Transforming to serve you better

SP GROUP FINANCIAL SUMMARY 2016/17

Registration Number : 199406577N | SP Power Limited and its subsidiaries

CONTENTS

DIRECTORS' STATEMENT

YEAR ENDED 31 MARCH 2017

We are pleased to submit this annual report to the member of Singapore Power Limited (the "Company") together with the audited financial statements for the financial year ended 31 March 2017.

OPINION OF THE DIRECTORS

In our opinion,

(a) the financial statements set out on pages 8 to 84 are drawn up so as to give a true and fair view of the financial position of the Company and its subsidiaries (the "Group") as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Group and of the financial performance and changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards; 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 in office at the date of this statement are as follows:

Tan Sri Mohd Hassan Marican
Mr Tan Chee Meng
Mr Choi Shing Kwok
Mrs Oon Kum Loon
Mr Tan Puay Chiang
Mr Ong Yew Huat
Mr Timothy Chia Chee Ming
Mr Ng Kwan Meng
Mr Wong Kim Yin

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Choi Shing Kwok		
Singapore Telecommunications Limited	2,720	2,720
Olam International Limited – 6% notes due 2018	S$500,000	S$500,000

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mrs Oon Kum Loon		
Singapore Telecommunications Limited	2,720	2,720
Mapletree Industrial Trust - units	8,894	8,894
Mr Tan Puay Chiang		
Neptune Orient Lines Limited*	100,000	–
Singapore Airlines Limited	10,000	10,000
Singapore Technologies Engineering Limited	120,000	150,000
Singapore Telecommunications Limited	133,570	133,570
Mapletree Industrial Trust - units	12,000	12,000
Mapletree Treasury Services Limited		
- 3.88% notes due on 4 October 2018	S$250,000	S$250,000
- 5.125% Perpetual securities	S$250,000	S$250,000
Mapletree Commercial Trust Treasury Company Pte. Ltd.		
- 2.795% fixed rate notes due on 15 November 2023	–	S$250,000
Singapore Technologies Telemedia Pte Ltd		
- 4.05% notes due on 2 December 2025	S$250,000	S$250,000
Mr Ong Yew Huat		
Singapore Telecommunications Limited	50,000	50,000
Mr Timothy Chia Chee Ming		
Singapore Telecommunications Limited	2,070	2,070

Name of director and related corporations in which interests (fully paid ordinary shares unless otherwise stated) are held	Holdings at beginning of the year	Holdings at end of the year
Mr Ng Kwan Meng		
Neptune Orient Lines Limited*	100,000	–
Singapore Telecommunications Limited	5,350	5,350
Singapore Technologies Engineering Ltd	25,000	25,000
SMRT Corporation Ltd	68,000	–
Starhub Ltd	6,000	6,000
Mapletree Commercial Trust - units	10,000	10,000
Mapletree Greater China Commercial Trust - units	172,000	22,000
Mapletree Industrial Trust - units	10,000	10,000
Ascendas Real Estate Investment Trust - units	10,000	10,000
Mr Wong Kim Yin		
Singapore Telecommunications Limited	190	190
Mapletree Industrial Trust - units	30,506	30,506

*ceased to be a related corporation on 9 Jun 2016

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

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

SHARE OPTIONS

During the financial year, there were:

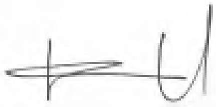
(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

On behalf of the Board of Directors

TAN SRI MOHD HASSAN MARICAN
Chairman



MR WONG KIM YIN
Director / Group Chief Executive Officer

23 May 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE POWER LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Singapore Power Limited ("the Company") and its subsidiaries ("the Group") set out on pages 8 to 84, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2017, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the income statement, statement of comprehensive income and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet, income statement, statement of comprehensive income and statement of changes in equity 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 and financial performance and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for other information. The other information comprises the directors' statement.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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.

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.

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.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

23 May 2017

BALANCE SHEETS

AS AT 31 MARCH 2017

	Note	Group 2017 $ million	Group 2016 $ million	Company 2017 $ million	Company 2016 $ million
Non-current assets					
Property, plant and equipment	4	11,713.6	10,967.8	13.3	15.9
Intangible assets	5	141.6	133.1	8.1	8.5
Subsidiaries	6	–	–	6,764.9	6,854.9
Associates and joint venture	7	2,994.7	2,772.9	1.3	1.3
Other non-current assets	8	428.1	383.0	78.6	80.3
Deferred tax assets	9	29.2	31.9	–	–
Derivative assets	10	106.4	115.2	0.2	0.3
Available-for-sale financial assets	11	165.8	191.4	160.3	191.4
		15,579.4	14,595.3	7,026.7	7,152.6
Current assets					
Available-for-sale financial assets	11	29.6	8.9	29.6	8.9
Inventories	12	49.0	56.3	–	–
Trade and other receivables	13	431.0	422.7	3,951.4	3,863.3
Derivative assets	10	2.4	2.4	0.2	0.7
Cash and cash equivalents	14	1,677.1	1,630.2	878.0	641.7
Assets held-for-sale	15	37.6	–	90.0	–
		2,226.7	2,120.5	4,949.2	4,514.6
Total assets		17,806.1	16,715.8	11,975.9	11,667.2
Equity					
Share capital	16	2,911.9	2,911.9	2,911.9	2,911.9
Reserves	17	(187.4)	(313.8)	3.2	(0.1)
Accumulated profits		7,068.3	6,489.5	5,152.1	5,057.6
Total equity, attributable to owner of the Company		9,792.8	9,087.6	8,067.2	7,969.4
Non-current liabilities					
Debt obligations	18	4,147.5	4,119.1	–	–
Derivative liabilities	10	92.9	102.6	8.1	6.6
Deferred tax liabilities	9	1,284.2	1,239.5	0.2	0.6
Other non-current liabilities	19	704.2	629.3	–	3.0
		6,228.8	6,090.5	8.3	10.2
Current liabilities					
Debt obligations	18	139.7	82.1	–	–
Derivative liabilities	10	15.3	0.9	6.7	–
Current tax payable		161.4	142.2	14.7	11.8
Trade and other payables	20	1,451.3	1,312.5	3,879.0	3,675.8
Liabilities held-for-sale	15	16.8	–	–	–
		1,784.5	1,537.7	3,900.4	3,687.6
Total liabilities		8,013.3	7,628.2	3,908.7	3,697.8
Total equity and liabilities		17,806.1	16,715.8	11,975.9	11,667.2

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

INCOME STATEMENTS

YEAR ENDED 31 MARCH 2017

	Note	Group 2017 $ million	Group 2016 $ million	Company 2017 $ million	Company 2016 $ million
Revenue	21	3,722.0	3,963.5	533.7	524.2
Other income	22	189.0	162.6	1.2	0.3
Expenses					
- Purchased power		(1,803.6)	(2,073.4)	–	–
- Depreciation of property, plant and equipment		(548.5)	(522.4)	(4.8)	(5.4)
- Amortisation of intangible assets		(34.4)	(28.6)	(2.7)	(2.2)
- Maintenance		(99.0)	(97.4)	(4.8)	(5.7)
- Staff costs		(297.6)	(275.8)	(74.8)	(70.3)
- Property taxes		(55.3)	(66.6)	(0.3)	(0.3)
- Other operating expenses		(122.1)	(118.7)	(22.3)	(20.6)
Operating profit		950.5	943.2	425.2	420.0
Finance income	23	65.6	44.7	65.5	53.4
Finance costs	24	(102.2)	(142.4)	(12.7)	(9.0)
Share of profit of associates, net of tax		216.4	244.5	–	–
Share of profit of joint venture, net of tax		1.7	1.9	–	–
Profit before taxation		1,132.0	1,091.9	478.0	464.4
Tax expense	25	(183.2)	(168.4)	(13.5)	(8.9)
Profit for the year, attributable to owner of the Company	26	948.8	923.5	464.5	455.5

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

STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Profit for the year	948.8	923.5	464.5	455.5
Other comprehensive income				
Items that will not be reclassified to profit or loss:				
Share of defined benefit plan remeasurements of associates	11.2	13.0	–	–
	11.2	13.0	–	–
Items that are or may be reclassified subsequently to profit or loss:				
Translation differences relating to financial statements of foreign operations	101.4	(19.5)	–	–
Effective portion of changes in fair value of cash flow hedges, net of tax	(13.2)	(32.8)	3.3	0.3
Net change in fair value of:				
– Cash flow hedges reclassified to profit or loss, net of tax	(3.8)	(11.4)	0.3	0.3
– Cash flow hedges on recognition of the hedged items on balance sheet, net of tax	(1.8)	1.7	(0.2)	–
– Available-for-sale financial assets	0.2	(0.1)	(0.1)	(0.1)
Share of hedging reserves of associates	32.4	7.3	–	–
Reclassification of translation differences arising from subsidiaries' liquidation process	–	(6.1)	–	–
	115.2	(60.9)	3.3	0.5
Other comprehensive income for the year, net of tax	126.4	(47.9)	3.3	0.5
Total comprehensive income for the year, attributable to owner of the Company	1,075.2	875.6	467.8	456.0

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

Group	Share capital $ million	Currency translation reserve $ million	Hedging reserve $ million	Other reserves $ million	Accumulated profits $ million	Total equity attributable to owner of the Company $ million	Total equity $million
At 1 April 2015	2,911.9	(301.3)	40.4	(5.0)	5,882.0	8,528.0	8,528.0
Total comprehensive income for the year							
Profit for the year	–	–	–	–	923.5	923.5	923.5
Other comprehensive income							
Translation differences relating to financial statements of foreign operations	–	(19.5)	–	–	–	(19.5)	(19.5)
Reclassification of translation differences arising from subsidiaries' liquidation process (note 17)	–	(6.1)	–	–	–	(6.1)	(6.1)
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	(32.8)	–	–	(32.8)	(32.8)
Net change in fair value of cash flow hedges:							
- reclassified to profit or loss, net of tax	–	–	(11.4)	–	–	(11.4)	(11.4)
- on recognition of the hedged items on balance sheet, net of tax	–	–	1.7	–	–	1.7	1.7
Net change in fair value of available-for-sale financial assets	–	–	–	(0.1)	–	(0.1)	(0.1)
Share of other comprehensive income of associates	–	–	7.3	13.0	–	20.3	20.3
Total other comprehensive income	–	(25.6)	(35.2)	12.9	–	(47.9)	(47.9)
Total comprehensive income for the year	–	(25.6)	(35.2)	12.9	923.5	875.6	875.6
Transactions with owner, recognised directly in equity							
Contribution by and distribution to owner							
Dividends declared (note 33)	–	–	–	–	(316.0)	(316.0)	(316.0)
Total transactions with owner	–	–	–	–	(316.0)	(316.0)	(316.0)
At 31 March 2016	2,911.9	(326.9)	5.2	7.9	6,489.5	9,087.6	9,087.6

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

Group	Share capital $ million	Currency translation reserve $ million	Hedging reserve $ million	Other reserves $ million	Accumulated profits $ million	Total equity attributable to owner of the Company $ million	Total equity $million
At 1 April 2016	2,911.9	(326.9)	5.2	7.9	6,489.5	9,087.6	9,087.6
Total comprehensive income for the year							
Profit for the year	–	–	–	–	948.8	948.8	948.8
Other comprehensive income							
Translation differences relating to financial statements of foreign operations	–	101.4	–	–	–	101.4	101.4
Effective portion of changes in fair value of cash flow hedges, net of tax	–	–	(13.2)	–	–	(13.2)	(13.2)
Net change in fair value of cash flow hedges:							
- reclassified to profit or loss, net of tax	–	–	(3.8)	–	–	(3.8)	(3.8)
- on recognition of the hedged items on balance sheet, net of tax	–	–	(1.8)	–	–	(1.8)	(1.8)
Net change in fair value of available-for-sale financial assets	–	–	–	0.2	–	0.2	0.2
Share of other comprehensive income of associates	–	–	32.4	11.2	–	43.6	43.6
Total other comprehensive income	–	101.4	13.6	11.4	–	126.4	126.4
Total comprehensive income for the year	–	101.4	13.6	11.4	948.8	1,075.2	1,075.2
Transactions with owner, recognised directly in equity							
Contribution by and distribution to owner							
Dividends declared (note 33)	–	–	–	–	(370.0)	(370.0)	(370.0)
Total transactions with owner	–	–	–	–	(370.0)	(370.0)	(370.0)
At 31 March 2017	2,911.9	(225.5)	18.8	19.3	7,068.3	9,792.8	9,792.8

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2017

	Share capital $ million	Hedging reserve $ million	Other reserves $ million	Accumulated profits $ million	Total $ million
Company					
At 1 April 2015	2,911.9	(2.6)	2.0	4,918.1	7,829.4
Total comprehensive income for the year					
Profit for the year	–	–	–	455.5	455.5
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges, net of tax	–	0.3	–	–	0.3
Net change in fair value of:					
- cash flow hedges reclassified to profit or loss, net of tax	–	0.3	–	–	0.3
- available-for-sale financial assets	–	–	(0.1)	–	(0.1)
Total other comprehensive income	–	0.6	(0.1)	–	0.5
Total other comprehensive income for the year	–	0.6	(0.1)	455.5	456.0
Transactions with owner, recognised directly in equity					
Dividends declared (note 33)	–	–	–	(316.0)	(316.0)
Total transactions with owner	–	–	–	(316.0)	(316.0)
At 31 March 2016	2,911.9	(2.0)	1.9	5,057.6	7,969.4
At 1 April 2016	2,911.9	(2.0)	1.9	5,057.6	7,969.4
Total comprehensive income for the year					
Profit for the year	–	–	–	464.5	464.5
Other comprehensive income					
Effective portion of changes in fair value of cash flow hedges, net of tax	–	3.3	–	–	3.3
Net change in fair value of:					
- cash flow hedges reclassified to profit or loss, net of tax	–	0.3	–	–	0.3
- cash flow hedges on recognition of the hedged items on balance sheet, net of tax	–	(0.2)	–	–	(0.2)
- available-for-sale financial assets	–	–	(0.1)	–	(0.1)
Total other comprehensive income	–	3.4	(0.1)	–	3.3
Total other comprehensive income for the year	–	3.4	(0.1)	464.5	467.8
Transactions with owner, recognised directly in equity					
Dividends declared (note 33)	–	–	–	(370.0)	(370.0)
Total transactions with owner	–	–	–	(370.0)	(370.0)
At 31 March 2017	2,911.9	1.4	1.8	5,152.1	8,067.2

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

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2017

	Note	2017 $ million	2016 $ million
Cash flows from operating activities			
Profit for the year		948.8	923.5
Adjustments for:			
Deferred income		93.6	104.0
Depreciation and amortisation		582.9	551.0
Finance costs	24	102.2	142.4
Finance income	23	(65.6)	(44.7)
Exchange (gain)/loss		(8.2)	6.4
Loss on disposal of property, plant and equipment and intangible assets		6.5	6.6
Share of profit of associates and joint venture, net of tax		(218.1)	(246.4)
Tax expense	25	183.2	168.4
Others		0.3	1.0
		1,625.6	1,612.2
Changes in working capital:			
Inventories		2.0	(5.3)
Trade and other receivables		(35.6)	40.0
Balances with related parties (trade)		14.6	11.5
Trade and other payables		0.5	(49.6)
Cash generated from operations		1,607.1	1,608.8
Interest received		60.4	33.9
Net tax paid		(100.5)	(86.2)
Net cash generated from operating activities		1,567.0	1,556.5
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,236.5)	(1,209.9)
Purchase of intangible assets		(45.0)	(48.0)
Proceeds from disposal of property, plant and equipment and intangible assets		10.2	5.1
Dividends received from associates and joint venture		128.3	62.5
Proceeds from disposal of other investments		13.8	4.0
Acquisition of other investments		(5.1)	(6.5)
Capital repayment by an associate		–	78.7
Net cash used in investing activities		(1,134.3)	(1,114.1)
Cash flows from financing activities			
Proceeds from bank loans and debt obligations		79.9	1,070.5
Repayment of bank loans and debt obligations		–	(658.5)
Dividends paid to owner of the Company		(370.0)	(316.0)
Interest paid		(116.1)	(108.4)
Commitment fee paid		(3.0)	(12.1)
Proceeds from termination of swaps		–	9.8
Net cash used in financing activities		(409.2)	(14.7)
Net increase in cash and cash equivalents		23.5	427.7
Cash and cash equivalents at beginning of the year		1,630.2	1,203.3
Effect of exchange rate changes on balances held in foreign currencies		22.8	(0.8)
Cash and cash equivalents at end of the year		1,676.5	1,630.2
Restricted cash	14	0.6	–
Cash and cash equivalents at end of the year in the Balance Sheets	14	1,677.1	1,630.2

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 May 2017.

1 DOMICILE AND ACTIVITIES

Singapore Power Limited ("the Company") is incorporated in the Republic of Singapore and has its registered office at 2 Kallang Sector, SP Group Building, Singapore 349277. The immediate and ultimate holding company is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The principal activities of the Company are that of investment holding and provision of management support services. Its subsidiaries are engaged principally in the transmission and distribution of electricity and gas, provision of related consultancy services and investments in related projects.

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest 0.1 million, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

2.4 Use of estimates and judgements (cont'd)

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is discussed below:

Taxation

The Group is subject to taxes mainly in Singapore and Australia. Significant judgement is required in determining provision for taxes. There are many transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details are set out in note 9 and note 25.

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

Impairment of associates

Impairment reviews in respect of associates are performed at least annually or when there is any indication that the investment in associates may be impaired. More regular reviews are performed if changes in circumstances or the occurrence of events indicate potential impairment. The Group uses the present value of future cash flows to determine the recoverable amounts of the underlying cash generating units in the associates. In calculating the recoverable amounts, significant management judgement is required in forecasting cash flows of the cash generating units, in estimating the terminal growth values and in selecting an appropriate discount rate.

Useful lives of property, plant and equipment

Assumptions made regarding the useful lives are based on the regulatory environment and technological developments. These assumptions are subject to risk and there is the possibility that changes in circumstances will alter expectations.

Estimating fair values of financial assets and financial liabilities

The fair value of financial assets and financial liabilities must be estimated for recognition, measurement and disclosure purposes. Note 30 sets out the basis of valuation of financial assets and liabilities.

Accrued revenue

Revenue accrual estimates are made to account for the unbilled period between the end-user's last billing date and the end of the accounting period. The accrual relies on detailed analysis of customers' historical consumption patterns, which takes into account base usage and sensitivity to consumption growth. The results of this analysis are applied for the number of days over the unbilled period.

2.4 Use of estimates and judgements (cont'd)

Revenue recognition

Revenue recognised, from use of system charges and transportation of gas, is estimated based on revenue allowed by the Energy Market Authority ("EMA") (in accordance with the price regulation framework), taking into consideration the services rendered and volume of electricity, gas or services delivered to consumers. Note 3.15 sets out the revenue recognition policy.

2.5 Changes in accounting policies

Adoption of new and revised FRSs and Interpretation to FRS

The Group has adopted all the new and revised FRSs and Interpretations to FRS ("INT FRS") that became mandatory for the financial year beginning on 1 April 2016. The adoption of these new FRSs and INT FRS did not have a significant impact to the Group.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently for all periods presented in these financial statements, and have been consistently applied by the Group entities, which addresses changes in accounting policies due to the adoption of new FRSs and Interpretation of FRSs.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

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

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value, or, when applicable, on the basis specified in another standard.

3.1 Basis of consolidation (cont'd)

Any excess or deficiency of the purchase consideration over the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed is accounted for as goodwill or bargain purchase gain (see note 3.4).

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

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

Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out below.

Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

3.1 Basis of consolidation (cont'd)

Investments in associates and joint ventures are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The Group's investments in equity-accounted investees include goodwill identified on acquisition, net of any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

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

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

Transactions eliminated on consolidation

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

Accounting for subsidiaries and joint venture by the Company

Investments in subsidiaries and joint venture are stated in the Company's balance sheet at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. The functional currencies of the Group entities are mainly Singapore dollars and Australian dollars. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currencies at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing on the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, available-for-sale equity instruments (see note 3.5), or qualifying cash flow hedges which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars for presentation in these financial statements at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve ("translation reserve") in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of, such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

3.3 Property, plant and equipment

Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing cost. Capitalisation of borrowing costs will cease when the asset is ready for its intended use, which is defined by the commencement of revenue earning. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other operating expenses in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land and construction-in-progress are not depreciated.

3.3 Property, plant and equipment (cont'd)

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

Leasehold land	Over the term of the lease, ranging from 13 – 99 years
Leasehold buildings	3 – 30 years or the lease term, if shorter
Plant and machinery	
- Mains (Electricity)	20 – 30 years
- Mains (Gas)	20 – 50 years
- Transformers and switchgear	20 – 30 years
Other plant and equipment (principally gas storage plant, remote control, network and telemetering equipment)	2 – 40 years
Motor vehicles and office equipment	2 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end, and adjusted if appropriate.

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and represents the excess of:

- the fair value of the consideration transferred; plus

- the recognised amount of any non-controlling interests in the acquiree; plus

- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Subsequent measurement

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

3.4 Intangible assets (cont'd)

Other intangible assets

Other intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Expenditure on internally generated goodwill is recognised in profit or loss as an expense when incurred.

Intangible assets that have indefinite lives or that are not available for use are stated at cost less accumulated impairment losses.

Software is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life of 5 years.

Deferred expenditure relates mainly to contributions paid by the Group in accordance with regulatory requirements towards capital expenditure costs incurred by electricity generation companies and onshore receiving facility operator, and is stated at cost less accumulated amortisation and accumulated impairment losses. Deferred expenditure is amortised on a straight-line basis over the period in which the Group derives benefits from the capital contribution payments, which is generally the useful life of the relevant equipment ranging from 7 to 19 years.

Intangible assets under construction are stated at cost. No amortisation is provided until the intangible assets are ready for use.

3.5 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The rights of offset must not be contingent on a future event and must be enforceable in the event of bankruptcy or insolvency of all the counterparties to the contract.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

3.5 Financial instruments (cont'd)

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale. It would also prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.7) and foreign currency differences on available-for-sale monetary items (see note 3.2), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is reclassified to profit or loss.

3.5 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises debt securities issued and bank borrowings on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in fair value or cash flows of the respective hedged items attributable to the hedged risk and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

3.5 Financial instruments (cont'd)

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases, the amount accumulated in equity is reclassified to profit and loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Fair value hedges

Changes in the fair value of a derivative hedging instrument designated as a fair value hedge are recognised in profit or loss. The hedged item is adjusted to reflect changes in its fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in profit or loss with an adjustment to the carrying amount of the hedged item.

Derivatives that do not qualify for hedge accounting

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments which are issued by the Company that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a contractual agreement.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's balance sheet.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Loans and receivables and held-to-maturity investments

The Group considers evidence of impairment for loans and receivables and held-to-maturity investments at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investments are assessed for specific impairment. All individually significant receivables and held-to-maturity investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investments that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investments with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

3.7 Impairment (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investments. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and current fair value, less any impairment loss recognised previously in profit or loss. Changes in impairment provisions attributable to application of effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

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

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

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

3.7 Impairment (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

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

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

3.8 Inventories

Spare parts, accessories and other consumables are measured at the lower of cost and net realisable value. Cost is determined based on the weighted average method, and includes expenditure in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Cost may also include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventories. Allowance for obsolete, deteriorated or damaged stocks is made when considered appropriate.

3.9 Accrued revenue

Revenue accrual estimates are made to account for the unbilled amount at the reporting date.

3.10 Employee benefits

Provision is made for the accrued liability for employee entitlements arising from services rendered by employees up to the reporting date. The provision represents the Group's total estimated liability at the reporting date for employee entitlements.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, including on-costs. Consideration is given to expected future salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on government guaranteed bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

3.10 Employee benefits (cont'd)

Defined contribution plans

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Provisions

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

Environmental

Environmental provision is made for the rehabilitation of sites based on the estimated costs of the rehabilitation. The liability includes the costs of reclamation, plant closure and dismantling, and waste site closure. The liability is determined based on the present value of the obligation. Annual adjustments to the liability are recognised in profit or loss over the estimated life of the sites. The costs are estimated based on assumptions of current legal requirements and technologies. Any changes in estimates are dealt with on a prospective basis.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.12 Deferred income

Deferred income comprises (i) government grants for the purchase of depreciable assets, (ii) contributions made by certain customers towards the cost of capital projects received prior to 1 July 2009 and (iii) use of system charges, transportation of gas, sale of electricity and Market Support Services Licence fees.

3.12 Deferred income (cont'd)

Government grants and customer contributions

Deferred income is recognised on a straight-line basis and taken to profit or loss over the periods necessary to match the depreciation of the assets purchased with the government grants and customers' contributions.

Use of system charges, transportation of gas, sale of electricity and Market Support Services Licence fees

Deferred income arises when billings vary from revenue recognised. Deferred income is recognised in profit or loss over the periods necessary to adjust allowed revenue (in accordance with the price regulation framework or regulatory formulae), to revenue earned based on services rendered. At the end of each regulatory period, after adjusting for amounts to be refunded, any outstanding balance is taken to profit or loss as revenue.

3.13 Price regulation and licence

The Group's operations in Singapore are regulated under the Electricity Licence, Gas Supply Licence and the Market Support Services Licence issued by the Energy Market Authority ("EMA") of Singapore.

Revenue to be earned from the supply and transmission of electricity, transportation of gas and the provision of market support services is regulated based on certain formulae and parameters set out in those licence, relevant acts and codes.

Actual revenue billed may vary from that allowed due to volume variances. This may result in adjustments that may increase or decrease tariffs in succeeding periods. Amounts to be recovered or refunded are brought to account as adjustments to revenue in the period in which the Group becomes entitled to the recovery or liable for the refund.

The Group's capital expenditure may vary from its regulatory plan and is subject to a review by the EMA. The results of the variances in capital expenditure may be translated into price adjustments, if any, in the following reset period.

3.14 Disposal group held-for-sale

Non-current assets and disposal groups classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

3.15 Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the Company and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

3.15 Revenue recognition (cont'd)

Sale of electricity

Revenue from the sale of electricity is recognised when electricity is delivered to consumers.

Use of system charges and transportation of gas

The use of system charges and revenue from the transportation of gas are approved by the EMA for a 5-year regulatory period in accordance with the price regulation framework.

Revenue is recognised when services are rendered and the volume of electricity and gas is delivered to consumers.

District cooling service income

Income from services is recognised when the services are rendered. The revenue corresponds to the quantum which the Group is entitled to under Condition 13 (Economic Regulation) of its District Cooling Services Licence issued by the Energy Market Authority of Singapore. The variance between tariff billing and the revenue entitled is reported as changes to the economic regulation equalisation account, an asset recorded in trade and other receivables for an under-recovery, and a liability recorded in trade and other payables for an over-recovery.

Transfers of assets from customers

Revenue arising from assets transferred from customers is recognised in profit or loss when the performance obligations associated with receiving those customer contributions are met. In determining the amount of revenue to be recognised, the fair value of the assets is required to be estimated and the circumstances and nature of the transferred assets, which includes market value and relevant rate-regulated framework governing those assets, are taken into account.

Agency fees and Market Support Services Licence fees

Agency fees from acting as billing agent and fees for services provided under the Market Support Services Licence are recognised when the services are rendered.

Dividend income

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

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease.

Support service income and management fees

Support service income and management fees are recognised when the services are rendered.

3.15 Revenue recognition (cont'd)

Capital and maintenance works income

Revenue from rendering of capital and maintenance service is recognised in proportion to the stage of completion of the contract when the stage of contract completion can be reliably measured. The stage of completion is assessed by reference to surveys of work performed.

Where the outcome of capital and maintenance contract cannot be reliably estimated, contract costs are expensed as incurred. Revenue is only recognised to the extent of costs incurred where it is probable that the costs will be recovered. An expected loss is recognised immediately as an expense.

3.16 Leases

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term. Rental income under operating leases are recognised in profit or loss over the term of the lease.

Where assets are leased under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return. Contingent rental income is recognised in profit or loss in the accounting period in which they are incurred.

As lessee

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease payments made.

3.17 Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, fair value gains or losses on financial assets and liabilities at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), gains or losses on hedging instruments that are recognised in profit or loss and amortisation of transaction costs capitalised.

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

3.18 Tax expense

Tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary difference on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.19 Segment reporting

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

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.20 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 April 2016 have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments which are mandatory for adoption by the Group on 1 April 2018 and FRS 116 Leases which is mandatory for adoption by the Group on 1 April 2019.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 Revenue, FRS 11 Construction Contracts and INT FRS 118 Transfers of Assets from Customers.

- FRS 109 replaces most of the existing guidance in FRS 39 Financial Instruments: Recognition and Measurement. It introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group and the Company have completed a preliminary impact assessment for FRS 115 and FRS 109 and do not expect significant impact to the financial positions and performance arising from these standards. The Group is currently performing a detailed assessment on the potential impact of adopting these FRS.

- FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases.

The Group is currently performing an ongoing assessment on the potential impact of adopting FRS 116 on the financial statements of the Group and the Company.

4 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $ million	Leasehold land $ million	Leasehold buildings $ million	Plant and machinery $ million	Other plant and equipment $ million	Motor vehicles and office equipment $ million	Construction-in-progress $ million	Total $ million
Cost								
At 1 April 2015	0.3	545.6	1,489.5	12,284.2	933.3	242.1	2,156.8	17,651.8
Additions	–	0.2	–	–	29.5	16.6	1,162.7	1,209.0
Disposals	–	(1.4)	(0.4)	(28.6)	(20.6)	(37.4)	(0.6)	(89.0)
Reclassifications	–	6.9	65.6	637.6	21.8	7.7	(739.6)	–
At 31 March 2016	0.3	551.3	1,554.7	12,893.2	964.0	229.0	2,579.3	18,771.8
Additions	–	0.6	–	–	33.6	4.6	1,296.6	1,335.4
Disposals	–	–	(0.1)	(91.3)	(16.7)	(7.6)	(4.6)	(120.3)
Transfers from /(to) intangible assets	–	–	–	–	–	13.1	(0.3)	12.8
Reclassifications	–	9.6	166.6	475.0	81.5	23.2	(755.9)	–
Reclass to assets held for sale	–	–	–	–	(134.0)	(4.8)	(5.3)	(144.1)
At 31 March 2017	0.3	561.5	1,721.2	13,276.9	928.4	257.5	3,109.8	19,855.6

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land $ million	Leasehold land $ million	Leasehold buildings $ million	Plant and machinery $ million	Other plant and equipment $ million	Motor vehicles and office equipment $ million	Construction-in-progress $ million	Total $ million
Accumulated depreciation and impairment losses								
At 1 April 2015	–	162.9	699.5	5,801.6	544.5	151.2	–	7,359.7
Depreciation	–	17.3	45.8	382.7	60.1	16.5	–	522.4
Disposals	–	(0.2)	(0.2)	(19.7)	(20.9)	(37.1)	–	(78.1)
At 31 March 2016	–	180.0	745.1	6,164.6	583.7	130.6	–	7,804.0
Depreciation	–	21.4	45.5	402.9	61.0	17.7	–	548.5
Disposals	–	–	–	(81.2)	(16.0)	(6.4)	–	(103.6)
Transfer from intangible assets	–	–	–	–	–	5.8	–	5.8
Reclass to assets held for sale	–	–	–	–	(108.5)	(4.2)	–	(112.7)
At 31 March 2017	–	201.4	790.6	6,486.3	520.2	143.5	–	8,142.0
Carrying amounts								
At 1 April 2015	0.3	382.7	790.0	6,482.6	388.8	90.9	2,156.8	10,292.1
At 31 March 2016	0.3	371.3	809.6	6,728.6	380.3	98.4	2,579.3	10,967.8
At 31 March 2017	0.3	360.1	930.6	6,790.6	408.2	114.0	3,109.8	11,713.6

No property, plant and equipment were pledged as security to secure bank loans as at 31 March 2016 and 31 March 2017.

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land $ million	Leasehold buildings $ million	Plant and equipment $ million	Motor vehicles and office equipment $ million	Construction -in-progress $ million	Total $ million
Cost						
At 1 April 2015	9.4	17.1	6.0	32.7	3.9	69.1
Additions	–	–	–	0.2	0.3	0.5
Disposals	–	(0.3)	(2.8)	(17.6)	–	(20.7)
Reclassifications	–	–	–	3.5	(3.5)	–
At 31 March 2016	9.4	16.8	3.2	18.8	0.7	48.9
Additions	–	–	–	–	2.2	2.2
Disposals	–	–	–	(0.4)	–	(0.4)
Reclassifications	–	–	–	0.7	(0.7)	–
At 31 March 2017	9.4	16.8	3.2	19.1	2.2	50.7
Accumulated depreciation						
At 1 April 2015	5.5	10.5	3.8	27.0	–	46.8
Depreciation	0.3	1.7	0.5	2.9	–	5.4
Disposals	–	(0.1)	(1.6)	(17.5)	–	(19.2)
At 31 March 2016	5.8	12.1	2.7	12.4	–	33.0
Depreciation	0.3	1.6	0.4	2.5	–	4.8
Disposals	–	–	–	(0.4)	–	(0.4)
At 31 March 2017	6.1	13.7	3.1	14.5	–	37.4
Carrying amounts						
At 1 April 2015	3.9	6.6	2.2	5.7	3.9	22.3
At 31 March 2016	3.6	4.7	0.5	6.4	0.7	15.9
At 31 March 2017	3.3	3.1	0.1	4.6	2.2	13.3

Expenses capitalised

The following expenses were capitalised in property, plant and equipment during the year:

	Group 2017 $ million	Group 2016 $ million	Company 2017 $ million	Company 2016 $ million
Staff cost	77.7	73.8	–	–
Other expenses	1.2	0.9	–	–

5 INTANGIBLE ASSETS

	Group				Company			
	Software $ million	Deferred expenditure $ million	Assets under construction $ million	Total $ million	Software $ million	Deferred expenditure $ million	Assets under construction $ million	Total $ million
Cost								
At 1 April 2015	201.9	110.9	31.3	344.1	16.0	0.7	2.5	19.2
Additions	1.3	0.4	43.1	44.8	–	–	3.1	3.1
Disposals	(1.7)	(0.7)	(0.4)	(2.8)	(1.1)	(0.7)	–	(1.8)
Reclassifications	55.9	–	(55.9)	–	2.2	–	(2.2)	–
At 31 March 2016	257.4	110.6	18.1	386.1	17.1	–	3.4	20.5
Additions	2.9	3.7	43.3	49.9	–	–	2.3	2.3
Disposals	(1.6)	–	–	(1.6)	(0.1)	–	–	(0.1)
Transfer from/(to) property, plant and equipment	(13.1)	–	0.3	(12.8)	–	–	–	–
Reclassifications	13.6	0.4	(14.0)	–	3.8	–	(3.8)	–
At 31 March 2017	259.2	114.7	47.7	421.6	20.8	–	1.9	22.7

5 INTANGIBLE ASSETS (CONT'D)

	Group				Company			
	Software $ million	Deferred expenditure $ million	Assets under construction $ million	Total $ million	Software $ million	Deferred expenditure $ million	Assets under construction $ million	Total $ million
Accumulated amortisation and impairment losses								
At 1 April 2015	142.1	84.3	–	226.4	10.9	0.7	–	11.6
Amortisation	23.9	4.7	–	28.6	2.2	–	–	2.2
Disposals	(1.4)	(0.6)	–	(2.0)	(1.1)	(0.7)	–	(1.8)
At 31 March 2016	164.6	88.4	–	253.0	12.0	–	–	12.0
Amortisation	29.7	4.7	–	34.4	2.7	–	–	2.7
Disposals	(1.6)	–	–	(1.6)	(0.1)	–	–	(0.1)
Transfer to property, plant and equipment	(5.8)	–	–	(5.8)	–	–	–	–
At 31 March 2017	186.9	93.1	–	280.0	14.6	–	–	14.6
Carrying amounts								
At 1 April 2015	59.8	26.6	31.3	117.7	5.1	–	2.5	7.6
At 31 March 2016	92.8	22.2	18.1	133.1	5.1	–	3.4	8.5
At 31 March 2017	72.3	21.6	47.7	141.6	6.2	–	1.9	8.1

Expenses capitalised

The following expenses were capitalised in intangible assets during the year:

	Group		Company	
	2017 $ million	2016 $ million	2017 $ million	2016 $ million
Staff cost	7.7	8.4	–	0.9
Other expenses	2.5	1.5	–	–

6 SUBSIDIARIES

	Company 2017 $ million	Company 2016 $ million
Unquoted equity shares, at cost	6,781.9	6,871.9
Unquoted units, at cost	–*	–*
Impairment losses	(17.0)	(17.0)
	6,764.9	6,854.9

* Amount is less than $0.1 million

Details of significant subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation	Effective interest held by the Group 2017 %	Effective interest held by the Group 2016 %
SP PowerAssets Limited	Transmission and distribution of electricity	Singapore	100	100
PowerGas Limited	Transportation of piped gas	Singapore	100	100
SP PowerGrid Limited	Provision of management services to related corporations	Singapore	100	100
SP Services Limited	Sale of electricity and provision of customer services relating to utilities supply	Singapore	100	100
SP Cross Island Tunnel Trust	Construction, development, ownership, operation and maintenance of the cross island electricity tunnels in Singapore	Singapore	100	100
Singapore Power International Pte Ltd	Investment holding	Singapore	100	100
Singapore District Cooling Pte Ltd	Ownership, operation, maintenance and management of district cooling systems	Singapore	100	100

7 ASSOCIATES AND JOINT VENTURE

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Investment in associates				
- quoted equity shares	1,466.5	1,375.6	–	–
- unquoted equity shares	1,520.2	1,389.4	–	–
Investment in a joint venture	8.0	7.9	1.3	1.3
	2,994.7	2,772.9	1.3	1.3
Fair value of interest in investment of associates for which there is a published price quotation – AusNet Services*^	2,012.4	1,692.6	–	–

* AusNet Services is listed on the Australian Stock Exchange and Singapore Stock Exchange. Based on its closing price of A$1.69 (2016: A$1.49) on the Australian Stock Exchange, the fair value of the Group's investment is S$2.0 billion (2016: S$1.7 billion).

Name of associates	Principal activities	Place of incorporation	Effective interest held by the Group 2017 %	Effective interest held by the Group 2016 %
AusNet Services Ltd and its subsidiaries including the following^:	Electricity transmission and distribution and gas distribution.	Australia	31.1	31.1
• AusNet Services (Finance) Trust	Provision of loans to related corporations	Australia	31.1	31.1
• AusNet Services (Distribution) Ltd	Distribution of electricity and gas	Australia	31.1	31.1
• AusNet Services (Transmission) Ltd	Transmission of electricity within the state of Victoria	Australia	31.1	31.1
SGSP (Australia) Assets Pty Ltd and its subsidiaries (collectively referred to as SGSPAA)	Infrastructure services, and distribution of electricity and gas	Australia	40.0	40.0

^ Prior to 18 June 2015, AusNet Services comprised of three entities, AusNet Services (Distribution) Ltd, AusNet Services (Transmission) Ltd and AusNet Services Finance Trust. AusNet Services has a primary listing on the Australian Stock Exchange and a secondary listing on the Singapore Stock Exchange and was traded as a tripled-stapled security. On 18 June 2015, the stapled entities became wholly owned by a new listed entity, AusNet Services Ltd, in place of its former triple-stapled structure.

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

The summarised financial information in respect of AusNet Services and SGSPAA, based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements not adjusted for the percentage of ownership held by the Group are as follows:

	AusNet Services		SGSPAA	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Assets and liabilities				
Current assets	698.5	848.7	386.9	374.2
Non-current assets	11,831.6	11,206.8	10,282.4	9,780.9
Total assets	12,530.1	12,055.5	10,669.3	10,155.1
Current liabilities	837.9	1,357.0	396.7	701.2
Non-current liabilities	7,750.5	7,025.0	6,472.0	5,980.4
Total liabilities	8,588.4	8,382.0	6,868.7	6,681.6
Net assets	3,941.7	3,673.5	3,800.6	3,473.5
Net assets, excluding goodwill	3,941.7	3,673.5	3,800.6	3,473.5
Proportion of the Group's ownership	31.1%	31.1%	40.0%	40.0%
Group's share of net assets	1,225.9	1,142.5	1,520.2	1,389.4
Goodwill on acquisition	240.6	233.1	–	–
Carrying amount of the investment	1,466.5	1,375.6	1,520.2	1,389.4

The summarised statements of comprehensive income in respect of AusNet Services and SGSPAA, based on its FRS financial statements, not adjusted for the percentage ownership held by the Group, are as follows:

	AusNet Services		SGSPAA	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Results				
Revenue	1,962.6	1,954.7	1,869.9	1,784.3
Profit after taxation	305.2	430.3	303.7	276.7
Other comprehensive income	60.6	76.6	62.0	(8.9)
Total comprehensive income	365.8	506.9	365.7	267.8

The Group recorded dividend income of $160.8 million (2016: $94.1 million) from AusNet Services and SGSPAA, of which $126.2 million (2016: $59.5 million) was settled by cash and the balance was settled by subscribing to shares issued by AusNet Services and incurrence of withholding taxes.

7 ASSOCIATES AND JOINT VENTURE (CONT'D)

The summarised financial information in respect of Power Automation Pte Ltd ("PA"), based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements, not adjusted for the percentage ownership held by the Group are as follows:

	Joint venture	
	2017	2016
	$ million	$ million
Assets and liabilities		
Current assets	1.1	1.2
Non-current assets	25.7	20.2
Total assets	26.8	21.4
Current liabilities	11.2	5.9
Total liabilities	11.2	5.9
Net assets	15.6	15.5
Proportion of the Group's ownership	51%	51%
Group's share of net assets	8.0	7.9
Carrying amount of the investment	8.0	7.9

The summarised statement of comprehensive income in respect of PA, based on its FRS financial statements, not adjusted for the percentage ownership held by the Group, are as follows:

	Joint venture	
	2017	2016
	$ million	$ million
Results		
Revenue	35.3	29.8
Profit after taxation	3.3	4.0
Other comprehensive income	–	–
Total comprehensive income	3.3	4.0

8 OTHER NON-CURRENT ASSETS

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Amount due from associate:				
- convertible instrument	341.1	330.4	–	–
Accrued recoverable	76.9	39.4	–	–
Finance lease receivables	10.1	12.7	–	–
Other receivables	–	0.5	–	0.3
Amounts due from subsidiaries:				
- non-trade	–	–	80.7	82.1
- impairment loss	–	–	(2.1)	(2.1)
	428.1	383.0	78.6	80.3

The non-current amount due from associate of $341.1 million (2016: $330.4 million) represents the face value of the convertible instrument.

In September 2015, the Group's investment in SGSPAA, represented by Trust loans extended to them, restructured into issuance of ordinary shares and convertible instrument by SGSPAA. The convertible instrument is interest bearing at the fixed rate of 10.25% per annum and is convertible into ordinary shares at the discretion of the Group until mandatory conversion in 2050. The convertible instrument is convertible into a variable number of shares, which precludes the convertible instrument from being recognised as equity, and is recognised as a non-current receivable. The Group has a 40% holding in both the convertible instrument and ordinary shares issued by SGSPAA.

Accrued recoverable is the amount of revenue which the Group is entitled to recover under a regulatory scheme.

Balances with subsidiaries are unsecured, repayable on demand and denominated in Singapore dollars. Non-trade amounts due from subsidiaries of $80.7 million (2016: $82.1 million) are non interest-bearing.

Finance lease receivables

The Group entered into arrangements to transport a minimum volume of piped gas to its customers using certain pipelines. Although the arrangements are not in the legal form of a lease, the Group concluded that the arrangements contain in substance leases of the submarine pipelines, because the minimum lease payments amount to substantially all the fair value of the leased assets. The lessees assume substantially all the risks and rewards of ownership. Accordingly, these leases were classified as finance lease. The Group however continues to be the legal owner of the pipelines and therefore claims capital allowances for the pipelines.

The interest rate implied in each lease is determined at the commencement date of the lease.

8 OTHER NON-CURRENT ASSETS (CONT'D)

The carrying amount of the finance lease receivables at the reporting date approximates its fair value, based on discounting the cash flows at the market rate.

	Group	
	2017	**2016**
	$ million	**$ million**
Minimum lease payment receivables from leased pipelines	16.8	20.4
Unearned income in leased pipelines	(3.9)	(5.1)
Net receivables	12.9	15.3
Current	2.8	2.6
Non-current	10.1	12.7
	12.9	15.3

	Minimum lease payment receivables	**Unearned income**	**Present value of lease payment receivables**
	$ million	**$ million**	**$ million**
2017			
Within 1 year	3.8	(1.0)	2.8
After 1 year but within 5 years	5.9	(2.4)	3.5
After 5 years	7.1	(0.5)	6.6
	16.8	(3.9)	12.9
2016			
Within 1 year	3.8	(1.2)	2.6
After 1 year but within 5 years	8.6	(2.9)	5.7
After 5 years	8.0	(1.0)	7.0
	20.4	(5.1)	15.3

The effective interest rates on the finance lease receivables ranges from 7.38% to 7.76% (2016: 7.38% to 7.76%).

9 DEFERRED TAXATION

Group	At 1 April 2015 $ million	Recognised in profit or loss $ million	Recognised in other comprehensive income $ million	At 31 March 2016 $ million	Recognised in profit or loss $ million	Recognised in other comprehensive income $ million	Reclass to liabilities held for sale $ million	At 31 March 2017 $ million
Deferred tax assets								
Other financial assets	14.3	(12.7)	1.2	2.8	–	5.0	–	7.8
Trade and other payables and provisions	5.9	0.2	–	6.1	(2.9)	–	–	3.2
Deferred income	72.5	6.5	–	79.0	22.8	–	–	101.8
Others	4.3	21.3	(0.1)	25.5	(3.9)	(0.3)	–	21.3
	97.0	15.3	1.1	113.4	16.0	4.7	–	134.1
Set off of tax	(88.7)			(81.5)				(104.9)
Net deferred tax assets	8.3			31.9				29.2
Deferred tax liabilities								
Property, plant and equipment	(1,237.7)	(58.6)	(0.2)	(1,296.5)	(42.4)	–	4.6	(1,334.3)
Intangible assets	(11.8)	(1.0)	–	(12.8)	(10.4)	–	–	(23.2)
Trade and other receivables	(3.1)	0.4	–	(2.7)	0.4	–	–	(2.3)
Other financial assets	(12.1)	4.6	7.2	(0.3)	–	–	–	(0.3)
Others	25.1	(34.1)	0.3	(8.7)	(19.9)	(0.4)	–	(29.0)
	(1,239.6)	(88.7)	7.3	(1,321.0)	(72.3)	(0.4)	4.6	(1,389.1)
Set off of tax	88.7			81.5				104.9
Net deferred tax liabilities	(1,150.9)			(1,239.5)				(1,284.2)

9 DEFERRED TAXATION (CONT'D)

Company	At 1 April 2015 $ million	Recognised in profit or loss $ million	Recognised in other comprehensive income $ million	At 31 March 2016 $ million	Recognised in profit or loss $ million	Recognised in other comprehensive income $ million	At 31 March 2017 $ million
Deferred tax assets							
Other financial assets	1.6	–	(0.6)	1.0	–	0.3	1.3
Trade and other payables and provisions	0.2	–	–	0.2	0.1	–	0.3
Others	0.6	(0.1)	–	0.5	–	–	0.5
	2.4	(0.1)	(0.6)	1.7	0.1	0.3	2.1
Set off of tax	(2.4)			(1.7)			(2.1)
Net deferred tax assets	–			–			–
Deferred tax liabilities							
Property, plant and equipment	(1.2)	0.4	–	(0.8)	0.3	–	(0.5)
Intangible assets	(0.8)	–	–	(0.8)	0.2	–	(0.6)
Other financial assets	(0.8)	–	0.1	(0.7)	–	(0.5)	(1.2)
	(2.8)	0.4	0.1	(2.3)	0.5	(0.5)	(2.3)
Set off of tax	2.4			1.7			2.1
Net deferred tax liabilities	(0.4)			(0.6)			(0.2)

10 DERIVATIVE ASSETS AND LIABILITIES

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Current				
Derivative assets	2.4	2.4	0.2	0.7
Derivative liabilities	15.3	0.9	6.7	–
Non-current				
Derivative assets	106.4	115.2	0.2	0.3
Derivative liabilities	92.9	102.6	8.1	6.6

Offsetting financial assets and financial liabilities

The Group's derivative transactions are entered into under International Swaps and Derivatives Association ("ISDA") Master Agreements. The ISDA agreements create a right of set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties. As such, these agreements do not meet the criteria for offsetting under FRS 32 *Financial Instruments: Presentation.*

The Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously but have the right to set off in the case of default and insolvency or bankruptcy.

The Group's financial assets and liabilities subject to an enforceable master netting arrangement that are not otherwise set-off are as follows:

Types of financial assets	Gross amount of recognised financial assets	Related amounts not offset in the balance sheet - financial instruments	Net amounts
	$ million	$ million	$ million
Group			
2017			
Derivative assets	108.8	(33.4)	75.4
2016			
Derivative assets	117.6	(41.3)	76.3

10 DERIVATIVE ASSETS AND LIABILITIES (CONT'D)

Types of financial liabilities	Gross amount of recognised financial liabilities $ million	Related amounts not offset in the balance sheet - financial instruments $ million	Net amounts $ million
Group			
2017			
Derivative liabilities	108.2	(33.4)	74.8
2016			
Derivative liabilities	103.5	(41.3)	62.2

Types of financial assets	Gross amount of recognised financial assets $ million	Related amounts not offset in the balance sheet - financial instruments $ million	Net amounts $ million
Company			
2017			
Derivative assets	0.4	–	0.4
2016			
Derivative assets	1.0	–	1.0

Types of financial liabilities	Gross amount of recognised financial liabilities $ million	Related amounts not offset in the balance sheet - financial instruments $ million	Net amounts $ million
Company			
2017			
Derivative liabilities	14.8	–	14.8
2016			
Derivative liabilities	6.6	–	6.6

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

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Non-current				
Investment in debt securities	160.3	191.4	160.3	191.4
Equity investment	5.5	–	–	–
	165.8	191.4	160.3	191.4
Current				
Investment in debt securities	29.6	8.9	29.6	8.9

12 INVENTORIES

	Group	
	2017	2016
	$ million	$ million
Cables	32.0	39.2
Pipes and fittings	5.2	7.3
Spare parts and accessories	4.3	2.1
Other consumables	7.5	7.7
	49.0	56.3

In 2017, inventories recognised as an expense in the income statement amounted to $6.9 million (2016: $6.4 million). The write-down of inventories to net realisable value by the Group amounted to $4.2 million (2016: $3.1 million). There is no reversal of write-down by the Group in 2017 (2016: $0.2 million).

13 TRADE AND OTHER RECEIVABLES

		Group		Company	
		2017	2016	2017	2016
	NOTE	$ million	$ million	$ million	$ million
Trade receivables					
- Third parties		156.4	247.0	–	–
- Subsidiaries		–	–	56.4	20.1
- Related corporations		3.2	26.0	–	–
	13a	159.6	273.0	56.4	20.1
Other receivables, deposits and prepayments	13b	257.3	142.1	10.8	5.2
Amounts due from (non-trade):					
- Subsidiaries	13c	–	–	3,884.2	3,837.9
- Associate	13c	7.8	7.6	–	0.1
- Related corporations	13c	6.3	–	–	–
		431.0	422.7	3,951.4	3,863.3

13A TRADE RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Trade receivables	168.1	282.8	56.4	20.1
Impairment losses	(8.5)	(9.8)	–	–
	159.6	273.0	56.4	20.1

$120.5 million (2016: $117.3 million) of trade receivables are interest-bearing. The average credit term is between 5 to 30 business days (2016: 5 to 30 business days). An allowance has been made for estimated unrecoverable amounts, determined by reference to past default experience of individual debtors and collective portfolio.

Collateral in the form of bank guarantees, letters of credit and deposits are obtained from counterparties where appropriate. The amounts called upon during the current and previous financial year were insignificant and no item is individually significant.

The maximum exposure to credit risk for trade receivables at the reporting date by types of customer is as follows:

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Contestable transmission/ distribution customers	24.5	116.3	–	–
Non-contestable transmission/ distribution customers	102.2	111.6	–	–
Project-based customers	12.6	14.7	–	–
Others	20.3	30.4	56.4	20.1
	159.6	273.0	56.4	20.1

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

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Singapore	159.6	273.0	56.4	20.1

There is no significant concentration of credit risk of trade receivables.

The Group has policies in place to monitor its credit risk. Contractual deposits are collected and sufficient collateral is obtained to mitigate the risk of financial loss from defaults. The Group's customers are spread across diverse industries and ongoing credit evaluation is performed on the financial condition of receivables to ensure minimal exposure to bad debts.

13A TRADE RECEIVABLES (CONT'D)

The ageing of trade receivables at the reporting date is as follows:

	2017		2016	
	Gross $ million	Impairment losses $ million	Gross $ million	Impairment losses $ million
Group				
Not past due	125.4	(0.5)	238.3	(0.9)
Past due 0-30 days	23.4	(0.7)	24.4	(0.7)
Past due 31-90 days	10.4	(0.9)	11.0	(1.3)
Past due 91-180 days	3.2	(1.2)	3.2	(1.6)
Past due more than 180 days	5.7	(5.2)	5.9	(5.3)
	168.1	(8.5)	282.8	(9.8)

	2017		2016	
	Gross $ million	Impairment losses $ million	Gross $ million	Impairment losses $ million
Company				
Not past due	44.4	–	16.5	–
Past due 0-30 days	3.1	–	2.4	–
Past due 31-90 days	0.9	–	0.9	–
Past due 91-180 days	2.9	–	0.3	–
Past due more than 180 days	5.1	–	–	–
	56.4	–	20.1	–

The movement in impairment loss in respect of trade receivables during the year is as follows:

	Group		Company	
	2017 $ million	2016 $ million	2017 $ million	2016 $ million
At 1 April	9.8	9.7	–	–
Impairment loss recognised	0.1	0.8	–	–
Impairment loss reversed	(1.2)	(0.6)	–	–
Impairment loss utilised	(0.1)	(0.1)	–	–
Reclass to assets-held-for-sale	(0.1)	–	–	–
At 31 March	8.5	9.8	–	–

Receivables are denominated mainly in the functional currencies of the respective Group entities.

13B OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Accrued revenue	214.8	101.7	–	–
Prepayments	24.9	19.2	1.6	1.6
Interest receivables	12.2	3.6	8.4	2.9
Finance lease receivables	2.8	2.6	–	–
Deposits	2.2	1.9	0.8	0.6
Others	0.4	13.1	–	0.1
	257.3	142.1	10.8	5.2

Other receivables, deposits and prepayments are denominated mainly in the functional currencies of the respective Group entities.

13C BALANCES WITH SUBSIDIARIES, ASSOCIATE AND RELATED CORPORATIONS (NON-TRADE)

Balances with subsidiaries are unsecured, repayable on demand, and denominated in Singapore dollars.

Non-trade amounts due from subsidiaries of $1,845.3 million (2016: $1,871.3 million) bear interest at rates ranging from 1.51% to 3.47% (2016: 1.55% to 3.47%) per annum. All other amounts are non interest-bearing.

The current amount due from associate is denominated in Australian dollars and represents the convertible instrument interest receivable which is due every six months.

14 CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Fixed deposits	1,352.6	984.9	805.6	449.8
Cash at bank and in hand	323.9	645.3	72.4	191.9
Restricted cash	0.6	–	–	–
	1,677.1	1,630.2	878.0	641.7

The interest rates per annum relating to fixed deposits at the reporting date for the Group and the Company ranged from 0.8% to 1.9% (2016: 0.3% to 1.6%) and 0.8% to 1.7% (2016: 1.2% to 1.6%) respectively.

Cash and cash equivalents are denominated mainly in the functional currencies of the respective Group entities and includes $0.6 million (2016: nil) of restricted cash balances being held for the purpose of administrating the Gas Network Code.

15 DISPOSAL GROUP HELD-FOR-SALE

During the financial year, the Group entered into an agreement with Singapore Technologies Electronics Limited to divest a 51 per cent equity stake in SP Telecommunications Pte Ltd (SP Tel) and received regulatory approval in March 2017. Accordingly, the Group's interests in SP Tel is presented as a disposal group held-for-sale as at 31 March 2017. The divestment was completed on 2 May 2017.

Assets and liabilities of disposal group held-for-sale

At 31 March 2017, the disposal group was stated at carrying value, and comprised the following assets and liabilities:

	Group 2017 $ million
Property, plant and equipment	31.4
Trade and other receivables	5.1
Intercompany receivables	84.8
Inventories	1.1
Cash and cash equivalents	–*
Trade and other payables	(10.3)
Deferred tax liabilities	(4.6)
Intercompany payables	(2.8)
Current tax payable	(1.9)
Net asset before intercompany eliminations	102.8
Consolidation adjustments	(82.0)
Disposal group held for sale	20.8
Assets held-for-sale	37.6
Liabilities held-for-sale	(16.8)
Disposal group held-for-sale	20.8

* Amount is less than $0.1 million

There are no cumulative income or expenses included in other comprehensive income relating to the disposal group.

Measurement of fair values - Fair value hierarchy

The disposal group has been categorised as a level two fair value, within the fair value hierarchy disclosure required under FRS 113 *Fair Value Measurement*, based on the observable divestment transaction value with Singapore Technologies Electronics Limited that was completed on 2 May 2017.

16 SHARE CAPITAL

	Company	
	2017 No. of shares million	2016 No. of shares million
Ordinary shares		
Issued and fully-paid, with no par value		
At 1 April and at 31 March	2,911.9	2,911.9

The holder of ordinary shares is entitled to receive dividends as declared from time to time, and is entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17 RESERVES

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Currency translation reserve	(225.5)	(326.9)	–	–
Hedging reserve	18.8	5.2	1.4	(2.0)
Other reserves	19.3	7.9	1.8	1.9
	(187.4)	(313.8)	3.2	(0.1)

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Company.

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

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Actuarial reserve	18.6	7.4	–	–
Fair value reserve	2.1	1.9	1.8	1.9
Revaluation reserve	16.5	16.5	–	–
Others	(17.9)	(17.9)	–	–
	19.3	7.9	1.8	1.9

Others in other reserve is the difference amount of $17.9 million, between the cash consideration of $70.0 million and the value of minority interests of $52.1 million, which arose from an equity transaction for the acquisition of the remaining 40 per cent shareholding in a subsidiary, Singapore District Cooling Pte Ltd, on 30 March 2015.

18 DEBT OBLIGATIONS

Principal amount	Date of maturity	Group 2017 $ million	Group 2016 $ million
Fixed rate loan			
SGD 82 million [7]	June 2016	–	82.1
Fixed rate notes			
SGD 500 million	October 2018	519.1	530.7
HKD 500 million [1]	May 2019	92.7	92.2
SGD 75 million	May 2019	78.2	78.6
SGD 500 million	May 2020	499.0	498.8
SGD 280 million	August 2020	293.1	302.8
SGD 100 million	August 2022	103.0	105.2
USD 500 million [2]	September 2022	696.3	671.5
JPY 15 billion [3]	April 2024	204.9	203.7
SGD 75 million	May 2024	79.2	80.8
USD 700 million [4]	November 2025	971.7	970.6
JPY 7 billion [5]	October 2026	94.8	93.2
SGD 100 million	May 2029	104.3	107.3
SGD 250 million	September 2032	249.0	249.0
		3,985.3	3,984.4
Floating rate loan			
SGD 163 million [7]	June 2024	162.2	–
Floating rate note			
USD 100 million [6]	July 2017	139.7	134.7
		4,287.2	4,201.2
Current		139.7	82.1
Non-current		4,147.5	4,119.1
		4,287.2	4,201.2

[1] HKD 500 million swapped to SGD 95.5 million
[2] USD 500 million swapped to SGD 623.8 million
[3] JPY 15 billion swapped to SGD 230.0 million
[4] USD 700 million swapped to SGD 996.0 million
[5] JPY 7 billion swapped to SGD 114.7 million
[6] USD 100 million swapped to SGD 139.5 million
[7] The Group acts as an intermediary in administering the market settlement for a regulatory scheme. EMA has entered into loan agreements with the Group in facilitating the above arrangement. The loan agreements are only for the purpose of settling payments, collections and costs for the implementation of the regulatory scheme. The floating rate loan is unsecured, bears floating interest rate that approximates prevailing market interest rates and is repayable monthly based on net collection under the regulatory scheme until the regulatory scheme at the earlier of the loan maturity date or full repayment of the loan. The fixed rate loan is unsecured, bears a fixed interest rate at the time of issue and is fully repayable on demand.

Interest rates on debt obligations denominated in Singapore dollars range from 0.97% to 5.07% (2016: 3.00% to 5.07%) per annum. Interest rates on foreign currency debt obligations range from 1.70% to 4.01% (2016: 0.93% to 4.01%) per annum.

19 OTHER NON-CURRENT LIABILITIES

		Group		Company	
	Note	2017	2016	2017	2016
		$ million	$ million	$ million	$ million
Deferred income	19a	703.3	625.4	–	–
Provisions	19b	0.9	3.9	–	3.0
		704.2	629.3	–	3.0

19A DEFERRED INCOME

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Government grants	69.7	67.5	–	–
Customer contributions	565.2	565.0	–	–
	634.9	632.5	–	–
Accumulated accretion:				
Government grants	(44.4)	(41.7)	–	–
Customer contributions	(269.7)	(251.1)	–	–
	(314.1)	(292.8)	–	–
Deferred income relating to:				
- Use of system charges and transportation of gas	382.5	285.7	–	–
- Sale of electricity and Market Support Service Licence fees	64.0	5.6	–	–
	767.3	631.0	–	–

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Current	64.0	5.6	–	–
Non-current	703.3	625.4	–	–
	767.3	631.0	–	–

19A DEFERRED INCOME (CONT'D)

Movements in accumulated accretion are as follows:

	Group 2017 $ million	Group 2016 $ million	Company 2017 $ million	Company 2016 $ million
Government grants				
At 1 April	41.7	39.6	–	–
Accretion	2.7	2.1	–	–
At 31 March	44.4	41.7	–	–
Customer contributions				
At 1 April	251.1	232.4	–	–
Accretion	18.6	18.7	–	–
At 31 March	269.7	251.1	–	–

19B PROVISIONS

	Group Restoration $ million	Group Others $ million	Group Total $ million	Company Restoration $ million	Company Others $ million	Company Total $ million
At 1 April 2015	3.3	3.9	7.2	2.0	3.4	5.4
Provision made	0.5	0.2	0.7	0.3	–	0.3
Provision reversed	–	(0.1)	(0.1)	–	–	–
Provision utilised	–	(1.4)	(1.4)	–	(1.4)	(1.4)
At 31 March 2016	3.8	2.6	6.4	2.3	2.0	4.3
Provision made	2.3	6.2	8.5	1.2	4.9	6.1
Provision reversed	–	(0.1)	(0.1)	–	–	–
At 31 March 2017	6.1	8.7	14.8	3.5	6.9	10.4

	Group 2017 $ million	Group 2016 $ million	Company 2017 $ million	Company 2016 $ million
Current	13.9	2.5	10.4	1.3
Non-current	0.9	3.9	–	3.0
	14.8	6.4	10.4	4.3

Restoration

A provision for restoration cost is recognised when a Group entity has a legal or constructive obligation to make good and restore a site. The expected future restoration cost is discounted using a pre-tax rate which is the basis of the provision recognised. The unwinding of the discount increases the net present value of the expected liability over time, which is recognised as an accretion expense in profit or loss.

Others

Other provisions relate mainly to the general operations of the business.

20 TRADE AND OTHER PAYABLES

	Note	Group 2017 $ million	Group 2016 $ million	Company 2017 $ million	Company 2016 $ million
Customers' deposits		313.7	325.0	–	–
Trade payables					
- Third parties		226.1	224.1	4.5	1.9
- Subsidiaries		–	–	0.7	0.6
- Related corporations		10.9	19.6	–	–
Other payables and accruals	20a	886.4	728.9	41.7	27.2
Liability for employee entitlements		14.2	12.5	3.1	2.7
Amounts due to (non-trade):					
- Subsidiaries		–	–	3,829.0	3,643.4
- Associates		–	0.1	–	–
- Joint venture		–	2.3	–	–
		1,451.3	1,312.5	3,879.0	3,675.8

Payables are denominated mainly in the functional currencies of the respective Group entities.

Balances with related corporations are unsecured, with credit terms ranging from 7 to 30 days (2016: 7 to 30 days) and are denominated in Singapore dollars.

Balances with subsidiaries are unsecured, repayable on demand and denominated in Singapore dollars. Non-trade amounts due to subsidiaries of $927.0 million (2016: $735.3 million) bear interest at 1.25% (2016: 1.05%) per annum. All other amounts are non interest-bearing.

20A OTHER PAYABLES AND ACCRUALS

	Note	Group 2017 $ million	Group 2016 $ million	Company 2017 $ million	Company 2016 $ million
Accrued operating and capital expenditure		549.5	443.3	30.6	24.1
Advance receipts		172.2	167.4	0.7	1.7
Deferred income	19a	64.0	5.6	–	–
Interest payable		33.4	33.3	–	0.1
Provisions	19b	13.9	2.5	10.4	1.3
Others		53.4	76.8	–	–
		886.4	728.9	41.7	27.2

Payables are denominated mainly in the functional currencies of the respective Group entities.

21 REVENUE

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Sale of electricity	2,414.9	2,748.9	–	–
Use of system charges and transportation of gas	1,034.5	1,004.8	–	–
Market Support Services Licence fees	124.6	62.5	–	–
Agency fees	89.8	84.2	–	–
District cooling service income	58.2	63.1	–	–
Dividend income from subsidiaries and joint venture	–	–	432.7	430.3
Support service income	–	–	99.1	92.2
Rental income	–	–	1.3	1.4
Others	–	–	0.6	0.3
	3,722.0	3,963.5	533.7	524.2

22 OTHER INCOME

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Income relating to diversion jobs	51.7	40.0	–	–
Income relating to supply of telecommunication systems	31.3	29.8	–	–
Sale of scrap	21.9	13.2	–	–
Accretion of deferred income	21.3	21.0	–	–
Finance lease income	19.2	18.6	–	–
Rental income	5.1	4.9	–	–
Exchange gain	8.2	–	1.2	0.3
Others	30.3	35.1	–	–
	189.0	162.6	1.2	0.3

23 FINANCE INCOME

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Interest income receivable or received from:				
- Subsidiaries	–	–	50.0	39.9
- Associates	34.1	19.1	–	–
- Banks	20.1	12.2	8.5	5.4
- Finance lease	1.2	1.4	–	–
- Available-for-sale assets	7.0	8.1	7.0	8.1
Others	3.2	3.9	–	–
	65.6	44.7	65.5	53.4

24 FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Interest expense payable or paid to:				
- Subsidiaries	–	–	10.3	6.4
- Banks	2.3	0.7	–	–
- Debt obligations	113.9	97.4	–	–
Net change in fair value of cash flow hedges reclassified from equity	(19.6)	(8.5)	(0.4)	0.4
Loss/(Gain) arising from financial assets and liabilities in a fair value hedge				
- Hedged items	(27.6)	48.3	–	–
- Hedging instruments	28.8	(47.1)	–	–
Net change in fair value of financial assets and liabilities designated at fair value through profit or loss	5.9	23.8	–	–
Amortisation of transaction costs capitalised	3.5	36.2	0.3	0.4
Ineffective portion of changes in fair value of cash flow hedges	13.8	0.2	–	–
Amortisation of fair value adjustments on fair value hedges	(25.0)	(21.5)	–	–
Commitment fees	4.0	12.1	0.5	0.8
Others	2.2	0.8	2.0	1.0
	102.2	142.4	12.7	9.0

25 TAX EXPENSE

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Tax Recognised in profit or loss				
Current tax expense				
Current year	124.2	115.6	13.6	9.3
Under/(over) provision in respect of prior years	2.7	(20.6)	0.5	(0.1)
	126.9	95.0	14.1	9.2
Deferred tax expense/(credit)				
Origination and reversal of temporary differences	59.8	57.4	(0.6)	(0.3)
(Over)/under provision in respect of prior years	(3.5)	16.0	–	–
	56.3	73.4	(0.6)	(0.3)
Total tax expense from continuing operations	183.2	168.4	13.5	8.9
***Reconciliation of effective tax rate*:**				
Profit before tax from continuing operations	1,132.0	1,091.9	478.0	464.4
Tax calculated using Singapore tax rate of 17%	192.4	185.6	81.3	78.9
Effects of results of associates and joint venture, net of tax	(14.2)	(41.9)	–	–
Non-deductible expenses	19.4	25.7	5.9	4.1
Under/(over) provision in respect of prior years:				
- current tax	2.7	(20.6)	0.5	(0.1)
- deferred tax	(3.5)	16.0	–	–
Non-taxable income and tax allowances	(10.7)	(3.3)	(73.7)	(73.5)
Effect of tax rate in other countries	(3.1)	(0.4)	–	–
Current year losses for which no deferred tax asset was recognised	1.3	0.7	–	–
Others	(1.1)	6.6	(0.5)	(0.5)
	183.2	168.4	13.5	8.9

25 TAX EXPENSE (CONT'D)

Tax recognised in other comprehensive income	2017 Before tax $ million	2017 Tax credit $ million	2017 Net of tax $ million	2016 Before tax $ million	2016 Tax credit/ (expense) $ million	2016 Net of tax $ million
Group						
Translation differences relating to financial statements of foreign operations	101.4	–	101.4	(19.5)	–	(19.5)
Effective portion of changes in fair value of cash flow hedges	(16.3)	3.1	(13.2)	(39.4)	6.6	(32.8)
Net change in fair value of cash flow hedges						
- reclassified to profit or loss	(4.6)	0.8	(3.8)	(13.6)	2.2	(11.4)
- on recognition of the hedged items on balance sheet	(2.2)	0.4	(1.8)	2.1	(0.4)	1.7
Net change in fair value of available-for-sale financial assets	0.2	–	0.2	(0.1)	–	(0.1)
Share of other comprehensive income of associates	43.6	–	43.6	20.3	–	20.3
Reclassification of translation differences arising from subsidiaries' liquidation process (note 17)	–	–	–	(6.1)	–	(6.1)
	122.1	4.3	126.4	(56.3)	8.4	(47.9)

Tax recognised in other comprehensive income	2017 Before tax $ million	2017 Tax (expense)/ credit $ million	2017 Net of tax $ million	2016 Before tax $ million	2016 Tax expense $ million	2016 Net of tax $ million
Company						
Effective portion of changes in fair value of cash flow hedges	3.5	(0.2)	3.3	0.6	(0.3)	0.3
Net change in fair value of cash flow hedges						
- reclassified to profit or loss	0.4	(0.1)	0.3	0.5	(0.2)	0.3
- on recognition of the hedged items on balance sheet	(0.3)	0.1	(0.2)	–	–	–
Net change in fair value of available-for-sale financial assets	(0.1)	–	(0.1)	(0.1)	–	(0.1)
	3.5	(0.2)	3.3	1.0	(0.5)	0.5

26 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Fees paid to non-executive directors of the Company	1.5	1.4	1.4	1.4
Fees paid to non-executive directors of subsidiaries of the Group	0.1	0.1	–	–
Operating lease expense	20.4	11.4	7.3	3.9
Exchange (gain) / loss, net	(8.2)	6.4	(1.2)	(0.3)
Contributions to defined contribution plans included in staff costs	43.6	40.3	5.4	5.7

27 RELATED PARTIES

For the purpose of the financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Company is a wholly-owned subsidiary of Temasek Holdings (Private) Limited ("Temasek"), which is its holding company and is incorporated in the Republic of Singapore. Temasek is an investment company headquartered in Singapore with a diversified investment portfolio. Accordingly, all the subsidiaries of Temasek are related corporations and are subject to common control. The Group and the Company engage in a wide variety of transactions with related corporations in the normal course of business on terms similar to those available to other customers. Such transactions include but are not limited to sales and purchases of power, provision of consultancy and engineering services, leasing of cables and ducts, agency services and financial and banking services. The related party transactions are carried out on terms negotiated between the parties which are intended to reflect competitive terms.

All transactions with companies in Temasek group are related party transactions. The Temasek group has extensive interests in a large number of companies and it is not practical to compile data on the value of sales to the Temasek group. As the Group's rates for use of system charges, transportation of gas, sales of electricity and Market Support Services Licence fees are based on posted tariffs approved by EMA, the Group has concluded that it is not meaningful to present such information.

27 RELATED PARTIES (CONT'D)

Other than electricity sales and transactions to related corporations included under Temasek group and those sales and transactions disclosed elsewhere in the financial statements, significant transactions with related parties are as follows:

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$ million
Related corporations				
- Agency fee income	5.2	22.1	–	–
- Revenue from leasing of ducts and substations	27.5	27.4	–	–
Subsidiaries				
- Dividend income	–	–	430.6	427.2
- Support service income	–	–	99.1	92.2
- Interest income	–	–	50.0	39.9
- Interest expense	–	–	(10.3)	(6.4)
Joint venture				
- Dividend income	–	–	2.1	3.1
Key management compensation				
- Short-term employee benefits	20.5	18.7	16.9	14.6

28 OPERATING SEGMENTS

a) Analysis by business segments

The Group is organised into four main reportable segments, namely:

- Singapore Transmission & Distribution ("T&D") segment - Includes transmission and distribution of electricity and transportation of gas. This reportable segment has been formed by aggregating the electricity transmission & distribution segment and transportation of gas segment, which are regarded by management to exhibit similar economic characteristics. In making this judgement, management considers the services offered by these segments such as use of system charges and transportation of gas as being in the areas of common.

- Australia segment - Includes mainly the transmission and distribution of electricity and gas and asset management business.

- Market support business segment - Includes sales of electricity, market support services to the electricity market and provision of support services for mainly the local utility suppliers and waste collection service providers.

28 OPERATING SEGMENTS (CONT'D)

- Others – Includes investment holding services, management consultancy services, leasing of ducts and substations, district cooling services, engineering and commission services in the field of power quality monitoring system, protection systems, power systems and substation control system.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Information about reportable segments

	Singapore T&D segment $ million	Australia segment $ million	Market Support Business segment $ million	Others $ million	Inter-segment elimination $ million	Total $ million
2017						
External revenue	1,034.5	–	2,629.3	58.2	–	3,722.0
Inter-segment revenue	656.0	–	36.5	0.5	(693.0)	–
	1,690.5	–	2,665.8	58.7	(693.0)	3,722.0
Segment result	1,385.8	–	104.8	471.1	(428.3)	1,533.4
Depreciation	(516.5)	–	(8.3)	(23.7)	–	(548.5)
Amortisation	(15.9)	–	(15.7)	(2.8)	–	(34.4)
Finance income	4.2	–	11.1	107.6	(57.3)	65.6
Finance costs	(145.6)	–	(2.6)	(11.3)	57.3	(102.2)
Share of profit of associates	–	216.4	–	–	–	216.4
Share of profit of joint venture	–	–	–	1.7	–	1.7
Profit/(Loss) before taxation	712.0	216.4	89.3	542.6	(428.3)	1,132.0
Tax expense	(124.6)	(19.0)	(15.6)	(24.0)	–	(183.2)
Profit/(Loss) for the year	587.4	197.4	73.7	518.6	(428.3)	948.8

28 OPERATING SEGMENTS (CONT'D)

	Singapore T&D segment $ million	Australia segment $ million	Market Support Business segment $ million	Others $ million	Inter-segment elimination $ million	Total $ million
2017						
Segment assets and liabilities						
Other assets	11,924.4	–	1,188.2	4,802.8	(3,104.0)	14,811.4
Associates and joint venture	–	2,986.7	–	8.0	–	2,994.7
Segment assets	11,924.4	2,986.7	1,188.2	4,810.8	(3,104.0)	17,806.1
Segment liabilities	9,196.9	26.5	895.1	989.7	(3,094.9)	8,013.3
Capital expenditure	1,212.1	–	76.2	97.0	–	1,385.3

	Singapore T&D segment $ million	Australia segment $ million	Market Support Business segment $ million	Others $ million	Inter-segment elimination $ million	Total $ million
2016						
External revenue	1,004.7	–	2,895.7	63.1	–	3,963.5
Inter-segment revenue	667.4	–	39.0	0.3	(706.7)	–
	1,672.1	–	2,934.7	63.4	(706.7)	3,963.5
Segment result	1,350.5	–	103.6	465.1	(425.0)	1,494.2
Depreciation	(491.5)	–	(7.6)	(23.3)	–	(522.4)
Amortisation	(11.6)	–	(14.8)	(2.2)	–	(28.6)
Finance income	3.5	–	8.9	76.7	(44.4)	44.7
Finance costs	(176.9)	–	(0.3)	(9.6)	44.4	(142.4)
Share of profit of associates	–	244.5	–	–	–	244.5
Share of profit of joint venture	–	–	–	1.9	–	1.9
Profit/(Loss) before taxation	674.0	244.5	89.8	508.6	(425.0)	1,091.9
Tax	(121.0)	(7.5)	(16.0)	(23.9)	–	(168.4)
Profit/(Loss) for the year	553.0	237.0	73.8	484.7	(425.0)	923.5

28 OPERATING SEGMENTS (CONT'D)

	Singapore T&D segment $ million	Australia segment $ million	Market Support Business segment $ million	Others $ million	Inter-segment elimination $ million	Total $ million
2016						
Segment assets and liabilities						
Other assets	11,445.3	–	1,023.8	4,312.0	(2,838.2)	13,942.9
Associates and joint venture	–	2,765.0	–	7.9	–	2,772.9
Segment assets	11,445.3	2,765.0	1,023.8	4,319.9	(2,838.2)	16,715.8
Segment liabilities	8,923.6	–	755.5	779.1	(2,830.0)	7,628.2
Capital expenditure	1,179.8	–	36.3	37.7	–	1,253.8

(b) Analysis by types of services

Revenue is based on services rendered regardless of geographical areas of the operations or assets.

	2017 $ million	2016 $ million
Sales of electricity	2,414.9	2,748.9
Use of system charges	842.6	820.4
Transportation of gas	191.9	184.4
Agency fees	89.8	84.2
Market Support Services Licence fee	124.6	62.5
Others	58.2	63.1
	3,722.0	3,963.5

(c) Analysis by geographic areas

Revenue is based on location of the operations. Non-current assets, excluding derivative financial instruments, convertible instrument and deferred tax assets, available-for-sale assets are based on location of those assets.

	Revenue		Non-current assets	
	2017 $ million	2016 $ million	2017 $ million	2016 $ million
Singapore	3,722.0	3,963.5	11,946.2	11,159.5
Australia	–	–	2,986.7	2,765.0
China	–	–	4.0	1.9
	3,722.0	3,963.5	14,936.9	13,926.4

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more of the Group's revenue for the financial year ended 31 March 2016 and 31 March 2017.

29 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to foreign currency, interest rate, market price, credit and liquidity risks which arise in the normal course of business. The Group manages its exposure to these risks in accordance with its risk management policies. The Executive Committee and Board Risk Management Committee review and approve risk management policies. The Board Risk Management Committee assists the Board of Directors in managing the risks of the Group.

The Group utilises a variety of financial instruments to manage its exposure to interest rate and foreign exchange risks, including:

- spot and forward foreign exchange contracts;
- interest rate swaps; and
- cross-currency interest rate swaps.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The material financial risks associated with the Group's activities are each described below, together with details of the Group's policies for managing the risks.

Foreign currency risk

The Group is exposed to foreign currency risks from borrowing activities, purchase, supply and installation contracts, cash and cash equivalents and trade creditors which are denominated in currencies other than Singapore dollars (or the functional currency in the case of foreign subsidiaries).

The objective of the Group's risk management policies is to mitigate foreign exchange risk by utilising various hedging instruments. The Group therefore considers avoidable currency risk exposure to be minimal for the Group.

The Group enters into cross-currency interest rate swaps to manage exposures arising from foreign currency borrowings including the US dollar, Hong Kong dollar and Japanese Yen. Under cross-currency interest rate swaps, the Group agrees to exchange specified foreign currency principal and interest amounts at an agreed future date at a pre-determined exchange rate. Such contracts enable the Group to mitigate the risk of adverse movements in foreign exchange rates. Except where a foreign currency borrowing is taken with the intention of providing a natural hedge by matching the underlying cash flows, all foreign currency borrowings are swapped back to Singapore dollars or the functional currency of the subsidiary concerned. For foreign exchange swaps that do not meet the requirements of hedge accounting, changes in fair value are recorded in profit or loss.

The Group uses forward foreign exchange contracts to substantially hedge foreign currency risk attributable to purchase transactions. The maturities of the forward foreign exchange contracts are intended to match the forecasted progress payments of the supply and installation contracts. Whenever necessary, the forward foreign exchange contracts are either rolled over at maturity or translated into foreign currency deposits, whichever is more cost efficient.

The Group's investments in its overseas subsidiaries, which are denominated in foreign currencies, are managed on a case-by-case basis.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

As at 31 March 2017, the Group has outstanding forward foreign exchange contracts and foreign exchange swaps with notional amounts of approximately $780.9 million (2016: $146.7 million). The net fair value of forward foreign exchange contracts and foreign exchange swaps for the Group as at 31 March 2017 was $14.2 million net liabilities (2016: $0.8 million net assets) comprising assets of $2.0 million (2016: $2.4 million) and liabilities of $16.2 million (2016: $1.6 million). These amounts were recognised as derivative assets and liabilities respectively.

Sensitivity analysis for foreign currency risk

As at 31 March 2017 and 2016, if the SGD had moved against each of the currencies as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as below:

	Group		Company	
	Profit before tax $ million	Equity (hedging reserve) $ million	Profit before tax $ million	Equity (hedging reserve) $ million
Judgements of reasonably possible movements – (decrease)/increase:				
2017				
US Dollar				
Increase of the SGD by 6 per cent against US Dollar	–	(3.4)	–	(0.4)
Decrease of the SGD by 6 per cent against US Dollar	–	3.4	–	0.4
Euro				
Increase of the SGD by 12 per cent against Euro	–	(1.0)	–	–
Decrease of the SGD by 12 per cent against Euro	–	1.0	–	–
Japanese Yen				
Increase of the SGD by 19 per cent against Japanese Yen	–	(11.4)	–	–
Decrease of the SGD by 19 per cent against Japanese Yen	–	11.4	–	–
Australian Dollar				
Increase of the SGD by 10 per cent against Australian Dollar	(17.9)	–	–	–
Decrease of the SGD by 10 per cent against Australian Dollar	17.9	–	–	–
Chinese Yuan Renminbi				
Increase of the SGD by 8 per cent against Chinese Yuan Renminbi	–	(0.1)	–	–
Decrease of the SGD by 8 per cent against Chinese Yuan Renminbi	–	0.1	–	–

29 FINANCIAL RISK MANAGEMENT (CONT'D)

	Group		Company	
	Profit before tax $ million	Equity (hedging reserve) $ million	Profit before tax $ million	Equity (hedging reserve) $ million
Judgements of reasonably possible movements – (decrease)/increase:				
2016				
US Dollar				
Increase of the SGD by 9 per cent against US Dollar	–	(1.5)	–	–
Decrease of the SGD by 9 per cent against US Dollar	–	1.5	–	–
Euro				
Increase of the SGD by 12 per cent against Euro	–	(1.3)	–	–
Decrease of the SGD by 12 per cent against Euro	–	1.3	–	–
Japanese Yen				
Increase of the SGD by 18 per cent against Japanese Yen	–	(6.5)	–	–
Decrease of the SGD by 18 per cent against Japanese Yen	–	6.5	–	–
Australian Dollar				
Increase of the SGD by 12 per cent against Australian Dollar	(11.3)	(0.1)	–	–
Decrease of the SGD by 12 per cent against Australian Dollar	11.3	0.1	–	–
Chinese Yuan Renminbi				
Increase of the SGD by 12 per cent against Chinese Yuan Renminbi	–	(1.0)	–	–
Decrease of the SGD by 12 per cent against Chinese Yuan Renminbi	–	1.0	–	–

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile (for Singapore operations) of the best and worst expected outcomes having regard to actual historical exchange rate data over the previous five years. Management considers that past movements are a reasonable basis for estimating possible movements in foreign currency exchange rates.

Interest rate risk

The Group manages its interest rate exposure by maintaining a significant portion of its debt at fixed interest rates. This is done by the (i) issuance of fixed rate debt; (ii) use of interest rate swaps to convert floating rate debt to fixed rate debt; or (iii) use of cross-currency interest rate swaps to convert fixed or variable rate non-functional currency denominated debt to fixed rate functional currency denominated debt.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

The use of derivative financial instruments relates directly to the underlying existing and anticipated indebtedness.

As at 31 March 2017, the Group has interest rate and cross-currency interest rate swaps with a notional amount of $8,403.5 million (2016: $8,403.5 million). The Group classifies these swaps as cash flow and fair value hedges except for swaps of notional amount of $2,138.4 million (2016: $2,063.4 million) that do not meet the requirements of hedge accounting in which case, changes in fair value are recorded in the profit or loss. The net fair value of swaps of the Group as at 31 March 2017 was $14.8 million (2016: $13.3 million) comprising assets of $106.8 million (2016: $115.2 million) and liabilities of $92.0 million (2016: $101.9 million). These amounts are recognised as derivative assets and liabilities respectively. The Group's excess funds are principally invested in bank deposits of varying maturities to match its cash flow needs.

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit before tax and equity would have been affected as follows:

	Group		Company	
	Profit before tax $ million	Equity (hedging reserve) $ million	Profit before tax $ million	Equity (hedging reserve) $ million
Judgements of reasonably possible movements –(decrease)/increase				
2017				
Increase with all other variables held constant	10.3	30.8	0.3	–
Decrease with all other variables held constant	(10.3)	(32.5)	(0.3)	–
2016				
Increase with all other variables held constant	21.6	44.3	3.1	–
Decrease with all other variables held constant	(18.3)	(43.3)	(3.1)	–

The judgements of reasonably possible movements were determined using statistical analysis of the 90th percentile (for Singapore operations) best and worst expected outcomes having regard to actual historical interest rate data over the previous five years based on the six-month Singapore swap offer rate (for Singapore operations), three month Hong Kong interbank offer rate, three month USD London interbank offer rate ("LIBOR") and six month JPY LIBOR. Management considers that past movements are a reasonable basis for estimating possible movements in interest rates. As at 31 March 2017, the movements in interest rates used in the table above are as follows:

- Singapore interest rates – 79 basis points (2016: 78 basis points)
- United States interest rates – 38 basis points (2016: 27 basis points)
- Japan interest rates – 7 basis points (2016: 5 basis points)
- Hong Kong interest rates – 21 basis points (2016: 13 basis points)

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to price risk arising from its investment in fixed income securities. These securities are mainly listed in Singapore and are classified as available-for-sale financial assets.

For such investments classified as available-for-sale, a 5 per cent increase in market price would have increased the Group's and the Company's equity by $8.5 million after tax (2016: $8.0 million); an equal change in the opposite direction would have decreased the Group's and the Company's equity by $8.5 million after tax (2016: $8.0 million).

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. This arises principally from the Group's financial assets, comprising cash and cash equivalents, trade and other receivables and other financial instruments.

Surplus funds are invested in interest bearing deposits with financial institutions with good credit ratings assigned by international credit rating agencies. Counterparty risks are managed by limiting exposure to any individual counterparty. The Group's portfolio of financial instruments is entered into with a number of creditworthy counterparties, thereby mitigating concentration of credit risk. The Group held cash and cash equivalents of $1,677.1 million (2016: $1,630.2 million) which represents its maximum exposure on these assets.

Counterparty risks on derivatives are generally restricted to any gain or loss when marked to market, and not on the notional amount transacted. As a prudent measure, the Group enters into derivatives only with financial institutions with good credit ratings assigned by international credit rating agencies. Therefore, the possibility of a material loss arising from the non-performance by a counterparty is considered remote.

There is no significant concentration of credit risk of trade receivables. The credit quality of trade and other receivables that are not past due or impaired at the reporting date is of acceptable risk. In addition to customers' deposits, the Group holds guarantees from creditworthy financial institutions to secure the obligations of certain customers.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group adopts prudent liquidity risk management by maintaining sufficient cash and liquid financial assets, and ensures the availability of funding through an adequate level of bank credit lines and the establishment of medium term note programmes.

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group	Carrying amount $ million	Total contractual cash inflows/ (outflows) $ million	Within 1 year $ million	1-2 years $ million	2-5 years $ million	More than 5 years $ million
2017						
Non-derivative financial liabilities						
Trade and other payables*	(1,187.0)	(1,187.0)	(1,187.0)	–	–	–
Debt obligations						
- current	(139.7)	(140.8)	(140.8)	–	–	–
- non-current	(4,147.5)	(4,933.0)	(137.8)	(660.5)	(1,365.9)	(2,768.8)
Derivatives						
Derivative assets						
Interest rate swaps/ cross-currency interest rate swaps	106.8	124.4	9.4	17.7	24.2	73.1
Forward exchange contracts						
- Inflow		172.0	124.1	41.9	6.0	–
- Outflow		(170.0)	(122.6)	(41.3)	(6.1)	–
	2.0	2.0	1.5	0.6	(0.1)	–
Derivative liabilities						
Interest rate swaps/ cross-currency interest rate swaps	(92.0)	(150.3)	11.6	(2.9)	(28.5)	(130.5)
Forward exchange contracts						
- Inflow		607.7	577.2	24.7	5.8	–
- Outflow		(624.2)	(592.7)	(25.5)	(6.0)	–
	(16.2)	(16.5)	(15.5)	(0.8)	(0.2)	–
Total	(5,473.6)	(6,301.2)	(1,458.6)	(645.9)	(1,370.5)	(2,826.2)

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Group	Carrying amount $ million	Total contractual cash inflows/ (outflows) $ million	Within 1 year $ million	1-2 years $ million	2-5 years $ million	More than 5 years $ million
2016						
Non-derivative financial liabilities						
Trade and other payables*	(1,124.5)	(1,124.5)	(1,124.5)	–	–	–
Debt obligations						
- current	(82.1)	(82.1)	(82.1)	–	–	–
- non-current	(4,119.1)	(4,992.1)	(138.0)	(272.7)	(1,780.9)	(2,800.5)
Derivatives						
Derivative assets						
Interest rate swaps/ cross-currency interest rate swaps	115.2	133.8	12.8	15.7	38.0	67.3
Forward exchange contracts						
- Inflow		80.9	41.6	39.1	0.2	–
- Outflow		(78.5)	(41.0)	(37.3)	(0.2)	–
	2.4	2.4	0.6	1.8	–	–
Derivative liabilities						
Interest rate swaps/ cross-currency interest rate swaps	(101.9)	(176.2)	7.1	2.6	(28.9)	(157.0)
Forward exchange contracts						
- Inflow		65.9	0.3	33.6	32.0	–
- Outflow		(67.6)	(0.4)	(34.5)	(32.7)	–
	(1.6)	(1.7)	(0.1)	(0.9)	(0.7)	–
Total	(5,311.6)	(6,240.4)	(1,324.2)	(253.5)	(1,772.5)	(2,890.2)

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Company	Carrying amount $ million	Total contractual cash inflows/ (outflows) $ million	Within 1 year $ million	1-2 years $ million	2-5 years $ million	More than 5 years $ million
2017						
Non-derivative financial liabilities						
Trade and other payables*	(3,864.8)	(3,864.8)	(3,864.8)	–	–	–
Derivatives						
Derivative assets						
Interest rate swaps/ cross-currency interest rate swaps	0.1	0.1	–	–	0.1	–
Forward exchange contracts						
- Inflow		68.7	61.9	1.7	5.1	–
- Outflow		(68.4)	(61.8)	(1.6)	(5.0)	–
	0.3	0.3	0.1	0.1	0.1	–
Derivative liabilities						
Interest rate swaps/ cross-currency interest rate swaps	(8.1)	(8.4)	(0.5)	(0.5)	(7.4)	–
Forward exchange contracts						
- Inflow		311.5	311.5	–	–	–
- Outflow		(318.2)	(318.2)	–	–	–
	(6.7)	(6.7)	(6.7)	–	–	–
Total	(3,879.2)	(3,879.5)	(3,871.9)	(0.4)	(7.2)	–

29 FINANCIAL RISK MANAGEMENT (CONT'D)

Company	Carrying amount $ million	Total contractual cash inflows/ (outflows) $ million	Within 1 year $ million	1-2 years $ million	2-5 years $ million	More than 5 years $ million
2016						
Non-derivative financial liabilities						
Trade and other payables*	(3,670.1)	(3,670.1)	(3,670.1)	–	–	–
Derivatives						
Derivative assets						
Interest rate swaps/ cross-currency interest rate swaps	0.3	0.5	0.1	0.1	0.3	–
Forward exchange contracts						
- Inflow		41.5	41.5	–	–	–
- Outflow		(40.8)	(40.8)	–	–	–
	0.7	0.7	0.7	–	–	–
Derivative liabilities						
Interest rate swaps/ cross-currency interest rate swaps	(6.6)	(6.7)	(0.4)	(0.4)	(5.9)	–
Forward exchange contracts						
- Inflow		0.3	0.3	–	–	–
- Outflow		(0.3)	(0.3)	–	–	–
	–	–	–	–	–	–
Total	(3,675.7)	(3,675.6)	(3,669.7)	(0.3)	(5.6)	–

* *Excluding advance receipts, liability for employee entitlements, provisions and deferred income (current).*

For swap hedging instruments that are cash flow hedges, the tables above indicate the periods that they are expected to impact profit or loss.

Capital management

The Group is committed to an optimal capital structure while maintaining financial flexibility and investment grade credit ratings. In order to achieve an optimal capital structure, the Group may adjust the dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or reduce its borrowings.

The Group monitors capital based on gross and net gearing ratios and capital includes debt and equity items as disclosed in the table below.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

	2017 $ million	2016 $ million
Gross borrowings	4,287.2	4,201.2
Less: Cash and cash equivalents, excluding restricted cash	(1,676.5)	(1,630.2)
Net borrowings	2,610.7	2,571.0
Shareholder's funds	9,792.8	9,087.6
Total equity	9,792.8	9,087.6
Total borrowings and equity	14,080.0	13,288.8
Net borrowings and equity	12,403.5	11,658.6

There were no changes in the Group's approach to capital management during the financial year.

Neither the Company nor its subsidiaries are subject to any externally imposed capital requirement.

30 FAIR VALUES

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Bank loans, debt obligations and derivative instruments

Fair values are measured using market observable data as at reporting date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparty when appropriate.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance lease, the market rate of interest is determined by reference to similar lease agreements.

30 FAIR VALUES (CONT'D)

Financial guarantee contracts

The fair value of financial guarantees provided by the Company to its subsidiaries is determined by reference to the difference in the interest rates, by comparing the actual rate charged by the bank with this guarantee made available, with the estimated rate that the bank would have charged had this guarantee not been available.

The fair value of a financial guarantee provided by the Company to a supplier for the benefit of a related corporation is determined based on the difference in cash flows between the committed purchases from the supplier and committed sales to end-users at the inception of the financial guarantee. The fair value of the back-to-back guarantee issued to the Company by the holding company is recognised as a financial asset of the same fair value as the financial guarantee issued for the benefit of the related corporation.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are, because of the short period to maturity, assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

Fair values versus carrying amounts

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

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

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

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

The Group's assets and liabilities that are carried at fair value mainly relate to available-for-sale financial assets and derivative instruments which are measured using market observable data and as such are deemed as level one and level two respectively within the fair value hierarchy disclosure required under FRS 113 *Fair Value Measurement*, except for available-for-sale equity investment of $5.5 million (2016: nil) which are valued in accordance with International Private Equity and Venture Capital guidelines (level three). The fair value and net fair value of remaining financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. Appropriate transaction costs are included in the determination of net fair value.

The carrying amounts of the financial instruments carried at cost or amortised cost are deemed as level one and level two. The financial instruments carried at cost or amortised cost approximates their fair values except as follows:

30 FAIR VALUES (CONT'D)

Group	2017 Carrying amount $ million	2017 Fair value $ million	2016 Carrying amount $ million	2016 Fair value $ million
Financial liabilities				
Fixed rate debt obligations	(3,985.3)	(4,083.2)	(4,066.5)	(4,168.7)
Unrecognised loss		(97.9)		(102.2)

The table below sets out the comparison by category of carrying amounts of all the Group's financial instruments, shown in the balance sheets:

Group	Loans and receivables $ million	Fair value through profit or loss $ million	Derivative used for hedging $ million	Available for-sale $ million	Other financial liabilities $ million
2017					
Assets					
Available-for-sale financial assets	–	–	–	195.4	–
Finance lease receivables	12.9	–	–	–	–
Derivative assets	–	22.3	86.5	–	–
Convertible instrument	341.1	–	–	–	–
Trade and other receivables #	403.3	–	–	–	–
Cash and cash equivalents	1,677.1	–	–	–	–
	2,434.4	22.3	86.5	195.4	–
Liabilities					
Trade and other payables*	–	–	–	–	1,187.0
Derivative liabilities	–	3.4	104.8	–	–
Debt obligations	–	–	–	–	4,287.2
	–	3.4	104.8	–	5,474.2
2016					
Assets					
Available-for-sale financial assets	–	–	–	200.3	–
Other non-current assets^	0.5	–	–	–	–
Finance lease receivables	15.3	–	–	–	–
Derivative assets	–	22.7	94.9	–	–
Convertible instrument	330.4	–	–	–	–
Trade and other receivables #	400.9	–	–	–	–
Cash and cash equivalents	1,630.2	–	–	–	–
	2,377.3	22.7	94.9	200.3	–
Liabilities					
Trade and other payables*	–	–	–	–	1,124.5
Derivative liabilities	–	3.0	100.5	–	–
Debt obligations	–	–	–	–	4,201.2
	–	3.0	100.5	–	5,325.7

30 FAIR VALUES (CONT'D)

Company	Loans and receivables $ million	Fair value through profit or loss $ million	Derivative used for hedging $ million	Available for-sale $ million	Other financial liabilities $ million
2017					
Assets					
Available-for-sale financial assets	–	–	–	189.9	–
Other non-current assets^	78.6	–	–	–	–
Derivative assets	–	–	0.4	–	–
Trade and other receivables #	3,949.8	–	–	–	–
Cash and cash equivalents	878.0	–	–	–	–
	4,906.4	–	0.4	189.9	–
Liabilities					
Trade and other payables*	–	–	–	–	3,864.8
Derivative liabilities	–	–	14.8	–	–
	–	–	14.8	–	3,864.8
2016					
Assets					
Available-for-sale financial assets	–	–	–	200.3	–
Other non-current assets^	80.3	–	–	–	–
Derivative assets	–	–	1.0	–	–
Trade and other receivables #	3,861.7	–	–	–	–
Cash and cash equivalents	641.7	–	–	–	–
	4,583.7	–	1.0	200.3	–
Liabilities					
Trade and other payables*	–	–	–	–	3,670.1
Derivative liabilities	–	–	6.6	–	–
	–	–	6.6	–	3,670.1

* *Excluding advance receipts, liability for employee entitlements and provisions and deferred income (current).*

\# *Excluding prepayments and finance lease receivables (current).*

^ *Excluding accrued recoverable*

31 COMMITMENTS

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$million
Contracted but not provided for:				
- property, plant and equipment and intangible assets	1,705.5	2,518.7	2.0	3.6
- others	4.1	–	–	–

Lease receivables

At the reporting date, the Group and Company have commitments for future minimum lease receivables under non-cancellable operating and finance leases as follows:

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$million
Within one year	14.0	29.1	0.9	3.7
After one year but within five years	26.1	27.2	0.1	10.3
After five years	27.2	19.9	–	0.4
	67.3	76.2	1.0	14.4

Lease payments

At the reporting date, the Group and Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2017	2016	2017	2016
	$ million	$ million	$ million	$million
Within one year	3.1	10.8	–	7.1
After one year but within five years	9.7	34.1	–	27.4
After five years	22.5	3.6	–	1.2
	35.3	48.5	–	35.7

32 CONTINGENT LIABILITIES

Provisions have been recorded in SGSPAA's financial statements for all known environmental liabilities that can be reliably estimated. For environmental matters where there are significant uncertainties with respect to SGSPAA's obligations or the remediation techniques that might be approved, no reliable estimate can presently be made of regulatory and remediation costs.

33 DIVIDENDS

	Group and Company	
	2017	2016
	$ million	$million
Declared and paid during the financial year		
Dividends on ordinary shares		
- Final exempt (one-tier) dividend for year ended 31 March 2016: 12.7 cents (year ended 31 March 2015: 10.9 cents) per share	370.0	316.0