CHANGI AIRPORT GROUP (SINGAPORE) PTE. LTD. AND ITS SUBSIDIARIES

(Incorporated in Singapore. Registration Number: 200910817N)

ANNUAL REPORT

For the financial year ended 31 March 2014

DIRECTORS' REPORT

For the financial year ended 31 March 2014

The directors present their report to the member together with the audited financial statements of the Group for the financial year ended 31 March 2014 and balance sheet of the Company as at 31 March 2014.

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors have received remuneration as a result of their employment with related corporations.

SHARE OPTIONS

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

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

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

INDEPENDENT AUDITOR

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

On behalf of the Board of Directors

Liew Mun Leong	**Lee Seow Hiang**
Director	Director

30 May 2014

STATEMENT BY DIRECTORS

For the financial year ended 31 March 2014

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 85 to 123 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; 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.

On behalf of the Board of Directors

Liew Mun Leong
Director

Lee Seow Hiang
Director

30 May 2014

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Changi Airport Group (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 85 to 123, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 30 May 2014

CONSOLIDATED INCOME STATEMENT
For the financial year ended 31 March 2014

	Note	2014 $'000	2013 $'000
Revenue	3	2,106,391	1,911,070
Expenses			
- Employee compensation	4	(175,753)	(147,795)
- Depreciation of property, plant and equipment	10	(264,606)	(283,301)
- Property tax		(48,063)	(66,070)
- Maintenance of land, buildings and equipment		(266,171)	(262,856)
- Services and security related expenses		(169,419)	(159,088)
- Annual ground rent and licence fees		(79,250)	(79,250)
- CAAS services		(136,191)	(109,044)
- Other operating expenses		(45,954)	(41,656)
Total		(1,185,407)	(1,149,060)
Gain on disposal and reclassification of investments	13	29,042	78,008
Other income	5	28,394	18,571
Property tax refund	19	98,309	-
Share of profit of jointly-controlled entities and associated companies	12	2,363	25,134
Profit before income tax		1,079,092	883,723
Income tax expense	6	(183,150)	(132,240)
Profit after tax		895,942	751,483

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2014

	Note	2014 $'000	2013 $'000
Profit after tax		895,942	751,483
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss			
Financial assets, available-for-sale			
- Fair value gains	17(c)(i)	-	6,645
- Reclassification to profit or loss	17(c)(i)	(6,645)	-
Share of other comprehensive loss of an associated company			
- Losses	17(c)(ii)	-	(918)
- Reclassification to profit or loss	17(c)(ii)	-	(287)
Currency translation differences			
- Losses	17(c)(iii)	(24,285)	(781)
- Reclassification to profit or loss	17(c)(iii)	-	22,976
Other comprehensive (loss)/income, net of tax		(30,930)	27,635
Total comprehensive income		865,012	779,118

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

BALANCE SHEETS

As at 31 March 2014

		GROUP		COMPANY	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
ASSETS					
Current assets					
Cash and cash equivalents	7	3,635,621	2,644,693	3,623,024	2,614,949
Trade and other receivables	8	161,602	155,885	154,008	374,954
Financial assets, available-for-sale	13	-	255,794	-	-
Held-to-maturity financial assets	14	50,000	-	50,000	-
Inventories		9,069	9,295	8,674	9,079
Other current assets	9	27,041	11,801	26,185	10,862
		3,883,333	3,077,468	3,861,891	3,009,844
Non-current assets					
Property, plant and equipment	10	2,452,029	2,501,697	2,449,938	2,501,169
Investments in subsidiaries	11	-	-	257,965	257,264
Investments in jointly-controlled entities and associated companies	12	285,432	266,686	10,652	10,652
Financial assets, available-for-sale	13	-	34,005	-	-
Held-to-maturity financial assets	14	59,985	-	59,985	-
Deferred income tax assets	15	180	20	-	-
Other non-current assets		3,694	54	37	54
		2,801,320	2,802,462	2,778,577	2,769,139
Total assets		6,684,653	5,879,930	6,640,468	5,778,983
LIABILITIES					
Current liabilities					
Trade and other payables	16	419,633	345,771	492,480	362,917
Income received in advance		56,785	11,712	56,859	11,714
Deferred income		3,690	3,484	3,513	3,483
Current income tax liabilities		189,761	153,963	189,263	153,626
		669,869	514,930	742,115	531,740
Non-current liabilities					
Deferred income		83,240	86,032	83,240	86,032
Deferred income tax liabilities	15	137,649	136,026	137,648	135,948
Other non-current liabilities		46,686	30,690	46,686	30,690
		267,575	252,748	267,574	252,670
Total liabilities		937,444	767,678	1,009,689	784,410
NET ASSETS		5,747,209	5,112,252	5,630,779	4,994,573
EQUITY					
Share capital and reserves	17	3,269,121	3,300,051	3,280,387	3,280,387
Retained profits	18	2,478,088	1,812,201	2,350,392	1,714,186
Total equity		5,747,209	5,112,252	5,630,779	4,994,573

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2014

	Share capital $'000	Fair value reserve $'000	Currency translation reserve $'000	Hedging and other reserves $'000	Retained profits $'000	Total equity $'000
2014						
Beginning of financial year	3,280,387	6,645	58	12,961	1,812,201	5,112,252
Dividend paid	-	-	-	-	(230,055)	(230,055)
Total comprehensive income	-	(6,645)	(24,285)	-	895,942	865,012
End of financial year	**3,280,387**	**-**	**(24,227)**	**12,961**	**2,478,088**	**5,747,209**
2013						
Beginning of financial year	3,280,387	-	(22,137)	14,166	1,117,418	4,389,834
Dividend paid	-	-	-	-	(56,700)	(56,700)
Total comprehensive income	-	6,645	22,195	(1,205)	751,483	779,118
End of financial year	**3,280,387**	**6,645**	**58**	**12,961**	**1,812,201**	**5,112,252**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit after tax		895,942	751,483
Adjustments for:			
- Income tax expense		183,150	132,240
- Depreciation of property, plant and equipment		264,606	283,301
- Dividend income		(770)	(759)
- Government grant		(16,807)	(14,375)
- Gain on reclassification of investment in an associated company to financial asset, available-for-sale		-	(78,008)
- Gain on disposal of financial assets, available-for-sale		(29,042)	-
- Net loss/(gain) on disposal of property, plant and equipment		254	(41)
- Share of profit of jointly-controlled entities and associated companies		(2,363)	(25,134)
- Currency translation differences		(27)	35
- Amortisation of deferred income		(3,484)	(3,483)
- Interest income		(24,274)	(15,915)
		1,267,185	1,029,344
Changes in working capital			
- Inventories		226	(860)
- Trade and other receivables		(5,149)	(20,284)
- Other assets		(11,734)	76,637
- Trade and other payables		135,564	(40,032)
Cash generated from operations		1,386,092	1,044,805
Interest received		20,840	13,261
Government grant received		16,921	29,349
Income tax paid		(145,753)	(75,318)
Net cash provided by operating activities		1,278,100	1,012,097
Cash flows from investing activities			
Additions to property, plant and equipment and capital work-in-progress		(216,079)	(103,781)
Proceeds from disposal of property, plant and equipment		963	1,146
Proceeds from disposal of financial assets, available-for-sale		312,196	-
Payment for investment in a jointly-controlled entity and associated company		(41,797)	(214,945)
Share application money for an associated company		(3,657)	-
Dividend income received		1,369	3,759
Purchase of held-to-maturity financial assets		(110,155)	-
Bank deposit withdrawn/(pledged)		22,660	(22,325)
Net cash used in investing activities		(34,500)	(336,146)
Cash flow from financing activity			
Dividend paid to equity holder of the Company		(230,055)	(56,700)
Net cash used in financing activity		(230,055)	(56,700)
Net increase in cash and cash equivalents		1,013,545	619,251
Cash and cash equivalents at beginning of financial year	7	2,621,545	2,002,329
Effects of currency translation on cash and cash equivalents		12	(35)
Cash and cash equivalents at end of financial year	7	3,635,102	2,621,545

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

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 #046-019-01, 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, jointly-controlled entities and associated companies are disclosed in Note 24.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Interpretations and amendments to published standards effective in 2013

On 1 April 2013, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT 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.

2.2 Revenue and other income recognition

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

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

Revenue and other income are recognised as follows:

(a) Airport services

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

(b) Security services

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

(c) Airport concessions and rental income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue and other income recognition (continued)

(d) Dividend income

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

(e) Consultancy service fee

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

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

(f) Interest income

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which 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 are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which 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)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations 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 the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

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 of subsidiaries

When a change in the Company'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 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 and associated company" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(iv) Transactions with non-controlling interests

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Group accounting (continued)

(b) Associated companies

Associated companies are entities over which the Group has significant influence, but not control. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associated companies 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 represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and associated company" for the accounting policy on investment in associated company in the separate financial statements of the Company.

(c) Jointly-controlled entities

The Group's jointly-controlled entities are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in jointly-controlled entities is accounted for in the consolidated financial statements using the equity accounting method less impairment losses. Please refer to Note 2.3(b) for a description of equity accounting.

The accounting policies of jointly-controlled entities have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(d) Jointly-controlled operations

The Group's jointly-controlled operations are operations over which the Group has contractual arrangements to jointly share the control over the economic activity of the operations with one or more parties.

The Group directly recognises in the financial statements the assets it controls, the liabilities it incurs, the expenses it incurs and the Group's share of revenue from the jointly-controlled operations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 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 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.

(b) Subsequent expenditure

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

(c) Depreciation

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

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

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

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

(d) Disposal

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company are carried at cost less accumulated impairment losses in the separate financial statements of the Company. On disposal of the investment, the difference between net disposal proceeds and the carrying amount of the investment are recognised in profit or loss.

2.6 Impairment of non-financial assets

Property, plant and equipment and investments in subsidiaries, jointly-controlled entities and associated companies 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 if, and 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 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.

2.7 Cash and cash equivalents
Trade and other receivables

Cash and cash equivalents and trade and other receivables are initially recognised at their fair values plus transaction costs and subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses.

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.

These assets are presented as current assets except for those that are expected to be realised later than 12 months after the balance sheet which are presented as non-current assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets

(a) Financial assets, available-for-sale

Financial assets, available-for-sale are initially recognised at their fair values plus transaction costs and subsequently carried at their fair values. Dividend income on financial assets, available-for-sale is recognised as income. Changes in fair values are recognised in the fair value reserve.

These financial assets are recognised on the date which the Group commits to purchase the asset. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired. Significant or prolonged decline in the fair value of an equity security below its cost is objective evidence that the security is impaired.

If there is evidence of impairment, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less impairment loss previously recognised as an expense. Impairment losses on available-for-sale equity investments are not reversed through profit or loss.

On disposal, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(b) 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. They are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. 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.

2.9 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) 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 fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair values of non-current financial assets and liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial assets and liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets. All other leases are classified as operating 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 term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

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 term of the relevant lease.

(b) When the Group is the lessee:

Lessee – Finance leases

Assets held under finance leases are recognised on the balance sheet as property, plant and equipment at the lower of their fair value of the leased assets or the present value of the minimum lease payments at the inception of the lease.

The corresponding lease liability (net of finance charges) to the lessor is included in the balance sheet as a finance lease liability.

Lease payments are apportioned between finance expense and reduction of the outstanding lease liability so as to achieve a constant periodic rate of interest on the finance lease liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Lessee – Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals arising under operating leases are recognised as an expense in the periods in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Income taxes

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

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, jointly-controlled entities and associated companies, 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.

2.13 Trade and other payables

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

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, 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.

2.15 Dividends

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

2.16 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Employee compensation

(a) Defined contribution plans

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

The Group's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

(b) Employee leave entitlement

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

2.18 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 Dollar ("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 translation differences 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.

(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.

2.19 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.

2.20 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.

3. REVENUE

	2014 $'000	2013 $'000
Airport services	720,250	609,285
Security services	172,903	164,214
Airport concessions and rental income	984,044	918,108
Others	229,194	219,463
	2,106,391	1,911,070

4. EMPLOYEE COMPENSATION

	2014 $'000	2013 $'000
Wages and salaries	139,124	123,112
Others	36,629	24,683
	175,753	147,795

5. OTHER INCOME

	2014 $'000	2013 $'000
Interest income		
- Bank deposits	23,625	15,915
- Held-to-maturity financial assets	649	-
Dividend income	770	759
Net (loss)/gain on disposal of property, plant and equipment	(254)	41
Others	3,604	1,856
	28,394	18,571

6. INCOME TAXES

Income tax expense

	2014 $'000	2013 $'000
Tax expense attributable to profit is made up of:		
- Current income tax		
- Singapore	188,042	146,026
- Foreign	945	762
	188,987	146,788
- Deferred income tax (Note 15)	(4,567)	(7,856)
	184,420	138,932
(Over)/under provision of tax liabilities of prior years		
- Current income tax		
- Singapore	(7,300)	-
- Deferred income tax (Note 15)	6,030	(6,692)
	183,150	132,240

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

	2014 $'000	2013 $'000
Profit before tax	1,079,092	883,723
Less: Share of profit of jointly-controlled entities and associated companies	(2,363)	(25,134)
Profit before tax and share of profit of jointly-controlled and associated companies	1,076,729	858,589
Tax calculated at a tax rate of 17% (2013: 17%)	183,044	145,960
Effects of:		
- Expenses not deductible for tax purposes	6,843	6,476
- Income not subject to tax	(5,162)	(14,100)
- Deferred tax asset not recognised	-	666
- Tax incentives	(361)	(408)
- Utilisation of previously unrecognised		
- tax losses	(107)	-
- capital allowances	(84)	-
- Tax in foreign jurisdiction	123	185
- Others	124	153
Tax charge	184,420	138,932

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

7. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash at bank and on hand	833,849	435,453	822,088	430,318
Bank deposit	2,801,772	2,209,240	2,800,936	2,184,631
	3,635,621	2,644,693	3,623,024	2,614,949

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

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash and bank balances (as above)	3,635,621	2,644,693	3,623,024	2,614,949
Less: Bank deposits pledged	(519)	(23,148)	-	-
Cash and cash equivalents per consolidated statement of cash flows	3,635,102	2,621,545	3,623,024	2,614,949

The Group has deposits amounting to $519,000 (2013: $23,148,000) pledged to banks in relation to obligations pertaining to jointly controlled entities.

8. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade receivables	56,653	31,932	51,596	30,321
Less: Allowance for impairment of receivable	(32)	(67)	-	-
Trade receivables – net	56,621	31,865	51,596	30,321
Loans to subsidiaries	-	-	693	223,072
Accrued income	104,981	124,020	101,719	121,561
	161,602	155,885	154,008	374,954

The loans to subsidiaries are unsecured, interest-free, denominated in the Singapore Dollar and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

9. OTHER CURRENT ASSETS

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Prepayments and deposits	5,791	2,695	5,022	2,002
Grant receivable	330	444	330	444
Interest receivable	10,643	7,209	10,622	6,964
Others	10,277	1,453	10,211	1,452
	27,041	11,801	26,185	10,862

10. PROPERTY, PLANT AND EQUIPMENT

	Runways, taxiways and others $'000	Buildings $'000	Plant and equipment $'000	Vehicles and vessels $'000	Office /other equipment, furniture and fittings $'000	Capital improve-ments $'000	Work-in-progress $'000	Total $'000
Group								
As at 31 March 2014								
Cost								
Beginning of financial year	421,542	888,507	1,187,820	33,445	72,574	743,199	35,046	3,382,133
Additions	-	-	278	-	1,677	151	214,049	216,155
Transfer from work-in-progress	5,847	2,996	57,113	3,427	10,329	29,366	(109,078)	-
Reclassification	-	-	26,884	-	1,277	(28,161)	-	-
Disposals	-	(372)	(2,509)	-	(825)	(5)	-	(3,711)
Currency translation differences	-	-	-	-	10	-	-	10
End of financial year	427,389	891,131	1,269,586	36,872	85,042	744,550	140,017	3,594,587
Accumulated depreciation								
Beginning of financial year	71,615	163,944	379,560	11,575	46,441	207,301	-	880,436
Depreciation charge	20,161	40,355	122,228	3,626	15,347	62,889	-	264,606
Disposals	-	(82)	(1,643)	-	(765)	(4)	-	(2,494)
Currency translation differences	-	-	-	-	10	-	-	10
End of financial year	91,776	204,217	500,145	15,201	61,033	270,186	-	1,142,558
Net book value								
End of financial year	**335,613**	**686,914**	**769,441**	**21,671**	**24,009**	**474,364**	**140,017**	**2,452,029**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Runways, taxiways and others $'000	Buildings $'000	Plant and equipment $'000	Vehicles and vessels $'000	Office /other equipment, furniture and fittings $'000	Capital improve-ments $'000	Work-in-progress $'000	Total $'000
Group								
As at 31 March 2013								
Cost								
Beginning of financial year	386,560	904,831	1,106,375	33,229	60,762	700,011	135,414	3,327,182
Additions	-	-	186	-	403	103	103,239	103,931
Transfer from work-in-progress	34,982	-	96,975	372	12,672	58,606	(203,607)	-
Reclassification	-	-	(166)	-	266	(100)	-	-
Disposals	-	(16,324)	(15,550)	(156)	(1,529)	(15,421)	-	(48,980)
End of financial year	421,542	888,507	1,187,820	33,445	72,574	743,199	35,046	3,382,133
Accumulated depreciation								
Beginning of financial year	51,894	130,287	274,783	7,693	30,649	149,704	-	645,010
Depreciation charge	19,721	49,939	119,335	3,987	17,302	73,017	-	283,301
Disposals	-	(16,282)	(14,558)	(105)	(1,510)	(15,420)	-	(47,875)
End of financial year	71,615	163,944	379,560	11,575	46,441	207,301	-	880,436
Net book value								
End of financial year	**349,927**	**724,563**	**808,260**	**21,870**	**26,133**	**535,898**	**35,046**	**2,501,697**
Company								
As at 31 March 2014								
Cost								
Beginning of financial year	421,542	888,507	1,187,634	33,450	71,339	743,096	35,046	3,380,614
Additions	-	-	-	-	-	-	214,049	214,049
Transfer from work-in-progress	5,847	2,996	57,113	3,427	10,329	29,366	(109,078)	-
Reclassification	-	-	26,884	-	1,277	(28,161)	-	-
Disposals	-	(372)	(2,509)	-	(581)	(5)	-	(3,467)
End of financial year	427,389	891,131	1,269,122	36,877	82,364	744,296	140,017	3,591,196
Accumulated depreciation								
Beginning of financial year	71,615	163,944	379,543	11,580	45,498	207,265	-	879,445
Depreciation charge	20,161	40,355	122,161	3,626	15,029	62,789	-	264,121
Disposals	-	(82)	(1,643)	-	(579)	(4)	-	(2,308)
End of financial year	91,776	204,217	500,061	15,206	59,948	270,050	-	1,141,258
Net book value								
End of financial year	**335,613**	**686,914**	**769,061**	**21,671**	**22,416**	**474,246**	**140,017**	**2,449,938**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Runways, taxiways and others $'000	Buildings $'000	Plant and equipment $'000	Vehicles and vessels $'000	Office /other equipment, furniture and fittings $'000	Capital improve-ments $'000	Work-in-progress $'000	Total $'000
Company								
As at 31 March 2013								
Cost								
Beginning of financial year	386,560	904,831	1,106,375	33,130	59,927	700,011	135,414	3,326,248
Additions	-	-	-	-	-	-	103,239	103,239
Transfer from work-in-progress	34,982	-	96,975	372	12,672	58,606	(203,607)	-
Reclassification	-	-	(166)	-	266	(100)	-	-
Disposals	-	(16,324)	(15,550)	(52)	(1,526)	(15,421)	-	(48,873)
End of financial year	421,542	888,507	1,187,634	33,450	71,339	743,096	35,046	3,380,614
Accumulated depreciation								
Beginning of financial year	51,894	130,287	274,783	7,652	30,054	149,704	-	644,374
Depreciation charge	19,721	49,939	119,318	3,980	16,952	72,981	-	282,891
Disposals	-	(16,282)	(14,558)	(52)	(1,508)	(15,420)	-	(47,820)
End of financial year	71,615	163,944	379,543	11,580	45,498	207,265	-	879,445
Net book value								
End of financial year	**349,927**	**724,563**	**808,091**	**21,870**	**25,841**	**535,831**	**35,046**	**2,501,169**

The Company had previously revised the estimated useful lives of the property, plant and equipment in the Budget Terminal as part of the plan to redevelop the terminal in September 2012. Consequently, additional depreciation on these assets amounting to $13,005,000 had been recognised in the previous financial year.

11. INVESTMENTS IN SUBSIDIARIES

	COMPANY 2014 $'000	COMPANY 2013 $'000
Unquoted equity shares, at cost	257,965	257,264

Details of significant subsidiaries are included in Note 24.

12. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Beginning of financial year	266,686	186,651	10,652	10,652
Capital contribution/acquisition at cost	41,797	214,945	-	-
Reclassification to financial assets, available-for-sale (see (ii) below)	-	(155,097)	-	-
Share of profit	2,363	25,134	-	-
Dividend income received	(599)	(3,000)	-	-
Unrealised profit from rendering of consultancy services	(329)	(473)	-	-
Currency translation differences	(24,486)	(556)	-	-
Share of other comprehensive income items (Note 17(c)(ii))	-	(918)	-	-
End of financial year	285,432	266,686	10,652	10,652

(i) Transport AMD-2 Ltd ("TAMD-2")

In the previous financial year, the Group purchased a 37.5% equity interest in TAMD-2, a company incorporated in the Republic of Cyprus, for a total cash consideration of Russian Roubles ("RUB") 5,582,989,000 (SGD equivalent of $214,945,000).

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.

(ii) Gemina S.p.A. ("Gemina")

In the previous financial year, the Group had reclassified its equity interest in Gemina from an associated company to a financial asset, available-for-sale.

The reclassification of this investment to a financial asset, available-for-sale was due to the merger of Gemina with Altantia S.p.A.. Upon the merger, the Group would not continue to exercise its significant influence as a result of dilution of its voting rights.

12. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTINUED)

(ii) Gemina S.p.A. ("Gemina") (continued)

The impact of the reclassification on the financial statements is as follows:

	GROUP	
	2014 $'000	2013 $'000
Fair value of Gemina reclassified to financial assets, available-for-sale (Note 13)	-	255,794
Less: Carrying value of Gemina	-	(155,097)
Add: Other comprehensive income item attributable to Gemina reclassified to profit or loss (Note 17(c)(ii))	-	287
Less: Currency translation differences attributable to Gemina reclassified to profit or loss (Note 17(c)(iii))	-	(22,976)
Gain on reclassification of Gemina	-	78,008

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

In November 2013, the Group, together with its consortium partner, Odebrecht TransPort S.A. ("OTP") (collectively known as the "Consortium") won 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.

Subsequent to the award of the concession, the Consortium incorporated Rio de Janeiro Aeroporto S.A. ("RJA") in Brazil. The principal business activity of RJA is to hold a 51% equity interest in Concessionária Aeroporto Rio de Janeiro S.A. ("CARJ"), a company incorporated in Brazil for the purpose of undertaking the concession contract of the Galeão Airport.

Through its wholly-owned subsidiary, Excelente B.V., the Group holds an equity interest of 40% in RJA. The capital injection into RJA was Brazilian Reals ("BRL") 78,842,000 (SGD equivalent of $41,797,000) during the financial year.

On 2 April 2014, CARJ signed the concession agreement with the Brazilian national agency of civil aviation, Agência Nacional de Aviação Civil and commenced the transition process for the transfer of the airport operation of Galeão Airport. See further disclosure in Note 26.

12. INVESTMENTS IN JOINTLY-CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (CONTINUED)

The summarised financial information of jointly-controlled entities and associated companies, adjusted for the proportion of ownership interest held by the Group, are as follows:

	2014 $'000	2013 $'000
- Assets	293,943	308,801
- Liabilities	196,938	214,705
- Revenue	84,866	30,408
- Net profit/(loss)	10,110	(263)
- Share of capital commitment	14,023	29,822

Details of jointly-controlled entities and associated companies are included in Note 24.

13. FINANCIAL ASSETS, AVAILABLE-FOR-SALE

	GROUP	
	2014 $'000	2013 $'000
Beginning of financial year	289,799	27,360
Reclassification from investment in an associated company (Note 12(ii))	-	255,794
Fair value gains recognised in other comprehensive income (Note 17(c)(i))	-	6,645
Disposal	(289,799)	-
End of financial year	-	289,799
Less: Current portion	-	(255,794)
Non-current portion	-	34,005

In the previous financial year, the Group held equity interests in Beijing Capital International Airport Co. Ltd. ("BCIA") and Gemina, which were classified as financial assets, available-for-sale. A reclassification gain of $78,008,000 for Gemina was recognised in the previous financial year (Note 12). During the year, the Group disposed all of its equity interests in BCIA and Gemina, recognising a gain of $29,042,000 in the profit or loss.

14. HELD-TO-MATURITY FINANCIAL ASSETS

	GROUP AND COMPANY	
	2014 $'000	2013 $'000
Current		
Bond with fixed interest	50,000	-
Non-current		
Bonds with fixed interest	59,985	-
End of financial year	109,985	-

The interest rates for these bonds range from 1.18% to 3.95% per annum. The fair value of these bonds as at 31 March 2014 approximates their carrying value.

15. 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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Deferred income tax assets	113	10	-	-
- to be recovered within one year	67	10	-	-
- to be recovered after one year	180	20	-	-
Deferred income tax liabilities	27,607	5,898	27,607	5,898
- to be settled within one year	110,042	130,128	110,041	130,050
- to be settled after one year	137,649	136,026	137,648	135,948

15. DEFERRED INCOME TAXES (CONTINUED)

Movement in net deferred income tax account is as follows:

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Beginning of financial year	136,006	150,554	135,948	150,474
Under/(over) provision in prior years	6,030	(6,692)	6,100	(6,670)
Tax credit to profit or loss	(4,567)	(7,856)	(4,400)	(7,856)
End of financial year	137,469	136,006	137,648	135,948

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 $5,408,000 (2013: $8,959,000) 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 $'000	Unremitted foreign sourced income $'000	Others $'000	Total $'000
As at 31 March 2014				
Beginning of financial year	140,242	70	-	140,312
Charged/(credited) to profit or loss	4,583	(70)	772	5,285
End of financial year	144,825	-	772	145,597
As at 31 March 2013				
Beginning of financial year	151,807	88	301	152,196
Credited to profit or loss	(11,565)	(18)	(301)	(11,884)
End of financial year	140,242	70	-	140,312

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

15. DEFERRED INCOME TAXES (CONTINUED)

Group (continued)

Deferred income tax assets

	Tax losses $'000	Unutilised capital allowances $'000	Provisions $'000	Total $'000
As at 31 March 2014				
Beginning of financial year	-	-	(4,306)	(4,306)
Credited to profit or loss	(86)	(40)	(3,696)	(3,822)
End of financial year	(86)	(40)	(8,002)	(8,128)
As at 31 March 2013				
Beginning of financial year	-	-	(1,642)	(1,642)
Credited to profit or loss	-	-	(2,664)	(2,664)
End of financial year	-	-	(4,306)	(4,306)

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Others $'000	Total $'000
As at 31 March 2014			
Beginning of financial year	140,234	-	140,234
Charged to profit or loss	4,555	772	5,327
End of financial year	144,789	772	145,561
As at 31 March 2013			
Beginning of financial year	151,795	301	152,096
Credited to profit or loss	(11,561)	(301)	(11,862)
End of financial year	140,234	-	140,234

15. DEFERRED INCOME TAXES (CONTINUED)

Company (continued)

Deferred income tax assets

	Unutilised capital allowances $'000	Provisions $'000	Total $'000
As at 31 March 2014			
Beginning of financial year	-	(4,286)	(4,286)
Credited to profit or loss	-	(3,627)	(3,627)
End of financial year	-	(7,913)	(7,913)
As at 31 March 2013			
Beginning of financial year	-	(1,622)	(1,622)
Credited to profit or loss	-	(2,664)	(2,664)
End of financial year	-	(4,286)	(4,286)

16. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Trade payables	152,061	121,647	151,933	122,755
Non-trade payables to subsidiaries	-	-	90,038	31,635
Accrued operating expenses	144,781	144,093	133,787	134,930
Sundry creditors and other accruals	65,159	30,487	58,940	23,965
Deposits received	57,632	49,544	57,782	49,632
	419,633	345,771	492,480	362,917

The non-trade payables to subsidiaries represent funds from subsidiaries managed by the Company on their behalf, and are unsecured and repayable on demand. The funds are invested in Singapore Dollar fixed deposits and bear interest at rates ranging from 0.30% - 0.88% (2013: 0.30% - 0.54%) per annum for the subsidiaries.

17. SHARE CAPITAL AND RESERVES

(a) Share capital

The Company's share capital comprises 3,280,387,000 (2013: 3,280,387,000) fully paid-up ordinary shares with no par value, amounting to a total of $3,280,387,000 (2013: $3,280,387,000).

(b) Composition of reserves

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Other reserve	12,961	12,961	-	-
Fair value reserve	-	6,645	-	-
Currency translation reserve	(24,227)	58	-	-
	(11,266)	19,664	-	-

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 fair value reserve includes the cumulative net change in the fair value of available-for-sale equity investment held until the investment is derecognised or when the balance is reclassified to profit or loss.

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.

The above reserves are non-distributable.

17. SHARE CAPITAL AND RESERVES (CONTINUED)

(c) Movements of reserves

(i) Fair value reserve

	GROUP 2014 $'000	GROUP 2013 $'000
Beginning of financial year	6,645	-
Financial assets, available-for-sale		
- Fair value gains (Note 13)	-	6,645
- Reclassified to profit or loss	(6,645)	-
End of financial year	-	6,645

(ii) Hedging reserve

	GROUP 2014 $'000	GROUP 2013 $'000
Beginning of financial year	-	1,205
Share of other comprehensive income items of an associated company (Note 12)	-	(918)
Reclassified to profit or loss	-	(287)
End of financial year	-	-

(iii) Currency translation reserve

	GROUP 2014 $'000	GROUP 2013 $'000
Beginning of financial year	58	(22,137)
Net currency translation differences	(24,285)	(781)
Reclassified to profit or loss	-	22,976
End of financial year	(24,227)	58

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2014

18. RETAINED PROFITS

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

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Beginning of financial year	1,812,201	1,117,418	1,714,186	1,113,586
Net profit	895,942	751,483	866,261	657,300
Dividend paid (Note 25)	(230,055)	(56,700)	(230,055)	(56,700)
End of financial year	2,478,088	1,812,201	2,350,392	1,714,186

19. PROPERTY TAX REFUND

During the financial year, the Chief Assessor revised the annual value of the Airport properties. As a result, the Group received a refund of $86,309,000 in relation to the excess property tax paid and reversed $12,000,000 of property tax provision in respect of previous financial years.

20. 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 jointly-controlled entities and associated companies (Note 12) are as follows:

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Property, plant and equipment	1,338,952	117,390	1,359,799	122,905

(b) Leases

The Group leases several pieces of land under non-cancellable operating lease agreements from CAAS for the operation of the Changi Airport. Annual ground rents for the operating leases that are expiring on 31 March 2042 and 31 March 2070 respectively are fixed at $73,400,000 and $1,944,000 per annum.

20. COMMITMENTS (CONTINUED)

(b) Leases (continued)

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

	GROUP AND COMPANY	
	2014 $'000	2013 $'000
Not later than one year	75,344	75,344
Between one and five years	301,376	301,376
Later than five years	1,787,344	1,862,688
	2,164,064	2,239,408

21. FINANCIAL RISK MANGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity 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"), Euro ("EUR"), Renminbi ("RMB") and Saudi Riyal ("SAR").

The Group has investments in foreign entities denominated in Russian Roubles ("RUB"), Brazilian Reals ("BRL"), Indian Rupees ("INR") and RMB. The Group also had financial assets, available-for-sale denominated in EUR and Hong Kong Dollar ("HKD") which were disposed during the year.

21. FINANCIAL RISK MANGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group is not exposed to significant foreign currency risks as it has no significant transactions denominated in these foreign currencies.

If the USD, BRL, Euro, RUB, RMB, SAR, INR and HKD had strengthened/ weakened by 5% (2013: 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

In the previous financial year, the Group was exposed to equity securities price risk arising from the investments held by the Group which were classified as financial assets, available-for-sale. The securities were listed on the stock exchanges in Hong Kong and Milan, Italy. The Group is not subject to any price risk as at 31 March 2014 as these investments were disposed during the year.

(iii) Interest rate risk

The Group is not subject to significant interest rate risk. The Group does not have any borrowings and its interest bearing investments are in fixed deposit and fixed rate bonds that are held to maturity. Fixed deposits are placed with banks that offer the most competitive interest rate. The interest rates of the fixed deposits are generally repriced every six months.

(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 bonds 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.

21. FINANCIAL RISK MANGEMENT (CONTINUED)

(b) Credit risk (continued)

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 which have high credit-ratings as assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with good collection track records with the Group.

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

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

	GROUP		COMPANY	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Past due 1 to 30 days	6,654	2,414	3,213	2,171
Past due 31 to 90 days	594	1,332	187	826
More than 90 days	1,237	818	329	93
	8,485	4,564	3,729	3,090

(iii) Financial assets that are past due and impaired

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	GROUP	
	2014 $'000	2013 $'000
Past due more than 90 days	32	67
Less: Allowance for impairment	(32)	(67)
	-	-
Beginning of financial year	67	-
Allowance utilised	(67)	-
Allowance made	32	67
End of financial year	32	67

21. FINANCIAL RISK MANGEMENT (CONTINUED)

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash. The Group and the Company maintain adequate liquidity for their operating requirements and have no external borrowings.

Trade and other payables of the Group are payable within one year from the balance sheet date.

(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 not subject to any externally imposed capital requirements.

(e) Fair value measurements

Fair value measurements 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).

In the previous financial year, the Group had financial assets, available-for-sale that were measured at fair value under Level 1 of the fair value measurement hierarchy. These financial assets were disposed during the year.

22. 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 2014

23. 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	
	2014 $'000	2013 $'000
Revenue		
- Airport services	159,485	152,823
- Franchise fees	73,162	73,447
Expenses		
- Security related expenses	99,609	94,450
Receivables		
- Trade and other receivables	16,140	12,321
Payables		
- Trade and other payables	10,530	8,806

(b) Key management personnel compensation is as follows:

Key management personnel compensation paid or payable amounted to $15,958,000 (2013: $12,179,000). Of this, $11,023,000 or approximately 69% (2013: $9,999,000 or approximately 82%) 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.

24. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2014 %	Equity holding 2013 %
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. [e]	Investment holding	Singapore	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]	Execution of contracts relating to the management and operations of airports	Saudi Arabia	100	100
Changi Airports China Ltd. [a]	Investment holding	Singapore	100	100
Changi Airports Europe Pte. Ltd. [a]	Investment holding	Singapore	100	100
Changi Airports India Pte. Ltd. [a]	Investment holding	Singapore	100	100
Changi Airports MENA Pte. Ltd. [a]	Investment holding	Singapore	100	100
Theta Enterprise Pte. Ltd. (formerly known as Changi Airports Henan Pte. Ltd.) [a]	Investment holding	Singapore	100	100
Excelente B.V. [e]	Investment holding	Netherlands	100	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2014

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

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2014 %	Equity holding 2013 %
SIGNIFICANT JOINTLY-CONTROLLED ENTITIES AND ASSOCIATED COMPANIES				
Held by the Company				
Experia Events Pte Ltd. [d]	Organising and management of conferences, exhibitions and other related activities.	Singapore	20	20
Held by the Group				
Bengal Aerotropolis Projects Limited [c,d]	Development of airport and township projects	India	26	26
Transport AMD-2 Ltd [d]	Investment holding	Russia/Cyprus	37.5	37.5
OJSC International Airport Sochi [d]	Providing airport and related services	Russia	37.5	37.5
OJSC International Airport Krasnodar [d]	Providing airport and related services	Russia	37.5	37.5
OJSC International Airport Anapa [d]	Providing airport and related services	Russia	23.7	23.7
Basel Aero LLC [d]	Airport management	Russia	37.5	37.5
Rio de Janeiro Aeroporto S.A. [e]	Investment holding	Brazil	40	-
Concessionária Aeroporto Rio de Janeiro S.A. [e]	Airport concessionaire	Brazil	20.4	-

(a) *Audited by PricewaterhouseCoopers LLP, Singapore.*
(b) *Audited by PricewaterhouseCoopers, Saudi Arabia.*
(c) *BAPL has obtained financing from a consortium of banks. As required in the financing agreement, the Group has undertaken not to sell, assign or transfer its shareholding in BAPL without prior approval of the banks.*
(d) *Audited by other firms.*
(e) *Not audited in first year of incorporation.*

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2014

25. DIVIDENDS

	COMPANY	
	2014 $'000	2013 $'000
Final dividend paid in respect of the previous financial year (Note 18)	230,055	56,700

For the financial year ended 31 March 2014, a final dividend amounting to $303,192,000 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 2015.

26. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 2 April 2014, the Group committed further capital contribution totalling BRL 74,004,000 (SGD equivalent of $41,072,000) into Concessionária Aeroporto Rio de Janeiro S.A. in relation to the Galeão Airport concession agreement.

27. 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 30 May 2014.