# GROUP FINANCIAL SUMMARY



The Group Financial Summary as set out on pages 2 to 44 contains only a summary of the information extracted from the Directors' Report, Statement by Directors and the audited consolidated financial statements of Changi Airport Group (Singapore) Pte. Ltd. and its subsidiaries for the financial year ended 31 March 2016.

For a full understanding of the state of affairs of the Company and the Group as at 31 March 2016 and of the results of the Group for the financial year ended 31 March 2016, the Group Financial Summary should be read in conjunction with the audited consolidated financial statements and the audit report thereon, which can be obtained via the Company's website (http://www.changiairportgroup.com).

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2016

The directors present their statement to the member together with the audited financial statements of the Group for the financial year ended 31 March 2016 and the balance sheet of the Company as at 31 March 2016.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 5 to 42 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 March 2016 and the financial performance, changes in equity and cash flows of Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## DIRECTORS

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

Mr Liew Mun Leong
Mr Eric Ang Teik Lim
Mr Michael George William Barclay
Mr Miguel Ko Kai Kwun
Ms Lim Soo Hoon
Mr Richard R Magnus
Mr Dilhan Pillay Sandrasegara
Mr Tan Kong Yam
Mr Danny Teoh Leong Kay
Mr Derrick Wan Yew Meng (alternate director to Ms Lim Soo Hoon)
Mr Lee Seow Hiang

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

## SHARE OPTIONS

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

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

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

## INDEPENDENT AUDITOR

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

On behalf of the Board of Directors

Liew Mun Leong
Director

Lee Seow Hiang
Director

17 May 2016

# INDEPENDENT AUDITOR'S REPORT
TO THE MEMBER OF CHANGI AIRPORT GROUP (SINGAPORE) PTE. LTD.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Changi Airport Group (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 5 to 42, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2016, and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

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

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and the Company as at 31 March 2016, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

## 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.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 17 May 2016

# CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2016

| | Note | Group 2016 $'000 | Group 2015 $'000 |
|---|---|---|---|
| Revenue | 4 | **2,164,045** | 2,149,576 |
| Expenses | | | |
| – Employee compensation | 5 | **(220,944)** | (197,768) |
| – Depreciation of property, plant and equipment | 11 | **(287,254)** | (276,451) |
| – Property tax | | **(60,931)** | (56,804) |
| – Maintenance of land, buildings and equipment | | **(279,083)** | (278,538) |
| – Services and security related expenses | | **(167,807)** | (174,721) |
| – Annual ground rent and licence fees | | **(78,650)** | (79,380) |
| – CAAS services | | **(129,283)** | (132,725) |
| – Other operating expenses | | **(60,099)** | (58,139) |
| Total | | **(1,284,051)** | (1,254,526) |
| **Operating profit** | | **879,994** | 895,050 |
| Other income | 6 | **65,753** | 51,947 |
| Share of results of associated companies and joint ventures | | **8,203** | 3,880 |
| **Profit before income tax** | | **953,950** | 950,877 |
| Income tax expense | 7 | **(170,221)** | (169,368) |
| **Profit after tax** | | **783,729** | 781,509 |
| Attributable to: | | | |
| Equity holders of the Company | | **786,142** | 784,492 |
| Non-controlling interest | | **(2,413)** | (2,983) |
| | | **783,729** | 781,509 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2016

| | Note | Group 2016 $'000 | Group 2015 $'000 |
|---|---|---|---|
| **Profit after tax** | | **783,729** | 781,509 |
| **Other comprehensive loss:** | | | |
| Items that may be reclassified subsequently to profit or loss | | | |
| Cash flow hedges | | | |
| – Fair value losses | 21(c)(i) | **(1,728)** | (19,059) |
| – Reclassified to investment in associated companies and joint ventures | 21(c)(i) | **16,284** | – |
| Currency translation differences | | | |
| – Losses | 21(c)(ii) | **(54,224)** | (71,779) |
| – Share of currency translation loss of joint venture | 21(c)(ii) | **(5,425)** | (11,555) |
| **Other comprehensive loss, net of tax** | | **(45,093)** | (102,393) |
| **Total comprehensive income** | | **738,636** | 679,116 |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the company | | **742,841** | 682,670 |
| Non-controlling interest | | **(4,205)** | (3,554) |
| | | **738,636** | 679,116 |

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

# BALANCE SHEETS
As at 31 March 2016

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | **2016** | 2015 | **2016** | 2015 |
| | | **$'000** | $'000 | **$'000** | $'000 |
| **ASSETS** | | | | | |
| **Current assets** | | | | | |
| Cash and cash equivalents | 8 | **3,338,023** | 3,849,014 | **3,291,275** | 3,786,365 |
| Trade and other receivables | 9 | **192,372** | 163,777 | **154,659** | 147,322 |
| Held-to-maturity financial assets | 15 | **30,756** | – | **30,756** | – |
| Other current assets | 10 | **66,021** | 53,315 | **63,162** | 21,357 |
| Inventories | | **10,354** | 9,051 | **9,492** | 8,405 |
| | | **3,637,526** | 4,075,157 | **3,549,344** | 3,963,449 |
| **Non-current assets** | | | | | |
| Deferred income tax assets | 16 | **242** | 123 | **–** | – |
| Other non-current assets | | **1,940** | 2,006 | **2,633** | 38 |
| Held-to-maturity financial assets | 15 | **115,735** | 94,025 | **115,735** | 94,025 |
| Trade and other receivables | 9 | **–** | – | **145,599** | 79,749 |
| Investments in subsidiaries | 12 | **–** | – | **257,965** | 257,965 |
| Investments in associated companies and joint ventures | 13 | **263,186** | 217,603 | **10,652** | 10,652 |
| Property, plant and equipment | 11 | **3,905,596** | 2,773,784 | **3,878,518** | 2,758,761 |
| Property under development | 14 | **536,450** | 401,269 | **–** | – |
| | | **4,823,149** | 3,488,810 | **4,411,102** | 3,201,190 |
| **Total assets** | | **8,460,675** | 7,563,967 | **7,960,446** | 7,164,639 |
| **LIABILITIES** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables | 17 | **936,572** | 583,372 | **868,702** | 549,684 |
| Derivative financial instruments | 19 | **85** | 8,417 | **–** | – |
| Income received in advance | | **11,062** | 15,737 | **11,076** | 15,455 |
| Deferred income | | **4,698** | 4,973 | **4,445** | 4,445 |
| Current income tax liabilities | | **234,796** | 207,804 | **231,896** | 205,836 |
| | | **1,187,213** | 820,303 | **1,116,119** | 775,420 |
| **Non-current liabilities** | | | | | |
| Loans and borrowings | 18 | **456,021** | 344,123 | **–** | – |
| Derivative financial instruments | 19 | **4,823** | 1,166 | **–** | – |
| Deferred income | | **92,900** | 97,210 | **92,900** | 97,210 |
| Deferred income tax liabilities | 16 | **60,738** | 117,445 | **60,566** | 117,348 |
| Other non-current liabilities | 20 | **72,755** | 60,587 | **69,424** | 59,807 |
| | | **687,237** | 620,531 | **222,890** | 274,365 |
| **Total liabilities** | | **1,874,450** | 1,440,834 | **1,339,009** | 1,049,785 |
| **NET ASSETS** | | **6,586,225** | 6,123,133 | **6,621,437** | 6,114,854 |
| **EQUITY** | | | | | |
| Share capital and reserves | 21 | **3,209,458** | 3,167,299 | **3,365,847** | 3,280,387 |
| Retained profits | 22 | **3,384,526** | 2,959,388 | **3,255,590** | 2,834,467 |
| | | **6,593,984** | 6,126,687 | **6,621,437** | 6,114,854 |
| Non-controlling interest | | **(7,759)** | (3,554) | **–** | – |
| **Total equity** | | **6,586,225** | 6,123,133 | **6,621,437** | 6,114,854 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

| | Share capital $'000 | Hedging and other reserves $'000 | Currency translation reserve $'000 | Sinking fund reserve $'000 | Retained profits $'000 | Non-controlling interest $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| **2016** | | | | | | | |
| **Beginning of financial year** | **3,280,387** | **(5,527)** | **(107,561)** | – | **2,959,388** | **(3,554)** | **6,123,133** |
| Dividend paid | – | – | – | – | (275,544) | – | **(275,544)** |
| Sinking fund contribution | – | – | – | 85,460 | (85,460) | – | – |
| Total comprehensive income | – | 16,348 | (59,649) | – | 786,142 | (4,205) | **738,636** |
| **End of financial year** | **3,280,387** | **10,821** | **(167,210)** | **85,460** | **3,384,526** | **(7,759)** | **6,586,225** |
| **2015** | | | | | | | |
| **Beginning of financial year** | **3,280,387** | **12,961** | **(24,227)** | – | **2,478,088** | – | **5,747,209** |
| Dividend paid | – | – | – | – | (303,192) | – | **(303,192)** |
| Total comprehensive income | – | (18,488) | (83,334) | – | 784,492 | (3,554) | **679,116** |
| **End of financial year** | **3,280,387** | **(5,527)** | **(107,561)** | – | **2,959,388** | **(3,554)** | **6,123,133** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

| | Note | 2016 $'000 | 2015 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit after tax | | **783,729** | 781,509 |
| Adjustments for: | | | |
| – Income tax expense | | **170,221** | 169,368 |
| – Depreciation of property, plant and equipment | | **287,254** | 276,451 |
| – Government grant | | **(20,731)** | (18,312) |
| – Gain on disposal of a joint venture | | **(423)** | – |
| – Net loss/(gain) on disposal of property, plant and equipment | | **1,468** | (19,639) |
| – Share of results of associated companies and joint ventures | | **(8,203)** | (3,880) |
| – Currency translation differences | | **408** | (314) |
| – Amortisation of deferred income | | **(4,585)** | (3,977) |
| – Interest income | | **(53,934)** | (34,762) |
| | | **1,155,204** | 1,146,444 |
| Changes in working capital | | | |
| – Inventories | | **(1,303)** | 18 |
| – Trade and other receivables | | **(59,597)** | (662) |
| – Other assets | | **13,395** | (7,702) |
| – Trade and other payables | | **62,386** | 58,429 |
| Cash generated from operations | | **1,170,085** | 1,196,527 |
| Interest received | | **40,544** | 28,221 |
| Interest paid | | **(8,162)** | – |
| Government grant received | | **20,370** | 18,701 |
| Income tax paid | | **(211,652)** | (171,500) |
| **Net cash provided by operating activities** | | **1,011,185** | 1,071,949 |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment and capital work-in-progress | | **(1,139,395)** | (509,730) |
| Additions to property under development | | **(109,281)** | (387,949) |
| Proceeds from disposal of property, plant and equipment | | **63** | 25,036 |
| Proceeds from disposal of a joint venture | | **5,305** | – |
| Payment for investment in an associated company | | **(64,315)** | (16,436) |
| Prepayments for investment in an associated company | | **–** | (29,043) |
| Dividend income received | | **2,783** | 3,538 |
| Purchase of held-to-maturity financial assets | | **(53,265)** | (34,653) |
| Proceeds from held-to-maturity financial assets | | **–** | 50,000 |
| **Net cash used in investing activities** | | **(1,358,105)** | (899,237) |
| **Cash flow from financing activities** | | | |
| Proceeds from loan and borrowings, net of transactions costs | | **111,881** | 485,329 |
| Repayment of loan to non-controlling interests | | **–** | (141,206) |
| Dividend paid to equity holder of the Company | | **(275,544)** | (303,192) |
| **Net cash (used in)/provided by financing activities** | | **(163,663)** | 40,931 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(510,583)** | 213,643 |
| Cash and cash equivalents at beginning of financial year | 8 | **3,849,014** | 3,635,102 |
| Effects of currency translation on cash and cash equivalents | | **(408)** | 269 |
| **Cash and cash equivalents at end of financial year** | 8 | **3,338,023** | 3,849,014 |

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

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

## 1. GENERAL INFORMATION

Changi Airport Group (Singapore) Pte. Ltd. (the "Company") is incorporated in the Republic of Singapore. The address of its registered office is 60 Airport Boulevard #046-019, Changi Airport Terminal 2, Singapore 819643.

The principal activities of the Company are to own, develop, operate, manage and provide airport and airport related facilities and services.

The principal activities of its subsidiaries, associated companies and joint ventures are disclosed in Note 27.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

***Interpretations and amendments to published standards effective in 2015***

On 1 April 2015, the Group adopted the new or amended FRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

The adoption of these new or amended FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 2.2 Revenue and other income recognition

Revenue comprises the fair value of the consideration received or receivable for rendering of services in the ordinary course of the Group's activities. Revenue is presented, net of goods and services tax, rebates and discounts, and after eliminating revenue transactions within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met.

Revenue and other income are recognised as follows:

(a) Airport services

Airport services comprise landing, parking and aerobridge fees and passenger service charges. Airport services are recognised as revenue when the related airport services have been rendered.

(b) Security services

Security services are recognised when the related services are rendered to the outbound passengers departing from the airport.

(c) Airport concessions and rental income

Airport concessions relate to rental from retail tenants and are computed based on the higher of percentage of sales or specified minimum guaranteed sums. The rental income derived from rental of property is recognised on a straight-line basis over the period of the lease.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Revenue and other income recognition (continued)

(d) Dividend income

Dividend income is recognised when the right to receive payment is established.

(e) Consultancy service fee

Consultancy service fee is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. It is recognised in accordance with the agreed stages of completion of services rendered. The stage of completion is measured by reference to the percentage of man hours incurred to date against the estimated total man hours for the project. Where services are performed through an indeterminable number of acts over a specified period of time, stages of completion are deemed to have been met on a straight line basis over the specific period of time.

Variations in contracted work for consultancy services that can be measured reliably are recognised as revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim.

(f) Interest income

Interest income is recognised using the effective interest method.

### 2.3 Government grants

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

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

### 2.4 Group accounting

(a) Subsidiaries

*(i) Consolidation*

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Group accounting (continued)

(a) Subsidiaries (continued)

*(ii) Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

*(iii) Disposals*

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

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

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Group accounting (continued)

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

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

*(i) Acquisitions*

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

*(ii) Equity method of accounting*

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

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures.

Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

*(iii) Disposals*

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries, associated companies and joint ventures" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.4 Group accounting (continued)

(d) Joint operations

The Group's joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets and obligations to the liabilities, relating to the arrangement.

The Group directly recognised in these financial statements the assets it controls, the liabilities it incurs, the expenses it incurs and/or its share of the expenses incurred and the Group's share of revenue from the joint operations.

### 2.5 Property, plant and equipment

(a) Measurement

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

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.7 on borrowing costs).

(b) Subsequent expenditure

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

(c) Depreciation

Self-constructed property, plant and equipment are capitalised initially in work-in-progress and transferred to the relevant asset category when they are ready for use. No depreciation is recognised on work-in-progress.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|---|---|
| Runways, taxiways and others | 30 years |
| Buildings | 15 to 30 years |
| Plant and equipment | 2 to 15 years |
| Vehicles and vessels | 5 to 10 years |
| Equipment, furniture and fixtures | 1 to 10 years |
| Capital improvements | 3 to 15 years |

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

(d) Disposal

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.6 Property under development

Property under development is a property being constructed or developed for future use as an investment property. It is held for long-term rental yields and/or capital appreciation and is not occupied substantially by the Group.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

### 2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of property under development or property, plant and equipment ("properties"). This includes those costs on borrowings acquired specifically for the construction or development of properties, as well as those in relation to general borrowings used to finance the construction or development of properties.

### 2.8 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investment, the difference between net disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

### 2.9 Impairment of non-financial assets

*Property, plant and equipment*
*Property under development*
*Investments in subsidiaries, associated companies and joint ventures*

Property, plant and equipment, property under development and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and held-to-maturity. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines that the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance sheet date.

*(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 9) and "cash and cash equivalents" (Note 8) on the balance sheet.

*(ii) Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(b) Recognition and derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Measurement

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

Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Financial assets (continued)

(d) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

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

### 2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.12 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost, using the effective interest method.

Borrowings are presented as current liabilities unless there is an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

### 2.13 Trade and other payables

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.14 Derivative financial instruments and hedging activities

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

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

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

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged instrument is more than 12 months and as a current asset or liability if the remaining expected life of the hedged instrument is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

*Cash flow hedge*

*(i) Interest rate swaps*

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

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

*(ii) Currency forwards*

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecast transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecast transaction is no longer expected to occur, the gains and losses that were previously recognised in other comprehensive income are reclassified to profit or loss immediately.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.15 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded, over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps are based on valuation provided by reputable financial institutions. The fair values of interest rate swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values. The fair values of non-current financial assets and liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial assets and liabilities.

### 2.16 Leases

(a) When the Group is the lessor:

Lessor – Operating leases

Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

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

Deferred income relates to total lease payments received in advance from lessees who have entered into long term operating leases with the Group. The deferred income is recognised in profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessee:

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rent is recognised as an expense in profit or loss when incurred.

### 2.17 Inventories

Inventories comprise mainly stock items used for maintenance and repair purposes. These are carried at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all costs in bringing each stock item to its present location and condition.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.18 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.19 Provisions

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

### 2.20 Employee compensation

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

(a) Defined contribution plans

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

(b) Employee leave entitlement

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

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.21 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposals or partial disposal of the entity giving rise to such reserve.

### 2.22 Cash and cash equivalents

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

### 2.23 Share capital

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

### 2.24 Dividends

Dividends to the Company's shareholder are recognised when the dividends are approved for payment.

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Impairment of associated companies and joint ventures*

Investments in associated companies and joint ventures are tested for impairment whenever there is any objective evidence that these assets may be impaired.

In considering whether there is any objective evidence of impairment, the Group compared the carrying amount of these assets with their recoverable amounts based on value-in-use or fair value less cost to sell calculations taking into account the individual facts and circumstances of the investment and management's plans.

As at 31 March 2016, the Group has assessed that recoverable amount of these assets exceed their carrying amounts. Therefore, the Group has not identified any objective evidence of impairment in these investments.

Please refer to Note 13 for additional information on the investments in associated companies and joint ventures.

## 4. REVENUE

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Airport services | **627,286** | 687,186 |
| Security services | **181,972** | 173,756 |
| Airport concessions and rental income | **1,126,491** | 1,051,115 |
| Others | **228,296** | 237,519 |
| | **2,164,045** | 2,149,576 |

## 5. EMPLOYEE COMPENSATION

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Wages and salaries | **178,323** | 158,234 |
| Others | **42,621** | 39,534 |
| | **220,944** | 197,768 |

## 6. OTHER INCOME

| | 2016<br>$'000 | 2015<br>$'000 |
|---|---|---|
| Interest income | | |
| – Bank deposits | **51,647** | 32,895 |
| – Held-to-maturity financial assets | **2,287** | 1,868 |
| Net gain on sale of property | **–** | 9,993 |
| Others | **11,819** | 7,191 |
| | **65,753** | 51,947 |

## 7. INCOME TAXES

Income tax expense

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Tax expense attributable to profit is made up of: | | |
| – Current income tax | | |
| – Singapore | **188,051** | 190,460 |
| – Foreign | **3,059** | 1,482 |
| | **191,110** | 191,942 |
| – Deferred income tax (Note 16) | **(21,085)** | (22,605) |
| | **170,025** | 169,337 |
| Under/(over) provision of tax liabilities of prior years | | |
| – Current income tax | | |
| – Singapore | **8** | (2,375) |
| – Foreign | **146** | (52) |
| – Deferred income tax (Note 16) | **42** | 2,458 |
| | **170,221** | 169,368 |

The tax on profit before tax differs from the amount that would arise using the Singapore standard rate of income tax as follows:

| | | |
|---|---|---|
| Profit before tax | **953,950** | 950,877 |
| Less: Share of results of associated companies and joint ventures | **(8,203)** | (3,880) |
| Profit before tax and share of profit of associated companies and joint ventures | **945,747** | 946,997 |

| | 2016 $'000 | 2015 $'000 |
|---|---|---|
| Tax calculated at tax rate of 17% (2015: 17%) | **160,777** | 160,989 |
| Effects of: | | |
| – Expenses not deductible for tax purposes | **9,315** | 10,595 |
| – Income not subject to tax | **(1,672)** | (1,651) |
| – Tax incentives | **(1,095)** | (1,074) |
| – Utilisation of previously unrecognised tax losses | **(43)** | (50) |
| – Deferred tax asset not recognised | **1,259** | – |
| – Tax in foreign jurisdiction | **1,484** | 528 |
| Tax charge | **170,025** | 169,337 |

## 8. CASH AND CASH EQUIVALENTS

| | Group 2016 $'000 | Group 2015 $'000 | Company 2016 $'000 | Company 2015 $'000 |
|---|---|---|---|---|
| Cash at bank and on hand | **43,092** | 489,453 | **17,775** | 440,065 |
| Bank deposit | **3,294,931** | 3,359,561 | **3,273,500** | 3,346,300 |
| | **3,338,023** | 3,849,014 | **3,291,275** | 3,786,365 |

## 9. TRADE AND OTHER RECEIVABLES

| | Group 2016 $'000 | Group 2015 $'000 | Company 2016 $'000 | Company 2015 $'000 |
|---|---|---|---|---|
| **Current** | | | | |
| Trade receivables | **50,094** | 43,663 | **42,392** | 36,081 |
| Loan to a subsidiary | **–** | – | **–** | 1,475 |
| Accrued income | **142,278** | 120,114 | **112,267** | 109,766 |
| | **192,372** | 163,777 | **154,659** | 147,322 |

The loan to a subsidiary was unsecured, interest-free and denominated in Singapore Dollars.

| | Company 2016 $'000 | Company 2015 $'000 |
|---|---|---|
| **Non-current** | | |
| Loans to subsidiaries | **145,599** | 79,749 |

The loans to subsidiaries are unsecured, denominated in Singapore Dollars and not repayable within the next twelve months. The interest income (if any) is determined using the effective interest rate method.

## 10. OTHER CURRENT ASSETS

| | Group 2016 $'000 | Group 2015 $'000 | Company 2016 $'000 | Company 2015 $'000 |
|---|---|---|---|---|
| Prepayments, deposits and other receivables | **18,480** | 2,514 | **15,842** | 1,177 |
| Advance for additional investment | **–** | 29,043 | **–** | – |
| Interest receivable | **32,117** | 17,797 | **32,094** | 19,176 |
| Others | **15,424** | 3,961 | **15,226** | 1,004 |
| | **66,021** | 53,315 | **63,162** | 21,357 |

## 11. PROPERTY, PLANT AND EQUIPMENT

| | Runways, taxiways and others $'000 | Buildings $'000 | Plant and equipment $'000 | Vehicles and vessels $'000 | Office /other equipment, furniture and fittings $'000 | Capital improve-ments $'000 | Work-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | |
| **As at 31 March 2016** | | | | | | | | |
| Cost | | | | | | | | |
| Beginning of financial year | 437,557 | 902,582 | 1,350,983 | 37,984 | 91,375 | 767,562 | 594,336 | 4,182,379 |
| Additions | – | – | 157 | – | 853 | 70 | 1,419,517 | 1,420,597 |
| Transfer from work-in- progress | 40,722 | 32,208 | 101,165 | 22 | 10,005 | 47,118 | (231,240) | – |
| Disposals | – | (25) | (4,200) | (8) | (962) | (2,263) | – | (7,458) |
| End of financial year | 478,279 | 934,765 | 1,448,105 | 37,998 | 101,271 | 812,487 | 1,782,613 | 5,595,518 |
| Accumulated depreciation | | | | | | | | |
| Beginning of financial year | 111,699 | 240,055 | 627,966 | 18,439 | 74,095 | 336,341 | – | 1,408,595 |
| Depreciation charge | 20,295 | 40,218 | 142,597 | 3,926 | 10,596 | 69,622 | – | 287,254 |
| Disposals | – | (5) | (3,367) | (8) | (954) | (1,593) | – | (5,927) |
| End of financial year | 131,994 | 280,268 | 767,196 | 22,357 | 83,737 | 404,370 | – | 1,689,922 |
| ***Net book value*** | | | | | | | | |
| **End of financial year** | **346,285** | **654,497** | **680,909** | **15,641** | **17,534** | **408,117** | **1,782,613** | **3,905,596** |
| **Group** | | | | | | | | |
| **As at 31 March 2015** | | | | | | | | |
| Cost | | | | | | | | |
| Beginning of financial year | 427,389 | 891,131 | 1,269,381 | 36,872 | 85,131 | 744,666 | 140,017 | 3,594,587 |
| Additions | – | 19,500 | 348 | – | 1,192 | 594 | 581,969 | 603,603 |
| Transfer from work-in- progress | 10,168 | 512 | 86,115 | 1,763 | 5,821 | 23,271 | (127,650) | – |
| Reclassification | – | – | 853 | – | (9) | (844) | – | – |
| Disposals | – | (8,561) | (5,714) | (651) | (746) | (125) | – | (15,797) |
| Currency translation differences | – | – | – | – | (14) | – | – | (14) |
| End of financial year | 437,557 | 902,582 | 1,350,983 | 37,984 | 91,375 | 767,562 | 594,336 | 4,182,379 |
| Accumulated depreciation | | | | | | | | |
| Beginning of financial year | 91,776 | 204,217 | 500,110 | 15,201 | 61,103 | 270,151 | – | 1,142,558 |
| Depreciation charge | 19,923 | 39,671 | 132,438 | 3,853 | 13,752 | 66,814 | – | 276,451 |
| Reclassification | – | – | 548 | – | (9) | (539) | – | – |
| Disposals | – | (3,833) | (5,130) | (615) | (737) | (85) | – | (10,400) |
| Currency translation differences | – | – | – | – | (14) | – | – | (14) |
| End of financial year | 111,699 | 240,055 | 627,966 | 18,439 | 74,095 | 336,341 | – | 1,408,595 |
| ***Net book value*** | | | | | | | | |
| **End of financial year** | **325,858** | **662,527** | **723,017** | **19,545** | **17,280** | **431,221** | **594,336** | **2,773,784** |

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

| | Runways, taxiways and others $'000 | Buildings $'000 | Plant and equipment $'000 | Vehicles and vessels $'000 | Office /other equipment, furniture and fittings $'000 | Capital improve-ments $'000 | Work-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Company** | | | | | | | | |
| **As at 31 March 2016** | | | | | | | | |
| Cost | | | | | | | | |
| Beginning of financial year | 437,557 | 902,582 | 1,350,383 | 37,989 | 87,434 | 766,598 | 582,618 | 4,165,161 |
| Additions | – | – | – | – | – | – | 1,407,236 | 1,407,236 |
| Transfer from work-in-progress | 40,722 | 32,208 | 101,133 | 22 | 10,005 | 47,118 | (231,208) | – |
| Disposals | – | (25) | (4,200) | (8) | (958) | (2,263) | – | (7,454) |
| End of financial year | 478,279 | 934,765 | 1,447,316 | 38,003 | 96,481 | 811,453 | 1,758,646 | 5,564,943 |
| Accumulated depreciation | | | | | | | | |
| Beginning of financial year | 111,699 | 240,055 | 627,834 | 18,444 | 72,289 | 336,079 | – | 1,406,400 |
| Depreciation charge | 20,295 | 40,218 | 142,459 | 3,926 | 9,659 | 69,392 | – | 285,949 |
| Disposals | – | (5) | (3,367) | (8) | (951) | (1,593) | – | (5,924) |
| End of financial year | 131,994 | 280,268 | 766,926 | 22,362 | 80,997 | 403,878 | – | 1,686,425 |
| ***Net book value*** | | | | | | | | |
| **End of financial year** | **346,285** | **654,497** | **680,390** | **15,641** | **15,484** | **407,575** | **1,758,646** | **3,878,518** |
| **Company** | | | | | | | | |
| **As at 31 March 2015** | | | | | | | | |
| Cost | | | | | | | | |
| Beginning of financial year | 427,389 | 891,131 | 1,269,122 | 36,877 | 82,364 | 744,296 | 140,017 | 3,591,196 |
| Additions | – | 19,500 | – | – | – | – | 570,251 | 589,751 |
| Transfer from work-in-progress | 10,168 | 512 | 86,115 | 1,763 | 5,821 | 23,271 | (127,650) | – |
| Reclassification | – | – | 853 | – | (9) | (844) | – | – |
| Disposals | – | (8,561) | (5,707) | (651) | (742) | (125) | – | (15,786) |
| End of financial year | 437,557 | 902,582 | 1,350,383 | 37,989 | 87,434 | 766,598 | 582,618 | 4,165,161 |
| Accumulated depreciation | | | | | | | | |
| Beginning of financial year | 91,776 | 204,217 | 500,061 | 15,206 | 59,948 | 270,050 | – | 1,141,258 |
| Depreciation charge | 19,923 | 39,671 | 132,354 | 3,853 | 13,086 | 66,653 | – | 275,540 |
| Reclassification | – | – | 548 | – | (9) | (539) | – | – |
| Disposals | – | (3,833) | (5,129) | (615) | (736) | (85) | – | (10,398) |
| End of financial year | 111,699 | 240,055 | 627,834 | 18,444 | 72,289 | 336,079 | – | 1,406,400 |
| ***Net book value*** | | | | | | | | |
| **End of financial year** | **325,858** | **662,527** | **722,549** | **19,545** | **15,145** | **430,519** | **582,618** | **2,758,761** |

## 12. INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Unquoted equity shares, at cost | **257,965** | 257,965 |

Details of significant subsidiaries are included in Note 27.

There are no subsidiaries which have non-controlling interests that are material to the Group.

## 13. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Carrying amount | **263,186** | 217,603 | 10,652 | 10,652 |

There is no individual associated company or joint venture considered to be material to the Group.

The Group's share of capital commitments of its investments amounted to $33,040,000 (2015: $122,600,000).

Further details of the associated companies and joint ventures are provided in Note 27.

Bengal Aerotropolis Projects Limited ("BAPL")

The Group has a 36.3% equity stake in BAPL, a company incorporated in India.

BAPL's principal business is to develop an airport and surrounding township in Durgapur, West Bengal, India.

Transport AMD-2 Limited ("TAMD-2")

The Group has a 37.5% equity interest in TAMD-2, a company incorporated in the Republic of Cyprus.

TAMD-2 holds investments in a group of companies whose principal activities are to provide airport and related services in the cities of Krasnodar, Sochi, Anapa and Gelendzhik, in the Russian Federation.

Rio de Janeiro Aeroporto S.A. ("RJA")

In 2014, CAI (a wholly owned subsidiary of the Group) together with its consortium partner, Odebrecht TransPort S.A. ("OTP") (collectively known as the "Consortium") was awarded the concession for the expansion, maintenance and operation of Antonio Carlos Jobim International (Galeão) Airport in Rio de Janeiro, Brazil, for a period of 25 years.

The Consortium incorporated Rio de Janeiro Aeroporto S.A. ("RJA") in Brazil to hold a 51% equity interest in Concessionária Aeroporto Rio de Janeiro S.A. ("CARJ"). CARJ signed a concession agreement with the Brazilian national agency of civil aviation, Agência Nacional de Aviação Civil ("ANAC") and commenced operations of Galeão Airport on 12 August 2014.

Through Excelente B.V., the Group holds an equity interest of 40% in RJA. As at 31 March 2016, the capital contribution into RJA amounted to $145,125,000.

CARJ has a short-term bridge loan with the National Bank for Economic and Social Development of Brazil ("BNDES") amounting to BRL1,109,053,000 ($416,124,000). The bridge loan is due on 15 June 2016. CARJ also has a second fixed concession fee installment due on 9 May 2016. Both amounts caused CARJ's current liabilities to exceed its current assets by BRL1,956,426,000 ($734,063,000) at 31 December 2015.

## 13. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

Rio de Janeiro Aeroporto S.A. ("RJA") (continued)

As initially provided for in its business plan, CARJ was in negotiations with BNDES, commercial banks and capital markets to raise long-term financing to refinance the construction works which were completed in April 2016 and the concession fee payment under the concession agreement. However, the deterioration of Brazil's economic and political environment has affected the credit market, thus impacting the structuring of CARJ's long-term financing and the terms of the collateral package acceptable to all shareholders. CARJ and its shareholders are currently negotiating with BNDES and the commercial banks to extend the bridge loan to April 2017 and on terms agreeable by all parties. In the alternate, the parties are also working to convert the bridge loan to a long-term loan.

In addition, CARJ and its shareholders are in negotiations with ANAC and relevant government agencies to temporarily suspend the payment of the fixed concession installment due in May 2016 to the end of 2016.

Management of CARJ expects that the increase in the operational capacity of Galeão Airport and expansion of the commercial area brought about by the completion of the construction works in April 2016, would result in increased revenue and, consequently, higher operational cash generation. Further, in 2016, with two major sports events including the Olympics scheduled to take place, a significant increase in the movement of passengers and in the Airport's commercial activities are expected.

In addition, on 29 April 2016, the shareholders of CARJ made an additional equity contribution of BRL436,496,000 ($166,221,000). CAI's share of this contribution was BRL89,385,000 ($34,007,000) and has been disclosed in Note 29.

In light of the above, Management of CARJ is of the view that CARJ continues to be a going concern.

Shareholders of CARJ have given equity support under the bridge loan and counter-guarantees under the performance bond given by CARJ to ANAC. The bridge loan from BNDES is guaranteed by standby letters of credit from financial institutions. CARJ and the shareholders have agreed to provide certain security interests to the commercial banks, namely the fiduciary transfer of shares in CARJ and the fiduciary assignment of rights under the concession agreement. In addition, under the shareholders' support agreement, the shareholders also agreed to provide additional equity contribution in the event that CARJ has insufficient funds to finance its obligations in accordance with the concession contract. The Group's share of the potential additional equity contribution under the shareholders' support agreement is BRL272,400,000 ($103,732,000). The Group's share of the counter-guarantee under the performance bond given by CARJ to ANAC is BRL145,400,000 ($55,369,000).

Management of CAI has considered the impact of the above events on the recoverable amount of its investment in RJA. They have determined that the long-term fundamentals of its investment remain positive. This is supported by value-in-use calculations, incorporating projections of aeronautical and non-aeronautical revenues, which reflect a recoverable amount that is in excess of the carrying amount of the investment in the Group's balance sheet. Accordingly, the Group has assessed that no impairment exists in its investment in RJA at 31 March 2016.

In the event that the going concern assumption at CARJ is no longer appropriate, adjustments will have to be made by CARJ to write down assets to their net realizable values, and to provide for expected liabilities that may arise on liquidation. Consequently, the carrying value of the Group's investment in RJA will need to be written down to its realizable amount.

## 14. PROPERTY UNDER DEVELOPMENT

| | Group | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Cost | | |
| Beginning of financial year | **401,269** | – |
| Additions | **135,181** | 401,269 |
| End of financial year | **536,450** | 401,269 |
| ***Net book value*** | | |
| ***End of financial year*** | **536,450** | 401,269 |

During the financial year, the interest and transaction costs capitalised as cost of property under development amounted to $13,310,000 (2015: $1,429,000), with effective interest rates ranging from 1.50% to 3.12% (2015: 1.50% to 2.97%) per annum.

As at 31 March 2016, the fair value of the investment property under development is $550,665,000 (2015: $409,210,000). In determining the fair value of the investment property under development, the fair value of the land was obtained based on a valuation performed by an independent professional valuer.

In determining the fair value of the land at 31 March 2016, the valuer has used a valuation technique, the residual land value method, which involves certain estimates. In the residual land method of valuation, the total gross development costs and developer's profits are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation.

Further details of the fair value measurement hierarchy of the property under development are provided in Note 24(e).

## 15. HELD-TO-MATURITY FINANCIAL ASSETS

| | Group and Company | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| **Current** | | |
| Bond with fixed interest | **30,756** | – |
| **Non-current** | | |
| Bonds with fixed interest | **115,735** | 94,025 |
| | 146,491 | 94,025 |

The interest rates for these bonds range from 1.88% to 4.45% (2015: 1.88% to 4.45%) per annum. The fair values of these bonds as at 31 March 2016 approximate their carrying value.

## 16. DEFERRED INCOME TAXES

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$'000** | $'000 | **$'000** | $'000 |
| **Deferred income tax assets** | | | | |
| – to be recovered within one year | **109** | 8 | **–** | – |
| – to be recovered after one year | **133** | 115 | **–** | – |
| | **242** | 123 | **–** | – |
| **Deferred income tax liabilities** | | | | |
| – to be settled within one year | **19,970** | 25,238 | **19,842** | 25,238 |
| – to be settled after one year | **40,768** | 92,207 | **40,724** | 92,110 |
| | **60,738** | 117,445 | **60,566** | 117,348 |

Movement in net deferred income tax account is as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Beginning of financial year | **117,322** | 137,469 | **117,348** | 137,648 |
| Under/(over)-provision in prior years | **42** | 2,458 | **(14)** | 2,400 |
| Tax credit to profit or loss | **(21,085)** | (22,605) | **(20,985)** | (22,700) |
| Transfer to current tax | **(35,783)** | – | **(35,783)** | – |
| End of financial year | **60,496** | 117,322 | **60,566** | 117,348 |

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $8,392,000 (2015: $2,285,000) and capital allowances of $3,625,000 (2015: $4,075,000) arising from the subsidiaries of the Group at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies in their respective countries of incorporation.

## 16. DEFERRED INCOME TAXES (continued)

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

**Group**

*Deferred income tax liabilities*

| | Accelerated tax depreciation $'000 | Others $'000 | Total $'000 |
|---|---|---|---|
| **As at 31 March 2016** | | | |
| Beginning of financial year | 126,974 | 1,184 | 128,158 |
| (Credited)/ charged to profit or loss | (19,072) | 514 | (18,558) |
| Transfer to current tax | (35,783) | – | (35,783) |
| End of financial year | 72,119 | 1,698 | 73,817 |
| **As at 31 March 2015** | | | |
| Beginning of financial year | 144,825 | 772 | 145,597 |
| (Credited)/ charged to profit or loss | (17,851) | 412 | (17,439) |
| End of financial year | 126,974 | 1,184 | 128,158 |

*Deferred income tax assets*

| | Tax losses $'000 | Unutilised capital allowances $'000 | Provisions $'000 | Total $'000 |
|---|---|---|---|---|
| **As at 31 March 2016** | | | | |
| Beginning of financial year | – | (8) | (10,828) | (10,836) |
| Credited to profit or loss | – | (10) | (2,475) | (2,485) |
| End of financial year | – | (18) | (13,303) | (13,321) |
| **As at 31 March 2015** | | | | |
| Beginning of financial year | (86) | (40) | (8,002) | (8,128) |
| Charged/ (credited) to profit or loss | 86 | 32 | (2,826) | (2,708) |
| End of financial year | – | (8) | (10,828) | (10,836) |

## 16. DEFERRED INCOME TAXES (continued)

**Company**

*Deferred income tax liabilities*

| | Accelerated tax depreciation $'000 | Others $'000 | Total $'000 |
|---|---|---|---|
| **As at 31 March 2016** | | | |
| Beginning of financial year | 126,877 | 1,184 | 128,061 |
| (Credited)/ charged to profit or loss | (19,146) | 514 | (18,632) |
| Transfer to current tax | (35,783) | – | (35,783) |
| End of financial year | 71,948 | 1,698 | 73,646 |
| **As at 31 March 2015** | | | |
| Beginning of financial year | 144,789 | 772 | 145,561 |
| (Credited)/ charged to profit or loss | (17,912) | 412 | (17,500) |
| End of financial year | 126,877 | 1,184 | 128,061 |

*Deferred income tax assets*

| | Provisions $'000 | Total $'000 |
|---|---|---|
| **As at 31 March 2016** | | |
| Beginning of financial year | (10,713) | (10,713) |
| Credited to profit or loss | (2,367) | (2,367) |
| End of financial year | (13,080) | (13,080) |
| **As at 31 March 2015** | | |
| Beginning of financial year | (7,913) | (7,913) |
| Credited to profit or loss | (2,800) | (2,800) |
| End of financial year | (10,713) | (10,713) |

## 17. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2016 $'000** | 2015 $'000 | **2016 $'000** | 2015 $'000 |
| Trade payables | **160,912** | 148,793 | **158,096** | 144,155 |
| Non-trade payable to a subsidiary | **–** | – | **5,722** | 4,302 |
| Accrued operating expenses | **216,414** | 188,646 | **195,795** | 175,051 |
| Accrued capital expenditure and development costs | **444,109** | 144,720 | **410,729** | 135,006 |
| Sundry creditors and other accruals | **44,412** | 32,855 | **27,865** | 22,790 |
| Deposits received | **70,725** | 68,358 | **70,495** | 68,380 |
| | **936,572** | 583,372 | **868,702** | 549,684 |

The non-trade payable to a subsidiary represent funds from the subsidiary managed by the Company on behalf, and are unsecured and repayable on demand. The interest payable to the subsidiary for the funds managed on behalf is fixed at 0.60% (2015: 0.30% – 0.60%).

## 18. LOANS AND BORROWINGS

| | Group | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Loan from non-controlling interest | **81,767** | 76,622 |
| Bank borrowings | **374,254** | 267,501 |
| | **456,021** | 344,123 |

Loan from non-controlling interest is unsecured and interest expense is determined using the effective interest rate method. The loan is subordinated to the external borrowings and is not repayable within the next twelve months.

Bank borrowings are variable rate borrowings and will be contractually re-priced between one to three months. These bank loans will mature in October 2019 and are secured on the assignment of insurances, contractual proceeds and building agreements.

At the balance sheet date, the fair values of the loan from non-controlling interest and bank borrowings approximate their carrying values.

## 19. DERIVATIVE FINANCIAL INSTRUMENTS

| | Group | |
|---|---|---|
| | **Contract notional amount** | **Fair value Liabilities** |
| | $'000 | $'000 |
| **2016** | | |
| *Cash flow hedges* | | |
| **Current** | | |
| – Currency forward | 3,800 | 85 |
| **Non-current** | | |
| – Interest rate swaps | 315,000 | 4,823 |
| | | 4,908 |
| **2015** | | |
| *Cash flow hedges* | | |
| **Current** | | |
| – Currency forward | 29,700 | 8,417 |
| **Non-current** | | |
| – Interest rate swaps | 268,000 | 1,166 |
| | | 9,583 |

## 20. OTHER NON-CURRENT LIABILITIES

Included in other non-current liabilities are accruals relating to employee compensation schemes that are deferred and payable over a period of time and other miscellaneous non-current liabilities.

## 21. SHARE CAPITAL AND RESERVES

(a) Share capital

The Company's share capital comprises 3,280,387,000 (2015: 3,280,387,000) fully paid-up ordinary shares with no par value, amounting to a total of $3,280,387,000 (2015: $3,280,387,000).

(b) Composition of reserves

| | Group | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Other reserve | **12,961** | 12,961 |
| Hedging reserve | **(2,140)** | (18,488) |
| Currency translation reserve | **(167,210)** | (107,561) |
| Sinking fund reserve | **85,460** | – |
| | **(70,929)** | (113,088) |

Other reserve relates to the difference between the consideration payable to CAAS as compared to the carrying amount of net assets transferred from CAAS, as reflected in the financial records of CAAS as at 1 July 2009 and, adjusted by the requirements of Singapore Financial Reporting Standards.

The Group used financial derivatives to hedge cash flow risks on unfavourable changes in exchange rates and interest rates. Fair values on the hedging derivatives are recognised in other comprehensive income and accumulated in the hedging reserve.

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of entities in the Group whose functional currencies are different from the presentation currency of these financial statements as well as the Group's share of currency translation differences of its joint venture.

With the approval of the Board of Directors, Management of the Company has created a sinking fund reserve, which is to be apportioned from the Company's retained earnings. These funds set aside are to be used for the Changi East Development.

The above reserves are non-distributable.

## 21. SHARE CAPITAL AND RESERVES (continued)

(c) Movements of reserves

*(i) Hedging reserve*

| | Group | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Beginning of financial year | **(18,488)** | – |
| Fair value loss | **(1,728)** | (19,059) |
| Reclassified to investment in associated companies and joint ventures | **16,284** | – |
| Less: Non-controlling interests | **1,792** | 571 |
| End of financial year | **(2,140)** | (18,488) |

*(ii) Currency translation reserve*

| | Group | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Beginning of financial year | **(107,561)** | (24,227) |
| Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures | **(54,224)** | (71,779) |
| Share of currency translation loss of a joint venture | **(5,425)** | (11,555) |
| End of financial year | **(167,210)** | (107,561) |

*(iii) Sinking fund reserve*

| | Group | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Beginning of financial year | **–** | – |
| Sinking fund contribution | **85,460** | – |
| End of financial year | **85,460** | – |

## 22. RETAINED PROFITS

Movement in retained profits for the Group and Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Beginning of financial year | **2,959,388** | 2,478,088 | **2,834,467** | 2,350,392 |
| Net profit | **786,142** | 784,492 | **782,127** | 787,267 |
| Dividend paid (Note 28) | **(275,544)** | (303,192) | **(275,544)** | (303,192) |
| Sinking fund contribution | **(85,460)** | – | **(85,460)** | – |
| End of financial year | **3,384,526** | 2,959,388 | **3,255,590** | 2,834,467 |

## 23. COMMITMENTS

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies and joint ventures (Note 13) are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Property under development | **859,413** | 973,636 | **–** | – |
| Property, plant and equipment | **2,056,959** | 2,187,979 | **2,098,532** | 2,198,561 |

(b) Leases

The Group leases several pieces of land under non-cancellable operating lease agreements from CAAS for the operation of the Changi Airport. Annual ground rents for the operating leases that are expiring on 31 March 2042 and 31 March 2070 respectively are fixed at $73,613,000 and $1,944,000 per annum.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

| | Group and Company | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Not later than one year | **75,557** | 75,476 |
| Between one and five years | **302,226** | 301,904 |
| Later than five years | **1,641,120** | 1,714,904 |
| | **2,018,903** | 2,092,284 |

## 24. FINANCIAL RISK MANAGEMENT

*Financial risk factors*

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects from these exposures on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group.

(a) Market risk

*(i) Currency risk*

The Group has dominant operations in Singapore. Entities in the Group regularly transact in foreign currencies.

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Brazilian Real ("BRL"), Euro ("EUR") and Saudi Riyal ("SAR").

The Group also has investments in foreign entities denominated in Russian Roubles ("RUB"), BRL, Indian Rupees ("INR") and Renminbi ("RMB") and had entered into forward currency contracts (designated as cash flow hedges) to hedge against foreign currency risk arising from forecast investments. The purpose of this hedge is to mitigate the impact of changes in foreign exchange rates on the cost of investments in foreign currency. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in other comprehensive income and accumulated in the hedging reserve. Cash flows arising from the designated cash flow hedges are reclassified from the hedging reserve to the cost of investment when the forecast investment occurs.

If the USD, BRL, EUR, RUB, RMB, SAR and INR had strengthened/ weakened by 5% (2015: 5%) against the SGD with all other variables including tax rate being held constant, the effects on the net profit after income tax or other comprehensive income would not be significant.

*(ii) Price risk*

The Group is not subject to significant price risk.

*(iii) Interest rate risk*

The Group's interest bearing investments are in fixed deposits, with generally short term maturities duration of around one year and fixed rate bonds issued by corporates, financial institutions and statutory boards that are held to maturity. Fixed deposits are placed with banks that offer the most competitive interest rate. On average, the interest rates of the fixed deposits are generally repriced every nine months.

The Group is exposed to interest rate risk arising from its loans and borrowings. The Group manages these cash flow interest rate risks using floating-to-fixed interest rate swaps. Interest rate swaps are transacted to hedge variable interest payments on borrowings that will mature in October 2019.

## 24. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and Company are trade and other receivables, held-to-maturity financial assets and bank deposits. For trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security deposits where appropriate to mitigate credit risk. The trade and other receivable exposure is continuously monitored and followed up by the Finance department and relevant business units.

For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties and an exposure cap (limit) is set and approved for each of the counterparties. The financial counterparties' limit and their credit ratings are then continuously monitored by the Treasury team.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheets.

The credit risk based on information provided to key management is as follows:

*(i) Financial assets that are neither past due nor impaired*

Financial assets that are neither past due nor impaired are deposits with banks and held-to-maturity financial assets which have high credit-ratings as assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Group.

*(ii) Financial assets that are past due but not impaired*

The age analysis of trade receivables past due but not impaired is as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2016** | 2015 | **2016** | 2015 |
| | **$'000** | $'000 | **$'000** | $'000 |
| Past due 1 to 30 days | **3,761** | 1,630 | **2,114** | 604 |
| Past due 31 to 90 days | **471** | 548 | **117** | 261 |
| More than 90 days | **1,507** | 299 | **–** | 55 |
| | **5,739** | 2,477 | **2,231** | 920 |

*(iii) Financial assets that are past due and impaired*

In current financial year, there are no balances (2015: nil) past due and impaired.

## 24. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and adequate amount of credit facilities for their operating requirements.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

| | Less than 1 year $'000 | Between 1 and 5 years $'000 | Over 5 years $'000 |
|---|---|---|---|
| **2016** | | | |
| Trade and other payables | 936,572 | – | 2,510 |
| Loan and borrowings | 8,476 | 397,297 | 91,582 |
| **2015** | | | |
| Trade and other payables | 583,372 | – | – |
| Loan and borrowings | 4,731 | 285,353 | 86,972 |

Company

| | Less than 1 year $'000 | Between 1 and 5 years $'000 | Over 5 years $'000 |
|---|---|---|---|
| **2016** | | | |
| Trade and other payables | 868,702 | – | – |
| **2015** | | | |
| Trade and other payables | 549,684 | – | – |

The table below analyses the derivative financial instruments of the Group for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

| | Less than 1 year $'000 | Between 1 and 5 years $'000 | Over 5 years $'000 |
|---|---|---|---|
| **2016** | | | |
| Net-settled derivative financial instruments | | | |
| – Interest rate swap | 1,725 | 4,524 | – |
| – Currency forward | 85 | – | – |
| **2015** | | | |
| Net-settled derivative financial instruments | | | |
| – Interest rate swap | 3,086 | 11,190 | – |
| – Currency forward | 8,417 | – | – |

## 24. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objective when managing capital is to ensure that the Group is adequately capitalised and to maintain an optimal capital structure so as to maximise shareholder value.

The Group is in compliance with all externally imposed capital requirements for the financial year then ended.

(e) Fair value measurements

The table below presents assets and liabilities measured and carried at fair value, as well as assets and liabilities for which fair value disclosure is required, and for which the fair value differs from the carrying amount, classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

| Group<br>**2016** | **Level 1**<br>$'000 | **Level 2**<br>$'000 | **Level 3**<br>$'000 | **Total**<br>$'000 |
|---|---|---|---|---|
| *Assets* | | | | |
| Property under development | – | – | 550,665 | 550,665 |
| **Total assets** | – | – | 550,665 | 550,665 |
| *Liabilities* | | | | |
| Derivative financial instruments | – | 4,908 | – | 4,908 |
| **Total liabilities** | – | 4,908 | – | 4,908 |

| Group<br>**2015** | **Level 1**<br>$'000 | **Level 2**<br>$'000 | **Level 3**<br>$'000 | **Total**<br>$'000 |
|---|---|---|---|---|
| *Assets* | | | | |
| Property under development | – | – | 409,210 | 409,210 |
| **Total assets** | – | – | 409,210 | 409,210 |
| *Liabilities* | | | | |
| Derivative financial instruments | – | 9,583 | – | 9,583 |
| **Total liabilities** | – | 9,583 | – | 9,583 |

**Valuation techniques used to derive Level 2 fair values**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows, and is determined by using counterparty quotes at the balance sheet date. The fair value of forward foreign exchange contracts is determined using quoted forward currency rates at the balance sheet date.

## 24. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

**Valuation technique used to derive Level 3 fair values**

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

| Property | Valuation technique | Key unobservable inputs | Relationship of unobservable inputs to fair value |
|---|---|---|---|
| Mixed-used development | Residual land method | Capitalisation rate | The higher the capitalisation rate, the lower the fair value. |
| | | Gross development costs | The higher the gross development costs, the lower the fair value |

There were no significant inter-relationships between unobservable inputs.

## 25. IMMEDIATE AND ULTIMATE HOLDING ENTITY

The Company's immediate and ultimate holding entity is the Minister for Finance, incorporated in Singapore.

## 26. RELATED PARTY TRANSACTIONS

(a) The Company's immediate and ultimate holding entity is the Minister for Finance, incorporated in Singapore. In addition to the information disclosed elsewhere in the financial statements, the Group's significant transactions and balances with entities that are related parties to its ultimate holding entity are disclosed as follow:

| | Group | |
|---|---|---|
| | **2016 $'000** | 2015 $'000 |
| **Revenue** | | |
| – Airport services | **130,885** | 159,063 |
| – Franchise fees | **61,389** | 72,940 |
| **Expenses** | | |
| – Security related expenses | **114,262** | 108,171 |
| **Receivables** | | |
| – Trade and other receivables | **10,669** | 10,441 |
| **Payables** | | |
| – Trade and other payables | **11,177** | 8,863 |

(b) Key management personnel compensation is as follows:

Key management personnel compensation paid or payable amounted to $21,662,000 (2015: $18,047,000). Of this, $14,228,000 or approximately 66% (2015: $12,604,000 or approximately 70%) is attributable to short-term employee benefits such as directors' fees, employee salaries, bonus, leave entitlement and other benefits paid or payable within 12 months after the balance sheet date. The remaining expense is attributable to contributions to the Central Provident Fund and other long-term employee benefits.

## 27. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding 2016 % | Equity holding 2015 % |
|---|---|---|---|---|
| **SIGNIFICANT SUBSIDIARIES** | | | | |
| **HELD BY THE COMPANY** | | | | |
| Changi Airports International Pte. Ltd. [(a)] | Investment holding and provision of consultancy services in the field of civil aviation | Singapore | **100** | 100 |
| Changi Travel Services Pte. Ltd. [(a)] | Sale of travel and tour-related products and packages | Singapore | **100** | 100 |
| Jewel Changi Airport Holdings Pte. Ltd. [(a)] | Investment holding | Singapore | **100** | 100 |
| **HELD BY THE GROUP** | | | | |
| Changi Airport Consultants Pte. Ltd. [(a)] | Provision of airport related consultancy services | Singapore | **100** | 100 |
| Changi Airport Planners and Engineers Pte. Ltd. [(a)] | Provision of professional engineering services in the field of civil aviation | Singapore | **100** | 100 |
| Changi Airport Saudi Ltd. [(b)] | Provision for management and operations services of airports | Saudi Arabia | **100** | 100 |
| Changi Airports China Ltd. [(a)] | Investment holding | Singapore | **100** | 100 |
| Changi Airports Europe Pte. Ltd. [(a)] | Investment holding | Singapore | **100** | 100 |
| Changi Airports India Pte. Ltd. [(a)] | Investment holding | Singapore | **100** | 100 |
| Changi Airports MENA Pte. Ltd. [(a)] | Investment holding | Singapore | **100** | 100 |
| Theta Enterprise Pte. Ltd. (formerly known as Changi Airports Henan Pte. Ltd.) [(a)] | Investment holding | Singapore | **100** | 100 |
| Excelente B.V. [(e)] | Investment holding | Netherlands | **100** | 100 |
| Excelente Brasil Participações Ltda. [(e)] | Provision of consultancy services | Brazil | **100** | 100 |
| Jewel Changi Airport Devt Pte Ltd [(a)] | Provision of development, project, and real estate management services | Singapore | **51** | 51 |
| Jewel Changi Airport Trust [(a)] | Project development, operation and management | Singapore | **51** | 51 |
| Jewel Changi Airport Trustee Pte Ltd [(a)] | Provision of trustee-management services | Singapore | **51** | 51 |
| Alpha Vela Pte. Ltd. [(a)] | Investment holding | Singapore | **100** | – |

## 27. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (continued)

| Name of companies | Principal activities | Country of business/ incorporation | Equity holding 2016 % | Equity holding 2015 % |
|---|---|---|---|---|
| **SIGNIFICANT ASSOCIATED COMPANIES AND JOINT VENTURES** | | | | |
| **HELD BY THE COMPANY** | | | | |
| Experia Events Pte Ltd [d] | Organising and management of conferences, exhibitions and other related activities | Singapore | **20** | 20 |
| **HELD BY THE GROUP** | | | | |
| Bengal Aerotropolis Projects Ltd [d] [f] | Development of airport and township projects | India | **36.3** | 36.3 |
| Transport AMD-2 Ltd [d] | Investment holding | Cyprus | **37.5** | 37.5 |
| OJSC International Airport Sochi [d] | Provision of airport and related services | Russia | **37.5** | 37.5 |
| OJSC International Airport Krasnodar [d] | Provision of airport and related services | Russia | **37.5** | 37.5 |
| OJSC International Airport Anapa [d] | Provision of airport and related services | Russia | **28.1** | 28.1 |
| Basel Aero LLC [d] | Airport management | Russia | **37.5** | 37.5 |
| Rio de Janeiro Aeroporto S.A [c] | Investment holding | Brazil | **40** | 40 |
| Concessionária Aeroporto Rio de Janeiro S.A [c] | Airport concessionaire | Brazil | **20.4** | 20.4 |

[a] Audited by PricewaterhouseCoopers LLP, Singapore.
[b] Audited by PricewaterhouseCoopers, Saudi Arabia.
[c] Audited by PricewaterhouseCoopers, Brazil.
[d] Audited by other firms.
[e] Not required to be audited.
[f] BAPL has obtained financing from a consortium of banks. As required in the financing agreement, a subsidiary of the Group has undertaken not to sell, assign or transfer its shareholding in BAPL without prior approval of the banks.

## 28. DIVIDENDS

| | Company | |
|---|---|---|
| | **2016** | 2015 |
| | **$'000** | $'000 |
| Final dividend paid in respect of the previous financial year (Note 22) | **275,544** | 303,192 |

For the financial year ended 31 March 2016, a final dividend amounting to $273,745,000 will be recommended at the Annual General Meeting, subject to the approval of the shareholder. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2017.

## 29. EVENTS OCCURRING AFTER BALANCE SHEET DATE

In April 2016, the Group committed a further capital contribution totalling BRL89,385,000 ($34,007,000) into Concessionaria Aeroporto Rio de Janeiro S.A. in relation to the Galeão Airport concession agreement.

## 30. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 April 2016. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Group in the period of their initial adoption.

## 31. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Changi Airport Group (Singapore) Pte. Ltd. on 17 May 2016.