807	1,513,094	1,327,079	150,007	36,008
	11,561,186	13,048,218	4,395,687	6,119,708	2,532,823
Derivative financial liabilities					
Interest rate swaps (net-settled)	8,021	12,908	3,123	8,952	833
	11,569,207	13,061,126	4,398,810	6,128,660	2,533,656
Company					
31 December 2019					
Non-derivative financial liabilities					
Bank loans	1,145,212	1,191,847	610,906	163,375	417,566
Bonds	1,742,635	2,062,631	58,628	694,438	1,309,565
Trade and other payables	614,848	614,848	613,579	1,269	–
	3,502,695	3,869,326	1,283,113	859,082	1,727,131
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,741	8,373	1,777	6,068	528
	3,507,436	3,877,699	1,284,890	865,150	1,727,659
31 December 2018					
Non-derivative financial liabilities					
Bank loans	1,440,911	1,496,370	918,818	161,773	415,779
Bonds	1,614,016	1,978,873	57,173	713,530	1,208,170
Trade and other payables	494,832	483,544	483,444	100	–
	3,549,759	3,958,787	1,459,435	875,403	1,623,949
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,223	8,470	1,584	6,053	833
	3,553,982	3,967,257	1,461,019	881,456	1,624,782

Note:

[1] Excludes advance rental received.

31 Financial risk management (continued)

(d) Market risk

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

Currency risk

The Group operates mainly in the PRC, Japan, USA, Brazil and Europe. Other than the respective functional currency of the Group's subsidiaries, the foreign currency which the Group has exposure to at the reporting date is the US Dollar.

The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimize net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

The Group's and Company's exposures to foreign currencies (financial assets and liabilities not denominated in the respective entities' functional currencies) as at 31 December 2019 and 31 December 2018 are as follows:

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000	Polish Zloty US$'000
31 December 2019								
Financial assets								
Cash and cash equivalents	135,390	91	1,338	39,054	–	1,640	3,073	2,864
Trade and other receivables	40,262	8,480	4,953	–	6,489	105,299	86,925	2,608
Unquoted equity investments - FVTPL	428,175	696	–	–	–	–	–	–
	603,827	9,267	6,291	39,054	6,489	106,939	89,998	5,472
Financial liabilities								
Bank loans	(448,479)	(541,088)	–	(1,608,685)	–	(296,580)	–	–
Bonds	(500,000)	(272,202)	–	–	–	(481,600)	–	–
Trade and other payables	(511,875)	(447,498)	(514)	–	–	(2,097)	(264,760)	(11,250)
	(1,460,354)	(1,260,788)	(514)	(1,608,685)	–	(780,277)	(264,760)	(11,250)
Net financial (liabilities)/assets	(856,527)	(1,251,521)	5,777	(1,569,631)	6,489	(673,338)	(174,762)	(5,778)
Add: Loans/Bonds designated for net investment hedge	–	826,830	–	–	–	280,000	–	–
Currency exposure of net financial (liabilities)/assets	(856,527)	(424,691)	5,777	(1,569,631)	6,489	(393,338)	(174,762)	(5,778)

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
31 December 2018							
Financial assets							
Cash and cash equivalents	102,140	2,714	2,208	4,891	159,885	2,485	6,270
Trade and other receivables	1,583,371	7,055	56	1	6,601	2,114	39,946
Unquoted equity investments - FVTPL	227,929	448	–	–	–	–	–
	1,913,440	10,217	2,264	4,892	166,486	4,599	46,216
Financial liabilities							
Bank loans	(1,171,082)	(529,903)	(3,159)	(824,924)	–	(568,297)	–
Bonds	(987,030)	(134,766)	–	–	–	(492,221)	–
Trade and other payables	(1,065,991)	(266,558)	–	–	(160,276)	(2,314)	–
	(3,224,103)	(931,227)	(3,159)	(824,924)	(160,276)	(1,062,832)	–
Net financial (liabilities)/assets	(1,310,663)	(921,010)	(895)	(820,032)	6,210	(1,058,233)	46,216
Add: Loans/Bonds designated for net investment hedge	–	664,072	–	–	–	235,808	–
Currency exposure of net financial (liabilities)/assets	(1,310,663)	(256,938)	(895)	(820,032)	6,210	(822,425)	46,216

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Company	Japanese Yen US$'000	Singapore Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
31 December 2019					
Financial assets					
Cash and cash equivalents	22	279	1	1	97
Trade and other receivables	8,480	4,953	6,489	102,334	80,074
	8,502	5,232	6,490	102,335	80,171
Financial liabilities					
Bank loans	(541,088)	–	–	(295,124)	–
Bonds	(272,202)	–	–	(481,600)	–
Trade and other payables	(447,498)	(514)	–	(2,092)	–
	(1,260,788)	(514)	–	(778,816)	–
Net financial (liabilities)/assets	(1,252,286)	4,718	6,490	(676,481)	80,171
Currency exposure of net financial (liabilities)/ assets	(1,252,286)	4,718	6,490	(676,481)	80,171
31 December 2018					
Financial assets					
Cash and cash equivalents	54	653	159,885	5	94
Trade and other receivables	7,055	56	6,601	2,114	3,792
	7,109	709	166,486	2,119	3,886
Financial liabilities					
Bank loans	(529,903)	–	–	(566,008)	–
Bonds	(134,766)	–	–	(492,221)	–
Trade and other payables	(266,558)	–	(160,276)	(2,314)	–
	(931,227)	–	(160,276)	(1,060,543)	–
Net financial (liabilities)/assets	(924,118)	709	6,210	(1,058,424)	3,886
Currency exposure of net financial (liabilities)/ assets	(924,118)	709	6,210	(1,058,424)	3,886

Sensitivity analysis

A 10% strengthening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

	Group		Company	
	2019 US$'000	2018 US$'000	2019 US$'000	2018 US$'000
US Dollar[1]	(85,653)	(131,066)	–	–
Japanese Yen[2]	(42,469)	(25,694)	(125,229)	(92,412)
Singapore Dollar[2]	578	(89)	472	71
Hong Kong Dollar[2]	(156,963)	(82,003)	–	–
Chinese Renminbi[2]	649	621	649	621
European Dollar[2]	(39,334)	(82,242)	(67,648)	(105,842)
Great British Pound[2]	(17,476)	4,622	8,017	389
Polish Zloty[2]	(578)	–	–	–

Notes:
[1] As compared to functional currency of Renminbi.
[2] As compared to functional currency of US Dollar.

A 10% weakening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises primarily from the interest-earning financial assets and interest-bearing financial liabilities.

The Group manages its interest rate exposure by maintaining a mix of fixed and variable rate borrowings. Where necessary, the Group hedges a portion of its interest rate exposure within the short to medium term by using interest rate derivatives.

The Group classifies these interest rate swaps as cash flow hedges which were effective during the year.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

31 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

In these hedging relationships, the main sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

At the reporting date, the interest rate profile of interest-bearing financial liabilities (after taking into account the effects of the interest rate swaps) are as follows:

	Group		Company	
	Carrying amount US$'000	Principal/ notional amount US$'000	Carrying amount US$'000	Principal/ notional amount US$'000
31 December 2019				
Fixed rate instruments				
Loans and borrowings	6,746,020	6,770,735	2,887,846	2,912,554
Payables	105,690	105,690	–	–
	6,851,710	6,876,425	2,887,846	2,912,554
Variable rate instruments				
Loans and borrowings	4,427,286	4,427,559	–	–
31 December 2018				
Fixed rate instruments				
Loans and borrowings	5,915,866	5,401,041	3,054,927	2,538,649
Payables	38,370	38,370	–	–
	5,954,236	5,439,411	3,054,927	2,538,649
Variable rate instruments				
Loans and borrowings	4,427,559	4,166,152	–	–

Interest rate benchmark reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally to replace or reform existing benchmark IBORs with alternative rates. The Group hedged items and hedging instruments continue to be indexed to London Inter-bank Offered Rate ("LIBOR") and Tokyo Inter-bank Offered Rate ("TIBOR"). There is uncertainty as to the timing and the methods of transition for the Group.

As a result of these uncertainties, significant judgement is involved in determining certain hedge accounting relationships that hedge the variability of interest rate risk due to expected changes in IBORs continue to qualify for hedge accounting as at 31 December 2019. IBORs continue to be used as a reference rate in financial markets and is used in the valuation of instruments with maturities that exceed the expected end date for IBOR. The Group believes the current market structure supports the continuation of hedge accounting as at 31 December 2019.

31 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

Interest rate benchmark reform (continued)

At 31 December 2019, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of JPY63,010 million (2018: JPY90,785 million) which pay fixed interest rates ranging from 0.23% to 0.42% (2018: 0.23% to 1.17%) per annum and receive variable rates ranging equal to JPY LIBOR and JPY TIBOR on the notional amount.

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	100 bp Increase US$'000	**100 bp Decrease US$'000**	**100 bp Increase US$'000**	**100 bp Decrease US$'000**
31 December 2019				
Loans and borrowings	(44,276)	44,276	–	–
31 December 2018				
Loans and borrowings	(41,662)	41,662	–	–

Other market price risk

Equity price risk arises from quoted equity investment measured at FVOCI held by the Group. Management of the Group monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Investment Committee.

An increase/(decrease) in 5% of the equity price of quoted equity investments held by the Group at the reporting date would have increased/(decreased) fair value reserve by US$40 million (2018: US$37 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

31 Financial risk management (continued)

(e) Hedge accounting

At 31 December 2019, the Group and the Company held the following instruments to hedge exposures to changes in interest rates and foreign currency.

	Carrying Amount			Changes in fair value used for calculating hedge effectiveness				
Group	**Notional amount ‘000**	**Assets/ (Liabilities) US$’000**	**Financial Statement line item**	**Hedging instrument US$’000**	**Hedged item US$’000**	**Hedge ineffectiveness recognized in profit or loss US$’000**	**Hedge rate**	**Year of maturity**
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 63,009,956	(4,764)	Financial derivative liabilities	3,126	(3,126)	–	0.23% - 0.42%	2020 - 2025
Net investment hedges								
Foreign exchange risk								
- Borrowings to hedge net investment in foreign operations	USD 1,106,830 equivalent	(1,106,830)	Loans and borrowings	5,676	(5,676)	–	–	2023 - 2027
Company								
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 60,000,000	(4,741)	Financial derivative liabilities	(518)	518	–	0.23% - 0.36%	2022 - 2025
-								

31 Financial risk management (continued)

(e) Hedge accounting (continued)

At 31 December 2018, the Group and the Company held the following instruments to hedge exposures to changes in interest rates and foreign currency.

		Carrying Amount		Changes in fair value used for calculating hedge effectiveness				
Group	**Notional amount**	**Assets/ (Liabilities) US$'000**	**Financial Statement line item**	**Hedging instrument US$'000**	**Hedged item US$'000**	**Hedge ineffectiveness recognized in profit or loss US$'000**	**Hedge rate**	**Year of maturity**
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 90,784,956	(4,233)	Financial derivative liabilities	(2,524)	2,524	–	0.23% - 1.17%	2021 - 2025
Net investment hedges								
Foreign exchange risk								
- Borrowings to hedge net investment in foreign operations	USD 899,880 equivalent	(899,880)	Loans and borrowings	(12,783)	12,783	–	–	2023 - 2027
Company								
Cash flow hedges								
Interest rate risk								
- Interest rate swaps to hedge floating rate borrowings	JPY 60,000,000	(4,223)	Financial derivative liabilities	(4,223)	4,223	–	0.23% - 0.36%	2022 - 2025
-								

31 Financial risk management (continued)

(e) Hedge accounting (continued)

The following table provides a reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

Group	**Hedging reserve US$'000**
Balance at 1 April 2018	15,419
Cash flow hedges	
Change in fair value:	
- Interest rate risk	2,524
Others	(13)
Balance at 31 December 2018	17,930
Balance at 1 January 2019	17,930
Cash flow hedges	
Change in fair value:	
- Interest rate risk	(3,126)
Others	(911)
Balance at 31 December 2019	13,893
Company	
Balance at 1 April 2018	–
Cash flow hedges	
Change in fair value:	
- Interest rate risk	4,223
Balance at 31 December 2018	4,223
Balance at 1 January 2019	4,223
Cash flow hedges	
Change in fair value:	
- Interest rate risk	518
Balance at 31 December 2019	4,741

Net investment hedge

A foreign currency exposure arises from the Group's net investment in its subsidiaries in Europe and Japan that has a EUR and JPY functional currency respectively. The risk arises from the fluctuation in spot exchange rates between the EUR, JPY and the USD, which causes the amount of the net investment to vary.

The hedged risk in the net investment hedges are the risk of a weakening EUR and JPY against the USD that will result in a reduction in the carrying amount of the Group's net investment in its subsidiaries in Europe and Japan.

31 Financial risk management (continued)

(e) Hedge accounting (continued)

Net investment hedge (continued)

Part of the Group's net investment in its subsidiaries in Europe and Japan are hedged through the use of JPY and EUR denominated borrowings. As at the reporting date, the carrying amount of these JPY and EUR denominated borrowings was US$1,106,830,000 (2018: US$899,880,000) and the fair value of the borrowings was US$1,123,151,000 (2018: US$920,921,000). The net investment hedges were effective during the year. The Group's investments in other subsidiaries are not hedged.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the debt that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate (the offset method). The Group's policy is to hedge the net investment only to the extent of the debt principal.

(f) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

31 Financial risk management (continued)

(f) Offsetting financial assets and financial liabilities (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

	Gross amounts of recognized financial assets/ (liabilities) US$'000	Gross amounts of recognized financial assets/ (liabilities) offset in the statement of financial position US$'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US$'000	Related amounts not offset in the statement of financial position US$'000	Net amount US$'000
Group					
31 December 2019					
Financial liabilities					
Interest rate swaps	(4,764)	–	(4,764)	–	(4,764)
	(4,764)	–	(4,764)	–	(4,764)
31 December 2018					
Financial liabilities					
Interest rate swaps	(8,021)	–	(8,021)	–	(8,021)
	(8,021)	–	(8,021)	–	(8,021)
Company					
31 December 2019					
Financial liabilities					
Interest rate swaps	(4,741)	–	(4,741)	–	(4,741)
	(4,741)	–	(4,741)	–	(4,741)
31 December 2018					
Financial liabilities					
Interest rate swaps	(4,223)	–	(4,223)	–	(4,223)
	(4,223)	–	(4,223)	–	(4,223)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

32 Fair value of financial assets and liabilities

(a) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount						Fair value			
	Note	Fair value – hedging instruments US$'000	Amortized cost US$'000	Equity instrument - Mandatorily at FVTPL US$'000	FVOCI – equity instruments US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Group											
31 December 2019											
Equity investments – at FVOCI	10	–	–	–	867,650	–	867,650	800,038	–	67,612	867,650
Equity investment – mandatorily at FVTPL	10	–	–	1,026,406	–	–	1,026,406	–	–	1,026,406	1,026,406
Other non-current assets[1]	11	–	289,641	–	–	–	289,641	–	–	289,641	289,641
Trade and other receivables[2]	12	–	3,385,944	–	–	–	3,385,944				
Cash and cash equivalents	14	–	1,004,174	–	–	–	1,004,174				
		–	4,679,759	1,026,406	867,650	–	6,573,815				
Secured bank loans	19	–	–	–	–	(3,132,001)	(3,132,001)	–	(3,131,997)	–	(3,131,997)
Secured bonds	19	–	–	–	–	(500,160)	(500,160)	–	(500,156)	–	(500,156)
Unsecured bank loans	19	–	–	–	–	(2,412,877)	(2,412,877)	–	(2,426,867)	–	(2,426,867)
Unsecured bonds	19	–	–	–	–	(5,128,268)	(5,128,268)	–	(5,205,287)	–	(5,205,287)
Interest rate swaps	20	(4,764)	–	–	–	–	(4,764)	–	(4,764)	–	(4,764)
Other non-current liabilities[3]	21	–	–	–	–	(272,786)	(272,786)	–	–	(262,311)	(262,311)
Trade and other payables[3]	22	–	–	–	–	(1,497,045)	(1,497,045)				
		(4,764)	–	–	–	(12,943,137)	(12,947,901)				

Notes:
1 Excludes prepayments and deferred management costs.
2 Excludes other assets and prepayments.
3. Excludes advance rental received.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount						Fair value			
Group	**Note**	**Fair value – hedging instruments US$'000**	**Amortized cost US$'000**	**Equity instrument - Mandatorily at FVTPL US$'000**	**FVOCI – equity instruments US$'000**	**Other financial liabilities US$'000**	**Total carrying amount US$'000**	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
31 December 2018											
Equity investments – at FVOCI	10	–	–	–	764,032	–	764,032	740,326	–	23,706	764,032
Equity investment – mandatorily at FVTPL	10	–	–	717,762	–	–	717,762	–	–	717,762	717,762
Other non-current assets[1]	11	–	613,670	–	–	–	613,670	–	–	617,061	617,061
Trade and other receivables[2]	12	–	2,184,519	–	–	–	2,184,519				
Cash and cash equivalents	14	–	988,369	–	–	–	988,369				
		–	3,786,558	717,762	764,032	–	5,268,352				
Secured bank loans	19	–	–	–	–	(2,733,247)	(2,733,247)	–	(2,733,247)	–	(2,733,247)
Secured bonds	19	–	–	–	–	(422,660)	(422,660)	–	(422,660)	–	(422,660)
Unsecured bank loans	19	–	–	–	–	(2,722,990)	(2,722,990)	–	(2,722,990)	–	(2,722,990)
Unsecured bonds	19	–	–	–	–	(4,198,482)	(4,198,482)	–	(4,097,259)	–	(4,097,259)
Interest rate swaps	20	(8,021)	–	–	–	–	(8,021)	–	(8,021)	–	(8,021)
Other non-current liabilities[3]	21	–	–	–	–	(198,726)	(198,726)	–	–	(189,985)	(189,985)
Trade and other payables[3]	22	–	–	–	–	(1,285,081)	(1,285,081)				
		(8,021)	–	–	–	(11,561,186)	(11,569,207)				

Notes:
1 Excludes prepayments and deferred management costs.
2 Excludes other assets and prepayments.
3 Excludes advance rental received.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
Company	**Note**	**Fair value - hedging instruments US$'000**	**Amortized cost US$'000**	**Other financial liabilities US$'000**	**Total carrying amount US$'000**	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
31 December 2019									
Loans to subsidiaries (interest-free)	5	–	648,353	–	648,353				
Trade and other receivables[1]	12	–	3,105,253	–	3,105,253				
Cash and cash equivalents	14	–	3,237	–	3,237				
		–	3,756,843	–	3,756,843				
Unsecured bank loans	19	–	–	(1,145,212)	(1,145,212)	–	(1,156,208)	–	(1,156,208)
Unsecured bonds	19	–	–	(1,742,635)	(1,742,635)	–	(1,785,335)	–	(1,785,335)
Interest rate swaps	20	(4,741)	–	–	(4,741)	–	(4,741)	–	(4,741)
Other non-current liabilities	21	–	–	(1,269)	(1,269)	–	–	(1,269)	(1,269)
Trade and other payables	22	–	–	(613,579)	(613,579)				
		(4,741)	–	(3,502,695)	(3,507,436)				
31 December 2018									
Loans to subsidiaries (interest-free)	5	–	672,073	–	672,073				
Other non-current assets	11	–	19,553	–	19,553	–	–	17,769	17,769
Trade and other receivables[1]	12	–	1,580,797	–	1,580,797				
Cash and cash equivalents	14	–	217,029	–	217,029				
		–	2,489,452	–	2,489,452				
Unsecured bank loans	19	–	–	(1,440,911)	(1,440,911)	–	(1,440,911)	–	(1,440,911)
Unsecured bonds	19	–	–	(1,614,016)	(1,614,016)	–	(1,512,793)	–	(1,512,793)
Interest rate swaps	20	(4,223)	–	–	(4,223)	–	(4,223)	–	(4,223)
Other non-current liabilities	21	–	–	(11,388)	(11,388)	–	(11,388)	–	(11,388)
Trade and other payables	22	–	–	(483,444)	(483,444)				
		(4,223)	–	(3,549,759)	(3,553,982)				

Note:
[1] Excludes prepayments.

32 Fair value of financial assets and liabilities (continued)

(b) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The reconciliation from the beginning balance to the ending balance for Level 3 fair value measurements for investment properties is presented in Note 4 and unquoted equity investments – at FVOCI and unquoted equity investments – mandatorily at FVTPL are presented in Note 10.

(ii) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Unquoted equity investments – at FVOCI	The fair value of the underlying assets and liabilities of the entity to which the financial instrument relates.
Unquoted equity investments – mandatorily at FVTPL	The unquoted equity investments are stated at their fair values at the reporting date, determined by reference to an internal rate of return agreed with a potential buyer on a willing buyer, willing seller basis, at net asset value which approximates the investments' fair value, market comparison technique based on market multiple of comparable companies adjusted for the effect of non-marketability of the investments.
Financial derivative instruments: - Interest rate swaps - Forward foreign exchange contracts	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique	Inputs used in determining fair value
Loans to associate and joint ventures, security deposits and loans and borrowings	Discounted cash flows	Government yield curve at the reporting date plus an adequate credit spread.

(iii) Transfer between Level 1 and 2

During the year/period ended 31 December 2019 and 31 December 2018, there were no transfers between Level 1 and 2 of the fair value hierarchy.

33 Commitments and contingent liabilities

The Group had the following commitments and contingent liabilities as at the reporting date:

(a) Operating lease commitments

Operating lease rental receivable

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

	Group	
	2019	**2018**
	US$'000	**US$'000**
Lease rentals receivable: [1]		
- Within 1 year	809,710	757,260
- After 1 year but within 5 years	1,414,003	1,358,311
- After 5 years	547,712	649,841
	2,771,425	2,765,412

[1] Includes lease rental receivables of US$135,000,000 for investment properties classified as held for sale.

(b) Other commitments

	Group	
	2019	**2018**
	US$'000	**US$'000**
Commitments in relation to share capital of other investments not yet due and not provided for	–	39,622
Development expenditure contracted but not provided for	856,949	845,701

Amounts recognized in profit or loss

	2018
	US$'000
Operating leases under SFRS(I) 1-17	
Lease expense	10,016

Amounts recognized in statement of cash flows

	2019
	US$'000
Total cash outflow for leases	7,531

33 Commitments and contingent liabilities (continued)

(b) Other commitments (continued)

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

34 Significant related party transactions

Remuneration of key management personnel

In accordance with SFRS(I) 1-24 *Related Party Disclosures*, key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For purposes of SFRS(I) 1-24 *Related Party Disclosures*, the executive directors are considered key management personnel of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Group	
	Year ended 31/12/2019 US$'000	**Period from 1/4/2018 to 31/12/2018 US$'000**
Wages and salaries (excluding contributions to defined contribution plans)	4,901	2,330
Contributions to defined contribution plans	25	14
Share-based expenses, equity settled	–	382
	4,926	2,726

34 Significant related party transactions (continued)

Remuneration of key management personnel (continued)

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year/period:

	Group	
	Year ended 31/12/2019 US$'000	**Period from 1/4/2018 to 31/12/2018 US$'000**
Associates and joint ventures		
Asset and investment management fee income from associates and joint venture funds	152,267	95,643
Development and other management fee income from associates and joint venture funds	79,104	28,773
Promote fees income from associates and joint venture funds	194,432	5,483
Asset and investment management fee income from other associates and joint ventures	3,169	3,405
Development and other management fee income from other associates and joint ventures	574	1,747
Subsidiaries of a substantial shareholder		
Operating lease expenses paid/payable	–	(4,622)
A company in which a Director of the Company has substantial financial interests		
Reimbursement of office expenses and allocation of expenses	(269)	(142)

35 Significant subsidiaries

Details of significant subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2019 %	Effective interest held by the Group 2018 %
GLP Japan Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100
Japan Logistic Properties 1 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
Japan Logistic Properties 2 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
Japan Logistic Properties 3 Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	100
Japan Logistic Properties 4 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
GLP Capital Japan 2 Pte. Ltd. and its subsidiary	Investment holding	Singapore	100	100
GLP Japan Development Investors Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Japan Development Investors 2 Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Light Year Investment Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Brazil Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100
BLH (1) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
BLH (2) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
BLH (3) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
BLH (4) Pte. Ltd.	Investment holding	Singapore	100	100
GLP Investment Holdings[2]	Investment holding	Cayman Islands	100	100
CLH Limited and its significant subsidiaries[2]	Investment holding	Cayman Islands	100	100
GLP China Holdings Limited and its significant subsidiaries:	Investment holding	Hong Kong	66.21	66.21
GLP China Asset Holdings Limited	Investment holding	Hong Kong	66.21	66.21
GLP HK Holdings Limited	Investment holding	Hong Kong	66.21	66.21

35 Significant subsidiaries (continued)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2019 %	2018 %
CLF Singapore Pte. Ltd.	Investment holding	Singapore	37.00	37.00
GLP Beijing Airport Logistics Development Co. Ltd.	Property investment	PRC	66.21	66.21
GLP I-Park Xi'An Science & Technology Industrial Development Co., Ltd.	Property investment	PRC	32.05	32.05
Beijing Lihao Science & Technology Co., Ltd.	Property investment	PRC	58.26	58.26
Airport City Development Co., Ltd.	Property investment	PRC	35.18	35.18
Zhejiang Transfar Logistics Base Co., Ltd.	Property investment	PRC	66.21	66.21
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	Property investment	PRC	66.21	66.21[3]
Shenzhen Lingxian Technology Co., Ltd.	Property investment	PRC	36.42	36.42[3]
Shanghai Fuhe Industrial Development Co., Ltd.	Property investment	PRC	46.35	46.35
China Management Holdings (Hong Kong) Limited	Investment holdings	Hong Kong	66.21	66.21
GLP Investment (Shanghai) Co., Ltd.	Property management	PRC	66.21	66.21
GLP Financial Holding (Chongqing) Co., Ltd.	Financial services	PRC	66.21	66.21
GLP Investment Management Pte. Ltd. and its subsidiaries:	Investment holding and fund management	Singapore	100	100
GLP Brasil Gestão de Recursos e Administração Imobiliária Ltda	Property management	Brazil	100	100
GLP US Management LLC	Property management	US	99	99
GLP UK Management Limited	Property management	UK	100	100

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries unless otherwise indicated.

Notes:

1 Significant associates and joint ventures of the Group are disclosed in Note 6 to the financial statements.
2 Not required to be audited by laws of country of incorporation.
3 Incorporated during the year ended 31 December 2018.

36 Subsequent events

Subsequent to 31 December 2019, the following events occurred:

(i) On 19 January 2020, the Group acquired additional 20% equity interest in Shanghai Lingang GLP International Logistics Leasing Co., Ltd. ("Lingang International") at the consideration of RMB1,040 million (equivalent to approximately US$149 million). Thereafter, the Group holds 70% of the equity interest and exerts effective control over Lingang International.

(ii) On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe.

The spread of COVID-19 has brought about disruptions and created a high level of uncertainty to the near-term global economic prospects. The Executive Committee of the Group is taking precautionary measures to deal with the COVID-19 outbreak in accordance with guidelines provided by the relevant authorities in Singapore, PRC, Japan, Europe, USA and Brazil.

At the date of this report, it remains premature to ascertain the full extent of the impact of the COVID-19 outbreak to the Group's operations and financial performance. The Executive Committee of the Group is keeping a watchful eye on the COVID-19 situation as it further evolves and will take the necessary actions to ensure the long-term sustainability of the Group. The Group has a strong balance sheet and the Executive Committee believes that there are sufficient undrawn capital commitments from the members of the ultimate holding company and financial debt headroom to withstand any potential negative financial impact that may arise thereon.

(iii) On 13 March 2020, the Group issued RMB1,900 million (equivalent to approximately US$272 million) of RMB denominated Commercial Mortgage Backed Securities (the "CMBS") on the Shanghai Stock Exchange. The CMBS bear interests of 3.40% per annum, with a coupon reset and an option to redeem every three years.

(iv) On 13 March 2020, the Group announced the acquisition of Goodman Group's Central and Eastern Europe logistic real estate portfolio. The Group is now awaiting approval from the relevant regulatory authorities before proceeding with the acquisition.

(v) On 20 March 2020, the Group announced an offer to privatize Li & Fung Limited, the operator of one of the most extensive global supply chain networks in the world, by way of a scheme of arrangement at the consideration of HK$7,223 million (equivalent to approximately US$931 million).

(vi) On 24 March 2020, the Group entered into an investment partnership with China Merchants Group ("CMG") to acquire 50% equity interest in China Merchants Capital ("CMC"), which is CMG's private equity investment vehicle. Thereafter, CMC becomes a joint venture of the Group. The Group plans to subscribe for RMB1,000 million (equivalent to approximately US$143 million) of the newly issued share capital of CMC at the consideration of RMB4,760 million (equivalent to approximately US$683 million), and provide loans not exceeding RMB3,730 million (equivalent to approximately US$535 million) to support CMC's daily operations.

36 Subsequent events (continued)

(vii) On 31 March 2020, Urayasu II logistic TMK (JLP1) disposed of its beneficial interest in its investment properties at the consideration of JPY17,639 million (equivalent to approximately US$162 million).

On 31 March 2020, Zama Logistic TMK (JLP4) issued bond of JPY 2,442 million (equivalent to approximately US$22 million) to Sumitomo Mitsui Trust Bank Limited. The bond will mature on 31 March 2022.

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Independent auditors' report

Member of the Company
GLP Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of GLP Pte. Ltd. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the period from 1 April 2018 to 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS134.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") to give a true and fair view of the consolidated financial position of the Group and of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the period from 1 April 2018 to 31 December 2018.

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 '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (cont'd)

Valuation of investment properties
(Refer to Note 4 – Investment properties)

Risk:

The Group has a significant portfolio of investment properties comprising logistic properties located in the People's Republic of China ("PRC"), Japan, United States of America ("USA"), Brazil and Europe which are held through subsidiaries, associates and joint ventures.

These investment properties are stated at their fair values based on external and internal valuations, with changes in fair value recognized in profit or loss.

The valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied in deriving the capitalization, discount and terminal yield rates.

Our response:

We evaluated the qualifications and competency of the valuers and made inquiries with the valuers to understand their valuation methods and the assumptions and basis applied.

We considered the valuation methodologies used against those applied by other valuers for logistic facilities in PRC, Japan, USA, Brazil and Europe. We assessed the reasonableness of projected cash flows used in the valuation to supporting leases and externally available industrial and economic data. We also assessed the reasonableness of capitalization rates, discount rates, terminal yield rates and estimated development costs to complete construction used in the valuations by comparing these against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside our expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

Our findings:

The valuers are members of generally-recognized professional bodies for real estate valuers and have recent experience in the location and category of the respective investment property being valued. The valuation methodologies used by the valuers are consistent with generally accepted market practices. The key assumptions used in the valuations, including projected cash flows, market rental growth rates, capitalization rates, discount rates, terminal yield rates and estimated development costs to complete construction, were substantiated by supporting leases and cost estimates or within the range of historical rates and industry data.

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Key audit matters (cont'd)

Recoverable amount of goodwill
(Refer to Note 9 – Intangible assets)

Risk:

The Group recognizes goodwill of US$422.8 million on its statement of financial position in connection with the acquisitions of Global Logistic Properties Holdings Limited and Airport City Development Co., Ltd during the financial year ended 31 March 2011.

Goodwill is tested for impairment annually by estimating the recoverable amount of each identifiable cash-generating unit ("CGU") which goodwill has been allocated to. Management applies the value in use (discounted cash flow) method to determine the recoverable amount of each CGU.

The measurement of value in use as the recoverable amount of each identifiable CGU for operations in China and Japan involves significant judgment and estimation in determining the cash flow projections, and risk-free, discount and terminal growth rates.

Our response:

We evaluated management's determination of CGUs based on our knowledge of the business acquisitions giving rise to the goodwill and our understanding of the current business of the Group.

We assessed management's key assumptions underlying the cash flows projections by comparing them with historical performance, future business plans and external data, taking into consideration comparability and market factors. This also included enquiry with management to understand their business plan, strategies around revenue growth and cost initiatives.

We independently derived applicable discount rates from available industry data and compared these with those used by management. We performed stress tests using plausible range of key assumptions and rates, and analyzed the impact to the recoverable amount determined by management.

Our findings:

The Group has a reasonable basis to determine the CGU for goodwill allocation purposes.

The assumptions and resulting estimations by management are in line with future business plans and external data, and are within the range of reasonable expectations. The discount rates used in the cash flow forecasts appropriately reflect the risks attributed to the respective CGU.

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Key audit matters (cont'd)

Accounting for acquisitions
(Refer to Notes 10 and 29 – Other investments and Acquisition of subsidiaries)

Risk:

The Group makes acquisitions of investments as part of its business strategy. Such transactions can be complex and judgment is involved in determining whether an acquisition of a controlling interest is a business combination or an acquisition of an asset; and whether an acquisition of a non-controlling interest is an investment in equity investment interest, associate or joint arrangement, each of which requires different accounting treatments. In accounting for a business combination, there is further judgment involved and inherent uncertainty in the estimation used in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

Our response:

We examined the Group's process on classifying and accounting for each investment acquired. We also examined legal and contractual documents to determine whether each acquisition is appropriately classified and accounted for in accordance with the relevant accounting standards and faithfully presents the nature of the transaction.

For significant acquisition of interest accounted for as a business combination during the period, we examined the terms and conditions of the sale and purchase agreement and the purchase price allocation exercise. We compared the methodologies and key assumptions used in determining the fair values allocated to the identified assets acquired and liabilities assumed to generally accepted market practices and market data.

Our findings:

The Group has a policy in place to ensure that each investment acquired is identified, appropriately classified and the relevant accounting treatments are consistently applied.

The judgments applied by the Group reflect a fair assessment in determining whether significant acquisitions are business combinations, acquisitions of assets, investment in equity investment interest, associate or joint arrangement. Estimates used in determining the fair values allocated to the respective assets acquired and liabilities assumed in significant business combination were within an acceptable range.

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Key audit matters (cont'd)

Valuation of other investments
(Refer to Notes 10 – Other investments)

Risk:

The Group acquires unquoted equity investments as part of its business strategy and these investments amounting to US$717.8 million are classified as fair value through profit or loss ("FVTPL") investments. The fair value measurement of FVTPL investments involves significant judgment in determining the appropriate valuation methodology to be used and underlying assumptions to be applied.

Our response:

We considered the valuation approach used by the Group in deriving the fair value of FVTPL investments which mainly comprised the net realizable value on divestment of certain investees in the foreseeable future and valuation of the underlying net assets held by the investee. We assessed whether those FVTPL investments which are earmarked for divestment to a potential acquirer fulfil the criteria set out in the investment mandate and reasonableness of the derived fair values; and reasonableness of net asset value derived for the remaining FVTPL investments held.

Our findings:

The valuation approach used by the Group in deriving the fair value of FVTPL investment is in line with generally accepted market practices. The assumptions and estimates applied to arrive at the fair value are within an acceptable range.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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.

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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 unauthorized use or disposition; and transactions are properly authorized 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 judgment 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.

- Obtain an understanding of internal controls 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 controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report unless the law or regulations preclude 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.

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Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditors' report is Tan Kar Yee, Linda.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2019

Statements of Financial Position
As at 31 December 2018

	Note	Group 31/12/2018 US$'000	Group 31/3/2018 US$'000	Group 1/4/2017 US$'000	Company 31/12/2018 US$'000	Company 31/3/2018 US$'000	Company 1/4/2017 US$'000
Non-current assets							
Investment properties	4	19,481,683	18,497,429	14,702,578	–	–	–
Subsidiaries	5	–	–	–	7,188,302	8,599,608	7,366,751
Associates and joint ventures	6	4,366,690	3,251,749	2,482,103	–	–	–
Deferred tax assets	7	19,649	11,879	17,334	–	–	–
Plant and equipment	8	22,198	19,232	49,546	3,521	4,225	6,103
Intangible assets	9	445,038	474,303	447,335	–	–	–
Other investments	10	1,481,794	1,483,046	1,160,597	–	–	–
Other non-current assets	11	736,450	509,956	231,758	19,553	–	–
		26,553,502	24,247,594	19,091,251	7,211,376	8,603,833	7,372,854
Current assets							
Trade and other receivables	12	2,265,764	1,376,188	649,399	1,583,545	2,131,390	1,758,315
Cash and cash equivalents	14	988,369	1,235,736	1,210,540	217,029	22,319	102,577
Assets classified as held for sale	15	687,224	1,684,966	808,565	–	–	–
		3,941,357	4,296,890	2,668,504	1,800,574	2,153,709	1,860,892
Total assets		30,494,859	28,544,484	21,759,755	9,011,950	10,757,542	9,233,746
Equity attributable to owners of the Company							
Share capital	16	5,638,589	6,305,266	6,456,303	5,638,589	6,305,266	6,456,303
Reserves	17	4,628,762	4,214,654	2,255,073	(182,500)	181,360	177,102
		10,267,351	10,519,920	8,711,376	5,456,089	6,486,626	6,633,405
Non-controlling interests	18	6,107,073	5,867,562	4,503,514	–	–	–
Total equity		16,374,424	16,387,482	13,214,890	5,456,089	6,486,626	6,633,405
Non-current liabilities							
Loans and borrowings	19	7,351,561	4,384,447	4,294,708	2,143,919	1,127,140	1,879,534
Financial derivative liabilities	20	6,845	3,901	24,194	4,223	–	17,580
Deferred tax liabilities	7	2,021,089	1,776,582	1,178,477	–	–	–
Other non-current liabilities	21	201,552	259,986	170,905	11,388	100	100
		9,581,047	6,424,916	5,668,284	2,159,530	1,127,240	1,897,214
Current liabilities							
Loans and borrowings	19	2,725,818	3,508,081	1,304,710	911,008	1,485,275	600,807
Trade and other payables	22	1,323,167	2,191,079	1,060,983	483,444	1,656,290	98,699
Financial derivative liabilities	20	1,176	2,108	2,611	–	140	–
Current tax payable		62,541	30,818	51,207	1,879	1,971	3,621
Liabilities classified as held for sale	15	426,686	–	457,070	–	–	–
		4,539,388	5,732,086	2,876,581	1,396,331	3,143,676	703,127
Total liabilities		14,120,435	12,157,002	8,544,865	3,555,861	4,270,916	2,600,341
Total equity and liabilities		30,494,859	28,544,484	21,759,755	9,011,950	10,757,542	9,233,746

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

Consolidated Income Statement
Period from 1 April 2018 to 31 December 2018

		Group	
	Note	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Continuing operations			
Revenue	24	975,700	1,179,933
Other income	25	53,971	9,464
Property-related expenses		(152,733)	(188,532)
Cost of goods and other financial services costs		(70,491)	(149,147)
Other expenses		(247,556)	(379,144)
		558,891	472,574
Share of results (net of tax expense) of associates and joint ventures		405,894	480,138
Profit from operating activities after share of results of associates and joint ventures		964,785	952,712
Net finance costs	26	(458,053)	(51,367)
Non-operating income	27	198,240	27,035
Profit before changes in fair value of subsidiaries' investment properties		704,972	928,380
Changes in fair value of investment properties	4	2,467,482	1,719,731
Profit before tax	27	3,172,454	2,648,111
Tax expense	28	(824,515)	(569,409)
Profit from continuing operations		2,347,939	2,078,702
Discontinued operation			
Profit from discontinued operations (net of tax)	15	–	1,450
Profit for the period/year		2,347,939	2,080,152
Profit attributable to:			
Owners of the Company		1,438,685	1,312,276
Non-controlling interests	18	909,254	767,876
Profit for the period/year		2,347,939	2,080,152

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

Consolidated Statement of Comprehensive Income
Period from 1 April 2018 to 31 December 2018

	Group	
	Period from 1/4/2018 to 31/12/2018	**Year ended 31/3/2018**
	US$'000	**US$'000**
Profit for the period/year	2,347,939	2,080,152
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss		
Change in fair value of equity investments at fair value through other comprehensive income[2]	(262,323)	–
	(262,323)	–
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	(1,319,511)	1,183,991
Effective portion of changes in fair value of cash flow hedges[1]	(2,524)	14,082
Change in fair value of available-for-sale investments[3]	–	(29,497)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	(30,771)	–
Share of other comprehensive income of associates and joint ventures	(8,475)	7,373
	(1,361,281)	1,175,949
Other comprehensive income for the period/year[4]	(1,623,604)	1,175,949
Total comprehensive income for the period/year	724,335	3,256,101
Total comprehensive income attributable to:		
Owners of the Company	409,496	1,994,487
Non-controlling interests	314,839	1,261,614
Total comprehensive income for the period/year	724,335	3,256,101

Notes:

[1] Includes income tax effects of US$89,000 (31 March 2018: US$185,000), refer to Note 7.

[2] Includes income tax effects of US$21,763,000 (31 March 2018: US$Nil), refer to Note 7.

[3] Includes income tax effects of US$Nil (31 March 2018: US$2,990,000), refer to Note 7.

[4] Except for income tax effects relating to effective portion of changes in fair value of cash flow hedges, change in fair value of available-for-sale financial investments and change in fair value of equity investments at fair value through other comprehensive income, there are no income tax effects relating to other components of other comprehensive income.

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

Consolidated Statement of Changes in Equity
Period from 1 April 2018 to 31 December 2018

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 April 2017 as previously reported	6,456,303	(1,173,375)	3,904,200	(475,752)	8,711,376	4,503,514	13,214,890
Adoption of SFRS(I) 1	–	1,173,375	(1,173,375)	–	–	–	–
At 1 April 2017	6,456,303	–	2,730,825	(475,752)	8,711,376	4,503,514	13,214,890
Total comprehensive income for the year							
Profit for the year	–	–	1,312,276	–	1,312,276	767,876	2,080,152
Other comprehensive income							
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	695,671	–	–	695,671	488,320	1,183,991
Effective portion of changes in fair value of cash flow hedges	–	–	–	14,082	14,082	–	14,082
Change in fair value of available-for-sale financial investments	–	–	–	(34,915)	(34,915)	5,418	(29,497)
Share of other comprehensive income of associates and joint ventures	–	5,678	–	1,695	7,373	–	7,373
Total other comprehensive income	–	701,349	–	(19,138)	682,211	493,738	1,175,949
Total comprehensive income for the year	–	701,349	1,312,276	(19,138)	1,994,487	1,261,614	3,256,101

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

Consolidated Statement of Changes in Equity (continued)
Period from 1 April 2018 to 31 December 2018

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Cancellation of treasury shares	(151,037)	–	–	151,037	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	136,865	136,865
Share-based payment transactions	–	–	–	38,760	38,760	–	38,760
Final tax-exempt (one-tier) dividends paid of S$0.06 per share	–	–	(206,816)	–	(206,816)	–	(206,816)
Interim tax-exempt (one-tier) dividends paid of US$0.003 per share	–	–	(15,000)	–	(15,000)	–	(15,000)
Dividends paid to non-controlling interests	–	–	–	–	–	(23,547)	(23,547)
Total contribution by and distribution to owners	(151,037)	–	(221,816)	189,797	(183,056)	113,318	(69,738)
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	(1,601)	(1,601)	(46,339)	(47,940)
Disposal of interest in subsidiaries to non-controlling interests	–	–	–	(1,278)	(1,278)	6,844	5,566
Disposal of subsidiaries	–	–	–	–	–	(20,137)	(20,137)
Acquisition of subsidiaries	–	–	–	–	–	10,930	10,930
Disposal of interest in discontinued operation to non-controlling interests	–	–	–	–	–	294,250	294,250
Disposal of assets classified as held for sale	–	–	–	–	–	(256,432)	(256,432)
Share of reserves of associates and joint ventures	–	–	–	(8)	(8)	–	(8)
Total transactions with owners	(151,037)	–	(221,816)	186,910	(185,943)	102,434	(83,509)
Transfer to reserves	–	–	(1,619)	1,619	–	–	–
At 31 March 2018	6,305,266	701,349	3,819,666	(306,361)	10,519,920	5,867,562	16,387,482

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

Consolidated Statement of Changes in Equity (continued)
Period from 1 April 2018 to 31 December 2018

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 April 2018	6,305,266	701,349	3,819,666	(306,361)	10,519,920	5,867,562	16,387,482
Adjustment on initial application of SFRS(I) 9 (net of tax)	–	–	16,632	–	16,632	8,488	25,120
Adjusted balance at 1 April 2018	6,305,266	701,349	3,836,298	(306,361)	10,536,552	5,876,050	16,412,602
Total comprehensive income for the period							
Profit for the period	–	–	1,438,685	–	1,438,685	909,254	2,347,939
Other comprehensive income							
Change in fair value of equity investment as fair value through other comprehensive income	–	–	–	(178,174)	(178,174)	(84,149)	(262,323)
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	(809,245)	–	–	(809,245)	(510,266)	(1,319,511)
Effective portion of changes in fair value of cash flow hedges	–	–	–	(2,524)	(2,524)	–	(2,524)
Exchange differences reclassified to profit or loss on disposal of subsidiaries	–	(30,771)	–	–	(30,771)	–	(30,771)
Share of other comprehensive income of associates and joint ventures	–	(8,488)	–	13	(8,475)	–	(8,475)
Total other comprehensive income	–	(848,504)	–	(180,685)	(1,029,189)	(594,415)	(1,623,604)
Total comprehensive income for the period	–	(848,504)	1,438,685	(180,685)	409,496	314,839	724,335

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

Consolidated Statement of Changes in Equity (continued)
Period from 1 April 2018 to 31 December 2018

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Redemption of ordinary shares	(666,677)	–	–	–	(666,677)	–	(666,677)
Capital contribution from non-controlling interests	–	–		1,994	1,994	202,871	204,865
Interim tax-exempt (one-tier) dividends paid of US$0.003 per share	–	–	(14,000)	–	(14,000)	–	(14,000)
Dividends paid to non-controlling interests	–	–	–	–	–	(3,254)	(3,254)
Total contribution by and distribution to owners	(666,677)	–	(14,000)	1,994	(678,683)	199,617	(479,066)
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	(14)	(14)	(18,086)	(18,100)
Disposal of subsidiaries	–	–	–	–	–	(181,783)	(181,783)
Acquisition of subsidiaries	–	–	–	–	–	122,361	122,361
Disposal of assets classified as held for sale	–	–	–	–	–	(205,925)	(205,925)
Total transactions with owners	(666,677)	–	(14,000)	1,980	(678,697)	(83,816)	(762,513)
Transfer to reserves	–	–	(1,194)	1,194	–	–	–
At 31 December 2018	5,638,589	(147,155)	5,259,789	(483,872)	10,267,351	6,107,073	16,374,424

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

Consolidated Statement of Cash Flows
Period from 1 April 2018 to 31 December 2018

	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Cash flows from operating activities		
Profit before income tax	3,172,454	2,648,111
Adjustments for:		
Depreciation of plant and equipment	5,510	8,898
Amortization of intangible assets and deferred management costs	4,171	3,922
Gain on disposal of joint venture and subsidiaries	(194,744)	(10,566)
Loss/(Gain) on disposal of plant and equipment	73	(17,441)
Plant and equipment written off	53	–
(Gain)/Loss on disposal of assets and liabilities classified as held for sale	(296)	944
Share of results (net of tax expense) of associates and joint ventures	(405,894)	(480,138)
Changes in fair value of other investments	(38,778)	–
Changes in fair value of subsidiaries' investment properties	(2,467,482)	(1,719,731)
Recognition of impairment loss on trade and other receivables	3,596	12,987
Loss on disposal of investment properties	825	50
Equity-settled share-based payment transactions	–	38,760
Net finance costs	458,053	51,367
	537,541	537,163
Changes in working capital:		
Trade and other receivables	76,791	(250,123)
Trade and other payables	(262,918)	(93,768)
Cash generated from operations	351,414	193,272
Tax paid	(75,833)	(58,341)
Net cash from operating activities	275,581	134,931
Net cash from operating activities of discontinued operation	–	11,493
	275,581	146,424

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

Consolidated Statement of Cash Flows (continued)
Period from 1 April 2018 to 31 December 2018

	Note	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	29(a)	(746,752)	(331,954)
Acquisition of joint venture and associates		(212,382)	–
Acquisition of investment properties		(750,788)	(104,923)
Proceeds from disposal of investment properties		689,894	502,734
Acquisition of other investments		(316,237)	(227,566)
Disposal of other investments		–	15
Development expenditure on investment properties		(948,458)	(926,922)
Proceeds from disposal of assets classified as held for sale, net of deposits received	29(c)	1,073,677	75,529
Contribution to associates and joint ventures		(638,864)	(363,858)
Return of capital from joint ventures and associates		68,455	87,485
Proceeds from disposal of controlling interest in subsidiaries	29(b)	860,692	8,307
Proceeds from disposal of joint ventures and associates		–	32,731
Deposits placed for investment properties and investments		(89,654)	(135,052)
Acquisition of ownership interests of assets classified as held for sale		–	(501,018)
Purchase of plant and equipment		(9,258)	(7,906)
Proceeds from sale of plant and equipment		16	50,849
Interest income received		9,561	9,315
Distributions received from discontinued operation		–	7,829
Dividends received from associates and joint ventures		61,970	69,432
Withholding tax paid on dividend and interest income from associates, joint ventures and subsidiaries		(27,668)	(33,600)
Withholding tax paid on disposal of assets classified as held for sale		–	(2,180)
Tax paid on disposal of investment properties		–	(14,849)
Advances to immediate holding company		(2,056,608)	–
Loans to associates and joint ventures		(189,204)	(43,118)
Loans to non-controlling interests		(4,445)	(6,742)
Loans to third parties		(293,301)	(498,755)
Loans repayment from associates and joint ventures		33,035	49,969
Loans repayment from non-controlling interests		5,382	14,584
Loans repayment from third parties		71,415	92,682
Net cash used in investing activities		(3,409,522)	(2,196,982)
Net cash used in investing activities of discontinued operation		–	(896,680)
		(3,409,522)	(3,093,662)

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

Consolidated Statement of Cash Flows (continued)
Period from 1 April 2018 to 31 December 2018

	Note	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Cash flows from financing activities			
Acquisition of non-controlling interests		(18,100)	(17,734)
Contribution from non-controlling interests		204,865	136,865
Proceeds from disposal of interest in subsidiaries to non-controlling interest		–	3,336
Proceeds from disposal of interests in discontinued operation to non-controlling interests		–	279,529
Proceeds from bank loans		3,982,448	4,240,157
Repayment of bank loans		(3,440,293)	(1,048,045)
Proceeds from issue of bonds, net of transaction costs		2,755,326	638,713
Redemption of bonds		(304,768)	(296,345)
Settlement of financial derivative liabilities		(712)	(835)
Interest paid		(193,823)	(200,580)
Dividends paid to shareholders		(14,000)	(221,816)
Dividends paid to non-controlling interests		(3,254)	(23,547)
Capital securities distribution		–	(537,363)
Repayments of loans from non-controlling interests		(36,520)	(42,233)
Loans from joint ventures		31,472	–
Loans from non-controlling interests		2,567	–
Loans from third parties		5,772	–
Net cash from financing activities		2,970,980	2,910,102
Net cash from financing activities of discontinued operation		–	6,894
		2,970,980	2,916,996
Net decrease in cash and cash equivalents		(162,961)	(30,242)
Cash and cash equivalents at beginning of period/year		1,192,675	1,174,243
Effect of exchange rate changes on cash balances held in foreign currencies		(55,285)	48,674
Cash and cash equivalents at end of period/year		974,429	1,192,675
Cash and cash equivalents of subsidiaries reclassified as assets held for sale		(27,531)	–
Restricted cash deposits		41,471	43,061
Cash and cash equivalents in the statement of financial position	14	988,369	1,235,736

Significant non-cash transactions:

During the year ended 31 December 2018, the Group redeemed 501,368,000 units of ordinary shares from the immediate holding company for a consideration of US$666,677,000, which was settled by way of a set-off against amounts due from immediate holding company.

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 26 March 2019.

1 Domicile and activities

GLP Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore and has its registered office at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

The principal activities of the Company and its subsidiaries are those of investment holding, provision of distribution facilities and services, and provision of financial services.

On 30 November 2017, the shareholders of the Company approved the privatization of the Company ("GLP Privatization") by way of a scheme of arrangement (the "Scheme"). The Scheme was completed on 22 January 2018 and GLP Bidco Limited and GLP Holdings L.P. became the immediate holding company and ultimate holding company respectively. Both the immediate and ultimate holding companies are incorporated in Cayman Islands.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

2 Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)"). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("FRS"). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 37.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars ("US dollars" or "US$"), which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2 Basis of preparation (continued)

2.4 Going concern

The financial statements of the Group have been prepared on a going concern basis, notwithstanding the deficit in net current assets of US$598,031,000 as at 31 December 2018 in view of the following events and considerations:

- The Group issued various bonds subsequent to period-end for aggregate cash proceeds of approximately US$1,200,000,000 (refer to Note 36(i) to (iii) for details);
- The Group received net proceeds of US$117,400,000 in relation to the syndication of certain assets and liabilities classified as held for sale (refer to Note 36(iv)); and
- The Group has unutilized credit facilities amounting to US$1,363,890,000, of which US$34,341,000 are committed credit facilities.

The Group also has plans to monetize its assets by seeding them into various funds held or to be constituted over the next 12 months and managed by the Group. The going concern basis is highly dependent on the Group's ability to monetize these assets as planned and drawdown on its credit facilities as and when required.

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 7 – Recognition of deferred tax assets
Note 3.1(i) and Note 29 – Recognition of acquisitions as business combinations or asset acquisitions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4 – Determination of fair value of investment properties
Note 9 – Measurement of recoverable amounts of goodwill
Note 15 – Valuation of assets and liabilities held for sale and discontinued operations
Note 32 – Determination of fair value of financial assets and liabilities

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

2 Basis of preparation (continued)

2.5 Use of estimates and judgments (continued)

Measurement of fair values (continued)

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level or the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 April 2018 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

3 Significant accounting policies (continued)

3.1 Basis of consolidation

(i) Business combinations

Acquisition from 1 April 2017

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it 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.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the profit or loss.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

Acquisition from 1 April 2017 (continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognized in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiaries.

Acquisition before 1 April 2017

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 April 2017. Goodwill arising from acquisitions before 1 April 2017 has been carried forward from the previous FRS framework as at the date of transition.

Business combinations and property acquisitions

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. leasing, development and asset management, bookkeeping, etc.).

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognized. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group's acquisitions of those subsidiaries which are special purpose vehicles established for the sole purpose of holding assets are primarily accounted for as acquisitions of assets.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(iii) Acquisition of entities under common control

For acquisition of entities under common control, the identifiable assets and liabilities were accounted for at their historical costs, in a manner similar to the "pooling-of-interests" method of accounting. Any excess or deficiency between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is recognized directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method (collectively referred to as equity-accounted investees) and are recognized initially at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(vii) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of Group's entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising from the retranslation of:

- equity investments measured at fair value through other comprehensive income;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (iii) below); or
- qualifying cash flow hedges to the extent such hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition, are translated to US dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(ii) Foreign operations (continued)

Foreign currency differences are recognized in other comprehensive income. Since 1 April 2017, the Group's date of transition to SFRS(I), such differences have been recognized in the foreign currency translation reserve ("translation reserve") in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint ventures that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognized in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement

Non-derivative financial assets – Policy applicable from 1 April 2018

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Debt investment at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investment at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets: Business model assessment – Policy applicable from 1 April 2018 (continued)

Financial assets at FVTPL

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment – Policy applicable from 1 April 2018

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest – Policy applicable from 1 April 2018 (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable from 1 April 2018

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial assets – Policy applicable before 1 April 2018

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 April 2018

Financial assets at FVTPL

A financial asset was classified at FVTPL if it was classified as held-for-trading or was designated as such upon initial recognition. Financial assets were designated at FVTPL if the Group managed such investments and made purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Directly attributable transaction costs were recognised in profit or loss as incurred. Financial assets at FVTPL were measured at fair value, and changes therein, which took into account any dividend income, were recognised in profit or loss.

Loans and receivables

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents, and trade and other receivables, except prepayments and deferred management costs.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses (see Note 3.7) and foreign exchange differences on available-for-sale monetary items (see Note 3.2(i)) are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities. Investment in equity securities whose fair value cannot be reliably measured are measured at cost less accumulated impairment loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Directly attributable transaction costs are recognized in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. These financial liabilities comprised loans and borrowings, bank overdrafts, and trade and other payables.

(iii) Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Capital securities

Capital securities are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(vii) Derivative financial instruments and hedge accounting

Derivative financial instruments and hedge accounting – Policy applicable from 1 April 2018

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Derivative financial instruments and hedge accounting – Policy applicable from 1 April 2018 (continued)

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 31 March 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of SFRS(I) 9.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognized in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognized in hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(vi) Derivative financial instruments and hedge accounting (continued)

Derivative financial instruments and hedge accounting – Policy applicable from 1 April 2018 (continued)

Cash flow hedges (continued)

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognized in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognized immediately in profit or loss. The amount recognized in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Derivative financial instruments and hedge accounting – Policy applicable before 1 April 2018

The policy applied in the comparative information presented for 2017 is similar to that applied for 2018. However, embedded derivatives are not separated from host contracts that are financial assets in the scope of SFRS(I) 9. Instead, the hybrid financial instrument is assessed as a whole for classification of financial assets under SFRS(I) 9. Furthermore, for all cash flow hedges, including hedges of transactions resulting in the recognition of non-financial items, the amounts accumulated in the cash flow hedge reserve were reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affected profit or loss. Furthermore, for cash flow hedges that were terminated before 2017, forward points were recognized immediately in profit or loss.

3 Significant accounting policies (continued)

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

Land held for development represents lease prepayments for acquiring rights to use land in the People's Republic of China ("PRC") with periods ranging from 40 to 50 years. Such rights granted with consideration are recognized initially at acquisition cost.

(i) *Completed investment properties and investment properties under re-development*

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognized in profit or loss. Rental income from investment properties is accounted for in the manner described in Note 3.14.

(ii) *Properties under development and land held for development*

Property that is being constructed or developed for future use as investment property is initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

3.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent expenditure relating to plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Depreciation is recognized in profit or loss, from the date the asset is ready for its intended use, on a straight-line basis over the estimated useful lives of furniture, fittings and equipment ranging from 2 to 20 years.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if necessary, at each reporting date.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

3 Significant accounting policies (continued)

3.6 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see Note 3.1 (i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortization and accumulated impairment losses.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of intangible assets are as follows:

Trademarks	20 years
Non-competition	over the term of relevant agreement
License rights	over the term of the license period

Amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Impairment

(i) Non-derivative financial assets

Policy applicable from 1 April 2018

The Group recognizes loss allowances for expected credit loss ("ECLs") on:

- financial assets measured at amortized costs;
- debt investments measured at FVOCI;

Loss allowances of the Group are measured on either of the following bases:
- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Policy applicable from 1 April 2018 (continued)

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) *Non-derivative financial assets (continued)*

Policy applicable from 1 April 2018 (continued)

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognized in OCI.

Loss allowances for FGC are recognized as a financial liability to the extent that they exceed the initial carrying amount of the FGC less the cumulated income recognized.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 April 2018

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, was assessed at each reporting date to determine whether there was objective evidence that was impaired. A financial asset was impaired if objective evidence indicated that a loss event had occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Policy applicable before 1 April 2018 (continued)

Objective evidence that financial assets (including equity securities) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognized in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss was reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets were recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The amount reclassified was the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss recognized previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increased and the increase was related objectively to an event occurring after the impairment loss was recognized, then the impairment loss was reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale were not reversed through profit or loss.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(ii) Associate and joint venture

Any impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements of non-financial assets. An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimate used to determine the recoverable amount.

(iii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(iii) Non-financial assets (continued)

Goodwill that forms part of the carrying amount of an investment in associates and joint ventures is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in associates and joint ventures is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

3.8 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of joint ventures and associates ceases once classified as held for sale.

3.9 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

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

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.10 Deferred management costs

Costs that are directly attributable to securing a fund management agreement are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred management costs represent the costs incurred to secure the right to benefit from the provision of fund management services, and are amortized as the Group recognizes the related revenue over the tenure of the fund.

3 Significant accounting policies (continued)

3.11 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

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

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

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iv) Share-based payment

For equity-settled share-based payment transactions, the fair value of the services received is recognized as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the date of the grant. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognized as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognized as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognized as an expense for the period.

The proceeds received from the exercise of the equity instruments, net of any directly attributable transaction costs, are credited to share capital when the equity instruments are exercised.

3 Significant accounting policies (continued)

3.12 Provision

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.13 Leases

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties (see Note 4).

When entities within the Group are lessors of a finance lease

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognized and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognized on the statement of financial position and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognized in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

3.14 Revenue recognition

Rental income

Rental income receivable under operating leases is recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income to be received. Contingent rentals are recognized as income in the accounting period in which they are earned.

3 Significant accounting policies (continued)

3.14 Revenue recognition (continued)

Fund management fee income

Fund management fee income is recognized in profit or loss as and when services are rendered.

Dividend income

Dividend income is recognized on the date that the Group's right to receive payment is established.

Financial services income

Financial services income is recognized in profit or loss upon the completion of the transaction.

3.15 Government grants

Grants that compensate the Group for expenses already incurred or for purpose of giving immediate financial support with no future related costs are recognized in profit or loss in the period in which they become receivable.

3.16 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and losses on hedging instruments that are recognized in profit or loss.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

3 Significant accounting policies (continued)

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and equity accounted investees to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has been rebutted for investment properties held in certain countries which the Group operates in. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3 Significant accounting policies (continued)

3.7 Tax (continued)

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision-makers ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

3.19 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 37.

4 Investment properties

	Note	31/12/2018 US$'000	Group 31/3/2018 US$'000	1/4/2017 US$'000
At 1 April		18,497,429	14,702,578	13,024,178
Additions		1,613,421	1,186,928	1,648,730
Disposals		(689,894)	(522,187)	(374,560)
Acquisition of subsidiaries	29(a)	1,170,548	422,622	256,102
Disposal of subsidiaries	29(b)	(1,634,627)	(257,103)	–
Borrowing cost capitalized	26	5,616	7,898	6,986
Changes in fair value		2,467,482	1,719,731	796,973
Reclassification to assets classified as held for sale		(382,600)	(241,831)	(33,650)
Effect of movements in exchange rates		(1,565,692)	1,478,793	(622,181)
At 31 December/31 March		19,481,683	18,497,429	14,702,578
Comprising:				
Completed investment properties		15,475,890	14,914,643	11,651,111
Investment properties under re-development		476,862	367,142	357,675
Properties under development		1,669,367	1,487,367	1,253,305
Land held for development		1,859,564	1,728,277	1,440,487
		19,481,683	18,497,429	14,702,578

The Group reclassified certain investment properties of US$382,600,000 (31 March 2018: US$241,831,000) to assets classified as held for sale following initiation of an active programme to sell (Note 15).

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Investment properties with carrying value totaling approximately US$10,213,491,000 as at 31 December 2018 (31 March 2018: US$10,920,404,000; 1 April 2017: US$8,003,045,000) were mortgaged to banks and bondholders to secure credit facilities for the Group (Note 19). Interest capitalized as costs of investment properties amounted to approximately US$5,616,000 (31 March 2018: US$7,898,000; 1 April 2017: US$6,986,000) during the period.

4 Investment properties (continued)

Measurement of fair value

(i) Fair value hierarchy

The Group's investment property portfolio are valued by external and internal valuers at the reporting date. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value as at the reporting date, the external and internal valuers have adopted a combination of valuation methods, including income capitalization, discounted cash flows and residual methods, which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalization rate, discount rate and terminal yield rate.

The income capitalization method capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square metre in the area.

In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

The fair value measurement for investment properties of US$19,481,683,000 (31 March 2018: US$18,497,429,000; 1 April 2017: US$14,702,578,000) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.5) and was measured based on valuation by valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the respective investment property being valued.

4 Investment properties (continued)

Measurement of fair value (continued)

(ii) Reconciliation of Level 3 fair values

	Group		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Balance at 1 April	18,497,429	14,702,578	13,024,178
Capital expenditure incurred and borrowing costs capitalized	1,619,037	1,194,826	1,655,716
Disposal of investment properties	(689,894)	(522,187)	(374,560)
Acquisition of subsidiaries	1,170,548	422,622	256,102
Disposal of subsidiaries	(1,634,627)	(257,103)	–
Reclassification to assets classified as held for sale	(382,600)	(241,831)	(33,650)
Gains and losses for the period/year			
Changes in fair value of investment properties	2,467,482	1,719,731	796,973
Gains and losses recognized in other comprehensive income			
Effect of movements in exchange rates	(1,565,692)	1,478,793	(622,181)
Balance at 31 December/31 March	19,481,683	18,497,429	14,702,578

Valuation technique and significant unobservable inputs

The following table shows the key unobservable inputs used in measuring the fair value of investment properties.

4 Investment properties (continued)

Measurement of fair value (continued)

(ii) Reconciliation of Level 3 fair values (continued)

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalization	*Capitalization rate:* PRC: 4.25% to 7.00% (31 March 2018: 4.50% to 7.25%; 1 April 2017: 5.75% to 7.25%) Japan: 4.40% to 5.75% (31 March 2018: 4.40% to 6.40%; 1 April 2017: 4.50% to 6.40%) USA: 5.90% (31 March 2018: Nil%[1]; 1 April 2017: Nil%[1])	The estimated fair value varies inversely against the capitalization rate.
Discounted cash flow	*Discount rate:* PRC: 8.00% to 10.50% (31 March 2018: 8.00% to 11.00%; 1 April 2017: 9.00% to 11.00%) Japan: 4.90% to 6.25% (31 March 2018: 4.40% to 6.40%; 1 April 2017: 5.00% to 6.90%) USA: 7.40% (31 March 2018: Nil%[1]; 1 April 2017: Nil%[1])	The estimated fair value varies inversely against the discount rate.
	Terminal yield rate: PRC: 4.25% to 6.75% (31 March 2018: 4.50% to 7.25%; 1 April 2017: 5.75% to 7.25%) Japan: 4.65% to 6.00% (31 March 2018: 4.65% to 6.65%; 1 April 2017: 4.75% to 6.65%) USA: 5.40% (31 March 2018: Nil%[1]; 1 April 2017: Nil%[1])	The estimated fair value varies inversely against the terminal yield rate.
Residual	*Capitalization rate[2]:* PRC: 4.25% to 7.00% (31 March 2018: 4.50% to 7.25%; 1 April 2017: 5.75% to 7.25%)	The estimated fair value and gross development value vary inversely against the capitalization rate.
	Estimated development costs to complete construction	The estimated fair value varies inversely against the development costs to complete construction.

[1] *The Group did not hold any investment properties in the USA as at 1 April 2017 and 31 March 2018.*

[2] *Income capitalization method is applied to derive the total gross development value under the residual approach.*

5 Subsidiaries

	Company		
	31/12/2018	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**
Unquoted equity shares, at cost	6,744,563	7,007,275	7,140,172
Less: Allowance for impairment loss	(228,334)	(115,189)	(94,370)
	6,516,229	6,892,086	7,045,802
Loans to subsidiaries (interest-free)	672,073	1,707,522	320,949
	7,188,302	8,599,608	7,366,751

During the year ended 31 December 2018, an impairment loss of US$113,145,000 (31 March 2018: US$20,819,000; 1 April 2017: US$94,370,000) was recognized in profit or loss for the Company's investment in certain subsidiaries which have underlying interests in joint ventures in Brazil, in view of the depreciation of the Brazilian Real which the investments are denominated in. The recoverable amount for the relevant joint ventures was estimated to be US$709,423,000 (31 March 2018: US$796,668,000; 1 April 2017: US$814,087,000) based on the fair value of the net assets as at the reporting date. The fair value measurement was estimated based on net assets as the assets held by the subsidiaries comprise mainly investment properties measured at fair value and categorized as Level 3 on the fair value hierarchy.

The loans to subsidiaries are unsecured and not expected to be repaid within the next 12 months from 31 December 2018.

Details of significant subsidiaries are set out in Note 35.

6 Associates and joint ventures

	Group		
	31/12/2018	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**
Interests in associates	894,326	557,272	318,357
Interests in joint ventures	3,472,364	2,694,477	2,163,746
	4,366,690	3,251,749	2,482,103
Capital commitments in relation to interests in associates and joint ventures	416,756	522,339	792,411
Proportionate interest in associates' and joint ventures' commitments	112,769	269,600	380,342

6 Associates and joint ventures(continued)

The Group has nil associate (31 March 2018: nil; 1 April 2017: one) and two joint ventures (31 March 2018: three; 1 April 2017: six) that are material and a number of associates and joint ventures that are individually immaterial to the Group. All are equity accounted. The following are the material associates and joint ventures:

Name of associate and joint ventures[1]	Principal activity	Principal place of business	31/12/2018	31/3/2018	1/4/2017
			%	%	%
Associate					
GLP US Income Partners II	Private equity fund focused on logistics properties	United States of America	9.85%	9.85%	9.85%
Joint ventures					
GLP Japan Income Partners I	Private equity fund focused on logistics properties	Japan	33.33%	33.33%	33.33%
GLP Japan Development Venture I	Private equity fund focused on logistics properties	Japan	50.00%	50.00%	50.00%
GLP Brazil Development Partners I	Private equity fund focused on logistics properties	Brazil	40.00%	40.00%	40.00%
GLP Brazil Income Partners I	Private equity fund focused on logistics properties	Brazil	34.20%	34.20%	34.20%
GLP Brazil Income Partners II	Private equity fund focused on logistics properties	Brazil	39.98%	39.98%	39.98%
GLP US Income Partners I	Private equity fund focused on logistics properties	United States of America	10.35%	10.35%	10.35%

Notes:

[1] Relates to the commercial name of the joint ventures used under GLP's fund management platform.

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group

This summarized financial information is shown on a 100% basis. It represents the amounts shown in the associates and joint ventures' financial statements prepared in accordance with SFRS(I) under Group accounting policies.

31 December 2018	GLP Japan Development Venture I US$'000	GLP US Income Partners I US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**10.35%**		
Results				
Revenue	93,921	518,405	1,321,850	1,934,176
Expenses	(35,788)	(315,547)	(1,191,546)	(1,542,881)
Changes in fair value of investment properties	274,248	432,702	885,445	1,592,395
Income tax expense	(18,441)	(154,067)	(200,394)	(372,902)
Profit for the year	313,940	481,493	815,355	1,610,788
Non-controlling interests	–	–	(23,459)	(23,459)
Profit attributable to owners	313,940	481,493	791,896	1,587,329
Other comprehensive income	(307)	–	(72,388)	(72,695)
Total comprehensive income	313,633	481,493	719,508	1,514,634
Profit after tax include:				
Interest income	1	123	7,155	7,279
Depreciation and amortization	(3,527)	–	(15,063)	(18,590)
Interest expense	(5,136)	(137,893)	(221,169)	(364,198)
Assets and liabilities				
Non-current assets	2,218,470	9,016,244	19,149,030	30,383,744
Current assets	896,284	302,375	2,301,979	3,500,638
Total assets	3,114,754	9,318,619	21,451,009	33,884,382
Non-current liabilities	(1,034,800)	(4,489,106)	(8,194,609)	(13,718,515)
Current liabilities	(497,800)	(175,399)	(1,985,943)	(2,659,142)
Total liabilities	(1,532,600)	(4,664,505)	(10,180,552)	(16,377,657)
Assets and liabilities include:				
Cash and cash equivalents	67,612	208,860	1,171,224	1,447,696
Current financial liabilities (excluding trade and other payables)	(461,614)	–	(299,024)	(760,638)
Non-current financial liabilities (excluding trade and other payables)	(928,778)	(4,476,214)	(6,814,691)	(12,219,683)

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

31 March 2018	GLP Japan Development Venture I US$'000	GLP Brazil Development Partners I US$'000	GLP US Income Partners I US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**40.00%**	**10.35%**		
Results					
Revenue	102,869	37,667	683,599	1,289,235	2,113,370
Expenses	(43,930)	(19,179)	(422,326)	(1,071,123)	(1,556,558)
Changes in fair value of investment properties	243,079	91,849	583,587	766,055	1,684,570
Income tax expense	(17,687)	(33,805)	(40,599)	(142,331)	(234,422)
Profit for the year	284,331	76,532	804,261	841,836	2,006,960
Non-controlling interests	–	–	–	(3,407)	(3,407)
Profit attributable to owners	284,331	76,532	804,261	838,429	2,003,553
Other comprehensive income	2,391	(539)	–	34,578	36,430
Total comprehensive income	286,722	75,993	804,261	873,007	2,039,983
Profit after tax include:					
Interest income	1	1,258	67	5,110	6,436
Depreciation and amortization	(5,578)	–	–	(33,291)	(38,869)
Interest expense	(6,027)	(13,534)	(182,786)	(272,153)	(474,500)
Assets and liabilities					
Non-current assets	2,756,818	892,832	8,807,211	15,067,478	27,524,339
Current assets	147,909	28,596	175,933	1,588,679	1,941,117
Total assets	2,904,727	921,428	8,983,144	16,656,157	29,465,456
Non-current liabilities	(1,214,217)	(203,539)	(4,565,263)	(7,230,430)	(13,213,449)
Current liabilities	(321,579)	(19,685)	(114,571)	(2,371,276)	(2,827,111)
Total liabilities	(1,535,796)	(223,224)	(4,679,834)	(9,601,706)	(16,040,560)
Assets and liabilities include:					
Cash and cash equivalents	114,550	11,080	147,745	990,883	1,264,258
Current financial liabilities (excluding trade and other payables)	(121,633)	(15,976)	–	(1,422,219)	(1,559,828)
Non-current financial liabilities (excluding trade and other payables)	(1,128,769)	(182,830)	(4,530,948)	(6,084,270)	(11,926,817)

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

1 April 2017	GLP Japan Income Partners I US$'000	GLP Japan Development Venture I US$'000	GLP Brazil Development Partners I US$'000	GLP Brazil Income Partners I US$'000	GLP Brazil Income Partners II US$'000	GLP US Income Partners I US$'000	GLP US Income Partners II US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	33.33%	50.00%	40.00%	34.20%	39.98%	10.35%	9.85%		
Results									
Revenue	63,260	77,672	34,290	68,521	64,038	677,886	359,390	621,648	1,966,705
Expenses	(24,867)	(39,236)	(12,488)	(32,965)	(39,205)	(428,464)	(306,558)	(579,733)	(1,463,516)
Changes in fair value of investment properties	36,171	191,564	59,461	59,585	(29,420)	540,725	198,393	72,981	1,129,460
Income tax expense	(4,724)	(11,611)	(20,565)	(23,601)	(4,558)	(275,930)	(87,954)	(21,727)	(450,670)
Profit/(Loss) for the year	69,840	218,389	60,698	71,540	(9,145)	514,217	163,271	93,169	1,181,979
Non-controlling interests	–	–	–	–	–	–	–	(11,099)	(11,099)
Profit/(Loss) attributable to owners	69,840	218,389	60,698	71,540	(9,145)	514,217	163,271	82,070	1,170,880
Other comprehensive income	4,567	2,988	54,000	51,334	53,021	–	–	(1,057)	164,853
Total comprehensive income	74,407	221,377	114,698	122,874	43,876	514,217	163,271	81,013	1,335,733
Profit/(Loss) after tax include:									
Interest income	2	2	2,287	2,877	4,496	555	1	2,159	12,379
Depreciation and amortization	(2,262)	(3,923)	–	–	–	–	–	(5,432)	(11,617)
Interest expense	(6,949)	(4,302)	(14,739)	(32,635)	(32,177)	(196,723)	(165,619)	(28,301)	(481,445)
Assets and liabilities									
Non-current assets	1,156,504	2,231,930	753,946	919,228	823,089	8,156,528	4,716,823	1,855,097	20,613,145
Current assets	43,321	84,089	35,508	37,338	26,900	209,569	124,723	426,888	988,336
Total assets	1,199,825	2,316,019	789,454	956,566	849,989	8,366,097	4,841,546	2,281,985	21,601,481
Non-current liabilities	(594,634)	(895,818)	(156,263)	(353,557)	(287,857)	(4,229,851)	(3,072,341)	(524,096)	(10,114,417)
Current liabilities	(24,674)	(318,541)	(25,192)	(28,639)	(20,039)	(493,458)	(228,746)	(575,742)	(1,715,031)
Total liabilities	(619,308)	(1,214,359)	(181,455)	(382,196)	(307,896)	(4,723,309)	(3,301,087)	(1,099,838)	(11,829,448)
Assets and liabilities include:									
Cash and cash equivalents	36,675	57,834	19,434	24,397	9,375	183,747	106,751	145,921	584,134
Current financial liabilities (excluding trade and other payables)	(3,419)	(165,404)	(15,785)	(11,453)	(13,984)	(362,403)	(162,464)	(75,526)	(810,438)
Non-current financial liabilities (excluding trade and other payables)	(563,822)	(836,235)	(115,697)	(286,744)	(280,413)	(4,201,355)	(3,062,493)	(391,381)	(9,738,140)

6 Associates and joint ventures (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position

31 December 2018	**GLP Japan Development Venture I US$'000**	**GLP US Income Partners I US$'000**	**Immaterial associates and joint ventures US$'000**	**Total US$'000**
Group's interests	**50.00%**	**10.35%**		
Group's interest in net assets of associates and joint ventures at beginning of the period	688,988	447,835	2,114,926	3,251,749
Group's share of total comprehensive income	156,817	49,835	190,767	397,419
Dividends received from associates and joint ventures (the Group's share)	(15,308)	(13,530)	(33,132)	(61,970)
Group's share of total (distribution to)/contribution by owners (net)	(2,823)	–	775,064	772,241
Capitalization of loan to third party to equity contribution to joint venture	–	–	151,097	151,097
Reclassification from assets held for sale (Note 29(c))	–	–	130,495	130,495
Transaction costs in connection with acquisition of joint venture	–	–	(3,534)	(3,534)
Disposal of previously held equity interest (Note 29(b))	–	–	(28,482)	(28,482)
Effect of movements in exchange rates	(31,927)	–	(210,398)	(242,325)
Carrying amount of interest in associates and joint ventures at the end of the period	795,747	484,140	3,086,803	4,366,690

6 Associates and joint ventures (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position (continued)

31 March 2018	**GLP Japan Development Venture I US$'000**	**GLP Brazil Development Partners I US$'000**	**GLP US Income Partners I US$'000**	**Immaterial associates and joint ventures US$'000**	**Total US$'000**
Group's interests	**50.00%**	**40.00%**	**10.35%**		
Group's interest in net assets of associates and joint ventures at beginning of the year	555,464	249,353	379,410	1,297,876	2,482,103
Group's share of total comprehensive income	143,360	30,397	83,241	230,513	487,511
Dividends received from associates and joint ventures (the Group's share)	(33,374)	–	(20,407)	(15,651)	(69,432)
Group's share of total (distribution to)/contribution by owners (net)	(13,425)	21,091	–	268,707	276,373
Capitalization of loan to joint venture as equity contribution to joint venture	–	–	5,591	–	5,591
Reclassification from asset held for sale (Note 29(c))	–	–	–	30,477	30,477
Disposal of joint ventures	–	–	–	(32,731)	(32,731)
Effect of movements in exchange rates	36,963	(16,105)	–	50,999	71,857
Carrying amount of interest in associates and joint ventures at the end of the year	688,988	284,736	447,835	1,830,190	3,251,749

6 Associates and joint ventures (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position (continued)

1 April 2018	GLP Japan Income Partners I US$'000	GLP Japan Development Venture I US$'000	GLP Brazil Development Partners I US$'000	GLP Brazil Income Partners I US$'000	GLP Brazil Income Partners II US$'000	GLP US Income Partners I US$'000	GLP US Income Partners II US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**33.33%**	**50.00%**	**40.00%**	**34.20%**	**39.98%**	**10.35%**	**9.85%**		
Group's interest in net assets of associates and joint ventures at beginning of the year	201,940	462,482	173,845	146,180	171,818	340,434	–	456,987	1,953,686
Group's share of total comprehensive income	24,803	110,689	45,879	42,028	17,541	53,237	16,082	36,459	346,718
Dividends received from associates and joint ventures (the Group's share)	(9,654)	(22,767)	–	–	–	(14,261)	(4,186)	(57,004)	(107,872)
Group's share of total (distribution to)/contribution by owners (net)	(23,426)	4,698	19,310	4,463	15,181	–	–	14,115	34,341
Reclassification of joint ventures to subsidiaries (Note 29(a))	–	–	–	–	–	–	–	(26,338)	(26,338)
Acquisition of subsidiaries (Note 29(a))	–	–	–	–	–	–	–	124,612	124,612
Reclassification from asset held for sale (Note 29(c))[1]	–	–	–	–	–	–	143,148	–	143,148
Effect of movements in exchange rates	1,868	362	10,319	8,521	11,948	–	–	(19,210)	13,808
Carrying amount of interest in associates and joint ventures at the end of the year	195,531	555,464	249,353	201,192	216,488	379,410	155,044	529,621	2,482,103

Notes:

[1] Including transaction cost capitalized of $3,315,000.

7 Deferred tax

Movements in deferred tax assets and liabilities during the period are as follows:

Group	At 1 April US$'000	Disposal of subsidiaries (Note 29(b)) US$'000	Effect of movements in exchange rates US$'000	Recognized in other comprehensive income US$'000	Recognized in profit or loss (Note 28) US$'000	Reclassification to asset held for sale US$'000	At 31 December US$'000
31 December 2018							
Deferred tax assets							
Unutilized tax losses	36,519	(1,545)	(3,214)	–	3,749	(64)	35,445
Interest rate swaps	293	–	(14)	(89)	–	–	190
Others	13,660	–	(599)	–	1,269	(3)	14,327
	50,472	(1,545)	(3,827)	(89)	5,018	(67)	49,962
Deferred tax liabilities							
Investment properties	(1,774,714)	242,909	163,179	–	(661,836)	–	(2,030,462)
Equity investments at FVOCI	(29,925)	–	2,190	21,763	(8,063)	–	(14,035)
Others	(10,536)	–	785	–	2,846	–	(6,905)
	(1,815,175)	242,909	166,154	21,763	(667,053)	–	(2,051,402)
Total	(1,764,703)	241,364	162,327	21,674	(662,035)	(67)	(2,001,440)

7 Deferred tax (continued)

Group	At 1 April US$'000	Acquisition of subsidiaries (Note 29(a)) US$'000	Disposal of subsidiaries (Note 29(b)) US$'000	Effect of movements in exchange rates US$'000	Recognized in other comprehensive income US$'000	Recognized in profit or loss (Note 28) US$'000	At 31 March US$'000
31 March 2018							
Deferred tax assets							
Unutilized tax losses	29,073	68	–	3,083	–	4,295	36,519
Interest rate swaps	461	–	–	17	(185)	–	293
Others	13,206	–	–	549	–	(95)	13,660
	42,740	68	–	3,649	(185)	4,200	50,472
Deferred tax liabilities							
Investment properties	(1,165,917)	–	21,362	(141,300)	–	(488,859)	(1,774,714)
Available-for-sale financial investments	(24,384)	–	–	(2,551)	(2,990)	–	(29,925)
Others	(13,582)	–	–	(1,026)	–	4,072	(10,536)
	(1,203,883)	–	21,362	(144,877)	(2,990)	(484,787)	(1,815,175)
Total	(1,161,143)	68	21,362	(141,228)	(3,175)	(480,587)	(1,764,703)

7 Deferred tax (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Deferred tax assets	19,649	11,879	17,334
Deferred tax liabilities	(2,021,089)	(1,776,582)	(1,178,477)

As at reporting date, deferred tax liabilities have not been recognized in respect of taxes that would be payable on the undistributed earnings of certain subsidiaries of US$22,820,000 (31 March 2018: US$20,132,000; 1 April 2017: US$15,131,000) as the Group do not have plans to distribute these earnings in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Group has not recognized deferred tax assets in respect of the following:

	Group		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Tax losses	408,741	543,331	323,598

Deferred tax assets in respect of tax losses have not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognized tax losses will expire within one to five years.

8 Plant and equipment

Group	**Furniture, fittings and equipment US$'000**	**Software under development US$'000**	**Total US$'000**
Cost			
At 1 April 2017	89,526	–	89,526
Acquisition of subsidiaries	660	–	660
Additions	8,236	556	8,792
Disposals	(42,028)	–	(42,028)
Reclassifications	325	(325)	–
Effect of movements in exchange rates	3,214	–	3,214
At 31 March 2018	59,933	231	60,164

8 Plant and equipment (continued)

Group	Furniture, fittings and equipment US$'000	Software under development US$'000	Total US$'000
Cost			
At 1 April 2018	59,933	231	60,164
Acquisition of subsidiaries	1,324	–	1,324
Additions	8,797	461	9,258
Disposals	(1,137)	–	(1,137)
Disposal of subsidiaries	(1,314)	–	(1,314)
Written off	–	(53)	(53)
Effect of movements in exchange rates	(3,631)	–	(3,631)
At 31 December 2018	63,972	639	64,611
Accumulated depreciation			
At 1 April 2017	39,980	–	39,980
Depreciation charge for the year	8,898	–	8,898
Disposals	(10,578)	–	(10,578)
Effect of movements in exchange rates	2,632	–	2,632
At 31 March 2018	40,932	–	40,932
Depreciation charge for the period	5,510	–	5,510
Disposals	(1,048)	–	(1,048)
Disposal of subsidiaries	(1,204)	–	(1,204)
Effect of movements in exchange rates	(1,777)	–	(1,777)
At 31 December 2018	42,413	–	42,413
Carrying amounts			
At 1 April 2017	49,546	–	49,546
At 31 March 2018	19,001	231	19,232
At 31 December 2018	21,559	639	22,198

Company	Furniture, fittings and equipment US$'000	Software under development US$'000	Total US$'000
Cost			
At 1 April 2017	14,349	–	14,349
Additions	87	468	555
Reclassifications	325	(325)	–
At 31 March 2018	14,761	143	14,904
Additions	312	461	773
Disposals	(21)	–	(21)
At 31 December 2018	15,052	604	15,656
Accumulated depreciation			
At 1 April 2017	8,246	–	8,246
Depreciation charge for the year	2,433	–	2,433
At 31 March 2018	10,679	–	10,679
Depreciation charge for the period	1,477	–	1,477
Disposals	(21)	–	(21)
At 31 December 2018	12,135	–	12,135
Carrying amounts			
At 1 April 2017	6,103	–	6,103
At 31 March 2018	4,082	143	4,225
At 31 December 2018	2,917	604	3,521

9 Intangible assets

Group	Goodwill US$'000	Trademark US$'000	Non-competition US$'000	License rights US$'000	Total US$'000
Cost					
At 1 April 2017	421,290	37,707	6,831	923	466,751
Effect of movements in exchange rates	27,668	2,345	–	91	30,104
At 31 March 2018	448,958	40,052	6,831	1,014	496,855
Effect of movements in exchange rates	(26,196)	(2,219)	–	(87)	(28,502)
At 31 December 2018	422,762	37,833	6,831	927	468,353
Accumulated amortization					
At 1 April 2017	–	12,338	6,831	247	19,416
Amortization for the year	–	2,048	–	203	2,251
Effect of movements in exchange rates	–	849	–	36	885
At 31 March 2018	–	15,235	6,831	486	22,552
Amortization for the period	–	1,549	–	151	1,700
Effect of movements in exchange rates	–	(892)	–	(45)	(937)
At 31 December 2018	–	15,892	6,831	592	23,315
Carrying amounts					
At 1 April 2017	421,290	25,369	–	676	447,335
At 31 March 2018	448,958	24,817	–	528	474,303
At 31 December 2018	422,762	21,941	–	335	445,038

Impairment test for goodwill

For the purpose of goodwill impairment testing, the aggregate carrying amount of goodwill allocated to each cash-generating unit ("CGU") as at 31 December 2018 and the key assumptions used in the calculation of recoverable amounts in respect of discount rate and terminal growth rate are as follows:

Group	Carrying amount 31/12/2018 US$'000	Carrying amount 31/3/2018 US$'000	Carrying amount 1/4/2017 US$'000	Discount rate 31/12/2018 %	Discount rate 31/3/2018 %	Discount rate 1/4/2017 %	Terminal growth rate 31/12/2018 %	Terminal growth rate 31/3/2018 %	Terminal growth rate 1/4/2017 %
GLP China[1]	227,719	248,927	226,528	–[3]	8.0	8.5	–[3]	3.0	3.0
GLP Japan[2]	141,467	141,467	141,467	–[3]	5.0	5.0	–[3]	1.0	1.0
Airport City Development Group ("ACL Group")	53,576	58,564	53,295	7.5	8.0	8.5	3.0	3.0	3.0
Total	422,762	448,958	421,290						

Notes:

[1] Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.
[2] Relates to the leasing of logistic facilities and provision of asset management services in Japan.
[3] Recoverable amount measured based on fair value less cost of disposal. (31 March 2018 and 1 April 2017: Value in use calculation)

9 Intangible assets (continued)

Impairment test for goodwill (continued)

The recoverable amount of ACL Group are determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering five years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The discount rate applied is the weighted average cost of capital from the relevant business segment. The terminal growth rate used does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which ACL Group operates.

Recoverable amount of GLP China and Japan as of 31 December 2018 is determined using the Sum-Of-The-Parts ("SOTP") methodology which measures the fair value less costs of disposal of the CGU by aggregating the standalone fair value of each of its business units to arrive at a single total enterprise value. The equity value is then derived by adjusting the CGU's net debt and other non-operating assets and expenses.

The enterprise value of each business unit is derived separately and determined based on valuation by internal and external valuers with the appropriate qualifications and experience using observable and unobservable inputs taking into account management's experience and knowledge of market conditions of the specific activities.

Significant business units - valuation technique and significant unobservable inputs

Details of significant business units identified and the key unobservable inputs used in estimating the fair value less costs of disposal of these significant business units are as follows:

Development business

Development business comprise value creation from future developments. Value creation from future development are determined by reference to their development potential and arrived at by the application of value creation margins to the estimated development costs. Key assumptions used include discount rate, management's estimation of value creation margin and estimated development costs in these projects.

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement of business unit
Discounted cash flow	*Estimated development costs to complete construction*	The estimated fair value varies inversely against the development costs to complete construction.
	Value creation margin: 20.0% to 45.2%	The estimated fair value increases as value creation margin increases.
	Discount rate: 3.2% to 7.1%	The estimated fair values varies inversely against the discount rate.

9 Intangible assets (continued)

Impairment test for goodwill (continued)

Fund management

The fair value of the fund management business is determined as a multiple of the fund management earnings of the Group. The fair value measurement requires management's estimate for the above multiple as determined by comparison to fund management peers.

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement of business unit
Market multiples derived from comparable businesses	***Funds margin:*** 66.7% to 73.6%	The estimated fair value increases as funds margin increases.
Equity value / EBITDA	***Multiple:*** 14 x	The estimated fair value increases as the multiple increases

The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount except for:

Sensitivity analysis

For the fair value of each CGU, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	Recoverable amount	
	Increase US$'000	**Decrease US$'000**
31 December 2018		
Development business value creation margin (5% movement)		
- PRC	299	(299)
- Japan	130	(130)

10 Other investments

	Group		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Non-current investments			
- Quoted equity investments – available-for-sale	–	1,106,739	1,044,886
- Unquoted equity investments – available-for-sale	–	376,307	115,711
- Quoted equity investments – at FVOCI	740,326	–	–
- Unquoted equity investments – at FVOCI	23,706	–	–
- Unquoted equity investments – mandatorily at FVTPL	717,762	–	–
	1,481,794	1,483,046	1,160,597

Quoted equity investments mainly comprise:

- 10.2% (31 March 2018: 11.5%; 1 April 2017: 13.6%) interest in GLP J-REIT, which is listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange;
- 15.5% (31 March 2018: 15.5%; 1 April 2017: 15.5%) interest in CMST Development Co., Ltd. ("CMSTD"), which is listed on the Shanghai Stock Exchange; and
- 0.9% (31 March 2018: 0.9%; 1 April 2017: 0.9%) shareholdings in Shanghai Lingang Holdings Co., Ltd., which is listed on the Shanghai Stock Exchange.

In June 2018, Shenzhen New Nanshan Holding (Group) Co., Ltd ("SNNH") which is listed on Shenzhen Stock Exchange, issued shares to merge Shenzhen Chiwan Petroleum Supply Base Co., Ltd ("SCPSB") and SNNH, at 3.6004 shares of SNNH for 1 share of SCPSB. As a result, the Group holds 6.1% interest in SNNH (31 March 2018: 19.9% in SCPSB; 1 April 2017: 19.9% in SCPSB).

The quoted equity investments are stated at their fair values at the reporting date, determined by reference to their quoted closing bid price in an active market at the reporting date. The Group's exposure to market risks and fair value information related to other investments are disclosed in Notes 31 and 32.

The unquoted equity investments are stated at their fair values at the reporting date, determined by reference to an internal rate of return agreed with a potential buyer on a willing buyer, willing seller basis, or at net asset value which approximates the investments' fair value.

During the year ended 31 December 2018, the Group also acquired unquoted equity investments in 20 companies in China, 3 companies in Japan and 2 companies in USA (31 March 2018: 17 companies in China; 1 April 2017: 6 companies in China and 3 companies in Japan) at an aggregate consideration of US$335,050,000 (31 March 2018: US$222,983,000; 1 April 2017: US$95,446,000).

10 Other investments (continued)

Reconciliation of Level 3 fair values

	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000
Balance at 1 April	376,307	115,711	29,924
Adjustment on initial application of SFRS(I) 9	32,497	–	–
Net unrealized gains recognized in profit or loss	38,778	–	–
Additions	335,050	222,983	95,446
Disposals	–	(13)	(5,000)
Effects of movements in exchange rates	(41,164)	37,626	(4,659)
Balance at 31 December/31 March	741,468	376,307	115,711

11 Other non-current assets

	Group			Company		
	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000
Trade receivables	38,130	41,842	33,810	–	–	–
Deposits	11,890	20,459	11,688	–	–	–
Prepayments	3,352	2,114	2,568	–	–	–
Amounts due from:						
- joint ventures	24,397	22,700	18,675	–	–	–
- an investee entity	88,060	85,443	60,252	–	–	–
Loans to associate and joint ventures	276,022	49,158	55,409	19,553	–	–
Loans to third parties	122,268	198,079	–	–	–	–
Finance lease receivables (Note 13)	52,065	71,475	36,467	–	–	–
Impairment losses	–	(1,431)	–	–	–	–
	52,065	70,044	36,467	–	–	–
Deferred management costs	44,590	18,286	12,616	–	–	–
Prepaid construction costs	74,838	–	–	–	–	–
Others	838	1,831	273	–	–	–
	736,450	509,956	231,758	19,553	–	–

Management has assessed that no allowance for impairment losses is required in respect of the Group's non-current trade receivables, none of which are past due.

Deposits include an amount of US$8,181,000 (31 March 2018: US$16,773,000; 1 April 2017: US$8,153,000) in relation to the acquisition of new investments.

The amounts due from joint ventures and an investee entity are attributed to the transfer of tenant security deposits to these entities.

The loans to associate and joint ventures are unsecured, bear fixed interest ranging from 4.40% to 10.00% (31 March 2018: 5.39% to 10.00%; 1 April 2017: 5.39% to 8.00%) per annum at the reporting date and are fully repayable by November 2025 (31 March 2018 and 1 April 2017: May 2025).

11 Other non-current assets (continued)

The loans to third parties amounting to US$22,417,000 (31 March 2018: US$198,079,000) in relation to acquisition of new investments are unsecured, bear fixed interest ranging from 8.00% to 18.00% (31 March 2018: 4.90% to 6.00%). Remaining loans to third parties of US$99,851,000 (31 March 2018: Nil%) bear interest at 7.78% (31 March 2018: Nil%) per annum at the reporting date and are fully repayable by October 2020.

12 Trade and other receivables

	Group			Company		
	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000
Trade receivables	74,777	116,265	99,798	–	–	–
Impairment losses	(2,914)	(2,767)	(288)	–	–	–
Net trade receivables	71,863	113,498	99,510	–	–	–
Amounts due from immediate holding company (non-trade)	401,555	–	–	401,555	–	–
Amounts due from subsidiaries:						
- non-trade and interest-free	–	–	–	165,362	152,173	87,720
- non-trade and interest-bearing	–	–	–	1,009,925	1,971,104	1,668,599
Amounts due from associates and joint ventures:						
- trade	114,286	89,420	83,000	–	–	–
- non-trade and interest-free	421,480	108,677	7,765	377	300	283
Amounts due from an investee entity:						
- trade	13,652	16,878	15,179	–	–	–
- non-trade and interest-free	20,169	17,161	16,269	–	–	–
Amounts due from discontinued operation (trade)	–	–	954	–	–	–
Loans to non-controlling interests	5,930	7,213	14,212	–	–	–
Loans to associate and joint ventures	228,592	18,587	21,716	2,046	–	–
Loans to third parties:						
- in relation to acquisition of new investments	315,548	226,849	70,786	–	–	–
- others	34,090	69,237	2,913	–	–	–
	1,555,302	554,022	232,794	1,579,265	2,123,577	1,756,602
Finance lease receivables (Note 13)	180,553	220,598	53,474	–	–	–
Impairment losses	(11,372)	(8,031)	–	–	–	–
	169,181	212,567	53,474	–	–	–
Deposits	202,325	232,747	112,292	189	198	220
Other receivables	185,860	116,918	57,177	1,343	1,711	358
Impairment losses	(12)	(12)	(11)	–	–	–
	185,848	116,906	57,166	1,343	1,711	358
Trade and other receivables	2,184,519	1,229,740	555,236	1,580,797	2,125,486	1,757,180
Other assets	5,836	27,213	5,836	–	–	–
Prepayments	75,409	119,235	88,327	2,748	5,904	1,135
	2,265,764	1,376,188	649,399	1,583,545	2,131,390	1,758,315

12 Trade and other receivables (continued)

The non-trade amounts due from subsidiaries, associates, joint ventures, immediate holding company and an investee entity are unsecured and are repayable on demand. The effective interest rates of non-trade interest-bearing amounts due from subsidiaries at the reporting date range from 3.95% to 6.10% (31 March 2018: 3.95% to 5.61%; 1 April 2017: 3.95% to 5.00%) per annum.

The loans to non-controlling interests are unsecured, bears fixed interest ranging from 0.00% to 10.00% (31 March 2018: unsecured, interest-free; 1 April 2017: unsecured, bears fixed interest of 2.00%) per annum at the reporting date and are repayable on demand. The loans to associate and joint ventures are unsecured, bear fixed interest at the reporting date ranging from 4.40% to 10.00% (31 March 2018: 8.00% to 10.00%; 1 April 2017: 4.35% to 8.00%) per annum and are repayable within the next 12 months.

The loan to third parties in relation to acquisition of new investments are secured, repayable within the next 12 months, and bear fixed interest ranging from 4.90% to 15.00% (31 March 2018: 4.90% to 15.00%; 1 April 2017: 4.90% to 10.00%) per annum, except for US$185,274,000 which is interest-free until completion of the acquisition (31 March 2018: US$23,732,000; 1 April 2017: US$50,730,000). The other loans to third parties are unsecured, repayable within the next 12 months and bear fixed interest at the reporting date ranging from 12.00% to 15.00% (31 March 2018: 9.50% to 12.00%; 1 April 2017: 7.50%) per annum.

Deposits include an amount of US$178,832,000 (31 March 2018: US$209,567,000; 1 April 2017: US$84,091,000) in relation to acquisitions of new investments. Other receivables comprise value added tax receivables and other recoverables (31 March 2018: value added tax receivables and other recoverables; 1 April 2017: proceeds from sale of a property, value added tax receivables and other recoverables). Prepayments include prepaid construction costs of US$Nil (31 March 2018: US$42,621,000; 1 April 2017: US$50,871,000) and prepaid purchase consideration for other assets of US$43,755,000 (31 March 2018: US$42,846,000; 1 April 2017: US$12,364,000).

(a) The maximum exposure to credit risk for trade and other receivables at the reporting date (by country) is:

	Gross 31/12/2018 US$'000	Allowance for doubtful receivables 31/12/2018 US$'000	Gross 31/3/2018 US$'000	Allowance for doubtful receivables 31/3/2018 US$'000	Gross 1/4/2017 US$'000	Allowance for doubtful receivables 1/4/2017 US$'000
Group						
PRC	1,590,338	(14,298)	1,095,472	(10,810)	403,725	(291)
Japan	47,818	–	51,718	–	55,314	–
Singapore	473,118	–	57,505	–	54,403	–
USA	18,615	–	27,588	–	37,817	(8)
Others	68,928	–	8,267	–	4,276	–
	2,198,817	(14,298)	1,240,550	(10,810)	555,535	(299)
Company						
Singapore	1,580,797	–	2,125,486	–	1,757,180	–

12 Trade and other receivables (continued)

(b) The ageing of loans and receivables at the reporting date is:

	Gross 31/12/2018 US$'000	Allowance for doubtful receivables 31/12/2018 US$'000	Gross 31/3/2018 US$'000	Allowance for doubtful receivables 31/3/2018 US$'000	Gross 1/4/2017 US$'000	Allowance for doubtful receivables 1/4/2017 US$'000
Group						
Not past due	1,949,819	–	1,150,251	(8,031)	472,543	–
Past due 1 – 30 days	54,270	(460)	36,087	–	35,727	–
Past due 31 – 90 days	83,871	(1,497)	38,353	–	26,336	(8)
More than 90 days	110,857	(12,341)	15,859	(2,779)	20,929	(291)
	2,198,817	(14,298)	1,240,550	(10,810)	555,535	(299)
Company						
Not past due	1,580,797	–	2,125,486	–	1,757,180	–

The Group's historical experience in the collection of accounts receivables falls within the recorded allowances. Based on historical payment behaviors, and the security deposits, bankers' guarantees and other forms of collateral held, the Group believes that no additional allowance for impairment losses is required in respect of its loans and receivables.

The majority of the trade receivables are due from tenants that have good credit records with the Group. The Group monitors and considers credit risk based on trade and other receivables grouped by reportable business segments, and uses management's judgement in assessing the risk of default. The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

Expected credit loss assessment for trade and other receivables as at 31 December 2018

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade and other receivables as at 31 December 2018:

12 Trade and other receivables (continued)

Expected credit loss assessment for trade receivables as at 31 December 2018 (continued)

	Expected loss rate %	Gross carrying amount US$'000	Lifetime ECL US$'000	12-month expected loss US$'000	Allowance for doubtful receivables US$'000
Not past due	–	1,949,819	–	–	–
Past due 1 – 30 days	0.85	54,270	(460)	–	(460)
Past due 31 – 90 days	0.32 – 7.88	83,871	(716)	(781)	(1,497)
More than 90 days	2.81 – 100	110,857	(1,738)	(10,603)	(12,341)
		2,198,817	(2,914)	(11,384)	(14,298)

Expected loss rates are based on actual loss experience over the past 9 months. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The non-trade amounts due from subsidiaries, associates, joint ventures, immediate holding company and an investee entity are amounts lent to satisfy short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

(c) The movement in allowances for impairment losses in respect of trade and other receivables during the year/period is as follows:

	Group US$'000
At 1 April 2017 under FRS39	299
Recognition of impairment losses	11,556
Amounts utilized	(1,628)
Effect of movements in exchange rates	583
At 31 March 2018 under FRS39	10,810

	Group US$'000
At 1 April 2017 under FRS39	10,810
Adjustment on initial application on SFRS(I) 9	–
At 1 April 2018 per SFRS(I) 9	10,810
Recognition of impairment losses	3,596
Acquisition of subsidiaries	(73)
Effect of movements in exchange rates	(35)
At 31 December 2018	14,298

12 Finance lease receivables

The Group leases vehicles and equipment to non-related parties under finance leases. The agreement expires between 2018 and 2023, and the non-related parties have options to extend these leases at the prevailing market rates.

	Group		
	31/12/2018	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**
Gross receivables due:			
- Not later than one year	188,359	230,174	57,507
- Later than one year but within five years	55,621	74,933	38,517
	243,980	305,107	96,024
Less: Unearned finance income	(11,362)	(13,034)	(6,083)
Less: Impairment losses on finance lease receivables	(11,372)	(9,462)	–
Net investment in finance leases	221,246	282,611	89,941

The net investment in finance leases is analyzed as follows:

	Group		
	31/12/2018	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**
Not later than one year (Note 12)	169,181	212,567	53,474
Later than one year but within five years (Note 11)	52,065	70,044	36,467
	221,246	282,611	89,941

13 Cash and cash equivalents

	Group			Company		
	31/12/2018	**31/3/2018**	**1/4/2017**	**31/12/2018**	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Fixed deposits	47,932	53,511	283,099	35,000	15,000	95,132
Cash at bank	898,966	1,139,164	877,609	182,029	7,319	7,445
Restricted cash deposits	41,471	43,061	49,832	–	–	–
Cash and cash equivalents in the statement of financial position	988,369	1,235,736	1,210,540	217,029	22,319	102,577

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group and Company ranged from 0.01% to 5.97% (31 March 2018: 0.01% to 2.10%; 1 April 2017: 0.01% to 2.52%) per annum and 2.00% (31 March 2018: 1.78%; 1 April 2017: 1.05% to 1.60%) per annum respectively. Interest rates reprice at intervals of one to twelve months.

Restricted cash deposits represent bank balances of certain subsidiaries pledged as security for future investments.

14 Assets and liabilities classified as held for sale and discontinued operation

	Group		
	31/12/2018	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**
Assets classified as held for sale	687,224	1,684,966	808,565
Liabilities classified as held for sale	(426,686)	–	(457,070)
	260,538	1,684,966	351,495

As at 31 December 2018, the assets and liabilities classified as held for sale pertains to equity interest in Shiodome (Fourteen) Logistic Pte. Ltd. and its subsidiaries, and equity interest in Fundo de Investimento em Participacoes Camacari Multiestrategia and its subsidiaries, all of which the Group expects to syndicate within the next 12 months. The assets and liabilities classified as held for sale were stated at fair value less costs to sell at the reporting date, determined based on the estimated syndication consideration.

At 31 March 2018, the assets classified as held for sale comprise 55.25% equity interest in GLP Europe Income Partners I ("GLP EIP I"), the consolidated assets of GLP Europe Development Partners I ("GLP EDP I"), and a portfolio of investment properties in Brazil (Note 4), all of which the Group expects to syndicate within the next 12 months. The assets classified as held for sale were stated at fair value less costs to sell at the reporting date, determined based on the estimated syndication consideration. The results of GLP EDP I were reported as discontinued operation in the consolidated income statement, while the Group equity accounts for only the results of the 10% equity interests in GLP EIP I to be retained and classified as an associate.

On 20 December 2017, the Group acquired 100% equity interests in a portfolio of investment properties located in Europe to form GLP EIP I and GLP EDP I, with a view to syndicate approximately 90% and 85% equity interest within 12 months from the date of acquisition. Subsequent to the acquisition, the Group syndicated 34.75% and 23.60% equity interests in GLP EIP I and GLP EDP I respectively. Pursuant to the syndication of 34.75% equity interest in GLP EIP I, the Group ceased to control GLP EIP I and the remaining equity interests of 55.25% to be syndicated was classified as investment in an associate within assets classified as held for sale.

On 15 December 2016, the Group acquired 100% equity interests in a portfolio of investment properties located in the United States to form GLP US Income Partners III, with a view to syndicate approximately 90% equity interest within 12 months from date of acquisition. Accordingly, the assets and liabilities of GLP US Income Partners III were classified as held for sale and results presented as discontinued operation as at 31 March 2017. Certain investment properties of US$33,650,000 were additionally transferred to GLP US Income Partners III (Note 4). Subsequent to 31 March 2017, the Group completed the syndication of 92% equity interest in GLP US Income Partners III to third party investors. This discontinued operation was stated at fair value less costs to sell of US$344,487,000 as at 31 March 2017, determined based on the estimated syndication consideration.

Results from the discontinued operations amounting to US$Nil (31 March 2018: US$1,450,000; 1 April 2017: US$4,473,000) are presented in the income statement as profit from discontinued operations (net of tax). There are no changes in fair value less costs to sell and no cumulative income or expenses included in other comprehensive income relating to the discontinued operations.

15 Share capital, capital securities and capital management

(a) Share capital

	No. of shares	
	31/12/2018	31/3/2018
	'000	'000
Fully paid ordinary shares, with no par value:		
At 1 April, including treasury shares	4,741,814	4,844,366
Less: Redemption of ordinary shares	(501,368)	–
Less: Treasury shares cancelled	–	(102,552)
At 31 December/31 March, excluding treasury shares	4,240,446	4,741,814

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

During the year ended 31 December 2018, the Company redeemed 501,368,000 ordinary shares from the immediate holding company for a consideration of US$666,677,000.

(b) Movements in the Company's treasury shares were as follows:

	No. of shares	
	31/12/2018	31/3/2018
	'000	'000
At 1 April	–	157,357
Treasury shares transferred pursuant to the GLP Share Plans	–	(54,805)
Treasury shares cancelled	–	(102,552)
At 31 December/31 March	–	–

Following the GLP Privatization, all the remaining 102,552,000 treasury shares were cancelled by the Company.

(c) Capital securities

During the financial year ended 31 March 2012, the Company issued capital securities with a nominal amount of S$750,000,000 (equivalent to US$587,490,000) for cash. Transaction costs incurred in connection with the issuance of capital securities, which was recognized as a deduction from equity, amounted to US$7,764,000. The capital securities were perpetual, subordinated and the distribution of 5.50% on the securities may be deferred at the sole discretion of the Company. As such, the capital securities were classified as equity instruments and recorded in equity in the statement of financial position.

On 17 February 2017 (the "Reclassification Date"), the Company announced its intention to redeem the capital securities and made redemption in whole on the first call date on 7 April 2017 (the "Redemption Date").

16 Share capital, capital securities and capital management (continued)

(d) Capital management

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximize shareholders' value. The Group defines "capital" as including all components of equity.

The Group's capital structure is regularly reviewed. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	Group	
	31/12/2018 US$'000	**31/3/2018 US$'000**
Gross borrowings (net of transaction costs)	10,077,379	7,892,528
Less: Cash and cash equivalents	(988,369)	(1,235,736)
Net debt	9,089,010	6,656,792
Total equity	16,374,424	16,387,482
Net debt to equity ratio	0.56	0.41

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

Except for the requirement on the maintenance of statutory reserve fund by subsidiaries incorporated in the PRC, there were no externally imposed capital requirements.

17 Reserves

	Group			Company		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Capital reserve	72,449	69,275	88,569	(20,064)	(20,064)	(2,037)
Equity compensation reserve	–	–	23,929	–	–	23,929
Hedging reserve	(17,930)	(15,419)	(31,197)	(4,222)	–	(10,566)
Fair value reserve	161,387	339,561	374,477	–	–	–
Other reserve	(699,778)	(699,778)	(699,778)	–	–	–
Reserve for own shares	–	–	(231,752)	–	–	(231,752)
Capital and other reserves	(483,872)	(306,361)	(475,752)	(24,286)	(20,064)	(220,426)
Currency translation reserve	(147,155)	701,349	–	–	–	–
Retained earnings	5,259,789	3,819,666	2,730,825	(158,214)	201,424	397,528
	4,628,762	4,214,654	2,255,073	(182,500)	181,360	177,102

17 Reserves (continued)

Capital reserve comprises mainly capital contributions from shareholders, gains/losses in connection with changes in ownership interests in subsidiaries that do not result in loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Subsidiaries incorporated in the PRC are required by the Foreign Enterprise Law to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities. In accordance with the relevant PRC rules and regulations, and the articles of association of the subsidiaries incorporated in PRC, 10% of the retained earnings are to be transferred to statutory reserves prior to the distribution of dividends to shareholders. As at 31 December 2018, retained earnings include approximately US$13,343,000 (31 March 2018: US$10,241,000; 1 April 2017: US$6,167,000) to be transferred to statutory reserve fund before the distribution of dividends to shareholders.

Equity compensation reserve comprised the cumulative value of employee services received for the issue of shares under the Company's Performance Share Plan and Restricted Share Plan. These share plans have been terminated in connection with the GLP Privatization.

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

As at 31 December 2018, fair value reserve comprises the cumulative net change in the fair value of equity investments measured at FVOCI and are not transferred to profit or loss when derecognized or impaired (31 March 2018 and 1 April 2017: comprises net change in the fair value of available-for-sale financial investments until the investments are derecognized or impaired).

Other reserve comprises the pre-acquisition reserves of those common control entities that were acquired in connection with the Group reorganization which occurred immediately prior to the initial public offering of the Company.

Reserve for the Company's own shares comprised the purchase consideration for issued shares of the Company acquired and held in as treasury shares. This reserve was fully reversed against share capital upon cancellation of the treasury shares held.

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of foreign currency loans and bonds that hedge the Group's net investments in foreign operations.

18 Non-controlling interests

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:

Name of Company	Principal place of business	Ownership interest held by NCI		
		31/12/2018 %	31/3/2018 %	1/4/2017 %
Airport City Development Co., Ltd.	PRC	46.86	46.86	46.86
CLF Fund I, LP	PRC	44.12	44.12	44.12
CLF Fund II, LP	PRC	43.62	43.62	43.62
GLP China Holdings Limited	PRC	33.79	33.79	33.79

18 Non-controlling interests (continued)

The following table summarizes the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with IFRS. See Note 35 for details of the significant subsidiaries of the Group.

31 December 2018	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Results						
Revenue	53,236	123,000	6,034	753,442	142,947	
Profit for the period	249,800	285,254	41,966	1,926,758	426,252	
Other comprehensive income	(75,414)	(177,675)	(38,599)	(1,332,937)	–	
Total comprehensive income	174,386	107,579	3,367	593,821	426,252	
Attributable to:						
- NCI	–	–	216	187,752	–	
- Owners of the Company	174,386	107,579	3,151	406,069	426,252	
Attributable to NCI:						
- Profit for the year	117,056	125,854	18,211	518,240	129,893	909,254
- Other comprehensive income	(35,339)	(78,390)	(16,837)	(381,029)	(82,820)	(594,415)
- Total comprehensive income	81,717	47,464	1,374	137,211	47,073	314,839
Assets and liabilities						
Non-current assets	1,689,348	3,178,894	1,117,008	20,971,120	4,504,309	
Current assets	47,848	114,483	171,996	2,485,722	239,952	
Total assets	1,737,196	3,293,377	1,289,004	23,456,842	4,744,261	
Non-current liabilities	(559,620)	(789,855)	(63,901)	(7,503,273)	(902,701)	
Current liabilities	(192,086)	(360,036)	(510,028)	(2,984,330)	(409,705)	
Total liabilities	(751,706)	(1,149,891)	(573,929)	(10,487,603)	(1,312,406)	
NCI	–	–	(16,557)	(2,600,800)	(47,200)	
Net assets attributable to owners of the Company	985,490	2,143,486	698,518	10,368,439	3,384,655	
Net assets attributable to NCI	461,815	945,654	304,723	3,503,496	891,385	6,107,073
Cash flows from/(used in) operating activities	1,615	84,409	(1,585)			
Cash flows used in investing activities	(1,594)	(126,796)	(439,405)			
Cash flows from financing activities (dividends to NCI: US$Nil)	18,401	2,211	366,640			
Net increase/(decrease) in cash and cash equivalents	18,422	(40,176)	(74,350)			

18 Non-controlling interests (continued)

31 March 2018	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Results						
Revenue	62,804	106,601	401	896,558	171,427	
Profit for the year	52,118	345,053	54,698	1,649,320	338,947	
Other comprehensive income	70,939	162,987	22,156	1,040,848	34,480	
Total comprehensive income	123,057	508,040	76,854	2,690,168	373,427	
Attributable to:						
- NCI	–	–	–	507,878	–	
- Owners of the Company	123,057	508,040	76,854	2,182,290	373,427	
Attributable to NCI:						
- Profit for the year	24,422	152,237	23,859	451,162	116,196	767,876
- Other comprehensive income	33,243	71,910	9,664	286,234	92,687	493,738
- Total comprehensive income	57,665	224,147	33,523	737,396	208,883	1,261,614
Assets and liabilities						
Non-current assets	1,466,921	2,965,508	653,572	19,011,728	4,115,852	
Current assets	42,347	170,420	158,797	2,329,477	1,188,016	
Total assets	1,509,268	3,135,928	812,369	21,341,205	5,303,868	
Non-current liabilities	(497,279)	(831,641)	(47,841)	(6,201,051)	(868,830)	
Current liabilities	(200,886)	(298,382)	(417,039)	(2,911,888)	(322,818)	
Total liabilities	(698,165)	(1,130,023)	(464,880)	(9,112,939)	(1,191,648)	
NCI	–	–	–	(2,294,006)	–	
Net assets attributable to owners of the Company	811,103	2,005,905	347,489	9,934,260	4,112,220	
Net assets attributable to NCI	380,095	884,957	151,589	3,356,787	1,094,134	5,867,562
Cash flows from/(used in) operating activities	15,186	53,437	(678)			
Cash flows used in investing activities	(9,068)	(191,708)	(298,960)			
Cash flows (used in)/from financing activities (dividends to NCI: US$Nil)	(6,670)	144,850	377,616			
Net (decrease)/increase in cash and cash equivalents	(552)	6,579	77,978			

18 Non-controlling interests (continued)

1 April 2017	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Results						
Revenue	55,656	56,440	–	588,276	224,463	
Profit/(Loss) for the year	37,764	83,048	(11,267)	580,688	35,326	
Other comprehensive income	(38,509)	(77,172)	(126)	(464,237)	126	
Total comprehensive income	(745)	5,876	(11,393)	116,451	35,452	
Attributable to:						
- NCI	–	–	–	5,851	–	
- Owners of the Company	(745)	5,876	(11,393)	110,600	35,452	
Attributable to NCI:						
- Profit/(Loss) for the year	17,696	36,641	(4,915)	163,133	50,095	262,650
- Other comprehensive income	(18,045)	(34,048)	(55)	(125,761)	(37,628)	(215,537)
- Total comprehensive income	(349)	2,593	(4,970)	37,372	12,467	47,113
Assets and liabilities						
Non-current assets	1,283,944	2,125,401	217,561	13,997,638	3,989,586	
Current assets	39,258	143,848	63,286	1,289,427	338,818	
Total assets	1,323,202	2,269,249	280,847	15,287,065	4,328,404	
Non-current liabilities	(451,952)	(627,542)	(950)	(4,454,988)	(1,045,384)	
Current liabilities	(183,204)	(198,843)	(220,652)	(1,376,503)	(374,776)	
Total liabilities	(635,156)	(826,385)	(221,602)	(5,831,491)	(1,420,160)	
NCI	–	–	–	(1,715,873)	–	
Net assets attributable to owners of the Company	688,046	1,442,864	59,245	7,739,701	2,908,244	
Net assets attributable to NCI	322,429	636,556	25,845	2,615,245	903,439	4,503,514
Cash flows from operating activities	26,529	15,463	3,429	224,667		
Cash flows used in investing activities	(3,154)	(338,790)	(185,929)	(1,580,965)		
Cash flows (used in)/from financing activities (dividends to NCI: US$Nil)	(22,551)	226,171	162,571	1,251,454		
Net increase/(decrease) in cash and cash equivalents	824	(97,156)	(19,929)	(104,844)		

19 Loans and borrowings

	Group			Company		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Non-current liabilities						
Secured bank loans	2,047,970	1,969,156	1,666,888	–	–	–
Secured bonds	419,359	482,554	531,702	–	–	–
Unsecured bank loans	827,761	29,241	711,164	529,903	–	711,078
Unsecured bonds	4,056,471	1,903,496	1,384,954	1,614,016	1,127,140	1,168,456
	7,351,561	4,384,447	4,294,708	2,143,919	1,127,140	1,879,534
Current liabilities						
Secured bank loans	685,277	343,599	123,904	–	–	–
Secured bonds	3,301	121,881	175,659	–	–	–
Unsecured bank loans	1,895,229	3,004,517	468,340	911,008	1,447,191	64,000
Unsecured bonds	142,011	6,854	–	–	6,854	–
Bank overdrafts	–	31,230	–	–	31,230	–
Capital securities	–	–	536,807	–	–	536,807
	2,725,818	3,508,081	1,304,710	911,008	1,485,275	600,807

(a) Secured and unsecured bank loans

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of US$9,301,387,000 (31 March 2018: US$9,559,195,000; 1 April 2017: US$6,326,577,000) (Note 4).

The effective interest rates for bank borrowings for the Group and Company (taking into account the effects of interest rate swaps) ranged from 0.47% to 6.50% (31 March 2018: 0.56% to 6.86%; 1 April 2017: 0.14% to 5.93%) per annum and 0.70% to 3.58% (31 March 2018: 0.70% to 2.51%; 1 April 2017: 1.01% to 1.70%) per annum.

Maturity of bank loans:

	Group			Company		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Within 1 year	2,580,506	3,348,116	592,244	911,008	1,447,191	64,000
From 1 to 5 years	1,980,111	1,291,543	1,411,670	133,189	–	356,973
After 5 years	895,620	706,854	966,382	396,714	–	354,105
After 1 year	2,875,731	1,998,397	2,378,052	529,903	–	711,078
	5,456,237	5,346,513	2,970,296	1,440,911	1,447,191	775,078

Analysis of bank loans by geographic regions:

	Group			Company		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**1/4/2017 US$'000**
PRC	3,327,114	3,483,345	1,771,234	–	–	–
Japan	435,642	415,977	423,984	–	–	–
USA	252,570	–	–	–	–	–
Singapore	1,440,911	1,447,191	775,078	1,440,911	1,447,191	775,078
	5,456,237	5,346,513	2,970,296	1,440,911	1,447,191	775,078

19 Loans and borrowings (continued)

(b) Secured bonds

The bonds are issued by certain subsidiaries in Japan and are fully secured by investment properties with carrying amounts of US$912,104,000 (31 March 2018: US$1,361,209,000; 1 April 2017: US$1,676,468,000) (Note 4) owned by these subsidiaries.

The effective interest rates as at 31 December 2018 for secured bonds (taking into account the effects of interest rate swaps) ranged from 0.42% to 5.65% (31 March 2018: 0.25% to 1.33%; 1 April 2017: 0.11% to 1.70%) per annum.

Maturity of secured bonds:

	Group		
	31/12/2018	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**
Within 1 year	3,301	121,881	175,659
From 1 to 5 years	205,921	482,554	531,702
After 5 years	213,438	–	–
After 1 year	419,359	482,554	531,702
	422,660	604,435	707,361

(c) Unsecured bonds

The bonds issued by the Group and the Company bear fixed interest rates (taking into account the effects of interest rate swaps) ranging from 2.70% to 5.65% (31 March 2018: 2.70% to 3.88%; 1 April 2017: 2.70% to 3.88%) per annum.

Maturity of unsecured bonds:

	Group			Company		
	31/12/2018	**31/3/2018**	**1/4/2017**	**31/12/2018**	**31/3/2018**	**1/4/2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Within 1 year	142,011	6,854	–	–	6,854	–
From 1 to 5 years	2,934,675	585,227	267,273	492,221	–	50,775
After 5 years	1,121,796	1,318,269	1,117,681	1,121,795	1,127,140	1,117,681
After 1 year	4,056,471	1,903,496	1,384,954	1,614,016	1,127,140	1,168,456
	4,198,482	1,910,350	1,384,954	1,614,016	1,133,994	1,168,456

19 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative liabilities held to hedge borrowings	
	Loans and borrowings	Loans from non-controlling interests (Note 22)	Interest payable (Note 22)	Financial derivative liabilities (Note 20)	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 April 2017	5,599,418	33,332	41,319	26,805	5,700,874
Changes from financing cash flows					
Proceeds from bank loans	4,240,157	–	–	–	4,240,157
Repayment of bank loans	(1,048,045)	–	–	–	(1,048,045)
Proceeds from issue of bonds, net of transaction costs	638,713	–	–	–	638,713
Redemption of bonds	(296,345)	–	–	–	(296,345)
Settlement of financial derivative liabilities	–	–	–	(835)	(835)
Interest paid	–	–	(200,580)	–	(200,580)
Capital securities distribution	(537,363)	–	–	–	(537,363)
Repayments of loans from non-controlling interests	–	(42,233)	–	–	(42,233)
Total changes from financing cash flows	2,997,117	(42,233)	(200,580)	(835)	2,753,469
Changes arising from obtaining or losing control of subsidiaries or other business	(56,497)	50,086	–	–	(6,411)
The effect of changes in foreign exchange rates	335,668	776	1,265	330	338,039
Change in fair value	–	–	–	(6,209)	(6,209)
Other changes					
Amortization of transaction costs of bonds and bank loans	14,982	–	–	–	14,982
Interest expense	–	1,923	204,542	–	206,465
Effective portion of changes in fair value of cash flow hedges	–	–	–	(14,082)	(14,082)
Payment on behalf by immediate holding company	(998,160)	–	(10,804)	–	(1,008,964)
Other changes	(983,178)	1,923	193,738	(14,082)	(801,599)
Balance at 31 March 2018	7,892,528	43,884	35,742	6,009	7,978,163

19 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

	Liabilities					Derivative liabilities held to hedge borrowings	
	Loans and borrowings	Loans from non-controlling interests (Note 22)	Loans from a joint venture (Note 22)	Loans from third parties (Note 22)	Interest payable (Note 22)	Financial derivative liabilities (Note 20)	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 April 2018	7,892,528	43,884	–	–	35,742	6,009	7,978,163
Changes from financing cash flows							
Proceeds from bank loans	3,982,448	–	–	–	–	–	3,982,448
Repayment of bank loans	(3,440,293)	–	–	–	–	–	(3,440,293)
Proceeds from issue of bonds, net of transaction costs	2,755,326	–	–	–	–	–	2,755,326
Redemption of bonds	(304,768)	–	–	–	–	–	(304,768)
Settlement of financial derivative liabilities	–	–	–	–	–	(712)	(712)
Interest paid	–	–	–	–	(193,823)	–	(193,823)
Repayments of loans from non-controlling interests	–	(36,520)	–	–	–	–	(36,520)
Loans from a joint venture	–	–	31,472	–	–	–	31,472
Loans from non-controlling interests	–	2,567	–	–	–	–	2,567
Loans from third party	–	–	–	5,772	–	–	5,772
Total changes from financing cash flows	2,992,713	(33,953)	31,472	5,772	(193,823)	(712)	2,801,469
Changes arising from obtaining or losing control of subsidiaries or other business	(2,705)	–	–	–	–	–	(2,705)
Changes arising from assets and liabilities classified as held for sales	(362,089)	–	–	–	–	–	(362,089)
The effect of changes in foreign exchange rates	(457,302)	1,787	16	42	5,742	(544)	(450,259)
Change in fair value	–	–	–	–	–	744	744
Other changes							
Amortization of transaction costs of bonds and bank loans	14,234	–	–	–	–	–	14,234
Interest expense	–	–	–	–	244,062	–	244,062
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	–	2,524	2,524
Other changes	14,234	–	–	–	244,062	2,524	260,820
Balance at 31 December 2018	10,077,379	11,718	31,488	5,814	91,723	8,021	10,226,143

20 Financial derivative liabilities

	Group			Company		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Non-current liabilities						
Forward foreign exchange contracts	–	–	7,013		–	7,013
Interest rate swaps	6,845	3,901	17,181	4,223	–	10,567
	6,845	3,901	24,194	4,223	–	17,580
Current liabilities						
Forward foreign exchange contracts	–	140	–	–	140	–
Interest rate swaps	1,176	1,968	2,611	–	–	–
	1,176	2,108	2,611	–	140	–
	8,021	6,009	26,805	4,223	140	17,580

Forward foreign exchange contracts and interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forwards pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rates and forward rate curves.

21 Other non-current liabilities

	Group			Company		
	31/12/2018 US$'000	**31/3/2018 US$'000**	**1/4/2017 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**1/4/2017 US$'000**
Security deposits received	186,279	197,230	152,034	–	–	–
Payables for acquisition of investment properties	277	56,818	12,209	–	–	–
Provision for reinstatement costs	882	924	524	100	100	100
Advance rental received	2,826	4,341	5,470	–	–	–
Other payables	–	673	668	–	–	–
Employee bonus/incentive payable	11,288	–	–	11,288	–	–
	201,552	259,986	170,905	11,388	100	100

22 Trade and other payables

	Group			Company		
	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000
Trade payables	19,719	8,737	8,082	–	–	–
Accrued development expenditure	485,018	453,971	429,290	–	–	–
Accrued operating expenses	114,410	92,452	84,328	41,134	15,125	20,202
Advance rental received	38,086	49,503	31,688	–	–	–
Security deposits received	97,965	89,323	104,164	–	–	–
Amounts due to:						
- immediate holding company (non-trade)	–	988,376	–	–	988,376	–
- subsidiaries (non-trade)	–	–	–	433,317	631,608	44,939
- joint ventures and associates (trade)	664	4,817	–	–	–	–
- joint ventures and associates (non-trade)	2,150	5,896	2,041	–	–	–
- non-controlling interests (trade)	1,816	2,366	1,815	–	–	–
Loans from non-controlling interests:						
- interest-free	4,836	1,281	1,740	–	–	–
- interest-bearing	6,882	42,603	31,592	–	–	–
Loan from a joint venture (interest - bearing)	31,488	–	–	–	–	–
Loan from a third party (interest-free)	5,814	–	–	–	–	–
Interest payable	91,723	35,742	41,319	8,127	13,708	29,924
Consideration payable for acquisition of associate and subsidiaries	227,119	136,820	147,945	–	–	–
Consideration payable for acquisition of investment properties	14,423	134,161	63,488	–	–	–
Consideration payable for acquisition of other investments	18,000	–	–	–	–	–
Deposits received and accrued expenses for disposal of investment properties	56,005	61,221	55,712	–	–	–
Other payables	107,049	83,810	57,779	866	7,473	3,634
	1,323,167	2,191,079	1,060,983	483,444	1,656,290	98,699

The non-trade amounts due to immediate holding company, subsidiaries, joint ventures and associates are unsecured, interest-free and are repayable on demand.

The loans from non-controlling interests, joint venture and third parties are unsecured and are repayable on demand. The interest-bearing loans from non-controlling interests bear fixed interests of ranging from 4.00% to 8.00% (31 March 2018: 4.00% to 6.00%; 1 April 2017: 4.00% to 18.00%) per annum. The interest-bearing loan from joint venture bears fixed interests of 6%.

Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

Interest payable include US$Nil (31 March 2018: US$Nil; 1 April 2017: US$14,236,000) accrued distribution on the capital securities (Note 16 (c)).

23 Equity compensation benefits

GLP Share Plans

Prior to the GLP Privatization, the Company has share-based incentive plans, comprising the GLP Performance Share Plan ("GLP PSP") and the GLP Restricted Share Plan ("GLP RSP", together with GLP PSP, hereinafter referred to as the "GLP Share Plans"), whereby performance shares have been conditionally awarded to the employees of the Group. The GLP Share Plans were administered by the Company's then Human Resource and Compensation Committee (the "HRCC") comprising Dr. Seek Ngee Huat, Dr. Dipak Chand Jain and Steven Lim Kok Hoong.

The fair value of GLP PSP and GLP RSP was measured using Monte Carlo simulation. Measurement inputs included the share price on grant date, expected volatility (based on an evaluation of the historic volatility of the Company's share price), expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions were not taken into account in determining fair value.

In connection with the GLP Privatization, the vesting of all outstanding GLP Share Plans were accelerated and fully released on 2 January 2018. Accordingly, the Group recognized share-based expenses in relation to the accelerated vesting of GLP Plans of US$25,732,000 in its profit or loss during the year ended 31 March 2018.

GLP PSP

This relates to compensation costs of the GLP PSP reflecting the benefits accruing to certain employees of the Group. Awards under the GLP PSP represent the right of a participant to receive fully paid shares free of charge, upon the achievement of prescribed performance conditions within the time period prescribed by the HRCC. Awards were released once the performance conditions specified on the date on which the award is to be granted have been achieved or due to accelerated vesting by HRCC in connection with the GLP Privatization. There was no vesting period beyond the performance achievement periods.

Details of the share awards under the GLP PSP are as follows:

	Group 31/3/2018 '000
At 1 April	19,284
Granted during the year	15,180
Vested and released during the year:	
- Equity settled	(31,342)
- Cash settled	(2,326)
Lapsed during the year	(796)
Balance at 31 March	–

23 Equity compensation benefits (continued)

GLP PSP (continued)

The fair value of shares was determined using a Monte Carlo simulation at the measurement date which projects future share price assuming a log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	Group 31/3/2018
Weighted average fair value at measurement date	S$1.42
Volatility based on three-year historical share price from grant date	15.71%
Weighted average share price at grant date	S$2.92
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	1.41%
Expected dividend yield	2.26%

GLP RSP

This relates to compensation costs of the GLP RSP reflecting the benefits accruing to certain employees of the Group and Directors of the Company over the service period to which the performance criteria relate. Awards under the GLP RSP represent the right of a participant to receive fully paid shares free of charge. Awards granted under the GLP RSP were subject to vesting periods unless accelerated by the HRCC but, unlike awards granted under the performance share plan, were not subject to performance targets.

Details of the share awards under the GLP RSP are as follows:

	Group 31/3/2018 '000
At 1 April	16,775
Granted during the year	8,307
Vested and released during the year:	
- Equity settled	(23,463)
- Cash settled	(471)
Lapsed during the year	(1,148)
Balance at 31 March	–

23 Equity compensation benefits (continued)

GLP RSP (continued)

The fair value of shares was determined using a Monte Carlo simulation at the measurement date which projects future share price assuming a log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	Group 31/3/2018
Weighted average fair value at measurement date	S$2.73 - S$2.86
Volatility based on three-year historical share price from grant date	21.62% - 26.21%
Weighted average share price at grant date	S$2.92
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	1.05% - 1.41%
Expected dividend yield	2.23% - 2.28%

The Group recognized total expenses of US$Nil (31 March 2018: US$45,826,000) related to equity and cash settled share-based payment transactions during the year.

24 Revenue

	Group	
	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Revenue recognized over time:		
- Rental and related income	676,696	803,971
- Fund management fee	164,100	181,893
- Financial services	24,585	20,500
Revenue recognized at point in time:		
- Dividend income from other investments	36,974	19,545
- Financial services	70,906	151,813
- Others	2,439	2,211
	975,700	1,179,933

25 Other income

	Group	
	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Changes in fair value of unquoted equity investment at FVTPL	38,778	–
Government grant	6,515	5,421
Investment income	1,320	–
Utility income	1,210	3,700
Others	6,148	343
	53,971	9,464

26 Net finance costs

		Group	
	Note	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Interest income on:			
- fixed deposits and cash at bank		5,251	3,816
- loans to non-controlling interests		255	60
- loans to associate and joint ventures		7,163	6,001
- others		8,176	2,791
		20,845	12,668
Amortization of transaction costs of bonds and bank loans		(14,234)	(14,982)
Interest expenses on:			
- bonds		(126,715)	(64,448)
- bank loans		(116,391)	(139,608)
- loans from non-controlling interests		(944)	(1,923)
- loans from joint ventures		(12)	–
- capital securities[1]		–	(486)
Total borrowing costs		(258,296)	(221,447)
Less: Borrowing costs capitalized in investment properties	4	5,616	7,898
Net borrowing costs		(252,680)	(213,549)
Foreign exchange (loss)/gain		(225,474)	143,305
Changes in fair value of financial derivatives		(744)	6,209
Net finance costs recognized in profit or loss		(458,053)	(51,367)

Note:

[1] Relates to interest expense for the period from 1 April to Redemption Date.

27 Profit before tax

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

	Group	
	Period from 1/4/2018 to 31/12/2018 US$'000	**Year ended 31/3/2018 US$'000**
(a) Non-operating income		
Gain on disposal of joint venture and subsidiaries[1]	194,744	10,566
Loss on disposal of investment properties	(825)	(50)
(Loss)/Gain on disposal of plant and equipment	(73)	17,441
Gain/(Loss) on disposal of assets and liabilities classified as held for sale[2]	296	(944)
Others	4,098	22
	198,240	27,035
(b) Staff costs included in other expenses		
Wages and salaries (excluding contributions to defined contribution plans)	(112,482)	(147,692)
Contributions to defined contribution plans	(4,568)	(5,483)
Share-based expenses:		
- Equity settled	–	(38,760)
- Cash settled	–	(7,067)
(c) Other expenses include:		
Depreciation of plant and equipment	(5,510)	(8,898)
Amortization of intangible assets and deferred management costs	(4,171)	(3,922)
Recognition of impairment losses on trade and other receivables	(3,596)	(12,987)
Plant and equipment written off	53	–
Operating lease expenses	(10,016)	(12,393)
Asset management fees	(2,126)	(3,029)
(d) Other information		
Operating expenses arising from investment properties that generate rental income[3]	(252,553)	(313,085)

Notes:

[1] Comprising gain on reclassification of cumulative exchange differences related to foreign exchange operations to profit or loss of US$30,771,000 (31 March 2018: US$Nil) and net cash gain on disposal of subsidiaries of US$163,973,000 (31 March 2018: net gain of US$10,566,000) (Note 29(b)).

[2] Gain on disposal of assets held for sales for the year ended 31 December 2018 pertains to disposal of a portfolio of investment properties in Brazil. Loss on disposal of assets held for sale for the year ended 31 March 2018 comprise US$1,510,000 gain from disposal of 45.00% equity interest in New Dulles Asset LLC, US$1,048,000 loss on syndication of 92% equity interest in GLP US Income Partners III and US$1,406,000 loss on final settlement from syndication of 90.15% interests in GLP US Income Partners II.

[3] Comprise property-related expenses, staff costs and asset management fees.

28 Tax expense

	Group	
	Period from 1/4/2018 to 31/12/2018 US$'000	Year ended 31/3/2018 US$'000
Current tax		
Current period/year	131,418	58,799
Withholding tax on foreign-sourced income	31,262	29,848
(Over)/Under provision of prior years' tax	(200)	175
	162,480	88,822
Deferred tax		
Origination and reversal of temporary differences	662,035	480,587
	824,515	569,409

Reconciliation of expected to actual tax

Profit before tax	3,172,454	2,648,111
Less: Share of results of associates and joint ventures	(405,894)	(480,138)
Profit before share of results of associates and joint ventures and tax expense	2,766,560	2,167,973
Tax expense using Singapore tax rate of 17%	470,315	368,555
Effect of tax rates in foreign jurisdictions	255,970	142,309
Net income not subjected to tax	(12,960)	(74,552)
Non-deductible expenses	63,358	41,196
Deferred tax assets not recognized	24,257	65,791
Recognition of previously unrecognized tax losses	(10,853)	(8,496)
Withholding tax on foreign-sourced income	31,262	29,748
(Over)/Under provision of prior years' tax	(200)	175
Others	3,366	4,683
	824,515	569,409

29 Notes to the statement of cash flows – Acquisition and disposal

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties in different geographical locations.

(i) The list of subsidiaries acquired during the period ended 31 December 2018 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Hongjin (Beijing) Sports Equipment Co., Ltd.	April 2018	100
Changsha Wangcheng Jingyang Logistics Facilities Co., ltd.	May 2018	80
Shanghai Sanaier Zhenhua Logistics Co., ltd.	June 2018	100
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	July 2018	100
Huayuan Group Ningbo New Material Co., Ltd.	July 2018	100
Hunan Landun Machinery & Equipment Co., Ltd.	July 2018	98
Dexin Telecommunications Technology (Hangzhou) Co., Ltd.	July 2018	100
Kunshan Createc Automation Tech Co., Ltd.	August 2018	100
Soja Logistic Special Purpose Company	August 2018	100
Shanghai Puguang Logistic Development Co., Ltd.	September 2018	100
Ningbo Anqirui Technology Co., Ltd.	September 2018	100
Ningbo Yongrui Zhibo Technology Co., Ltd.	September 2018	100
Ningbo Zhida Hongchuang Technology Co., Ltd.	September 2018	100
Beijing Gangtong Sifang Logistics Co., Ltd.	October 2018	100
East Europe Energy New Technology (Shanghai) Development Cooperation Center Co., Ltd.	October 2018	100
Procurant USA, LLC	October 2018	70
Shanghai Junbo Textile Co., Ltd.	November 2018	80
Haimei (Taicang) Intelligent Technology Development Co., Ltd.	December 2018	70
Hubei Hanhong Tongrui Technology Co., Ltd.	December 2018	51
Guangzhou Xiangxue Airport Cross Border Logistics Co., Ltd.	December 2018	51
Hengtong Group Shanghai Electronic Technology Co., Ltd.	December 2018	100
Kanglian International Food (Hangzhou) Co., Ltd.	December 2018	100
Sanhui Food Logistic (Tianjin) Co., Ltd.	December 2018	90
Shenzhen Lingxian Technology Co., Ltd.	December 2018	55
Tianjin Xiangzhan Logistics Co., Ltd.	December 2018	100

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the period ended 31 December 2018 are provided below:

	Recognized values on acquisition US$'000
Investment properties	1,170,548
Plant and equipment	1,324
Trade and other receivables	37,184
Cash and cash equivalents	12,736
Trade and other payables	(155,715)
Loans and borrowings	(76,331)
Current tax payable	63
Non-controlling interests	(122,361)
Net assets acquired	867,448
Total purchase consideration	(867,448)
Purchase consideration payable	175,957
Purchase consideration satisfied in cash	(691,491)
Cash of subsidiaries acquired	12,736
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(67,997)
Cash outflow on acquisition of subsidiaries	(746,752)

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$867,448,000. From the dates of acquisitions to 31 December 2018, the above-mentioned acquisitions contributed net profit after tax of US$17,376,000 to the Group's results for the period, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 April 2018, management estimates that consolidated revenue would have been US$986,759,000 and consolidated profit after tax for the period would have been US$2,340,745,000.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

(ii) The list of subsidiaries acquired during the year ended 31 March 2018 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Tisheng Sky (HK) Offshore Limited	May 2017	75
Minshang No.6 Network Industry Development Limited	June 2017	95
Minshang(Chengdu Qingbaijiang) Internet of Things Technology Development Co., Ltd.	June 2017	100
Ever Gain Dongguan Investments Limited	June 2017	100
Dongguan Even Profit Logistics Co., Ltd.	June 2017	100
Tianxi Sky (HK) Offshore Limited	June 2017	85
Minshang No.4 Network Industry Development Limited	July 2017	95
Minshang (Wuhan Dongxihu) Internet of Things Technology Development Co., Ltd.	July 2017	95
Hallmark International Investment Limited	July 2017	56
Kunshan Huacheng Weaving & Dyeing Co., Ltd.	July 2017	56
Mengxi Fastener (Kunshan) Co., Ltd.	July 2017	100
Shanghai Zhuorui Packing Co., Ltd	September 2017	100
Kunshan Huaqing Furniture Co., Ltd	September 2017	75
Minshang No.9 Network Industry Development Limited	December 2017	95
Minxi (Hubei) Internet of Things Technology Co., Ltd.	December 2017	95
Wuxi Guolian Logistic Facilities Co., Ltd.	December 2017	60
Shandong Zhenhua Logistics Co., Ltd.	January 2018	56
Shenyang Bangsong Logistics Co., Ltd.	January 2018	100
Xi'an Bailixing Logistics Co., Ltd.	February 2018	56
Nice Up Corporation Limited	March 2018	56
Lide Logistics (Wuhan) Co., Ltd.	March 2018	56
Beijing Jinqiao Jiashen Technology Co., Ltd.	March 2018	100
Changchun Huarun Logistics Co., Ltd.	March 2018	90

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(a) Acquisition of subsidiaries (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 March 2018 are provided below:

	Recognized values on acquisition US$'000
Investment properties	422,622
Deferred tax assets	68
Plant and equipment	660
Trade and other receivables	2,598
Cash and cash equivalents	41,485
Trade and other payables	(76,124)
Loans and borrowings	(17,287)
Current tax payable	(338)
Non-controlling interests	(10,930)
Net assets acquired	362,754
Negative goodwill on acquisition of subsidiaries	–
Total purchase consideration	(362,754)
Purchase consideration payable	77,983
Purchase consideration satisfied in cash	(284,771)
Cash of subsidiaries acquired	41,485
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(88,668)
Cash outflow on acquisition of subsidiaries	(331,954)

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$362,754,000. From the dates of acquisitions to 31 March 2018, the above-mentioned acquisitions contributed net profit after tax of US$24,235,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 April 2017, management estimates that consolidated revenue would have been US$1,194,048,000 and consolidated profit after tax for the year would have been US$2,089,844,000.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(b) Disposal of subsidiaries

(i) The list of subsidiaries disposed during the period ended 31 December 2018 is as follows:

Name of subsidiaries	Date disposed	Equity interest disposed %
Suzhou Industrial Park Genway Factory Building Industrial	May 2018	57
Shanghai Sanaier Zhenhua Logistics Co., Ltd.	September 2018	82
Shanghai Yuhang Anting Logistics Co., Ltd.	November 2018	82
GLP Zhengzhou ILZ Logistics Facilities Co., Ltd.	December 2018	82[1]
Zhonghui (Nanjing) Curtain Wall Technology Co., Ltd.	December 2018	82[1]
GLP Suzhou Development Co., Ltd.	December 2018	65[1]
GLP Changzhou Tianning Logistics Facilities Co., Ltd.	December 2018	80[1]
GLP Deqing Pu'an Logistics Facilities Co., Ltd	December 2018	80[1]
Changchun CMT International Logistic Co., Ltd.	December 2018	80[1]
Shen Yang GLP Jifa Logistics Development Co.Ltd.	December 2018	80[1]
GLP Wangcheng EDZ Logistics Facilities Co., Ltd.	December 2018	80[1]
GLP Shenyang Punan Logistics Facilities Co., Ltd.	December 2018	80[1]
Wuhan Puling Warehousing Services Co., Ltd.	December 2018	80[1]
Nantong Puling Warehousing Service Co., Ltd.	December 2018	80[1]
Chongqing Puqing Warehousing Service Co., Ltd.	December 2018	80[1]

[1] Disposed to China Value-Add Fund II, which is joint venture of the Group.

Effects of disposals

The cash flow and the net assets of subsidiaries disposed during the period ended 31 December 2018 are provided below:

	Recognized values on disposal US$'000
Investment properties	1,634,627
Deferred tax assets	1,545
Plant and equipment	110
Trade and other receivables	19,986
Cash and cash equivalents	83,689
Other assets	555
Trade and other payables	(146,434)
Loans and borrowings	(79,037)
Current tax payable	(1,456)

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(b) Disposal of subsidiaries (continued)

	Recognized values on disposal US$'000
Deferred tax liabilities	(242,909)
Non-controlling interests	(181,783)
Net assets disposed	1,088,893
Gain on disposal of subsidiaries	163,973
Paid by carrying amount of previously held equity interest	28,482
Disposal consideration	1,281,348
Disposal consideration receivable from joint venture	(444,438)
Cash of subsidiaries disposed	(83,689)
Sales consideration satisfied in cash in relation to subsidiaries disposed in prior year	107,471
Cash inflow on disposal of subsidiaries	860,692

From 1 April 2018 to the dates of disposal, the above-mentioned subsidiaries contributed US$55,735,000 and US$117,349,000 to the Group's revenue and net profit after tax for the period ended 31 December 2018 respectively.

(ii) The list of subsidiaries disposed during the year ended 31 March 2018 is as follows:

Name of subsidiaries	Date disposed	Equity interest disposed %
Hangzhou Transfar Lixin Logistics Bas Investment Development Co., Ltd.	August 2017	60
Qingdao Transfar Logistics Base Co., Ltd	August 2017	60
Tianjin Transfar Logistics Base Co., Ltd.	August 2017	60
GLP E Participações S.A.	December 2017	100
Beijing Dream Land Industrial Development Co., Ltd	March 2018	100
Weilong Storage Service (Shanghai) Co., Ltd	March 2018	100

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(b) Disposal of subsidiaries (continued)

Effects of disposals

The cash flow and the net assets of subsidiaries disposed during the year ended 31 March 2018 are provided below:

	Recognized values on disposal US$'000
Investment properties	257,103
Trade and other receivables	7,734
Cash and cash equivalents	6,536
Other assets	183
Trade and other payables	(15,062)
Loans and borrowings	(73,784)
Current tax payable	(77)
Deferred tax liabilities	(21,362)
Other non-current liabilities	(1,559)
Non-controlling interests	(20,137)
Net assets disposed	139,575
Gain on disposal of subsidiaries	10,566
Paid by carrying amount of previously held equity interest	2,379
Disposal consideration	152,520
Disposal consideration receivable	(107,471)
Disposal consideration satisfied in shares of a subsidiary held by non-controlling interests	(30,206)
Cash of subsidiaries disposed	(6,536)
Cash inflow on disposal of subsidiaries	8,307

From 1 April 2017 to the dates of disposal, the above-mentioned subsidiaries contributed US$4,799,999 and US$8,710,000 to the Group's revenue and net profit after tax for the year ended 31 March 2018 respectively.

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(c) Disposal of assets and liabilities classified as held for sale

(i) Details of the disposal of assets and liabilities classified as held for sale during the period ended 31 December 2018 are as follows:

During the period ended 31 December 2018, the Group completed the syndication of 61% equity interest in GLP EDP I, 55.25% equity interest in GLP EIP I and a portfolio of investment properties in Brazil to third party investors.

Effects of disposals

	Recognized values on disposal US$'000
Investment properties	2,600,512
Goodwill and other intangibles	318,219
Trade and other receivables	250,085
Cash and cash equivalents	250,300
Loans and borrowings	(1,204,409)
Other non-current liabilities	(11,770)
Trade and other payables	(11,577)
Deferred tax liabilities	(161,702)
Current tax payable	(65)
Non-controlling interests	(205,925)
Net assets disposed	1,823,668
Equity interest retained as investment in associate	(130,495)
Equity interest previously classified as investment in associate	(90,682)
Gain on disposal of assets and liabilities classified as held for sale	296
Disposal consideration received in prior year	(529,110)
Cash inflow on disposals of assets and liabilities classified as held for sale	1,073,677

29 Notes to the statement of cash flows – Acquisition and disposal (continued)

(c) Disposal of assets and liabilities classified as held for sale (continued)

(ii) Details of the disposal of assets and liabilities classified as held for sale during the year ended 31 March 2018 are as follows:

During the year ended 31 March 2018, the Group completed the syndication of 92% equity interest in GLP US Income Partners III and the disposal of 45.00% equity interest in New Dulles Asset LLC to third party investors.

Effects of disposals

	Recognized values on disposal US$'000
Investment properties	806,059
Trade and other receivables	12,362
Cash and cash equivalents	15,456
Other assets	4,174
Trade and other payables	(13,882)
Loans and borrowings	(446,228)
Other non-current liabilities	(509)
Non-controlling interests	(256,432)
Net assets disposed	121,000
Equity interest retained as investment in associate and joint venture	(30,477)
Gain on disposal of assets and liabilities classified as held for sale	462
Cash of subsidiaries disposed	(15,456)
Cash inflow on disposals of assets and liabilities classified as held for sale	75,529

30 Operating segments

The Group has five reportable geographical segments, representing its operations in the PRC, Japan, USA, Brazil and Europe, which are managed separately due to the different geographical locations. The Group also has two reportable business segments, representing its real estate business and financial services business. The Group's CODM review internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Performance of each reportable segment is measured based on segment revenue and segment earnings before net interest expense, tax expense, and excluding changes in fair value of investment properties held by subsidiaries, associates and joint ventures (net of tax) ("EBIT excluding revaluation"). EBIT excluding revaluation is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within the logistics industry. Segment assets and liabilities are presented net of inter-segment balances.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

30 Operating segments (continued)

Information regarding the Group's reportable geographical segments is presented in the tables below.

Information about reportable geographical segments

	PRC		Japan		USA		Brazil		Europe		Others		Total	
	31/12/2018	31/3/2018	31/12/2018	31/3/2018	31/12/2018	31/3/2018	31/12/2018	31/3/2018	31/12/2018	31/3/2018	31/12/2018	31/3/2018	31/12/2018	31/3/2018
Group	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Continuing operations														
Revenue and expenses														
External revenue	748,700	892,767	134,676	189,609	63,010	82,630	7,906	12,616	21,408	2,311	-	-	975,700	1,179,933
Changes in fair value of investment properties held by subsidiaries	2,433,474	1,680,791	34,008	40,607	-	-	-	(1,667)	-	-	-	-	2,467,482	1,719,731
Share of changes in fair value of investment properties (net of tax) held by associates and joint ventures	75,255	60,841	194,268	173,881	62,040	83,897	(6,591)	56,895	15,203	1,043	-	-	340,175	376,557
Net finance (costs)/income	(399,186)	105,186	(5,773)	(9,494)	970	4,217	(3,624)	(240)	(3)	-	(50,437)	(151,036)	(458,053)	(51,367)
Tax expense	(802,018)	(552,456)	(14,651)	(10,632)	(2,316)	(2,869)	(1,233)	(974)	(2,712)	-	(1,585)	(2,478)	(824,515)	(569,409)
Profit/(Loss) from continuing operations	1,973,600	1,757,150	341,841	374,627	102,221	119,550	526	73,459	(2,628)	(1,826)	(67,621)	(244,258)	2,347,939	2,078,702
Profit/(Loss) from discontinued operation	-	-	-	-	-	7,943	-	-	-	(6,493)	-	-	-	1,450
Profit/(Loss) after tax	1,973,600	1,757,150	341,841	374,627	102,221	127,493	526	73,459	(2,628)	(8,319)	(67,621)	(244,258)	2,347,939	2,080,152
EBIT	3,174,804	2,204,420	362,265	394,753	103,567	131,684	5,383	74,673	87	(8,319)	(15,599)	(90,744)	3,630,507	2,706,467
EBIT excluding revaluation	666,075	462,788	133,989	180,265	41,527	47,787	11,974	19,445	(15,116)	(9,362)	(15,599)	(90,744)	822,850	610,179
Profit attributable to:														
- Owners of the Company ("PATMI")	1,062,310	991,862	341,841	374,627	102,208	123,365	526	73,459	(579)	(6,779)	(67,621)	(244,258)	1,438,685	1,312,276
- NCI	911,290	765,288	-	-	13	4,128	-	-	(2,049)	(1,540)	-	-	909,254	767,876
PATMI excluding revaluation	54,071	295,240	115,265	162,169	40,161	39,468	7,117	17,664	(17,830)	(7,821)	(67,621)	(244,258)	131,163	262,462

30 Operating segments (continued)

Information about reportable geographical segments (continued)

Group	PRC 31/12/2018 US$'000	PRC 31/3/2018 US$'000	PRC 1/4/2017 US$'000	Japan 31/12/2018 US$'000	Japan 31/3/2018 US$'000	Japan 1/4/2017 US$'000	USA 31/12/2018 US$'000	USA 31/3/2018 US$'000	USA 1/4/2017 US$'000	Brazil 31/12/2018 US$'000	Brazil 31/3/2018 US$'000	Brazil 1/4/2017 US$'000
Assets and liabilities												
Investment properties	17,855,646	16,605,068	12,406,581	728,155	1,848,524	2,159,046	539,122	43,837	46,732	–	–	90,219
Associates and joint ventures	1,338,782	702,866	497,293	1,210,641	1,040,722	781,708	740,386	675,506	536,068	629,364	729,835	667,034
Other segment assets	4,090,303	4,025,687	2,380,151	1,152,039	813,652	1,036,096	117,641	92,567	965,415	298,313	254,348	16,491
Reportable segment assets	23,284,731	21,333,621	15,284,025	3,090,835	3,702,898	3,976,850	1,397,149	811,910	1,548,215	927,677	984,183	773,744
Loans and borrowings	(6,130,092)	(4,259,700)	(1,987,732)	(639,790)	(1,020,413)	(1,131,344)	(252,570)	–	–	–	–	–
Other segment liabilities	(3,299,683)	(2,839,071)	(2,147,599)	(424,801)	(207,184)	(209,401)	(35,625)	(13,562)	(469,768)	(192,660)	(164,752)	(33,401)
Reportable segment liabilities	(9,429,775)	(7,098,771)	(4,135,331)	(1,064,591)	(1,227,597)	(1,340,745)	(288,195)	(13,562)	(469,768)	(192,660)	(164,752)	(33,401)
Other information												
Depreciation and amortization	(4,052)	(4,701)	(4,472)	(1,086)	(3,181)	(4,129)	(126)	(156)	(140)	(370)	(677)	(723)
Interest income	14,878	6,887	6,831	–	8	1	2,943	4,217	9,512	83	1,123	531
NCI's share of EBITDA excluding revaluation[1]	280,130	207,699	162,022	–	–	–	–	6,996	3,687	–	–	–
Capital expenditure[2]	763,073	971,169	1,092,143	9,633	12,327	406,900	495,284	6,204	80,681	104	212,817	84,059

Group	Europe 31/12/2018 US$'000	Europe 31/3/2018 US$'000	Europe 1/4/2017 US$'000	Others 31/12/2018 US$'000	Others 31/3/2018 US$'000	Others 1/4/2017 US$'000	Total 31/12/2018 US$'000	Total 31/3/2018 US$'000	Total 1/4/2017 US$'000
Assets and liabilities									
Investment properties	358,760	–	–	–	–	–	19,481,683	18,497,429	14,702,578
Associates and joint ventures	235,135	102,820	–	212,382	–	–	4,366,690	3,251,749	2,482,103
Other segment assets	133,423	1,500,151	–	854,767	108,901	176,921	6,646,486	6,795,306	4,575,074
Reportable segment assets	727,318	1,602,971	–	1,067,149	108,901	176,921	30,494,859	28,544,484	21,759,755
Loans and borrowings	–	–	–	(3,054,927)	(2,612,415)	(2,480,342)	(10,077,379)	(7,892,528)	(5,599,418)
Other segment liabilities	(15,681)	(6,659)	–	(74,606)	(1,033,246)	(85,278)	(4,043,056)	(4,264,474)	(2,945,447)
Reportable segment liabilities	(15,681)	(6,659)	–	(3,129,533)	(3,645,661)	(2,565,620)	(14,120,435)	(12,157,002)	(8,544,865)
Other information									
Depreciation and amortization	(570)	(1)	–	(3,477)	(4,104)	(4,513)	(9,681)	(12,820)	(13,977)
Interest income	1	–	–	2,940	433	3,028	20,845	12,668	19,903
NCI's share of EBITDA excluding revaluation[1]	–	1,541	–	–	–	–	280,130	216,236	165,709
Capital expenditure[2]	359,429	546	–	773	555	2,089	1,628,296	1,203,618	1,665,872

Notes:

1 EBITDA refers to EBIT excluding depreciation and amortization.

2 Capital expenditure includes acquisition, borrowing costs and development expenditure of investment properties and acquisition of plant and equipment.

30 Operating segments (continued)

Information about reportable business segments (continued)

	Real estate		Financial services		Total	
Group	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**
Continuing operations						
Revenue and expenses						
External revenue	879,579	1,007,610	96,121	172,313	975,700	1,179,933
Cost of goods sold	–	–	(70,491)	(149,147)	(70,491)	(149,147)
Net finance costs	(456,020)	(48,863)	(2,033)	(2,504)	(458,053)	(51,367)
Tax expense	(823,949)	(568,989)	(566)	(420)	(824,515)	(569,409)
Profit/(Loss) from continuing operations	2,337,513	2,083,507	10,426	(4,805)	2,347,939	2,078,702
Profit from discontinued operation	–	1,450	–	–	–	1,450
Profit/(Loss) after tax	2,337,513	2,084,957	10,426	(4,805)	2,347,939	2,080,152

31 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Risk management framework

The Group adopts the risk management policies and guidelines of the ultimate holding entity, GLP Holdings, L.P., which has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to meet its contractual obligations. Financial transactions are restricted to counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. In respect of trade receivables, the Group has guidelines governing the process of granting credit and outstanding balances are monitored on an ongoing basis. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and operate in a variety of markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group			Company		
	31/12/2018	31/3/2018	1/4/2017	31/12/2018	31/3/2018	1/4/2017
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Trade and other receivables (non-current and current)	2,798,189	1,711,226	771,810	1,600,350	2,125,486	1,757,180
Cash and cash equivalents	988,369	1,235,736	1,210,540	217,029	22,319	102,577
	3,786,558	2,946,962	1,982,350	1,817,379	2,147,805	1,859,757

31 Financial risk management (continued)

(b) Credit risk (continued)

Exposure to credit risk (continued)

The maximum exposure to credit risk for financial assets at the reporting date by geographic region is as follows:

	Group			Company		
	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000	31/12/2018 US$'000	31/3/2018 US$'000	1/4/2017 US$'000
PRC	2,560,117	2,502,772	1,272,802	–	–	–
Japan	187,590	219,565	389,872	–	–	–
Singapore	711,995	80,215	157,038	1,817,379	2,147,805	1,859,757
US	212,250	86,665	149,220	–	–	–
Europe	108,863	47,899	–	–	–	–
Others	5,743	9,846	13,418	–	–	–
	3,786,558	2,946,962	1,982,350	1,817,379	2,147,805	1,859,757

Expected credit loss assessment for cash and cash equivalents as at 31 December 2018

Impairment on cash and cash equivalents has been measured on the 12 month expected loss basis and reflects the short term maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on external credit ratings of the counterparties and low credit risks exposures. The amount of ECL on cash and cash equivalents was negligible.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains a level of cash and cash equivalents deemed adequate by management to meet the Group's working capital requirement. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

As far as possible, the Group will raise medium and long-term funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

As at 31 December 2018, the Group has unutilized credit and loan facilities amounting to US$1,363,890,000 (31 March 2018: US$1,329,261,000; 1 April 2017: US$2,452,903,000), of which US$34,341,000 (31 March 2018: US$36,020,000; 1 April 2017: US$634,250,000) are committed credit facilities.

As at 31 December 2018, the Company has unutilized credit and loan facilities amounting to US$245,283,000 (31 March 2018: US$192,559,000; 1 April 2017: US$1,538,178,000), of which US$34,341,000 (31 March 2018: US$Nil; 1 April 2017: US$Nil) are committed credit facilities.

31 Financial risk management (continued)

(c) Liquidity risk (continued)

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

Group	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows: Within 1 year US$'000	Cash flows: From 1 to 5 years US$'000	Cash flows: After 5 years US$'000
31 December 2018					
Non-derivative financial liabilities					
Bank loans	5,456,237	5,965,021	2,719,390	2,289,631	956,000
Bonds	4,621,142	5,570,103	349,218	3,680,070	1,540,815
Trade and other payables[1]	1,483,807	1,513,094	1,327,079	150,007	36,008
	11,561,186	13,048,218	4,395,687	6,119,708	2,532,823
Derivative financial liabilities					
Interest rate swaps (net-settled)	8,021	12,908	3,123	8,952	833
	11,569,207	13,061,126	4,398,810	6,128,660	2,533,656
31 March 2018					
Non-derivative financial liabilities					
Bank loans	5,346,513	5,811,591	3,482,784	1,547,653	781,154
Bonds	2,514,785	3,058,001	210,866	1,356,451	1,490,684
Bank overdrafts	31,230	31,230	31,230	–	–
Trade and other payables[1]	2,397,221	2,398,138	2,142,493	221,844	33,801
	10,289,749	11,298,960	5,867,373	3,125,948	2,305,639
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	140				
- Outflow		7,040	7,040	–	–
- Inflow		(6,900)	(6,900)	–	–
Interest rate swaps (net-settled)	5,869	6,727	2,521	4,206	–
	10,295,758	11,305,827	5,870,034	3,130,154	2,305,639

Note:

1 Excludes advance rental received.

31 Financial risk management (continued)

(c) Liquidity risk (continued)

Group	Carrying amount US$'000	Contractual cash flows US$'000	Within 1 year US$'000 (Cash flows)	From 1 to 5 years US$'000 (Cash flows)	After 5 years US$'000 (Cash flows)
1 April 2017					
Non-derivative financial liabilities					
Bank loans	2,970,296	3,357,809	679,912	1,647,546	1,030,351
Bonds	2,092,315	2,519,496	230,718	998,795	1,289,983
Capital securities	536,807	537,292	537,292	–	–
Trade and other payables[1]	1,194,730	1,195,983	1,030,549	126,204	39,230
	6,794,148	7,610,580	2,478,471	2,772,545	2,359,564
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	7,013				
- Outflow		59,478	1,643	57,835	–
- Inflow		(52,434)	(2,012)	(50,422)	–
Interest rate swaps (net-settled)	19,792	20,515	5,834	14,275	406
	6,820,953	7,638,139	2,483,936	2,794,233	2,359,970
Company					
31 December 2018					
Non-derivative financial liabilities					
Bank loans	1,440,911	1,496,370	918,818	161,773	415,779
Bonds	1,614,016	1,978,873	57,173	713,530	1,208,170
Trade and other payables	494,832	483,544	483,444	100	–
	3,549,759	3,958,787	1,459,435	875,403	1,623,949
Derivative financial liabilities					
Interest rate swaps (net-settled)	4,223	8,470	1,584	6,053	833
	3,553,982	3,967,257	1,461,019	881,456	1,624,782

Note:

[1] Excludes advance rental received.

31 Financial risk management (continued)

(c) Liquidity risk (continued)

Company	Carrying amount US$'000	Contractual cash flows US$'000	---- Cash flows ---- Within 1 year US$'000	From 1 to 5 years US$'000	After 5 years US$'000
31 March 2018					
Non-derivative financial liabilities					
Bank loans	1,447,191	1,451,951	1,451,951	–	–
Bonds	1,133,994	1,476,245	49,590	170,353	1,256,302
Capital securities	31,230	31,230	31,230	–	–
Trade and other payables	1,656,390	1,656,390	1,656,290	100	–
	4,268,805	4,615,816	3,189,061	170,453	1,256,302
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	140				
- Outflow		7,040	7,040	–	–
- Inflow		(6,900)	(6,900)	–	–
	4,268,945	4,615,956	3,189,201	170,453	1,256,302
1 April 2017					
Non-derivative financial liabilities					
Bank loans	775,078	812,312	71,234	380,716	360,362
Bonds	1,168,456	1,555,796	44,414	221,399	1,289,983
Capital securities	536,807	537,292	537,292	–	–
Trade and other payables	98,799	98,799	98,699	100	–
	2,579,140	3,004,199	751,639	602,215	1,650,345
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	7,013				
- Outflow		59,478	1,643	57,835	–
- Inflow		(52,434)	(2,012)	(50,422)	–
Interest rate swaps (net-settled)	10,567	10,238	2,650	7,182	406
	2,596,720	3,021,481	753,920	616,810	1,650,751

31 Financial risk management (continued)

(d) Market risk

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

Currency risk

The Group operates mainly in the PRC, Japan, USA, Brazil and Europe. Other than the respective functional currency of the Group's subsidiaries, the foreign currency which the Group has exposure to at the reporting date is the US Dollar.

The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimize net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

The Group's and Company's exposures to foreign currencies (financial assets and liabilities not denominated in the respective entities' functional currencies) as at 31 December 2018, 31 March 2018 and 1 April 2017 are as follows:

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
31 December 2018							
Financial assets							
Cash and cash equivalents	102,140	2,714	2,208	4,891	159,885	2,485	6,270
Trade and other receivables	1,583,371	7,055	56	1	6,601	2,114	39,946
Unquoted equity investments - FVTPL	227,929	448	–	–	–	–	–
	1,913,440	10,217	2,264	4,892	166,486	4,599	46,216
Financial liabilities							
Bank loans	(1,171,082)	(529,903)	(3,159)	(824,924)	–	(568,297)	–
Bonds	(987,030)	(134,766)	–	–	–	(492,221)	–
Trade and other payables	(1,065,991)	(266,558)	–	–	(160,276)	(2,314)	–
	(3,224,103)	(931,227)	(3,159)	(824,924)	(160,276)	(1,062,832)	–
Net financial (liabilities)/assets	(1,310,663)	(921,010)	(895)	(820,032)	6,210	(1,058,233)	46,216
Add: Loans/Bonds designated for net investment hedge	–	664,072	–	–	–	235,808	–
Currency exposure of net financial (liabilities)/assets	(1,310,663)	(256,938)	(895)	(820,032)	6,210	(822,425)	46,216

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
31 March 2018							
Financial assets							
Cash and cash equivalents	254,318	651	663	2,534	11	9,991	31,466
Trade and other receivables	–	26,547	670	–	68,693	2,031	8,070
Available-for-sale financial investments	–	–	–	145,046	–	–	–
	254,318	27,198	1,333	147,580	68,704	12,022	39,536
Financial liabilities							
Bank loans	(882,580)	(948)	–	(445,125)	–	(1,351,195)	–
Bonds	–	(141,415)	–	–	(6,854)	–	–
Bank overdraft	–	–	–	–	–	–	(31,230)
Trade and other payables	(1,902,417)	(626,958)	(27)	–	(115)	(420)	–
	(2,784,997)	(769,321)	(27)	(445,125)	(6,969)	(1,351,615)	(31,230)
Net financial (liabilities)/assets	(2,530,679)	(742,123)	1,306	(297,545)	61,735	(1,339,593)	8,306
Add: Forward foreign exchange contracts	–	–	–	–	6,854	–	31,192
Add: Loans designated for net investment hedge	–	141,415	–	–	–	1,347,190	–
Currency exposure of net financial (liabilities)/assets	(2,530,679)	(600,708)	1,306	(297,545)	68,589	7,597	39,498

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000
1 April 2017					
Financial assets					
Cash and cash equivalents	299,234	1,509	79	1,465	12
Trade and other receivables	–	20,943	69	46	64,316
Available-for-sale financial investments	–	–	–	137,588	–
	299,234	22,452	148	139,099	64,328
Financial liabilities					
Bank loans	(411,550)	(711,078)	–	–	–
Bonds	–	(133,635)	–	–	(50,775)
Capital securities	–	–	(536,807)	–	–
Trade and other payables	(1,608,628)	(39,528)	(15,463)	–	(3,822)
	(2,020,178)	(884,241)	(552,270)	–	(54,597)
Net financial (liabilities)/assets	(1,720,944)	(861,789)	(552,122)	139,099	9,731
Add: Forward foreign exchange contracts	–	–	–	–	50,775
Add: Loans designated for net investment hedge	–	844,713	–	–	–
Currency exposure of net financial (liabilities)/assets	(1,720,944)	(17,076)	(552,122)	139,099	60,506

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Company	Japanese Yen US$'000	Singapore Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
31 December 2018					
Financial assets					
Cash and cash equivalents	54	653	159,885	5	94
Trade and other receivables	7,055	56	6,601	2,114	3,792
	7,109	709	166,486	2,119	3,886
Financial liabilities					
Bank loans	(529,903)	–	–	(566,008)	–
Bonds	(134,766)	–	–	(492,221)	–
Trade and other payables	(266,558)	–	(160,276)	(2,314)	–
	(931,227)	–	(160,276)	(1,060,543)	–
Net financial (liabilities)/assets	(924,118)	709	6,210	(1,058,424)	3,886
Currency exposure of net financial (liabilities)/ assets	(924,118)	709	6,210	(1,058,424)	3,886
31 March 2018					
Financial assets					
Cash and cash equivalents	5	543	11	1	–
Trade and other receivables	25,224	656	68,693	74	–
	25,229	1,199	68,704	75	–
Financial liabilities					
Bank loans	–	–	–	(1,347,190)	–
Bonds	(141,415)	–	(6,854)	–	–
Bank overdraft	–	–	–	–	(31,230)
Trade and other payables	(626,811)	–	(104)	(420)	–
	(768,226)	–	(6,958)	(1,347,610)	(31,230)
Net financial (liabilities)/ assets	(742,997)	1,199	61,746	(1,347,535)	(31,230)
Add: Forward foreign exchange contracts	–	–	6,854	–	31,192
Currency exposure of net financial (liabilities)/ assets	(742,997)	1,199	68,600	(1,347,535)	(38)

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Company	**Japanese Yen US$'000**	**Singapore Dollar US$'000**	**Chinese Renminbi US$'000**
1 April 2017			
Financial assets			
Cash and cash equivalents	1,508	64	12
Trade and other receivables	1,691	69	59,975
	3,199	133	59,987
Financial liabilities			
Bank loans	(711,078)	–	–
Bonds	(133,635)	–	(50,775)
Capital securities	–	(536,807)	–
Trade and other payables	(39,528)	(14,380)	(784)
	(884,241)	(551,187)	(51,559)
Net financial (liabilities)/assets	(881,042)	(551,054)	8,428
Add: Forward foreign exchange contracts	–	–	50,775
Currency exposure of net financial (liabilities)/assets	(881,042)	(551,054)	59,203

Sensitivity analysis

A 10% strengthening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. The Group's outstanding forward foreign exchange contracts have been included in this calculation. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		**Company**	
	31/12/2018 US$'000	**31/3/2018 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**
US Dollar[1]	(131,066)	(253,068)	–	–
Japanese Yen[2]	(25,694)	(60,071)	(92,412)	(74,300)
Singapore Dollar[2]	(89)	131	71	120
Hong Kong Dollar[2]	(82,003)	(29,755)	–	–
Chinese Renminbi[2]	621	6,859	621	6,860
European Dollar[2]	(82,242)	760	(105,842)	(134,754)
Great British Pound[2]	4,622	3,950	389	(4)

Notes:
1 As compared to functional currency of Renminbi.
2 As compared to functional currency of US Dollar.

A 10% weakening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

31 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk

The Group's interest rate risk arises primarily from the interest-earning financial assets and interest-bearing financial liabilities.

The Group manages its interest rate exposure by maintaining a mix of fixed and variable rate borrowings. Where necessary, the Group hedges a portion of its interest rate exposure within the short to medium term by using interest rate derivatives.

At 31 December 2018, the Group and Company has designated interest rate swaps with an aggregate notional contract amount of US$819,607,000 (31 March 2018: US$444,002,000; 1 April 2017: US$1,331,972,000) and US$541,680,000 (31 March 2018: US$Nil; 1 April 2017: US$716,800,000) as cash flow hedges. After taking into account the effects of the interest rate swaps, the Group and Company pays fixed interest rates ranging from 0.42% to 1.36% (31 March 2018: 0.42% to 1.33%; 1 April 2017: 0.42% to 1.60%) per annum and 0.88% to 1.36% (31 March 2018: Nil%; 1 April 2017: 0.83% to 1.09%) per annum and receives a variable rate equal to the Swap Offer Rate on the notional amounts. The aggregate fair value of interest rate swaps held by the Group and Company as at 31 December 2018 is a net liability of US$8,021,000 (31 March 2018: US$5,869,000; 1 April 2017: US$19,792,000) and US$4,223,000 (31 March 2018: US$Nil; 1 April 2017: US$10,567,000) which are designated as cash flow hedges.

During the period/year ended 31 December 2018 and 31 March 2018, there was no ineffectiveness of cash flow hedges recognized in profit or loss.

At the reporting date, the interest rate profile of interest-bearing financial liabilities (after taking into account the effects of the interest rate swaps) are as follows:

	Group		Company	
	Carrying amount US$'000	Principal/ notional amount US$'000	Carrying amount US$'000	Principal/ notional amount US$'000
31 December 2018				
Fixed rate instruments				
Loans and borrowings	5,915,866	5,401,041	3,054,927	2,538,649
Trade and other payables	38,370	38,370	–	–
	5,954,236	5,439,411	3,054,927	2,538,649
Variable rate instruments				
Loans and borrowings	4,161,513	4,166,152	–	–
31 March 2018				
Fixed rate instruments				
Loans and borrowings	3,528,392	3,545,742	2,151,086	2,166,111
Trade and other payables	42,603	42,603	–	–
	3,570,995	3,588,345	2,151,086	2,166,111

31 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

	Group		Company	
	Carrying amount US$'000	Principal/ notional amount US$'000	Carrying amount US$'000	Principal/ notional amount US$'000
Variable rate instruments				
Loans and borrowings	4,364,136	4,334,257	461,329	430,099
1 April 2017				
Fixed rate instruments				
Loans and borrowings	3,331,751	3,356,887	2,480,341	2,502,874
Trade and other payables	31,592	31,592	–	–
	3,363,343	3,388,479	2,480,341	2,502,874
Variable rate instruments				
Loans and borrowings	2,267,667	2,269,296	–	–

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax and equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	100 bp Increase US$'000	100 bp Decrease US$'000	100 bp Increase US$'000	100 bp Decrease US$'000
31 December 2018				
Loans and borrowings	(41,662)	41,662	–	–
31 March 2018				
Loans and borrowings	(43,343)	43,343	(4,301)	4,301

31 Financial risk management (continued)

(d) Market risk (continued)

Other market price risk

Equity price risk arises from quoted available-for-sale equity securities measured at fair value held by the Group. Management of the Group monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Investment Committee.

An increase/(decrease) in 5% of the equity price of quoted equity investments held by the Group at the reporting date would have increased/(decreased) fair value reserve by US$37.0 million (31 March 2018: US$55.3 million; 1 April 2017: US$52.2 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(e) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

31 Financial risk management (continued)

(e) Offsetting financial assets and financial liabilities (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

Group	Gross amounts of recognized financial assets/ (liabilities) US$'000	Gross amounts of recognized financial assets/ (liabilities) offset in the statement of financial position US$'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US$'000	Related amounts not offset in the statement of financial position US$'000	Net amount US$'000
31 December 2018					
Financial liabilities					
Interest rate swaps	(8,021)	–	(8,021)	–	(8,021)
	(8,021)	–	(8,021)	–	(8,021)
31 March 2018					
Financial liabilities					
Forward foreign exchange contracts	(140)	–	(140)	–	(140)
Interest rate swaps	(5,869)	–	(5,869)	–	(5,869)
	(6,009)	–	(6,009)	–	(6,009)
1 April 2017					
Financial liabilities					
Forward foreign exchange contracts	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	(19,792)	–	(19,792)	–	(19,792)
	(26,805)	–	(26,805)	–	(26,805)

31 Financial risk management (continued)

(e) Offsetting financial assets and financial liabilities (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

Company	Gross amounts of recognized financial assets/ (liabilities) US$'000	Gross amounts of recognized financial assets/ (liabilities) offset in the statement of financial position US$'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US$'000	Related amounts not offset in the statement of financial position US$'000	Net amount US$'000
31 December 2018					
Financial liabilities					
Interest rate swaps	(4,223)	–	(4,223)	–	(4,223)
	(4,223)	–	(4,223)	–	(4,223)
31 March 2018					
Financial liabilities					
Forward foreign exchange contracts	(140)	–	(140)	–	(140)
	(140)	–	(140)	–	(140)
1 April 2017					
Financial liabilities					
Forward foreign exchange contracts	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	(10,567)	–	(10,567)	–	(10,567)
	(17,580)	–	(17,580)	–	(17,580)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

32 Fair value of financial assets and liabilities

(a) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount						Fair value			
Group	Note	Fair value – hedging instruments US$'000	Amortized cost US$'000	Equity instrument - Mandatorily at FVTPL US$'000	FVOCI – equity instruments US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
31 December 2018											
Equity investments – at FVOCI	10	–	–	–	764,032	–	764,032	740,326	–	23,706	764,032
Equity investment – mandatorily at FVTPL	10	–	–	717,762	–	–	717,762	–	–	717,762	717,762
Other non-current assets[1]	11	–	613,670	–	–	–	613,670	–	–	617,061	617,061
Trade and other receivables[2]	12	–	2,184,519	–	–	–	2,184,519				
Cash and cash equivalents	14	–	988,369	–	–	–	988,369				
		–	3,786,558	717,762	764,032	–	5,268,352				
Secured bank loans	19	–	–	–	–	(2,733,247)	(2,733,247)	–	(2,733,247)	–	(2,733,247)
Secured bonds	19	–	–	–	–	(422,660)	(422,660)	–	(422,660)	–	(422,660)
Unsecured bank loans	19	–	–	–	–	(2,722,990)	(2,722,990)	–	(2,722,990)	–	(2,722,990)
Unsecured bonds	19	–	–	–	–	(4,198,482)	(4,198,482)	–	(4,097,259)	–	(4,097,259)
Interest rate swaps	20	(8,021)	–	–	–	–	(8,021)	–	(8,021)	–	(8,021)
Other non-current liabilities[3]	21	–	–	–	–	(198,726)	(198,726)	–	–	(189,985)	(189,985)
Trade and other payables[3]	22	–	–	–	–	(1,285,081)	(1,285,081)				
		(8,021)	–	–	–	(11,561,186)	(11,569,207)				

Notes:
[1] Excludes prepayments and deferred management costs.
[2] Excludes other assets and prepayments.
[3] Excludes advance rental received.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount					Fair value			
Group	Note	Fair value – hedging instruments US$'000	Loans and receivables US$'000	Available -for-sale US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
31 March 2018										
Equity investments – available-for-sale	10	–	–	1,483,046	–	1,483,046	1,106,739	–	376,307	1,483,046
Other non-current assets[1]	11	–	489,556	–	–	489,556	–	–	490,055	490,055
Trade and other receivables[2]	12	–	1,229,740	–	–	1,229,740				
Cash and cash equivalents	14	–	1,235,736	–	–	1,235,736				
		–	2,955,032	1,483,046	–	4,438,078				
Secured bank loans	19	–	–	–	(2,312,755)	(2,312,755)	–	(2,312,755)	–	(2,312,755)
Secured bonds	19	–	–	–	(604,435)	(604,435)	–	(604,435)	–	(604,435)
Unsecured bank loans	19	–	–	–	(3,033,758)	(3,033,758)	–	(3,033,758)	–	(3,033,758)
Unsecured bonds	19	–	–	–	(1,910,350)	(1,910,350)	–	(1,904,218)	–	(1,904,218)
Bank overdrafts	19	–	–	–	(31,230)	(31,230)	–	(31,230)	–	(31,230)
Forward foreign exchange contracts	20	(140)	–	–	–	(140)	–	(140)	–	(140)
Interest rate swaps	20	(5,869)	–	–	–	(5,869)	–	(5,869)	–	(5,869)
Other non-current liabilities[3]	21	–	–	–	(255,645)	(255,645)	–	–	(247,896)	(247,896)
Trade and other payables[3]	22	–	–	–	(2,141,576)	(2,141,576)				
		(6,009)	–	–	(10,289,749)	(10,295,758)				

Notes:
1 Excludes prepayments and deferred management costs.
2 Excludes other assets and prepayments.
3 Excludes advance rental received.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount					Fair value			
Group	Note	Fair value – hedging instruments US$'000	Loans and receivables US$'000	Available -for-sale US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
1 April 2017										
Equity investments – available-for-sale	10	–	–	1,160,597	–	1,160,597	1,044,886	–	115,711	1,160,597
Other non-current assets[1]	11	–	216,574	–	–	216,574	–	–	228,637	228,637
Trade and other receivables[2]	12	–	555,236	–	–	555,236				
Cash and cash equivalents	14	–	1,210,540	–	–	1,210,540				
		–	1,982,350	1,160,597	–	3,142,947				
Secured bank loans	19	–	–	–	(1,790,792)	(1,790,792)	–	(1,790,792)	–	(1,790,792)
Secured bonds	19	–	–	–	(707,361)	(707,361)	–	(707,361)	–	(707,361)
Unsecured bank loans	19	–	–	–	(1,179,504)	(1,179,504)	–	(1,179,504)	–	(1,179,504)
Unsecured bonds	19	–	–	–	(1,384,954)	(1,384,954)	–	(1,374,154)	–	(1,374,154)
Capital securities	19	–	–	–	(536,807)	(536,807)	–	(536,807)	–	(536,807)
Forward foreign exchange contracts	20	(7,013)	–	–	–	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	20	(19,792)	–	–	–	(19,792)	–	(19,792)	–	(19,792)
Other non-current liabilities[3]	21	–	–	–	(165,435)	(165,435)	–	–	(158,001)	(158,001)
Trade and other payables[3]	22	–	–	–	(1,029,295)	(1,029,295)				
		(26,805)	–	–	(6,794,148)	(6,820,953)				

Notes:
1 Excludes prepayments and deferred management costs.
2 Excludes other assets and prepayments.
3 Excludes advance rental received.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Fair value - hedging instruments US$'000	Amortized cost US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Company									
31 December 2018									
Other non-current assets	11	–	19,553	–	19,553	–	–	17,769	17,769
Trade and other receivables[1]	12	–	1,580,797	–	1,580,797				
Cash and cash equivalents	14	–	217,029	–	217,029				
		–	1,817,379	–	1,817,379				
Unsecured bank loans	19	–	–	(1,440,911)	(1,440,911)	–	(1,440,911)	–	(1,440,911)
Unsecured bonds	19	–	–	(1,614,016)	(1,614,016)	–	(1,512,793)	–	(1,512,793)
Interest rate swaps	20	(4,223)	–	–	(4,223)	–	(4,223)	–	(4,223)
Other non-current liabilities	21	–	–	(11,388)	(11,388)	–	(11,388)	–	(11,388)
Trade and other payables	22	–	–	(483,444)	(483,444)				
		(4,223)	–	(3,549,759)	(3,553,982)				

Note:
[1] Excludes prepayments.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
	Note	Fair value – hedging instruments US$'000	Loans and receivables US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Company									
31 March 2018									
Trade and other receivables[1]	12	–	2,125,486	–	2,125,486				
Cash and cash equivalents	14	–	22,319	–	22,319				
		–	2,147,805	–	2,147,805				
Unsecured bank loans	19	–	–	(1,447,191)	(1,447,191)	–	(1,447,191)	–	(1,447,191)
Unsecured bonds	19	–	–	(1,133,994)	(1,133,994)	–	(1,127,863)	–	(1,127,863)
Bank overdraft	19	–	–	(31,230)	(31,230)	–	(31,230)	–	(31,230)
Forward foreign exchange contracts	20	(140)	–	–	(140)	–	(140)	–	(140)
Other non-current liabilities	21	–	–	(100)	(100)	–	–	(100)	(100)
Trade and other payables	22	–	–	(1,656,290)	(1,656,290)				
		(140)	–	(4,268,805)	(4,268,945)				
1 April 2017									
Trade and other receivables[1]	12	–	1,757,180	–	1,757,180				
Cash and cash equivalents	14	–	102,577	–	102,577				
		–	1,859,757	–	1,859,757				
Unsecured bank loans	19	–	–	(775,078)	(775,078)	–	(775,078)	–	(775,078)
Unsecured bonds	19	–	–	(1,168,456)	(1,168,456)	–	(1,157,656)	–	(1,157,656)
Capital securities	19	–	–	(536,807)	(536,807)	–	(536,807)	–	(536,807)
Forward foreign exchange contracts	20	(7,013)	–	–	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	20	(10,567)	–	–	(10,567)	–	(10,567)	–	(10,567)
Other non-current liabilities	21	–	–	(100)	(100)	–	–	(100)	(100)
Trade and other payables	22	–	–	(98,699)	(98,699)				
		(17,580)	–	(2,579,140)	(2,596,720)				

Note:
[1] Excludes prepayments.

32 Fair value of financial assets and liabilities (continued)

(b) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The reconciliation from the beginning balance to the ending balance for Level 3 fair value measurements for investment properties is presented in Note 4 and unquoted equity investments – available-for-sale, equity investments – at FVOCI and equity investments – mandatorily at FVTPL are presented in Note 10.

(ii) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Equity investments – at FVOCI	The fair value of the underlying assets and liabilities of the entity to which the financial instrument relates.
Equity investments – mandatorily at FVTPL	The unquoted equity investments are stated at their fair values at the reporting date, determined by reference to an internal rate of return agreed with a potential buyer on a willing buyer, willing seller basis, or at net asset value which approximates the investments' fair value.
Financial derivative instruments: - Interest rate swaps - Forward foreign exchange contracts	The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique	Inputs used in determining fair value
Loans to associate and joint ventures, security deposits and loans and borrowings	Discounted cash flows	Government yield curve at the reporting date plus an adequate credit spread.

(iii) Transfer between Level 1 and 2

During the period/year ended 31 December 2018 and 31 March 2018, there were no transfers between Level 1 and 2 of the fair value hierarchy.

33 Commitments and contingent liabilities

The Group had the following commitments and contingent liabilities as at the reporting date:

(a) Operating lease commitments

(i) Operating lease rental payable

The Group leases mainly office premises from non-related parties under non-cancellable operating leases. Future minimum lease payments for the Group are as follows:

	Group		**Company**	
	31/12/2018 US$'000	**31/3/2018 US$'000**	**31/12/2018 US$'000**	**31/3/2018 US$'000**
Lease payments payable:				
- Within 1 year	11,673	12,598	709	745
- After 1 year but within 5 years	5,258	13,840	113	675
	16,931	26,438	822	1,420

(ii) Operating lease rental receivable

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

	Group	
	31/12/2018 US$'000	**31/3/2018 US$'000**
Lease rentals receivable:		
- Within 1 year	757,260	788,552
- After 1 year but within 5 years	1,358,311	1,356,047
- After 5 years	649,841	491,097
	2,765,412	2,635,696

(b) Other commitments

	Group	
	31/12/2018 US$'000	**31/3/2018 US$'000**
Commitments in relation to share capital of other investments not yet due and not provided for	39,622	–
Development expenditure contracted but not provided for	845,701	522,751

34 Significant related party transactions

Remuneration of key management personnel

In accordance with SFRS(I) 1-24 *Related Party Disclosures*, key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For purposes of SFRS(I) 1-24 *Related Party Disclosures*, the executive directors are considered key management personnel of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Group	
	Period from 1/4/2018 to 31/12/2018 US$'000	**Year ended 31/3/2018 US$'000**
Wages and salaries (excluding contributions to defined contribution plans)	2,330	7,806
Contributions to defined contribution plans	14	26
Share-based expenses, equity settled	382	1,964
	2,726	9,796

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial period/year:

	Group	
	Period from 1/4/2018 to 31/12/2018 US$'000	**Year ended 31/3/2018 US$'000**
Associates and joint ventures		
Asset and investment management fee income from associates and joint venture funds	95,643	111,920
Development and other management fee income from associates and joint venture funds	28,773	35,085
Promote fees income from associates and joint venture funds	5,483	–
Asset and investment management fee income from other associates and joint ventures	3,405	3,023
Development and other management fee income from other associates and joint ventures	1,747	1,057
Subsidiaries of a substantial shareholder		
Operating lease expenses paid/payable	(4,622)	(6,430)
A company in which a Director of the Company has substantial financial interests		
Reimbursement of office expenses and allocation of expenses	(142)	(108)

35 Significant subsidiaries

Details of significant subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group		
			31/12/2018 %	31/3/2018 %	1/4/2017 %
GLP Japan Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100	100
Japan Logistic Properties 1 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100	100
Osaka Logistic SPC	Property investment	Japan	100	100	100
Yokohama Logistic SPC	Property investment	Japan	100	100	100
Japan Logistic Properties 2 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100	100
Japan Logistic Properties 3 Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	100	100
Azalea SPC	Property investment	Japan	100	100	100
Japan Logistic Properties 4 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100	100
GLP Capital Japan 2 Pte. Ltd. and its subsidiary	Investment holding	Singapore	100	100	100
GLP Japan Development Investors Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100	100
GLP Japan Development Investors 2 Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100	100
GLP Light Year Investment Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100	100
GLP Brazil Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100	100[3]
BLH (1) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100	100
BLH (2) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100	100
BLH (3) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100	100

35 Significant subsidiaries (continued)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 31/12/2018 %	31/3/2018 %	1/4/2017 %
BLH (4) Pte. Ltd.	Investment holding	Singapore	100	100	100
GLP Investment Holdings[2]	Investment holding	Cayman Islands	100	100	100
New GLP Holdings, LLC and its joint venture[1]	Investment holding	US	100	100	100
New Western Holdings, LLC and its associate[1]	Investment holding	US	100	100	100
New Harvest Holdings, LLC and its subsidiaries	Investment holding	US	100	100	100
CLH Limited and its significant subsidiaries[2]	Investment holding	Cayman Islands	100	100	100
GLP China Holdings Limited and its significant subsidiaries:	Investment holding	Hong Kong	66.21	66.21	66.21
GLP China Asset Holdings Limited	Investment holding	Hong Kong	66.21	66.21	66.21
GLP HK Holdings Limited	Investment holding	Hong Kong	66.21	66.21	66.21
CLF Singapore Pte. Ltd.	Investment holding	Singapore	37.00	37.00	37.00
GLP Beijing Airport Logistics Development Co. Ltd.	Property investment	PRC	66.21	66.21	66.21
GLP I-Park Xi'An Science & Technology Industrial Development Co., Ltd.	Property investment	PRC	32.05	30.90	30.90
Beijing Lihao Science & Technology Co., Ltd.	Property investment	PRC	58.26	58.26	56.28
Airport City Development Co., Ltd.	Property investment	PRC	35.18	35.18	35.18
Beijing Sifang Tianlong Medicine Logistic Co., Ltd.	Property investment	PRC	66.21	–	–
Shenzhen Lingxian Technology Co., Ltd.[3]	Property investment	PRC	36.42	–	–
GLP Shanghai international Supply Chain Management Co., Ltd.	Property investment	PRC	37.00	37.00	37.00

35 Significant subsidiaries (continued)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 31/12/2018 %	31/3/2018 %	1/4/2017 %
China Management Holdings (Hong Kong) Limited	Investment holdings	Hong Kong	66.21	66.21	66.21
GLP Suzhou Share Service Co., Ltd	Property management	PRC	66.21	66.21	66.21
GH Investment 1 Limited	Investment holding	Hong Kong	66.21	66.21	66.21
GLP Investment Management Pte. Ltd. and its subsidiaries:	Investment holding and fund management	Singapore	100	100	100
GLP Brasil Gestão de Recursos e Administração Imobiliária Ltda	Property management	Brazil	100	100	100
GLP US Management LLC	Property management	US	99	99	99
GLP UK Management Limited[5]	Property management	UK	100	100[4]	–

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries unless otherwise indicated.

Notes:

1 Significant associates and joint ventures of the Group are disclosed in Note 6 to the financial statements.
2 Not required to be audited by laws of country of incorporation.
3 Incorporated during the year ended 31 December 2018.
4 Incorporated during the year ended 31 March 2017.
5 Incorporated during the year ended 31 March 2018.
6 Audited by Deloitte LLP UK for the year ended 31 December 2018.

36 Subsequent events

Subsequent to 31 December 2018, the following events occurred:

(i) On 31 January 2019, the Group issued RMB1.5 billion (equivalent to approximately US$219.0 million) of RMB denominated Commercial Mortgage Backed Securities (the "CMBS") on Shanghai Stock Exchange. The CMBS is due on 12 January 2037 with a fixed interest rate of 4.49% per annum, with a coupon reset and an option to redeem every three years.

(ii) On 26 February 2019, the Group issued USD500.0 million of Medium Term Note (the "MTN") on The Stock Exchange of Hong Kong Ltd. The MTN is due on 26 February 2024 with a fixed interest rate of 4.974% per annum.

36 Subsequent events (continued)

(iii) On 19 March 2019, the Group issued RMB3.3 billion (equivalent to approximately US$481.0 million) of RMB denominated Bonds (the "OBOR Panda Bond") on the Shenzhen Stock Exchange. The OBOR Panda Bond is due on 18 March 2028 with fixed interest rate of 4.35% per annum, with a coupon reset and option to redeem on 18 March 2022 and 18 March 2025.

(iv) On 31 January 2019, the Group received net proceeds of JPY13 billion (equivalent to approximately US$117.4 million) in relation to the syndication of Shiodome (Fourteen) Logistic Pte. Ltd. and its subsidiaries which have been classified as held for sale (Note 14)

(v) On 25 March 2019, the Company resolved to purchase 74,969,554 of ordinary shares from GLP Bidco Limited, the sole member of the Company, for an aggregate sum of SGD133.0 million (equivalent to approximately US$100.0 million) in cash.

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to IFRS as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the period ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 March 2018 and in the preparation of the opening SFRS (1) Statement of financial position at 1 April 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I).

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts* – Applying IFRS 9 Financial Instruments with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of Investment Property issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration.*

The application of the above standards and interpretations do not have a significant impact on the financial statements except for SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) have affected the Group's financial position, financial performance and cash flows and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

Summary of quantitative impact

The adoption of SFRS(I) does not have any impact to the Company's balance sheets as at 1 April 2017, 31 March 2018 and 1 April 2018.

The following reconciliations summarizes the impacts on initial application of SFRS(I) 1 and SFRS(I) 9 on the Group's financial position as at 1 April 2017, 31 March 2018 and 1 April 2018. There were no material adjustments to the Group's income statement, statement of comprehensive income and statement of cash flows for the year ended 31 March 2018 arising on transition to SFRS(I).

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

Consolidated statement of financial position

The Group Balance Sheet	Note	As at 31 March 2018 FRS framework US$'000	SFRS(I) 1 US$'000	As at 31 March 2018 SFRS(I) framework US$'000	SFRS(I) 9 US$'000	As at 1 April 2018 SFRS(I) framework US$'000
Non-current assets						
Investment properties		18,497,429	–	18,497,429	–	18,497,429
Subsidiaries		–	–	–	–	–
Associates and joint ventures		3,251,749	–	3,251,749	–	3,251,749
Deferred tax assets		11,879	–	11,879	–	11,879
Plant and equipment		19,232	–	19,232	–	19,232
Intangible assets		474,303	–	474,303	–	474,303
Other investments	C(i)	1,483,046	–	1,483,046	32,497	1,515,543
Other non-current assets		509,956	–	509,956	–	509,956
		24,247,594	–	24,247,594	32,497	24,280,091
Current assets						
Trade and other receivables		1,376,188	–	1,376,188	–	1,376,188
Cash and cash equivalents		1,235,736	–	1,235,736	–	1,235,736
Assets classified as held for sale		1,684,966	–	1,684,966	–	1,684,966
		4,296,890	–	4,296,890	–	4,296,890
Total assets		28,544,484	–	28,544,484	32,497	28,576,981
Equity attributable to owners of the Company						
Share capital		6,305,266	–	6,305,266	–	6,305,266
Reserves	A(i), C(iii)	4,214,654	–	4,214,654	16,632	4,231,286
		10,519,920	–	10,519,920	16,632	10,536,552
Non-controlling interests	C(iii)	5,867,562	–	5,867,562	8,488	5,876,050
Total equity		16,387,482	–	16,387,482	25,120	16,412,602

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

Consolidated statement of financial position (continued)

The Group Balance Sheet	Note	As at 31 March 2018 FRS framework US$'000	SFRS(I) 1 US$'000	As at 31 March 2018 SFRS(I) framework US$'000	SFRS(I) 9 US$'000	As at 1 April 2018 SFRS(I) framework US$'000
Non-current liabilities						
Loans and borrowings		4,384,447	–	4,384,447	–	4,384,447
Financial derivative liabilities		3,901	–	3,901	–	3,901
Deferred tax liabilities	C(iii)	1,776,582	–	1,776,582	7,377	1,783,959
Other non-current liabilities		259,986	–	259,986	–	259,986
		6,424,916	–	6,424,916	7,377	6,432,293
Current liabilities						
Loans and borrowings		3,508,081	–	3,508,081	–	3,508,081
Trade and other payables		2,191,079	–	2,191,079	–	2,191,079
Financial derivative liabilities		2,108	–	2,108	–	2,108
Current tax payable		30,818	–	30,818	–	30,818
		5,732,086		5,732,086	–	5,732,086
Total liabilities		12,157,002	–	12,157,002	7,377	12,164,379
Total equity and liabilities		28,544,484	–	28,544,484	32,497	28,576,981

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

Notes to the reconciliations

A. SFRS(I) 1

In adopting SFRS(I)1 in financial period ending 31 December 2018, the Group has applied the transition requirements in SFRS(I)1 with 1 April 2017 as the date of transition. SFRS(I)1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I)1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I)1 did not have any significant impact on the financial statements.

(i) Foreign currency translation reserve (FCTR)

The Group considers that restating FCTR to comply with current SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of US$1,173,375,000 as at 1 April 2017 determined in accordance with FRS at that date to retained earnings.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR increased by US$1,173,375,000 and retained earnings decreased by the same amount as at 31 March 2018.

B. SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognized as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach.

The adoption of SFRS(I) 15 has not had a significant effect on the financial performance or position of the Group and the Company.

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

C. SFRS(I) 9

SFRS(I) 9 *Financial Instruments* sets out requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' (ECL) model and a new general hedge accounting model. The Group adopted SFRS(I) 9 from 1 April 2018.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for the year ended 31 March 2018. Accordingly, the information presented for the year ended 31 March 2018 is presented, as previously reported, under FRS 39 *Financial Instruments: Recognition and Measurement*. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognized in retained earnings and reserves as at 1 April 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 *Financial Instruments: Disclosures* for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 April 2018.
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as at FVOCI; and
  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at FVTPL.
- New hedge accounting requirements are applied prospectively. All hedging relationships designated under FRS 39 at 31 March 2018 met the criteria for hedge accounting under SFRS(I) 9 at 1 April 2018 and therefore were regarded as continuing hedging relationships.

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

C. SFRS(I) 9 (continued)

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

(i) Classification of financial assets and financial liabilities

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortized cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and related gains and losses under SFRS(I) 9, see Note 3.3(ii).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 April 2018.

Group

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39 US$'000	New carrying amount under SFRS(I) 9 US$'000
Financial assets					
Other investments	(a)	Available-for-sale	FVOCI – equity investment	1,106,739	1,106,739
Other investments	(b)	Available-for-sale	FVTPL – equity investment	376,307	408,804
Other non-current assets	(c)	Loans and receivable	Amortized cost	489,556	489,556
Trade and other receivables	(c)	Loans and receivable	Amortized cost	1,229,740	1,229,740
Cash and cash equivalents	(c)	Loans and receivable	Amortized cost	1,235,736	1,235,736
Total financial assets				4,438,078	4,470,575

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

C. SFRS(I) 9 (continued)

(i) Classification of financial assets and financial liabilities (continued)

Company

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	1 April 2018 Original carrying amount under FRS 39 US$'000	New carrying amount under SFRS(I) 9 US$'000
Financial assets					
Trade and other receivables	(c)	Loans and receivable	Amortized cost	2,125,486	2,125,486
Cash and cash equivalents	(c)	Loans and receivable	Amortized cost	22,319	22,319
Total financial assets				2,147,805	2,147,805

(a) These equity investments represent investments that the Group intends to hold for the long term for strategic purposes. The Group has designated these investments at 1 April 2018 as measured at FVOCI. Unlike FRS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.

(b) Under FRS 39, these equity investments were designated at available-for-sale and measured at cost less impairment losses as their fair value could not be reliably measured. These assets have been classified as mandatorily measured under FVTPL under SFRS(I) 9.

(c) Non-current assets, trade and other receivables and cash and cash equivalents that were classified as loans and receivables under FRS 39 are now classified at amortized cost. The adoption of SFRS(I) 9 has not had a significant effect on the non-current assets, trade and other receivables and cash and cash equivalents of the Group and Company.

(ii) Impairment of financial assets

SFRS(I) 9 replaces the 'incurred loss' model in FRS 39 with an expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortized cost and debt investments at FVOCI, but not to equity investments.

The adoption of SFRS(I) 9 has not had a significant effect on the allowances for impairment of the Group and the Company.

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

C. SFRS(I) 9 (continued)

(iii) Transition impact on equity

The following table summarizes the impact, net of tax, of transition to SFRS(I) 9 on retaining earnings and non-controlling interests at 1 April 2018.

	Impact of adopting SFRS(I) 9 at 1 April 2018 US$'000
Retained earnings	
Closing balance under FRS 39 (31 March 2018)	4,993,041
Change in fair value relating to equity investments now measured at FVTPL	21,516
Related tax	(4,884)
Opening balance under SFRS(I) 9 (1 April 2018)	5,009,673
Non-controlling interests	
Closing balance under FRS 39 (31 March 2018)	5,867,562
Change in fair value relating to equity investments now measured at FVTPL	10,981
Related tax	(2,493)
Opening balance under SFRS(I) 9 (1 April 2018)	5,876,050

Applicable to financial statements for the year ending 31 December 2019 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 April 2018:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

The Group has assessed the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use (ROU) asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Group and the Company plan to apply SFRS(I) 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group and the Company plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that they will apply SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

i. ***The Group and the Company as lessee***

The Group and the Company expect to measure lease liabilities by applying a single discount rate to their portfolio of distribution and office leases. Furthermore, the Group and the Company are likely to apply the practical expedient to recognize amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group and the Company are expected to use hindsight in determining the lease term.

The Group and the Company expect their existing operating lease arrangements to be recognized as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every five years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the Group expects an increase in ROU assets and lease liabilities of US$16,931,000. The Company expects an increase in ROU assets and lease liabilities of US$822,000 as at 1 January 2019.

The nature of expenses related to those leases will change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

No significant impact is expected for the Group's and the Company's finance leases.

37 Transition to Singapore Financial Reporting Standards (SFRS(I)) and adoption of new standards (continued)

ii. ***The Group as lessor***

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively.

No significant impact is expected for other leases in which the Group is a lessor.

38 Change of financial year end

During the financial period, the Company changed its financial period end from 31 March to 31 December. Accordingly, the financial statements for the current period cover a period of 9 months from 1 April 2018 to 31 December 2018.

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Independent auditors' report

Member of the Company
GLP Pte. Ltd. (formerly known as Global Logistic Properties Limited)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of GLP Pte. Ltd. (formerly known as Global Logistic Properties Limited) (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 March 2018, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages FS1 to FS105.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards ("FRS") to give a true and fair view of the consolidated financial position of the Group and of the Company as at 31 March 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (cont'd)

Valuation of investment properties
(Refer to Note 4 – Investment properties)

Risk:

The Group has a significant portfolio of investment properties comprising logistic properties located in the People's Republic of China ("PRC"), Japan, United States of America ("USA"), Brazil and Europe which are held through subsidiaries, associates and joint ventures.

These investment properties are stated at their fair values based on independent external valuations, with changes in fair value recognised in profit or loss.

The valuation process involves significant judgment in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are sensitive to key assumptions applied in deriving the capitalization, discount and terminal yield rates.

Our response:

We evaluated the qualifications and competency of the external valuers and made inquiries with the valuers to understand their valuation methods and the assumptions and basis applied.

We considered the valuation methodologies used against those applied by other valuers for logistic facilities in PRC, Japan, USA, Brazil and Europe. We assessed the reasonableness of projected cash flows used in the valuation to supporting leases and externally available industrial and economic data. We also assessed the reasonableness of capitalization rates, discount rates and terminal yield rates used in the valuations by comparing these against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside our expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

Our findings:

The valuers are members of generally-recognized professional bodies for real estate valuers and have recent experience in the location and category of the respective investment property being valued. The valuation methodologies used by the valuers are consistent with generally accepted market practices. The key assumptions used in the valuations, including projected cash flows, market rental growth rates, capitalization rates, discount rates and terminal yield rates, were substantiated by supporting leases or within the range of historical rates and industry data.

Key audit matters (cont'd)

Recoverable amount of goodwill
(Refer to Note 9 – Intangible assets)

Risk:

The Group recognizes goodwill of US$449.0 million on its statement of financial position in connection with the acquisitions of Global Logistic Properties Holdings Limited and Airport City Development Co., Ltd during the financial year ended 31 March 2011.

Goodwill is tested for impairment annually by estimating the recoverable amount of each identifiable cash-generating unit ("CGU") which goodwill has been allocated to. Management applies the value in use (discounted cash flow) method to determine the recoverable amount of each CGU.

The measurement of value in use as the recoverable amount of each identifiable CGU for operations in China and Japan involves significant judgment and estimation in determining the cash flow forecasts, and risk-free, discount and terminal growth rates.

Our response:

We evaluated management's determination of CGUs based on our knowledge of the business acquisitions giving rise to the goodwill and our understanding of the current business of the Group.

We assessed management's key assumptions underlying the cash flows by comparing them with historical performance, future business plans and external data, taking into consideration comparability and market factors. This included enquiry with management to understand their business plan, strategies around revenue growth and cost initiatives.

We independently derived applicable discount rates from available industry data and compared these with those used by management. We performed stress tests using plausible range of key assumptions and discount rates, and analyzed the impact to the carrying amount.

Our findings:

The Group has a reasonable basis to determine the CGU for goodwill allocation purposes.

The assumptions and resulting estimations by management are in tandem with future business plans and external data, and are within the range of reasonable expectations. The discount rates used in the cash flow forecasts appropriately reflect the risks attributed to the respective CGU.

Key audit matters (cont'd)

Accounting for acquisitions
(Refer to Notes 10 and 29 – Other investments and Acquisition of subsidiaries)

Risk:

The Group makes acquisitions of investments as part of its business strategy. Such transactions can be complex and judgment is involved in determining whether an acquisition of a controlling interest is a business combination or the acquisition of an asset; and whether an acquisition of a non-controlling interest is an investment in available-for-sale equity interest, associate or joint arrangement, each of which requires different accounting treatments. In accounting for a business combination, there is further judgment involved and inherent uncertainty in the estimation used in allocating the overall purchase price to the assets, liabilities and goodwill that make up the acquisition.

Our response:

We examined the Group's process on classifying and accounting for each investment acquired. We also examined legal and contractual documents to determine whether each acquisition is appropriately classified and accounted for in accordance with the relevant accounting standards and faithfully presents the nature of the transaction.

For significant acquisition of controlling interest accounted for as a business combination during the year, we examined the terms and conditions of the sale and purchase agreement and the purchase price allocation exercise. We compared the methodologies and key assumptions used in determining the fair values allocated to the identified assets acquired and liabilities assumed to generally accepted market practices and market data.

Our findings:

The Group has a policy in place to ensure that each investment acquired is identified, appropriately classified and the relevant accounting treatments are consistently applied.

The judgment applied by the Group reflect a fair assessment in determining whether significant acquisitions are business combinations, acquisitions of assets, investment in available-for-sale equity interest, associate or joint arrangement. Estimates used in determining the fair values allocated to the respective assets acquired and liabilities assumed in significant business combination were within an acceptable range.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

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

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

As part of an audit in accordance with SSAs, we exercise professional judgment 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.

- 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.

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

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 auditors' report unless the law or regulations preclude 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 subsidiaries 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 auditors' report is Tan Kar Yee, Linda.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
28 June 2018

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Statements of Financial Position
As at 31 March 2018

	Note	Group 2018 US$'000	Group 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000
Non-current assets					
Investment properties	4	18,497,429	14,702,578	–	–
Subsidiaries	5	–	–	8,599,608	7,366,751
Associates and joint ventures	6	3,251,749	2,482,103	–	–
Deferred tax assets	7	11,879	17,334	–	–
Plant and equipment	8	19,232	49,546	4,225	6,103
Intangible assets	9	474,303	447,335	–	–
Other investments	10	1,483,046	1,160,597	–	–
Other non-current assets	11	509,956	231,758	–	–
		24,247,594	19,091,251	8,603,833	7,372,854
Current assets					
Trade and other receivables	12	1,376,188	649,399	2,131,390	1,758,315
Cash and cash equivalents	14	1,235,736	1,210,540	22,319	102,577
Assets classified as held for sale	15	1,684,966	808,565	–	–
		4,296,890	2,668,504	2,153,709	1,860,892
Total assets		28,544,484	21,759,755	10,757,542	9,233,746
Equity attributable to owners of the Company					
Share capital	16	6,305,266	6,456,303	6,305,266	6,456,303
Reserves	17	4,214,654	2,255,073	181,360	177,102
		10,519,920	8,711,376	6,486,626	6,633,405
Non-controlling interests	18	5,867,562	4,503,514	–	–
Total equity		16,387,482	13,214,890	6,486,626	6,633,405
Non-current liabilities					
Loans and borrowings	19	4,384,447	4,294,708	1,127,140	1,879,534
Financial derivative liabilities	20	3,901	24,194	–	17,580
Deferred tax liabilities	7	1,776,582	1,178,477	–	–
Other non-current liabilities	21	259,986	170,905	100	100
		6,424,916	5,668,284	1,127,240	1,897,214
Current liabilities					
Loans and borrowings	19	3,508,081	1,304,710	1,485,275	600,807
Trade and other payables	22	2,191,079	1,060,983	1,656,290	98,699
Financial derivative liabilities	20	2,108	2,611	140	–
Current tax payable		30,818	51,207	1,971	3,621
Liabilities classified as held for sale	15	–	457,070	–	–
		5,732,086	2,876,581	3,143,676	703,127
Total liabilities		12,157,002	8,544,865	4,270,916	2,600,341
Total equity and liabilities		28,544,484	21,759,755	10,757,542	9,233,746

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

Consolidated Income Statement
Year ended 31 March 2018

	Note	Group 2018 US$'000	Group 2017 US$'000
Continuing operations			
Revenue	24	1,179,933	879,587
Other income	25	9,464	7,233
Property-related expenses		(188,532)	(156,810)
Other expenses		(528,291)	(255,055)
		472,574	474,955
Share of results (net of tax expense) of associates and joint ventures		480,138	283,120
Profit from operating activities after share of results of associates and joint ventures		952,712	758,075
Net finance costs	26	(51,367)	(223,600)
Non-operating income	27	27,035	16,151
Profit before changes in fair value of subsidiaries' investment properties		928,380	550,626
Changes in fair value of investment properties	4	1,719,731	796,973
Profit before tax	27	2,648,111	1,347,599
Tax expense	28	(569,409)	(295,704)
Profit from continuing operations		2,078,702	1,051,895
Discontinued operation			
Profit from discontinued operations (net of tax)	15	1,450	4,473
Profit for the year		2,080,152	1,056,368
Profit attributable to:			
Owners of the Company		1,312,276	793,718
Non-controlling interests	18	767,876	262,650
Profit for the year		2,080,152	1,056,368

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

Consolidated Statement of Comprehensive Income
Year ended 31 March 2018

	Group	
	2018	**2017**
	US$'000	**US$'000**
Profit for the year	2,080,152	1,056,368
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	1,183,991	(458,903)
Effective portion of changes in fair value of cash flow hedges[1]	14,082	10,709
Change in fair value of available-for-sale financial investments[2]	(29,497)	56,269
Share of other comprehensive income of associates and joint ventures	7,373	63,598
Other comprehensive income for the year[3]	1,175,949	(328,327)
Total comprehensive income for the year	3,256,101	728,041
Total comprehensive income attributable to:		
Owners of the Company	1,994,487	680,928
Non-controlling interests	1,261,614	47,113
Total comprehensive income for the year	3,256,101	728,041

Notes:

1 Includes income tax effects of US$185,000 (2017: US$294,000), refer to Note 7.

2 Includes income tax effects of US$2,990,000 (2017: US$7,488,000), refer to Note 7.

3 Except for income tax effects relating to effective portion of changes in fair value of cash flow hedges and change in fair value of available-for-sale financial investments, there are no income tax effects relating to other components of other comprehensive income.

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

Consolidated Statement of Changes in Equity
Year ended 31 March 2018

Group	Share capital US$'000	Capital securities US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 April 2016	6,456,303	593,994	(1,008,894)	3,302,691	(456,313)	8,887,781	4,272,327	13,160,108
Total comprehensive income for the year								
Profit for the year	–	–	–	793,718	–	793,718	262,650	1,056,368
Other comprehensive income								
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	–	(224,837)	–	–	(224,837)	(234,066)	(458,903)
Effective portion of changes in fair value of cash flow hedges	–	–	–	–	10,709	10,709	–	10,709
Change in fair value of available-for-sale financial investments	–	–	–	–	37,740	37,740	18,529	56,269
Share of other comprehensive income of associates and joint ventures	–	–	60,356	–	3,242	63,598	–	63,598
Total other comprehensive income	–	–	(164,481)	–	51,691	(112,790)	(215,537)	(328,327)
Total comprehensive income for the year	–	–	(164,481)	793,718	51,691	680,928	47,113	728,041

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 March 2018

Group	Share capital US$'000	Capital securities US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capital contribution from non-controlling interests	–	–	–	–	–	–	96,615	96,615
Capital securities distribution paid	–	(30,389)	–	–	–	(30,389)	–	(30,389)
Accrued capital securities distribution	–	26,789	–	(26,789)	–	–	–	–
Reclassification of capital securities to liabilities	–	(590,394)	–	50,286	–	(540,108)	–	(540,108)
Share-based payment transactions	–	–	–	–	16,694	16,694	–	16,694
Purchase of treasury shares, net of transaction costs	–	–	–	–	(85,520)	(85,520)	–	(85,520)
Tax-exempt (one-tier) dividends paid of S$0.06 per share	–	–	–	(209,904)	–	(209,904)	–	(209,904)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(13,828)	(13,828)
Total contribution by and distribution to owners	–	(593,994)	–	(186,407)	(68,826)	(849,227)	82,787	(766,440)
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	–	6,716	6,716	(80,796)	(74,080)
Disposal of interest in subsidiaries to non-controlling interests	–	–	–	–	(14,822)	(14,822)	(7,959)	(22,781)
Acquisition of subsidiaries	–	–	–	–	–	–	18,205	18,205
Disposal of interest in discontinued operation to non-controlling interests	–	–	–	–	–	–	171,837	171,837
Total transactions with owners	–	(593,994)	–	(186,407)	(76,932)	(857,333)	184,074	(673,259)
Transfer to reserves	–	–	–	(5,802)	5,802	–	–	–
At 31 March 2017	6,456,303	–	(1,173,375)	3,904,200	(475,752)	8,711,376	4,503,514	13,214,890

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 March 2018

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 April 2017	6,456,303	(1,173,375)	3,904,200	(475,752)	8,711,376	4,503,514	13,214,890
Total comprehensive income for the year							
Profit for the year	–	–	1,312,276	–	1,312,276	767,876	2,080,152
Other comprehensive income							
Exchange differences arising from consolidation of foreign operations and translation of foreign currency loans, net of effect of net investment hedges	–	695,671	–	–	695,671	488,320	1,183,991
Effective portion of changes in fair value of cash flow hedges	–	–	–	14,082	14,082	–	14,082
Change in fair value of available-for-sale financial investments	–	–	–	(34,915)	(34,915)	5,418	(29,497)
Share of other comprehensive income of associates and joint ventures	–	5,678	–	1,695	7,373	–	7,373
Total other comprehensive income	–	701,349	–	(19,138)	682,211	493,738	1,175,949
Total comprehensive income for the year	–	701,349	1,312,276	(19,138)	1,994,487	1,261,614	3,256,101

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

Consolidated Statement of Changes in Equity (continued)
Year ended 31 March 2018

Group	Share capital US$'000	Currency translation reserve US$'000	Retained earnings US$'000	Capital and other reserves US$'000	Total attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Cancellation of treasury shares	(151,037)	–	–	151,037	–	–	–
Capital contribution from non-controlling interests	–	–	–	–	–	136,865	136,865
Share-based payment transactions	–	–	–	38,760	38,760	–	38,760
Final tax-exempt (one-tier) dividends paid of S$0.06 per share	–	–	(206,816)	–	(206,816)	–	(206,816)
Interim tax-exempt (one-tier) dividends paid of US$0.003 per share	–	–	(15,000)	–	(15,000)	–	(15,000)
Dividends paid to non-controlling interests	–	–	–	–	–	(23,547)	(23,547)
Total contribution by and distribution to owners	(151,037)	–	(221,816)	189,797	(183,056)	113,318	(69,738)
Acquisition of interests in subsidiaries from non-controlling interests	–	–	–	(1,601)	(1,601)	(46,339)	(47,940)
Disposal of interest in subsidiaries to non-controlling interests	–	–	–	(1,278)	(1,278)	6,844	5,566
Disposal of subsidiaries	–	–	–	–	–	(20,137)	(20,137)
Acquisition of subsidiaries	–	–	–	–	–	10,930	10,930
Disposal of interest in discontinued operation to non-controlling interests	–	–	–	–	–	294,250	294,250
Disposal of assets classified as held for sale	–	–	–	–	–	(256,432)	(256,432)
Share of reserves of associates and joint ventures	–	–	–	(8)	(8)	–	(8)
Total transactions with owners	(151,037)	–	(221,816)	186,910	(185,943)	102,434	(83,509)
Transfer to reserves	–	–	(1,619)	1,619	–	–	–
At 31 March 2018	6,305,266	(472,026)	4,993,041	(306,361)	10,519,920	5,867,562	16,387,482

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

Consolidated Statement of Cash Flows
Year ended 31 March 2018

	2018 US$'000	2017 US$'000
Cash flows from operating activities		
Profit before income tax	2,648,111	1,347,599
Adjustments for:		
Depreciation of plant and equipment	8,898	10,669
Amortization of intangible assets and deferred management costs	3,922	3,308
(Gain)/Loss on disposal of joint venture and subsidiaries	(10,566)	43
(Gain)/Loss on disposal of plant and equipment	(17,441)	291
Loss/(Gain) on disposal of assets and liabilities classified as held for sale	944	(13,074)
Negative goodwill on acquisition of associate, joint ventures and subsidiaries	–	(3,592)
Share of results (net of tax expense) of associates and joint ventures	(480,138)	(283,120)
Changes in fair value of subsidiaries' investment properties	(1,719,731)	(796,973)
Recognition/(Reversal) of impairment loss on trade and other receivables	12,987	(232)
Loss on disposal of investment properties	50	116
Equity-settled share-based payment transactions	38,760	16,694
Net finance costs	51,367	223,600
	537,163	505,329
Changes in working capital:		
Trade and other receivables	(250,123)	(127,380)
Trade and other payables	(93,768)	21,196
Cash generated from operations	193,272	399,145
Tax paid	(58,341)	(41,680)
Net cash from operating activities	134,931	357,465
Net cash from operating activities of discontinued operation	11,493	5,221
	146,424	362,686

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 March 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from investing activities			
Acquisition of joint ventures and subsidiaries, net of cash acquired	29(a)	(331,954)	(226,358)
Acquisition of investment properties		(104,923)	(681,182)
Proceeds from disposal of investment properties		502,734	378,504
Acquisition of other investments		(227,566)	(115,815)
Disposal of other investments		15	5,000
Development expenditure on investment properties		(926,922)	(992,878)
Proceeds from disposal of assets classified as held for sale, net of deposits received	29(c)	75,529	1,843,489
Contribution to associates and joint ventures		(363,858)	(132,427)
Return of capital from joint ventures		87,485	98,086
Proceeds from disposal of controlling interest in subsidiaries	29(b)	8,307	–
Proceeds from disposal of joint ventures and associates		32,731	–
Deposits placed for investment properties and investments		(135,052)	(129,640)
Acquisition of ownership interests of assets classified as held for sale		(501,018)	–
Purchase of plant and equipment		(7,906)	(10,156)
Proceeds from sale of plant and equipment		50,849	3,112
Interest income received		9,315	20,802
Distributions received from discontinued operation		7,829	30,800
Dividends received from associates and joint ventures		69,432	110,926
Withholding tax paid on dividend and interest income from associates, joint ventures and subsidiaries		(33,600)	(33,613)
Withholding tax paid on disposal of assets classified as held for sale		(2,180)	(12,465)
Tax paid on disposal of investment properties		(14,849)	–
Loans to associates and joint ventures		(43,118)	(27,760)
Loans to non-controlling interests		(6,742)	(32,768)
Loans to third parties		(498,755)	(77,433)
Loans repayment from associates and joint ventures		49,969	26,019
Loans repayment from non-controlling interests		14,584	39,363
Loans repayment from third parties		92,682	54,771
Net cash (used in)/from investing activities		(2,196,982)	138,377
Net cash used in investing activities of discontinued operation		(896,680)	(743,325)
		(3,093,662)	(604,948)

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

Consolidated Statement of Cash Flows (continued)
Year ended 31 March 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from financing activities			
Acquisition of non-controlling interests		(17,734)	(73,706)
Contribution from non-controlling interests		136,865	96,615
Proceeds from disposal of interest in subsidiaries to non-controlling interest		3,336	–
Proceeds from disposal of interests in discontinued operation to non-controlling interests		279,529	171,338
Proceeds from bank loans		4,240,157	1,571,098
Repayment of bank loans		(1,048,045)	(1,045,638)
Proceeds from issue of bonds, net of transaction costs		638,713	293,952
Redemption of bonds		(296,345)	(514,802)
Settlement of financial derivative liabilities		(835)	(337)
Interest paid		(200,580)	(130,460)
Dividends paid to shareholders		(221,816)	(209,904)
Dividends paid to non-controlling interests		(23,547)	(13,828)
Capital securities distribution		(537,363)	(30,389)
Purchase of treasury shares, net of transaction costs		–	(85,520)
Loans from non-controlling interests		–	3,583
Repayments of loans from non-controlling interests		(42,233)	(41,831)
Net cash from/(used in) financing activities		2,910,102	(9,829)
Net cash from financing activities of discontinued operation		6,894	445,466
		2,916,996	435,637
Net (decrease)/increase in cash and cash equivalents		(30,242)	193,375
Cash and cash equivalents at beginning of year		1,174,243	1,024,563
Effect of exchange rate changes on cash balances held in foreign currencies		48,674	(43,695)
Cash and cash equivalents at end of year		1,192,675	1,174,243
Cash and cash equivalents of subsidiaries reclassified as assets held for sale		–	(13,535)
Restricted cash deposits		43,061	49,832
Cash and cash equivalents in the statement of financial position	14	1,235,736	1,210,540

Significant non-cash transactions:

During the year ended 31 March 2018:

- the Group cancelled 102,552,000 units of treasury shares carried at cost of US$151,037,000;
- the immediate holding company repaid certain bank loans and interest payable on behalf of the Group amounting to US$998,160,000 and US$10,804,000 respectively; and
- the Group acquired non-controlling interests amounting to US$30,206,000 by way of shares swap (Note 29(b)(i)).

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 28 June 2018.

1 Domicile and activities

GLP Pte. Ltd. (formerly known as Global Logistic Properties Limited) (the "Company") is incorporated in the Republic of Singapore and has its registered office at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623.

The principal activities of the Company and its subsidiaries are those of investment holding, provision of distribution facilities and services, and provision of financial services.

On 30 November 2017, the shareholders of the Company approved the privatization of the Company ("GLP Privatization") by way of a scheme of arrangement (the "Scheme"). The Scheme was completed on 22 January 2018 and GLP Bidco Limited (formerly known as Nesta Investment Limited) and GLP Holdings L.P. became the immediate holding company and ultimate holding company respectively. Both the immediate and ultimate holding companies are incorporated in Cayman Islands.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and joint ventures.

2 Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the Singapore Financial Reporting Standards ("FRS") issued by the Singapore Accounting Standards Council.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain assets and liabilities which are measured at fair value as described below.

2.3 Functional and presentation currency

The financial statements are presented in United States dollars ("US dollars" or "US$"), which is the Company's functional currency. All financial information presented in US dollars has been rounded to the nearest thousand, unless otherwise stated.

2 Basis of preparation (continued)

2.4 Going concern

The financial statements of the Group and Company have been prepared on a going concern basis, notwithstanding the deficit in net current assets of US$1,435,196,000 and US$989,967,000 as at 31 March 2018 respectively in view of the following events and considerations:

- The immediate holding company has provided an undertaking not to demand the repayment of amounts due within the next twelve months to enable the Company to meet its obligations arising for the next twelve months from the balance sheet date, as and when they fall due;
- Issuance of various bonds subsequent to year-end for aggregate cash proceeds of approximately US$1,499,000,000 (refer to Note 36(i) to (iv) for details);
- Receipt of proceeds from the final syndication of GLP Europe Development Partners I and partial syndication of GLP Europe Income Partners I totaling approximately US$779,000,000 subsequent to year-end (refer to Note 36(v) and (vi) for details);
- The Group has unutilized credit and loan facilities amounting to US$1,329,261,000, of which US$36,020,000 are committed credit facilities (refer to Note 31(c) for details); and
- The Company has unutilized credit and loan facilities amounting to US$192,559,000 (refer to Note 31(c) for details).

2.5 Use of estimates and judgments

The preparation of the financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

Note 7 – Recognition of deferred tax assets

Note 3.1(i) and Note 29 – Recognition of acquisitions as business combinations or asset acquisitions.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 4 – Determination of fair value of investment properties

Note 9 – Measurement of recoverable amounts of goodwill

Note 15 – Valuation of assets and liabilities held for sale and discontinued operations

Note 32 – Determination of fair value of financial assets and liabilities

2 Basis of preparation (continued)

2.5 Use of estimates and judgments (continued)

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level or the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognizes transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

2.6 Disclosure Initiative (Amendments to FRS 7)

From 1 April 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financial activities for the year ended 31 March 2018. Comparative information is not required to be presented (see Note 19).

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3 Significant accounting policies (continued)

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it 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.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration payable is recognized at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs. If the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at each acquisition date and any changes are taken to the profit or loss.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognized in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiaries.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(i) Business combinations (continued)

Business combinations and property acquisitions

Where a property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. leasing, development and asset management, bookkeeping, etc.).

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognized. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The Group's acquisitions of those subsidiaries which are special purpose vehicles established for the sole purpose of holding assets are primarily accounted for as acquisitions of assets.

(iii) Acquisition of entities under common control

For acquisition of entities under common control, the identifiable assets and liabilities were accounted for at their historical costs, in a manner similar to the "pooling-of-interests" method of accounting. Any excess or deficiency between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount recorded for the share capital acquired is recognized directly in equity.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(iv) Loss of control

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any NCI and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Investments in associates and joint ventures

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Associates and joint ventures are accounted for using the equity method (collectively referred to as equity-accounted investees) and are recognized initially at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. The Group's investments in associates and joint ventures include goodwill identified on acquisition, net of any accumulated impairment losses.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operation or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(vii) Accounting for subsidiaries, associates and joint ventures by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3 Significant accounting policies (continued)

3.2 Foreign currency

(i) Foreign currency transactions

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

Transactions in foreign currencies are translated to the respective functional currencies of Group's entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical costs are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising from translation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising from the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognized in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective (see (iii) below); or
- qualifying cash flow hedges to the extent such hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising from the acquisition, are translated to US dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rates at the reporting date.

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(ii) Foreign operations (continued)

Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint ventures that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognized in other comprehensive income, and are presented in the translation reserve in equity.

(iii) Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (US dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized in other comprehensive income to the extent the hedge is effective, and presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

(i) Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: available-for-sale financial assets and loans and receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses (see Note 3.7) and foreign exchange differences on available-for-sale monetary items (see Note 3.2(i)) are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities. Investment in equity securities whose fair value cannot be reliably measured are measured at cost less accumulated impairment loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables, except prepayments and deferred management costs.

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(ii) Non-derivative financial liabilities

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognized at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

The Group classifies its non-derivative financial liabilities, comprising loans and borrowings and trade and other payables, into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity, net of any tax effects.

Capital securities

Capital securities are classified as equity if they are non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(iv) Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80% - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognized initially at fair value; attributable transaction costs are recognized in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognized. In other cases, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognized immediately in profit or loss.

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

(iv) Derivative financial instruments and hedging activities (continued)

Other non-trading derivatives

When a derivative financial instrument is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in profit or loss.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, used in the production or supply of goods or services, or for administrative purposes. Investment properties comprise completed investment properties, investment properties under re-development, properties under development and land held for development.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

Land held for development represents lease prepayments for acquiring rights to use land in the People's Republic of China ("PRC") with periods ranging from 40 to 50 years. Such rights granted with consideration are recognized initially at acquisition cost.

(i) Completed investment properties and investment properties under re-development

Completed investment properties and investment properties under re-development are measured at fair value with any changes therein recognized in profit or loss. Rental income from investment properties is accounted for in the manner described in Note 3.14.

(ii) Properties under development and land held for development

Property that is being constructed or developed for future use as investment property is initially recognized at cost, including transaction costs, and subsequently at fair value with any change therein recognized in profit or loss.

When an investment property is disposed of, the resulting gain or loss recognized in profit or loss is the difference between net disposal proceeds and the carrying amount of the property.

3.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

3 Significant accounting policies (continued)

3.5 Plant and equipment (continued)

Subsequent expenditure relating to plant and equipment that has already been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Depreciation is recognized in profit or loss, from the date the asset is ready for its intended use, on a straight-line basis over the estimated useful lives of furniture, fittings and equipment ranging from 2 to 20 years.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if necessary, at each reporting date.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

3.6 Intangible assets

(i) Goodwill

For business combinations on or after 1 April 2010, the Group measures goodwill as at acquisition date based on the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognized amount of any non-controlling interests in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the amount is negative, a bargain purchase gain is recognized in the profit or loss. Goodwill is subsequently measured at cost less accumulated impairment losses.

For acquisitions prior to 31 March 2010, goodwill is measured at cost less accumulated impairment losses. Negative goodwill is credited to profit or loss in the period of the acquisition.

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of joint ventures is presented together with investments in joint ventures.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at costs less accumulated amortization and accumulated impairment losses.

3 Significant accounting policies (continued)

3.6 Intangible assets (continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most clearly reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of intangible assets are as follows:

Trademarks	20 years
Non-competition	over the term of relevant agreement
License rights	over the term of the license period

3.7 Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment on an individual basis. All individually significant financial assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet been identified. The remaining financial assets that are not individually significant are collectively assessed for impairment by grouping together such instruments with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (including receivables) (continued)

Loans and receivables (continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortization, and the current fair value, less any impairment loss recognized previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed. The amount of the reversal is recognized in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Associate and joint venture

Any impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.7(ii). An impairment loss is recognized in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimate used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets' recoverable amount are estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its estimated recoverable amount.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilized by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Goodwill that forms part of the carrying amount of an investment in joint ventures is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in joint ventures is tested for impairment as a single asset when there is objective evidence that the investment may be impaired.

3 Significant accounting policies (continued)

3.8 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

Intangible assets and plant and equipment once classified as held for sale are not amortized or depreciated. In addition, equity accounting of joint ventures and associates ceases once classified as held for sale.

3.9 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

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

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.10 Deferred management costs

Costs that are directly attributable to securing a fund management agreement are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred management costs represent the costs incurred to secure the right to benefit from the provision of fund management services, and are amortized as the Group recognizes the related revenue over the tenure of the fund.

3 Significant accounting policies (continued)

3.11 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

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

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

(iii) Employee leave entitlement

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(iv) Share-based payment

For equity-settled share-based payment transactions, the fair value of the services received is recognized as an expense with a corresponding increase in equity over the vesting period during which the employees become unconditionally entitled to the equity instrument. The fair value of the services received is determined by reference to the fair value of the equity instrument granted at the date of the grant. At each reporting date, the number of equity instruments that are expected to be vested are estimated. The impact on the revision of original estimates is recognized as an expense and as a corresponding adjustment to equity over the remaining vesting period, unless the revision to original estimates is due to market conditions. No adjustment is made if the revision or actual outcome differs from the original estimate due to market conditions.

For cash-settled share-based payment transactions, the fair value of the goods or services received is recognized as an expense with a corresponding increase in liability. The fair value of the services received is determined by reference to the fair value of the liability. Until the liability is settled, the fair value of the liability is remeasured at each reporting date and at the date of settlement, with any changes in fair value recognized as an expense for the period.

The proceeds received from the exercise of the equity instruments, net of any directly attributable transaction costs, are credited to share capital when the equity instruments are exercised.

3 Significant accounting policies (continued)

3.12 Provision

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

3.13 Leases

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties (see Note 4).

When entities within the Group are lessors of a finance lease

Leases where the Group has transferred substantially all risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognized and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognized on the statement of financial position and included in "trade and other receivables". The difference between the gross receivable and the present value of the lease receivable is recognized as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognized in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to finance lease receivables and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

3 Significant accounting policies (continued)

3.14 Revenue recognition

Rental income

Rental income receivable under operating leases is recognized in profit or loss on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognized as an integral part of the total rental income to be received. Contingent rentals are recognized as income in the accounting period in which they are earned.

Management fee income

Management fee income is recognized in profit or loss as and when services are rendered.

Dividend income

Dividend income is recognized on the date that the Group's right to receive payment is established.

Financial services income

Financial services income is recognized in profit or loss upon the completion of the transaction.

3.15 Government grants

Grants that compensate the Group for expenses already incurred or for purpose of giving immediate financial support with no future related costs are recognized in profit or loss in the period in which they become receivable.

3.16 Finance income and expenses

Finance income comprises interest income on funds invested (including available-for-sale financial assets) and gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and losses on hedging instruments that are recognized in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance costs depending on whether foreign currency movements are in a net gain or net loss position.

3 Significant accounting policies (continued)

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and equity accounted investees to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 Significant accounting policies (continued)

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's chief operating decision-makers ("CODM") to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

Segment results reported to the Group's CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

4 Investment properties

	Note	Group 2018 US$'000	Group 2017 US$'000
At 1 April		14,702,578	13,024,178
Additions		1,186,928	1,648,730
Disposals		(522,187)	(374,560)
Acquisition of subsidiaries	29(a)	422,622	256,102
Disposal of subsidiaries	29(b)	(257,103)	–
Borrowing cost capitalized	26	7,898	6,986
Changes in fair value		1,719,731	796,973
Reclassification to assets classified as held for sale		(241,831)	(33,650)
Effect of movements in exchange rates		1,478,793	(622,181)
At 31 March		18,497,429	14,702,578
Comprising:			
Completed investment properties		14,914,643	11,651,111
Investment properties under re-development		367,142	357,675
Properties under development		1,487,367	1,253,305
Land held for development		1,728,277	1,440,487
		18,497,429	14,702,578

4 Investment properties (continued)

During the year ended 31 March 2018, the Group reclassified certain investment properties of US$241,831,000 to assets classified as held for sale following initiation of an active programme to sell (Note 15).

During the year ended 31 March 2017, the Group sold certain investment properties of US$33,650,000 to GLP US Income Partners III, which are classified as assets classified as held for sale (Note 15).

Investment properties are held mainly for use by external customers under operating leases. Generally, the leases contain an initial non-cancellable period of one to twenty years. Subsequent renewals are negotiated with the lessees. There are no contingent rents arising from the lease of investment properties.

Investment properties with carrying value totaling approximately US$10,920,404,000 as at 31 March 2018 (2017: US$8,003,045,000) were mortgaged to banks and bondholders to secure credit facilities for the Group (Note 19). Interest capitalized as costs of investment properties amounted to approximately US$7,898,000 (2017: US$6,986,000) during the year.

Measurement of fair value

(i) Fair value hierarchy

The Group's investment property portfolio are valued by independent external valuers at the reporting date. The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion. In determining the fair value as at the reporting date, the independent external valuers have adopted a combination of valuation methods, including income capitalization, discounted cash flows and residual methods, which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalization rate, discount rate and terminal yield rate.

The income capitalization method capitalizes an income stream into a present value using single-year capitalization rates, the income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. The residual method values properties under development and land held for development by reference to their development potential which involves deducting the estimated development costs to complete construction and developer's profit from the gross development value to arrive at the residual value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The estimated cost to complete is determined based on the construction cost per square metre in the pertinent area.

In relying on the valuation reports, management has exercised its judgment and is satisfied that the valuation methods and estimates are reflective of the current market conditions.

4 Investment properties (continued)

Measurement of fair value (continued)

(i) Fair value hierarchy (continued)

The fair value measurement for investment properties of US$18,497,429,000 (2017: US$14,702,578,000) has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (see Note 2.5) and was measured based on valuation by independent valuers who hold recognized and relevant professional qualifications and have recent experience in the location and category of the respective investment property being valued.

(ii) Reconciliation of Level 3 fair values

	Group	
	2018	**2017**
	US$'000	**US$'000**
Balance at 1 April	14,702,578	13,024,178
Capital expenditure incurred and borrowing costs capitalized	1,194,826	1,655,716
Disposal of investment properties	(522,187)	(374,560)
Acquisition of subsidiaries	422,622	256,102
Disposal of subsidiaries	(257,103)	–
Reclassification to assets classified as held for sale	(241,831)	(33,650)
Gains and losses for the year		
Changes in fair value of investment properties	1,719,731	796,973
Gains and losses recognized in other comprehensive income		
Effect of movements in exchange rates	1,478,793	(622,181)
Balance at 31 March	18,497,429	14,702,578

4 Investment properties (continued)

Measurement of fair value (continued)

(ii) Reconciliation of Level 3 fair values (continued)

Valuation technique and significant unobservable inputs

The following table shows the key unobservable inputs used in measuring the fair value of investment properties.

Valuation method	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Income capitalization	***Capitalization rate:*** PRC: 4.50% to 7.25% (2017: 5.75% to 7.25%) Japan: 4.40% to 6.40% (2017: 4.50% to 6.40%)	The estimated fair value varies inversely against the capitalization rate.
Discounted cash flow	***Discount rate:*** PRC: 8.00% to 11.00% (2017: 9.00% to 11.00%) Japan: 4.40% to 6.40% (2017: 5.00% to 6.90%)	The estimated fair value varies inversely against the discount rate.
	Terminal yield rate: PRC: 4.50% to 7.25% (2017: 5.75% to 7.25%) Japan: 4.65% to 6.65% (2017: 4.75% to 6.65%)	The estimated fair value varies inversely against the terminal yield rate.
Residual	***Capitalization rate[1]:*** PRC: 4.50% to 7.25% (2017: 5.75% to 7.25%)	The estimated fair value and gross development value vary inversely against the capitalization rate.
	Estimated development costs to complete construction	The estimated fair value varies inversely against the development costs to complete construction.

[1] *Income capitalization method is applied to derive the total gross development value under the residual approach.*

5 Subsidiaries

	Company	
	2018	**2017**
	US$'000	**US$'000**
Unquoted equity shares, at cost	7,007,275	7,140,172
Less: Allowance for impairment loss	(115,189)	(94,370)
	6,892,086	7,045,802
Loans to subsidiaries (interest-free)	1,707,522	320,949
	8,599,608	7,366,751

During the year ended 31 March 2018, an impairment loss of US$20,819,000 (2017: US$94,370,000) was recognized in profit or loss for the Company's investment in certain subsidiaries which have underlying interests in joint ventures in Brazil, in view of the depreciation of the Brazilian Real which the investments are denominated in. The recoverable amount for the relevant joint ventures was estimated to be US$796,668,000 (2017: US$814,087,000) based on the higher of the value in use calculation using cash flows projection or the fair value of the net assets as at the reporting date. The fair value measurement was estimated based on net assets as the assets held by the subsidiaries comprise mainly investment properties measured at fair value and categorized as Level 3 on the fair value hierarchy.

The loans to subsidiaries are unsecured and the settlement of these amounts is neither planned nor likely to occur in the foreseeable future. As these amounts are, in substance, a part of the Company's net investment in subsidiaries, they are stated at cost less accumulated impairment losses.

Details of significant subsidiaries are set out in Note 35.

6 Associates and joint ventures

	Group	
	2018	**2017**
	US$'000	**US$'000**
Interests in associates	557,272	318,357
Interests in joint ventures	2,694,477	2,163,746
	3,251,749	2,482,103
Capital commitments in relation to interests in associates and joint ventures	522,339	792,411
Proportionate interest in associates' and joint ventures' commitments	269,600	380,342

6 Associates and joint ventures (continued)

The Group has Nil (2017: one) associate and three (2017: six) joint ventures that are material and a number of associates and joint ventures that are individually immaterial to the Group. All are equity accounted. The following are the material associates and joint ventures:

Name of associate and joint ventures[1]	Principal activity	Principal place of business	2018	2017
			%	%
Associate				
GLP US Income Partners II	Private equity fund focused on logistics properties	United States of America	9.85%	9.85%
Joint ventures				
GLP Japan Income Partners I	Private equity fund focused on logistics properties	Japan	33.33%	33.33%
GLP Japan Development Venture I	Private equity fund focused on logistics properties	Japan	50.00%	50.00%
GLP Brazil Development Partners I	Private equity fund focused on logistics properties	Brazil	40.00%	40.00%
GLP Brazil Income Partners I	Private equity fund focused on logistics properties	Brazil	34.20%	34.20%
GLP Brazil Income Partners II	Private equity fund focused on logistics properties	Brazil	39.98%	39.98%
GLP US Income Partners I	Private equity fund focused on logistics properties	United States of America	10.35%	10.35%

Notes:

[1] Relates to the commercial name of the joint ventures used under GLP's fund management platform.

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group

This summarized financial information is shown on a 100% basis. It represents the amounts shown in the associates and joint ventures' financial statements prepared in accordance with FRS under Group accounting policies.

2018	GLP Japan Development Venture I US$'000	GLP Brazil Development Partners I US$'000	GLP US Income Partners I US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**40.00%**	**10.35%**		
Results					
Revenue	102,869	37,667	683,599	1,289,235	2,113,370
Expenses	(43,930)	(19,179)	(422,326)	(1,071,123)	(1,556,558)
Changes in fair value of investment properties	243,079	91,849	583,587	766,055	1,684,570
Income tax expense	(17,687)	(33,805)	(40,599)	(142,331)	(234,422)
Profit for the year	284,331	76,532	804,261	841,836	2,006,960
Non-controlling interests	–	–	–	(3,407)	(3,407)
Profit attributable to owners	284,331	76,532	804,261	838,429	2,003,553
Other comprehensive income	2,391	(539)	–	34,578	36,430
Total comprehensive income	286,722	75,993	804,261	873,007	2,039,983
Profit after tax include:					
Interest income	1	1,258	67	5,110	6,436
Depreciation and amortization	(5,578)	–	–	(33,291)	(38,869)
Interest expense	(6,027)	(13,534)	(182,786)	(272,153)	(474,500)
Assets and liabilities					
Non-current assets	2,756,818	892,832	8,807,211	15,067,478	27,524,339
Current assets	147,909	28,596	175,933	1,588,679	1,941,117
Total assets	2,904,727	921,428	8,983,144	16,656,157	29,465,456
Non-current liabilities	(1,214,217)	(203,539)	(4,565,263)	(7,230,430)	(13,213,449)
Current liabilities	(321,579)	(19,685)	(114,571)	(2,371,276)	(2,827,111)
Total liabilities	(1,535,796)	(223,224)	(4,679,834)	(9,601,706)	(16,040,560)
Assets and liabilities include:					
Cash and cash equivalents	114,550	11,080	147,745	990,883	1,264,258
Current financial liabilities (excluding trade and other payables)	(121,633)	(15,976)	–	(1,422,219)	(1,559,828)
Non-current financial liabilities (excluding trade and other payables)	(1,128,769)	(182,830)	(4,530,948)	(6,084,270)	(11,926,817)

6 Associates and joint ventures (continued)

Summary information for associates and joint ventures that are material to the Group (continued)

2017	GLP Japan Income Partners I US$'000	GLP Japan Development Venture I US$'000	GLP Brazil Development Partners I US$'000	GLP Brazil Income Partners I US$'000	GLP Brazil Income Partners II US$'000	GLP US Income Partners I US$'000	GLP US Income Partners II US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**33.33%**	**50.00%**	**40.00%**	**34.20%**	**39.98%**	**10.35%**	**9.85%**		
Results									
Revenue	63,260	77,672	34,290	68,521	64,038	677,886	359,390	621,648	1,966,705
Expenses	(24,867)	(39,236)	(12,488)	(32,965)	(39,205)	(428,464)	(306,558)	(579,733)	(1,463,516)
Changes in fair value of investment properties	36,171	191,564	59,461	59,585	(29,420)	540,725	198,393	72,981	1,129,460
Income tax expense	(4,724)	(11,611)	(20,565)	(23,601)	(4,558)	(275,930)	(87,954)	(21,727)	(450,670)
Profit/(Loss) for the year	69,840	218,389	60,698	71,540	(9,145)	514,217	163,271	93,169	1,181,979
Non-controlling interests	–	–	–	–	–	–	–	(11,099)	(11,099)
Profit/(Loss) attributable to owners	69,840	218,389	60,698	71,540	(9,145)	514,217	163,271	82,070	1,170,880
Other comprehensive income	4,567	2,988	54,000	51,334	53,021	–	–	(1,057)	164,853
Total comprehensive income	74,407	221,377	114,698	122,874	43,876	514,217	163,271	81,013	1,335,733
Profit/(Loss) after tax include:									
Interest income	2	2	2,287	2,877	4,496	555	1	2,159	12,379
Depreciation and amortization	(2,262)	(3,923)	–	–	–	–	–	(5,432)	(11,617)
Interest expense	(6,949)	(4,302)	(14,739)	(32,635)	(32,177)	(196,723)	(165,619)	(28,301)	(481,445)
Assets and liabilities									
Non-current assets	1,156,504	2,231,930	753,946	919,228	823,089	8,156,528	4,716,823	1,855,097	20,613,145
Current assets	43,321	84,089	35,508	37,338	26,900	209,569	124,723	426,888	988,336
Total assets	1,199,825	2,316,019	789,454	956,566	849,989	8,366,097	4,841,546	2,281,985	21,601,481
Non-current liabilities	(594,634)	(895,818)	(156,263)	(353,557)	(287,857)	(4,229,851)	(3,072,341)	(524,096)	(10,114,417)
Current liabilities	(24,674)	(318,541)	(25,192)	(28,639)	(20,039)	(493,458)	(228,746)	(575,742)	(1,715,031)
Total liabilities	(619,308)	(1,214,359)	(181,455)	(382,196)	(307,896)	(4,723,309)	(3,301,087)	(1,099,838)	(11,829,448)
Assets and liabilities include:									
Cash and cash equivalents	36,675	57,834	19,434	24,397	9,375	183,747	106,751	145,921	584,134
Current financial liabilities (excluding trade and other payables)	(3,419)	(165,404)	(15,785)	(11,453)	(13,984)	(362,403)	(162,464)	(75,526)	(810,438)
Non-current financial liabilities (excluding trade and other payables)	(563,822)	(836,235)	(115,697)	(286,744)	(280,413)	(4,201,355)	(3,062,493)	(391,381)	(9,738,140)

6 Associates and joint ventures (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position

2018	GLP Japan Development Venture I US$'000	GLP Brazil Development Partners I US$'000	GLP US Income Partners I US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**50.00%**	**40.00%**	**10.35%**		
Group's interest in net assets of associates and joint ventures at beginning of the year	555,464	249,353	379,410	1,297,876	2,482,103
Group's share of total comprehensive income	143,360	30,397	83,241	230,513	487,511
Dividends received from associates and joint ventures (the Group's share)	(33,374)	–	(20,407)	(15,651)	(69,432)
Group's share of total (distribution to)/contribution by owners (net)	(13,425)	21,091	–	268,707	276,373
Capitalization of loan to joint venture as equity contribution to joint venture	–	–	5,591	–	5,591
Reclassification from asset held for sale (Note 29(c))	–	–	–	30,477	30,477
Disposal of joint ventures	–	–	–	(32,731)	(32,731)
Effect of movements in exchange rates	36,963	(16,105)	–	50,999	71,857
Carrying amount of interest in associates and joint ventures at the end of the year	688,988	284,736	447,835	1,830,190	3,251,749

6 Associates and joint ventures (continued)

Reconciliation of the above amounts to investment recognized in the consolidated statement of financial position (continued)

2017	GLP Japan Income Partners I US$'000	GLP Japan Development Venture I US$'000	GLP Brazil Development Partners I US$'000	GLP Brazil Income Partners I US$'000	GLP Brazil Income Partners II US$'000	GLP US Income Partners I US$'000	GLP US Income Partners II US$'000	Immaterial associates and joint ventures US$'000	Total US$'000
Group's interests	**33.33%**	**50.00%**	**40.00%**	**34.20%**	**39.98%**	**10.35%**	**9.85%**		
Group's interest in net assets of associates and joint ventures at beginning of the year	201,940	462,482	173,845	146,180	171,818	340,434	–	456,987	1,953,686
Group's share of total comprehensive income	24,803	110,689	45,879	42,028	17,541	53,237	16,082	36,459	346,718
Dividends received from associates and joint ventures (the Group's share)	(9,654)	(22,767)	–	–	–	(14,261)	(4,186)	(57,004)	(107,872)
Group's share of total (distribution to)/contribution by owners (net)	(23,426)	4,698	19,310	4,463	15,181	–	–	14,115	34,341
Reclassification of joint ventures to subsidiaries (Note 29(a))	–	–	–	–	–	–	–	(26,338)	(26,338)
Acquisition of subsidiaries (Note 29(a))	–	–	–	–	–	–	–	124,612	124,612
Reclassification from asset held for sale (Note 29(c))[1]	–	–	–	–	–	–	143,148	–	143,148
Effect of movements in exchange rates	1,868	362	10,319	8,521	11,948	–	–	(19,210)	13,808
Carrying amount of interest in associates and joint ventures at the end of the year	195,531	555,464	249,353	201,192	216,488	379,410	155,044	529,621	2,482,103

Notes:

[1] Including transaction cost capitalized of $3,315,000.

7 Deferred tax

Movements in deferred tax assets and liabilities during the year are as follows:

Group	At 1 April US$'000	Acquisition of subsidiaries (Note 29(a)) US$'000	Disposal of subsidiaries (Note 29(b)) US$'000	Effect of movements in exchange rates US$'000	Recognized in other comprehensive income US$'000	Recognized in profit or loss (Note 28) US$'000	At 31 March US$'000
2018							
Deferred tax assets							
Unutilized tax losses	29,073	68	–	3,083	–	4,295	36,519
Interest rate swaps	461	–	–	17	(185)	–	293
Others	13,206	–	–	549	–	(95)	13,660
	42,740	68	–	3,649	(185)	4,200	50,472
Deferred tax liabilities							
Investment properties	(1,165,917)	–	21,362	(141,300)	–	(488,859)	(1,774,714)
Available-for-sale financial investments	(24,384)	–	–	(2,551)	(2,990)	–	(29,925)
Others	(13,582)	–	–	(1,026)	–	4,072	(10,536)
	(1,203,883)	–	21,362	(144,877)	(2,990)	(484,787)	(1,815,175)
Total	(1,161,143)	68	21,362	(141,228)	(3,175)	(480,587)	(1,764,703)

7 Deferred tax (continued)

Group	At 1 April US$'000	Acquisition of subsidiaries (Note 29(a)) US$'000	Effect of movements in exchange rates US$'000	Recognized in other comprehensive income US$'000	Recognized in profit or loss (Note 28) US$'000	Reclassification to assets and liabilities held for sale US$'000	At 31 March US$'000
2017							
Deferred tax assets							
Unutilized tax losses	26,429	1,400	(1,419)	–	2,663	–	29,073
Investment properties	771	–	34	–	(805)	–	–
Interest rate swaps	736	–	19	(294)	–	–	461
Others	10,100	–	(11)	–	3,186	(69)	13,206
	38,036	1,400	(1,377)	(294)	5,044	(69)	42,740
Deferred tax liabilities							
Investment properties	(994,025)	(6,304)	57,931	–	(223,519)	–	(1,165,917)
Available-for-sale financial investments	(18,025)	–	1,129	(7,488)	–	–	(24,384)
Others	(18,432)	–	620	–	(1,884)	6,114	(13,582)
	(1,030,482)	(6,304)	59,680	(7,488)	(225,403)	6,114	(1,203,883)
Total	(992,446)	(4,904)	58,303	(7,782)	(220,359)	6,045	(1,161,143)

7 Deferred tax (continued)

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2018	2017
	US$'000	US$'000
Deferred tax assets	11,879	17,334
Deferred tax liabilities	(1,776,582)	(1,178,477)

As at reporting date, deferred tax liabilities have not been recognized in respect of taxes that would be payable on the undistributed earnings of certain subsidiaries of US$20,132,000 (2017: US$15,131,000) as the Group do not have plans to distribute these earnings in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Group has not recognized deferred tax assets in respect of the following:

	Group	
	2018	2017
	US$'000	US$'000
Tax losses	543,331	323,598

Deferred tax assets in respect of tax losses have not been recognized because it is not probable that future taxable profit will be available against which the Group can utilize the benefits. Tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate. Unrecognized tax losses will expire within one to five years.

8 Plant and equipment

Group	Furniture, fittings and equipment US$'000	Software under development US$'000	Total US$'000
Cost			
At 1 April 2016	78,264	4,812	83,076
Additions	9,117	1,039	10,156
Disposals	(3,469)	–	(3,469)
Reclassifications	5,856	(5,856)	–
Effect of movements in exchange rates	(242)	5	(237)
At 31 March 2017	89,526	–	89,526

8 Plant and equipment (continued)

Group	Furniture, fittings and equipment US$'000	Software under development US$'000	Total US$'000
Cost			
At 1 April 2017	89,526	–	89,526
Acquisition of subsidiaries	660	–	660
Additions	8,236	556	8,792
Disposals	(42,028)	–	(42,028)
Reclassifications	325	(325)	–
Effect of movements in exchange rates	3,214	–	3,214
At 31 March 2018	59,933	231	60,164
Accumulated depreciation			
At 1 April 2016	30,205	–	30,205
Depreciation charge for the year	10,669	–	10,669
Disposals	(154)	–	(154)
Effect of movements in exchange rates	(740)	–	(740)
At 31 March 2017	39,980	–	39,980
Depreciation charge for the year	8,898	–	8,898
Disposals	(10,578)	–	(10,578)
Effect of movements in exchange rates	2,632	–	2,632
At 31 March 2018	40,932	–	40,932
Carrying amounts			
At 1 April 2016	48,059	4,812	52,871
At 31 March 2017	49,546	–	49,546
At 31 March 2018	19,001	231	19,232

Company	Furniture, fittings and equipment US$'000	Software under development US$'000	Total US$'000
Cost			
At 1 April 2016	7,951	4,308	12,259
Additions	1,312	778	2,090
Reclassifications	5,086	(5,086)	–
At 31 March 2017	14,349	–	14,349
Additions	87	468	555
Reclassifications	325	(325)	–
At 31 March 2018	14,761	143	14,904
Accumulated depreciation			
At 1 April 2016	4,864	–	4,864
Depreciation charge for the year	3,382	–	3,382
At 31 March 2017	8,246	–	8,246
Depreciation charge for the year	2,433	–	2,433
At 31 March 2018	10,679	–	10,679
Carrying amounts			
At 1 April 2016	3,087	4,308	7,395
At 31 March 2017	6,103	–	6,103
At 31 March 2018	4,082	143	4,225

9 Intangible assets

Group	Goodwill US$'000	Trademark US$'000	Non-competition US$'000	License rights US$'000	Total US$'000
Cost					
At 1 April 2016	437,423	39,064	6,831	747	484,065
Acquisitions of subsidiaries (Note 29(a))	–	–	–	217	217
Effect of movements in exchange rates	(16,133)	(1,357)	–	(41)	(17,531)
At 31 March 2017	421,290	37,707	6,831	923	466,751
Effect of movements in exchange rates	27,668	2,345	–	91	30,104
At 31 March 2018	448,958	40,052	6,831	1,014	496,855
Accumulated amortization					
At 1 April 2016	–	10,714	6,831	112	17,657
Amortization for the year	–	2,032	–	145	2,177
Effect of movements in exchange rates	–	(408)	–	(10)	(418)
At 31 March 2017	–	12,338	6,831	247	19,416
Amortization for the year	–	2,048	–	203	2,251
Effect of movements in exchange rates	–	849	–	36	885
At 31 March 2018	–	15,235	6,831	486	22,552
Carrying amounts					
At 1 April 2016	437,423	28,350	–	635	466,408
At 31 March 2017	421,290	25,369	–	676	447,335
At 31 March 2018	448,958	24,817	–	528	474,303

Impairment test for goodwill

For the purpose of goodwill impairment testing, the aggregate carrying amount of goodwill allocated to each cash-generating unit ("CGU") as at 31 March 2018 and the key assumptions used in the calculation of recoverable amounts in respect of discount rate and terminal growth rate are as follows:

Group	Carrying amount 2018 US$'000	Carrying amount 2017 US$'000	Discount rate 2018 %	Discount rate 2017 %	Terminal growth rate 2018 %	Terminal growth rate 2017 %
GLP China[1]	248,927	226,528	8.0	8.5	3.0	3.0
GLP Japan[2]	141,467	141,467	5.0	5.0	1.0	1.0
Airport City Development Group ("ACL Group")	58,564	53,295	8.0	8.5	3.0	3.0
Total	448,958	421,290				

Notes:

[1] Relates to the leasing of logistic facilities and provision of asset management services in China and excludes the ACL Group.

[2] Relates to the leasing of logistic facilities and provision of asset management services in Japan.

9 Intangible assets (continued)

Impairment test for goodwill (continued)

The recoverable amount of the CGUs is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent budgets and forecasts approved by management covering five years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The discount rate applied is the weighted average cost of capital from the relevant business segment.

The terminal growth rate used for each CGU does not exceed management's expectation of the long-term average growth rate of the respective industry and country in which the CGU operates.

The Group believes that any reasonably possible changes in the above key assumptions applied are not likely to materially cause the recoverable amount to be lower than its carrying amount.

10 Other investments

	Group	
	2018	**2017**
	US$'000	**US$'000**
Available-for-sale financial investments:		
- Quoted equity securities, at fair value	1,106,739	1,044,886
- Unquoted equity securities, at cost	376,307	115,711
	1,483,046	1,160,597

Quoted equity securities mainly comprise:

- 11.5% (2017: 13.6%) interest in GLP J-REIT, which is listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange;
- 15.5% (2017: 15.5%) interest in CMST Development Co., Ltd. ("CMSTD"), which is listed on the Shanghai Stock Exchange;
- 19.9% (2017: 19.9%) interest in Shenzhen Chiwan Petroleum Supply Base Co., Ltd. ("SCPSB"), which is listed on the Shenzhen Stock Exchange; and
- 0.9% (2017: 0.9%) shareholdings in Shanghai Lingang Holdings Co., Ltd., which is listed on the Shanghai Stock Exchange.

The quoted equity securities are stated at their fair values at the reporting date, determined by reference to their quoted closing bid price in an active market at the reporting date. The Group's exposure to market risks and fair value information related to other investments are disclosed in Notes 31 and 32.

During the year ended 31 March 2018, the Group also acquired unquoted equity securities in 17 companies in China (2017: six companies in China and three companies in Japan) at an aggregate consideration of US$222,983,000 (2017: US$95,446,000).

10 Other investments (continued)

Reconciliation of Level 3 fair values

	2018 US$'000	2017 US$'000
Balance at 1 April	115,711	29,924
Additions	222,983	95,446
Disposals	(13)	(5,000)
Effects of movements in exchange rates	37,626	(4,659)
Balance at 31 March	376,307	115,711

11 Other non-current assets

	Group 2018 US$'000	Group 2017 US$'000
Trade receivables	41,842	33,810
Deposits	20,459	11,688
Prepayments	2,114	2,568
Amounts due from:		
- joint ventures	22,700	18,675
- an investee entity	85,443	60,252
Loans to associate and joint ventures	49,158	55,409
Loans to third parties	198,079	–
Finance lease receivables (Note 13)	71,475	36,467
Impairment losses	(1,431)	–
	70,044	36,467
Deferred management costs	18,286	12,616
Others	1,831	273
	509,956	231,758

Management has assessed that no allowance for impairment losses is required in respect of the Group's non-current trade receivables, none of wbich are past due.

Deposits include an amount of US$16,773,000 (2017: US$8,153,000) in relation to the acquisition of new investments.

The amounts due from joint ventures and an investee entity are attributed to the transfer of tenant security deposits to these entities.

The loans to associate and joint ventures are unsecured, bear fixed interest ranging from 5.39% to 10.00% (2017: 5.39% to 8.00%) per annum at the reporting date and are fully repayable by May 2025 (2017: May 2025).

Loan to a third party amounting to US$12,742,000 is secured by ordinary shares of the third party, bear fixed interest at 10.00% per annum at the reporting date and are fully repayable by September 2019. Remaining loans to third parties of US$185,337,000 primarily relate to loans extended in connection with acquisitions of new investments.

12 Trade and other receivables

	Group		Company	
	2018 US$'000	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**
Trade receivables	116,265	99,798	–	–
Impairment losses	(2,767)	(288)	–	–
Net trade receivables	113,498	99,510	–	–
Amounts due from subsidiaries:				
- non-trade and interest-free	–	–	152,173	87,720
- non-trade and interest-bearing	–	–	1,971,104	1,668,599
Amounts due from associates and joint ventures:				
- trade	89,420	83,000	–	–
- non-trade and interest-free	108,677	7,765	300	283
Amounts due from an investee entity:				
- trade	16,878	15,179	–	–
- non-trade and interest-free	17,161	16,269	–	–
Amounts due from discontinued operation (trade)	–	954	–	–
Loans to non-controlling interests	7,213	14,212	–	–
Loans to associate and joint ventures	18,587	21,716	–	–
Loans to third parties:				
- in relation to acquisition of new investments	226,849	70,786	–	–
- others	69,237	2,913	–	–
	554,022	232,794	2,123,577	1,756,602
Finance lease receivables (Note 13)	220,598	53,474	–	–
Impairment losses	(8,031)	–	–	–
	212,567	53,474	–	–
Deposits	232,747	112,292	198	220
Other receivables	116,918	57,177	1,711	358
Impairment losses	(12)	(11)	–	–
	116,906	57,166	1,711	358
Loans and receivables	1,229,740	555,236	2,125,486	1,757,180
Other assets	27,213	5,836	–	–
Prepayments	119,235	88,327	5,904	1,135
	1,376,188	649,399	2,131,390	1,758,315

The non-trade amounts due from subsidiaries, associates, joint ventures and an investee entity are unsecured and are repayable on demand. The effective interest rates of non-trade interest-bearing amounts due from subsidiaries at the reporting date range from 3.95% to 5.61% (2017: 3.95% to 5.00%) per annum.

12 Trade and other receivables (continued)

The loans to non-controlling interests are unsecured, interest-free (2017: bears fixed interest of 2.00% per annum) at the reporting date and are repayable on demand. The loans to associate and joint ventures are unsecured, bear fixed interest at the reporting date ranging from 8.00% to 10.00% (2017: 4.35% to 8.00%) per annum and are repayable within the next 12 months.

The loans to third parties in relation to acquisition of new investments are secured, repayable within the next 12 months, and bear fixed interest ranging from 4.90% to 15.00% (2017: 4.90% to 10.00%) per annum, except for US$23,732,000 which is interest-free until completion of the acquisition (2017: US$50,730,000 was interest-free until completion of the acquisition). The other loans to third parties are unsecured, repayable within the next 12 months and bear fixed interest at the reporting date ranging from 9.50% to 12.00% (2017: 7.50%) per annum.

Deposits include an amount of US$209,567,000 (2017: US$84,091,000) in relation to acquisitions of new investments. Other receivables comprise value added tax receivables and other recoverables (2017: proceeds from sale of a property, value added tax receivables and other recoverables). Prepayments include prepaid construction costs of US$42,621,000 (2017: US$50,871,000) and prepaid purchase consideration for other assets of US$42,846,000 (2017: US$12,364,000).

(a) The maximum exposure to credit risk for loans and receivables at the reporting date (by country) is:

	Gross 2018 US$'000	Allowance for doubtful receivables 2018 US$'000	Gross 2017 US$'000	Allowance for doubtful receivables 2017 US$'000
Group				
PRC	1,095,472	(10,810)	403,725	(291)
Japan	51,718	–	55,314	–
Singapore	57,505	–	54,403	–
US	27,588	–	37,817	(8)
Others	8,267	–	4,276	–
	1,240,550	(10,810)	555,535	(299)
Company				
Singapore	2,125,486	–	1,757,180	–

12 Trade and other receivables (continued)

(b) The ageing of loans and receivables at the reporting date is:

	Gross 2018 US$'000	Allowance for doubtful receivables 2018 US$'000	Gross 2017 US$'000	Allowance for doubtful receivables 2017 US$'000
Group				
Not past due	1,150,251	(8,031)	472,543	–
Past due 1 – 30 days	36,087	–	35,727	–
Past due 31 – 90 days	38,353	–	26,336	(8)
More than 90 days	15,859	(2,779)	20,929	(291)
	1,240,550	(10,810)	555,535	(299)
Company				
Not past due	2,125,486	–	1,757,180	–

The Group's historical experience in the collection of accounts receivables falls within the recorded allowances. Based on historical payment behaviors, and the security deposits, bankers' guarantees and other forms of collateral held, the Group believes that no additional allowance for impairment losses is required in respect of its loans and receivables.

The majority of the trade receivables are due from tenants that have good credit records with the Group. The Group monitors and considers credit risk based on trade and other receivables grouped by reportable business segments, and uses management's judgement in assessing the risk of default. The Group establishes an allowance for doubtful receivables that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

(c) The movement in allowances for impairment losses in respect of loans and receivables during the year is as follows:

	Group 2018 US$'000	Group 2017 US$'000	Company 2018 US$'000	Company 2017 US$'000
At 1 April	299	601	–	–
(Reversal)/Recognition of impairment losses	11,556	(232)	–	–
Amounts written-off	(1,628)	(44)	–	–
Effect of movements in exchange rates	583	(26)	–	–
At 31 March	10,810	299	–	–

13 Finance lease receivables

The Group leases vehicles and equipment to non-related parties under finance leases. The agreement expires between 2018 and 2021, and the non-related parties have options to extend these leases at the prevailing market rates.

	Group	
	2018	**2017**
	US$'000	**US$'000**
Gross receivables due:		
- Not later than one year	230,174	57,507
- Later than one year but within five years	74,933	38,517
	305,107	96,024
Less: Unearned finance income	(13,034)	(6,083)
Less: Impairment losses on finance lease receivables	(9,462)	–
Net investment in finance leases	282,611	89,941

The net investment in finance leases is analyzed as follows:

	Group	
	2018	**2017**
	US$'000	**US$'000**
Not later than one year (Note 12)	212,567	53,474
Later than one year but within five years (Note 11)	70,044	36,467
	282,611	89,941

14 Cash and cash equivalents

	Group		Company	
	2018	**2017**	**2018**	**2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Fixed deposits	53,511	283,099	15,000	95,132
Cash at bank	1,139,164	877,609	7,319	7,445
Restricted cash deposits	43,061	49,832	–	–
Cash and cash equivalents in the statement of financial position	1,235,736	1,210,540	22,319	102,577

The effective interest rates relating to fixed deposits and certain cash at bank balances at the reporting date for the Group and Company ranged from 0.01% to 2.10% (2017: 0.01% to 2.52%) per annum and 1.78% (2017: 1.05% to 1.60%) per annum respectively. Interest rates reprice at intervals of one to twelve months.

Restricted cash deposits represent bank balances of certain subsidiaries pledged as security for future investments.

15 Assets and liabilities classified as held for sale and discontinued operation

	Group	
	2018	**2017**
	US$'000	**US$'000**
Assets classified as held for sale	1,684,966	808,565
Liabilities classified as held for sale	–	(457,070)
	1,684,966	351,495

On 20 December 2017, the Group acquired 100% equity interests in a portfolio of investment properties located in Europe to form GLP Europe Income Partners I ("GLP EIP I") and GLP Europe Development Partners I ("GLP EDP I"), with a view to syndicate approximately 90% and 85% equity interest within 12 months from the date of acquisition. Subsequent to the acquisition, the Group syndicated 34.75% and 23.60% equity interests in GLP EIP I and GLP EDP I respectively. Pursuant to the syndication of 34.75% equity interest in GLP EIP I, the Group ceased to control GLP EIP I and the remaining equity interests of 55.25% to be syndicated was classified as investment in an associate within assets classified as held for sale.

At 31 March 2018, the assets classified as held for sale comprise 55.25% equity interest in GLP EIP I, the consolidated assets of GLP EDP I, and a portfolio of investment properties in Brazil (Note 4), all of which the Group expects to syndicate within the next 12 months. The assets classified as held for sale were stated at fair value less costs to sell at the reporting date, determined based on the estimated syndication consideration. The results of GLP EDP I were reported as discontinued operation in the consolidated income statement, while the Group equity accounts for only the results of the 10% equity interests in GLP EIP I to be retained and classified as an associate.

On 15 December 2016, the Group acquired 100% equity interests in a portfolio of investment properties located in the United States to form GLP US Income Partners III, with a view to syndicate approximately 90% equity interest within 12 montbs from date of acquisition. Accordingly, the assets and liabilities of GLP US Income Partners III were classified as held for sale and results presented as discontinued operation as at 31 March 2017. Certain investment properties of US$33,650,000 were additionally transferred to GLP US Income Partners III (Note 4). Subsequent to 31 March 2017, the Group completed the syndication of 92% equity interest in GLP US Income Partners III to third party investors. This discontinued operation was stated at fair value less costs to sell of US$344,487,000 as at 31 March 2017, determined based on the estimated syndication consideration.

As at 31 March 2017, the assets classified as held for sale also include 45.00% equity interest in New Dulles Asset LLC which was subsequently disposed to third party investors during the year ended 31 March 2018.

Results from the discontinued operations amounting to US$1,450,000 (2017: US$4,473,000) are presented in the income statement as profit from discontinued operations (net of tax). There are no changes in fair value less costs to sell and no cumulative income or expenses included in other comprehensive income relating to the discontinued operations.

16 Share capital, capital securities and capital management

(a) Share capital

	No. of shares	
	2018	**2017**
	'000	**'000**
Fully paid ordinary shares, with no par value:		
At 1 April, including treasury shares	4,844,366	4,844,366
Less: Treasury shares held	–	(157,357)
Less: Treasury shares cancelled	(102,552)	–
At 31 March, excluding treasury shares	4,741,814	4,687,009

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

(b) Movements in the Company's treasury shares were as follows:

	No. of shares	
	2018	**2017**
	'000	**'000**
At 1 April	157,357	100,680
Purchase of treasury shares	–	64,201
Treasury shares transferred pursuant to the GLP Share Plans	(54,805)	(7,524)
Treasury shares cancelled	(102,552)	–
At 31 March	–	157,357

Following the GLP Privatization, all the remaining 102,552,000 treasury shares were cancelled by the Company.

(c) Capital securities

During the financial year ended 31 March 2012, the Company issued capital securities with a nominal amount of S$750,000,000 (equivalent to US$587,490,000) for cash. Transaction costs incurred in connection with the issuance of capital securities, which was recognized as a deduction from equity, amounted to US$7,764,000. The capital securities were perpetual, subordinated and the distribution of 5.50% on the securities may be deferred at the sole discretion of the Company. As such, the capital securities were classified as equity instruments and recorded in equity in the statement of financial position.

16 Share capital, capital securities and capital management (continued)

(c) Capital securities (continued)

On 17 February 2017 (the "Reclassification Date"), the Company announced its intention to redeem the capital securities and made redemption in whole on the first call date on 7 April 2017 (the "Redemption Date").

(d) Capital management

The Group's objectives when managing capital are to build a strong capital base so as to sustain the future developments of its business and to maintain an optimal capital structure to maximize shareholders' value. The Group defines "capital" as including all components of equity.

The Group's capital structure is regularly reviewed. Adjustments are made to the capital structure in light of changes in economic conditions, regulatory requirements and business strategies affecting the Group.

The Group also monitors capital using a net debt to equity ratio, which is defined as net borrowings divided by total equity (including non-controlling interests).

	Group	
	2018	**2017**
	US$'000	**US$'000**
Gross borrowings (net of transaction costs)	7,892,528	5,599,418
Less: Cash and cash equivalents	(1,235,736)	(1,210,540)
Net debt	6,656,792	4,388,878
Total equity	16,387,482	13,214,890
Net debt to equity ratio	0.41	0.33

The Group seeks to strike a balance between the higher returns that might be possible with higher levels of borrowings and the liquidity and security afforded by a sound capital position.

Except for the requirement on the maintenance of statutory reserve fund by subsidiaries incorporated in the PRC, there were no externally imposed capital requirements.

17 Reserves

	Group		Company	
	2018	**2017**	**2018**	**2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Capital reserve	69,275	88,569	(20,064)	(2,037)
Equity compensation reserve	–	23,929	–	23,929
Hedging reserve	(15,419)	(31,197)	–	(10,566)
Fair value reserve	339,561	374,477	–	–
Other reserve	(699,778)	(699,778)	–	–
Reserve for own shares	–	(231,752)	–	(231,752)
Capital and other reserves	(306,361)	(475,752)	(20,064)	(220,426)
Currency translation reserve	(472,026)	(1,173,375)	–	–
Retained earnings	4,993,041	3,904,200	201,424	397,528
	4,214,654	2,255,073	181,360	177,102

Capital reserve comprises mainly capital contributions from shareholders, gains/losses in connection with changes in ownership interests in subsidiaries that do not result in loss of control and the Group's share of the statutory reserve of its PRC-incorporated subsidiaries. Subsidiaries incorporated in the PRC are required by the Foreign Enterprise Law to contribute and maintain a non-distributable statutory reserve fund whose utilization is subject to approval by the relevant PRC authorities.

Equity compensation reserve comprised the cumulative value of employee services received for the issue of shares under the Company's Performance Share Plan and Restricted Share Plan. These share plans have been terminated in connection with the GLP Privatization.

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial investments until the investments are derecognized or impaired.

Other reserve comprises the pre-acquisition reserves of those common control entities that were acquired in connection with the Group reorganization which occurred immediately prior to the initial public offering of the Company.

Reserve for the Company's own shares comprised the purchase consideration for issued shares of the Company acquired and held in as treasury shares. This reserve was fully reversed against share capital upon cancellation of the treasury shares held.

Currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of foreign currency loans and bonds that hedge the Group's net investments in foreign operations.

18 Non-controlling interests

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:

Name of Company	Principal place of business	Ownership interest held by NCI 2018 %	2017 %
Airport City Development Co., Ltd.	PRC	46.86	46.86
CLF Fund I, LP	PRC	44.12	44.12
CLF Fund II, LP	PRC	43.62	43.62
GLP China Holdings Limited (f.k.a. Iowa China Offshore Holdings (Hong Kong) Limited) ("China Holdco")	PRC	33.79	33.79

The following table summarizes the financial information of each of the Group's subsidiaries with material NCI, based on their respective (consolidated) financial statements prepared in accordance with FRS. See Note 35 for details of the significant subsidiaries of the Group.

	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
2018						
Results						
Revenue	62,804	106,601	401	896,558	171,427	
Profit for the year	52,118	345,053	54,698	1,649,320	338,947	
Other comprehensive income	70,939	162,987	22,156	1,040,848	34,480	
Total comprehensive income	123,057	508,040	76,854	2,690,168	373,427	
Attributable to:						
- NCI	–	–	–	507,878	–	
- Owners of the Company	123,057	508,040	76,854	2,182,290	373,427	
Attributable to NCI:						
- Profit for the year	24,422	152,237	23,859	451,162	116,196	767,876
- Other comprehensive income	33,243	71,910	9,664	286,234	92,687	493,738
- Total comprehensive income	57,665	224,147	33,523	737,396	208,883	1,261,614
Assets and liabilities						
Non-current assets	1,466,921	2,965,508	653,572	19,011,728	4,115,852	
Current assets	42,347	170,420	158,797	2,329,477	1,188,016	
Total assets	1,509,268	3,135,928	812,369	21,341,205	5,303,868	
Non-current liabilities	(497,279)	(831,641)	(47,841)	(6,201,051)	(868,830)	
Current liabilities	(200,886)	(298,382)	(417,039)	(2,911,888)	(322,818)	
Total liabilities	(698,165)	(1,130,023)	(464,880)	(9,112,939)	(1,191,648)	
NCI	–	–	–	(2,294,006)	–	
Net assets attributable to owners of the Company	811,103	2,005,905	347,489	9,934,260	4,112,220	
Net assets attributable to NCI	380,095	884,957	151,589	3,356,787	1,094,134	5,867,562

18 Non-controlling interests (continued)

2018	ACL Group US$'000	CLF Fund I, LP US$'000	CLF Fund II, LP US$'000	China Holdco Group US$'000	Other individually immaterial subsidiaries US$'000	Total US$'000
Cash flows from/(used in) operating activities	15,186	53,437	(678)			
Cash flows used in investing activities	(9,068)	(191,708)	(298,960)			
Cash flows (used in)/from financing activities (dividends to NCI: Nil)	(6,670)	144,850	377,616			
Net increase/(decrease) in cash and cash equivalents	(552)	6,579	77,978			
2017						
Results						
Revenue	55,656	56,440	–	588,276	224,463	
Profit/(Loss) for the year	37,764	83,048	(11,267)	580,688	35,326	
Other comprehensive income	(38,509)	(77,172)	(126)	(464,237)	126	
Total comprehensive income	(745)	5,876	(11,393)	116,451	35,452	
Attributable to:						
- NCI	–	–	–	5,851	–	
- Owners of the Company	(745)	5,876	(11,393)	110,600	35,452	
Attributable to NCI:						
- Profit/(Loss) for the year	17,696	36,641	(4,915)	163,133	50,095	262,650
- Other comprehensive income	(18,045)	(34,048)	(55)	(125,761)	(37,628)	(215,537)
- Total comprehensive income	(349)	2,593	(4,970)	37,372	12,467	47,113
Assets and liabilities						
Non-current assets	1,283,944	2,125,401	217,561	13,997,638	3,989,586	
Current assets	39,258	143,848	63,286	1,289,427	338,818	
Total assets	1,323,202	2,269,249	280,847	15,287,065	4,328,404	
Non-current liabilities	(451,952)	(627,542)	(950)	(4,454,988)	(1,045,384)	
Current liabilities	(183,204)	(198,843)	(220,652)	(1,376,503)	(374,776)	
Total liabilities	(635,156)	(826,385)	(221,602)	(5,831,491)	(1,420,160)	
NCI	–	–	–	(1,715,873)	–	
Net assets attributable to owners of the Company	688,046	1,442,864	59,245	7,739,701	2,908,244	
Net assets attributable to NCI	322,429	636,556	25,845	2,615,245	903,439	4,503,514
Cash flows from operating activities	26,529	15,463	3,429	224,667		
Cash flows used in investing activities	(3,154)	(338,790)	(185,929)	(1,580,965)		
Cash flows (used in)/from financing activities (dividends to NCI: Nil)	(22,551)	226,171	162,571	1,251,454		
Net increase/(decrease) in cash and cash equivalents	824	(97,156)	(19,929)	(104,844)		

19 Loans and borrowings

	Group		Company	
	2018	**2017**	**2018**	**2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Non-current liabilities				
Secured bank loans	1,969,156	1,666,888	–	–
Secured bonds	482,554	531,702	–	–
Unsecured bank loans	29,241	711,164	–	711,078
Unsecured bonds	1,903,496	1,384,954	1,127,140	1,168,456
	4,384,447	4,294,708	1,127,140	1,879,534
Current liabilities				
Secured bank loans	343,599	123,904	–	–
Secured bonds	121,881	175,659	–	–
Unsecured bank loans	3,004,517	468,340	1,447,191	64,000
Unsecured bonds	6,854	–	6,854	–
Bank overdrafts	31,230	–	31,230	–
Capital securities	–	536,807	–	536,807
	3,508,081	1,304,710	1,485,275	600,807

(a) Secured and unsecured bank loans

The secured bank loans are secured by mortgages on the borrowing subsidiaries' investment properties with a carrying amount of US$9,559,195,000 (2017: US$6,326,577,000) (Note 4).

The effective interest rates for bank borrowings for the Group and Company (taking into account the effects of interest rate swaps) ranged from 0.56% to 6.86% (2017: 0.14% to 5.93%) per annum and 0.70% to 2.51% (2017: 1.01% to 1.70%) per annum.

Maturity of bank loans:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Within 1 year	3,348,116	592,244	1,447,191	64,000
From 1 to 5 years	1,291,543	1,411,670	–	356,973
After 5 years	706,854	966,382	–	354,105
After 1 year	1,998,397	2,378,052	–	711,078
	5,346,513	2,970,296	1,447,191	775,078

Analysis of bank loans by geographic regions:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	US$'000	**US$'000**	**US$'000**	**US$'000**
PRC	3,483,345	1,771,234	–	–
Japan	415,977	423,984	–	–
Singapore	1,447,191	775,078	1,447,191	775,078
	5,346,513	2,970,296	1,447,191	775,078

19 Loans and borrowings (continued)

(b) Secured bonds

The bonds are issued by certain subsidiaries in Japan and are fully secured by investment properties with carrying amounts of US$1,361,209,000 (2017: US$1,676,468,000) (Note 4) owned by these subsidiaries.

The effective interest rates as at 31 March 2018 for secured bonds (taking into account the effects of interest rate swaps) ranged from 0.25% to 1.33% (2017: 0.11% to 1.70%) per annum.

Maturity of secured bonds:

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Within 1 year	121,881	175,659	–	–
From 1 to 5 years	482,554	531,702	–	–
After 5 years	–	–	–	–
After 1 year	482,554	531,702	–	–
	604,435	707,361	–	–

(c) Unsecured bonds

The bonds issued by the Group and the Company bear fixed interest rates (taking into account the effects of interest rate swaps) ranging from 2.70% to 3.88% (2017: 2.70% to 3.88%) per annum.

Maturity of unsecured bonds:

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Within 1 year	6,854	–	6,854	–
From 1 to 5 years	585,227	267,273	–	50,775
After 5 years	1,318,269	1,117,681	1,127,140	1,117,681
After 1 year	1,903,496	1,384,954	1,127,140	1,168,456
	1,910,350	1,384,954	1,133,994	1,168,456

19 Loans and borrowings (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities			Derivative liabilities held to hedge borrowings	
	Loans and borrowings	Loans from non-controlling interests (Note 22)	Interest payable (Note 22)	Financial derivative liabilities (Note 20)	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 April 2017	5,599,418	33,332	41,319	26,805	5,700,874
Changes from financing cash flows					
Proceeds from bank loans	4,240,157	–	–	–	4,240,157
Repayment of bank loans	(1,048,045)	–	–	–	(1,048,045)
Proceeds from issue of bonds, net of transaction costs	638,713	–	–	–	638,713
Redemption of bonds	(296,345)	–	–	–	(296,345)
Settlement of financial derivative liabilities	–	–	–	(835)	(835)
Interest paid	–	–	(200,580)	–	(200,580)
Capital securities distribution	(537,363)	–	–	–	(537,363)
Repayments of loans from non-controlling interests	–	(42,233)	–	–	(42,233)
Total changes from financing cash flows	2,997,117	(42,233)	(200,580)	(835)	2,753,469
Changes arising from obtaining or losing control of subsidiaries or other business	(56,497)	50,086	–	–	(6,411)
The effect of changes in foreign exchange rates	335,668	776	1,265	330	338,039
Change in fair value	–	–	–	(6,209)	(6,209)
Other changes					
Amortization of transaction costs of bonds and bank loans	14,982	–	–	–	14,982
Interest expense	–	1,923	204,542	–	206,465
Effective portion of changes in fair value of cash flow hedges	–	–	–	(14,082)	(14,082)
Payment on behalf by immediate holding company	(998,160)	–	(10,804)	–	(1,008,964)
Other changes	(983,178)	1,923	195,661	(14,082)	(799,676)
Balance at 31 March 2018	7,892,528	43,884	35,742	6,009	7,978,163

20 Financial derivative liabilities

	Group		Company	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Non-current liabilities				
Forward foreign exchange contracts	–	7,013	–	7,013
Interest rate swaps	3,901	17,181	–	10,567
	3,901	24,194	–	17,580
Current liabilities				
Forward foreign exchange contracts	140	–	140	–
Interest rate swaps	1,968	2,611	–	–
	2,108	2,611	140	–
	6,009	26,805	140	17,580

Forward foreign exchange contracts and interest rate swaps are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques include forwards pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rates and forward rate curves.

21 Other non-current liabilities

	Group		Company	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Security deposits received	197,230	152,034	–	–
Payables for acquisition of investment properties	56,818	12,209	–	–
Provision for reinstatement costs	924	524	100	100
Advance rental received	4,341	5,470	–	–
Other payables	673	668	–	–
	259,986	170,905	100	100

22 Trade and other payables

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Trade payables	8,737	8,082	–	–
Accrued development expenditure	453,971	429,290	–	–
Accrued operating expenses	92,452	84,328	15,125	20,202
Advance rental received	49,503	31,688	–	–
Security deposits received	89,323	104,164	–	–
Amounts due to:				
- immediate holding company (non-trade)	988,376	–	988,376	–
- subsidiaries (non-trade)	–	–	631,608	44,939
- joint ventures and associates (trade)	4,817	–	–	–
- joint ventures and associates (non-trade)	5,896	2,041	–	–
- non-controlling interests (trade)	2,366	1,815	–	–
Loans from non-controlling interests:				
- interest-free	1,281	1,740	–	–
- interest-bearing	42,603	31,592	–	–
Interest payable	35,742	41,319	13,708	29,924
Consideration payable for acquisition of associate and subsidiaries	136,820	147,945	–	–
Consideration payable for acquisition of investment properties	134,161	63,488	–	–
Deposits received and accrued expenses for disposal of investment properties	61,221	55,712	–	–
Other payables	83,810	57,779	7,473	3,634
	2,191,079	1,060,983	1,656,290	98,699

The non-trade amounts due to immediate holding company, subsidiaries, joint ventures and associates are unsecured, interest-free and are repayable on demand.

The loans from non-controlling interests are unsecured and are repayable on demand. The interest-bearing loans from non-controlling interests bear fixed interests ranging from 4.00% to 6.00% (2017: 4.00% to 18.00%) per annum.

Other payables relate principally to retention sums, advance payments received and amounts payable in connection with capital expenditure incurred.

Interest payable include Nil (2017: US$14,236,000) accrued distribution on the capital securities (Note 16(c)).

23 Equity compensation benefits

GLP Share Plans

Prior to the GLP Privatization, the Company has share-based incentive plans, comprising the GLP Performance Share Plan ("GLP PSP") and the GLP Restricted Share Plan ("GLP RSP", together with GLP PSP, hereinafter referred to as the "GLP Share Plans"), whereby performance shares have been conditionally awarded to the employees of the Group. The GLP Share Plans were administered by the Company's then Human Resource and Compensation Committee (the "HRCC") comprising Dr. Seek Ngee Huat, Dr. Dipak Chand Jain and Steven Lim Kok Hoong.

The fair value of GLP PSP and GLP RSP was measured using Monte Carlo simulation. Measurement inputs included the share price on grant date, expected volatility (based on an evaluation of the historic volatility of the Company's share price), expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions were not taken into account in determining fair value.

In connection with the GLP Privatization, the vesting of all outstanding GLP Share Plans were accelerated and fully released on 2 January 2018. Accordingly, the Group recognized share-based expenses in relation to the accelerated vesting of GLP Plans of US$25,732,000 in its profit or loss during the year.

GLP PSP

This relates to compensation costs of the GLP PSP reflecting the benefits accruing to certain employees of the Group. Awards under the GLP PSP represent the right of a participant to receive fully paid shares free of charge, upon the achievement of prescribed performance conditions within the time period prescribed by the HRCC. Awards were released once the performance conditions specified on the date on which the award is to be granted have been achieved or due to accelerated vesting by HRCC in connection with the GLP Privatization. There was no vesting period beyond the performance achievement periods.

Details of the share awards under the GLP PSP are as follows:

	Group	
	2018	**2017**
	'000	**'000**
At 1 April	19,284	10,680
Granted during the year	15,180	11,301
Vested and released during the year:		
- Equity settled	(31,342)	(2,697)
- Cash settled	(2,326)	–
Lapsed during the year	(796)	–
Balance at 31 March	–	19,284

23 Equity compensation benefits (continued)

GLP PSP (continued)

The fair value of shares was determined using a Monte Carlo simulation at the measurement date which projects future share price assuming a log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

	Group	
Year of Award	**2018**	**2017**
Weighted average fair value at measurement date	S$1.42	S$0.71 - S$0.91
Volatility based on three-year historical share price from grant date	15.71%	14.67% - 15.08%
Weighted average share price at grant date	S$2.92	S$1.79 - S$2.06
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	1.41%	1.15% - 1.39%
Expected dividend yield	2.26%	3.10% - 3.52%

GLP RSP

This relates to compensation costs of the GLP RSP reflecting the benefits accruing to certain employees of the Group and Directors of the Company over the service period to which the performance criteria relate. Awards under the GLP RSP represent the right of a participant to receive fully paid shares free of charge. Awards granted under the GLP RSP were subject to vesting periods unless accelerated by the HRCC but, unlike awards granted under the performance share plan, were not subject to performance targets.

Details of the share awards under the GLP RSP are as follows:

	Group	
	2018	**2017**
	'000	**'000**
At 1 April	16,775	9,534
Granted during the year	8,307	12,638
Vested and released during the year:		
- Equity settled	(23,463)	(4,827)
- Cash settled	(471)	–
Lapsed during the year	(1,148)	(570)
Balance at 31 March	–	16,775

23 Equity compensation benefits (continued)

GLP RSP (continued)

The fair value of shares was determined using a Monte Carlo simulation at the measurement date which projects future share price assuming a log normal distribution based on Geometric Brownian Motion Theory. The fair value and assumptions are set out below:

Year of Award	Group 2018	2017
Weighted average fair value at measurement date	S$2.73 - S$2.86	S$1.67 - S$1.97
Volatility based on three-year historical share price from grant date	21.62% - 26.21%	24.51% - 29.86%
Weighted average share price at grant date	S$2.92	S$1.79 - S$2.06
Risk-free interest rate equal to the implied yield on zero-coupon Singapore Government bond with a term equal to the length of vesting period	1.05% - 1.41%	0.85% - 1.12%
Expected dividend yield	2.23% - 2.28%	3.01% - 3.40%

The Group recognized total expenses of US$45,826,000 (2017: US$16,694,000) related to equity and cash settled share-based payment transactions during the year.

24 Revenue

	Group 2018 US$'000	2017 US$'000
Rental and related income	803,971	670,599
Fund management fee	181,893	162,488
Dividend income from other investments	19,545	18,464
Financial services	172,313	22,857
Others	2,211	5,179
	1,179,933	879,587

25 Other income

	Group 2018 US$'000	2017 US$'000
Government grant	5,421	4,520
Utility income	3,700	2,198
Others	343	515
	9,464	7,233

26 Net finance costs

	Note	Group 2018 US$'000	Group 2017 US$'000
Interest income on:			
- fixed deposits and cash at bank		3,816	6,692
- loans to non-controlling interests		60	488
- loans to associate and joint ventures		6,001	11,729
- others		2,791	994
		12,668	19,903
Amortization of transaction costs of bonds and bank loans		(14,982)	(8,782)
Interest expenses on:			
- bonds		(64,448)	(57,313)
- bank loans		(139,608)	(76,749)
- loans from non-controlling interests		(1,923)	(1,932)
- capital securities[1]		(486)	(3,394)
Total borrowing costs		(221,447)	(148,170)
Less: Borrowing costs capitalized in investment properties	4	7,898	6,986
Net borrowing costs		(213,549)	(141,184)
Foreign exchange gain/(loss)		143,305	(92,809)
Changes in fair value of financial derivatives		6,209	(9,510)
Net finance costs recognized in profit or loss		(51,367)	(223,600)

Note:

[1] Relates to interest expense for the period from 1 April to Redemption Date (2017: Reclassification Date to 31 March 2017).

27 Profit before tax

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

	Group 2018 US$'000	Group 2017 US$'000
(a) Non-operating income		
Gain/(Loss) on disposal of joint venture and subsidiaries	10,566	(43)
Loss on disposal of investment properties	(50)	(116)
Gain/(Loss) on disposal of plant and equipment	17,441	(291)
(Loss)/Gain on disposal of assets and liabilities classified as held for sale[1]	(944)	13,074
Negative goodwill on acquisition of associate, joint ventures and subsidiaries	–	3,592
Others	22	(65)
	27,035	16,151

27 Profit before tax (continued)

	Group 2018 US$'000	Group 2017 US$'000
(b) Staff costs included in other expenses		
Wages and salaries (excluding contributions to defined contribution plans)	(147,692)	(88,444)
Contributions to defined contribution plans	(5,483)	(4,299)
Share-based expenses:		
- Equity settled	(38,760)	(16,694)
- Cash settled	(7,067)	–
(c) Other expenses include:		
Depreciation of plant and equipment	(8,898)	(10,669)
Amortization of intangible assets and deferred management costs	(3,922)	(3,308)
(Recognition)/Reversal of impairment losses on trade and other receivables	(12,987)	232
Operating lease expenses	(12,393)	(10,679)
Asset management fees	(3,029)	(2,903)
Cost of goods and other financial services costs	(149,147)	(18.988)
(d) Other information		
Operating expenses arising from investment properties that generate rental income[2]	(313,085)	(238,138)

Notes:

[1] Loss on disposal of assets held for sale for the year ended 31 March 2018 comprise US$1,510,000 gain from disposal of 45.00% equity interest in New Dulles Asset LLC, US$1,048,000 loss on syndication of 92% equity interest in GLP US Income Partners III and US$1,406,000 loss on final settlement from syndication of 90.15% interests in GLP US Income Partners II.

Gain on disposal of assets held for sale for the year ended 31 March 2017 comprises gain of US$8,730,000 arising from the syndication of 90.15% interests in GLP US Income Partners II (Note 29(c)) and additional gain of US$4,344,000 arising from the final proceeds from the syndication of 44.65% interests in GLP US Income Partners I (Note 29(c)).

[2] Comprise property-related expenses, staff costs and asset management fees.

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28 Tax expense

	Group	
	2018	**2017**
	US$'000	**US$'000**
Current tax		
Current year	58,799	51,807
Withholding tax on foreign-sourced income	29,848	23,136
Underprovision of prior years' tax	175	402
	88,822	75,345
Deferred tax		
Origination and reversal of temporary differences	480,587	220,359
	569,409	295,704
Reconciliation of expected to actual tax		
Profit before tax	2,648,111	1,347,599
Less: Share of results of associates and joint ventures	(480,138)	(283,120)
Profit before share of results of associates and joint ventures and tax expense	2,167,973	1,064,479
Tax expense using Singapore tax rate of 17%	368,555	180,961
Effect of tax rates in foreign jurisdictions	142,309	36,833
Net income not subjected to tax	(74,552)	(3,524)
Non-deductible expenses	41,196	41,505
Deferred tax assets not recognized	65,791	16,775
Recognition of previously unrecognized tax losses	(8,496)	(572)
Withholding tax on foreign-sourced income	29,748	23,136
Underprovision of prior years' tax	175	402
Others	4,683	188
	569,409	295,704

29 Notes to the statement of cash flows

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying properties.

(a) Acquisition of subsidiaries

The primary reason for the Group's acquisitions of subsidiaries is to expand its portfolio of investment properties in different geographical locations.

29 Notes to the statement of cash flows (continued)

(a) Acquisition of subsidiaries (continued)

(i) The list of subsidiaries acquired during the year ended 31 March 2018 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Tisheng Sky (HK) Offshore Limited	May 2017	75
Minshang No.6 Network Industry Development Limited	June 2017	95
Minshang(Chengdu Qingbaijiang) Internet of Things Technology Development Co., Ltd.	June 2017	100
Ever Gain Dongguan Investments Limited	June 2017	100
Dongguan Even Profit Logistics Co., Ltd.	June 2017	100
Tianxi Sky (HK) Offshore Limited	June 2017	85
Minshang No.4 Network Industry Development Limited	July 2017	95
Minshang (Wuhan Dongxihu) Internet of Things Technology Development Co., Ltd.	July 2017	95
Hallmark International Investment Limited	July 2017	56
Kunshan Huacheng Weaving & Dyeing Co., Ltd.	July 2017	56
Mengxi Fastener (Kunshan) Co., Ltd.	July 2017	100
Shanghai Zhuorui Packing Co., Ltd	September 2017	100
Kunshan Huaqing Furniture Co., Ltd	September 2017	75
Minshang No.9 Network Industry Development Limited	December 2017	95
Minxi (Hubei) Internet of Things Technology Co., Ltd.	December 2017	95
Wuxi Guolian Logistic Facilities Co., Ltd.	December 2017	60
Shandong Zhenhua Logistics Co., Ltd.	January 2018	56
Shenyang Bangsong Logistics Co., Ltd.	January 2018	100
Xi'an Bailixing Logistics Co., Ltd.	February 2018	56
Nice Up Corporation Limited	March 2018	56
Lide Logistics (Wuhan) Co., Ltd.	March 2018	56
Beijing Jinqiao Jiashen Technology Co., Ltd.	March 2018	100
Changchun Huarun Logistics Co., Ltd.	March 2018	90

29 Notes to the statement of cash flows (continued)

(a) Acquisition of subsidiaries (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 March 2018 are provided below:

	Recognized values on acquisition US$'000
Investment properties	422,622
Deferred tax assets	68
Plant and equipment	660
Trade and other receivables	2,598
Cash and cash equivalents	41,485
Trade and other payables	(76,124)
Loans and borrowings	(17,287)
Current tax payable	(338)
Non-controlling interests	(10,930)
Net assets acquired	362,754
Negative goodwill on acquisition of subsidiaries	–
Total purchase consideration	(362,754)
Purchase consideration payable	77,983
Purchase consideration satisfied in cash	(284,771)
Cash of subsidiaries acquired	41,485
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(88,668)
Cash outflow on acquisition of subsidiaries	(331,954)

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$362,754,000. From the dates of acquisitions to 31 March 2018, the above-mentioned acquisitions contributed net profit after tax of US$24,235,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 April 2017, management estimates that consolidated revenue would have been US$1,194,048,000 and consolidated profit after tax for the year would have been US$2,089,844,000.

29 Notes to the statement of cash flows (continued)

(a) Acquisition of subsidiaries (continued)

(ii) The list of subsidiaries acquired during the year ended 31 March 2017 is as follows:

Name of subsidiaries	Date acquired	Equity interest acquired %
Minshang No.5 Network Industry Development Limited	June 2016	95
Minshang No.7 Network Industry Development Limited	June 2016	95
Uni-top Aviation Logistics (Wuxi) Co., Ltd.	June 2016	95
Uni-top Aviation Logistics (XianYang) Co., Ltd.	June 2016	95
Beijing Youshan Hengrong Yanong Investment Management Limited Partnership	June 2016	89
Beijing Youshan Hengrong Shengyue Investment Management Limited Partnership	June 2016	89
Baodeyang Technology (Beijing) Co., Ltd.	July 2016	100
Minshang No.3 Network Industry Development Limited	September 2016	95
Minshang (Nanning) Internet of Things Technology Development Co., Ltd.	September 2016	95
Guangzhou Pufu Warehousing Service Co., Ltd.	January 2017	80
Fujian Keletong Cold Chain Logistics Co., Ltd.	January 2017	100
Shanghai Jingxi Investment Co., Ltd.	February 2017	100
Kunshan Qifa Supply Chain Management Co., Ltd.	March 2017	100
Zenith Stone Investment Limited	March 2017	100
Wuhan Gaoqiao Xindi Logistics Co., Ltd.	March 2017	100
Dalian Meituo Network Technology Co., Ltd.	March 2017	100
Jiangsu Nanhua Logistics Co., Ltd.	March 2017	70
Xiamen Zhongma Supply Chain Management Co., Ltd.	March 2017	90
GLP-MC Tianjin Logistics Property Development Limited	March 2017	100
Tianjin Puling Warehousing Service Co., Ltd.	March 2017	100
GLP-MC Wuhan Logistics Property Development Pte. Ltd.	March 2017	100
Wuhan Puling Warehousing Service Co., Ltd.	March 2017	100
CLH Chongqing Logistics Property Limited	March 2017	100
Chongqing Puqing Warehousing Service Co., Ltd.	March 2017	100
Yoshimi Logistic Special Purpose Company	March 2017	100

29 Notes to the statement of cash flows (continued)

(a) Acquisition of subsidiaries (continued)

Effects of acquisitions

The cash flow and the net assets of subsidiaries acquired during the year ended 31 March 2017 are provided below:

	Recognized values on acquisition US$'000
Investment properties	256,102
Intangible assets	217
Associates	124,612
Deferred tax assets	1,400
Other assets	216
Trade and other receivables	4,698
Cash and cash equivalents	8,395
Trade and other payables	(53,455)
Current tax payable	(352)
Deferred tax liabilities	(6,304)
Non-controlling interests	(18,205)
Net assets acquired	317,324
Negative goodwill on acquisition of subsidiaries	(3,503)
Total purchase consideration	(313,821)
Purchase consideration payable	89,411
Paid by carrying amount of previously held equity interest	26,338
Purchase consideration satisfied in cash	(198,072)
Cash of subsidiaries acquired	8,395
Purchase consideration satisfied in cash in relation to subsidiaries acquired in prior year	(36,681)
Cash outflow on acquisition of subsidiaries	(226,358)

The total related acquisition costs for the above-mentioned subsidiaries amounted to US$313,821,000. From the dates of acquisitions to 31 March 2017, the above-mentioned acquisitions contributed net loss of US$2,568,000 to the Group's results for the year, before accounting for financing costs attributable to the acquisitions. If the acquisitions had occurred on 1 April 2016, management estimates that consolidated revenue would have been US$885,857,000 and consolidated profit for the year would have been US$1,047,317,000.

29 Notes to the statement of cash flows (continued)

(b) Disposal of subsidiaries

(i) The list of subsidiaries disposed during the year ended 31 March 2018 is as follows:

Name of subsidiaries	Date disposed	Equity interest disposed %
Hangzhou Transfar Lixin Logistics Bas Investment Development Co., Ltd.	August 2017	60
Qingdao Transfar Logistics Base Co., Ltd	August 2017	60
Tianjin Transfar Logistics Base Co., Ltd.	August 2017	60
GLP E Participações S.A.	December 2017	100
Beijing Dream Land Industrial Development Co., Ltd	March 2018	100
Weilong Storage Service (Shanghai) Co., Ltd	March 2018	100

Effects of disposals

The cash flow and the net assets of subsidiaries disposed during the year ended 31 March 2018 are provided below:

	Recognized values on disposal US$'000
Investment properties	257,103
Trade and other receivables	7,734
Cash and cash equivalents	6,536
Other assets	183
Trade and other payables	(15,062)
Loans and borrowings	(73,784)
Current tax payable	(77)
Deferred tax liabilities	(21,362)
Other non-current liabilities	(1,559)
Non-controlling interests	(20,137)
Net assets disposed	139,575
Gain on disposal of subsidiaries	10,566
Paid by carrying amount of previously held equity interest	2,379
Disposal consideration	152,520
Disposal consideration receivable	(107,471)
Disposal consideration satisfied in shares of a subsidiary held by non-controlling interests	(30,206)
Cash of subsidiaries disposed	(6,536)
Cash inflow on disposal of subsidiaries	8,307

From 1 April 2017 to the dates of disposal, the above-mentioned subsidiaries contributed US$4,799,999 and US$8,710,000 to the Group's revenue and net profit after tax for the year ended 31 March 2018 respectively.

(ii) There was no disposal of subsidiaries during the year ended 31 March 2017.

29 Notes to the statement of cash flows (continued)

(c) Disposal of assets and liabilities classified as held for sale

(i) Details of the disposal of assets and liabilities classified as held for sale during the year ended 31 March 2018 are as follows:

During the year ended 31 March 2018, the Group completed the syndication of 92% equity interest in GLP US Income Partners III and the disposal of 45.00% equity interest in New Dulles Asset LLC to third party investors.

Effects of disposals

	Recognized values on disposal US$'000
Investment properties	806,059
Trade and other receivables	12,362
Cash and cash equivalents	15,456
Other assets	4,174
Trade and other payables	(13,882)
Loans and borrowings	(446,228)
Other non-current liabilities	(509)
Non-controlling interests	(256,432)
Net assets disposed	121,000
Equity interest retained as investment in associate and joint venture	(30,477)
Gain on disposal of assets and liabilities classified as held for sale	462
Cash of subsidiaries disposed	(15,456)
Cash inflow on disposals of assets and liabilities classified as held for sale	75,529

(ii) Details of the disposal of assets and liabilities classified as held for sale during the year ended 31 March 2017 are as follows:

As at 31 March 2016, assets classified as held for sale primarily comprised 100% equity interest in GLP US Income Partners II acquired on 4 November 2015 which the Group intended to syndicate within 12 months from date of acquisition. The syndication of 90.15% equity interest was completed on 7 September 2016 for an aggregate consideration of US$1,785,000,000 and the Group recognized gain on disposal of assets classified as held for sale of US$8,730,000. The remaining 9.85% equity interest retained was reclassified as investment in associate.

During the year ended 31 March 2017, the Group received final proceeds of US$58,489,000 in relation to the sale of the 44.65% equity interest in GLP US Income Partners I, and recognized additional gain on disposal of assets classified as held for sale of US$4,344,000.

29 Notes to the statement of cash flows (continued)

(c) Disposal of assets and liabilities classified as held for sale (continued)

Effects of disposals

The cash flows relating to assets and liabilities classified as held for sale disposed during the year ended 31 March 2017 are provided below:

GLP US Income Partners II	**Recognized values on disposal US$'000**
Investment properties	4,644,660
Joint venture	17,959
Plant and equipment	507
Trade and other receivables	16,119
Cash and cash equivalents	164,686
Other assets	12,889
Trade and other payables	(65,975)
Loans and borrowings	(2,809,254)
Other non-current liabilities	(13,566)
Net assets disposed	1,968,025
Equity interest retained as investment in associate	(143,148)
Reclassified to loans to associate	(50,702)
	1,774,175
Gain on disposal of assets and liabilities classified as held for sale	8,730
Excess consideration over net assets disposed not yet recognized as gain[1]	2,095
Cash inflow on disposals of assets and liabilities of GLP US Income Partners II classified as held for sale	1,785,000

Note:

[1] The excess of consideration over net assets disposed have not been recognized as gain on disposal as the disposal consideration has not been finalized as of 31 March 2017.

GLP US Income Partners I	**US$'000**
Cash inflow on final receipt of disposal consideration	58,489
Disposal consideration receivable recognized in prior year	(54,145)
Gain on disposal of assets and liabilities classified as held for sale	4,344
Total cash inflow on disposal of assets and liabilities classified as held for sale	1,843,489

30 Operating segments

The Group has five reportable geographical segments, representing its operations in the PRC, Japan, US, Brazil and Europe, which are managed separately due to the different geographical locations. The Group also has two reportable business segments, representing its real estate business and financial services business. The Group's CODM review internal management reports on these segments on a quarterly basis, at a minimum, for strategic decisions making, performance assessment and resources allocation purposes.

Performance of each reportable segment is measured based on segment revenue and segment earnings before net interest expense, tax expense, and excluding changes in fair value of investment properties held by subsidiaries, associates and joint ventures (net of tax) ("EBIT excluding revaluation"). EBIT excluding revaluation is used to measure performance as management believes that such information is the most relevant in evaluating the results of these segments relative to other entities that operate within the logistics industry. Segment assets and liabilities are presented net of inter-segment balances.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. There are no transactions between reportable segments.

Segment assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

30 Operating segments (continued)

Information regarding the Group's reportable geographical segments is presented in the tables below.

Information about reportable geographical segments

Group	PRC 2018 US$'000	PRC 2017 US$'000	Japan 2018 US$'000	Japan 2017 US$'000	US 2018 US$'000	US 2017 US$'000	Brazil 2018 US$'000	Brazil 2017 US$'000	Europe 2018 US$'000	Europe 2017 US$'000	Others 2018 US$'000	Others 2017 US$'000	Total 2018 US$'000	Total 2017 US$'000
Continuing operations														
Revenue and expenses														
External revenue	892,767	586,386	189,609	205,396	82,630	77,096	12,616	10,709	2,311	–	–	–	1,179,933	879,587
Changes in fair value of investment properties held by subsidiaries	1,680,791	655,426	40,607	139,368	–	–	(1,667)	2,179	–	–	–	–	1,719,731	796,973
Share of changes in fair value of investment properties (net of tax) held by associates and joint ventures	60,841	23,965	173,881	102,931	83,897	49,090	56,895	19,075	1,043	–		–	376,557	195,061
Net finance income/(costs)	105,186	(137,143)	(9,494)	(10,841)	4,217	9,512	(240)	746	–	–	(151,036)	(85,874)	(51,367)	(223,600)
Tax expense	(552,456)	(258,122)	(10,632)	(25,822)	(2,869)	(8,598)	(974)	(1,536)	–	–	(2,478)	(1,626)	(569,409)	(295,704)
Profit/(Loss) from continuing operations	1,757,150	640,654	374,627	393,136	119,550	99,433	73,459	40,736	(1,826)	–	(244,258)	(122,064)	2,078,702	1,051,895
Profit from discontinued operation	–	–	–	–	7,943	4,473	–	–	(6,493)	–	–	–	1,450	4,473
Profit/(Loss) after tax	1,757,150	640,654	374,627	393,136	127,493	103,906	73,459	40,736	(8,319)	–	(244,258)	(122,064)	2,080,152	1,056,368
EBIT	2,204,420	1,035,919	394,753	429,799	131,684	107,657	74,673	41,526	(8,319)	–	(90,744)	(34,564)	2,706,467	1,580,337
EBIT excluding revaluation	462,788	356,528	180,265	187,500	47,787	58,567	19,445	20,272	(9,362)	–	(90,744)	(34,564)	610,179	588,303
Profit attributable to:														
- Owners of the Company ("PATMI")	991,862	379,618	374,627	393,136	123,365	102,292	73,459	40,736	(6,779)	–	(244,258)	(122,064)	1,312,276	793,718
- NCI	765,288	261,036	–	–	4,128	1,614	–	–	(1,540)	–	–	–	767,876	262,650
PATMI excluding revaluation	295,240	96,467	162,169	157,805	39,468	53,202	17,664	20,223	(7,821)	–	(244,258)	(122,064)	262,462	205,633

30 Operating segments (continued)

Information about reportable geographical segments (continued)

Group	PRC 2018 US$'000	PRC 2017 US$'000	Japan 2018 US$'000	Japan 2017 US$'000	US 2018 US$'000	US 2017 US$'000	Brazil 2018 US$'000	Brazil 2017 US$'000	Europe 2018 US$'000	Europe 2017 US$'000	Others 2018 US$'000	Others 2017 US$'000	Total 2018 US$'000	Total 2017 US$'000
Assets and liabilities														
Investment properties	16,605,068	12,406,581	1,848,524	2,159,046	43,837	46,732	–	90,219	–	–	–	–	18,497,429	14,702,578
Associates and joint ventures	702,866	497,293	1,040,722	781,708	675,506	536,068	729,835	667,034	102,820	–	–	–	3,251,749	2,482,103
Other segment assets	4,025,687	2,380,151	813,652	1,036,096	92,567	965,415	254,348	16,491	1,500,151	–	108,901	176,921	6,795,306	4,575,074
Reportable segment assets	21,333,621	15,284,025	3,702,898	3,976,850	811,910	1,548,215	984,183	773,744	1,602,971	–	108,901	176,921	28,544,484	21,759,755
Loans and borrowings	(4,259,700)	(1,987,732)	(1,020,413)	(1,131,344)	–	–	–	–	–	–	(2,612,415)	(2,480,342)	(7,892,528)	(5,599,418)
Other segment liabilities	(2,839,071)	(2,147,599)	(207,184)	(209,401)	(13,562)	(469,768)	(164,752)	(33,401)	(6,659)	–	(1,033,246)	(85,278)	(4,264,474)	(2,945,447)
Reportable segment liabilities	(7,098,771)	(4,135,331)	(1,227,597)	(1,340,745)	(13,562)	(469,768)	(164,752)	(33,401)	(6,659)	–	(3,645,661)	(2,565,620)	(12,157,002)	(8,544,865)
Other information														
Depreciation and amortization	(4,701)	(4,472)	(3,181)	(4,129)	(156)	(140)	(677)	(723)	(1)	–	(4,104)	(4,513)	(12,820)	(13,977)
Interest income	6,887	6,831	8	1	4,217	9,512	1,123	531	–	–	433	3,028	12,668	19,903
NCI's share of EBITDA excluding revaluation[1]	207,699	162,022	–	–	6,996	3,687	–	–	1,541	–	–	–	216,236	165,709
Capital expenditure[2]	971,169	1,092,143	12,327	406,900	6,204	80,681	212,817	84,059	546	–	555	2,089	1,203,618	1,665,872

Notes:

1 EBITDA refers to EBIT excluding depreciation and amortization.

2 Capital expenditure includes acquisition, borrowing costs and development expenditure of investment properties and acquisition of plant and equipment.

30 Operating segments (continued)

Information about reportable business segments (continued)

	Real estate		Financial services		Total	
Group	**2018 US$'000**	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**
Continuing operations						
Revenue and expenses						
External revenue	1,007,610	856,730	172,313	22,857	1,179,933	879,587
Cost of goods sold	–	–	(149,147)	(18,988)	(149,147)	(18,988)
Net finance costs	(48,863)	(223,347)	(2,504)	(253)	(51,367)	(223,600)
Tax expense	(568,989)	(295,704)	(420)	–	(569,409)	(295,704)
Profit/(Loss) from continuing operations	2,083,507	1,052,475	(4,805)	(580)	2,078,702	1,051,895
Profit from discontinued operation	1,450	4,473	–	–	1,450	4,473
Profit/(Loss) after tax	2,084,957	1,056,948	(4,805)	(580)	2,080,152	1,056,368

31 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

(a) Risk management framework

The Group adopts the risk management policies and guidelines of the ultimate holding entity, GLP Holdings, L.P., which has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. Risk management policies and guidelines are reviewed regularly to reflect changes in market conditions and the Group's activities.

31 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer or counterparty to meet its contractual obligations. Financial transactions are restricted to counterparties that meet appropriate credit criteria that are approved by the Group and are being reviewed on a regular basis. In respect of trade receivables, the Group has guidelines governing the process of granting credit and outstanding balances are monitored on an ongoing basis. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and operate in a variety of markets.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group		Company	
	2018 US$'000	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**
Loans and receivables (non-current and current)	1,711,226	771,810	2,125,486	1,757,180
Cash and cash equivalents	1,235,736	1,210,540	22,319	102,577
	2,946,962	1,982,350	2,147,805	1,859,757

The maximum exposure to credit risk for financial assets at the reporting date by geographic region is as follows:

	Group		Company	
	2018 US$'000	**2017 US$'000**	**2018 US$'000**	**2017 US$'000**
PRC	2,502,772	1,272,802	–	–
Japan	219,565	389,872	–	–
Singapore	80,215	157,038	2,147,805	1,859,757
US	86,665	149,220	–	–
Europe	47,899	–	–	–
Others	9,846	13,418	–	–
	2,946,962	1,982,350	2,147,805	1,859,757

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. The Group maintains a level of cash and cash equivalents deemed adequate by management to meet the Group's working capital requirement. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

31 Financial risk management (continued)

(c) Liquidity risk (continued)

As far as possible, the Group will raise medium and long-term funding from both capital markets and financial institutions and prudently balance its portfolio with some short-term funding so as to achieve overall cost effectiveness.

As at 31 March 2018, the Group has unutilized credit and loan facilities amounting to US$1,329,261,000 (2017: US$2,452,903,000), of which US$36,020,000 (2017: US$634,250,000) are committed credit facilities.

As at 31 March 2018, the Company has unutilized credit and loan facilities amounting to US$192,559,000 (2017: US$1,538,178,000).

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

			Cash flows		
Group	**Carrying amount US$'000**	**Contractual cash flows US$'000**	**Within 1 year US$'000**	**From 1 to 5 years US$'000**	**After 5 years US$'000**
2018					
Non-derivative financial liabilities					
Bank loans	5,346,513	5,811,591	3,482,784	1,547,653	781,154
Bonds	2,514,785	3,058,001	210,866	1,356,451	1,490,684
Bank overdraft	31,230	31,230	31,230	–	–
Trade and other payables[1]	2,397,221	2,398,138	2,142,493	221,844	33,801
	10,289,749	11,298,960	5,867,373	3,125,948	2,305,639
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	140				
- Outflow		7,040	7,040	–	–
- Inflow		(6,900)	(6,900)	–	–
Interest rate swaps (net-settled)	5,869	6,727	2,521	4,206	–
	10,295,758	11,305,827	5,870,034	3,130,154	2,305,639

Note:

1 Excludes advance rental received.

31 Financial risk management (continued)

(c) Liquidity risk (continued)

Group	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows Within 1 year US$'000	Cash flows From 1 to 5 years US$'000	Cash flows After 5 years US$'000
2017					
Non-derivative financial liabilities					
Bank loans	2,970,296	3,357,809	679,912	1,647,546	1,030,351
Bonds	2,092,315	2,519,496	230,718	998,795	1,289,983
Capital securities	536,807	537,292	537,292	–	–
Trade and other payables[1]	1,194,730	1,195,983	1,030,549	126,204	39,230
	6,794,148	7,610,580	2,478,471	2,772,545	2,359,564
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	7,013				
- Outflow		59,478	1,643	57,835	–
- Inflow		(52,434)	(2,012)	(50,422)	–
Interest rate swaps (net-settled)	19,792	20,515	5,834	14,275	406
	6,820,953	7,638,139	2,483,936	2,794,233	2,359,970
Company					
2018					
Non-derivative financial liabilities					
Bank loans	1,447,191	1,451,951	1,451,951	–	–
Bonds	1,133,994	1,476,245	49,590	170,353	1,256,302
Bank overdraft	31,230	31,230	31,230	–	–
Trade and other payables	1,656,390	1,656,390	1,656,290	100	–
	4,268,805	4,615,816	3,189,061	170,453	1,256,302
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	140				
- Outflow		7,040	7,040	–	–
- Inflow		(6,900)	(6,900)	–	–
	4,268,945	4,615,956	3,189,201	170,453	1,256,302

Note:

[1] Excludes advance rental received.

31 Financial risk management (continued)

(c) Liquidity risk (continued)

Company	Carrying amount US$'000	Contractual cash flows US$'000	Cash flows Within 1 year US$'000	From 1 to 5 years US$'000	After 5 years US$'000
2017					
Non-derivative financial liabilities					
Bank loans	775,078	812,312	71,234	380,716	360,362
Bonds	1,168,456	1,555,796	44,414	221,399	1,289,983
Capital securities	536,807	537,292	537,292	–	–
Trade and other payables	98,799	98,799	98,699	100	–
	2,579,140	3,004,199	751,639	602,215	1,650,345
Derivative financial liabilities					
Forward foreign exchange contracts (gross-settled):	7,013				
- Outflow		59,478	1,643	57,835	–
- Inflow		(52,434)	(2,012)	(50,422)	–
Interest rate swaps (net-settled)	10,567	10,238	2,650	7,182	406
	2,596,720	3,021,481	753,920	616,810	1,650,751

(d) Market risk

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

Currency risk

The Group operates mainly in the PRC, Japan, US, Brazil and Europe. Other than the respective functional currency of the Group's subsidiaries, the foreign currency which the Group has exposure to at the reporting date is the US Dollar.

The Group maintains a natural hedge, wherever possible, by borrowing in the currency of the country in which the investment is located. Foreign exchange exposures in transactional currencies other than the functional currencies of the operating entities are kept to an acceptable level.

The Group also monitors any surplus cash held in currencies other than the functional currency of the respective companies and uses sensitivity analysis to measure the foreign exchange risk exposure. Where necessary, the Group will use foreign exchange contracts to hedge and minimize net foreign exchange risk exposures. In relation to its overseas investments in foreign subsidiaries whose net assets are exposed to currency translation risk and which are held for long-term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

The Group's and Company's exposures to foreign currencies (financial assets and liabilities not denominated in the respective entities' functional currencies) as at 31 March 2018 and 31 March 2017 are as follows:

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
2018							
Financial assets							
Cash and cash equivalents	254,318	651	663	2,534	11	9,991	31,466
Trade and other receivables	–	26,547	670	–	68,693	2,031	8,070
Available-for-sale financial investments	–	–	–	145,046	–	–	–
	254,318	27,198	1,333	147,580	68,704	12,022	39,536
Financial liabilities							
Bank loans	(882,580)	(948)	–	(445,125)	–	(1,351,195)	–
Bonds	–	(141,415)	–	–	(6,854)	–	–
Bank overdraft	–	–	–	–	–	–	(31,230)
Trade and other payables	(1,902,417)	(626,958)	(27)	–	(115)	(420)	–
	(2,784,997)	(769,321)	(27)	(445,125)	(6,969)	(1,351,615)	(31,230)
Net financial (liabilities)/assets	(2,530,679)	(742,123)	1,306	(297,545)	61,735	(1,339,593)	8,306
Add: Forward foreign exchange contracts	–	–	–	–	6,854	–	31,192
Add: Loans designated for net investment hedge	–	141,415				1,347,190	–
Currency exposure of net financial (liabilities)/assets	(2,530,679)	(600,708)	1,306	(297,545)	68,589	7,597	39,498

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Group	United States Dollar US$'000	Japanese Yen US$'000	Singapore Dollar US$'000	Hong Kong Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
2017							
Financial assets							
Cash and cash equivalents	299,234	1,509	79	1,465	12	–	–
Trade and other receivables	–	20,943	69	46	64,316	–	–
Available-for-sale financial investments	–	–	–	137,588	–	–	–
	299,234	22,452	148	139,099	64,328	–	–
Financial liabilities							
Bank loans	(411,550)	(711,078)	–	–	–	–	–
Bonds	–	(133,635)	–	–	(50,775)	–	–
Capital securities	–	–	(536,807)	–	–	–	–
Trade and other payables	(1,608,628)	(39,528)	(15,463)	–	(3,822)	–	–
	(2,020,178)	(884,241)	(552,270)	–	(54,597)	–	–
Net financial (liabilities)/assets	(1,720,944)	(861,789)	(552,122)	139,099	9,731	–	–
Add: Forward foreign exchange contracts	–	–	–	–	50,775	–	–
Add: Loans designated for net investment hedge	–	844,713	–	–	–	–	–
Currency exposure of net financial (liabilities)/assets	(1,720,944)	(17,076)	(552,122)	139,099	60,506	–	–

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Company	Japanese Yen US$'000	Singapore Dollar US$'000	Chinese Renminbi US$'000	European Dollar US$'000	Great British Pound US$'000
2018					
Financial assets					
Cash and cash equivalents	5	543	11	1	–
Trade and other receivables	25,224	656	68,693	74	–
	25,229	1,199	68,704	75	–
Financial liabilities					
Bank loans	–	–	–	(1,347,190)	–
Bonds	(141,415)	–	(6,854)	–	–
Bank overdraft	–	–	–	–	(31,230)
Trade and other payables	(626,811)	–	(104)	(420)	–
	(768,226)	–	(6,958)	(1,347,610)	(31,230)
Net financial (liabilities)/assets	(742,997)	1,199	61,746	(1,347,535)	(31,230)
Add: Forward foreign exchange contracts	–	–	6,854	–	31,192
Currency exposure of net financial (liabilities)/assets	(742,997)	1,199	68,600	(1,347,535)	(38)
2017					
Financial assets					
Cash and cash equivalents	1,508	64	12	–	–
Trade and other receivables	1,691	69	59,975	–	–
	3,199	133	59,987	–	–
Financial liabilities					
Bank loans	(711,078)	–	–	–	–
Bonds	(133,635)	–	(50,775)	–	–
Capital securities	–	(536,807)	–	–	–
Trade and other payables	(39,528)	(14,380)	(784)	–	–
	(884,241)	(551,187)	(51,559)	–	–
Net financial (liabilities)/assets	(881,042)	(551,054)	8,428	–	–
Add: Forward foreign exchange contracts	–	–	50,775	–	–
Currency exposure of net financial (liabilities)/assets	(881,042)	(551,054)	59,203	–	–

31 Financial risk management (continued)

(d) Market risk (continued)

Currency risk (continued)

Sensitivity analysis

A 10% strengthening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. The Group's outstanding forward foreign exchange contracts have been included in this calculation. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
US Dollar	(253,068)	(172,094)	–	–
Japanese Yen	60,071	1,708	74,300	88,104
Singapore Dollar	(131)	55,212	(120)	55,105
Hong Kong Dollar	29,755	(13,910)	–	(5)
Chinese Renminbi	(6,859)	(6,051)	(6,860)	(5,920)
European Dollar	(760)	–	134,754	–
Great British Pound	(3,950)	–	4	–

A 10% weakening of foreign currency against the respective functional currencies of the subsidiaries at the reporting date would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group's interest rate risk arises primarily from the interest-earning financial assets and interest-bearing financial liabilities.

The Group manages its interest rate exposure by maintaining a mix of fixed and variable rate borrowings. Where necessary, the Group hedges a portion of its interest rate exposure within the short to medium term by using interest rate derivatives.

At 31 March 2018, the Group and Company has interest rate swaps with an aggregate notional contract amount of US$444,002,000 (2017: US$1,331,972,000) and Nil (2017: US$716,800,000) as cash flow hedges. After taking into account the effects of the interest rate swaps, the Group and Company pays fixed interest rates ranging from 0.42% to 1.33% (2017: 0.42% to 1.60%) per annum and Nil% (2017: 0.83% to 1.09%) per annum and receives a variable rate equal to the Swap Offer Rate on the notional amounts. The aggregate fair value of interest rate swaps held by the Group and Company as at 31 March 2018 is a net liability of US$5,869,000 (2017: US$19,792,000) and Nil (2017: US$10,567,000) which are designated as cash flow hedges.

During the years ended 31 March 2018 and 2017, there was no ineffectiveness of cash flow hedges recognized in profit or loss.

31 Financial risk management (continued)

(d) Market risk (continued)

Interest rate risk (continued)

At the reporting date, the interest rate profile of interest-bearing financial liabilities (after taking into account the effects of the interest rate swaps) are as follows:

	Group		Company	
	Carrying amount US$'000	**Principal/ notional amount US$'000**	**Carrying amount US$'000**	**Principal/ notional amount US$'000**
2018				
Fixed rate instruments				
Loans and borrowings	3,570,995	3,588,345	2,151,086	2,166,111
Variable rate instruments				
Loans and borrowings	4,364,136	4,334,257	461,329	430,099
2017				
Fixed rate instruments				
Loans and borrowings	3,363,343	3,389,479	2,480,341	2,502,874
Variable rate instruments				
Loans and borrowings	2,267,667	2,269,296	–	–

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Group		Company	
	100 bp Increase US$'000	**100 bp Decrease US$'000**	**100 bp Increase US$'000**	**100 bp Decrease US$'000**
2018				
Loans and borrowings	(43,343)	43,343	(4,301)	4,301
2017				
Loans and borrowings	(22,693)	22,693	–	–

31 Financial risk management (continued)

(d) Market risk (continued)

Other market price risk

Equity price risk arises from quoted available-for-sale equity securities measured at fair value held by the Group. Management of the Group monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Group's Investment Committee.

An increase/(decrease) in 5% of the equity price of available-for-sale equity securities held by the Group at the reporting date would have increased/(decreased) fair value reserve by US$55.3 million (2017: US$52.2 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(e) Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Group's and Company's statement of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as trade receivables and trade payables are not disclosed in the tables below unless they are offset in the statement of financial position.

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements. In general, under such agreements, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount being payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

The above ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because they create a right of set-off of recognized amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. In addition, the Group and its counterparties do not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

31 Financial risk management (continued)

(e) Offsetting financial assets and financial liabilities (continued)

Financial assets and financial liabilities subject to offsetting and enforceable master netting arrangements

Group	Gross amounts of recognized financial assets/ (liabilities) US$'000	Gross amounts of recognized financial assets/ (liabilities) offset in the statement of financial position US$'000	Net amounts of financial assets/ (liabilities) presented in the statement of financial position US$'000	Related amounts not offset in the statement of financial position US$'000	Net amount US$'000
2018					
Financial liabilities					
Forward foreign exchange contracts	(140)	–	(140)	–	(140)
Interest rate swaps	(5,869)	–	(5,869)	–	(5,869)
	(6,009)	–	(6,009)	–	(6,009)
2017					
Financial liabilities					
Forward foreign exchange contracts	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	(19,792)	–	(19,792)	–	(19,792)
	(26,805)	–	(26,805)	–	(26,805)
Company					
2018					
Financial liabilities					
Forward foreign exchange contracts	(140)	–	(140)	–	(140)
Interest rate swaps	–	–	–	–	–
	(140)	–	(140)	–	(140)
2017					
Financial liabilities					
Forward foreign exchange contracts	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	(10,567)	–	(10,567)	–	(10,567)
	(17,580)	–	(17,580)	–	(17,580)

The gross amounts of financial assets and financial liabilities and their net amounts as presented in the statement of financial position that are disclosed in the above tables are measured in the statement of financial position at fair value.

32 Fair value of financial assets and liabilities

(a) Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy, are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Carrying amount					Fair value			
Group	Note	Fair value – hedging instruments US$'000	Loans and receivables US$'000	Available -for-sale US$'000	Other financial liabilities US$'000	Total carrying amount US$'000	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
2018										
Available-for-sale financial investments	10	–	–	1,483,046	–	1,483,046	1,106,739	–	376,307	1,483,046
Other non-current assets[1]	11	–	481,486	–	–	481,486	–	–	490,055	490,055
Trade and other receivables[2]	12	–	1,229,740	–	–	1,229,740				
Cash and cash equivalents	14	–	1,235,736	–	–	1,235,736				
		–	2,946,962	1,483,046	–	4,430,008				
Secured bank loans	19	–	–	–	(2,312,755)	(2,312,755)	–	(2,312,755)	–	(2,312,755)
Secured bonds	19	–	–	–	(604,435)	(604,435)	–	(604,435)	–	(604,435)
Unsecured bank loans	19	–	–	–	(3,033,758)	(3,033,758)	–	(3,033,758)	–	(3,033,758)
Unsecured bonds	19	–	–	–	(1,910,350)	(1,910,350)	–	(1,904,218)	–	(1,904,218)
Bank overdrafts	19	–	–	–	(31,230)	(31,230)	–	(31,230)	–	(31,230)
Forward foreign exchange contracts	20	(140)	–	–	–	(140)	–	(140)	–	(140)
Interest rate swaps	20	(5,869)	–	–	–	(5,869)	–	(5,869)	–	(5,869)
Other non-current liabilities[3]	21	–	–	–	(255,645)	(255,645)	–	–	(247,896)	(247,896)
Trade and other payables[3]	22	–	–	–	(2,141,576)	(2,141,576)				
		(6,009)	–	–	(10,289,749)	(10,295,758)				

Notes:
1 Excludes prepayments and deferred management costs.
2 Excludes other assets and prepayments.
3 Excludes advance rental received.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount					Fair value			
Group	**Note**	**Fair value – hedging instruments US$'000**	**Loans and receivables US$'000**	**Available -for-sale US$'000**	**Other financial liabilities US$'000**	**Total carrying amount US$'000**	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
2017										
Available-for-sale financial investments	10	–	–	1,160,597	–	1,160,597	1,044,886	–	115,711	1,160,597
Other non-current assets[1]	11	–	216,574	–	–	216,574	–	–	228,637	228,637
Trade and other receivables[2]	12	–	555,236	–	–	555,236				
Cash and cash equivalents	14	–	1,210,540	–	–	1,210,540				
		–	1,982,350	1,160,597	–	3,142,947				
Secured bank loans	19	–	–	–	(1,790,792)	(1,790,792)	–	(1,790,792)	–	(1,790,792)
Secured bonds	19	–	–	–	(707,361)	(707,361)	–	(707,361)	–	(707,361)
Unsecured bank loans	19	–	–	–	(1,179,504)	(1,179,504)	–	(1,179,504)	–	(1,179,504)
Unsecured bonds	19	–	–	–	(1,384,954)	(1,384,954)	–	(1,374,154)	–	(1,374,154)
Capital securities	19	–	–	–	(536,807)	(536,807)	–	(536,807)	–	(536,807)
Forward foreign exchange contracts	20	(7,013)	–	–	–	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	20	(19,792)	–	–	–	(19,792)	–	(19,792)	–	(19,792)
Other non-current liabilities[3]	21	–	–	–	(165,435)	(165,435)	–	–	(158,001)	(158,001)
Trade and other payables[3]	22	–	–	–	(1,029,295)	(1,029,295)				
		(26,805)	–	–	(6,794,148)	(6,820,953)				

Notes:
1 Excludes prepayments and deferred management costs.
2 Excludes other assets and prepayments.
3 Excludes advance rental received.

32 Fair value of financial assets and liabilities (continued)

(a) Accounting classifications and fair values (continued)

		Carrying amount				Fair value			
Company	**Note**	**Fair value – hedging instruments US$'000**	**Loans and receivables US$'000**	**Other financial liabilities US$'000**	**Total carrying amount US$'000**	**Level 1 US$'000**	**Level 2 US$'000**	**Level 3 US$'000**	**Total US$'000**
2018									
Trade and other receivables[1]	12	–	2,125,486	–	2,125,486				
Cash and cash equivalents	14	–	22,319	–	22,319				
		–	2,147,805	–	2,147,805				
Unsecured bank loans	19	–	–	(1,447,191)	(1,447,191)	–	(1,447,191)	–	(1,447,191)
Unsecured bonds	19	–	–	(1,133,994)	(1,133,994)	–	(1,127,863)	–	(1,127,863)
Bank overdraft	19	–	–	(31,230)	(31,230)	–	(31,230)	–	(31,230)
Forward foreign exchange contracts	20	(140)	–	–	(140)	–	(140)	–	(140)
Other non-current liabilities	21	–	–	(100)	(100)	–	–	(100)	(100)
Trade and other payables	22	–	–	(1,656,290)	(1,656,290)				
		(140)	–	(4,268,805)	(4,268,945)				
2017									
Trade and other receivables[1]	12	–	1,757,180	–	1,757,180				
Cash and cash equivalents	14	–	102,577	–	102,577				
		–	1,859,757	–	1,859,757				
Unsecured bank loans	19	–	–	(775,078)	(775,078)	–	(775,078)	–	(775,078)
Unsecured bonds	19	–	–	(1,168,456)	(1,168,456)	–	(1,157,656)	–	(1,157,656)
Capital securities	19	–	–	(536,807)	(536,807)	–	(536,807)	–	(536,807)
Forward foreign exchange contracts	20	(7,013)	–	–	(7,013)	–	(7,013)	–	(7,013)
Interest rate swaps	20	(10,567)	–	–	(10,567)	–	(10,567)	–	(10,567)
Other non-current liabilities	21	–	–	(100)	(100)	–	–	(100)	(100)
Trade and other payables	22	–	–	(98,699)	(98,699)				
		(17,580)	–	(2,579,140)	(2,596,720)				

Note:
[1] Excludes prepayments.

32 Fair value of financial assets and liabilities (continued)

(b) Level 3 fair value measurements

(i) Reconciliation of Level 3 fair value

The reconciliation from the beginning balance to the ending balance for Level 3 fair value measurements for investment properties and available-for-sale financial instruments are presented in Note 4 and Note 10 respectively.

(ii) Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Available-for-sale financial investments	*Net asset value:* The fair value of the underlying assets and liabilities of the entity to which the financial instrument relates. The assets held by the relevant entities comprise mainly investment properties whose fair values were determined by independent external valuers. The fair values of the properties were based on market values determined using the discounted cash flow, direct comparison and residual approaches.
Financial derivative instruments: - Interest rate swaps - Forward foreign exchange contracts	*Market comparison technique*: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Financial instruments not measured at fair value

Type	Valuation technique	Inputs used in determining fair value
Loans to associate and joint ventures, security deposits and loans and borrowings	Discounted cash flows	Government yield curve at the reporting date plus an adequate credit spread.

(iii) Transfer between Level 1 and 2

During the years ended 31 March 2018 and 2017, there were no transfers between Level 1 and 2 of the fair value hierarchy.

33 Commitments and contingent liabilities

The Group had the following commitments and contingent liabilities as at the reporting date:

(a) Operating lease commitments

(i) Operating lease rental payable

The Group leases mainly office premises from non-related parties under non-cancellable operating leases. Future minimum lease payments for the Group are as follows:

	Group		Company	
	2018 US$'000	2017 US$'000	2018 US$'000	2017 US$'000
Lease payments payable:				
- Within 1 year	12,598	11,850	745	698
- After 1 year but within 5 years	13,840	23,087	675	1,331
	26,438	34,937	1,420	2,029

(ii) Operating lease rental receivable

Future minimum lease rental receivable for the Group on non-cancellable operating leases from investment properties are as follows:

	Group	
	2018 US$'000	2017 US$'000
Lease rentals receivable:		
- Within 1 year	788,552	619,207
- After 1 year but within 5 years	1,356,047	1,181,295
- After 5 years	491,097	515,122
	2,635,696	2,315,624

(b) Other commitments

	Group	
	2018 US$'000	2017 US$'000
Development expenditure contracted but not provided for	522,751	602,252

34 Significant related party transactions

Remuneration of key management personnel

In accordance with FRS 24 *Related Party Disclosures,* key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. For purposes of FRS 24 *Related Party Disclosures,* the executive directors are considered key management personnel of the Group.

The key management personnel compensation included as part of staff costs for those key management personnel employed by the Group are as follows:

	Group	
	2018	**2017**
	US$'000	**US$'000**
Wages and salaries (excluding contributions to defined contribution plans)	7,806	18,584
Contributions to defined contribution plans	26	106
Share-based expenses, equity settled	1,964	8,720
	9,796	27,410

In addition to the related party information disclosed elsewhere in the financial statements, there were the following significant related party transactions which were carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group	
	2018	**2017**
	US$'000	**US$'000**
Associates and joint ventures		
Asset and investment management fee income from associates and joint venture funds	111,920	99,473
Development and other management fee income from associates and joint venture funds	35,085	35,913
Asset and investment management fee income from other associates and joint ventures	3,023	2,927
Development and other management fee income from other associates and joint ventures	1,057	1,550
Subsidiaries of a substantial shareholder		
Operating lease expenses paid/payable	(6,430)	(5,120)
A company in which a Director of the Company have substantial financial interests		
Reimbursement of office expenses and allocation of expenses	(108)	(111)

35 Significant subsidiaries

Details of significant subsidiaries are as follows:

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2018 %	2017 %
GLP Japan Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100
Japan Logistic Properties 1 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
Osaka Logistic SPC	Property investment	Japan	100	100
Yokohama Logistic SPC	Property investment	Japan	100	100
Japan Logistic Properties 2 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
Japan Logistic Properties 3 Pte. Ltd. and its subsidiary:	Investment holding	Singapore	100	100
Azalea SPC	Property investment	Japan	100	100
Japan Logistic Properties 4 Pte. Ltd. and its subsidiaries	Investment holding	Singapore	100	100
GLP Capital Japan 2 Pte. Ltd. and its subsidiary	Investment holding	Singapore	100	100
GLP Japan Development Investors Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Japan Development Investors 2 Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Light Year Investment Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
GLP Brazil Investment Holdings Pte. Ltd.	Investment holding	Singapore	100	100[2]
BLH (1) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100

35 Significant subsidiaries (continued)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group	
			2018 %	2017 %
BLH (2) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
BLH (3) Pte. Ltd. and its joint venture[1]	Investment holding	Singapore	100	100
BLH (4) Pte. Ltd.	Investment holding	Singapore	100	100
GLP Investment Holdings[3]	Investment holding	Cayman Islands	100	100
New GLP Holdings, LLC and its joint venture[1]	Investment holding	US	100	100
New Western Holdings, LLC and its associate[1]	Investment holding	US	100	100
New Harvest Holdings, LLC and its subsidiaries	Investment holding	US	100	100
CLH Limited and its significant subsidiaries[3]	Investment holding	Cayman Islands	100	100
GLP China Holdings Limited (f.k.a. Iowa China Offshore Holdings (Hong Kong) Limited) and its significant subsidiaries:	Investment holding	Hong Kong	66.21	66.21
Beijing Lihao Science & Technology Co., Ltd.	Property investment	PRC	58.26	56.28
Suzhou Industrial Park Genway Factory Building Industrial Development Co., Ltd.	Property investment	PRC	46.35	46.35
GLP Suzhou Development Co., Ltd.	Property investment	PRC	52.97	52.97
Airport City Development Co., Ltd.	Property investment	PRC	35.18	35.18
GLP Investment (Shanghai) Co., Ltd.	Property management	PRC	66.21	66.21
GLP I-Park Xi'An Science & Technology Industrial Development Co., Ltd.	Property investment	PRC	30.90	30.90

35 Significant subsidiaries (continued)

Name of company	Principal activities	Country of incorporation and place of business	Effective interest held by the Group 2018 %	2017 %
Global Logistic Properties Holdings Limited and its subsidiaries[3]:	Investment holding and property management	Cayman Islands	100	100
Global Logistic Properties Inc.	Property management	Japan	100	100
GLP Japan Advisors Inc.	Property management	Japan	100	100
GLP Investment Management Pte. Ltd. and its subsidiaries:	Investment holding and fund management	Singapore	100	100
GLP Brasil Gestão de Recursos e Administração Imobiliária Ltda	Property management	Brazil	100	100
GLP US Management LLC	Property management	US	99	99
GLP UK Management Limited[5]	Property management	UK	100[4]	–

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreigu-incorporated subsidiaries unless otherwise indicated.

Notes:

[1] Significant associates and joint ventures of the Group are disclosed in Note 6 to the financial statements.
[2] Incorporated during the year ended 31 March 2017.
[3] Not required to be audited by laws of country of incorporation.
[4] Incorporated during the year ended 31 March 2018.
[5] Audited by Deloitte LLP UK.

36 Subsequent events

Subsequent to 31 March 2018, the following events occurred:

(i) On 9 April 2018, the Gronp issued RMB4 billion (equivalent to approximately US$637,000,000) of RMB denominated Bond (the "OBOR Panda Bond") on the Shenzhen Stock Exchange. The OBOR Panda Bond is due on 9 April 2027 and bears fixed interest rate of 5.45% per annum, with a coupon reset and option to redeem on 9 April 2021 and 9 April 2024.

(ii) On 13 April 2018, the Group issued RMB1.2 billion (equivalent to approximately US$191,000,000) of RMB denominated Bond (the "Panda Bond") on the National Association of Financial Market Institutional Investors ("NAFMII"). The Panda Bond is due on 13 April 2021 and bears fixed interest rate of 5.15% per annum.

36 Subsequent events (continued)

(iii) On 2 May 2018, the Group issued RMB1.5 billion (equivalent to approximately US$236,000,000) of OBOR Panda Bond on the Shenzhen Stock Exchange. The OBOR Panda Bond is due on 2 May 2027 and bears fixed interest rate of 5.09% per annum, with a coupon reset and an option to redeem on 2 May 2021 and 2 May 2024.

(iv) On 3 May 2018, the Group issued EUR365 million (equivalent to approximately US$435,000,000) of Senior Notes (the "Euro Bond") under the US$2 billion Euro Medium Term Note Programme. The Euro Bond is due on 3 May 2023 and bears fixed interest rate of 3.00% per annum.

(v) On 16 April 2018, the Group received proceeds of GBP400 million (equivalent to approximately US$566,000,000) in relation to the final syndication of 61% equity interest of GLP Europe Development Partners I. The remaining 15% equity interest held by the Group was reclassified as investment in associate.

(vi) On 18 May 2018, the Group received proceeds of EUR172 million (equivalent to approximately US$213,000,000) in relation to the partial syndication of 22% equity interest of GLP Europe Income Partners I.

37 Convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to IFRS as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 31 December 2018 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

37 Convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (continued)

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes the amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts issued by the IASB in September 2016;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of Investment Property issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements.

Summary of quantitative impact

The Group is currently finalizing the transition adjustments. The following reconciliations provide an estimate of the expected impacts on initial application of SFRS(I) 1 on the Group's and the Company's financial position as at 31 March 2018 and 1 April 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 March 2018.

Consolidated statement of financial position

	31 March 2018		
	Current framework US$'000	SFRS(I) 1 US$'000	SFRS(I) framework US$'000
Currency translation reserve	(472,026)	1,173,375	701,349
Retained earnings	4,993,041	(1,173,375)	3,819,666

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37 Convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (continued)

SFRS(I) 1

When the Group adopts SFRS(I) in financial year ending 31 March 2019, the Group will apply SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

Foreign currency translation reserve (FCTR)

The Group considers that restating FCTR to comply with current IAS 21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods.

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition, and reclassify the cumulative FCTR of US$1,173,375,000 as at 1 April 2017 determined in accordance with FRS at that date to retained earnings.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

The Group expects the cumulative FCTR to increase by US$1,173,375,000 and retained earnings to decrease by the same amount as at 31 March 2018.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognized as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 March 2019, using the retrospective approach.

As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively, except as described below, and the comparative period presented in the financial statements for the year ending 31 March 2019 will be restated.

37 Convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (continued)

SFRS(I) 9

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Overall, the Group does not expect a significant change in the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9. For the Group's investment in equity securities classified as "available for sale" financial assets ("AFS"), the Group expects to designate certain AFS equity investments at fair value through other comprehensive income. The fair value changes of the remaining AFS equity investments will be recognised in profit or loss as they arise. Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under SFRS(I) 9. Financial assets will be classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 will be based on an expected credit loss model to replace the FRS 39 incurred loss model.

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under SFRS(I) 9. The new general hedge accounting requirements is likely to present more opportunities for the Group to adopt hedge accounting.

The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group does not expect the impairment calculated using the new expected credit loss model to have a significant impact on the financial statements.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

The Group has performed a preliminary assessment of adopting SFRS(I) 9 based on currently available information and the Group does not expect the adoption of SFRS(I) 9 to have any significant impact on the financial statements. This assessment may be subject to changes arising from ongoing analysis, until the Group adopts SFRS(I) 9 for the year ending 31 March 2019.

Applicable to financial statements for the year ending 31 March 2020 and thereafter

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 April 2018:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

37 Convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (continued)

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 April 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in financial year 2019. The Group has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. The Group has several non-cancellable operating lease agreements in which the Group is a lessee and the undiscounted lease commitments as at 31 March 2018 amount to US$26,438,000. The Group expects these operating leases to be recognized as ROU assets with corresponding lease liabilities under the new standard.

The Group plans to adopt the new standard on the required effective date by applying SFRS(1) 16 retrospectively using the modified retrospective approach as an adjustment to the opening balance of retained earnings.

The Group is currently in the process of analysing the transitional approaches and practical expedients to be elected on transition to SFRS(I) 16 and assessing the possible impact of adoption.