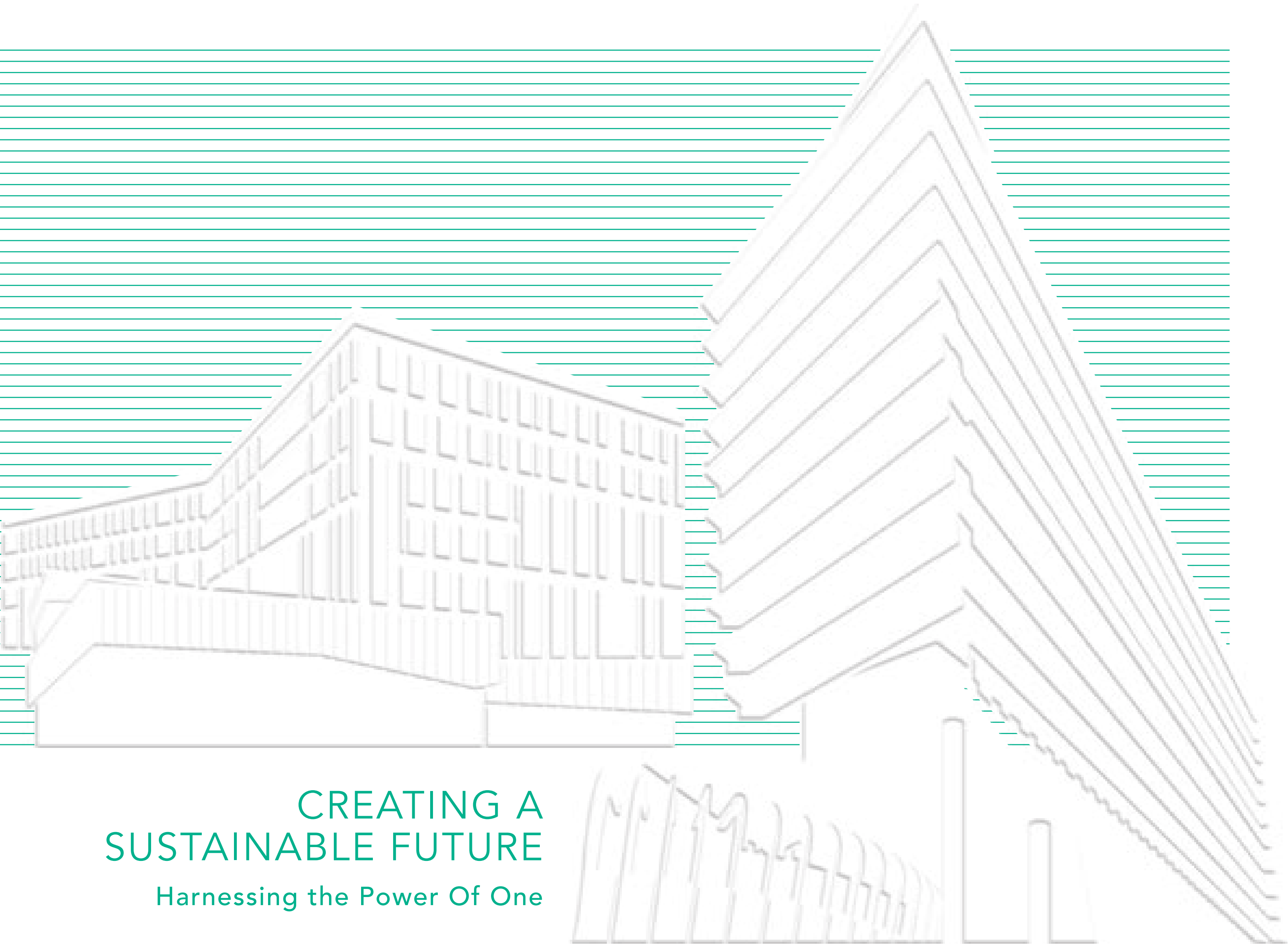

CREATING A SUSTAINABLE FUTURE

Harnessing the Power Of One

ANNUAL REPORT **2015/2016**

DIRECTORS' STATEMENT AND FINANCIAL STATEMENTS

Left : Galaxis at Fusionopolis, one-north, Singapore
Above : Ascent, Singapore Science Park

CONTENTS

FINANCIAL REPORT

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

The directors are pleased to present their statement to the shareholder together with the audited consolidated financial statements of Ascendas-Singbridge Pte Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 March 2016.

OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date, and

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

DIRECTORS

The directors of the Company in office at the date of this report, who were all appointed on 10 June 2015 except for Mr Danny Teoh who was appointed on 9 July 2015, are as follows:

Wong Kan Seng (Chairman)
Beh Swan Gin
Cheo Hock Kuan
Chua Thian Poh
Danny Teoh
Dilhan Pillay Sandrasegara
Lee Eng Beng
Miguel Ko
Ong Yew Huat
Png Cheong Boon
S Chandra Das
Tan Kong Yam

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose 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.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, particulars of interests of directors who held office at the end of the financial year (including those held by spouses and infant children) in shares or debentures of the Company, or of its related corporations, are as follows:

Name of director and corporations in which interests are held	Description of interests	Holdings registered in the name of the director, spouse or infant children	
		At date of appointment	At 31 March 2016
Wong Kan Seng			
Neptune Orient Lines Limited	Ordinary Shares	18,000	–
	$300 million 4.4% fixed rate notes due 22/06/2021	$500,000	$500,000
Olam International Limited	Straight Bond at 4.25% due 22/07/2019	$250,000	$250,000
Singapore Technologies Telemedia Pte Ltd	Straight Bond at 4.05% due 02/12/2025	–	$250,000
Singapore Telecommunications Limited	Ordinary Shares	25,300	25,300
StarHub Ltd	Ordinary Shares	25,000	35,000
Chandra Das S/O Rajagopal Sitaram			
Neptune Orient Lines Limited	Ordinary Shares	200,000	200,000
Olam International Limited	Ordinary Shares	135,000	235,000
Singapore Telecommunications Limited	Ordinary Shares	190	190
Cheo Hock Kuan			
Olam International Limited	$400 million 4.25% fixed rate notes due 22/07/2019	$250,000	$250,000
Singapore Telecommunications Limited	Ordinary Shares	3,350	3,350
Chua Thian Poh			
Neptune Orient Lines Limited	Ordinary Shares	1,600,000	–
Singapore Telecommunications Limited	Ordinary Shares	380	380
SMRT Corporation Ltd	Ordinary Shares	400,000	400,000

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONTINUED)

		Holdings registered in the name of the director, spouse or infant children	
Name of director and corporations in which interests are held	**Description of interests**	**At date of appointment**	**At 31 March 2016**
Danny Teoh			
Singapore Airlines Limited	Ordinary Shares	2,800	2,800
Singapore Telecommunications Limited	Ordinary Shares	50,190	50,190
StarHub Ltd	Ordinary Shares	10,000	10,000
Dilhan Pillay Sandrasegara			
Olam International Limited	Warrants	243,321	246,754
Singapore Telecommunications Limited	Ordinary Shares	395,220	395,220
Lee Eng Beng			
Mapletree Treasury Services Limited	Perpetual Bonds at 5.125%	$250,000	$250,000
	Straight Bonds at 3.88% due 04/10/2018	$250,000	$250,000
Miguel Ko			
Neptune Orient Lines Limited	Ordinary Shares	21,000	–
	$300 million 4.4% fixed rate notes due 22/06/2021	$250,000	$250,000
Singapore Airlines Limited	$200 million 3.145% fixed rate notes due 08/04/2021	$250,000	$250,000
Singapore Telecommunications Limited	Ordinary Shares	34,000	34,000
StarHub Ltd	Ordinary Shares	–	33,300
Ong Yew Huat			
Singapore Telecommunications Limited	Ordinary Shares	50,000	50,000

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

SHARE OPTIONS

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

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

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

INDEPENDENT AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

WONG KAN SENG
Chairman

MIGUEL KO
Director

25 May 2016

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF ASCENDAS-SINGBRIDGE PTE LTD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ascendas-Singbridge Pte Ltd (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITOR'S REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

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

25 May 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	The Group 2016 $'000
Revenue	4	554,991
Other gains/losses - net	5	363,845
Expenses		
Cost of development properties sold		(3,793)
Depreciation of property, plant and equipment	12	(28,085)
Maintenance and conservancy expenses		(40,796)
Employee compensation	6	(167,969)
Property taxes		(18,932)
Other operating expenses	7	(138,515)
Finance expense	8	(162,005)
Total expenses		(560,095)
Share of profits of associated and joint venture companies		151,638
Profit before tax		510,379
Income taxes	9(a)	(102,225)
Profit for the year		408,154
Other comprehensive income :		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets – fair value gains	26(b)	37
Cash flow hedges – fair value losses		(5,218)
Cash flow hedges – reclassification to profit or loss upon settlement	26(c)	1,732
Currency translation differences arising from consolidation		(35,533)
Currency translation reserve on disposal of subsidiary companies charged to other gains/losses – net		872
Currency translation reserve on disposal of associated and joint venture companies charged to other gains/losses – net		(68)
Other reserves on disposal of subsidiary companies charged to other gains/losses – net		76
Share of other comprehensive income of associated and joint venture companies		(33,872)
Other comprehensive income for the year, net of tax		(71,974)
Total comprehensive income for the year		336,180
Profit attributable to:		
Equity holder of the Company		289,720
Non-controlling interests		118,434
		408,154
Total comprehensive income attributable to:		
Equity holder of the Company		218,470
Non-controlling interests		117,710
		336,180

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 MARCH 2016

	Note	The Group 2016 $'000	The Company 2016 $'000
ASSETS			
Non-current assets			
Deferred tax assets	9(c)	12,978	–
Intangible assets	10	258,306	–
Investment properties	11	4,949,391	–
Property, plant and equipment	12	711,345	163
Investments in subsidiary companies	13	–	4,675,950
Investments in associated and joint venture companies	14	2,757,986	–
Trade and other receivables	15	1,376	11,000
Other non-current assets		1,259	–
Deposits		5,199	–
Cash and bank balances	17	6,744	–
Derivative financial instruments	20	5,169	–
Available-for-sale financial assets	18	50,687	–
		8,760,440	4,687,113
Current assets			
Assets of disposal group held for sale	31	371,064	–
Properties under development	19	290,669	–
Derivative financial instruments	20	617	–
Consumables		379	–
Prepayments		13,719	3
Trade and other receivables	15	212,751	130,042
Deposits		14,336	–
Cash and bank balances	17	652,005	7,560
		1,555,540	137,605
TOTAL ASSETS		10,315,980	4,824,718

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2016

	Note	The Group 2016 $'000	The Company 2016 $'000
LIABILITIES			
Current liabilities			
Liabilities directly associated with disposal group held for sale	31	205,015	–
Trade and other payables	21	555,076	99,760
Current income tax liabilities	9(b)	75,995	–
Borrowings	24	822,163	–
Derivative financial instruments	20	3,100	–
		1,661,349	99,760
Non-current liabilities			
Other payables	22	164,772	121,286
Loan from non-controlling interest	23	4,800	–
Borrowings	24	5,865,741	3,471,195
Deferred income - others		772	–
Derivative financial instruments	20	6,750	–
Deferred tax liabilities	9(c)	259,634	–
		6,302,469	3,592,481
TOTAL LIABILITIES		7,963,818	3,692,241
NET ASSETS		2,352,162	1,132,477
EQUITY			
Capital and reserves attributable to the equity holder of the Company			
Share capital	25	1,094,601	1,094,601
Fair value and other reserves	26	(68,485)	–
Revenue reserve	27	287,044	37,876
Reserve of disposal group held for sale	31	(3,290)	–
		1,309,870	1,132,477
Non-controlling interests		1,042,292	–
TOTAL EQUITY		2,352,162	1,132,477

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Share capital $'000	Fair value and other reserves $'000	Revenue reserve $'000	Reserve of disposal group held for sale $'000	Perpetual capital securities $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holder of the Company →						
2016								
Beginning of financial year		#	–	(11)	–	–	–	(11)
Profit for the year		–	–	289,720	–	–	118,434	408,154
Other comprehensive income:								
Available-for-sale financial assets								
– fair value gains	26(b)	–	37	–	–	–	–	37
Cash flow hedges								
– fair value (losses)/gains	26(c)	–	(6,530)	–	–	–	1,312	(5,218)
– reclassification to profit or loss upon settlement	26(c)	–	1,732	–	–	–	–	1,732
Currency translation differences arising from consolidation		–	(33,497)	–	–	–	(2,036)	(35,533)
Currency translation reserve on disposal of subsidiary companies charged to other gains/losses – net		–	872	–	–	–	–	872
Currency translation reserve on disposal of associated and joint venture companies charged to other gains/losses – net		–	(68)	–	–	–	–	(68)
Other reserves on disposal of subsidiary companies charged to other gains/losses – net		–	76	–	–	–	–	76
Share of other comprehensive income of associated and joint venture companies		–	(33,872)	–	–	–	–	(33,872)
Other comprehensive income for the year, net of tax		–	(71,250)	–	–	–	(724)	(71,974)
Total comprehensive income for the year		**–**	**(71,250)**	**289,720**	**–**	**–**	**117,710**	**336,180**

Less than $1,000

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	Share capital $'000	Fair value and other reserves $'000	Revenue reserve $'000	Reserve of disposal group held for sale $'000	Perpetual capital securities $'000	Non-controlling interests $'000	Total equity $'000
		← Attributable to equity holder of the Company →						
Contributions by and distributions to owners:								
Issuance of shares	25	1,094,601	–	–	–	–	–	1,094,601
Capital contribution by non-controlling interests		–	–	–	–	–	69,176	69,176
Dividends paid to non-controlling interests		–	–	–	–	–	(50,527)	(50,527)
Total contributions by and distributions to owners		1,094,601	–	–	–	–	18,649	1,113,250
Changes in ownership interests in subsidiary companies:								
Acquisition of subsidiary companies	29	–	–	–	–	296,026	913,825	1,209,851
Disposal of interest in subsidiary companies		–	(524)	–	–	–	(7,893)	(8,417)
Total changes in ownership interests in subsidiary companies		–	(524)	–	–	296,026	905,932	1,201,434
Total transactions with owners in their capacity as owners		1,094,601	(524)	–	–	296,026	924,581	2,314,684
Others:								
Reserves attributable to disposal group held for sale		–	3,290	–	(3,290)	–	–	–
Distribution to perpetual capital securities holders	28	–	–	(2,665)	–	–	–	(2,665)
Repayment to perpetual capital securities holders	28	–	–	–	–	(296,026)	–	(296,026)
Total others		–	3,290	(2,665)	(3,290)	(296,026)	–	(298,691)
End of financial year		**1,094,601**	**(68,485)**	**287,044**	**(3,290)**	**–**	**1,042,292**	**2,352,162**

An analysis of the movements in each category within "Fair value and other reserves" is presented in Note 26.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 $'000
Operating activities		
Profit before tax		510,379
Adjustments for:		
Depreciation and amortisation		22,573
Net fair value change on investment properties	5	(238,559)
Dividend income	5	(743)
Interest income		(6,971)
Interest expense	8	162,005
(Gain)/loss on disposal of:		
– property, plant and equipment	5	872
– subsidiary companies	5	912
– associated companies	5	(1,535)
– available-for-sale financial assets	5	(3,370)
Gain on dilution of interest in associated companies	5	(2,422)
Management fee received in units		(19,864)
Impairment losses made on available-for-sale financial assets	5	10,000
Allowance for impairment of receivables made:		
– trade receivables from non-related parties	7	5,665
– other receivables from non-related parties	5	4
– amounts owing by associated and joint venture companies	5	2,713
Provision for foreseeable loss on associated company	5	55,134
Bad debts written off		148
Unrealised translation differences		(11,214)
Share of profits of associated and joint venture companies		(151,638)
Property, plant and equipment written off		233
Fair value loss on security deposits		174
Fair value loss on deferred payments		48
Fair value loss on derivative financial instruments	5	(271)
Negative goodwill arising from acquisition of interest in subsidiary companies	5	(186,732)
Loss on redemption of preference shares of subsidiary companies	5	709
Loss on redemption of perpetual capital securities	5	7,085
Fair value gain on remeasurement of contingent consideration	5	(8,516)
Total adjustments		(363,560)
Operating cash flows before changes in working capital		146,819

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 $'000
Changes in working capital:		
Consumables		111
Properties under development		(53,272)
Trade and other receivables		(130,883)
Prepayments		1,858
Deposits		(8,828)
Trade and other payables		87,666
Total changes in working capital		(103,348)
Cash flows from operations		43,471
Interest paid		(66,912)
Cash settlement of interest rate swaps		4,614
Interest received		6,971
Income tax paid	9(b)	(48,476)
Net cash flows used in operating activities		(60,332)
Investing activities		
Capital expenditure on investment properties		(1,485,008)
Capital expenditure on property, plant and equipment		(26,951)
Purchase of management contract		(61,206)
Proceeds from disposal of subsidiary companies	30	33,276
Proceeds from disposal of associated company		4,933
Proceeds from disposal of property, plant and equipment		143
Proceeds from disposal of available-for-sale financial assets		19,744
(Increase)/decrease in investment in		
– joint venture companies		17,172
– associated companies		(141,511)
Dividend received		
– available-for-sale financial assets	5	743
– associated companies		72,869
– joint venture companies		1,019
Loan to joint venture company		53,635
Cash balances in acquired subsidiaries	29	1,296,995
Increase in restricted cash		(635)
Net cash flows used in investing activities		(214,782)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 $'000
Financing activities		
Issuance of redeemable convertible preference shares		19,649
Distribution to perpetual capital securities holders		(2,665)
Repayment of borrowings		(109,137)
Repayment to perpetual capital securities holders		(303,111)
Increase in non-controlling interests		69,176
Increase in deferred income		1,533
Proceeds from borrowings		1,300,325
Fixed deposits pledged with financial institutions		(5,921)
Dividends paid to non-controlling interests		(50,527)
Net cash flows from financing activities		919,322
Net increase in cash and cash equivalents		644,208
Cash and cash equivalents at beginning of financial year		–
Cash and cash equivalents at end of financial year		644,208
Cash and cash equivalents is inclusive of :		
– Cash of disposal group held for sale	31	3,743

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

Ascendas-Singbridge Pte Ltd (the "Company"), formerly known as TJ Holdings (I) Pte Ltd, is a limited liability company domiciled and incorporated in Singapore. The immediate and ultimate holding companies are TJ Holdings (III) Pte Ltd. and Temasek Holdings (Private) Limited ("Temasek") respectively. All companies are incorporated in Singapore.

The registered office and principal place of business of the Company is located at 1 Fusionopolis Place, #10-10 Galaxis, Singapore 138522.

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are disclosed in Note 38 to the financial statements.

The Group prepares its first set of consolidated financial statements in this financial year arising from the acquisition of Ascendas Pte Ltd and Singbridge Pte Ltd on 10 June 2015. Please refer to Note 29 for more details.

No comparatives have been presented for the Company's balance sheet as the comparatives comprised only trade and other payables of $11,000 and corresponding revenue reserve balance of the same amount.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars and all values presented are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies set out below have been applied consistently for the current financial year, including all new and revised standards which are effective for annual financial period beginning on 1 April 2015.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 27: *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
– FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
– FRS 107 *Financial Instruments: Disclosures*	1 January 2016
– FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7: *Disclosure Initiative*	1 January 2017
Amendments to FRS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
Amendments to FRS 110 and FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined[a]

a The mandatory effective date of this Amendment will be revised from 1 January 2016 to a date to be determined by the Accounting Standards Council

Except for FRS 109 and FRS 115, the Group expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 and FRS 115 are described below.

<u>FRS 115 *Revenue from Contracts with Customers*</u>

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued but not yet effective (continued)

FRS 109 *Financial Instruments*

FRS 109 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 incurred loss model under FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) Premiums received in respect of long term leases are recognised as revenue:

– on an equal annual basis over the period of the lease in respect of land which are leased for periods substantially shorter than the remaining tenure of the land owned by the Group; or

– in the year when the leases are entered into in respect of land which are leased for periods substantially the same as the remaining tenure of the land owned by the Group.

(b) Revenue from consultancy and turnkey projects is recognised using the completed contract method.

(c) Rental income receivable from operating leases, less the Group's initial direct costs of entering into the leases, is recognised on a straight-line basis over the term of the lease, except for contingent rental income which is recognised when it arises.

Incentives for lessees to enter into lease agreements are spread evenly over the lease term, even if the payments are not made on such a basis. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the management are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the profit or loss when they arise.

(d) Management fees and agency fees from the provision of property management, fund management and other consultancy services are recognised when the services have been rendered.

(e) Revenue from the generation and supply of power is recognised on an accrual basis, upon rendering of services.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (continued)

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

(g) Interest income from finance leases is accrued on a time-proportion basis as provided for in the finance lease agreement. Interest income from bank deposits and other interest bearing receivables is accrued on a time-proportion basis using the effective interest method.

(h) Revenue on in-house renovation projects are recognised using the percentage of completion method. Profit is brought to the financial statements only in respect of sales procured and to the extent that such profit relates to the progress of construction work. The percentage of completion is measured with reference to the percentage of costs incurred to date of the estimated total costs for each contract.

(i) Sale of completed property:

A property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(j) Sale of property under development:

Where property is under development and agreement has been reached to sell such property when construction is complete, the management consider whether the contract comprises:

– a contract to construct a property; or

– a contract for the sale of a completed property

Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer. If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. Continuous transfer of work in progress is applied when:

– the buyer controls the work in progress, typically when the land on which the development is taking place is owned by the final customer; and

– all significant risks and rewards of ownership of the work in progress in its present state are transferred to the buyer as construction progresses, typically when buyer cannot put the incomplete property back to the Group.

In such situations, the percentage of work completed is measured based on the costs incurred up until the end of the reporting period as a proportion of total costs expected to be incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (continued)

(k) Carpark income is recognised on an accrual basis.

(l) Hotel income, which comprises hotel room revenue and food & beverages ("F&B") revenue, are recognised when the relevant rooms and F&B services have been provided to the customer.

2.5 Group accounting

(a) Basis of consolidation and business combinations

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(a) *Basis of consolidation and business combinations (continued)*

Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(b) Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the equity holder of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to equity holder of the Company.

Changes in the Company equity holders' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the equity holder of the Company.

(c) 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.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. 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.

i) Joint operation companies

The Group recognises in relation to its interest in a joint operation company:

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

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

ii) Joint venture companies

The Group recognises its interest in a joint venture company as an investment and accounts for the investment using the equity method. Please refer to Note 2.5(d) for the Group's accounting policy on investment in joint venture companies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(d) Associated and joint venture companies

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group accounts for its investments in associated and joint venture companies using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill (Note 2.10) and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investments in associated or joint venture companies are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Group accounting (continued)

(d) Associated and joint venture companies (continued)

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Please refer to Note 2.14 for the Company's accounting policy on investments in associated and joint venture companies in the financial statements of the Company.

(e) Property acquisitions

Where property is acquired via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. The basis of judgement is set out in Note 3(b)(v).

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

2.6 Property, plant and equipment

(a) Measurement

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses (Note 2.15).

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Expenditure relating to construction is capitalised as capital work-in-progress when incurred and no depreciation is provided until the construction is completed.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and capital work-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight line method to allocate their depreciable amounts over the estimated useful lives as follows:

Buildings on leasehold land	–	26 to 31 years
Renovations and improvements	–	3 to 10 years
Computers, furniture and equipment	–	2 to 30 years
Motor vehicles	–	5 to 8 years

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.7 Investment properties

Investment properties of the Group comprise both properties being constructed or developed for future rental; and principally completed office buildings and land that is held for a currently undetermined future use. Such properties are held for long-term rental yields and capital appreciation and are not occupied by the Group. Properties accounted for as finance leases and which meet the definition of investment properties are classified as such in the financial statements.

Investment properties are initially recognised at cost, including transaction costs and other directly related development expenditure, including borrowing costs incurred in developing the properties. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of the investment properties are included in profit or loss in the year in which they arise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Investment properties (continued)

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvement is charged to profit or loss when incurred.

An investment property is de-recognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in the profit or loss in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the property.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation. Transfers are made from investment property when, and only when, there is a change in use, evidenced by either the commencement of owner occupation or commencement of development with an intention for sale.

2.8 Properties under development

Properties under development refer to properties acquired or being constructed for sale in the ordinary course of business.

Unsold development properties

Properties under development that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

Sold development properties

Revenue and cost on properties under development that have been sold are recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Properties held for sale

Completed properties held for sale are carried at lower of cost and net realisable value. Costs include:

– freehold and leasehold rights for land;

– amounts paid to contractors for construction; and

– borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value is the estimated selling price in the ordinary course of the business, based on market prices at the balance sheet date and discounted for the time value of money if material, less estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.10 Goodwill on acquisitions

Goodwill represents the excess of the cost of an acquisition of subsidiary companies, associated or joint venture companies over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary companies, associated and joint venture companies at the date of acquisition.

Goodwill on acquisitions of subsidiary companies is recognised separately as an asset on the balance sheet. Goodwill on acquisition of associated or joint venture companies is included in the carrying amount of investments in associated companies or joint venture companies.

Goodwill recognised separately is tested at least annually for impairment and carried at cost less accumulated impairment losses (Note 2.15).

Gains and losses on the disposal of the subsidiary companies, associated or joint venture companies include the carrying amount of goodwill relating to the entity sold.

2.11 Fund management rights

Fund management rights that are acquired by the Group are measured at cost less accumulated impairment losses.

Fund management rights are reviewed for impairment at each balance sheet date or whenever there is any objective evidence or indication that these assets may be impaired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Management contracts

Management contracts are measured at cost less accumulated impairment losses. They are assessed for impairment at each balance sheet date or whenever there is an indication that these assets may be impaired.

2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur.

The cost capitalised is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings.

2.14 Investments in subsidiary companies, associated and joint venture companies

Investments in subsidiary companies, associated and joint venture companies are carried at cost less accumulated impairment losses (Note 2.15) in the Company's balance sheet. On disposal of investments in subsidiary companies, associated and joint venture companies, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.15 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in an associated company is tested for impairment as part of the investments, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's Cash-Generating-Units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Impairment of non-financial assets (continued)

(b) Property, plant and equipment
Investment properties
Investments in subsidiary companies, associated and joint venture companies

Property, plant and equipment, investment properties, both completed and under development, and investment in subsidiary companies, associated and joint venture companies are reviewed for impairment at each balance sheet date or whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the asset's recoverable amount (i.e. the higher of the fair value less cost to sell and the value in use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of accumulated depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.16 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than twelve months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as cash and bank balances, deposits and trade and other receivables on the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Financial assets (continued)

(a) Classification (continued)

(ii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

(b) Recognition and de-recognition

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised where the contractual rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of the assets.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(c) Initial measurement

Financial assets classified in Note 2.16(a)(i) and (ii) are initially recognised at fair value plus directly attributable transaction costs.

(d) Subsequent measurement

Available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments recognised in the fair value reserve are transferred to profit or loss as gain or loss.

(e) Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Financial assets (continued)

(f) Impairment

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

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

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

(ii) Available-for-sale financial assets

A significant or prolonged decline in the fair value of the investment below its costs are considered as indicators of impairment. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of available-for-sale financial assets carried at cost, if there is objective evidence that an impairment loss on the financial assets has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the balance sheet date.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.18 Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

(ii) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

(c) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Derivative financial instruments and hedging activities

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

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

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

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

(a) Cash flow hedge

(i) Interest rate swaps

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

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

(ii) Currency forwards

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Derivative financial instruments and hedging activities (continued)

(b) Fair value hedge

The Group has entered into currency forwards that are fair value hedges for currency risk arising from its firm commitments for purchases and sales denominated in foreign currencies ("hedged item"). The fair value changes on the hedged item resulting from currency risk are recognised in profit or loss. The fair value changes on the effective portion of currency forwards designated as fair value hedges are recognised in profit or loss within the same line item as the fair value changes from the hedged item. The fair value changes on the ineffective portion of currency forwards are recognised separately in profit or loss.

2.20 Fair value estimation of financial assets and liabilities

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

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

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps and cross currency swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts due to their short term nature.

2.21 Leases

(a) When a group company is the lessee:

The Group leases certain investment properties from non-related parties.

(i) Finance leases

Leases of investment properties where the Group assumes substantially all risks and rewards incidental to ownership are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as investment properties and borrowings respectively, at the inception of the leases at the lower of the fair values of the leased assets and the present values of the minimum lease payments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (continued)

(a) When a group company is the lessee: (continued)

(ii) Operating leases

Leases of investment properties where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expires, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination took place.

For both finance and operating leases, contingent rents are recognised as an expense in profit or loss when incurred.

(b) When a group company is the lessor:

The Group leases out investment properties to non-related parties.

(i) Finance leases

Leases of investment properties where substantially all the risks and rewards incidental to legal ownership of the assets are transferred by the Group to the lessees are classified as finance leases.

The leased asset is de-recognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is included in trade and other receivables on the balance sheet. The difference between the gross receivable and the present value of the lease receivable is recognised as unearned finance income.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivable.

Initial direct costs incurred by the Group in negotiating and arranging finance lease are included in the initial measurement of the finance lease receivables and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Leases (continued)

(b) When a group company is the lessor: (continued)

(ii) Operating leases

Leases of investment properties where the Group retains substantially all the risks and rewards incidental to legal ownership of the assets are classified as operating leases.

Assets leased out under operating leases are included in investment properties. Rental income from operating leases (net of any incentives given to lessees) is recognised in profit or loss on a straight-line basis over the lease term.

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

For both finance and operating leases, contingent rents are recognised as income in profit or loss when earned.

2.22 Taxes

(a) Current income tax

Current income tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. The Group periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiary, associated and joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (continued)

(b) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiary, associated and joint venture companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax on temporary differences arising from fair value gains and losses on available-for-sale financial assets are charged or credited directly to equity in the same period the temporary differences arise. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.23 Provisions for other liabilities and charges

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 Employee compensation

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are measured. Currency translation differences on non-monetary items whereby the gains or losses are recognised directly in equity, such as equity investments classified as available-for-sale financial assets are included in the fair value reserve.

(c) Translation of Group entities' financial statements

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

(i) assets and liabilities are translated at the closing rates at the balance sheet date;

(ii) income and expenses are translated at average rates; and

(iii) all resulting exchange differences are recognised in the foreign currency translation reserve.

For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollar at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associated or joint venture companies that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Cash and cash equivalents

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and on hand, fixed deposits with financial institutions which are subject to an insignificant risk of change in value, but exclude balances which are subject to restriction.

2.27 Share capital

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

Redeemable convertible preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognised as distributions within equity on approval by the Company's shareholders.

Redeemable convertible preference shares are classified as financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

2.28 Dividends

Interim dividends are recorded in the financial year in which the dividends are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.29 Perpetual capital securities

Proceeds from issuance of perpetual capital securities are recognised as equity.

Issued costs relate to expenses incurred in issuance of perpetual capital securities and are deducted directly from the perpetual capital securities balances.

The distribution on the perpetual capital securities is classified as a separate allocation of retained profits within the equity section of the balance sheet.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Non-current assets (or disposal groups) held for sale and discontinued operations

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. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In profit or loss of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary company after the sale. The resulting profit or loss (after taxes) is reported separately in profit or loss.

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

2.31 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants are presented in profit or loss under "other gains/losses – net".

2.32 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.33 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(a) Critical accounting estimates and assumptions

(i) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

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 income tax provisions in the period in which such determination is made.

(ii) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating units exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is more sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 10 to the financial statements.

(iii) Valuation of properties

Management determines the fair value of the properties for purpose of assessing impairment (Note 2.15). The fair values are determined by independent real estate valuation experts using recognised valuation techniques such as the income method, discounted cash flow method and direct comparison method. The income and discounted cash flow methods involve the estimation of income and expenses, taking into account expected future changes in economic and social conditions, which may affect the value of the properties. The direct comparison method involves the comparison of recent sales transactions of similar properties.

Management is of the view that the valuation methods and estimates are reflective of the current market condition. The valuation of properties is described in more details in Note 34.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(a) Critical accounting estimates and assumptions (continued)

(iv) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more detail in Note 34.

(b) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(i) Consolidation of entities in which the Group holds less than majority of voting rights

The Group considers that it controls A-HTRUST even though it owns less than 50% of the voting rights. This is because two subsidiaries of the Group, Ascendas Hospitality Fund Management Pte. Ltd. and Ascendas Hospitality Trust Management Pte. Ltd. act as A-HTRUST's managers with their fees having a performance-based element, and the Group is the single largest unitholder of A-HTRUST with a 26.91% equity interest. The remaining 73.09% of the units in A-HTRUST are widely held by many other unitholders. Since 27 July 2012, which is the Listing Date of A-HTRUST, there is no history of the other unitholders collaborating to exercise their votes collectively or to outvote the Group. Accordingly, the Group has consolidated A-HTRUST since inception.

(ii) Impairment of available-for-sale financial assets

The Group records impairment charges on available-for-sale financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of a financial asset is below its cost, the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. Management is of the view that the factors considered for purpose of determining impairment of available-for-sale financial assets are appropriate and meet the requirements of FRS 39.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Critical judgements in applying the Group's accounting policies (continued)

(iii) Impairment of investment in associated companies

Investment in associated companies is tested for impairment whenever there is any objective evidence or indication that they may be impaired. The Group follows the guidance of FRS 36 in determining when the investment in associated companies is considered impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the recoverable amount of the investment is below its carrying value, the financial health of and near-term business outlook for the associated companies, including factors such as industry and sector performance, changes in technology and operational and financial cash flow. Management is of the view that the factors considered for the purpose of determining impairment are appropriate and meet the requirements of FRS 36.

(iv) Classification of property

The Group determines whether a property is classified as investment property or property held for sale:

– investment property comprises land and buildings (principally completed office buildings and land that is held for a currently undetermined future use) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

– property held for sale comprises property that is held for sale in the ordinary course of business. Principally, this is industrial property that the Group develops and intends to sell before or on completion of construction.

(v) Business combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of services provided by the subsidiary.

When the acquisition of a subsidiary does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognised.

4. REVENUE

	The Group 2016 $'000
Rental income and service charges	227,887
Fund management fee	87,307
Property management and other consultancy services	25,525
Agency fee	20,341
Revenue from utilities supply and district cooling	12,212
Carpark income	13,030
Renovation services	3,288
Project consultancy and management fee	7,371
Sale of development properties and buildings	5,013
Hotel income	136,679
Others	16,338
	554,991

Included in rental income is an amount of $5,680,000 relating to amortisation of deferred income in respect of long-term leases.

5. OTHER GAINS/LOSSES – NET

Other gains/losses – net comprise the following:

	Note	The Group 2016 $'000
Other gains		
Interest income:-		
– joint venture companies		20
– financial institutions		5,986
– others		966
Gross dividend income from unquoted investment		743
Corporate service income		994
Gain on disposal of		
– associated companies		1,535
– available-for-sale financial assets		3,370
Net fair value change on investment properties		238,559
Gain on dilution of interest in associated companies		2,422
Negative goodwill arising from acquisition of subsidiary companies	29	186,732
Fair value loss on derivative financial instruments		271
Fair value gain on remeasurement of contingent consideration	29	8,516
Others		505

5. OTHER GAINS/LOSSES – NET (CONTINUED)

	Note	The Group 2016 $'000
Other losses		
Allowance for impairment of receivables made		
– amount owing by associated and joint venture companies	33(b)(ii)	(2,713)
– other receivables	33(b)(ii)	(4)
Impairment losses made on available–for–sale financial asset	18	(10,000)
Provision for foreseeable losses on associated company		(55,134)
Loss on redemption of perpetual capital securities	28	(7,085)
Loss on disposal of		
– property, plant and equipment		(872)
– subsidiary companies	30	(912)
Loss on redemption of preference shares of subsidiary company		(709)
Currency exchange loss		(9,345)
		363,845

6. EMPLOYEE COMPENSATION

	The Group 2016 $'000
Salaries, wages and employee benefits	155,714
Employer's contributions to defined contribution plans including Central Provident Fund	12,255
	167,969

7. OTHER OPERATING EXPENSES

Other operating expenses comprise the following:

	Note	The Group 2016 $'000
Hotel operating expenses		21,334
Professional fees		15,934
Marketing and other agency fees		13,252
Office rental and maintenance expenses		12,720
Allowance for impairment of receivables made		
– trade receivables from non-related parties	33(b)(ii)	5,665
Travel-related expenses		4,060
Advertising and publicity expenses		4,391
Directors' fees		3,529
Business taxes		3,321
Security service expenses		3,078
Others		51,231
		138,515

8. FINANCE EXPENSE

	Note	The Group 2016 $'000
Interest expense:		
– financial institutions		54,727
– medium term notes		3,672
– bonds		98,525
– minority shareholders		4,510
– others		4,411
		165,845
Cash flow hedges, transfer from hedging reserve upon settlement	26(c)	1,732
Interest expense capitalised in investment properties	11(vii)	(5,572)
Finance expense recognised in profit or loss		162,005

The interest expense had been capitalised at rates ranging from 4.90% to 11.28% per annum (across the different countries that the Group operates in) for the current financial year.

9. INCOME TAXES

(a) *Income tax expense*

	The Group 2016 $'000
Tax expense attributable to profit is made up of:	
Profit from current financial year	
– current tax	45,948
– deferred tax	56,277
	102,225

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 March 2016 is as follows:

	The Group 2016 $'000
Profit before tax	510,379
Income tax using statutory tax rate of 17%	86,764
Non-deductible expenses	50,610
Income not subject to tax	(49,358)
Effect of different tax rates arising from foreign jurisdictions	18,671
Utilisation of previously unrecognised tax losses and capital allowances	(2,198)
Effect of deferred tax assets not recognised	12,396
Effect of tax incentives	(706)
Effect of tax losses not allowed for carry forward	1,228
Tax on overseas profits to be remitted	1,167
Tax on dividend income from associated companies	13,506
Share of profits of associated and joint venture companies	(25,778)
Others	(4,077)
Income tax expense recognised in profit or loss	102,225

(b) *Movements in current income tax liabilities*

	The Group 2016 $'000
Beginning of financial year	–
Current income tax	45,948
Arising from acquisition of subsidiary companies	79,235
Arising from disposal of subsidiary companies	(189)
Income tax paid	(48,476)
Currency translation differences	(523)
End of financial year	75,995

9. INCOME TAXES (CONTINUED)

(c) Deferred tax assets and liabilities

Movements in deferred tax are as follows:

	The Group 2016 $'000
Beginning of financial year	–
Arising from acquisition of subsidiary companies	194,069
Arising from disposal of subsidiary companies	(30)
Tax charged to profit or loss	56,277
Tax credited to equity	(406)
Currency translation differences	(3,254)
End of financial year	246,656

The respective movements in deferred tax assets and liabilities are as follows:

The Group
Deferred tax liabilities

	Accelerated tax depreciation $'000	**Fair value changes $'000**	**Others $'000**	**Total $'000**
2016				
Beginning of financial year	–	–	–	–
Arising from acquisition of subsidiary companies	14,088	145,819	48,886	208,793
Arising from disposal of subsidiary companies	–	–	(135)	(135)
Tax charged to profit or loss	4,807	14,679	33,281	52,767
Tax credited to equity	–	–	(279)	(279)
Currency translation differences	–	(915)	(597)	(1,512)
End of financial year	18,895	159,583	81,156	259,634

9. INCOME TAXES (CONTINUED)

(c) Deferred tax assets and liabilities (continued)

Deferred tax assets

	The Group $'000
2016	
Beginning of financial year	–
Arising from acquisition of subsidiary companies	(14,724)
Arising from disposal of subsidiary companies	105
Tax charged to profit or loss	3,510
Tax credited to equity	(127)
Currency translation differences	(1,742)
End of financial year	(12,978)

Deferred tax assets have not been recognised in respect of the following:

	The Group 2016 $'000
Deductible temporary differences	1,858
Unabsorbed tax losses	38,122
	39,980

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiary companies having the deductible temporary differences and unabsorbed tax losses can utilise the benefits.

10. INTANGIBLE ASSETS

	The Group			
	Goodwill $'000	Fund management rights $'000	Management contracts $'000	Total $'000
2016				
Cost				
Beginning of financial year	–	–	–	–
Additions	–	–	61,206	61,206
Arising from acquisition of subsidiary company	47,915	3,382	145,000	196,297
Currency translation differences	–	(44)	847	803
End of financial year	47,915	3,338	207,053	258,306

(a) Goodwill

Impairment tests for goodwill

Goodwill acquired through business combinations pertains to the following cash-generating unit ("CGU") to which the acquired goodwill was allocated:

	The Group 2016 $'000
Fund investment CGU in China	47,915

Fund investment CGU in China

The recoverable amount of the CGU is determined based on value in use calculation. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering three to five years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table below. The discount rates applied are the weighted average cost of capital from the relevant business segment. The key assumptions are those relating to expected changes in average rental rates and occupancy and direct costs. The terminal growth rates used for the CGU are within management's expectation of the long term average growth rates of the industry and country in which the CGU operates.

10. INTANGIBLE ASSETS (CONTINUED)

(a) *Goodwill (continued)*

Impairment tests for goodwill (continued)

Key assumptions used for value-in-use calculations

	The Group 2016
Growth rate	4%
Discount rate	8%
Capitalisation rate	5.25%

The Group has assessed and determined that no impairment in the value of goodwill has arisen.

Sensitivity to changes in assumptions

With regards to the assessment of the value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value to materially exceed the recoverable amount.

(b) *Fund management rights*

Fund management rights represent the asset management rights owned by a subsidiary which entitle it to management fee revenue from Ascendas Australia Hotel Trust and Ascendas Hotel Investment Company Pty Limited. These rights are deemed to have infinite useful lives and are measured at cost.

(c) *Management contracts*

Management contracts relate to fair values of the management contracts entered into between subsidiaries and the listed entities. These contracts are deemed to have indefinite useful lives and are measured at cost.

11. INVESTMENT PROPERTIES

	Note	The Group 2016 $'000
Balance sheet:		
Beginning of financial year		–
Additions		1,440,357
Net gains from fair value adjustments recognised in profit or loss		263,185
Arising from acquisition of subsidiary companies	29	3,313,364
Arising from disposal of subsidiary companies	30	(49,382)
Transfer from property, plant and equipment		2,898
Currency translation differences		(21,031)
End of financial year		4,949,391
Income statement:		
Rental income from investment properties		223,391
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties		(78,722)
– Non-rental generating expenses		(947)
		143,722

(i) The Group has no restrictions on the realisability of its investment properties.

(ii) Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 March 2016. The valuations were performed by independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of valuation techniques and inputs used are disclosed in Note 34.

(iii) Included in additions are investment properties acquired under credit terms amounting to $18,020,000.

(iv) Investment properties are leased to non-related parties under operating leases (Note 35).

(v) Investment properties amounting to approximately $1,937,193,000 were pledged as security against bank loans (Note 24).

(vi) In March 2010, a subsidiary company of the Group successfully concluded the sale of an investment property to an associated company of the Group. Under the terms of the sale, the subsidiary company agreed to indemnify the associated company for claims made against the associated company by the head lessee for any major disruption that may arise from the proposed construction of a Mass Rapid Transit line in the vicinity of the investment property. Management is confident that the likelihood of such claims occurring and/or succeeding is remote given that certain conditions need to be fulfilled before the associated company can successfully file such claims.

(vii) During the financial year, borrowing costs of $5,572,000 arising from borrowings obtained specifically for certain investment properties were capitalised. The rates used to determine the amount of borrowing costs eligible for capitalisation ranged from 4.90% to 11.28% per annum (across the different countries that the Group operates in), which is the effective interest rate of the specific borrowings.

12. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land $'000	Leasehold land $'000	Buildings $'000	Renovations and improvements $'000	Computers, furniture and equipment $'000	Motor vehicles $'000	Capital work-in-progress $'000	Total $'000
2016								
Cost								
Beginning of financial year	–	–	–	–	–	–	–	–
Additions	–	–	1,746	6,001	9,550	189	13,843	31,329
Disposals/write-offs	–	–	–	(4,082)	(17,401)	(84)	(50)	(21,617)
Arising from acquisition of subsidiaries	143,535	62,937	526,650	5,186	222,634	907	4,194	966,043
Release from disposal of subsidiaries	–	–	–	–	(138)	(60)	–	(198)
Transfers/ reclassifications	–	–	–	4,195	1,629	–	(8,725)	(2,901)
Currency translation differences	(1,583)	(1,966)	(7,806)	(61)	(2,981)	(21)	(3)	(14,421)
End of financial year	141,952	60,971	520,590	11,239	213,293	931	9,259	958,235
Accumulated depreciation and impairment losses								
Beginning of financial year	–	–	–	–	–	–	–	–
Depreciation charge	–	(1,557)	(11,946)	(925)	(13,553)	(104)	–	(28,085)
Disposals/write-offs	–	–	–	3,900	16,819	81	–	20,800
Arising from acquisition of subsidiaries	–	(8,262)	(98,949)	(4,526)	(130,997)	(613)	–	(243,347)
Release from disposal of subsidiaries	–	–	–	–	57	54	–	111
Transfers/ reclassifications	–	–	–	–	3	–	–	3
Currency translation differences	–	400	1,427	22	1,765	14	–	3,628
End of financial year	–	(9,419)	(109,468)	(1,529)	(125,906)	(568)	–	(246,890)
Net book value								
End of financial year	**141,952**	**51,552**	**411,122**	**9,710**	**87,387**	**363**	**9,259**	**711,345**

Included in additions are property, plant and equipment acquired on credit terms amounting to $4,378,000. The cash outflow on acquisition of property, plant and equipment amounted to $26,951,000.

13. INVESTMENTS IN SUBSIDIARY COMPANIES

	Note	The Company 2016 $'000
Cost		
Beginning of financial year		–
Additions		4,675,950
End of financial year	38	4,675,950

Details of subsidiary companies are included in Note 38.

(a) Interest in subsidiaries with material non-controlling interest ("NCI")

The following table summarises the financial information of the Group's subsidiaries with material NCI, based on their respective consolidated financial statements prepared in accordance with FRS. The information is before inter-company eliminations with other companies in the Group.

Name of subsidiary	Principal place of business	Proportion ownership interest held by non-controlling interest	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividend paid to NCI $'000
2016					
Ascendas Hospitality Trust ("A-HTRUST ")	Asia , Australia and New Zealand	73.09%	107,186	673,489	42,636

A-HTRUST is regulated by the Monetary Authority of Singapore and is supervised by the Singapore Exchange Securities Trading Limited for compliance with the Singapore Listing Rules. Under the regulatory framework, transactions with REITs are subject to review by the REITs' trustees and significant transaction must be approved by a majority of votes held by the remaining holders of units in the REIT at a meeting of unitholders.

13. INVESTMENTS IN SUBSIDIARY COMPANIES (CONTINUED)

(b) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interest are as follows:

Summarised balance sheet

	A-HTRUST 2016 $'000
Current assets	110,813
Current liabilities	112,860
Net current liabilities	(2,047)
Non-current assets	1,521,066
Non-current liabilities	556,730
Net non-current assets	964,336
Net assets	962,289

Summarised statement of comprehensive income

Revenue	215,050
Profit before tax	183,969
Income tax expense	(37,378)
Profit after tax	146,591
Other comprehensive income	45,046
Total comprehensive income	191,637

Other summarised information

Net cash flows generated from operations	69,477

14. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES

	Note	The Group 2016 $'000
Investments in associated companies		
Quoted equity investments, at cost		1,265,032
Unquoted equity investments, at cost		760,358
	39	2,025,390
Add/(Less):		
Share of post-acquisition reserves		(14)
Share of post-acquisition results		35,561
Dilution of interest in associated companies		2,422
Currency translation differences		(14,171)
		2,049,188
Investments in joint venture companies		
Unquoted equity investments, at cost	39	803,763
Add/(Less):		
Share of post-acquisition reserves		139
Share of post-acquisition results		(67,810)
Currency translation differences		(27,294)
		708,798
Total investments in associated and joint venture companies		2,757,986
Fair value of investment in associated companies for which there are published price quotations		1,468,860

The Group has identified Ascendas Real Estate Investment Trust ("A-REIT ") and CTM Property Trust ("CTM") as significant investment in associated companies:

	2016 $'000
Ascendas Real Estate Investment Trust ("A-REIT")	1,118,601
CTM Property Trust ("CTM")	436,525
Other associated companies	494,062
	2,049,188

14. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES (CONTINUED)

The Group has not recognised losses amounting to $3,326,000 for certain associated companies because the Group's share of cumulative losses has exceeded its interest in these associated companies and the Group has no obligation in respect of these losses. The accumulated losses not recognised were $3,326,000. However, the Group has recognised a cumulative allowance for impairment of $3,355,000 for the loans and advances to these associated companies.

The summarised financial information in respect of A-REIT and CTM, stated at fair value and a reconciliation with the carrying amount of their investments in the consolidated financial statements are as follows:

Summarised balance sheets

	A-REIT 2016 $'000	CTM 2016 $'000
Current assets	181,147	932,470
Non-current assets	9,694,869	877,967
Total assets	9,876,016	1,810,437
Current liabilities	1,395,648	45,870
Non-current liabilities	2,683,485	600,500
Total liabilities	4,079,133	646,370
Net assets	5,796,883	1,164,067
Proportion of the Group's ownership	20.06%	37.5%
Group's share of net assets	1,162,855	436,525
Goodwill on acquisition	1,313	–
Other adjustments	(45,567)	–
Carrying amount of the investment	1,118,601	436,525

Summarised statements of comprehensive income

	A-REIT 2016 $'000	CTM 2016 $'000
Revenue	760,988	1,433
Profit after tax	355,695	2,892
Other comprehensive income	(3,285)	(14,419)
Total comprehensive income	352,410	(11,527)

During the financial year, the Group did not provide for impairment of investments in associated companies.

Details regarding associated companies are included in Note 39.

(a) The Group has identified Sino-Singapore Guangzhou Knowledge City Investment and Development Co Ltd ("SSGKC") as an individually significant investment in joint venture company:

	2016 $'000
Sino-Singapore Guangzhou Knowledge City Investment and Development Co Ltd ("SSGKC")	452,047
Other joint venture companies	256,751
	708,798

14. INVESTMENTS IN ASSOCIATED AND JOINT VENTURE COMPANIES (CONTINUED)

Summarised financial information in respect of SSGKC based on its SFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	SSGKC 2016 $'000
Current assets	841,576
Non-current assets	173,149
Total assets	1,014,725
Current liabilities	39,357
Non-current liabilities	62,204
Total liabilities	101,561
Net assets	913,164
Proportion of the Group's ownership	50.0%
Group's share of net assets	456,582
Other adjustments	(4,535)
Carrying amount of the investment	452,047
Other information:	
Cash and cash equivalents	408,534
Current financial liabilities (excluding trade & other payables and provisions)	(7,046)
Non-current financial liabilities (excluding trade & other payables and provisions)	(58,716)

Summarised statement of comprehensive income

Revenue	70,216
Profit after tax	29,686
Other comprehensive income	(64,731)
Other information:	
Interest income	12,626
Depreciation and amortisation expenses	–
Interest expense	–
Income tax expense	(5,257)

	The Group 2016 $'000
Capital commitments in relation to interest in joint venture	149,608
Proportionate interest in joint venture's capital commitments	371,141

Details regarding the joint venture companies are included in Note 39.

15. LOANS AND RECEIVABLES

	Note	The Group 2016 $'000	The Company 2016 $'000
Trade and other receivables – current			
Finance lease receivables	16	1	–
Trade receivables:			
– non-related parties		20,064	–
– associated companies		29,727	–
– joint venture companies		1,789	–
		51,580	–
Less: Allowance for impairment of receivables			
– non-related parties	33(b)(ii)	(6,236)	–
– joint venture company	33(b)(ii)	(3,355)	–
Trade receivables – net		41,989	–
Other receivables:			
– non-related parties		105,199	42
– subsidiary companies		–	130,000
– associated companies		9,310	–
– joint venture companies		4,292	–
– investee companies		967	–
		119,768	130,042
Loan to joint venture company		53,635	–
Less: Allowance for impairment of other receivables			
– non-related parties	33(b)(ii)	(2,642)	–
		212,751	130,042
Trade and other receivables – non-current			
Finance lease receivables	16	1	–
Trade receivables – non–related parties		1,375	–
Other receivables – net:			
– loan to subsidiary company		–	11,000
		1,376	11,000
Add: Cash and bank balances	17	658,749	7,560
Total loans and receivables		872,876	148,602

(a) Trade and other receivables – current

Trade and other receivables from subsidiary companies, associated and joint venture companies, investee companies and other related companies are unsecured, interest-free and repayable on demand.

Other receivables from non-related parties comprise mainly accrued sales and recoverables.

(b) Trade and other receivables – non-current

The fair values of the non-current trade and other receivables approximate their carrying amounts.

16. FINANCE LEASE RECEIVABLES

The net investment in finance leases may be analysed as follows:

	Note	The Group 2016 $'000
Gross receivables due:		
– not later than one year		1
– later than one year and not later than five years		1
Net investment in finance leases		2
The net investment in finance leases may be analysed as follows:		
Not later than one year	15	1
Later than one year and not later than five years	15	1
		2

In 2001, the finance lease receivables were receivable over 156 months commencing June 2003. In 2002, the payment schedule was revised such that the balance is receivable over 180 months commencing June 2001. Interest is charged at 8.16% per annum.

17. CASH AND BANK BALANCES

	The Group 2016 $'000	The Company 2016 $'000
Cash at bank and on hand	322,002	1,558
Fixed deposits	336,747	6,002
Cash and bank balances	658,749	7,560
Less: Non-current fixed deposits pledged	(43)	
Less: Current fixed deposits pledged	(11,540)	
Less: Non-current restricted cash	(6,701)	
	640,465	
Cash held in disposal group held for sale	3,743	
Cash and cash equivalents in the consolidated cash flow statement	644,208	
Cash and bank balances		
Non-current portion	6,744	–
Current portion	652,005	7,560
	658,749	7,560

17. CASH AND BANK BALANCES (CONTINUED)

Non-current fixed deposits of the Group consist deposits of $43,000 pledged for bankers guarantee issued.

Current fixed deposits of the Group consist deposits of:

(i) $2,423,000 pledged for security deposits for tenants;

(ii) $9,117,000 pledged to financial institutions for banking facilities.

Restricted cash under the Group's cash and cash equivalents of:

(i) $5,096,000 were held under project accounts and withdrawals from which are restricted to payments for expenditure incurred on projects;

(ii) $1,605,000 were restricted for loan interest repayments.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Note	The Group 2016 $'000
Beginning of financial year		–
Arising from acquisition of subsidiaries		77,057
Disposals		(16,374)
Fair value gains recognised in equity	26(b)	37
Currency translation differences		(33)
Less:		
Impairment loss charged to profit or loss		(10,000)
End of financial year		50,687

Available-for-sale financial assets are analysed as follows:

	The Group 2016 $'000
Unquoted equity securities	24,441
Shareholder loan to investee company	26,246
	50,687

The shareholder loan to the investee company is unsecured, interest-free, and has no fixed term of repayment.

19. PROPERTIES UNDER DEVELOPMENT

	The Group 2016 $'000
Land and other related costs	290,036
Development cost	633
	290,669

20. DERIVATIVE FINANCIAL INSTRUMENTS

	The Group			
	Year of maturity	Contract/ notional amount $'000	Fair values Assets $'000	Fair values Liabilities $'000
2016				
Cash flow hedges				
– Interest rate swaps	2016 - 2020	992,114	2,722	(6,914)
Fair value hedges				
– Forward contracts	2016 - 2017	57,398	479	(745)
– Cross currency swaps	2016 - 2020	229,800	2,585	(2,191)
			5,786	(9,850)
Less: Current portion			(617)	3,100
Non-current portion			5,169	(6,750)

The fixed interest rates on interest rate swaps vary from 0.77% to 5.32% per annum and the floating interest rates are based on 3-month Swap Offer Rate.

Fair value gains and losses on the interest rate swaps recognised in the hedging reserve are transferred to profit or loss as part of interest expense over the period of borrowings.

21. TRADE AND OTHER PAYABLES

	Note	The Group 2016 $'000	The Company 2016 $'000
Trade payables:			
– non-related parties		24,437	–
– associated companies		55	–
– joint venture companies		108	–
		24,600	–
Other payables:			
– non-related parties		237,443	98,552
– associated companies		422	–
– joint venture companies		64	–
– other related companies		–	203
		237,929	98,755
Accrued operating expenses		215,793	1,005
Rental and other deposits		33,431	–
Deferred income		43,323	–
		555,076	99,760
Add/(less):			
Deferred income		43,323	–
Borrowings	24	6,687,904	3,471,195
Other payables – non-current	22	164,772	–
Loan from non-controlling interest	23	4,800	–
Total financial liabilities carried at amortised cost		7,455,875	3,570,955

Trade and other payables to subsidiary companies, associated companies and other related companies are unsecured, interest-free and repayable on demand.

Other payables to non-related parties represent mainly advances received, interest payable, retention sum payable and employee benefits.

Deferred income relates mainly to the progress payment received for sales of properties under development.

22. OTHER PAYABLES – NON-CURRENT

	Note	The Group 2016 $'000	The Company 2016 $'000
Rental and other deposits		42,767	–
Other payables			
– non-related parties		719	–
Contingent consideration	29	121,286	121,286
		164,772	121,286

The fair values of non-current other payables approximate their carrying amounts.

23. LOAN FROM NON-CONTROLLING INTEREST

The loan from a non-controlling interest amounting to $4,800,000 is unsecured and interest-free. Although there are no fixed terms of repayment, the management of the parties involved do not intend for the loan balance to be repaid within the next twelve months. Accordingly, the fair value of the loan is not determinable as there is no fixed term of repayment.

24. BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings. For more information about the Group's exposure to interest rate and currency risks, refer to Note 33.

	The Group 2016 $'000	The Company 2016 $'000
Current		
Unsecured bank loans	758,683	–
Secured bank loans	63,480	–
	822,163	–
Non-current		
Unsecured bonds	3,471,195	3,471,195
Unsecured medium term notes	449,075	–
Unsecured bank loans	699,115	–
Secured bank loans	1,246,356	–
	5,865,741	3,471,195
Total	6,687,904	3,471,195

24. BORROWINGS (CONTINUED)

Terms and debt repayment schedule

	Nominal interest rate %	Year of maturity	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000	Total carrying value $'000
The Group						
2016						
Unsecured bonds	3.50%	2025	–	–	3,471,195	3,471,195
Unsecured medium term notes	2.97% – 3.50%	2020 – 2026	–	174,740	274,335	449,075
Unsecured bank loans	1.08% – 2.87%	2016 – 2021	758,683	699,115	–	1,457,798
Secured bank loans	1.92% – 11.28%	2016 – 2025	63,480	974,142	272,214	1,309,836
Total			822,163	1,847,997	4,017,744	6,687,904

The Group's borrowings are denominated in the following currencies:

	Total carrying value $'000
SGD	5,712,000
USD	5,920
RMB	228,339
INR	50,866
KWN	208,821
AUD	419,584
JPY	62,374
	6,687,904

(a) $1,258,969,000 of loans is secured by investment properties and property, plant and equipment amounting to $1,768,331,000 and $575,158,000 respectively.

(b) $50,867,000 of loan is secured by a standby letter of credit granted by a subsidiary company to the financial institution.

Terms and debt repayment schedule

	Nominal interest rate %	Year of maturity	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000	Carrying value $'000
The Company						
2016						
Unsecured bonds	3.50%	2025	–	–	3,471,195	3,471,195

The carrying amounts of the borrowings at variable rate are reasonable approximation of their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

25. SHARE CAPITAL

	The Company 2016 No. of shares	The Company 2016 $'000
Issued and fully paid:		
Ordinary shares, with no par value		
Beginning of financial year	#	#
Issuance of shares	100	100
End of financial year	100	100
Redeemable convertible preference shares ("RCPS"), with no par value		
Beginning of financial year	–	–
Issuance of shares	1,094,501	1,094,501
End of financial year	1,094,501	1,094,501
Total		1,094,601

Less than $1,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

The RCPS have no fixed maturity, are redeemable at the sole option of the Company and shall rank in priority to the ordinary shares of the Company in the entitlement to receive declared dividends and repayment of specified redemption amount upon any liquidation, dissolution or winding-up of the Company.

26. FAIR VALUE AND OTHER RESERVES

	Note	The Group 2016 $'000
Foreign currency translation reserve	(a)	(63,400)
Fair value reserve	(b)	(546)
Hedging reserve	(c)	(4,089)
Other reserves	(d)	76
Premium received from acquisition of non-controlling interests		(526)
		(68,485)

26. FAIR VALUE AND OTHER RESERVES (CONTINUED)

(a) *Foreign currency translation reserve*

	Note	The Group 2016 $'000
Beginning of financial year		–
Exchange differences arising on translation of foreign subsidiary companies and associated and joint venture companies		(33,498)
Release on disposal of subsidiary companies	30	873
Release on disposal of associated and joint venture companies		(68)
Reserve attributable to disposal group held for sale		3,290
Share of translation reserve of associated and joint venture companies		(33,997)
End of financial year		(63,400)

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) *Fair value reserve*

	Note	The Group 2016 $'000
Beginning of financial year		–
Fair value gains on available-for-sale financial assets	18	37
Share of fair value reserve of associated and joint venture companies		(583)
End of financial year		(546)

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

(c) *Hedging reserve*

	Note	The Group 2016 $'000
Beginning of financial year		–
Fair value losses on cash flow hedges		(6,936)
Tax on fair value losses		406
Reclassification to profit or loss – finance expense upon settlement	8	1,732
Share of hedging reserve of associated and joint venture companies		709
End of financial year		(4,089)

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instrument related to hedged transactions that have not yet occurred.

26. FAIR VALUE AND OTHER RESERVES (CONTINUED)

(d) Other reserves

	The Group 2016 $'000
Beginning of financial year	–
Release on disposal of subsidiary companies	76
End of financial year	76

Other reserves relate primarily to amounts transferred from revenue reserve in compliance with local laws by overseas subsidiary companies and are non-distributable.

27. REVENUE RESERVE

Movement in revenue reserve for the Group is disclosed in the consolidated statement of changes in equity. Movement in revenue reserve for the Company is set out below:

	The Company 2016 $'000
Beginning of financial year	(11)
Net profit for the financial year	37,887
End of financial year	37,876

28. PERPETUAL CAPITAL SECURITIES

Ascendas Pte Ltd ("APL"), a subsidiary of the Company had in 2012 issued and listed $300 million in aggregate principal amount of 4.75% perpetual capital securities (the "Securities") on the Official List of the Singapore Exchange Securities Trading Limited, before it was acquired by the Company.

As a result of the trigger of the change in control clause following the merger between APL and Singbridge Group, APL made an invitation to the security holders to redeem their holdings of the Securities for cash at 101% of the principal amount of the Securities on 13 April 2015. At the close of the invitation on 27 April 2015, 74% or $222 million of the Securities were offered by the security holders for redemption. The settlement of the redemption of $222 million Securities was completed on 16 June 2015. The settlement amount, which included the 1% premium and the distributions for the $222 million Securities for the period from 19 April 2015 to 19 June 2015, was $226.9 million.

The balance of $78 million Securities were fully redeemed by APL at their principal amount. The settlement of the redemption was completed on 13 July 2015. The settlement amount which included the distributions for the $78 million Securities for the period from 19 April 2015 to 13 July 2015 was $78.9 million. APL recognised a net loss on redemption of the Securities of approximately $7.1 million.

29. ACQUISITION OF SUBSIDIARY COMPANIES

Acquisition of Ascendas ("APL") Group and Singbridge ("SB") Group

Temasek and JTC Corporation ("JTC") agreed to a merger of SB, Surbana International Consultants Holdings Pte. Ltd., APL and Jurong International Holdings Pte. Ltd., in order to build an integrated urban solutions platform that leverages on the capabilities of these entities ("Merger"). As part of the Merger, the Company was incorporated to acquire all the shares of APL and SB from JTC and Temasek respectively. On 10 June 2015, the merger between APL and SB was completed.

Acquisition of APL

According to the share purchase agreement between JTC and the Company, JTC sold all its shares in APL for a consideration amounting to $3,471,195,000. The consideration was settled by the issue of bonds by the Company to JTC. A profit participation deed was also entered into between the Company and JTC in relation to the sharing of future profits arising out of future capital appreciation of property and property-related assets ("earn-out assets") following the completion of the Merger. The contingent consideration arrangement requires the Company to pay JTC 40 percent share of (i) the gain or loss realised from the disposals of any earn-out asset during the earn-out period of ten years from the completion of the merger and (ii) the deemed gain or loss from the deemed disposal of earn-out assets not disposed within the earn-out period.

The negative goodwill of $186,732,000 arose from the acquisition of APL Group at lower than the fair value of the net assets. As at the acquisition date, the fair value of contingent consideration was estimated at $129,802,000.

From the acquisition date, APL Group has contributed $531,543,000 of revenue and $332,481,000 of the Group's profit for the year, net of tax. If the business combination had taken place at the beginning of the financial year, the revenue contribution would have been $621,294,000 and the contribution to the Group's profit for the year, net of tax would have been $358,812,000.

Acquisition of SB

The Company issued $1,074,953,000 of redeemable convertible preference shares to Temasek, of which $1,061,501,000 was used to finance the acquisition of all shares in SB from Temasek. The remaining $13,452,000 of proceeds raised was used to fund related transaction costs of the Merger.

From the acquisition date, SB has contributed a loss of $16,517,000 to the Group's profit for the year, net of tax. If the business combination had taken place at the beginning of the financial year, the revenue contribution would have been $83,000 and the contribution to the Group's profit for the year, net of tax would have been a loss of $25,559,000.

29. ACQUISITION OF SUBSIDIARY COMPANIES (CONTINUED)

The fair value of the identifiable assets and liabilities of the acquired subsidiaries as at the acquisition date, and the cash flow effects are:

	Note	The Group 2016 $'000
Investment properties	11	3,313,364
Property, plant and equipment	12	722,696
Investment in associated and joint venture companies	14	2,570,828
Other non-current assets		310,882
Cash and cash equivalents		1,296,995
Other current assets		814,298
Current liabilities		(739,743)
Non-current liabilities		(2,216,787)
		6,072,533
Less: Perpetual capital securities	28	(296,026)
Less: Non-controlling interests		(913,825)
Identifiable net assets acquired		4,862,682
Consideration satisfied by :		
– issuance of bonds		3,471,195
– issuance of redeemable convertible preference shares		1,074,953
– contingent consideration recognised as at acquisition date		129,802
		4,675,950
Negative goodwill arising from acquisition of subsidiary companies	5	186,732

As at 31 March 2016, the contingent consideration was being revalued to $121,286,000 (Note 22) and the corresponding fair value adjustment of $8,516,000 was charged to other gains/losses – net (Note 5).

30. DISPOSAL OF SUBSIDIARY COMPANIES

During the current financial year, the Group disposed/liquidated the following subsidiary companies for a total consideration of $35,137,000.

Name of subsidiary	Date disposed	Effective interest disposed
AIGP1 Pte Ltd	August 2015	100%
Ascendas Development (Wujiang) Co., Ltd	August 2015	100%
Xi'an Ascendas-Science Technology Investment Co., Ltd	December 2015	80%
Ascendas China Commercial Fund Management Ltd	March 2016	100%

The aggregate effects of disposal of subsidiary companies on cash flows of the Group were as follows:

	Note	The Group 2016 $'000
Investment properties		(49,382)
Property, plant and equipment		(86)
Current assets		(2,204)
Current liabilities		2,848
Non-current liabilities		5,831
Net assets disposed		(42,993)
Transfer from non-controlling interest		7,893
Transfer from foreign currency translation reserve	26(a)	(873)
Transfer from other reserves		(76)
Sales consideration		35,137
Loss on disposal of subsidiary companies	5	(912)
Sales consideration		35,137
Less: cash of subsidiary companies disposed		(1,861)
Net cash inflow		33,276

31. DISPOSAL GROUP HELD FOR SALE

Ascendas Korea Office Fund 2 ("AKOF2") was established in May 2008, with an objective of providing adequate returns to its unitholders through investments in South Korean properties. The fund was established as a closed-ended fund, with its end of fund life date in May 2016. As at 31 March 2016, AKOF2 is the owner of West Finance Centre, a commercial tower located in the heart of Seoul. Management is actively seeking for buyers of AKOF2's assets.

Due to the fund nearing its end of life date, the assets and liabilities of AKOF2 have been classified as assets/liabilities/reserves of disposal group held for sale.

Accordingly, as at 31 March 2016, the assets and liabilities related to AKOF2 have been presented in the balance sheet as "Assets of disposal group held for sale" and "Liabilities directly associated with disposal group held for sale".

Balance sheet disclosures

The major classes of assets and liabilities of AKOF2 classified as held for sale and the related foreign currency translation reserve as at 31 March are as follows:

	The Group 2016 $'000
Assets:	
Investment properties	332,412
Prepayment	289
Trade and other receivables	6,174
Deposits	966
Cash and cash equivalents	3,743
Fixed deposits	27,480
Assets of disposal group held for sale	371,064
Liabilities:	
Trade and other payables	183,630
Borrowings	21,385
Liabilities directly associated with disposal group held for sale	205,015
Reserve:	
Foreign currency translation reserve	(3,290)

32. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group and related parties at terms agreed between the parties during the financial year:

	The Group 2016 $'000
Temasek and related companies	
Purchase of subsidiary companies	1,061,501
Amounts paid/payable	
– fund management and trustee fees	336
– purchase of property, plant and equipment	170
Associated and joint venture companies:	
Amounts received/receivable	
– corporate secretarial and service fee	1,082
– property related services and management fee	41,688
– fund management and trustee fees	95,682
– car park licence fee	4,875
Sale of subsidiary companies	35,137
Amounts paid/payable	
– office rental	4,871
– other operating expenses	136
Key management personnel compensation:	
– salaries and other short term benefits	16,597
– post-employment benefits – contribution to CPF	306
	16,903

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as currency forwards and interest rate swaps to hedge financial risk exposures.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of Directors. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Group's activities.

Financial risk management is carried out by the Group and country finance teams in accordance with policies approved by the Board. The Group and country finance teams identify, evaluate, and hedge financial risks in close co-operation with the Group's operating units. Guidelines for authority levels and exposure limits are in place to prevent unauthorised transactions. The Board is also regularly updated on the Group's financial investments and hedging activities.

The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

(a) Market risk

(i) Currency risk

The Group operates in Asia Pacific Region with dominant operations in Singapore, India, People's Republic of China, Korea, Australia and Southeast Asia. The Group is exposed to foreign currency risk on limited rental income, purchases and borrowings that are denominated in currencies other than the respective functional currency of the Group's entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United States Dollar ("USD"), Indian Rupee ("INR"), Chinese Renminbi ("RMB"), Korean Won ("KRW"), Australian Dollar ("AUD") and Japanese Yen ("JPY").

In addition, the Group is exposed to foreign currency movements on its investment in foreign subsidiary and associated companies, which generate revenue and incur costs denominated in foreign currencies; and such changes impact the reserves of the Group.

Where appropriate, the Group enters into foreign exchange forward contracts and cross currency swaps to minimise its currency risk exposure resulting from anticipated sale and purchase transactions in foreign currencies, its foreign currency denominated investments and net assets of its foreign subsidiary and associated companies.

Natural hedging is preferred as far as possible by matching assets and liabilities of the same currency. Derivative financial instruments are only used when necessary to reduce exposure to fluctuation in foreign exchange rates.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's exposure to foreign currencies based on the information provided to key management is as follows:-

The Group	SGD $'000	USD $'000	RMB $'000	INR $'000	KWN $'000	AUD $'000	JPY $'000	Others $'000	Total $'000
2016									
Financial assets									
Cash and bank balances	383,170	56,797	99,106	30,212	19,612	29,229	28,970	11,653	658,749
Trade and other receivables	163,187	24	12,285	16,600	3,859	11,999	3,942	2,232	214,128
Interest rate swaps	2,722	–	–	–	–	–	–	–	2,722
Deposits	3,130	–	1,972	8,631	310	5,220	63	209	19,535
	552,209	56,821	113,363	55,443	23,781	46,448	32,975	14,094	895,134
Financial liabilities									
Trade and other payables – current Less: Deferred income included in trade and other payables	350,231	43	78,842	22,007	13,252	24,834	18,754	3,790	511,753
Borrowings	5,712,000	5,920	228,339	50,866	208,821	419,584	62,374	–	6,687,904
Interest rate swaps	3,002	–	–	–	–	3,912	–	–	6,914
Other financial liabilities	150,323	–	6,051	–	6,480	683	6,003	33	169,573
	6,215,556	5,963	313,232	72,873	228,553	449,013	87,131	3,823	7,376,144
Net financial (liabilities)/assets	(5,663,347)	50,858	(199,869)	(17,430)	(204,772)	(402,565)	(54,156)	10,271	(6,481,010)
Less:									
Net financial liabilities/(assets) denominated in the respective entities' functional currencies	5,541,223	82	302,910	23,860	231,631	538,560	469	(3,654)	6,635,081
Cross currency forward contracts	–	–	(23,300)	–	–	–	(65,000)	–	(88,300)
Cross currency interest rate swaps	107,500	–	(22,000)	–	(19,847)	(22,661)	(26,891)	–	16,101
Loan and currency swaps designated as net investment hedges	–	–	45,300	–	–	–	136,975	–	182,275
	(14,624)	50,940	103,041	6,430	7,012	113,334	(8,603)	6,617	264,147

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's exposure to currency risk is minimal as its revenue, expenses, assets and liabilities are substantially denominated in SGD.

Sensitivity analysis for currency risk

If the USD, RMB, INR, KRW, AUD and JPY change against the SGD by 1%, 7%, 8% , 5% , 2% and 5% respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	2016	
	Profit after tax $'000	Equity $'000
The Group		
USD against SGD		
– strengthened	423	–
– weakened	(423)	–
RMB against SGD		
– strengthened	5,987	–
– weakened	(5,987)	–
INR against SGD		
– strengthened	427	–
– weakened	(427)	–
KRW against SGD		
– strengthened	291	–
– weakened	(291)	–
AUD against SGD		
– strengthened	1,881	–
– weakened	(1,881)	–
JPY against SGD		
– strengthened	(357)	–
– weakened	357	–

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) *Market risk (continued)*

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risk relates primarily to its interest-bearing financial assets and financial liabilities. The Group borrows a mix of fixed and variable rate debts with varying tenors. Where appropriate, the Group uses interest rate swaps to minimise its exposure to variable interest rates for specific underlying debt obligations over the duration of the obligations.

The Group currently holds interest rate swaps to exchange floating rate SGD loans for fixed rate SGD loans. Hedge accounting is applied on these swaps.

Sensitivity analysis for interest rate risk

The Group's interest-bearing financial assets at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD, AUD, RMB, KRW, JPY, INR and PHP. If interest rate increase/decrease by 200 basis points, with all other variables, including foreign currency exchange rates, being held constant, the Group's profit after tax will be higher/lower by approximately $4,386,000 as a result of higher/lower interest income from these interest-bearing financial assets.

The Group's borrowings at variable rates on which effective hedges have not been entered into, are denominated mainly in SGD, RMB, AUD and JPY. If interest rates increase/decrease by 175 basis points, with all other variables, including foreign currency exchange rates, being held constant, the Group's profit after tax will be lower/higher by approximately $17,458,000 as a result of higher/lower interest expense on these borrowings.

If interest rates increase/decrease by 150 basis points, with all other variables, including foreign currency exchange rates, being held constant, other comprehensive income would have been higher/lower by approximately $37,192,000, mainly as a result of higher/lower fair value of interest rate swaps designated as cash flow hedges of variable rate borrowings.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due. In managing credit risk exposure, credit review and approval processes as well as monitoring mechanisms are applied.

For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other receivables, the Group deals only with high credit quality counterparties. Generally, advance deposits of at least three months rental (or equivalent amount in bankers' guarantee) are obtained for all tenancies. Cash and bank deposits are placed with financial institutions which are regulated. Transactions involving derivative financial instruments are entered into only with counterparties that are of acceptable credit quality.

At the end of the reporting period, the Group and the Company have no significant concentration of credit risk. As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each financial asset presented on the balance sheet.

The credit risk for trade and other receivables (current and non-current) by geographical segments based on information provided to key management is as follows:-

	The Group 2016 $'000	The Company 2016 $'000
Singapore	92,944	141,042
India	78,966	–
The Philippines	1,330	–
People's Republic of China	15,036	–
Malaysia	2,134	–
Australia	17,747	–
Others	5,971	–
	214,128	141,042

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

Bank deposits are mainly deposits with banks which are regulated. Trade receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group. Other receivables that are neither past due or impaired include amounts due from non-related parties, associated and joint venture companies. These companies have relatively healthy financial positions and management does not expect any of these companies to fail to meet its obligations.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) *Credit risk (continued)*

(ii) Financial assets that are past due and/or impaired

The aging analysis of trade receivables from non-related parties (current) as at the end of the reporting period is as follows:-

	The Group 2016 Gross $'000	The Group 2016 Allowance for impairment $'000
Past due 0 to 90 days	12,282	(6)
Past due 91 to 180 days	6,594	(5,770)
Past due 181 to 360 days	994	(300)
Past due over 360 days	194	(160)
	20,064	(6,236)

The movements in the allowance for impairment are as follows:-

	Note	The Group 2016 $'000
Trade receivables (current)		
Beginning of financial year		–
Allowance made	7	5,665
Allowance utilised		(1)
Arising from acquisition of subsidiary companies		574
Currency translation differences		(2)
End of financial year	15	6,236

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The movements in the allowance for impairment in respect of amounts due from associated companies (trade) and other receivables (current and non-current) are as follows:-

	Note	The Group 2016 $'000
Trade receivables – associated and joint venture companies (current)		
Beginning of financial year		–
Allowance made	5	2,713
Allowance utilised		(1,413)
Arising from acquisition of subsidiary companies		2,091
Currency translation differences		(36)
End of financial year	15	3,355

	Note	The Group 2016 $'000
Other receivables (current and non-current)		
Beginning of financial year		–
Allowance made	5	4
Arising from acquisition of subsidiary companies		2,687
Currency translation differences		(49)
End of financial year	15	2,642

Trade and other receivables that are individually determined to be impaired at the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. There is no allowance for impairment made in respect of the Company's trade and other receivables.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Liquidity risk*

The Group manages liquidity risk by maintaining sufficient cash, internally generated cashflows and the availability of funding resources through adequate committed credit facilities. The Group also maintains a mix of short-term money market borrowings as well as the ability to tap the capital market through the MTN programme to fund working capital requirements and capital expenditure/investments. The Group assessed concentration risk with respect to debt refinancing and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within twelve months can be rolled over with existing lenders.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000	Total $'000
The Group				
2016				
Trade and other payables (less deferred income)	511,753	–	–	511,753
Borrowings	927,155	2,430,728	4,765,022	8,122,905
Other financial liabilities	6,686	22,633	140,254	169,573
	1,445,594	2,453,361	4,905,276	8,804,231
The Company				
2016				
Trade and other payables	99,760	–	–	99,760
Borrowings	23,633	486,300	4,078,987	4,588,920
Other financial liabilities	–	–	121,286	121,286
	123,393	486,300	4,200,273	4,809,966

The table below analyses the maturity profile of the Group's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	Within 1 year $'000	After 1 year but within 5 years $'000	After 5 years $'000	Total $'000
The Group				
2016				
Net-settled interest rate swaps – cash flow hedges	974	3,218	–	4,192
Net-settled currency forwards	1,503	(1,630)	–	(127)
	2,477	1,588	–	4,065

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment to the shareholder, return capital to the shareholder, issue new shares or capital securities, obtain new borrowings or sell assets to reduce borrowings.

The Group monitors capital based on the debt equity ratio, which is calculated as total external borrowings divided by total equity. The Group's policy is to keep debt equity ratio to less than two-thirds of total equity.

	The Group 2016 $'000	The Company 2016 $'000
Total borrowings including loans from non-controlling interests	6,855,089	3,471,195
Total equity	2,352,162	1,132,477
Debt equity ratio	291%	307%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial year ended 31 March 2016.

34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group classifies its fair value measurement of assets and liabilities using a fair value hierarchy that is dependent on the valuation inputs used as follows:

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There have been no transfers between Level 1 to Level 3 fair value measurements during the financial year ended 31 March 2016.

(b) *Assets and liabilities measured at fair value*

The following table presents the assets and liabilities measured at fair value at the end of the reporting period:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
The Group				
2016				
Assets				
Investment properties	–	–	4,949,391	4,949,391
Available-for-sale financial assets				
– equity securities	–	–	50,687	50,687
Derivative financial instruments	–	5,786	–	5,786
	–	5,786	5,000,078	5,005,864
Liabilities				
Derivative financial instruments	–	9,850	–	9,850
Contingent consideration	–	–	121,286	121,286
	–	9,850	121,286	131,136

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Determination of fair values

The following valuation methods and assumptions are used to estimate the fair values of the following significant classes of assets and liabilities:

(i) Derivative financial instruments

The fair values of currency forwards are determined using actively quoted forward exchange rates. The fair values of interest rate swaps and cross currency swaps are calculated as the present value of the estimated future cash flows discounted at actively quoted interest rates.

(ii) Investment properties

The fair value of investment properties are determined by independent professional valuers and includes premium received or receivable in advance in respect of land leases contracted at the balance sheet date. Valuations are made annually based on the properties' highest-and-best use using the income method, discounted cash flow method and direct comparison method, which involve certain estimates.

These valuation methods take into consideration significant inputs such as growth rate, capitalisation rate, terminal yield rate, discount rate and recent market transactions for similar properties in the same locations. In arriving at their estimates of market value, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

(iii) Available-for-sale equity securities

The fair values of available-for-sale equity securities are determined based on net asset approach and the significant unobservable inputs used are the latest available management accounts.

(iv) Other financial assets and liabilities

The carrying values of current trade and other receivables and payables approximate their fair values. The carrying values of borrowings approximate their fair values.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements

(i) Valuation techniques and significant unobservable inputs

The following table shows the key unobservable inputs used in the valuation models:

Types	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Investment properties	Income method Discounted cash flow method	– Discount rate: 4.7% to 18.1% – Capitalisation rate: 4.3% to 9.75% – Terminal yield rate: 4.5% to 10% – Growth rate: 2.45% to 5%	The estimated fair value – varies inversely against the discount rate, capitalisation rate and terminal yield rate; – increases with higher growth rate.
	Direct comparison method	– Comparable price: $2 psf to $1,099 psf	The estimated fair value increases with higher comparable price.
Available-for-sale equity securities	Net asset approach	– Cost of equity – Yield adjustments	The estimated fair value increases with higher costs of equity and higher yield adjustments based on management's assumptions.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (continued)

(ii) Movement in level 3 assets measured at fair value

The movements of investment properties classified under Level 3 have been disclosed in Note 11 respectively. The following table presents the reconciliation for available-for-sale equity securities measured at fair value based on significant unobservable inputs (Level 3):

	Available-for-sale financial assets – equity securities 2016 $'000
The Group	
Beginning of financial year	–
Arising from acquisition of subsidiaries	57,611
Total gains or losses included in other comprehensive income	
– net change in fair value of available-for-sale financial assets	37
Currency translation differences	(34)
Less:	
Impairment loss charged to profit or loss	(10,000)
End of financial year	47,614

(iii) Valuation processes applied by the Group

Generally, the fair values of investment properties are determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation companies provide the fair values of the Group's property, plant and equipment and investment property portfolio annually. The valuation and its financial impact are discussed with the Audit Committee and Board of Directors in accordance with the Group's reporting policies.

The assessment of fair value of available for sale equity securities is performed by the Group's finance department and operations team on a monthly basis. The finance department reports to the Group's Chief Financial Officer (CFO).

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) *Assets and liabilities not carried at fair value but for which fair values are disclosed*

The following table shows an analysis of assets and liabilities not measured at fair value at the end of the reporting period but for which fair value is disclosed:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000	Carrying amount $'000
The Group					
2016					
Assets					
Property, plant and equipment*	–	–	761,670	761,670	711,345
Liabilities					
Borrowings					
– Fixed rate medium term notes, bank loans and bonds	–	–	4,301,777	4,301,777	4,264,055

* Includes freehold land and leasehold buildings

The fair value of property, plant and equipment are determined by independent professional valuers. Valuations are made annually based on the properties' highest-and-best use using the income method, discounted cash flow method and direct comparison method, which involve certain estimates. These valuation methods take into consideration significant inputs such as growth rate, capitalisation rate, terminal yield rate, discount rate and recent market transactions for similar properties in the same locations.

The fair values of fixed rate medium term notes, bank loans and bonds are estimated by discounting expected future cash flows at market incremental lending rate for similar types of borrowing arrangements at the balance sheet date.

(f) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follow:

	The Group 2016	
	Carrying value $'000	Fair value
Financial assets:		
Available-for-sale financial assets – equity securities	3,073	*

* Investment in equity instruments carried at cost

Fair value information has not been disclosed for the Group's investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in companies operating business parks in China. These investments are not quoted on any market and do not have any comparable industry peers that is listed. In addition, the variability in the range of reasonable fair value estimates of these investments derived from valuation techniques is significant.

35. COMMITMENTS

As at the end of the reporting period, the Group had the following commitments:

Development and capital expenditure:

	The Group 2016 $'000
Amounts approved and contracted for	168,941
Amounts approved but not contracted for	23,736
	192,677

Commitments in respect of investments are as follows:

	The Group 2016 $'000
Associated companies	12,362
Joint venture companies	125,500
	137,862

The Group leases land and office space from non-related parties under non-cancellable operating lease agreements with varying terms.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	The Group 2016 $'000
Lease payments due:	
– not later than one year	4,446
– later than one year and not later than five years	13,664
– later than five years	83,298
	101,408

In addition, there is one 30+23 year term and two 30-year term operating leases on leasehold land, which expires in December 2061, February 2042 and January 2041 respectively. The lease rental is subject to yearly revision.

The Group leases out office, industrial and retail spaces to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increases to the lease payments or contingent rents based on sales achieved by tenants.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	The Group 2016 $'000
Lease receivables:	
– not later than one year	232,444
– later than one year and not later than five years	624,957
– later than five years	582,570
	1,439,971

36. CONTINGENCIES

Contingent liabilities

In the financial year ended 31 March 2007, a subsidiary company of the Group disposed of its investment in Philippines and agreed to indemnify the buyer against contingent claims, breach of representations and warranties and incremental operational costs up to December 2016, of which the total and cumulative liability shall not exceed the sum of $3 million. Its liability to indemnify the buyer against contingent claims, breach of representations and warranties has lapsed with effect from 29 December 2009 and 29 December 2011 respectively.

Financial guarantees

The Group has issued guarantees to a bank in respect of banking facilities obtained by associated and joint venture companies. The maximum exposure to the Group is represented by the amount of the facilities drawn down by the associated and joint venture companies of $265,630,000. As at 31 March 2016, the Group has assessed the fair value of these financial guarantees to be insignificant as the loans were fully pledged by the associated and joint venture companies' property assets which valuation exceeds the outstanding balances of the loans.

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Divestment of partial stake in Poly Field International Investment Limited

On 13 April 2016, a wholly-owned subsidiary, Maxwell Investment and Development Pte Ltd divested 60% stake in Poly Field International Investment Limited to Cosmos Harvest Development Limited for a cash consideration of $91.6 million. The Group will record a gain on disposal of approximately $26 million.

Divestment of partial stake in Ascendas Korea Office Private Real Estate Investment Trust 3

On 4 May 2016, the Group, through its wholly owned subsidiary, Ascendas Jongro Place Pte Ltd, divested 9.3% stake in Ascendas Korea Office Private Real Estate Investment Trust 3 to Local Finance Association for a cash consideration of $11.8 million. The Group will record a gain on disposal of approximately $319,000.

38. SUBSIDIARY COMPANIES

The following are the Company's subsidiary companies:

Direct subsidiary companies	Principal activities	Country of incorporation/ place of business	Percentage of equity held by the Company	Cost of investment
			2016 %	2016 $'000
Ascendas Pte Ltd*	Investment holding	Singapore	100	3,612,326
Singbridge Pte Ltd*	Investment holding	Singapore	100	1,063,624
				4,675,950

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Ascendas Pte Ltd			
Ascendas Investment Pte Ltd*	Investment holding	Singapore	100
Ascendas Land International Pte Ltd*	Investment holding	Singapore	100
Ascendas Land (Singapore) Pte Ltd*	Property owners, and the planning, developing, marketing and management of industrial parks, science parks, business parks and related facilities and investment holding	Singapore	100
Ascendas Hospitality Trust and its subsidiaries** ### ß	Public hospitality trust investing, directly or indirectly, in a diversified portfolio of income-producing real estate used predominantly for hospitality purposes located across Asia, Australia and New Zealand	Singapore	26.91
Subsidiary company of Singbridge Pte Ltd			
Singbridge Holdings Pte Ltd*	Investment holding and provision of business and consultancy services and investment advisory services	Singapore	100
Subsidiary companies of Ascendas Investment Pte Ltd			
Ascendas Holdings (Manila) Pte Ltd*	Investment holding	Singapore/ Philippines	63.75
Ascendas Utilities Pte Ltd*	Investment holding	Singapore	100
Ascendas Funds Management (S) Limited*	Property fund management	Singapore	100
Ascendas Property Fund Trustee Pte Ltd*	Trustee for property trust and property fund management	Singapore	100
Ascendas Services (Shanghai) Co., Ltd**	Provision of e-infrastructure services	People's Republic of China	100
Ascendas China Commercial Fund Management Pte. Ltd.*	Property fund management	Singapore	100
Ascendas Asia Fund Management Pte. Ltd.*	Property fund management	Singapore	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Ascendas Investment Pte Ltd (continued)			
Ascendas India Development Fund Management Pte. Ltd.*	Trustee for property trust and property fund management	Singapore	100
Ascendas Asia Real Estate Fund Management Pte. Ltd^	Property fund management	Singapore	100
Ascendas Japan Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Asset Management Co., Ltd**	Property fund management	South Korea	100
Ascendas Hospitality Fund Management Pte Ltd*	Property fund management	Singapore	100
Ascendas Hospitality Trust Management Pte Ltd*	Trustee for property trust	Singapore	100
Ascendas China Commercial Fund Management Limited@	Property fund management	Hong Kong	–
Ascendas Hospitality Australia Fund Management Pty Ltd**	Property fund management	Australia	100
Subsidiary companies of Ascendas Land International Pte Ltd			
Ascendas (China) Pte Ltd*	Investment holding	Singapore/ People's Republic of China	100
Ascendas (Philippines) Corporation**	Construction and project management	Philippines	100
Ascendas (India) Private Limited**	Construction of infrastructure facilities, commercial and residential complexes and townships	India	100
Crystal Clear Limited+	Investment holding	Cayman Islands	100
Riverbook Group Limited+	Investment holding	British Virgin Islands	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Ascendas Land International Pte Ltd (continued)			
Ascendas (Korea) Pte. Ltd.*	Investment holding	Singapore	100
a-kof2***	Private trust investing in real estate in South Korea	South Korea	57
Ascendas China Trustee Pte. Ltd.*	Trustee for property trust	Singapore	100
Ascendas China Commercial Trustee Pte. Ltd.*	Trustee for property trust	Singapore	100
Ascendas S.E. Asia Business Space Fund Trustee Pte. Ltd.*	Trustee for property trust	Singapore	100
Ascendas (ACCF) Holdings Pte. Ltd.*	Investment holding	Singapore	71.88
Ascendas India Development VII Pte. Ltd.*	Investment holding	Singapore	100
Ascendas India Joint Investments Co. Pte Ltd*	Investment holding	Singapore	100
Ascendas Land (Malaysia) Pte Ltd*	Investment holding	Singapore	100
Ascendas Korea Office Private Real Estate Investment Trust 2**	Private trust investing in real estate in South Korea	South Korea	65.71
Ascendas China Commercial II Trustee Pte Ltd*	Trustee for property trust	Singapore	100
Ascendas China Business Park IV Trustee Pte Ltd*	Trustee for property trust	Singapore	100
Ascendas China Commercial Fund 2*	Private trust investing in real estate in China	Singapore	93.42
Ascendas India Growth Programme Holdings 1 Pte Ltd*	Investment holding	Singapore	100
Ascendas Land Vietnam Pte Ltd*	Investment holding	Singapore	100
Ascendas Jongro Pte Ltd*^	Investment holding	Singapore	100
Ascendas Indonesia Holdings Pte Ltd*^	Investment holding	Singapore	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Ascendas Land International Pte Ltd (continued)			
Ascendas Jiahui Trustee Pte Ltd*^	Trustee for property trust	Singapore	100
ACCBP Holding Pte. Ltd.*^	Investment holding	Singapore	100
Ascendas Office Investment Holding Pte Ltd*^	Investment holding	Singapore	100
Ascendas Office Fund A Trustee Pte Ltd*^	Trustee for property trust	Singapore	100
Ascendas Office OEF Trustee Pte Ltd*^	Trustee for property trust	Singapore	100
Ascendas Innovation Pte Ltd^	Investment holding	Singapore	100
RIA Venture Capital Pte Ltd^	Research and experimental development on information technology	Singapore	100
Subsidiary companies of Ascendas Land (Singapore) Pte Ltd			
Ascendas (Kaki Bukit) Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Ascendas (Tuas) Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Ascendas Services Pte Ltd*	Marketing and management of industrial parks and related facilities	Singapore	100
Ascendas (Ubi) Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Ascendas Development Pte Ltd*	Investment holding	Singapore	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Ascendas Land (Singapore) Pte Ltd (continued)			
Ascendas (KB View) Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Ascendas (Admiralty) Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Arcasia Properties, Inc+	Property leasing	United States of America	100
iAxil Pte Ltd*	Incubation management and business advisory services	Singapore	100
Tuas View Development Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Ascendas (Paya Lebar) Pte Ltd*^	Property owners and the planning, developing and marketing	Singapore	100
Southernwood Holding Pte Ltd*^	Investment holding	Singapore	100
Singapore Science Park Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Ascendas Media Hub Pte Ltd*	Investment holding	Singapore	100
Ascendas Venture Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	100
Teletech Park Pte Ltd*	Property investment and development	Singapore	100
Ascendas Fusion 5 Holding Pte Ltd*	Investment holding	Singapore	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary company of Ascendas Fusion 5 Holding Pte Ltd			
Ascendas Fusion 5 Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	75
Subsidiary company of Ascendas Japan Pte Ltd			
Ascendas Japan Inc+	Property fund management	Japan	100
Subsidiary companies of Ascendas (China) Pte Ltd			
Ascendas (Shanghai) Co., Ltd**	Provision of project consultancy, project management and other related services	People's Republic of China	100
Beijing Ascendas-BETIDC Development Co., Ltd**	Building, managing, leasing and selling built-to-suit facilities	People's Republic of China	99.8
Ascendas Services (Suzhou) Co., Ltd**	Provision of project consultancy, project management and other related services	People's Republic of China	100
Xi'an Ascendas-Science Technology Investment Co., Ltd**@	Development, sale and leasing of properties	People's Republic of China	–
Ascendas Development (Tianjin) Co., Ltd**	Development, sale and leasing of properties	People's Republic of China	100
Ascendas Development (Wujiang) Co., Ltd@	Real estate development; project management and consultancy; sales, lease and management of the properties it developed and provision of related services	People's Republic of China	–
Ascendas Singapore-Hangzhou Science & Technology Park I Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Singapore-Hangzhou Science & Technology Park II Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Singapore-Hangzhou Science & Technology Park III Pte. Ltd.*	Investment holding	Singapore	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Ascendas (China) Pte Ltd (continued)			
Ascendas Singapore-Hangzhou Science & Technology Park IV Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Singapore-Hangzhou Science & Technology Park V Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Singapore-Hangzhou Science & Technology Park VI Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Singapore-Hangzhou Science & Technology Park VII Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Suzhou Science & Technology Park Pte Ltd*	Investment holding	Singapore	100
Ascendas GKC Investment Pte Ltd*	Investment holding	Singapore	100
Ascendas Investment (Dalian) Pte Ltd*	Investment holding	Singapore	100
Ascendas Zhangjiang C62 Pte Ltd*	Investment holding	Singapore	100
Ascendas Chengsan Investment Pte Ltd*^	Investment holding	Singapore	100
Subsidiary company of Crystal Clear Limited			
Krefelt Investments Pte Ltd*	Investment holding	Singapore	100
Subsidiary company of Krefelt Investments Pte Ltd			
Masagana Holdings Corporation**	Investment holding	Philippines	100
Subsidiary company of Masagana Holdings Corporation			
RBF Development Corporation** α	Development, operation and management of industrial buildings	Philippines	100
Subsidiary company of Ascendas (Korea) Pte Ltd			
Ascendas Korea Inc.**	Management consulting, real estate leasing, purchasing and selling of real estate and other related services	South Korea	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary company of Ascendas Zhangjiang C62 Pte Ltd			
Ascendas C62 Park (Shanghai) Co., Ltd	Develop and build industrial properties, provide management services, sales and lease and management of properties and provide related services	People's Republic of China	100
Subsidiary company of Ascendas Shanghai Co., Ltd			
Ascendas Services (Xi'an) Co., Ltd**	Provision of project consultancy, project management and other related services	People's Republic of China	100
Subsidiary company of Ascendas Singapore-Hangzhou Science & Technology Park I Pte Ltd			
Ascendas Hangzhou Science & Technology Co., Ltd**	Software technology R&D, business process outsourcing and leasing of buildings and equipment	People's Republic of China	80
Subsidiary company of Ascendas Singapore-Hangzhou Science & Technology Park II Pte Ltd			
Ascendas Hangzhou Software Technology Co., Ltd**	Manufacturing of software product, sales and provision of related services, development and leasing of properties	People's Republic of China	80
Subsidiary company of Ascendas Singapore-Hangzhou Science & Technology Park III Pte Ltd			
Ascendas Hangzhou Industrial Automatic Co., Ltd**	R&D, design and test of industry automation product and related equipment, development and leasing of properties	People's Republic of China	80
Subsidiary company of Ascendas Singapore-Hangzhou Science & Technology Park IV Pte Ltd			
Ascendas Hangzhou Data Processing Co., Ltd**	Manufacturing of intelligent card and IC card, sales, development and leasing of properties	People's Republic of China	80
Subsidiary company of Ascendas Singapore-Hangzhou Science & Technology Park V Pte Ltd			
Ascendas Hangzhou Multi-Media Technology Co., Ltd**	Development of multimedia software, sales, development and leasing of properties	People's Republic of China	80
Subsidiary company of Ascendas Singapore-Hangzhou Science & Technology Park VI Pte Ltd			
Ascendas Hangzhou Computer System Service Co., Ltd**	Manufacturing of computer system product, sales and provision of related services and leasing of properties	People's Republic of China	80

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary company of Ascendas India Development VII Pte Ltd			
Ascendas IT Park (Pune) Private Limited**	Development, owning and management of information technology parks	India	74
Subsidiary companies of Ascendas Services Pte Ltd			
Ascendas Services (India) Private Limited**	Marketing and management of industrial parks and related facilities	India	100
Ascendas Services Malaysia Pte Ltd*	Investment holding	Singapore	100
Ascendas Services Vietnam Pte. Ltd.*	Investment holding	Singapore	100
Ascendas Services Philippines Pte. Ltd.*	Investment holding	Singapore	100
Subsidiary company of Ascendas Services Malaysia Pte Ltd			
Ascendas Services Malaysia Sdn Bhd**	Marketing and management of commercial, industrial, warehousing properties and related facilities	Malaysia	100
Subsidiary company of Ascendas Land (Malaysia) Pte Ltd			
Ascendas Land (Malaysia) Sdn Bhd**	Investment holding	Malaysia	100
Subsidiary company of Ascendas Indonesia Holdings Pte Ltd			
Ascendas Land Indonesia Pte Ltd*	Investment holding	Singapore	100
Subsidiary company of Ascendas Land Indonesia Pte Ltd			
Ascendas Indonesia Investments Pte Ltd*	Investment holding	Singapore	100
Subsidiary company of Ascendas India Joint Investments Co Pte Ltd			
One Hub Developers (Bangalore) Private Ltd***	Development, owning and management of information technology parks	India	100
Subsidiary company of Ascendas Services Vietnam Pte Ltd			
Ascendas Services Vietnam Co., Ltd**	Real estate consultancy and management services whether residential, commercial or industrial-related; construction project management and management consultancy services	Vietnam	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary company of Ascendas Services Philippines Pte Ltd			
Ascendas Services Philippines Corporation**	Project management of construction, development, renovation and/or maintenance of land or building and to provide services for asset and/or property management of buildings	Philippines	100
Subsidiary company of Ascendas Media Hub Pte Ltd			
Ascendas Citramas Pte Ltd*	Property owners and the planning, developing and management of industrial parks and related facilities	Singapore	70
Subsidiary company of Ascendas India Growth Programme Holdings 1 Pte Ltd			
Ascendas India Growth Programme 1 Pte. Ltd.*	Investment holding	Singapore	100
Subsidiary company of Ascendas Services (Shanghai) Co., Ltd			
Ascendas Shanghai Fund Management LLP **	Property fund management	People's Republic of China	100
Subsidiary company of Ascendas China Commercial Fund 2			
Ascendas Plaza Pte. Ltd.*	Investment holding	Singapore	93.42
Subsidiary company of Ascendas Plaza Pte. Ltd.			
Ascendas Development (Shanghai) Co., Ltd.**	Development, and leasing of properties	People's Republic of China	93.42
Subsidiary company of Southernwood Holding Pte. Ltd.			
Southernwood Property Pte. Ltd.*^	Property owners and the planning, developing and marketing	Singapore	100
Subsidiary company of Ascendas Jiahui Trustee Pte Ltd			
ACCBP 1 Pte. Ltd.*^	Investment holding	Singapore	100
Subsidiary company of Ascendas Jongro Pte Ltd			
Ascendas Korea Office Private Real Estate Investment Trust 3**^	Private trust investing in real estate in South Korea	South Korea	48.84

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary company of Ascendas Indonesia Investment Pte Ltd			
PT Ascendas Land Indonesia^	Investment holding	Indonesia	99
Subsidiary company of Ascendas Funds Management (S) Ltd.			
Ascendas Funds Management (Australia) Pty Ltd**^	Property fund management	Australia	100
Subsidiary companies of Ascendas Office Investment Holding Pte Ltd			
Ascendas Office Investment (Australia) Pte Ltd*^	Investment holding	Singapore	100
Ascendas Office Fund A Pte Ltd*^	Investment holding	Singapore	100
Ascendas Pan-Asian Office Fund A*^	Private trust investing in real estate in Asia Pacific	Singapore	100
Ascendas Pan-Asian Office Fund*^	Private trust investing in real estate in Asia Pacific	Singapore	100
Ascendas Australia Office Trust^	Investment holding	Australia	100
Ascendas Australia Office Investment Trust^	Investment holding	Australia	100
Ascendas Foxglove Trust 1^	Investment in real estate assets in Australia	Australia	100
Subsidiary companies of Singbridge Holdings Pte Ltd			
Singbridge International Singapore Pte. Ltd.*	Investment holding and provision of business and consultancy services and investment advisory services	Singapore	100
Singbridge Chongqing Investments Holdings Pte. Ltd.*	Investment holding	Singapore	100
Singbridge Chengdu Investments Holdings Pte. Ltd.*	Investment holding	Singapore	100
Singbridge Corporate Pte. Ltd.*	Provision of management, consultancy and business services	Singapore	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Singbridge Holdings Pte Ltd (continued)			
Singbridge Sustainable Development Singapore Pte Ltd*	Investment holding and provision of investment advisory services	Singapore	100
Jilin Food Zone Investment Holdings Pte, Ltd.*	Investment holding	Singapore	100
Wberry Holding Pte. Ltd.*	Investment holding	Singapore	100
Subsidiary companies of Singbridge International Singapore Pte. Ltd			
Singbridge Capital Pte Ltd*	Investment holding	Singapore	100
Canton Pearl Pte. Ltd.*	Provision of management consultancy services and investment holding	Singapore	100
Singbridge Guangzhou Pte. Ltd.*	Investment holding and provision of business and management consultancy services	Singapore	100
Maxwell Investment and Development Pte. Ltd.*	Investment holding	Singapore	100
Subsidiary companies of Singbridge Chongqing Investments Holdings Pte. Ltd.			
Singbridge CTM1 Pte. Ltd.*	Investment holding	Singapore	100
Singbridge CTM9 Pte. Ltd.*	Investment holding	Singapore	100
Subsidiary companies of Singbridge Chengdu Investments Holdings Pte. Ltd.			
Singbridge CDIP1 Pte. Ltd.*	Investment holding	Singapore	100
Singbridge CDIP9 Pte. Ltd*.	Investment holding	Singapore	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Jilin Food Zone Investment Holdings Pte. Ltd.			
JFZ1 Pte. Ltd.*	Investment holding	Singapore	100
JFZ9 Pte. Ltd.*	Investment holding	Singapore	100
Jilin IPF Pte. Ltd.*	Investment holding	Singapore	100
Jilin Food Zone Pte Ltd*	Provision of business and management consultancy services	Singapore	100
North Star* Food Products Pte Ltd*	Trading	Singapore	100
North Star Food Marketing Pte Ltd*	Trademark company	Singapore	100
Subsidiary company of Singbridge Capital Pte. Ltd.			
Knowledge City Pte Ltd*	Investment holding	Singapore	100
Subsidiary company of Canton Pearl Pte. Ltd.			
Shangdu Limited+	Investment holding	British Virgin Islands	100
Subsidiary company of Shangdu Limited			
Shidu Limited+	Investment holding	British Virgin Islands	100
Subsidiary companies of Singbridge Guangzhou Pte. Ltd.			
Singbridge Investment and Development Consultancy (Guangzhou) Co Ltd**	Provision of business, management consultancy and investment advisory services	People's Republic of China	100
Optima Investment and Development Pte Ltd*	Real estate activities with owned or leased properties	Singapore	60
Horizon (Guangzhou) Real Estate Development Co., Ltd**	Property development	People's Republic of China	60
Duxton Investment and Development Pte Ltd*	Investment holding	Singapore	100
Guangzhou Xinsheng Development Co Ltd	Property development	People's Republic of China	100

38. SUBSIDIARY COMPANIES (CONTINUED)

Indirect subsidiary companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %
Subsidiary companies of Maxwell Investment and Development Pte Ltd			
Polyfield International Investments Limited***	Investment holding	Hong Kong	100
天骄(广州)房地产开发有限公司	Real estate industry	People's Republic of China	100

* Audited by Ernst & Young LLP, Singapore.
** Audited by member firms of Ernst & Young in the respective countries.
*** Audited by other auditors.
**** Undergoing liquidation during the financial year.
^ The subsidiary was incorporated during the year.
+ Not subject to audit by law in the country of incorporation.
@ Disposed/liquidated/struck off during the financial year.
α Includes 40% held by Ascendas Philippines Corporation
Includes 1.45% held by Ascendas Hospitality Fund Management Pte Ltd and Ascendas Hospitality Trust Management Pte Ltd
ß Was consolidated by the Group upon adoption of FRS 110.

39. ASSOCIATED AND JOINT VENTURE COMPANIES

Associated companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %	Cost of investment 2016 $'000
Associated companies of Ascendas Land International Pte Ltd				
Ascendas India Trust and its subsidiaries*##	Public business trust investing in Information Technology Parks and IT related properties through the acquisition, development, re-development, management, maintenance, operating and leasing of such properties in India	Singapore	23.68	166,102
a-kof***	Private trust investing in income generating office buildings and office development projects in Seoul and Seoul Metropolitan area	South Korea	30	99,550
a-kif***	Private trust investing in logistics and industrial assets, both income generating and development projects in South Korea	South Korea	30	–
Ascendas ASEAN Business Space Fund and its subsidiaries*	Private trust investing in principally real estate or real estate related assets used or to be used or predominantly for business space solutions located in Malaysia, Vietnam and Philippines	Singapore	20.5	35,155
Ascendas India Development Trust and its subsidiaries*	Private trust investing in the development of mixed or multi-use projects through the acquisition, development, re-development, sale and leasing of such assets in India	Singapore	26	82,398

39. ASSOCIATED AND JOINT VENTURE COMPANIES (CONTINUED)

Associated companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %	Cost of investment 2016 $'000
Associated companies of Ascendas Land International Pte Ltd (continued)				
Ascendas China Business Parks Fund 4 and its subsidiaries *	Private trust investing in real estate in China	Singapore	22.99	77,627
Ascendas Science & Technology Park Development (SIP) Co., Ltd**	Development, sale and leasing of properties	People's Republic of China	40.17	32,084
Associated companies of Ascendas Land (Singapore) Pte Ltd				
Ascendas Real Estate Investment Trust*** #	Investment advisor and property fund management	Singapore	20.06	1,098,930
Associated company of Ascendas Holdings (Manila) Pte Ltd				
Carmelray-JTCI Corporation@	Development and management of industrial park in Philippines	Philippines	25.5	–
Associated companies of Singbridge Holdings Pte. Ltd.				
CTM Property Trust and its subsidiaries***	Investment holding	People's Republic of China	37.5	431,165
Sino-Singapore Jilin Food Zone Development and Management Co., Ltd***	Technical services, management and investment consulting in relation to food	Singapore	40	2,379
				2,025,390

* Audited by Ernst & Young LLP, Singapore.
** Audited by member firms of Ernst & Young in the respective countries.
*** Audited by other auditors.
# Includes 2.20% held by Ascendas Funds Management (S) Limited
Includes 3.88% held by Ascendas Property Fund Trustee Pte Ltd
@ Disposed/liquidated/struck off during the financial year.

39. ASSOCIATED AND JOINT VENTURE COMPANIES (CONTINUED)

Joint venture companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group 2016 %	Cost of investment 2016 $'000
Joint venture company of Ascendas Development Pte. Ltd.				
Ascendas Frasers Pte Ltd*	Property owner and the planning, developing and management of industrial parks, retail and hospitality facilities	Singapore	50	94,788
Joint venture company of Ascendas (China) Pte Ltd				
DLSP Ascendas Co., Ltd**	Development, management, leasing and selling of industrial properties and providing real estate consultancy	People's Republic of China	50	28,416
Joint venture company of Ascendas GKC Investment Pte Ltd				
GKC Ascendas Business Park Development Co. Ltd**	Development, construction, selling, leasing and manage self-built properties and ancillary facilities	People's Republic of China	48.92	79,983
Joint venture company of Ascendas Land (Malaysia) Sdn Bhd				
Nusajaya Tech Park Sdn Bhd**	Property development	Malaysia	60	27,031
Joint venture company of Ascendas Land Vietnam Pte Ltd				
Ascendas Saigon Bund Co Ltd**	Property development	Vietnam	60	1,642
Joint venture companies of Ascendas Hospitality Trust				
Notron No.346 Trust**	Hotel investment	Australia	50	#
Ascendas Cairns International Pty Limited & Polaris Developments Pty Limited**	Hotel operations	Australia	50	#
Joint venture company of PT. Ascendas Land Indonesia				
PT. Metropolitian Karyadeka Ascendas	Property development	Indonesia	50	2,074

39. ASSOCIATED AND JOINT VENTURE COMPANIES (CONTINUED)

Joint venture companies	Principal activities	Country of incorporation/ place of business	Effective interest held by the Group	Cost of investment
			2016	2016
			%	$'000
Joint venture company of Ascendas India Growth Programme 1 Pte. Ltd.				
AIGP1 Pte. Ltd.*	Investment holding	Singapore	30	#
Joint venture companies of Singbridge Holdings Pte. Ltd.				
Singapore-Sichuan Investment Holdings	Investment holding	Singapore	50	99,977
Sino-Singapore Guangzhou Knowledge City Investment and Development Co. Ltd	Real estate industry	People's Republic of China	50	469,852
				803,763

Less than $1,000
* Audited by Ernst & Young LLP, Singapore.
** Audited by member firms of Ernst & Young in the respective countries.

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Ascendas-Singbridge Pte Ltd on 25 May 2016.

Accessibility and Feedback

As part of our efforts in environmental conservation, we have printed limited copies of this report. A PDF version of the full Annual Report and Financial Statements is available for download from our website: www.ascendas-singbridge.com

We value feedback from our stakeholders as it allows us to continually improve our sustainability practices. Please share your views, suggestions or feedback to:

Ascendas-Singbridge Pte Ltd
1 Fusionopolis Place
#10-10 Galaxis
Singapore 138522
Email: enquiries@ascendas-singbridge.com

星桥腾飞
ascendas
SINGBRIDGE