FINANCIAL STATEMENTS

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The directors present their statement to the member together with the audited financial statements of the Group for the financial year ended 31 March 2017 and the balance sheet of the Company as at 31 March 2017.

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 48 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 2017 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 Miguel Ko Kai Kwun	
Mr Richard R Magnus	
Mr Dilhan Pillay Sandrasegara	
Mrs Tan Ching Yee	(Appointed on 1 May 2017)
Mr Tan Gee Paw	(Appointed on 1 May 2017)
Mr Tan Kong Yam	
Mr Danny Teoh Leong Kay	
Mr Lim Zhi Jian	(Alternate director to Mrs Tan Ching Yee) (Appointed on 1 October 2016)
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 2017

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

9 June 2017

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 2017 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 balance sheets of the Company and the Group as at 31 March 2017;
- the consolidated income statement of the Group for the year then ended;
- the consolidated statement of comprehensive income of the Group for the year then ended;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the 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 ("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 respect of the work we have described above and performed on the Directors' Statement.

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.

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, 9 June 2017

CONSOLIDATED INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group	
	Note	**2017 $'000**	2016 $'000
Revenue	4	**2,305,330**	2,164,045
Expenses			
- Employee compensation	5	**(228,908)**	(220,944)
- Depreciation of property, plant and equipment	11	**(304,060)**	(287,254)
- Property tax		**(63,090)**	(60,931)
- Maintenance of land, buildings and equipment		**(277,407)**	(279,083)
- Services and security related expenses		**(195,845)**	(167,807)
- Annual ground rent and licence fees		**(78,576)**	(78,650)
- CAAS services		**(179,119)**	(129,283)
- Other operating expenses		**(74,050)**	(60,099)
Total		**(1,401,055)**	(1,284,051)
Operating profit		**904,275**	879,994
Other (losses)/income - net	6	**(43,643)**	65,753
Share of results of associated companies and joint ventures		**(24,392)**	8,203
Profit before income tax		**836,240**	953,950
Income tax expense	7	**(179,064)**	(170,221)
Profit after tax		**657,176**	783,729
Attributable to:			
Equity holders of the Company		**661,976**	786,142
Non-controlling interest		**(4,800)**	(2,413)
		657,176	783,729

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $'000	Group 2016 $'000
Profit after tax		**657,176**	783,729
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges			
- Fair value gains/(losses)	20(c)(i)	**303**	(1,728)
- Reclassified to investment in associated companies and joint ventures	20(c)(i)	**(320)**	16,284
Currency translation differences			
- Gains/(losses)	20(c)(ii)	**56,615**	(54,224)
- Share of currency translation gain/(loss) of associated companies and joint ventures	20(c)(ii)	**5,473**	(5,425)
Other comprehensive income/(loss), net of tax		**62,071**	(45,093)
Total comprehensive income		**719,247**	738,636
Total comprehensive income attributable to:			
Equity holders of the Company		**723,899**	742,841
Non-controlling interest		**(4,652)**	(4,205)
		719,247	738,636

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

BALANCE SHEETS
AS AT 31 MARCH 2017

		Group		Company	
	Note	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'000
ASSETS					
Current assets					
Cash and cash equivalents	8	**2,693,847**	3,338,023	**2,629,088**	3,291,275
Trade and other receivables	9	**208,057**	192,372	**186,684**	154,659
Held-to-maturity financial assets	15	**112,620**	30,756	**112,620**	30,756
Other current assets	10	**51,745**	66,021	**44,847**	63,162
Inventories		**10,361**	10,354	**7,984**	9,492
		3,076,630	3,637,526	**2,981,223**	3,549,344
Non-current assets					
Deferred income tax assets	16	**425**	242	**-**	-
Other non-current assets		**948**	1,940	**3,968**	2,633
Held-to-maturity financial assets	15	**9,017**	115,735	**9,017**	115,735
Trade and other receivables	9	**-**	-	**224,581**	145,599
Investments in subsidiaries	12	**-**	-	**257,965**	257,965
Investments in associated companies and joint ventures	13	**282,739**	263,186	**10,652**	10,652
Property, plant and equipment	11	**5,097,382**	3,905,596	**5,061,542**	3,878,518
Investment property under development	14	**792,708**	536,450	**-**	-
		6,183,219	4,823,149	**5,567,725**	4,411,102
Total assets		**9,259,849**	8,460,675	**8,548,948**	7,960,446
LIABILITIES					
Current liabilities					
Trade and other payables	17	**995,942**	866,236	**875,394**	798,366
Derivative financial instruments	19	**-**	85	**-**	-
Income received in advance		**17,708**	11,062	**17,810**	11,076
Deferred income		**5,862**	4,698	**4,311**	4,445
Current income tax liabilities		**241,168**	234,796	**239,150**	231,896
		1,260,680	1,116,877	**1,136,665**	1,045,783
Non-current liabilities					
Trade and other payables	17	**148,040**	143,091	**130,361**	139,760
Loans and borrowings	18	**684,228**	456,021	**-**	-
Derivative financial instruments	19	**4,520**	4,823	**-**	-
Deferred income		**88,723**	92,900	**88,723**	92,900
Deferred income tax liabilities	16	**36,931**	60,738	**36,412**	60,566
		962,442	757,573	**255,496**	293,226
Total liabilities		**2,223,122**	1,874,450	**1,392,161**	1,339,009
NET ASSETS		**7,036,727**	6,586,225	**7,156,787**	6,621,437
EQUITY					
Share capital and reserves	20	**3,361,872**	3,209,458	**3,456,338**	3,365,847
Retained profits	21	**3,682,266**	3,384,526	**3,700,449**	3,255,590
		7,044,138	6,593,984	**7,156,787**	6,621,437
Non-controlling interest		**(7,411)**	(7,759)	**-**	-
Total equity		**7,036,727**	6,586,225	**7,156,787**	6,621,437

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Share capital	Hedging and other reserves	Currency translation reserve	Sinking fund reserve	Retained profits	Non-controlling interest	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Beginning of financial year	**3,280,387**	**10,821**	**(167,210)**	**85,460**	**3,384,526**	**(7,759)**	**6,586,225**
Dividend paid	-	-	-	-	(273,745)	-	**(273,745)**
Sinking fund contribution	-	-	-	90,491	(90,491)	-	**-**
Capital contribution from non-controlling interest	-	-	-	-	-	5,000	**5,000**
Total comprehensive income	-	(165)	62,088	-	661,976	(4,652)	**719,247**
End of financial year	**3,280,387**	**10,656**	**(105,122)**	**175,951**	**3,682,266**	**(7,411)**	**7,036,727**
2016							
Beginning of financial year	**3,280,387**	**(5,527)**	**(107,561)**	**-**	**2,959,388**	**(3,554)**	**6,123,133**
Dividend paid	-	-	-	-	(275,544)	-	**(275,544)**
Sinking fund contribution	-	-	-	85,460	(85,460)	-	**-**
Total comprehensive income	-	16,348	(59,649)	-	786,142	(4,205)	**738,636**
End of financial year	**3,280,387**	**10,821**	**(167,210)**	**85,460**	**3,384,526**	**(7,759)**	**6,586,225**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 $'000	2016 $'000
Cash flows from operating activities			
Profit after tax		**657,176**	783,729
Adjustments for:			
- Income tax expense		**179,064**	170,221
- Depreciation of property, plant and equipment		**304,060**	287,254
- Government grant		**(20,677)**	(20,731)
- Gain on disposal of a joint venture		**-**	(423)
- Net loss on disposal of property, plant and equipment		**202**	1,468
- Impairment of investment in associated companies and joint ventures		**109,475**	-
- Impairment of trade and other receivables		**2,737**	-
- Share of results of associated companies and joint ventures		**24,392**	(8,203)
- Unrealised currency translation differences		**1,383**	408
- Amortisation of deferred income		**(4,698)**	(4,585)
- Interest expense		**265**	-
- Interest income		**(57,123)**	(53,934)
		1,196,256	1,155,204
Changes in working capital			
- Inventories		**(7)**	(1,303)
- Trade and other receivables		**(18,422)**	(59,597)
- Other assets		**9,959**	13,395
- Trade and other payables		**22,667**	62,386
Cash generated from operations		**1,210,453**	1,170,085
Interest received		**49,930**	40,544
Interest paid		**(12,651)**	(8,162)
Government grant received		**21,742**	20,370
Income tax paid		**(188,890)**	(211,652)
Net cash provided by operating activities		**1,080,584**	1,011,185
Cash flows from investing activities			
Additions to property, plant and equipment and capital work-in-progress		**(1,429,028)**	(1,139,395)
Additions to investment property under development		**(216,202)**	(109,281)
Proceeds from disposal of property, plant and equipment		**314**	63
Proceeds from disposal of a joint venture		**-**	5,305
Payment for investment in associated companies and joint ventures		**(75,232)**	(64,315)
Dividend income received		**8,684**	2,783
Purchase of held-to-maturity financial assets		**(6,768)**	(53,265)
Proceeds from held-to-maturity financial assets		**30,750**	-
Net cash used in investing activities		**(1,687,482)**	(1,358,105)
Cash flow from financing activities			
Proceeds from loan and borrowings, net of transactions costs		**228,420**	111,881
Capital contribution from non-controlling interest		**5,000**	-
Dividend paid to equity holder of the Company		**(273,745)**	(275,544)
Net cash used in financing activities		**(40,325)**	(163,663)
Net decrease in cash and cash equivalents		**(647,223)**	(510,583)
Cash and cash equivalents at beginning of financial year	8	**3,338,023**	3,849,014
Effects of currency translation on cash and cash equivalents		**3,047**	(408)
Cash and cash equivalents at end of financial year	8	**2,693,847**	3,338,023

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

1. General information

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

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

The principal activities of its subsidiaries, associated companies and joint ventures are disclosed in Note 26.

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 2016

On 1 April 2016, the Group adopted the new or amended FRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS.

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

2.2 Revenue and other income recognition

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

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

Revenue and other income are recognised as follows:

(a) Airport services

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

(b) Security services

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

(c) Airport concessions and rental income

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

(d) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (continued)

2.2 Revenue and other income recognition (continued)

(e) Consultancy service fee

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

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

(f) Interest income

Interest income is recognised using the effective interest method.

2.3 Government grants

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

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

2.4 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

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

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

(iii) Disposals

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

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

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

(b) Transactions with non-controlling interests

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(c) Associated companies and joint ventures

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

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

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

(i) Acquisitions

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

(ii) Equity method of accounting

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 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 is and any proceeds on partial disposal, recognised in profit or loss.

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

2. Significant accounting policies (continued)

2.4 Group accounting (continued)

(d) Joint operations

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

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies of the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

2.5 Property, plant and equipment

(a) Measurement

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

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

(b) Subsequent expenditure

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

(c) Depreciation

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

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

	Useful lives
Runways, taxiways and others	30 years
Buildings	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	3 to 15 years

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

(d) Disposal

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

2.6 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.

2.7 Borrowing costs

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

2.8 Investments in subsidiaries, associated companies and joint ventures

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

2. Significant accounting policies (continued)

2.9 Impairment of non-financial assets

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

Property, plant and equipment, 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.

2.10 Financial assets

(a) Classification

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

(i) Loans and receivables

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

(ii) Held-to-maturity financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (continued)

2.10 Financial assets (continued)

(b) Recognition and derecognition

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

(c) Measurement

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

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

(d) Impairment

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

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

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

2.11 Offsetting of financial instruments

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

2.12 Borrowings

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

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

2.13 Trade and other payables

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

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

2. Significant accounting policies (continued)

2.14 Derivative financial instruments and hedging activities

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

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

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

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

Cash flow hedge

(i) Interest rate swaps

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

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

(ii) Currency forwards

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (continued)

2.15 Fair value estimation of financial assets and liabilities

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

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

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

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

2.16 Leases

(a) When the Group is the lessor:

Lessor – Operating leases

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

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

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

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

(b) When the Group is the lessee:

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

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

2. Significant accounting policies (continued)

2.17 Inventories

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

2.18 Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

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

2.19 Provisions

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

2.20 Employee compensation

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

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Significant accounting policies (continued)

2.21 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

2.22 Cash and cash equivalents

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

2.23 Share capital

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

2.24 Dividends 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.

Impairment of associated companies and joint ventures

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

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

As at 31 March 2017, the Group has recognised an impairment charge on its investments in associated companies of $109,475,000.

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

4. Revenue

	2017 $'000	2016 $'000
Airport services	**700,104**	627,286
Security services	**190,483**	181,972
Airport concessions and rental income	**1,182,407**	1,126,491
Others	**232,336**	228,296
	2,305,330	2,164,045

The contingent rent, computed based on percentage of sales, recognised in the Airport concessions and rental income amounted to $59,944,000 (2016: $57,695,000).

5. Employee compensation

	2017 $'000	2016 $'000
Wages and salaries	**184,838**	178,323
Others	**44,070**	42,621
	228,908	220,944

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. Other (losses)/income - net

	2017 $'000	2016 $'000
Interest income		
- Bank deposits	**54,249**	51,647
- Held-to-maturity financial assets	**2,874**	2,287
Impairment of investment in associated companies and joint ventures (Note 13)	**(109,475)**	-
Others	**8,709**	11,819
	(43,643)	65,753

7. Income taxes

Income tax expense

	2017 $'000	2016 $'000
Tax expense attributable to profit is made up of:		
- Current income tax		
- Singapore	**191,202**	188,051
- Foreign	**5,130**	3,059
	196,332	191,110
- Deferred income tax (Note 16)	**(16,168)**	(21,085)
	180,164	170,025
Under/(over) provision of tax liabilities in prior financial years		
- Current income tax		
- Singapore	**(287)**	8
- Foreign	**(22)**	146
- Deferred income tax (Note 16)	**(791)**	42
	179,064	170,221

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:

	2017 $'000	2016 $'000
Profit before tax	**836,240**	953,950
Less: Share of results of associated companies and joint ventures	**24,392**	(8,203)
Profit before tax and share of profit of associated companies and joint ventures	**860,632**	945,747
Tax calculated at tax rate of 17% (2016: 17%)	**146,307**	160,777
Effects of:		
- Expenses not deductible for tax purposes	**30,569**	9,315
- Income not subject to tax	**(192)**	(1,672)
- Tax incentives	**(917)**	(1,095)
- Utilisation of previously unrecognised tax losses	**-**	(43)
- Deferred tax asset not recognised	**1,415**	1,259
- Tax in foreign jurisdiction	**2,982**	1,484
Tax charge	**180,164**	170,025

8. Cash and cash equivalents

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Cash at bank and on hand	**36,094**	43,092	**24,688**	17,775
Bank deposit	**2,657,753**	3,294,931	**2,604,400**	3,273,500
	2,693,847	3,338,023	**2,629,088**	3,291,275

9. Trade and other receivables

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current				
Trade receivables	**86,806**	50,094	**73,385**	42,392
Less: Impairment	**(45)**	-	**-**	-
Trade receivables - net	**86,761**	50,094	**73,385**	42,392
Accrued income	**123,988**	142,278	**113,299**	112,267
Less: Impairment	**(2,692)**	-	**-**	-
Accrued income - net	**121,296**	142,278	**113,299**	112,267
	208,057	192,372	**186,684**	154,659

	Company	
	2017 $'000	2016 $'000
Non-current		
Loans to subsidiaries	**224,581**	145,599

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

10. Other current assets

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Prepayments, deposits and other receivables	**9,422**	18,480	**4,618**	15,842
Interest receivable	**40,264**	32,117	**40,220**	32,094
Others	**2,059**	15,424	**9**	15,226
	51,745	66,021	**44,847**	63,162

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

11. 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 2017								
Cost								
Beginning of financial year	478,279	934,765	1,448,105	37,998	101,271	812,487	1,782,613	5,595,518
Additions	-	-	4,265	-	727	68	1,491,302	1,496,362
Transfer from work-in-progress	55,737	10,210	105,199	6,406	15,302	107,871	(300,725)	-
Reclassification	-	-	571	-	2,472	(3,043)	-	-
Disposals	-	(54)	(16,593)	(580)	(1,256)	(186)	-	(18,669)
End of financial year	534,016	944,921	1,541,547	43,824	118,516	917,197	2,973,190	7,073,211
Accumulated depreciation								
Beginning of financial year	131,994	280,268	767,196	22,357	83,737	404,370		1,689,922
Depreciation charge	22,285	42,022	149,672	3,820	11,590	74,671	-	304,060
Reclassification	-	-	125	-	1,470	(1,595)	-	-
Disposals	-	(14)	(16,477)	(253)	(1,239)	(170)	-	(18,153)
End of financial year	154,279	322,276	900,516	25,924	95,558	477,276	-	1,975,829
Net book value								
End of financial year	**379,737**	**622,645**	**641,031**	**17,900**	**22,958**	**439,921**	**2,973,190**	**5,097,382**
As at 31 March 2016								
Cost								
Beginning of financial year	437,557	902,582	1,350,983	37,984	91,375	767,562	594,336	4,182,379
Additions	-	-	157	-	853	70	1,419,517	1,420,597
Transfer from work-in-progress	40,722	32,208	101,165	22	10,005	47,118	(231,240)	-
Disposals	-	(25)	(4,200)	(8)	(962)	(2,263)	-	(7,458)
End of financial year	478,279	934,765	1,448,105	37,998	101,271	812,487	1,782,613	5,595,518
Accumulated depreciation								
Beginning of financial year	111,699	240,055	627,966	18,439	74,095	336,341	-	1,408,595
Depreciation charge	20,295	40,218	142,597	3,926	10,596	69,622	-	287,254
Disposals	-	(5)	(3,367)	(8)	(954)	(1,593)	-	(5,927)
End of financial year	131,994	280,268	767,196	22,357	83,737	404,370	-	1,689,922
Net book value								
End of financial year	**346,285**	**654,497**	**680,909**	**15,641**	**17,534**	**408,117**	**1,782,613**	**3,905,596**

11. 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 2017								
Cost								
Beginning of financial year	478,279	934,765	1,447,316	38,003	96,481	811,453	1,758,646	5,564,943
Additions	-	-	-	-	-	-	1,482,707	1,482,707
Transfer from work-in-progress	55,737	6,345	100,996	6,406	13,579	106,251	(289,314)	-
Reclassification	-	-	361	-	2,682	(3,043)	-	-
Disposals	-	(54)	(16,566)	(580)	(1,234)	(181)	-	(18,615)
End of financial year	534,016	941,056	1,532,107	43,829	111,508	914,480	2,952,039	7,029,035
Accumulated depreciation								
Beginning of financial year	131,994	280,268	766,926	22,362	80,997	403,878	-	1,686,425
Depreciation charge	22,285	41,144	147,739	3,820	10,130	74,075	-	299,193
Reclassification	-	-	70	-	1,525	(1,595)	-	-
Disposals	-	(14)	(16,468)	(253)	(1,220)	(170)	-	(18,125)
End of financial year	154,279	321,398	898,267	25,929	91,432	476,188	-	1,967,493
Net book value								
End of financial year	**379,737**	**619,658**	**633,840**	**17,900**	**20,076**	**438,292**	**2,952,039**	**5,061,542**
As at 31 March 2016								
Cost								
Beginning of financial year	437,557	902,582	1,350,383	37,989	87,434	766,598	582,618	4,165,161
Additions	-	-	-	-	-	-	1,407,236	1,407,236
Transfer from work-in-progress	40,722	32,208	101,133	22	10,005	47,118	(231,208)	-
Disposals	-	(25)	(4,200)	(8)	(958)	(2,263)	-	(7,454)
End of financial year	478,279	934,765	1,447,316	38,003	96,481	811,453	1,758,646	5,564,943
Accumulated depreciation								
Beginning of financial year	111,699	240,055	627,834	18,444	72,289	336,079	-	1,406,400
Depreciation charge	20,295	40,218	142,459	3,926	9,659	69,392	-	285,949
Disposals	-	(5)	(3,367)	(8)	(951)	(1,593)	-	(5,924)
End of financial year	131,994	280,268	766,926	22,362	80,997	403,878	-	1,686,425
Net book value								
End of financial year	**346,285**	**654,497**	**680,390**	**15,641**	**15,484**	**407,575**	**1,758,646**	**3,878,518**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

12. Investments in subsidiaries

	Company	
	2017 $'000	2016 $'000
Unquoted equity shares, at cost	**257,965**	257,965

Details of significant subsidiaries are included in Note 26.

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

13. Investments in associated companies and joint ventures

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Beginning of financial year	**263,186**	217,603	**10,652**	10,652
Capital injection	**104,446**	103,239	**-**	-
Share of results	**(24,392)**	8,203	**-**	-
Disposal of a joint venture	**-**	(5,063)	**-**	-
Dividends received	**(8,684)**	(2,783)	**-**	-
Share of other comprehensive income	**5,473**	(5,425)	**-**	-
Currency translation	**52,185**	(52,588)	**-**	-
	392,214	263,186	**10,652**	10,652
Less: Impairment allowance	**(109,475)**	-	**-**	-
End of financial year	**282,739**	263,186	**10,652**	10,652

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

The Group's share of capital commitments of its investments amounted to $22,500,000 (2016: $33,040,000).

Further details of the associated companies and joint ventures are provided in Note 26.

<u>Bengal Aerotropolis Projects Limited ("BAPL")</u>

The Group has a 36.7% 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.

During the financial year, the shareholders of BAPL provided a capital injection of INR1,150,000,000 ($21,000,000), with the Group's share of INR400,000,000 ($8,379,000), to provide working capital support to BAPL.

Management had adopted the fair value less cost to sell method to assess the recoverable amount of the investment in BAPL. The fair value of BAPL is based on the issue price per share for the capital increase which was lower than the Group's investment per share in BAPL. Accordingly, management made an impairment allowance of $3,055,000 during the financial year to write down the investment in BAPL to the fair value per share.

<u>Transport AMD-2 Limited ("TAMD-2")</u>

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

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

13. Investments in associated companies and joint ventures (continued)

Rio de Janeiro Aeroporto S.A. (“RJA”)

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

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

Through Excelente B.V., the Group holds an equity interest of 40% in RJA. As at 31 March 2017, the capital contribution into RJA amounted to $179,121,000.

CARJ has a short-term bridge loan with the National Bank for Economic and Social Development of Brazil (“BNDES”) amounting to BRL1,123,764,000 ($502,893,000) which has been extended to 15 June 2017. CARJ also has an outstanding second instalment of the fixed concession fee which was due in May 2016 and third instalment of the fixed concession fee due on 7 May 2017. These amounts caused CARJ’s current liabilities to exceed its current assets by BRL2,676,081,000 ($1,197,566,000) at 31 December 2016 (31 December 2015: Net current liabilities of BRL1,957,347,000 ($734,397,000)). The second instalment of fixed concession fee was subsequently paid in May 2017.

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

In addition, CARJ had been in negotiations with the relevant government agencies to reprofile the existing fixed concession fee payments to one that matches its cashflow profile. On 29 March 2017, the Brazilian Ministry of Transport, Ports and Civil Aviation (“MPTAC”) published a Ministerial Order setting out the framework for concession fee reprofiling. CARJ submitted its reprofiling application to the MPTAC on 5 April 2017 and the MPTAC approved CARJ’s reprofiling application on 17 April 2017. CARJ is now in discussion with ANAC to amend the concession agreement to adopt the new fixed concession fee payments schedule.

Management of CAI has considered the impact of the above events and has noted that a failure to implement the proposed plans may cast significant doubt on CARJ’s ability to continue as a going concern. The continued deterioration of Brazil’s economy and instability of its political environment has also affected the performance of the airport. These factors give rise to indicators that the Group’s investment in RJA may be impaired. An external valuation was commissioned by CARJ and the assessed recoverable value was determined to be $18,173,000 which was below the carrying value of the investment by $106,420,000 as at 31 March 2017. In view of the uncertainties in the economic recovery in Brazil which could have a prolonged adverse effect in CARJ’s operations, management has made an impairment charge of $106,420,000 to write down the investment in RJA.

Shareholders of CARJ have given equity support under the bridge loan and counter-guarantees under the performance bond given by CARJ to ANAC. The bridge loan from BNDES is guaranteed by standby letters of credit from financial institutions. CARJ and the shareholders have agreed to provide certain security interests to the commercial banks, namely the fiduciary transfer of shares in CARJ and the fiduciary assignment of rights under the concession agreement. In addition, under the shareholders’ support agreement, the shareholders also agreed to provide additional equity contribution in the event that CARJ has insufficient funds to finance its obligations in accordance with the concession contract. The Group’s share of the potential additional equity contribution under the shareholders’ support agreement is BRL215,904,000 ($96,619,000). The Group’s share of the counter-guarantee under the performance bond given by CARJ to ANAC is BRL165,200,000 ($73,928,000).

In addition to the above commitments, the Group further injected BRL427,778,000 ($193,369,000) via a convertible loan to RJA. Please refer to Note 28 for further details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

13. Investments in associated companies and joint ventures (continued)

Terminal Vladivostok and Vladivostok International Airport ("VVO")

In February 2017, the Group acquired a 33.3% interest in Terminal Vladivostok ("TV") and a 17.4% interest in Vladivostok International Airport ("IAV"). Total consideration for the purchase of TV and IAV amounted to RUB1,900,000,000 ($47,683,000). Out of the total consideration, $18,065,000 had been paid as at 31 March 2017 with remaining balance of $29,618,000 to be paid over the next 18 months from February 2017.

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

14. Investment property under development

	Group	
	2017 **$'000**	2016 $'000
Cost		
Beginning of financial year	**536,450**	401,269
Additions	**256,258**	135,181
End of financial year	**792,708**	536,450
Net book value		
End of financial year	**792,708**	536,450

As at 31 March 2017, the interest and transaction costs capitalised as cost of investment property under development amounted to $25,488,000 (2016: $11,981,000), with effective interest rates ranging from 1.50% to 3.12% (2016: 1.50% to 3.12%) per annum.

As at 31 March 2017, the fair value of the investment property under development is $813,044,000 (2016: $550,665,000). In determining the fair value of the investment property under development, the fair value of the land was obtained based on a valuation performed by an independent professional valuer.

In determining the fair value of the land at 31 March 2017, the valuer has used a valuation technique, the residual land value method, which involves certain estimates. In the residual land method of valuation, the total gross development costs and developer's profits are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation.

Further details of the fair value measurement hierarchy of the investment property under development are provided in Note 23(e).

15. Held-to-maturity financial assets

	Group and Company	
	2017 **$'000**	2016 $'000
Current		
Bonds with fixed interest	**112,620**	30,756
Non-current		
Bonds with fixed interest	**9,017**	115,735
	121,637	146,491

The interest rates for these bonds range from 1.88% to 4.45% (2016: 1.88% to 4.45%) per annum. The fair values of these bonds as at 31 March 2017 approximate their carrying value.

16. Deferred income taxes

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

	Group		Company	
	2017 **$'000**	2016 $'000	**2017** **$'000**	2016 $'000
Deferred income tax assets				
- to be recovered within one year	**180**	109	**-**	-
- to be recovered after one year	**245**	133	**-**	-
	425	242	**-**	-
Deferred income tax liabilities				
- to be settled within one year	**14,064**	19,970	**13,545**	19,842
- to be settled after one year	**22,867**	40,768	**22,867**	40,724
	36,931	60,738	**36,412**	60,566

Movement in net deferred income tax account is as follows:

	Group		Company	
	2017 **$'000**	2016 $'000	**2017** **$'000**	2016 $'000
Beginning of financial year	**60,496**	117,322	**60,566**	117,348
Under/(over)-provision in prior years	**(791)**	42	**(882)**	(14)
Tax credit to profit or loss	**(16,168)**	(21,085)	**(16,241)**	(20,985)
Transfer to current tax	**(7,031)**	(35,783)	**(7,031)**	(35,783)
End of financial year	**36,506**	60,496	**36,412**	60,566

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

16. Deferred income taxes (continued)

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 $13,490,000 (2016: $8,392,000) and capital allowances of $5,498,000 (2016: $3,625,000) 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.

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	Others	Total
	$'000	$'000	$'000
As at 31 March 2017			
Beginning of financial year	72,119	1,698	73,817
(Credited)/ charged to profit or loss	(16,169)	1,140	(15,029)
Transfer to current tax	(7,913)	-	(7,913)
End of financial year	48,037	2,838	50,875
As at 31 March 2016			
Beginning of financial year	126,974	1,184	128,158
(Credited)/ charged to profit or loss	(19,072)	514	(18,558)
Transfer to current tax	(35,783)	-	(35,783)
End of financial year	72,119	1,698	73,817

Deferred income tax assets

	Tax losses	Unutilised capital allowances	Provisions	Total
	$'000	$'000	$'000	$'000
As at 31 March 2017				
Beginning of financial year	-	(18)	(13,303)	(13,321)
Credited to profit or loss	(55)	(243)	(750)	(1,048)
End of financial year	(55)	(261)	(14,053)	(14,369)
As at 31 March 2016				
Beginning of financial year	-	(8)	(10,828)	(10,836)
Credited to profit or loss	-	(10)	(2,475)	(2,485)
End of financial year	-	(18)	(13,303)	(13,321)

16. Deferred income taxes (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
As at 31 March 2017			
Beginning of financial year	71,948	1,698	73,646
(Credited)/ charged to profit or loss	(16,559)	1,140	(15,419)
Transfer to current tax	(7,913)	-	(7,913)
End of financial year	47,476	2,838	50,314
As at 31 March 2016			
Beginning of financial year	126,877	1,184	128,061
(Credited)/ charged to profit or loss	(19,146)	514	(18,632)
Transfer to current tax	(35,783)	-	(35,783)
End of financial year	71,948	1,698	73,646

Deferred income tax assets

	Provisions
	$'000
As at 31 March 2017	
Beginning of financial year	(13,080)
Credited to profit or loss	(822)
End of financial year	(13,902)
As at 31 March 2016	
Beginning of financial year	(10,713)
Credited to profit or loss	(2,367)
End of financial year	(13,080)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

17. Trade and other payables

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Current				
Trade payables	**149,247**	160,912	**145,683**	158,096
Non-trade payable to subsidiaries	**-**	-	**3,388**	5,722
Accrued operating expenses	**223,072**	216,414	**207,820**	195,795
Accrued capital expenditure and development costs	**499,223**	373,773	**427,101**	340,393
Sundry creditors and other accruals	**66,320**	44,412	**34,474**	27,865
Deposits received	**58,080**	70,725	**56,928**	70,495
	995,942	866,236	**875,394**	798,366

The non-trade payable to subsidiaries represent funds from the subsidiaries managed by the Company on their behalf, and are unsecured and repayable on demand. The interest payable to the subsidiaries for the funds managed is fixed at 0.60% (2016: 0.60%).

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Non-current				
Accrued capital expenditure and development costs	**52,578**	70,336	**52,578**	70,336
Other non-current liabilities	**83,001**	72,755	**77,783**	69,424
Deferred consideration payable	**12,461**	-	**-**	-
	148,040	143,091	**130,361**	139,760

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.

For the financial year ended 31 March 2016, an amount of $70,336,000 in accrued capital expenditure and development costs balance was reclassified from current to non-current to align with current year's presentation.

18. Loans and borrowings

	Group	
	2017 **$'000**	2016 $'000
Loan from non-controlling interest	**89,362**	81,767
Bank borrowings	**594,866**	374,254
	684,228	456,021

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

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

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

19. Derivative financial instruments

	Group	
	Contract notional amount $'000	**Fair value Liabilities** $'000
2017		
Cash flow hedges		
Non-current		
- Interest rate swaps	365,000	4,520
2016		
Cash flow hedges		
Current		
- Currency forward	3,800	85
Non-current		
- Interest rate swaps	315,000	4,823
		4,908

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

20. Share capital and reserves

(a) Share capital

The Company's share capital comprises 3,280,387,000 (2016: 3,280,387,000) fully paid-up ordinary shares with no par value, amounting to a total of $3,280,387,000 (2016: $3,280,387,000).

(b) Composition of reserves

	Group	
	2017 $'000	2016 $'000
Other reserve	**12,961**	12,961
Hedging reserve	**(2,305)**	(2,140)
Currency translation reserve	**(105,122)**	(167,210)
Sinking fund reserve	**175,951**	85,460
	81,485	(70,929)

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

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

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

With the approval of the Board of Directors, Management of the Company has created a sinking fund reserve, which is to be apportioned from the Company's retained earnings. These funds set aside are to be used for the Changi East Development. There will be an additional amount, which will be apportioned from the Company's retained earnings on a three years net cumulative basis and recorded in the financial year ending 31 March 2019. As at 31 March 2017, the estimated amount to be apportioned is $108,000,000.

The above reserves are non-distributable.

20. Share capital and reserves (continued)

(c) Movements of reserves

(i) *Hedging reserve*

	Group	
	2017 $'000	2016 $'000
Beginning of financial year	**(2,140)**	(18,488)
Fair value gains/(losses)	**303**	(1,728)
Reclassified to investment in associated companies and joint ventures	**(320)**	16,284
Less: Non-controlling interests	**(148)**	1,792
End of financial year	**(2,305)**	(2,140)

(ii) *Currency translation reserve*

	Group	
	2017 $'000	2016 $'000
Beginning of financial year	**(167,210)**	(107,561)
Net currency translation differences of foreign subsidiaries, associated companies and joint ventures	**56,615**	(54,224)
Share of currency translation gain/(loss) of associated companies and joint ventures	**5,473**	(5,425)
End of financial year	**(105,122)**	(167,210)

(iii) *Sinking fund reserve*

	Group	
	2017 $'000	2016 $'000
Beginning of financial year	**85,460**	-
Sinking fund contribution	**90,491**	85,460
End of financial year	**175,951**	85,460

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

21. Retained profits

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

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Beginning of financial year	**3,384,526**	2,959,388	**3,255,590**	2,834,467
Net profit	**661,976**	786,142	**809,095**	782,127
Dividend paid (Note 27)	**(273,745)**	(275,544)	**(273,745)**	(275,544)
Sinking fund contribution	**(90,491)**	(85,460)	**(90,491)**	(85,460)
End of financial year	**3,682,266**	3,384,526	**3,700,449**	3,255,590

22. Commitments

(a) Capital commitments

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

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Investment property under development	**592,990**	817,758	**-**	-
Property, plant and equipment	**2,327,829**	2,098,614	**2,342,166**	2,098,532

(b) Leases

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	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Not later than one year	**76,455**	75,557	**76,135**	75,557
Between one and five years	**302,381**	302,226	**302,270**	302,226
Later than five years	**1,567,657**	1,641,120	**1,567,657**	1,641,120
	1,946,493	2,018,903	**1,946,062**	2,018,903

23. Financial risk management

Financial risk factors

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

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

(a) Market risk

(i) Currency risk

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

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

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

If the USD, BRL, RUB, SAR and INR had strengthened/ weakened by 5% (2016: 5%) against the SGD with all other variables including tax rate being held constant, the effects on the net profit after income tax or other comprehensive income would not be significant.

(ii) Price risk

The Group is not subject to significant price risk.

(iii) Interest rate risk

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23. Financial risk management (continued)

(b) Credit risk

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

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

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

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

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

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

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

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

	Group		Company	
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000
Past due 1 to 30 days	**2,062**	3,761	**1,332**	2,114
Past due 31 to 90 days	**884**	471	**13**	117
More than 90 days	**6,956**	1,507	**-**	-
	9,902	5,739	**1,345**	2,231

(iii) Financial assets that are past due and impaired

The carrying amount of trade and other receivables (non-related) individually determined to be impaired during the financial year amounted to $2,737,000 (2016: Nil) (Note 9).

23. Financial risk management (continued)

(c) Liquidity risk

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

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

	Less than 1 year	Between 1 and 5 years	Over 5 years
	$'000	$'000	$'000
Group			
2017			
Trade and other payables	990,242	65,039	86,807
Loans and borrowings	9,694	611,489	98,752
2016			
Trade and other payables	860,536	70,336	75,265
Loans and borrowings	8,476	397,297	91,582

	Less than 1 year	Between 1 and 5 years	Over 5 years
	$'000	$'000	$'000
Company			
2017			
Trade and other payables	875,394	52,578	77,783
2016			
Trade and other payables	798,365	70,336	69,424

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		
2017		
Net-settled derivative financial instruments		
- Payment for interest rate swap	4,445	7,129
2016		
Net-settled derivative financial instruments		
- Payment for interest rate swap	1,725	4,524
- Payment for currency forward	85	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23. Financial risk management (continued)

(d) Capital risk

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

The Group is in compliance with all externally imposed capital requirements.

(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				
2017				
Assets				
Investment property under development	-	-	813,045	813,045
Total assets	-	-	813,045	813,045
Liabilities				
Derivative financial instruments	-	4,520	-	4,520
Total liabilities	-	4,520	-	4,520

	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group				
2016				
Assets				
Investment property under development	-	-	550,665	550,665
Total assets	-	-	550,665	550,665
Liabilities				
Derivative financial instruments	-	4,908	-	4,908
Total liabilities	-	4,908	-	4,908

23. Financial risk management (continued)

(e) Fair value measurements (continued)

Valuation techniques used to derive Level 2 fair values

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

Valuation technique used to derive Level 3 fair values

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

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

There were no significant inter-relationships between unobservable inputs.

24. Immediate and ultimate holding entity

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

25. Related party transactions

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

	Group	
	2017 **$'000**	2016 $'000
Revenue		
- Airport services	**150,818**	130,885
- Franchise fees	**62,621**	61,389
Expenses		
- Security related expenses	**119,417**	114,262
Receivables		
- Trade and other receivables	**17,769**	10,669
Payables		
- Trade and other payables	**17,450**	11,177

(b) Key management personnel compensation is as follows:

Key management personnel compensation paid or payable amounted to $18,581,000 (2016: $21,662,000). Of this, $12,411,000 or approximately 67% (2016: $14,228,000 or approximately 66%) 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.

26. Listing of significant companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2017 %	Equity holding 2016 %
Significant subsidiaries				
Held by the Company				
Changi Airports International Pte. Ltd. [a]	Investment holding and provision of consultancy services in the field of civil aviation	Singapore	**100**	100
Changi Travel Services Pte. Ltd. [a]	Sale of travel and tour-related products and packages	Singapore	**100**	100
Jewel Changi Airport Holdings Pte. Ltd. [a]	Investment holding	Singapore	**100**	100
Held by the Group				
Changi Airport Consultants Pte. Ltd. [a]	Provision of airport related consultancy services	Singapore	**100**	100
Changi Airport Planners and Engineers Pte. Ltd. [a]	Provision of professional engineering services in the field of civil aviation	Singapore	**100**	100
Changi Airport Saudi Ltd. [b]	Provision of airport management and operations services	Saudi Arabia	**100**	100
Changi Airports China Ltd. [a]	Investment holding	Singapore	**100**	100
Changi Airports Europe Pte. Ltd. [a]	Investment holding	Singapore	**100**	100
Changi Airports India Pte. Ltd. [a]	Investment holding	Singapore	**100**	100
Changi Airports MENA Pte. Ltd. [a]	Investment holding	Singapore	**100**	100
Theta Enterprise Pte. Ltd. [a]	Investment holding	Singapore	**100**	100
Excelente B.V. [d]	Investment holding	Netherlands	**100**	100
Excelente Brasil Participações Ltda. [d]	Provision of consultancy services	Brazil	**100**	100
Jewel Changi Airport Devt Pte Ltd [a]	Provision of development, project, and real estate management services	Singapore	**51**	51
Jewel Changi Airport Trust [a]	Project development, operation and management	Singapore	**51**	51
Jewel Changi Airport Trustee Pte Ltd [a]	Provision of trustee-management services	Singapore	**51**	51
Changi Airports International HIA Pte. Ltd. (formerly known as Alpha Vela Pte. Ltd.) [a]	Investment holding	Singapore	**100**	100
Goldenhorn Gate Pte. Ltd. [a]	Investment holding	Singapore	**100**	-
CTS Southeast Asia Pte. Ltd. [a]	Provision of travel related services	Singapore	**60**	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

26. Listing of significant companies in the Group (continued)

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2017 %	Equity holding 2016 %
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] [e]	Development of airport and township projects	India	**36.7**	36.3
Transport AMD-2 Ltd [c]	Investment holding	Cyprus	**37.5**	37.5
OJSC International Airport Sochi [c]	Provision of airport and related services	Russia	**37.5**	37.5
OJSC International Airport Krasnodar [c]	Provision of airport and related services	Russia	**37.5**	37.5
OJSC International Airport Anapa [c]	Provision of airport and related services	Russia	**37.5**	28.1
Basel Aero LLC [c]	Airport management	Russia	**37.5**	37.5
Rio de Janeiro Aeroporto S.A [c]	Investment holding	Brazil	**40**	40
Concessionária Aeroporto Rio de Janeiro S.A [c]	Airport concessionaire	Brazil	**20.4**	20.4
Terminal Valdivostok [c]	Provision of airport and related services	Russia	**33.3**	-
Vladivostok International Airport [c]	Provision of airport and related services	Russia	**17.4**	-

[a] Audited by PricewaterhouseCoopers LLP, Singapore.

[b] Audited by PricewaterhouseCoopers, Saudi Arabia.

[c] Audited by other firms.

[d] Not required to be audited.

[e] 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.

27. Dividends

	Company	
	2017 **$'000**	2016 $'000
Final dividend paid in respect of the previous financial year (Note 21)	**273,745**	275,544

For the financial year ended 31 March 2017, a final dividend amounting to $283,183,000 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 2018.

28. Events occurring after balance sheet date

On 18 April 2017, CAI injected BRL427,778,000 ($193,369,000) via a convertible loan to RJA for the purpose of capital injection into CARJ. The convertible loan bears an interest of 3% per annum and matures on 30 April 2018.

29. 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 2017 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:

i) 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 standard will affect primarily the accounting for the Group's operating leases. However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

30. 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 9 June 2017.