Financial Statements

Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

The directors present their statement to the member together with the audited financial statements of the Group for the financial year ended 31 March 2019 and the balance sheet of the Company as at 31 March 2019.

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 7 to 65 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 2019 and the financial performance, changes in equity and cash flows of the 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 Chia Song Hwee	(Appointed on 1 October 2018)
Mr Kelvin Fan Sui Siong	(Appointed on 15 August 2018)
Mr Richard R Magnus	
Mr Ng Chee Khern	
Mrs Tan Ching Yee	
Mr Tan Gee Paw	
Mr Tan Kong Yam	
Mr Danny Teoh Leong Kay	
Mr Lim Zhi Jian	(Alternate director to Mrs Tan Ching Yee)
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.

Directors' Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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

28 May 2019

Independent Auditor's Report

TO THE MEMBER OF CHANGI AIRPORT GROUP (SINGAPORE) PTE. LTD.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Changi Airport Group (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the financial year ended 31 March 2019;
- the consolidated statement of comprehensive income of the Group for the financial year then ended;
- the balance sheets of the Company and the Group as at 31 March 2019;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Other Information

Management is responsible for the other information. The other information refers to the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent Auditor's Report

TO THE MEMBER OF CHANGI AIRPORT GROUP (SINGAPORE) PTE. LTD.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

TO THE MEMBER OF CHANGI AIRPORT GROUP (SINGAPORE) PTE. LTD.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 May 2019

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

		Group	
	Note	**2019 $'000**	2018 $'000
Revenue	4	**3,039,915**	2,601,829
Expenses			
- Employee compensation	5	**(307,974)**	(256,593)
- Depreciation of property, plant and equipment	12	**(502,596)**	(344,016)
- Amortisation of intangible assets		**(43,472)**	(13,292)
- Property tax		**(68,595)**	(63,926)
- Maintenance of land, buildings and equipment		**(304,398)**	(260,421)
- Services and security related expenses		**(309,689)**	(243,919)
- Annual ground rent and licence fees		**(79,009)**	(79,810)
- CAAS services		**(227,859)**	(220,458)
- Regulatory contribution		**(84,921)**	-
- Other operating expenses		**(191,497)**	(166,523)
Total expenses		**(2,120,010)**	(1,648,958)
Operating profit		**919,905**	952,871
Finance expenses	6	**(212,580)**	(57,524)
Other income and losses - net	7	**94,322**	116,493
Share of results of associated companies and joint ventures	15	**12,408**	(3,081)
Profit before income tax		**814,055**	1,008,759
Income tax expense	8	**(240,366)**	(173,858)
Profit after tax		**573,689**	834,901
Profit after tax attributable to:			
Equity holder of the Company		**677,276**	849,299
Non-controlling interests		**(103,587)**	(14,398)
		573,689	834,901

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

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Group	
	2019	2018
	$'000	$'000
Profit after tax	**573,689**	834,901
Other comprehensive loss:		
Items that will not be reclassified subsequently to profit or loss:		
Share of reserve of associated company	**5,309**	9,591
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges		
- Fair value gains	**7,826**	1,846
- Share of hedging reserve from an associated company	**(13,154)**	-
Currency translation losses	**(243,470)**	(20,848)
Other comprehensive loss, net of tax	**(243,489)**	(9,411)
Total comprehensive income	**330,200**	825,490
Total comprehensive income attributable to:		
Equity holder of the Company	**544,407**	838,981
Non-controlling interests	**(214,207)**	(13,491)
	330,200	825,490

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

Balance Sheets

AS AT 31 MARCH 2019

		Group		Company	
	Note	**2019 $'000**	2018 $'000	**2019 $'000**	2018 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**1,762,845**	2,064,924	**1,588,829**	1,740,605
Trade and other receivables	10	**297,478**	321,133	**207,254**	241,854
Other current assets	11	**31,338**	37,383	**21,016**	24,795
Other investments	17	**102,677**	102,581	**102,677**	102,581
Derivative financial instruments	22	**8,207**	-	**8,207**	-
Inventories		**12,518**	13,541	**7,534**	8,089
Tax recoverable		**9,733**	37,245	**-**	-
		2,224,796	2,576,807	**1,935,517**	2,117,924
Non-current assets					
Trade and other receivables	10	**-**	-	**1,322,488**	1,130,375
Other non-current assets		**735**	254	**8,844**	5,795
Property, plant and equipment	12	**6,254,006**	5,610,349	**6,190,833**	5,568,598
Intangible assets	13	**4,619,135**	5,037,716	**-**	-
Investments in subsidiaries	14	**-**	-	**263,767**	257,967
Investments in associated companies and joint ventures	15	**345,680**	266,648	**11,947**	11,947
Investment property under development	16	**1,492,275**	1,117,766	**-**	-
Other investments	17	**7,909**	7,789	**7,657**	7,789
Deferred income tax assets	18	**163,755**	276,130	**-**	-
		12,883,495	12,316,652	**7,805,536**	6,982,471
Total assets		**15,108,291**	14,893,459	**9,741,053**	9,100,395
LIABILITIES					
Current liabilities					
Trade and other payables	19	**1,227,012**	1,014,995	**929,658**	746,622
Concession payable	20	**24,453**	425,444	**-**	-
Loan and borrowings	21	**1,009,623**	134,087	**-**	90,000
Derivative financial instruments	22	**137**	-	**-**	-
Income received in advance		**27,369**	17,711	**15,275**	13,208
Deferred income		**12,830**	15,343	**4,311**	4,311
Current income tax liabilities		**189,742**	200,038	**187,291**	197,652
		2,491,166	1,807,618	**1,136,535**	1,051,793
Non-current liabilities					
Trade and other payables	19	**145,323**	152,897	**133,215**	145,362
Concession payable	20	**3,065,657**	3,069,314	**-**	-
Loan and borrowings	21	**642,228**	1,197,819	**-**	-
Derivative financial instruments	22	**-**	2,674	**-**	-
Deferred income		**203,526**	154,103	**150,130**	84,412
Deferred income tax liabilities	18	**99,201**	72,492	**98,762**	72,218
		4,155,935	4,649,299	**382,107**	301,992
Total liabilities		**6,647,101**	6,456,917	**1,518,642**	1,353,785
NET ASSETS		**8,461,190**	8,436,542	**8,222,411**	7,746,610
EQUITY					
Share capital and reserves	23	**3,548,624**	3,585,150	**3,791,566**	3,689,934
Retained profits	24	**4,290,167**	4,014,786	**4,430,845**	4,056,676
		7,838,791	7,599,936	**8,222,411**	7,746,610
Non-controlling interests		**622,399**	836,606	**-**	-
Total equity		**8,461,190**	8,436,542	**8,222,411**	7,746,610

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Share capital	Hedging and other reserves	Currency translation reserve	Sinking fund reserve	Retained profits	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Beginning of financial year	**3,280,387**	**21,188**	**(125,972)**	**409,547**	**4,014,786**	**836,606**	**8,436,542**
Dividend paid	-	-	-	-	(305,552)	-	(305,552)
Sinking fund contribution	-	-	-	96,343	(96,343)	-	-
Total comprehensive income	-	(1,262)	(131,607)	-	677,276	(214,207)	330,200
End of financial year	**3,280,387**	**19,926**	**(257,579)**	**505,890**	**4,290,167**	**622,399**	**8,461,190**
2018							
Beginning of financial year	**3,280,387**	**10,656**	**(105,122)**	**175,951**	**3,682,266**	**(7,411)**	**7,036,727**
Dividend paid	-	-	-	-	(283,183)	-	(283,183)
Sinking fund contribution	-	-	-	233,596	(233,596)	-	-
Capital contribution from non-controlling interest	-	-	-	-	-	584,356	584,356
Acquisition of a subsidiary with non-controlling interest	-	-	-	-	-	273,152	273,152
Total comprehensive income	-	10,532	(20,850)	-	849,299	(13,491)	825,490
End of financial year	**3,280,387**	**21,188**	**(125,972)**	**409,547**	**4,014,786**	**836,606**	**8,436,542**

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	2019 $'000	2018 $'000
Cash flows from operating activities		
Profit after tax	**573,689**	834,901
Adjustments for:		
- Income tax expense	**240,366**	173,858
- Depreciation of property, plant and equipment	**502,596**	344,016
- Amortisation of intangible assets	**43,472**	13,292
- Government grant	**(26,096)**	(21,809)
- Net loss on disposal of property, plant and equipment	**2,048**	1,290
- Impairment/(write back) of investment in associated companies	**9,600**	(13,012)
- Gain on remeasurement of previously held interest in an associated company	**-**	(40,229)
- Foreign currency losses recycled on deemed disposal of previously held interest in an associated company	**-**	31,033
- Bargain purchase on acquisition of a subsidiary - net	**-**	(61,192)
- Impairment of trade and other receivables	**2,952**	1,103
- Share of results of associated companies and joint ventures	**(12,408)**	3,081
- Unrealised currency translation differences	**(16,231)**	(1,213)
- Fair value (gain)/loss on financial assets held at fair value	**(2,623)**	904
- Fair value gain on derivatives	**(1,834)**	-
- Amortisation of deferred income	**(15,343)**	(5,862)
- Finance expense	**212,580**	57,524
- Interest income	**(42,458)**	(43,675)
- Gain on dilution of interest in associated company	**(29,782)**	-
- Regulatory contribution	**84,921**	-
	1,525,449	1,274,010
Changes in working capital		
- Inventories	**1,023**	(503)
- Trade and other receivables	**48,955**	(15,493)
- Other assets	**8,280**	(2,445)
- Trade and other payables	**43,508**	128,129
Cash generated from operations	**1,627,215**	1,383,698
Interest received	**47,075**	62,640
Interest paid	**(62,623)**	(26,608)
Government grants received	**26,096**	21,809
Income tax paid	**(140,845)**	(193,903)
Net cash provided by operating activities	**1,496,918**	1,247,636

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	2019 $'000	2018 $'000
Cash flows from investing activities		
Additions to property, plant and equipment and capital work-in-progress	**(1,129,861)**	(1,036,866)
Additions to investment property under development	**(305,746)**	(282,798)
Additions to intangible assets	**(38,629)**	(11,873)
Payment of concession liabilities	**(370,034)**	(1,031,961)
Net cash acquired on acquisition of a subsidiary	**-**	114,823
Proceeds from return of capital from an associated company	**-**	7,581
Proceeds from return of capital from a fund investment	**1,592**	-
Proceeds from disposal of property, plant and equipment	**280**	56
Payment for investment in associated companies and joint ventures	**(91,422)**	(193,821)
Dividend income received	**7,040**	-
Purchase of financial assets at fair value through profit or loss	**(1,732)**	(107,030)
Purchase of held-to-maturity financial assets	**-**	(3,107)
Proceeds from financial assets at amortised cost / held-to-maturity financial assets	**2,750**	120,500
Net cash used in investing activities	**(1,925,762)**	(2,424,496)
Cash flow from financing activities		
Proceeds from loan and borrowings, net of transactions costs	**518,469**	658,030
Repayment of loan and borrowings	**(144,138)**	(411,956)
Restricted bank deposits	**(71,378)**	-
Capital contribution from non-controlling interest	**-**	584,356
Dividend paid to equity holder of the Company	**(305,552)**	(283,183)
Government grant received	**70,028**	-
Net cash from financing activities	**67,429**	547,247
Net decrease in cash and cash equivalents	**(361,415)**	(629,613)
Cash and cash equivalents at beginning of financial year	**2,064,924**	2,693,847
Effects of currency translation on cash and cash equivalents	**(12,042)**	690
Cash and cash equivalents at end of financial year	**1,691,467**	2,064,924

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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 #046-037, 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 29.

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 2018

On 1 April 2018, 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

Revenue is measured based on the consideration specified in a contract with a customer. 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 it transfers control over a good or service to a customer.

(a) Airport service fees

Airport service fees comprise landing, parking, and aerobridge fees, and passenger service and security fees. Revenue is recognised in the accounting period in which the related airport services have been rendered.

(b) Airport concessions and rental income

Airport concessions relate to rental income 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.

2.3 Government grants

Government grants that compensate the Group for expenses incurred are recognised in profit and loss as other income on a systematic basis in the same periods in which the expenses are recognised.

Other government grants related to assets are recognised initially as deferred income at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions associated with the Grant.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 unless the transaction provides evidence of 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 subsidiaries' net results of operations and its net assets which is attributable to the interests that are not owned directly or indirectly by the equity holder 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 the subsidiaries, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

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

The consideration transferred for the acquisition of a subsidiary comprises the fair values 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. In instances where the latter amount exceeds the former, the excess is recognised as a bargain purchase in profit or loss on the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

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

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

Please refer to Note 2.9 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 holder of the Company.

(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, liabilities incurred or assumed at the date of exchange and equity instruments issued, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses in the income statement, and its share of movements in other comprehensive income in the statement of comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments.

When the Group's share of losses in an associated company or joint venture is 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 Note 2.9 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)

2.5 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 2.8 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 as 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	5 to 30 years
Plant and equipment	2 to 15 years
Vehicles and vessels	5 to 10 years
Equipment, furniture and fittings	1 to 10 years
Capital improvements	5 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 Intangible assets

(a) Capitalised costs

Intangibles are initially recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 12 years.

(b) Infrastructure

Under the concession agreement that a subsidiary of the Company has with the Brazilian national agency of civil aviation, Agência Nacional de Aviação Civil ("ANAC" or "Concession Authority"), the subsidiary, as the operator, is required to build or improve the infrastructure used to provide the public service. Such infrastructure acquired during the concession period is to be returned to the Concession Authority at the end of the concession period in consideration for the rights to charge users for the service provided as operator. The infrastructure is amortised based on economic benefit consumption curve (passenger demand curve) expected over the term of the concession of the airport. Details of the concession arrangement can be found in Note 14.

(c) Computer software

Acquired computer software licenses are amortised using the straight-line method over their estimated useful lives.

(d) Concession right

Concession right pertains to the right that a subsidiary of the Company has to expand, maintain and operate Antonio Carlos Jobim International ("Galeão") Airport in Rio de Janeiro, Brazil. The concession right is recognised at present value calculated using a discount rate of 12.6% which is equivalent to the market rate with interest that is comparable with the nature, term and risks related to the concession charges. The concession right is amortised based on the economic benefit consumption curve (passenger demand curve) expected over the term of the concession, limited to the maximum capacity of each investment phase.

Investment phases originate from triggers tied to the passenger demand curve for the purpose of maintaining the level of service required by the Concession Authority.

The finance charges arising from the adjustment of the concession are capitalised according to the changes of the investment phases until termination.

2.7 Investment property under development

Investment 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for costs that are directly attributable to the construction or development of investment property under development or property, plant and equipment ("properties"). This includes 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.

2.9 Investments in subsidiaries, associated companies and joint ventures

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

2.10 Impairment of non-financial assets

Property, plant and equipment
Intangible assets
Investment property under development
Investments in subsidiaries, associated companies and joint ventures

Property, plant and equipment, intangible assets, investment 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)

2.11 Financial assets

The accounting for financial assets from 1 April 2018 are as follows:

(a) Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

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

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

Financial assets which are debt instruments are reclassified when, and only when, the Group changes its business model for managing them.

At initial recognition

Financial assets are initially recognised at fair value plus transaction costs, except for financial assets at FVPL which are recognised at fair value. Transaction costs of financial assets at FVPL are expensed in profit or loss.

At subsequent measurement

(i) Debt instruments

Debt instruments comprise mainly cash and cash equivalents, trade and other receivables, and listed debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- *Debt instruments at amortised cost*

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

The accounting for financial assets from 1 April 2018 are as follows (continued):

(a) Classification and measurement (continued)

At subsequent measurement (continued)

(i) Debt instruments (continued)

- *Debt instruments at FVOCI*

  Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in reserves, except for the recognition of impairment gains or losses, interest income and foreign exchange gains or losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is recognised using the effective interest rate method.

- *Debt instruments at FVPL*

  Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movements in fair values and interest income are recognised in profit or loss in the period in which they arise.

(ii) Equity instruments

Equity instruments comprise investments in unquoted instruments held by the Group and Company.

Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise, except for certain equity instruments which are not held for trading, where the Group may irrevocably elect to present fair value changes in other comprehensive income. This election is made on an investment-by-investment basis.

Dividends from these investments are recognised in profit and loss in the period in which the dividend arises.

(b) Impairment

The Group assesses expected credit losses ("ECLs") associated with its financial assets at amortised cost and FVOCI on a forward-looking basis.

For trade receivables, the Group applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group applies the general approach of 12-month expected credit losses at initial recognition for all other financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

The accounting for financial assets from 1 April 2018 are as follows (continued):

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

On disposal of an equity investment, the difference between the carrying amount and the sale proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and the sale proceeds would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

The accounting for financial assets before 1 April 2018 are as follows:

(a) Classification and measurement

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity financial assets and financial assets at fair value through profit or loss.

The classification depends on the purpose for which the assets were acquired. Management determines 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.

At initial recognition

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

At subsequent measurement

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

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

The accounting for financial assets before 1 April 2018 are as follows (continued):

(b) 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.

(c) 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 the other comprehensive income relating to the asset is reclassified to profit or loss.

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.

2.14 Concession payable

Concession payable represents the obligations that a subsidiary of the Company has to the Concession Authority for the right to operate Galeão Airport that is initially recorded at fair value and subsequently at amortised cost using effective interest rate. The amounts that are payable within 12 months from the balance sheet date are classified as current liabilities. The amounts that are payable more than 12 months from balance sheet date are classified as non-current liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 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 fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 22. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. 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 hedged 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) *Foreign exchange ("FX") commodity swap*

The Group has entered into a FX commodity swap to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and commodity prices.

The fair value changes on the effective portion of the FX commodity swap designated as cash flow hedges are recognised in other comprehensive income. The fair value changes on the ineffective portion of the FX commodity swap 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)

2.16 Fair value estimation of financial instruments

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 the swaps and option are based on valuation provided by reputable financial institutions. The fair values of interest rate swaps are calculated as the present value of estimated future cash flows discounted at actively quoted interest rates. The fair value of the FX commodity swap is calculated as the present value of estimated cash flows for the fixed and floating legs based on commodity prices and daily average foreign exchange rates. The fair value of the commodity option is derived from the underlying price, strike price and days until expiration.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

2.17 Leases

(a) When the Group is the lessor:

Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as 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.

Contingent rents are recognised as expenses in profit or loss when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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.

2.20 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. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee compensation

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

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.

2.22 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 currency translation 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 disposal or partial disposal of the entity giving rise to such reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 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.

2.24 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.

2.25 Dividends to Company's shareholder

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.

(i) Deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred income tax asset has been recognised.

(ii) Capitalisation and amortisation of intangibles – concession right

Estimation is exercised in determining the capitalised finance costs and the amortisation of the intangible asset - concession right, subsequent to initial recognition. The concession right is amortised based on installed capacity and the projection of the passenger demand curve, limited to the concession term. The curve reflects the pattern of use of future economic benefits which is subjected to a significant level of estimation. The Group's disclosure on the above is further set out in Note 13 of the financial statements.

(iii) Claims

In the prior year, a subsidiary of the Company provided a performance guarantee to a non-related party. The Group has assessed that there is a probability that a claim may be made against this guarantee. In assessing the relevant liability, management has considered the likelihood and legal environment, and concluded that the amounts recognised in respect of this claim is adequate as at 31 March 2019.

4. REVENUE

	2019 $'000	2018 $'000
Airport service fees	**1,204,950**	1,022,571
Airport concessions and rental income	**1,463,703**	1,297,569
Others	**371,262**	281,689
	3,039,915	2,601,829

The variable rent, computed based on percentage of sales, recognised within the Airport concessions and rental income amounted to $86,259,000 (2018: $78,438,000).

Airport service fees are recognised at a point in time when the services have been rendered. Airport concessions and rental income are recognised over time.

Included in other revenue are franchise fees, utility charges, carpark revenue, sale of goods and other sundry income.

5. EMPLOYEE COMPENSATION

	2019 $'000	2018 $'000
Wages and salaries	**260,628**	210,646
Others	**47,346**	45,947
	307,974	256,593

6. FINANCE EXPENSES

	2019 $'000	2018 $'000
Interest expense	**53,972**	12,078
Finance expense – concession payable	**158,608**	45,446
	212,580	57,524

7. OTHER INCOME AND LOSSES – NET

	2019 $'000	2018 $'000
Interest income		
- Bank deposits	**42,402**	42,335
- Financial assets at amortised cost / held-to-maturity financial assets	**56**	1,307
- Convertible loan	**-**	3,578
Gain/(loss) on exchange differences	**1,636**	(21,477)
Gain on dilution of interest in an associated company	**29,782**	-
Impairment of investment in associated companies	**(9,600)**	(14,388)
Gain on previously held interest in an associated company	**-**	36,596
Bargain purchase on acquisition of a subsidiary	**-**	61,192
Others	**30,046**	7,350
	94,322	116,493

In 2018, the gain on previously held interest in an associated company included an amount of $27,400,000 due to the reversal of impairment of investment in an associated company.

8. INCOME TAXES

Income tax expense

	2019 $'000	2018 $'000
Tax expense attributable to profit is made up of:		
- Current income tax		
- Singapore	**152,084**	159,669
- Foreign	**3,440**	2,531
	155,524	162,200
- Deferred income tax (Note 18)	**114,184**	20,814
	269,708	183,014
Under/(over) provision in prior financial years		
- Current income tax		
- Singapore	**(20,498)**	(11,724)
- Foreign	**(53)**	(57)
- Deferred income tax (Note 18)	**(8,791)**	2,625
	240,366	173,858

8. INCOME TAXES (CONTINUED)

Income tax expense (continued)

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

	2019 $'000	2018 $'000
Profit before tax	**814,055**	1,008,759
Less: Share of results of associated companies and joint ventures	**(12,408)**	3,081
Profit before tax and share of results of associated companies and joint ventures	**801,647**	1,011,840
Tax calculated at tax rate of 17% (2018: 17%)	**136,280**	172,013
Effects of:		
- Expenses not deductible for tax purposes	**37,295**	38,146
- Income not subject to tax	**(6,522)**	(24,456)
- Tax incentives	**(990)**	(1,069)
- Deferred tax asset not recognised	**135,702**	649
- Utilisation of previously unrecognised tax losses	**(173)**	-
- Tax in foreign jurisdiction	**(31,884)**	(2,269)
Tax charge	**269,708**	183,014

9. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at bank and on hand	**211,275**	63,585	**43,929**	23,005
Bank deposits	**1,551,570**	2,001,339	**1,544,900**	1,717,600
	1,762,845	2,064,924	**1,588,829**	1,740,605

Included in bank deposits is a deposit amounting to $71,378,000 (2018: $nil) that is not readily available for use by the Group due to a restriction imposed under a bank loan agreement entered into by a subsidiary of the Company.

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2019 $'000	2018 $'000
Cash and cash equivalents (as above)	**1,762,845**	2,064,924
Less: Restricted bank deposits	**(71,378)**	-
Cash and cash equivalents per consolidated statement of cash flows	**1,691,467**	2,064,924

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current				
Trade and other receivables	**155,020**	188,552	**83,841**	116,304
Less: Impairment	**(4,993)**	(2,965)	**-**	-
Trade and other receivables - net	**150,027**	185,587	**83,841**	116,304
Accrued income	**147,451**	135,546	**123,413**	125,550
	297,478	321,133	**207,254**	241,854
Non-current				
Loans to subsidiaries	**-**	-	**1,322,488**	1,130,375

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.

11. OTHER CURRENT ASSETS

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Prepayments and deposits	**12,761**	12,480	**3,795**	3,085
Interest receivable	**17,221**	21,715	**17,221**	21,698
Others	**1,356**	3,188	**-**	12
	31,338	37,383	**21,016**	24,795

12. PROPERTY, PLANT AND EQUIPMENT

	Runways, taxiways and others	Buildings	Plant and equipment	Vehicles and vessels	Office / other equipment, furniture and fittings	Capital improve-ments	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
As at 31 March 2019								
Cost								
Beginning of financial year	597,459	1,794,702	2,416,202	48,640	192,238	971,807	1,890,655	7,911,703
Currency translation differences	-	-	1	(10)	(190)	-	-	(199)
Additions	-	-	1,561	54	1,314	806	1,145,197	1,148,932
Transfer from work-in-progress	161,712	192,625	514,169	8,260	44,133	163,453	(1,084,352)	-
Reclassification	-	(396)	(989)	-	346	1,039	-	-
Disposals	-	(1,052)	(29,853)	(6,025)	(6,345)	(201)	-	(43,476)
End of financial year	759,171	1,985,879	2,901,091	50,919	231,496	1,136,904	1,951,500	9,016,960
Accumulated depreciation								
Beginning of financial year	180,226	373,952	1,049,103	29,776	112,024	556,273	-	2,301,354
Currency translation differences	-	-	-	(3)	(27)	-	-	(30)
Depreciation charge	28,732	68,812	258,485	4,411	44,210	97,946	-	502,596
Reclassification	(2)	(38)	(466)	-	702	(196)	-	-
Disposals	-	(604)	(28,115)	(6,019)	(6,050)	(178)	-	(40,966)
End of financial year	208,956	442,122	1,279,007	28,165	150,859	653,845	-	2,762,954
Net book value								
End of financial year	**550,215**	**1,543,757**	**1,622,084**	**22,754**	**80,637**	**483,059**	**1,951,500**	**6,254,006**
As at 31 March 2018								
Cost								
Beginning of financial year	534,016	944,921	1,541,547	43,824	118,516	917,197	2,973,190	7,073,211
Acquisition of a subsidiary (Note 14)	-	-	-	64	1,273	-	-	1,337
Currency translation differences	-	-	1	(1)	(20)	3	-	(17)
Additions	-	-	715	-	1,431	462	854,410	857,018
Transfer from work-in-progress	63,612	850,556	882,749	4,478	75,500	60,050	(1,936,945)	-
Reclassification	-	(12)	(353)	349	37	(21)	-	-
Disposals	(169)	(763)	(8,457)	(74)	(4,499)	(5,884)	-	(19,846)
End of financial year	597,459	1,794,702	2,416,202	48,640	192,238	971,807	1,890,655	7,911,703
Accumulated depreciation								
Beginning of financial year	154,279	322,276	900,516	25,924	95,558	477,276	-	1,975,829
Currency translation differences	-	-	1	-	-	2	-	3
Depreciation charge	25,988	51,928	156,569	3,854	20,934	84,743	-	344,016
Reclassification	-	-	(73)	72	2	(1)	-	-
Disposals	(41)	(252)	(7,910)	(74)	(4,470)	(5,747)	-	(18,494)
End of financial year	180,226	373,952	1,049,103	29,776	112,024	556,273	-	2,301,354
Net book value								
End of financial year	**417,233**	**1,420,750**	**1,367,099**	**18,864**	**80,214**	**415,534**	**1,890,655**	**5,610,349**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Runways, taxiways and others	Buildings	Plant and equipment	Vehicles and vessels	Office / other equipment, furniture and fittings	Capital improve-ments	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
As at 31 March 2019								
Cost								
Beginning of financial year	597,459	1,790,779	2,406,275	48,582	185,145	968,916	1,861,004	7,858,160
Additions	-	-	-	-	-	-	1,120,005	1,120,005
Transfer from work-in-progress	161,712	192,625	514,169	8,260	44,133	163,453	(1,084,352)	-
Reclassification	-	(396)	350	-	-	46	-	-
Disposals	-	(1,052)	(29,679)	(6,021)	(4,966)	(189)	-	(41,907)
End of financial year	759,171	1,981,956	2,891,115	50,821	224,312	1,132,226	1,896,657	8,936,258
Accumulated depreciation								
Beginning of financial year	180,226	372,007	1,044,717	29,770	108,879	553,963	-	2,289,562
Depreciation charge	28,732	67,733	255,965	4,366	41,985	96,942	-	495,723
Reclassification	(2)	(38)	(225)	-	(2)	267	-	-
Disposals	-	(604)	(28,096)	(6,019)	(4,966)	(175)	-	(39,860)
End of financial year	208,956	439,098	1,272,361	28,117	145,896	650,997	-	2,745,425
Net book value								
End of financial year	**550,215**	**1,542,858**	**1,618,754**	**22,704**	**78,416**	**481,229**	**1,896,657**	**6,190,833**
As at 31 March 2018								
Cost								
Beginning of financial year	534,016	941,056	1,532,107	43,829	111,508	914,480	2,952,039	7,029,035
Additions	-	-	-	-	-	-	845,852	845,852
Transfer from work-in-progress	63,612	850,498	882,749	4,478	75,500	60,050	(1,936,887)	-
Reclassification	-	(12)	(348)	349	37	(26)	-	-
Disposals	(169)	(763)	(8,233)	(74)	(1,900)	(5,588)	-	(16,727)
End of financial year	597,459	1,790,779	2,406,275	48,582	185,145	968,916	1,861,004	7,858,160
Accumulated depreciation								
Beginning of financial year	154,279	321,398	898,267	25,929	91,432	476,188	-	1,967,493
Depreciation charge	25,988	50,861	154,304	3,843	19,336	83,338	-	337,670
Reclassification	-	-	(72)	72	2	(2)	-	-
Disposals	(41)	(252)	(7,782)	(74)	(1,891)	(5,561)	-	(15,601)
End of financial year	180,226	372,007	1,044,717	29,770	108,879	553,963	-	2,289,562
Net book value								
End of financial year	**417,233**	**1,418,772**	**1,361,558**	**18,812**	**76,266**	**414,953**	**1,861,004**	**5,568,598**

13. INTANGIBLE ASSETS

	Group	
	2019	2018
	$'000	$'000
Composition:		
(a) Capitalised costs	**5,266**	5,773
(b) Infrastructure	**806,319**	913,137
(c) Computer software	**5,799**	6,932
(d) Concession right	**3,801,751**	4,111,874
Total net book value	**4,619,135**	5,037,716

Movements

(a) *Capitalised costs*

Cost		
Beginning of financial year	**6,090**	-
Additions	**-**	6,090
End of financial year	**6,090**	6,090
Accumulated amortisation		
Beginning of financial year	**317**	-
Amortisation charge	**507**	317
End of financial year	**824**	317
Net book value	**5,266**	5,773

(b) *Infrastructure*

Cost		
Beginning of financial year	**917,820**	-
Acquisition of a subsidiary (Note 14)	**-**	925,743
Additions	**37,919**	7,032
Currency translation differences	**(129,165)**	(14,955)
End of financial year	**826,574**	917,820
Accumulated amortisation		
Beginning of financial year	**4,683**	-
Amortisation charge	**17,017**	4,683
Currency translation differences	**(1,445)**	-
End of financial year	**20,255**	4,683
Net book value	**806,319**	913,137

13. INTANGIBLE ASSETS (CONTINUED)

	Group	
	2019 $'000	2018 $'000
Movements (continued)		
(c) Computer software		
Cost		
Beginning of financial year	**7,027**	-
Acquisition of a subsidiary (Note 14)	**-**	7,053
Additions	**710**	92
Currency translation differences	**(1,521)**	(118)
End of financial year	**6,216**	7,027
Accumulated amortisation		
Beginning of financial year	**95**	-
Amortisation charge	**330**	95
Currency translation differences	**(8)**	-
End of financial year	**417**	95
Net book value	**5,799**	6,932
(d) Concession right		
Cost		
Beginning of financial year	**4,120,071**	-
Acquisition of a subsidiary (Note 14)	**-**	4,130,208
Capitalised charges (Note 20)	**254,324**	61,897
Currency translation differences	**(541,598)**	(72,034)
End of financial year	**3,832,797**	4,120,071
Accumulated amortisation		
Beginning of financial year	**8,197**	-
Amortisation charge	**25,618**	8,197
Currency translation differences	**(2,769)**	-
End of financial year	**31,046**	8,197
Net book value	**3,801,751**	4,111,874

Infrastructure pertains to costs of assets used in the infrastructure of the concession that would be returned to the Concession Authority upon expiration of the concession right.

Concession right represents the right that a subsidiary of the Company has to charge the users of public services by means of fees for a period of time as set out in the concession agreement with the Concession Authority. The concession right was pledged against the bank borrowings (Note 21).

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019 **$'000**	2018 $'000
Unquoted equity shares, at cost		
Beginning of financial year	**257,967**	257,965
Additions	**5,800**	2
End of financial year	**263,767**	257,967

Details of significant subsidiaries are included in Note 29.

(a) Conversion of debt into equity

On 22 May 2018, the Company converted $5,800,000 of its outstanding loans extended to Changi Travel Services Pte. Ltd. into 5,800,000 of its ordinary shares.

(b) Acquisition of a subsidiary

There were no acquisitions of subsidiaries for the financial year ended 31 March 2019.

On 14 December 2017, the Group increased its equity interest in its associated company, Rio de Janeiro Aeroporto S.A. ("RJA") from 40% to 100%. RJA owns a 51% stake in Concessionária Aeroporto Rio de Janeiro S.A. ("CARJ"), a company which had signed a concession agreement with the Brazilian Concession Authority, allowing it to expand, maintain and operate the Galeão Airport in Rio de Janeiro, Brazil, for a period of 25 years from 2 April 2014.

As a result of this equity increase, the Group obtained control of RJA and CARJ. Consequently, the Group derecognised RJA group as an equity accounted investee and consolidated RJA group as a subsidiary.

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of a subsidiary (continued)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group at the acquisition date, were as follows:

(i) Purchase consideration and identifiable assets acquired and liabilities assumed

	2018 Fair value $'000
Cash and cash equivalents	114,823
Trade and other receivables (net of impairment)	82,978
Inventories	2,677
Property, plant and equipment	1,337
Intangible assets – infrastructure	925,743
Intangible assets – computer software	7,053
Intangible assets – concession right	4,130,208
Tax recoverable	45,534
Deferred income tax assets	268,622
Total assets	5,578,975
Trade and other payables	(142,003)
Convertible loan payable	(176,025)
Borrowings	(405,634)
Concession payable	(4,477,368)
Current income tax liabilities	(3,372)
Total liabilities	(5,204,402)
Total identifiable net assets	**374,573**
Less: Non-controlling interest at fair value	(273,152)
Less: Previously held interest at fair value	(40,229)
Less: Bargain purchase (Note 7)	(61,192)
Purchase consideration paid	**-**

(ii) Effect on cash flows of the Group

	2018 $'000
Cash paid (as above)	-
Less: Cash and cash equivalents in subsidiary acquired	114,823
Cash inflow on acquisition	**114,823**

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of a subsidiary (continued)

(iii) Acquired receivables

As at the date of acquisition, the fair value of trade and other receivables was $82,978,000 and included trade receivables with a fair value of $61,468,000, net of impairment allowances of $1,874,000.

(iv) Fair values

The fair values of the acquired identifiable intangible assets and plant and equipment of $5,064,341,000 was determined based on an external independent valuation. The fair value estimates were based on:

- discount rates ranging from 12.7% to 13.6% per annum;
- cumulative growth in traffic of 7% over the forecast period; and
- EBITDA margin ranging from 44% to 67% over the next ten years, with an average EBITDA margin growth of 3% per year.

(v) Bargain purchase

The bargain purchase of $61,192,000 was attributable to the additional 60% stake that was acquired at zero consideration. The bargain purchase gain of the previously held interest is disclosed in "Other income and losses - net" (Note 7).

(vi) Revenue and net loss contribution

The acquisition contributed revenue of $98,192,000 and net loss of $15,187,000 to the Group for the period from 14 December 2017 to 31 March 2018. Had RJA group been consolidated from 1 April 2017, the Group consolidated revenue and consolidated net profit for the financial year ended 31 March 2018 would have been $2,892,753,000 and $719,041,000 respectively.

14. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(c) Summarised financial information of subsidiary with material non-controlling interest

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

Summarised balance sheet

	2019 $'000	2018 $'000
Current assets	**210,953**	378,178
Non-current assets	**4,783,961**	5,307,165
Current liabilities	**(130,900)**	(537,190)
Non-current liabilities	**(3,534,613)**	(3,418,826)
Net assets	**1,329,401**	1,729,327

Summarised income statement

	2019 $'000	14 December 2017 to 31 March 2018 $'000
Revenue	**337,800**	98,192
Loss before income tax	**(113,200)**	(25,586)
Income tax (expense)/credit	**(81,604)**	10,399
Loss before tax	**(194,804)**	(15,187)
Other comprehensive loss	**(228,280)**	-
Total comprehensive loss	**(423,084)**	(15,187)

Summarised cash flows

	2019 $'000	14 December 2017 to 31 March 2018 $'000
Cash flows from operating activities		
Cash generated from operations	**141,216**	50,778
Interest paid	**(42,232)**	(8,166)
Net cash from operating activities	**98,984**	42,612
Net cash used in financing activities	**202,808**	(6,731)
Net cash from investing activities	**(408,899)**	122,812
Net increase in cash balance	**(107,107)**	158,693
Cash balance as at beginning of the financial year / period	**273,516**	114,823
Effects of currency translation on cash and cash equivalents	**(30,749)**	-
Cash balance as at end of the financial year / period	**135,660**	273,516

15. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of financial year	**266,648**	282,739	**11,947**	10,652
Capital injection	**90,997**	1,295	**-**	1,295
Share of results	**12,408**	(3,081)	**-**	-
Dividends received / return of capital	**(7,040)**	(7,581)	**-**	-
Dilution gain	**29,782**	-	**-**	-
Share of other comprehensive income	**(13,472)**	11,873	**-**	-
Currency translation differences	**(24,043)**	(31,609)	**-**	-
	355,280	253,636	**11,947**	11,947
Write-back of impairment arising on step-up of investment in associated company	**-**	27,400	**-**	-
Less: Impairment allowance	**(9,600)**	(14,388)	**-**	-
End of financial year	**345,680**	266,648	**11,947**	11,947

The Group's share of capital commitments of its investments amounted to $1,400,000 (2018: $6,840,000).

Significant associated companies and joint ventures

(i) Bengal Aerotropolis Projects Limited ("BAPL")

The Group has a 30.2% (2018: 30.2%) 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.

In 2019, BAPL registered a net loss and business conditions are expected to remain challenging in the near term. Accordingly, the investment in BAPL was written down by $9,600,000 (2018: Nil) to the recoverable amount determined based on value-in-use for the airport and fair value less cost to sell for the township land.

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

The Group has a 30% (2018: 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 airport-related services in the cities of Krasnodar, Sochi and Anapa, in the Russian Federation.

In 2019, the Group's interest in TAMD-2 was diluted from 37.5% to 30% due to a conversion of preference shares into equity shares in TAMD-2 by the preference shareholder.

(iii) Terminal Vladivostok and Vladivostok International Airport ("VVO")

The Group has a 33.3% (2018: 33.3%) interest in Terminal Vladivostok ("TV") and a 17.4% interest in Vladivostok International Airport ("IAV"), whose principal activities are to provide airport and airport-related services in the city of Vladivostok, in the Russian Federation.

The shares of TV and IAV were pledged as a collateral for the loans taken by TV and IAV.

15. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (CONTINUED)

Significant associated companies and joint ventures (continued)

(iv) Fukuoka International Airport Co., Ltd. ("FUK")

The Group acquired 21% (2018: Nil) interest in FUK. The principal activities are to provide airport and airport-related services in the city of Fukuoka, Japan.

(v) Deemed disposal of Rio de Janeiro Aeroporto S.A. ("RJA")

On 14 December 2017, the Group increased its shareholding in RJA, thereby stepping up its holding in CARJ from 20.4% to 51%.

The Group accounted for the step-up by first deeming a disposal of its previously held interests which was accounted for as an investment in associated company before the step-up, followed by the consolidation of RJA group as a subsidiary given the change from significant influence to a controlling stake. Details of the step-up acquisition are set out in Note 14.

Further details of significant associated companies and joint ventures are provided in Note 29.

16. INVESTMENT PROPERTY UNDER DEVELOPMENT

	Group	
	2019	2018
	$'000	$'000
Cost		
Beginning of financial year	**1,117,766**	792,708
Additions	**374,509**	325,058
End of financial year	**1,492,275**	1,117,766
Net book value		
End of financial year	**1,492,275**	1,117,766

As at 31 March 2019, the interest and transaction costs capitalised as cost of investment property under development amounted to $69,880,000 (2018: $43,742,000), with effective interest rates ranging from 1.50% to 3.12% (2018: 1.50% to 3.12%) per annum.

Additions during the year comprise substantially of construction costs. As at 31 March 2019, the fair value of the investment property under development is $1,600,000,000 (2018: $1,145,680,000). The fair value of the investment property under development was obtained based on a valuation performed by an independent professional valuer.

In determining the fair value as at 31 March 2019, the valuer adopted the Direct Capitalisation Method and Discounted Cash Flow approach to derive the gross development value of the property. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The fair value is derived from the average of values from both methods.

Further details of the fair value measurement hierarchy of the investment property under development are provided in Note 26(e).

17. OTHER INVESTMENTS

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current				
Held-to-maturity financial assets				
- Bonds with fixed interest	**-**	2,775	**-**	2,775
Financial assets at fair value through profit or loss				
- Unquoted instruments	**102,677**	99,806	**102,677**	99,806
	102,677	102,581	**102,677**	102,581
Non-current				
Financial asset at amortised cost / held-to-maturity financial asset				
- Bond with fixed interest	**1,032**	1,056	**1,032**	1,056
Financial assets at fair value through profit or loss				
- Unquoted instruments	**6,625**	6,733	**6,625**	6,733
Financial asset at fair value through OCI				
- Unquoted instrument	**252**	-	**-**	-
	7,909	7,789	**7,657**	7,789

The interest rate for the non-current bond is 4.30% (2018: 2.92% to 4.30%) per annum. The fair value of the bond as at 31 March 2019 approximates its carrying value.

18. 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	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Deferred income tax assets				
- to be recovered within one year	**-**	(14)	**-**	-
- to be recovered after one year	**(163,755)**	(276,116)	**-**	-
	(163,755)	(276,130)	**-**	-
Deferred income tax liabilities				
- to be settled within one year	**-**	274	**-**	-
- to be settled after one year	**99,201**	72,218	**98,762**	72,218
	99,201	72,492	**98,762**	72,218

Movement in net deferred income tax (assets)/liabilities is as follows:

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of financial year	**(203,638)**	36,506	**72,218**	36,412
Acquisition of a subsidiary (Note 14)	**-**	(268,622)	**-**	-
(Over)/under-provision in prior years	**(8,791)**	2,625	**(8,954)**	2,726
Tax charged to profit or loss	**114,184**	20,814	**34,415**	33,080
Tax charged to other comprehensive income	**1,083**	-	**1,083**	-
Currency translation differences	**32,608**	5,039	**-**	-
End of financial year	**(64,554)**	(203,638)	**98,762**	72,218

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 $405,131,000 (2018: $1,711,000) 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.

18. 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	Amortisation of intangibles	Others	Total
	$'000	$'000	$'000	$'000
As at 31 March 2019				
Beginning of financial year	82,864	144,851	4,993	232,708
Charged/(credited) to profit or loss	28,904	81,604	(2,932)	107,576
Charged to other comprehensive income	-	-	1,083	1,083
Currency translation differences	-	(21,557)	-	(21,557)
End of financial year	**111,768**	**204,898**	**3,144**	**319,810**
As at 31 March 2018				
Beginning of financial year	48,037	-	2,838	50,875
Acquisition of a subsidiary	-	138,270	-	138,270
Charged to profit or loss	34,827	9,203	2,155	46,185
Currency translation differences	-	(2,622)	-	(2,622)
End of financial year	82,864	144,851	4,993	232,708

Deferred income tax assets

	Tax losses	Unutilised capital allowances	Provisions	Total
	$'000	$'000	$'000	$'000
As at 31 March 2019				
Beginning of financial year	(420,447)	(547)	(15,352)	(436,346)
Credited to profit or loss	(1,517)	(285)	(381)	(2,183)
Currency translation differences	54,165	-	-	54,165
End of financial year	**(367,799)**	**(832)**	**(15,733)**	**(384,364)**
As at 31 March 2018				
Beginning of financial year	(55)	(261)	(14,053)	(14,369)
Acquisition of a subsidiary	(406,892)	-	-	(406,892)
Credited to profit or loss	(21,161)	(286)	(1,299)	(22,746)
Currency translation differences	7,661	-	-	7,661
End of financial year	(420,447)	(547)	(15,352)	(436,346)

18. DEFERRED INCOME TAXES (CONTINUED)

Company

Deferred income tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
As at 31 March 2019			
Beginning of financial year	82,564	5,006	87,570
Charged/(credited) to profit or loss	28,783	(2,946)	25,837
Charged to other comprehensive income	-	1,083	1,083
End of financial year	**111,347**	**3,143**	**114,490**
As at 31 March 2018			
Beginning of financial year	47,476	2,838	50,314
Charged to profit or loss	35,088	2,168	37,256
End of financial year	82,564	5,006	87,570

Deferred income tax assets

	Provisions
	$'000
As at 31 March 2019	
Beginning of financial year	(15,352)
Credited to profit or loss	(376)
End of financial year	**(15,728)**
As at 31 March 2018	
Beginning of financial year	(13,902)
Credited to profit or loss	(1,450)
End of financial year	(15,352)

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current				
Trade payables	**223,653**	231,092	**187,612**	174,160
Non-trade payables to subsidiaries	**-**	-	**20,069**	1,070
Accrued operating expenses	**268,727**	273,436	**245,430**	249,984
Accrued capital expenditure and development costs	**429,065**	329,188	**257,618**	222,201
Sundry creditors and other accruals	**128,313**	109,176	**70,840**	38,066
Accrued regulatory contribution	**84,921**	-	**84,921**	-
Deposits received	**92,333**	72,103	**63,168**	61,141
	1,227,012	1,014,995	**929,658**	746,622

The non-trade payables to subsidiaries represent funds from subsidiaries managed by the Company on their behalf, and are unsecured and repayable on demand. The interest payable to subsidiaries for the funds managed ranges from 0.60% to 1.60% (2018: 0.60% to 1.13%).

The Company is required to make regulatory contributions in accordance with the Civil Aviation Authority of Singapore ("CAAS") Act.

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Non-current				
Accrued capital expenditure and development costs	**42,978**	62,559	**42,978**	62,559
Other non-current liabilities	**102,345**	90,338	**90,237**	82,803
	145,323	152,897	**133,215**	145,362

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.

20. CONCESSION PAYABLE

	Group	
	2019 $'000	2018 $'000
Beginning of financial year	**3,494,758**	-
Acquisition of a subsidiary (Note 14)	**-**	4,477,368
Capitalised interest charge (Note 13(d))	**254,324**	61,897
Interest expense	**158,607**	45,446
Accrued variable concession	**3,473**	4,344
Less: Concession payment	**(370,034)**	(1,031,961)
Currency translation differences	**(451,018)**	(62,336)
End of financial year	**3,090,110**	3,494,758

Represented by:

	Group	
	2019 $'000	2018 $'000
Current portion	**24,453**	425,444
Non-current portion	**3,065,657**	3,069,314
	3,090,110	3,494,758

Concession payable is made up of fixed and variable portions. Fixed concession payable is discounted using an effective interest rate of 12.5%. Variable concession payable corresponds to 5% of gross operating revenue less amount resulting from the application of 26.42% over the revenue arising from the collection of both domestic and international boarding, landing and parking, unified price and parking, storage and handling fees.

21. LOAN AND BORROWINGS

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Current				
Bank borrowings – secured	**1,009,623**	33,483	**-**	-
Bank borrowings – unsecured	**-**	90,000	**-**	90,000
Other current borrowings	**-**	10,604	**-**	-
	1,009,623	134,087	**-**	90,000
Non-current				
Bank borrowings – secured	**416,190**	1,036,070	**-**	-
Loan from non-controlling interest	**226,038**	161,749	**-**	-
	642,228	1,197,819	**-**	-

21. LOAN AND BORROWINGS (CONTINUED)

Included in total secured bank borrowings for the Group is an amount of $472,368,000 (2018: $313,304,000) which pertained to borrowings by a subsidiary from the National Bank for Economic and Social Development of Brazil ("BNDES") and other Brazilian commercial banks with an effective interest spread of 3.3% (2018: 3.3%) per annum above the Brazilian Long-term Interest Rate (TJLP). The bank borrowings are guaranteed by the Group's shares in RJA and CARJ, and credit rights arising from the concession agreement in Brazil. A corporate guarantee was also issued by another subsidiary of the Company which guarantees 49% of the total financing of the subsidiary and is related only to the portion directly lent by BNDES.

Also included in total secured bank borrowings for the Group is an amount of $953,444,910 (2018: $756,249,000) which are variable rate borrowings and will be contractually repriced between one to three months. These bank borrowings are secured on the assignment of insurances, contractual proceeds and building agreements.

The loan from non-controlling interest is unsecured and interest expense is determined using the effective interest rate method. The loan is subordinated to external borrowings and is not expected to be repaid within the next twelve months from the end of the financial year.

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

Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	1 April 2018	Proceeds (net of principal and interest payments)	Other non-cash movements	Foreign exchange movement	Accrued interest	31 March 2019
	$'000	$'000	$'000	$'000	$'000	$'000
Loan and borrowings	1,331,906	332,134	(9,495)	(50,025)	47,331	1,651,851

			Non-cash changes			
	1 April 2017	Proceeds (net of principal and interest payments)	Acquisition	Foreign exchange movement	Accrued interest	31 March 2018
	$'000	$'000	$'000	$'000	$'000	$'000
Loan and borrowings	684,228	237,943	405,634	(5,463)	9,564	1,331,906

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			Company		
	Contract notional amount	Fair value Asset	Fair value Liability	Contract notional amount	Fair value Asset	Fair value Liability
	$'000	$'000	$'000	$'000	$'000	$'000
31 March 2019						
Derivatives held for hedging:						
Cash flow hedge						
- Interest rate swaps	**415,000**	**-**	**(137)**	**-**	**-**	**-**
- FX commodity swap	**36,214**	**6,373**	**-**	**36,214**	**6,373**	**-**
Derivatives not held for hedging:						
- Commodity option	**8,068**	**1,834**	**-**	**8,068**	**1,834**	**-**
		8,207	**(137)**		**8,207**	**-**
Classified as:						
- Current		**8,207**	**(137)**		**8,207**	**-**

	Group		Company	
	Contract notional amount	Fair value Liability	Contract notional amount	Fair value Liability
	$'000	$'000	$'000	$'000
31 March 2018				
Derivatives held for hedging:				
Cash flow hedge				
- Interest rate swaps	415,000	(2,674)	-	-
Classified as:				
- Non-current		(2,674)		-

The weighted average hedged rate for FX commodity swap is $450 (2018: $nil) per metric tonne. The weighted average hedged rate for interest rate swaps is 2.0% (2018: 2.0%).

There was no hedge ineffectiveness during the year.

23. SHARE CAPITAL AND RESERVES

	Group		Company	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Share capital	**3,280,387**	3,280,387	**3,280,387**	3,280,387
Other reserve (b(i))	**27,861**	22,552	**-**	-
Hedging reserve (b(ii))	**(7,935)**	(1,364)	**5,289**	-
Currency translation reserve (b(iii))	**(257,579)**	(125,972)	**-**	-
Sinking fund reserve (b(iv))	**505,890**	409,547	**505,890**	409,547
	3,548,624	3,585,150	**3,791,566**	3,689,934

(a) Share capital

The Group and Company's share capital comprises 3,280,387,000 (2018: 3,280,387,000) fully paid-up ordinary shares with no par value, amounting to a total of $3,280,387,000 (2018: $3,280,387,000).

(b) Composition of reserves

(i) Other reserve mainly relates to the difference between the consideration paid 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 remaining amount pertained to the share of reserve of an associated company.

(ii) The Group used financial derivatives to hedge cash flow risks arising from changes in interest rates, foreign exchange rates and commodity prices. Fair values on the hedging derivatives are recognised in other comprehensive income and accumulated in the hedging reserve.

(iii) 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 associated company.

(iv) The sinking fund reserve has been set up for the Changi East Development. The total sinking fund contribution during the year amounted to $96,343,000 (2018: $233,596,000) and the cumulative sinking fund contribution amounted to $505,890,000 (2018: $409,547,000) as at financial year end.

The above reserves are non-distributable.

23. SHARE CAPITAL AND RESERVES (CONTINUED)

(c) Movements of reserves

(i) *Hedging reserve*

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of financial year	**(1,364)**	(2,305)	**-**	-
Fair value gains	**17,871**	1,846	**15,334**	-
Reclassified to profit or loss	**(10,045)**	-	**(10,045)**	-
Share of hedging reserve from an associated company	**(13,154)**	-	**-**	-
Less: Non-controlling interests	**(1,243)**	(905)	**-**	-
End of financial year	**(7,935)**	(1,364)	**5,289**	-

(ii) *Currency translation reserve*

	Group	
	2019 $'000	2018 $'000
Beginning of financial year	**(125,972)**	(105,122)
Net currency translation differences of foreign subsidiaries, associated companies and joint ventures	**(237,842)**	(54,164)
Reclassified to profit or loss	**-**	31,033
Share of currency translation (loss)/gain of associated companies and joint ventures	**(5,628)**	2,283
Less: Non-controlling interests	**111,863**	(2)
End of financial year	**(257,579)**	(125,972)

(iii) *Sinking fund reserve*

	Group and Company	
	2019 $'000	2018 $'000
Beginning of financial year	**409,547**	175,951
Sinking fund contribution	**96,343**	233,596
End of financial year	**505,890**	409,547

24. RETAINED PROFITS

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

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Beginning of financial year	**4,014,786**	3,682,266	**4,056,676**	3,700,449
Net profit	**677,276**	849,299	**776,064**	873,006
Dividend paid (Note 30)	**(305,552)**	(283,183)	**(305,552)**	(283,183)
Sinking fund contribution	**(96,343)**	(233,596)	**(96,343)**	(233,596)
End of financial year	**4,290,167**	4,014,786	**4,430,845**	4,056,676

25. 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 15) are as follows:

	Group		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Investment property under development	**17,225**	308,583	**-**	-
Property, plant and equipment	**2,119,356**	1,759,050	**2,113,550**	1,756,888

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

The Group leases several pieces of land under non-cancellable operating lease agreements from CAAS for the operation of 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		Company	
	2019 $'000	2018 $'000	**2019 $'000**	2018 $'000
Not later than one year	**76,862**	76,973	**75,936**	76,488
Between one and five years	**303,126**	303,457	**302,613**	302,856
Later than five years	**1,415,681**	1,491,245	**1,415,681**	1,491,245
	1,795,669	1,871,675	**1,794,230**	1,870,589

25. COMMITMENTS (CONTINUED)

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

The Group and Company lease out retail and commercial spaces under non-cancellable operating leases.

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

	Group		Company	
	2019 **$'000**	2018 $'000	**2019** **$'000**	2018 $'000
Not later than one year	**117,912**	25,237	**26,065**	25,237
Between one and five years	**270,221**	41,274	**42,379**	41,274
Later than five years	**385,415**	387,053	**376,110**	387,053
	773,548	453,564	**444,554**	453,564

26. 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 Group uses financial instruments such as interest rate swaps and FX commodity swaps to hedge certain financial risk exposures.

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

(a) Market risk

(i) Currency risk

The Group has dominant operations in Singapore and Brazil. Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD") and Euro ("EUR").

The Group also has investments in foreign entities denominated in Russian Roubles ("RUB"), Indian Rupees ("INR") and Japanese Yen ("JPY").

If the USD and EUR had strengthened / weakened by 5% (2018: 5%) against the respective functional currencies of the Group 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.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(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 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 loan and borrowings. The Group manages a significant portion of these cash flow interest rate risks using floating-to-fixed interest rate swaps.

(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, other investments 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 receivables 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' limits 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 assets presented on the balance sheets.

Accounting policy for impairment of financial assets from 1 April 2018:

(i) Trade receivables

For trade receivables, the Group applies the simplified approach where lifetime ECLs are recognised from initial recognition of the receivables. In measuring the expected credit losses, trade receivables are grouped based on similar credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers under each business and adjusts to reflect current and forward-looking macroeconomic factors which may affect the ability of the customers to settle the receivables.

The Group generally considers a financial asset to be in default if the counterparty fails to make contractual payments within 90 days when they fall due and without recourse.

Trade receivables are written off when there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Accounting policy for impairment of financial assets from 1 April 2018 (continued):

(i) Trade receivables (continued)

The Group's and Company's credit risk exposures in relation to trade receivables as at 31 March 2019 are set out in the provision matrix below:

	Group	Company
	2019 **$'000**	**2019** **$'000**
Past due 1 to 30 days	**6,364**	**1,636**
Past due 31 to 90 days	**4,432**	**41**
More than 90 days	**16,687**	**160**
	27,483	**1,837**

The Group recognised a credit loss allowance of $4,993,000 (2018: $2,965,000) in respect of trade receivables, as disclosed in Note 10.

(ii) Financial assets at amortised cost

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group's investments in debt instruments are considered to be low risk investments as they are of investment grade credit rating with at least one major rating agency or are internally assessed to have high credit quality. The credit ratings of the investments are monitored for credit deterioration.

Cash and cash equivalents, other receivables and other investments are subject to immaterial credit loss.

Accounting policy for impairment of financial assets before 1 April 2018:

Prior to 1 April 2018, the impairment of financial assets was assessed based on the incurred loss impairment model. The carrying amounts of individual receivables known to be impaired were reduced using an allowance account.

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

(i) Financial assets neither past due nor impaired

Financial assets that were neither past due nor impaired were deposits with banks and other investments which had high credit-ratings as assigned by international credit-rating agencies or were internally assessed to have high credit quality. Trade receivables that were neither past due nor impaired were substantially companies with good collection track records with the Group.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Accounting policy for impairment of financial assets before 1 April 2018 (continued):

(ii) Financial assets past due but not impaired

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

	Group	Company
	2018 $'000	2018 $'000
Past due 1 to 30 days	3,870	1,699
Past due 31 to 90 days	1,586	52
More than 90 days	19,357	64
	24,813	1,815

(iii) Financial assets past due and impaired

The carrying amount of trade and other receivables (non-related) individually determined to be impaired during the financial year ended 31 March 2018 amounted to $2,965,000 (Note 10).

(c) Liquidity risk

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and an 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.

	Less than 1 year	Between 1 and 5 years	Over 5 Years
	$'000	**$'000**	**$'000**
Group			
2019			
Trade and other payables	1,171,812	62,843	82,476
Concession payable	24,453	378,594	13,859,256
Loan and borrowings	1,065,416	664,905	173,661
2018			
Trade and other payables	959,795	72,895	79,997
Concession payable	424,133	-	16,334,788
Loan and borrowings	196,560	1,042,596	267,647

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 5 years	Over 5 Years
	$'000	$'000	$'000
Company			
2019			
Trade and other payables	929,658	50,738	82,477
2018			
Trade and other payables	746,622	70,924	74,438
Loan and borrowings	90,000	-	-

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.

	Less than 1 year	Between 1 and 5 years
	$'000	$'000
Group		
2019		
Net-settled derivative financial instruments		
- Interest rate swaps	12	-
Net cash outflows	**12**	**-**
2018		
Net-settled derivative financial instruments		
- Interest rate swaps	4,374	2,593
Net cash outflows	4,374	2,593

(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.

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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).

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
2019				
Assets				
Other investments	-	109,554	-	109,554
Derivative financial instruments	-	8,207	-	8,207
Investment property under development	-	-	1,600,000	1,600,000
Total assets	**-**	**117,761**	**1,600,000**	**1,717,761**
Liabilities				
Derivative financial instruments	-	137	-	137
Total liabilities	**-**	**137**	**-**	**137**
2018				
Assets				
Other investments	-	106,539	-	106,539
Investment property under development	-	-	1,145,680	1,145,680
Total assets	-	106,539	1,145,680	1,252,219
Liabilities				
Derivative financial instruments	-	2,674	-	2,674
Total liabilities	-	2,674	-	2,674

26. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Company				
2019				
Assets				
Other investments	-	109,302	-	109,302
Derivative financial instruments	-	8,207	-	8,207
Total assets	**-**	**117,509**	**-**	**117,509**
2018				
Assets				
Other investments	-	106,539	-	106,539
Total assets	-	106,539	-	106,539

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

Valuation techniques used to derive Level 2 fair values

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The fair values of other investments and derivative financial instruments are calculated as the present value of the estimated future cash flows, and are determined by using counterparty quotes at the balance sheet date.

Valuation techniques 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	Direct Capitalisation Method	Capitalisation rate	The higher the capitalisation rate, the lower the fair value.
	Discounted Cash Flow Method	Discount rate	The higher the discount rate, the lower the fair value.

27. IMMEDIATE AND ULTIMATE HOLDING ENTITY

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

28. RELATED PARTY TRANSACTIONS

(a) 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 follows:

	Group	
	2019	2018
	$'000	$'000
Revenue		
- Airport service fees	**239,653**	200,191
- Franchise fees	**82,221**	78,271
Expenses		
- Security related expenses	**151,912**	135,929
Receivables		
- Trade and other receivables	**38,848**	27,538
Payables		
- Trade and other payables	**1,073**	15,984

(b) Key management personnel compensation is as follows:

Key management personnel compensation paid or payable amounted to $18,760,000 (2018: $17,886,000). Of this, $13,597,000 or approximately 72% (2018: $13,102,000 or approximately 73%) 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.

29. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of companies	Principal activities	Country of business / incorporation	Equity holding 2019 %	Equity holding 2018 %
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 Airports International Capital Pte. Ltd. [a]	Other investment holding	Singapore	**100**	100
Changi Airport Saudi Ltd. [b]	Provision of airport management and operations services	Saudi Arabia	**100**	100
Rio de Janeiro Aeroporto S.A [c]	Investment holding	Brazil	**100**	100
Concessionária Aeroporto Rio de Janeiro S.A [c]	Airport concessionaire	Brazil	**51**	51
Jewel Changi Airport Devt Pte Ltd [a]	Provision of development, project, and real estate management services	Singapore	**51**	51
Jewel Changi Airport Hotel Pte Ltd [a]	Hotel and F&B operations	Singapore	**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
CTS Southeast Asia Pte. Ltd. [a]	Investment holding	Singapore	**60**	60

29. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP (CONTINUED)

Name of companies	Principal activities	Country of business / incorporation	Equity holding 2019 %	Equity holding 2018 %
Significant associated companies and joint ventures				
Held by the Company				
Experia Events Pte Ltd [(c)]	Organising and management of conferences, exhibitions and other related activities	Singapore	**20**	20
Held by the Group				
Bengal Aerotropolis Projects Ltd [(c)] [(d)]	Development of airport and township projects	India	**30.2**	30.2
Transport AMD-2 Ltd [(c)]	Investment holding	Cyprus	**30**	37.5
OJSC International Airport Sochi [(c)]	Provision of airport and airport-related services	Russia	**30**	37.5
OJSC International Airport Krasnodar [(c)]	Provision of airport and airport-related services	Russia	**30**	37.5
OJSC International Airport Anapa [(c)]	Provision of airport and airport-related services	Russia	**30**	37.5
Terminal Vladivostok [(c)]	Provision of airport and airport-related services	Russia	**33.3**	33.3
Vladivostok International Airport [(c)]	Provision of airport and airport-related services	Russia	**17.4**	17.4
Fukuoka International Airport Co., Ltd [(c)]	Provision of airport and airport-related services	Japan	**21**	-

(a) Audited by PricewaterhouseCoopers LLP, Singapore.

(b) Audited by PricewaterhouseCoopers, Saudi Arabia.

(c) Audited by other firms

(d) 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.

30. DIVIDENDS

	Group and Company	
	2019 **$'000**	2018 $'000
Final dividend paid in respect of the previous financial year (Note 24)	**305,552**	283,183

For the financial year ended 31 March 2019, a final dividend amounting to $271,623,000 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 2020.

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2019 for which the Group has not early adopted.

The Group does not expect the adoption of these mandatory accounting standards or interpretations to have a material impact on the financial statements, except for the following:

(a) FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

FRS 116 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from 1 April 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

The Group expects to recognise right-of-use assets of approximately $1,182,069,000 and lease liabilities of $1,106,359,000 (after adjustments for prepayments and accrued lease payments recognised) on 1 April 2019.

The Group and Company do not expect their activities as lessors to have any significant impact on the financial statements. However, some additional disclosures will be required from the next financial year.

32. EVENT SUBSEQUENT TO BALANCE SHEET DATE

On 27 March 2019, the Group entered into an agreement to issue a 10-year $500 million bond with 300 million detachable warrants to Surbana Jurong Private Limited ("Surbana Jurong"). The bond pays an interest of 5% per annum. Surbana Jurong may exercise and convert the warrants into shares of certain subsidiaries of the Group.

On 11 April 2019, Surbana Jurong subscribed to $300 million of the bond. The net proceeds arising from the issuance of the $300 million bond (after deducting issue expenses) will be used for the refinancing of borrowings for existing investments of the Group.

The annual effective interest expense is approximately $21.6 million for the following financial year.

33. 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 28 May 2019.