JURONG TOWN CORPORATION AND SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

JURONG TOWN CORPORATION AND SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

CONTENTS

JURONG TOWN CORPORATION AND SUBSIDIARIES

STATEMENT BY JURONG TOWN CORPORATION

In our opinion,

(a) the accompanying financial statements of Jurong Town Corporation (the "Corporation") and its subsidiaries (the "Group"), set out on pages 6 to 52 are properly drawn up in accordance with the provisions of the Jurong Town Corporation Act, Cap. 150 (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Group and the Corporation as at 31 March 2018, and the financial performance, changes in equity of the Group and the Corporation, and cash flows of the Group for the financial year ended on that date;

(b) the receipt, expenditure, investments of moneys and the acquisition and disposal of assets by the Corporation during the financial year have been in accordance with the provisions of the Act and the Constitution of the Republic of Singapore; and

(c) proper accounting and other records of the Corporation and of those subsidiaries incorporated in Singapore, have been kept.

On behalf of Jurong Town Corporation and subsidiaries

Loo Choon Yong	Ng Lang	Chee Wan Chin
Chairman	Chief Executive Officer	Group Chief Financial Officer

Singapore
28 May 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF JURONG TOWN CORPORATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Jurong Town Corporation (the "Corporation") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Corporation as at 31 March 2018, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of comprehensive income and statement of changes in equity of the Corporation for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 53.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Corporation are properly drawn up in accordance with the provisions of the Jurong Town Corporation Act (Cap. 150) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Group and the Corporation as at 31 March 2018 and financial performance and changes in equity of the Group and the Corporation and cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement by Jurong Town Corporation set out on page 1, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF JURONG TOWN CORPORATION

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF JURONG TOWN CORPORATION

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

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Corporation during the year are, in all material respects, in accordance with the provisions of the Act and the Constitution of the Republic of Singapore.

(b) proper accounting and other records of the Corporation and of those subsidiaries incorporated in Singapore, of which we are the auditors, have been kept.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Group in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act and the Constitution of the Republic of Singapore. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF JURONG TOWN CORPORATION

Auditor's Responsibility for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act and the Constitution of the Republic of Singapore.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

Deloitte Touche LLP

Public Accountants and
Chartered Accountants
Singapore

28 May 2018

JURONG TOWN CORPORATION AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
Year ended 31 March 2018

	Note	The Group 2018	The Group 2017	The Corporation 2018	The Corporation 2017
		$ Millions	$ Millions	$ Millions	$ Millions
Income					
Revenue	4	1,989	1,957	1,808	1,787
Other income	5	645	826	654	841
		2,634	2,783	2,462	2,628
Expenditure					
Property tax		(90)	(85)	(86)	(81)
Maintenance and conservancy		(174)	(168)	(161)	(155)
Employee benefits expense	6	(195)	(179)	(129)	(117)
Depreciation of property, plant and equipment	17	(54)	(49)	(27)	(22)
Depreciation of investment properties	18	(260)	(214)	(260)	(214)
Impairment loss of property, plant and equipment	17	(1)	(1)	(1)	(1)
Loss in recoverable amount of investment properties	18	(462)	(507)	(462)	(507)
Finance costs	7	(14)	(14)	(14)	(14)
Other expenses	8	(238)	(269)	(188)	(242)
		(1,488)	(1,486)	(1,328)	(1,353)
Surplus before contribution to Consolidated Fund and taxation		1,146	1,297	1,134	1,275
Contribution to Consolidated Fund	9	(193)	(217)	(193)	(217)
Income tax	10	(9)	(9)	-	-
Surplus for the year		944	1,071	941	1,058
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to income or expenditure:					
Currency translation reserve					
- Exchange differences arising on translation of foreign operations		(2)	(2)	-	-
Total comprehensive income		942	1,069	941	1,058
Surplus for the year attributable to					
Equity holders of the Corporation		947	1,071	941	1,058
Non-controlling interests		(3)	-	-	-
		944	1,071	941	1,058
Total comprehensive income attributable to					
Equity holders of the Corporation		942	1,069	941	1,058
Non-controlling interests		-	-	-	-
		942	1,069	941	1,058

See accompanying notes to financial statements.

JURONG TOWN CORPORATION AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
31 March 2018

	Note	The Group 2018 $ Millions	The Group 2017 $ Millions	The Corporation 2018 $ Millions	The Corporation 2017 $ Millions
ASSETS					
Current assets					
Cash and cash equivalents	11	2,655	7,092	2,299	6,728
Trade receivables	12	80	43	64	27
Other receivables	13	322	296	309	285
Deferred trade receivables	14	8	7	8	7
Inventories	15	844	155	844	155
Total current assets		3,909	7,593	3,524	7,202
Non-current assets					
Property, plant and equipment	17	773	715	262	262
Investment properties	18	17,941	12,965	17,970	12,994
Investment in subsidiaries	19	-	-	716	716
Investment in joint ventures	20	243	245	-	-
Other receivables	13	3,372	3,372	3,372	3,372
Deferred trade receivables	14	715	715	715	715
Other non-current assets	21	149	152	148	151
Total non-current assets		23,193	18,164	23,183	18,210
Total assets		27,102	25,757	26,707	25,412

JURONG TOWN CORPORATION AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
31 March 2018

	Note	The Group 2018	The Group 2017	The Corporation 2018	The Corporation 2017
		$ Millions	$ Millions	$ Millions	$ Millions
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	22	717	612	643	556
Borrowings	23	18	32	18	32
Deferred income	24	182	144	182	143
Current income tax liabilities		9	9	-	-
Provision for contribution to consolidated fund	9	193	217	193	217
Total current liabilities		1,119	1,014	1,036	948
Non-current liabilities					
Borrowings	23	410	427	410	427
Deferred income	24	3,921	3,630	4,055	3,772
Deferred tax liabilities	25	19	16	-	-
Total non-current liabilities		4,350	4,073	4,465	4,199
Capital and reserves					
Capital account	26	167	167	167	167
Currency translation reserve		1	3	-	-
Accumulated surplus		21,447	20,500	21,039	20,098
Equity attributable to owners of the company		21,615	20,670	21,206	20,265
Non-controlling interests		18	-	-	-
Total equity		21,633	20,670	21,206	20,265
Total liabilities and equity		27,102	25,757	26,707	25,412

See accompanying notes to financial statements.

JURONG TOWN CORPORATION AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2018

The Group	Capital account	Currency translation reserve	Accumulated surplus	Equity attributable to equity holders	Non-controlling interests	Total equity
	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
Balance as at 1 April 2016	167	5	19,429	19,601	-	19,601
Surplus for the year	-	-	1,071	1,071	-	1,071
Exchange differences arising on translation of foreign joint ventures representing other comprehensive income for the year, net of tax	-	(2)	-	(2)	-	(2)
Total comprehensive income for the year	-	(2)	1,071	1,069	-	1,069
Balance as at 31 March 2017	167	3	20,500	20,670	-	20,670
Surplus for the year	-	-	947	947	(3)	944
Exchange differences arising on translation of foreign joint ventures representing other comprehensive income for the year, net of tax	-	(2)	-	(2)	-	(2)
Total comprehensive income for the year	-	(2)	947	945	(3)	942
Contributions by and distributions to equity holder						
Capital contribution by non-controlling interests	-	-	-	-	21	21
Balance as at 31 March 2018	167	1	21,447	21,615	18	21,633

The Corporation	Capital account	Accumulated surplus	Total equity
	$ Millions	$ Millions	$ Millions
Balance as at 1 April 2016	167	19,040	19,207
Total surplus for the year, representing total comprehensive income for the year	-	1,058	1,058
Balance as at 31 March 2017	167	20,098	20,265
Total surplus for the year, representing total comprehensive income for the year	-	941	941
Balance as at 31 March 2018	167	21,039	21,206

See accompanying notes to financial statements.

JURONG TOWN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2018

	Note	The Group 2018	The Group 2017
		$ Millions	$ Millions
Operating activities			
Surplus before contribution to consolidated fund and taxation		1,146	1,297
Adjustments for:			
Depreciation of property, plant and equipment	17	54	49
Depreciation of investment properties	18	260	214
Inventories written-down	8	36	8
Amortisation of deferred capital grants		-	(7)
Amortisation of long term lease premium	24	(159)	(162)
Write-down of non-interest bearing notes	23	-	(7)
Impairment losses on property, plant and equipment		1	1
Loss in recoverable amount of investment properties	18	462	507
Gain on disposal of investment properties	5	(439)	(570)
Loss on disposal of property, plant and equipment		8	-
(Reversal of allowance) Allowance for impairment of receivables	8	(30)	44
Provision for loan and Redeemable Preference Shares ("RPS")	8	-	74
Share of profit of and joint ventures	5	(9)	(5)
Interest income	4,5	(229)	(260)
Finance costs	7	14	14
Operating profit before working capital changes		1,115	1,197
Changes in working capital			
Inventories		(725)	(163)
Trade and other receivables		17	85
Trade and other payables		168	(182)
Cash generated from operations		575	937
Long term lease premium received		251	180
Interest received		233	226
Interest paid		(13)	(17)
Contribution to Consolidated Fund paid		(217)	(641)
Income tax paid (net)		(6)	(13)
Net cash from operating activities		823	672

JURONG TOWN CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2018

	Note	The Group 2018	The Group 2017
		$ Millions	$ Millions
Investing activities			
Purchase of property, plant and equipment		(128)	(75)
Purchase of investment properties		(5,743)	(1,650)
Proceeds from redemption of debt securities		-	72
Proceeds from redemption of held to maturity investments		-	1
Proceeds from disposal of property, plant and equipment and investment properties		491	463
Dividends received from joint ventures and financial assets		3	3
Purchase of redeemable preference shares		(10)	(28)
Loan to TJ Holdings (IV) Pte. Ltd.		(30)	-
Acquisition of investments in joint ventures		-	(7)
Net cash used in investing activities		(5,417)	(1,221)
Financing activities			
Grants received from government		167	210
Decrease in fixed deposits pledged with financial institutions		-	7
Capital contribution by non-controlling interest in a subsidiary		21	-
Redemption of non-interest bearing notes		(16)	-
Repayment of borrowings		(15)	(14)
Net cash from financing activities		157	203
Net decrease in cash and cash equivalents		(4,437)	(346)
Cash and cash equivalents at beginning of year		7,086	7,432
Cash and cash equivalents at end of year	11	2,649	7,086

See accompanying notes to financial statements.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

1 GENERAL

Jurong Town Corporation (the "Corporation") is established in the Republic of Singapore under the Jurong Town Corporation Act (Cap.150) (the "Act") with its registered office at The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434.

The principal activities of the Corporation are to develop and manage industrial estates in Singapore and to provide facilities to enhance the operations of industries. There have been no significant changes in the nature of these activities during the financial year.

During the financial year, the industrial properties from Housing and Development Board ("HDB") were transferred to the Corporation as disclosed in Note 16. The consolidation of all public sector industrial land and properties under a single government agency will enable the Government to better support industrialists, in particular small and medium enterprises, in their business growth.

The principal activities of the subsidiaries are set out in Note 19.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Act, and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SB-FRS 102 *Share-based Payment*, leasing transactions that are within the scope of SB-FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SB-FRS 2 Inventories or value in use in SB-FRS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The preparation of financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollars ($) and all values in the tables are rounded to the nearest million ("$ Millions"), except when otherwise indicated.

2.2 Adoption of new and revised standards

On 1 April 2017, the Group adopted all the new and revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes do not result in changes to the Group's and the Corporation's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following SB-FRS that is relevant to the Group was issued but not effective:

SB-FRS 116 *Leases*
(Applies to annual periods beginning on or after 1 January 2019)

SB-FRS 116 was issued in February 2017 and will supersede SB-FRS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The standard maintains substantially the lessor accounting approach under the predecessor SB-FRS 17.

Management anticipates that the initial application of SB-FRS 116 may result in the changes to accounting policies where the Corporation serves as an intermediate lessor. The accounting and classification of sub-leases will be referenced to the remaining right-of-use asset rather than the underlying asset. Management does not plan to early adopt SB-FRS 116.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Other than as disclosed above, management anticipates that the adoption of the other SB-FRSs and INT SB-FRSs and amendments to SB-FRSs that were issued as at the date of authorisation of these financial statements but effective only in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and entities (including special purpose entities) controlled by the Corporation (its subsidiary). Control is achieved when the Corporation:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Corporation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Corporation considers all relevant facts and circumstances in assessing whether or not the Corporation's voting rights in an investee are sufficient to give it power, including:

- The size of the Corporation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Corporation, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Corporation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary.

Income or expenditure and each component of other comprehensive income are attributed to the owners of the Corporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Corporation.

When the Group loses control of a subsidiary, a gain or loss is recognised in income or expenditure and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to income or expenditure or transferred to another category of equity as specified/permitted by applicable SB-FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SB-FRS 39 *Financial Instruments: Recognition and Measurement*, when applicable, the cost on initial recognition of an investment in a joint venture.

In the Corporation's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in income or expenditure.

<u>Combination of entities or businesses under common control</u>

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. The assets and liabilities of the acquired entity or business is recorded at the book value as stated in the financial statements of the controlling party. No amount is recognised as consideration for goodwill or in excess of the Corporation's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination. The financial information in the consolidated financial statements for the periods prior to the combination under common control are not restated. With respect to the transfer of the Industrial Properties Group ("IPG") from HDB during the year, pursuant to Jurong Town Corporation (Amendment) Act 2017 as disclosed in Note 16, the asset and liabilities were transferred at the transferor's carrying amount.

2.4 Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SB-FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in income or expenditure in the period in which the investment is acquired.

The requirements of SB-FRS 39 *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SB-FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SB-FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SB-FRS 39 *Financial Instruments: Recognition and Measurement*. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to income or expenditure (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to income or expenditure 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 reclassified to income or expenditure on the disposal of the related assets or liabilities.

When a Group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

2.5 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

2.6 Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to income or expenditure. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.7 Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of significant direct issue costs.

Pursuant to the Finance Circular Minute ("FCM") No. 26/2008 on Capital Management Framework ("CMF"), equity injection from the Government is recorded as share capital.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.8 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income or expenditure, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income or expense on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.10 Property, plant and equipment

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.

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, including borrowing costs incurred for the capital projects-in-progress. 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 the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset during that period.

Depreciation

The Group adopts the component approach to depreciation whereby the amount initially recognised in respect of an item of property, plant and equipment is allocated to its significant parts. Each significant part is depreciated separately if those parts have different useful lives.

Capital projects-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 their estimated useful lives as follows:

Leasehold land and land development	-	over the lease period up to 99 years
Wharf and base structures	-	over the lease period up to 40 years
Bulk handling facilities	-	3 to 15 years
Leasehold buildings	-	over the lease period up to 60 years
Social amenities	-	15 to 50 years
Computers, motor vehicles, furniture, equipment and renovation	-	1 to 20 years

The residual values, estimated useful lives and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate. The effects of any revision of the residual values and useful lives are included in income or expenditure when the changes arise.

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 income or expenditure when incurred.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in income or expenditure in the year the asset is derecognised.

2.11 Investment properties

Investment properties comprise significant portions of leasehold land and freehold office buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in income or expenditure when the changes arise.

The Group adopts the component approach to depreciation whereby the amount initially recognised in respect of an item of investment properties is allocated to its significant parts. Each significant part is depreciated separately if those parts have different useful lives.

No depreciation is provided for 999 years leasehold land and freehold land.

Depreciation on other items of investment properties is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Leasehold land and land development	-	over the lease period up to 99 years
Buildings	-	12 to 99 years
Social amenities	-	15 to 50 years
Wharf and base structures	-	50 years

Included in buildings are the following items which are depreciable over their estimated useful lives as follows:

Renovations and improvements	-	3 to 5 years
Plant, machinery and equipment	-	3 to 20 years
Air-cons, lifts and escalators	-	15 to 20 years

Transfers are made to or from investment properties only when there is a change in use. Any transfer between investment properties and owner-occupied properties does not result in any change in the cost for disclosure purpose as the Group and Corporation use the cost model.

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 income or expenditure. The cost of maintenance, repairs and minor improvement is charged to income or expenditure when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in income or expenditure.

2.12 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as income.

2.13 Loss in recoverable amount of investment properties

The loss in recoverable amount represents the amount which the carrying value of the investment properties exceed their recoverable amounts. The recoverable amounts are determined principally using the estimated future cashflows expected to be generated by each investment property by reference to the Corporation's prevailing and estimated future posted rent rates, which are generally lower than the prevailing rent rates in the open market.

2.14 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.15 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to income or expenditure on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in income or expenses in the period in which they become receivable. Government grants that are utilised for the purchase or construction of non-current assets are deducted against the cost of such assets to calculate the carrying amount of the related assets.

2.16 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 consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Rental income

The Group's policy for recognition of revenue from operating leases is described above.

Income from port operations

Revenue from services rendered in port operations is recognised when work is completed.

Agency fees

Agency fees from the provision of other consultancy services are recognised when the services are rendered, using the percentage of completion method based on the actual service provided as a proportion of the total services to be performed.

Interest income

Interest income, including income from finance lease and other financial instruments, is recognised using the effective interest method.

Dividend income

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

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income or expenditure in the period in which they are incurred.

2.18 Retirement benefit obligations

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.19 Employee leave entitlement

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

2.20 Contribution to Consolidated Fund

In lieu of income tax, the Corporation is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A. The provision is based on the guidelines specified by the Ministry of Finance and is computed based on the net surplus of the Corporation for each of the financial year at the prevailing corporate tax rate for the Year of Assessment. Contribution to consolidated fund is provided for on an accrual basis.

2.21 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax of the subsidiaries of the Corporation.

The tax currently payable is based on taxable profit of the subsidiaries for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in the income or expenditure, except when they relate to items credited or debited outside income or expenditure (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside income or expenditure (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.22 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances and deposits placed with the Accountant-General's Department ("AGD") less restricted cash and are subject to an insignificant risk of changes in value.

Under the Accountant-General's Circular No.4/2009 dated 2 November 2009, the Corporation is required to participate in the Centralised Liquidity Management Framework ("CLM"). Under the CLM, all bank accounts maintained with selected banks will be linked up with AGD's bank accounts such that excess available cash can be automatically aggregated for central management on a daily basis. These balances are included in cash and cash equivalents as "Centralised Liquidity Management ("CLM") deposits held with Accountant-General's Department ("AGD").

2.23 Foreign currency transactions and translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Corporation are presented in Singapore dollars, which is the functional currency of the Corporation, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income or expenditure for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income or expenditure for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of "currency translation reserve".

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to income or expenditure. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to income or expenditure.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in income or expenditure. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to income or expenditure.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of "currency translation reserve".

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

Apart from those involving estimations (see below), the management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

<u>Impairment review of property, plant and equipment and investment properties</u>

At the end of each reporting period, management assesses whether there is any indication that property, plant and equipment and investment properties have suffered an impairment loss or require a reversal of previous impairment losses.

In the assessment of impairment loss, the Group estimates recoverable amounts based on the lower of the fair value less cost to sell of the properties and value in use.

The fair values are determined using the income method, discounted cash flow method or 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 conditions and adequate impairment losses, as disclosed in Notes 17 and 18 to the financial statements, have been made.

The carrying amounts of the Group's property, plant and equipment, and investment properties are disclosed in Notes 17 and 18 to the financial statements respectively.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

Impairment review of investment in joint ventures

Management follows the guidance in SB-FRS 39 *Financial Instruments: Recognition and Measurement* to assess whether there are any indications that the investments in joint ventures are impaired. Under SB-FRS 28 *Investment in Associates and Joint Ventures*, management is required to test the carrying amounts of the investments in joint ventures for impairment in accordance with SB-FRS 36 *Impairment of Assets* by comparing its carrying amount with the recoverable amount (higher of value in use and fair value less costs to sell) whenever application of the requirements in SB-FRS 39 indicates that the investment may be impaired.

Management has considered the financial position and long-term business outlook of the joint ventures, including factors such as changes in overall economic and industry performance and related market risks as well as prospective financial information. This assessment is highly subjective in nature. Accordingly, actual outcome may be different from that forecasted since anticipated events frequently do not occur as expected and the variation may be material.

Other than the impairment loss of $6 million recorded, management is of the view that the carrying amount of the investments in joint ventures, as disclosed in Note 20, do not exceed their respective recoverable amounts.

4 REVENUE

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Land rental income	1,268	1,320	1,257	1,309
Building rental income	507	432	490	413
Income from port operations	150	137	-	-
Agency fees	14	20	14	20
Interest income on finance leases	32	32	32	32
Sundry income	18	16	15	13
	1,989	1,957	1,808	1,787

5 OTHER INCOME

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Interest income from loans and receivables	197	228	193	222
Dividend income	-	-	18	28
Gain on disposal of investment properties	439	570	439	570
Share of profits of joint ventures	9	5	-	-
Others	-	23	4	21
	645	826	654	841

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

6 EMPLOYEE BENEFITS EXPENSE

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Salaries and other employee compensation	175	161	116	106
Employer's contribution to defined contribution plans including Central Provident Fund	20	18	13	11
	195	179	129	117

The above include the remuneration of key management of the Group and Corporation as follows:

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Salaries and other employee compensation including employer's contribution to Central Provident Fund	9	16	6	13

The structure of Board members' fees is based on the guidelines provided by the Public Service Division. Total Directors' fees paid to the Board members of the Corporation amounted to $0.2 million (2017 : $0.2 million).

7 FINANCE COSTS

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Interest expense	14	14	14	14

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

8 OTHER EXPENSES

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Security service expenses	40	36	34	30
IT professional fees	27	20	27	20
Professional fees	22	25	20	23
Cargo and container handling expenses	31	15	-	-
Inventories written down	36	8	36	8
Allowance for impairment of receivables	8	44	8	43
Provision for loan and RPS (Note 13)	-	74	-	74
Other expenses	74	47	63	44
	238	269	188	242

9 CONTRIBUTION TO CONSOLIDATED FUND

In lieu of income tax, the Corporation is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A. The provision is based on the guidelines specified by the Ministry of Finance and is computed based on the net surplus of the Corporation for each of the financial year at the prevailing corporate tax rate for the Year of Assessment. Contribution to Consolidated Fund is provided for on an accrual basis.

The total contribution for the year can be reconciled to the surplus as follows:

	The Corporation	
	2018	2017
	$ Millions	$ Millions
Surplus of the Corporation before contribution to Consolidated Fund	1,134	1,275
Contribution at 17%	193	217

10 INCOME TAX

	The Group	
	2018	2017
	$ Millions	$ Millions
Current	6	6
Deferred tax (Note 25)	3	3
	9	9

Domestic income tax of the Corporation is calculated at 17% (2017 : 17%) of the estimated assessable income for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The charge for the year can be reconciled to the accounting surplus as follows:

	The Group	
	2018	2017
	$ Millions	$ Millions
Surplus before contribution to Consolidated Fund and taxation	1,146	1,297
Less: Surplus of the Corporation before contribution to Consolidated Fund and taxation not subjected to tax	(1,134)	(1,275)
	12	22
Income tax expense at statutory tax rate of 17% (2017 : 17%)	2	3
Expenses not deductible for tax purposes	6	3
Share of profit of joint ventures	2	1
Others	(1)	2
Total income tax expense	9	9

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

11 CASH AND CASH EQUIVALENTS

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Cash at bank and on hand	104	8	71	-
Cash with AGD	2,228	6,728	2,228	6,728
Fixed deposits	323	356	-	-
Cash and bank balances	2,655	7,092	2,299	6,728
Less: Restricted cash	(6)	(6)	(6)	(6)
Cash and cash equivalents in the statement of cash flows	2,649	7,086	2,293	6,722

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits earn interest at the respective short-term deposit rates. The range of effective interest rates as at 31 March 2018 for the Group was 1.04% to 1.35% (2017 : 1.04% to 1.53%) per annum.

Cash with the Accountant-General's Department ("AGD") refers to cash that are managed by AGD under the Centralised Liquidity Management Scheme as set out in the Accountant-General's Circular No.4/2009.

Restricted cash under the Group's cash and cash equivalents of $6 million (2017 : $6 million) were held under project accounts and withdrawals from which are restricted to payments for expenditure incurred on projects.

12 TRADE RECEIVABLES

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Trade receivables	88	92	72	76
Amounts owing by government agencies	5	-	5	-
Allowance for doubtful receivables:				
Balance at beginning of year	(49)	(36)	(49)	(36)
Allowance for the year	(8)	(15)	(8)	(14)
Reversal of allowance	38	-	38	-
Bad debts written off	6	2	6	1
Balance at end of year	(13)	(49)	(13)	(49)
	80	43	64	27

The carrying amounts of trade receivables approximate their fair values at the end of the reporting period.

The table below is an analysis of trade receivables as at 31 March:

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Not past due and not impaired	60	28	44	13
Past due but not impaired:	20	15	20	14
Less than 3 months	6	5	6	4
3 to 6 months	5	4	5	4
More than 6 months	9	6	9	6
	80	43	64	27

Trade receivable balances which are past due at the end of the reporting period were not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable.

The management believes that trade receivables that are neither past due nor impaired are with creditworthy counterparties.

13 OTHER RECEIVABLES

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Other receivables	307	284	305	281
Less: Impairment loss	(95)	(55)	(95)	(55)
	212	229	210	226
Prepayment of property tax	88	55	88	55
Debt securities	3,372	3,372	3,372	3,372
Amounts owing by:				
- government agencies	13	3	10	3
- others	9	9	1	1
	3,694	3,668	3,681	3,657
Represented by:				
Current portion	322	296	309	285
Non-current portion	3,372	3,372	3,372	3,372
	3,694	3,668	3,681	3,657

The current portion of other receivables comprise mainly interest receivables and prepayment of property tax.

Amounts owing by government agencies are unsecured, interest free and repayable on demand in cash.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

The non-current portion of other receivables includes:

(i) $490,000 shareholding in TJ Holdings (III) Pte. Ltd. ("TJ3") which has been classified as other receivables as the Corporation does not have the power, rights to economic participation (variable returns) and the ability to influence the amount of returns.

(ii) In June 2015, the Corporation disposed of its interest in Ascendas Pte Ltd ("APL") and Jurong International Holdings Pte Ltd ("disposal group"). Debt securities of $3,544 million was received as consideration for the disposal group with a fixed coupon rate of 3.5% per annum and mature in June 2025.

As part of the consideration, the Corporation will also be entitled to 40% of the capital gains in the value of the properties and investments held by APL as at June 2015, net of any capital losses. The net gain or loss will be ascertained over a period of ten years, which is highly uncertain and is exacerbated by the economic and geopolitical risk exposure in view that the location of investment properties span across different countries. Accordingly, the 40% capital gains has not been recognised in the financial statements.

The Corporation is entitled to payment in June 2025 if there is a net gain but not liable for any net loss. This entitlement is independent of the Corporation's shareholdings in TJ3.

Following the redemption of $72 million of the debt securities by Surbana Jurong Private Limited ("SJ") on 31 May 2016, the debt securities is $3,472 million as at the end of the current financial year.

In January 2016, the Corporation issued Total Return Securities ("TRS") to a financial institution for a principal amount of $100 million. The issuance was settled in cash. The tenure, interest and principal repayment terms of the TRS are referenced to a proportion of the debt securities issued as consideration for the disposal group. The Corporation will repay the relevant proportion of any recovered amount of principal and interest it has received from the issuer of the debt securities to the financial institution in connection with a default event. The financial institution has no recourse over the Corporation on any unrecovered amounts should the issuer of the debt securities default on repayment.

(iii) The $15 million loan to a subsidiary, which was disposed as part of the disposal group classified as held for sale, was converted to RPS in TJ Holdings (IV) Pte. Ltd. ("TJ4") during the financial year ended 31 March 2016.

In February 2015, the Corporation had given a commitment to SJ, to subscribe up to $50 million in RPS in TJ4, to be paid upon the occurrence of certain events.

The Corporation had subscribed to $10 million (2017 : $28 million) RPS during the financial year. The RPS in TJ4 held by the Corporation as at the end of the current financial year is $65 million (2017 : $55 million). During the previous financial year, management has performed an impairment review of the recoverable amount of the RPS and recorded an impairment loss of $28 million.

In March 2017, the Corporation had committed to extend a loan of $64 million to TJ4, subject to the execution of the loan agreement. Management has fully provided for the loan and the remaining $10 million commitment to subscribe to RPS in TJ4 as there is uncertainty in collection. The amounts have been included in other expenses (Note 8) and other payables - miscellaneous (Note 22) for the last financial year.

14 DEFERRED TRADE RECEIVABLES

Deferred trade receivables relate principally to rental receivable in respect of finance leases.

	The Group and Corporation	
	2018	2017
	$ Millions	$ Millions
Represented by:		
Current portion	8	7
Non-current portion	715	715
Total	723	722

Deferred trade receivables - finance lease

Deferred trade receivables – finance lease relate principally to rental receivable in respect of finance leases. Outstanding payments from deferred trade receivables range from 152 to 430 months (2017 : 164 to 442 months). The discount rates implicit in the finance lease ranges from 2.56% to 5.5% (2017 : 2.56% to 5.5%) per annum.

Future minimum receivables under the lease agreements together with the present value of the net minimum receivables are as follows:

	The Group and Corporation			
	Minimum lease receivables		Present value of receivables	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Within 1 year	40	39	39	38
Within 2 to 5 years	172	165	149	144
More than 5 years	1,088	1,124	535	540
Total minimum lease receivables	1,300	1,328	723	722
Less: Unearned finance income	(577)	(606)	-	-
Present value of minimum lease payments receivable	723	722	723	722

15 INVENTORIES

	The Group and Corporation	
	2018	2017
	$ Millions	$ Millions
Raw materials	844	155

The Corporation recognised an expense of $36 million (2017 : $8 million) in respect of write-down of inventory to net realisable value.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

16 TRANSFER OF INDUSTRIAL PROPERTIES FROM HOUSING AND DEVELOPMENT BOARD ("HDB")

The Jurong Town Corporation (Amendment) Act 2017 in relation to the transfer of the Industrial Properties Group ("IPG") from HDB was passed by the Parliament on 11 September 2017 and assented to by the President on 3 October 2017.

The relevant assets and liabilities of IPG were transferred on 1 January 2018 at their respective carrying amounts for cash consideration of $3,972 million.

The assets acquired and liabilities assumed by the Corporation are as follows:

	Total $ Millions
ASSETS	
Current assets	
Trade and other receivables, representing total current assets	19
Non-current assets	
Investment properties, representing total non-current assets	4,207
Total assets	4,226
LIABILITIES	
Current liabilities	
Trade and other payables, representing total current liabilities	254
Net assets acquired and liabilities assumed	3,972

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

17 PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Leasehold land	Land development	Wharf and base structures	Bulk handling facilities	Leasehold buildings	Social amenities	Other assets *	Capital projects-in-progress	Total
	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
The Group										
Cost:										
At 1 April 2016	45	75	39	464	118	158	5	93	44	1,041
Additions	-	4	-	-	-	1	-	5	65	75
Disposals/Write-offs	-	-	-	-	-	-	-	(1)	-	(1)
Effect of reclassification (Note 30)	-	-	-	-	-	-	-	(7)	-	(7)
Transfer from investment properties (Note 18)	14	10	-	-	-	10	-	-	22	56
Transfers/Reclassifications	-	-	-	28	5	55	-	18	(106)	-
At 31 March 2017	59	89	39	492	123	224	5	108	25	1,164
Additions	-	-	-	-	-	-	-	7	121	128
Disposals/Write-offs	-	-	-	(14)	-	(1)	-	(9)	-	(24)
Transfer from investment properties (Note 18)	-	-	-	-	-	(2)	-	1	(1)	(2)
Transfers/Reclassifications	-	3	-	15	3	4	-	13	(38)	-
At 31 March 2018	59	92	39	493	126	225	5	120	107	1,266

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

	Freehold land	Leasehold land	Land development	Wharf and base structures	Bulk handling facilities	Leasehold buildings	Social amenities	Other assets #	Capital projects-in-progress	Total
	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
The Group										
Accumulated depreciation:										
At 1 April 2016	-	5	1	212	83	38	3	55	-	397
Depreciation charge	-	1	-	15	4	9	-	20	-	49
Impairment loss	-	-	-	-	-	1	-	-	-	1
Transfer from investment properties (Note 18)	-	2	-	-	-	-	-	-	-	2
At 31 March 2017	-	8	1	227	87	48	3	75	-	449
Depreciation charge	-	-	-	16	4	11	-	23	-	54
Impairment loss	-	-	-	-	-	1	-	-	-	1
Disposals/Write-offs	-	-	-	(7)	-	-	-	(2)	-	(9)
Transfer to investment properties (Note 18)	-	-	-	-	-	(2)	-	-	-	(2)
At 31 March 2018	-	8	1	236	91	58	3	96	-	493
Carrying amount:										
At 31 March 2018	59	84	38	257	35	167	2	24	107	773
At 31 March 2017	59	81	38	265	36	176	2	33	25	715

NOTES TO FINANCIAL STATEMENTS
31 March 2018

	Freehold land	Leasehold land	Land development	Leasehold buildings	Social amenities	Other assets	Capital projects-in-progress	Total
	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
The Corporation								
Cost:								
At 1 April 2016	59	43	2	113	4	60	25	306
Additions	-	-	-	-	-	2	26	28
Disposals/write-off	-	-	-	-	-	(1)	-	(1)
Effect of reclassification (Note 30)	-	-	-	-	-	(7)	-	(7)
Transfer from investment properties (Note 18)	14	9	-	10	-	-	22	55
Transfers/Reclassifications	-	-	-	54	-	16	(70)	-
At 31 March 2017	73	52	2	177	4	70	3	381
Additions	-	-	-	-	-	4	31	35
Disposals/write-off	-	-	-	-	-	(8)	-	(8)
Transfer (to)/from investment properties (Note 18)	-	-	-	(2)	-	1	(1)	(2)
Transfers/Reclassifications	-	-	-	4	-	12	(16)	-
At 31 March 2018	73	52	2	179	4	79	17	406

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

	Freehold land	Leasehold land	Land development	Leasehold buildings	Social amenities	Other assets	Capital projects-in-progress	Total
	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
The Corporation								
Accumulated depreciation:								
At 1 April 2016	-	8	-	52	3	31	-	94
Depreciation charge	-	-	-	6	-	16	-	22
Impairment loss	-	-	-	1	-	-	-	1
Transfer from investment properties (Note 18)	-	2	-	-	-	-	-	2
At 31 March 2017	-	10	-	59	3	47	-	119
Depreciation charge	-	1	-	8	-	18	-	27
Impairment loss	-	-	-	1	-	-	-	1
Disposals/write-off	-	-	-	-	-	(1)	-	(1)
Transfer (to)/from investment properties (Note 18)	-	-	-	(2)	-	-	-	(2)
At 31 March 2018	-	11	-	66	3	64	-	144
Carrying amount:								
At 31 March 2018	73	41	2	113	1	15	17	262
At 31 March 2017	73	42	2	118	1	23	3	262

18 INVESTMENT PROPERTIES

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Cost:				
Balance at beginning of year	19,553	18,606	19,550	18,602
Additions	1,536	1,650	1,536	1,650
Disposals/Write-offs	(68)	(241)	(68)	(241)
Effect of reclassification (Note 30)	-	(406)	-	(406)
Transfer from HDB (Note 16)	5,730	-	5,730	-
Transfer from/(to) property, plant and equipment (Note 17)	2	(56)	2	(55)
Balance at end of the year	26,753	19,553	26,750	19,550
Accumulated depreciation and loss in in recoverable amount of investment properties:				
Balance at beginning of year	6,588	5,900	6,556	5,868
Depreciation charge	260	214	260	214
Loss in recoverable amount	462	507	462	507
Disposals/Write-offs	(23)	(31)	(23)	(31)
Transfer from HDB (Note 16)	1,523	-	1,523	-
Transfer from/(to) property, plant and equipment (Note 17)	2	(2)	2	(2)
Balance at end of the year	8,812	6,588	8,780	6,556
Carrying amount	17,941	12,965	17,970	12,994

The fair values of the investment properties are as follows:

	The Group and Corporation	
	2018	2017
	$ Millions	$ Millions
Fair value (Level 3)	40,901	34,329

The fair values of the investment properties are determined annually by in-house professional valuers based on the properties' highest and best use, using the income method or direct comparison method as is appropriate to the nature of each property.

The following amounts are recognised in the statements of comprehensive income:

	The Group and Corporation	
	2018	2017
	$ Millions	$ Millions
Rental income	1,747	1,713
Property tax and direct operating expenses arising from investment properties that generated rental income	(259)	(209)
Property tax and direct operating expenses arising from investment properties that did not generate rental income	(37)	(25)

19 INVESTMENT IN SUBSIDIARIES

	The Corporation 2018	The Corporation 2017
	$ Millions	$ Millions
Unquoted shares, at cost	716	716

Details of the Corporation's significant subsidiaries as at the end of the reporting period are as follows:

Direct subsidiaries	Principal activities	Country of incorporation/ place of business	Proportion of ownership interest and voting power held 2018	2017	Cost of investments 2018	2017
			%	%	$ Millions	$ Millions
Jurong Port Pte Ltd	Provision of port, marine and logistics services and facilities and investment holding	Singapore	100	100	683	683
SLI Holdings Pte. Ltd.	Investment holding	Singapore	100	100	33	33
					716	716

Indirect subsidiaries	Principal activities	Country of incorporation/ place of business	Class of shares	Effective interest held by the Group 2018	2017
				%	%
Subsidiaries of Jurong Port Pte Ltd ("JP")					
Jurong Port Rizhao Holding Pte. Ltd.	Investment holding	Singapore	Ordinary	100	100
Jurong Port Hainan Holding Pte. Ltd.	Investment holding	Singapore	Ordinary	100	100
Jurong Port Jakarta Holding Pte. Ltd.	Investment holding	Singapore	Ordinary	100	100
Jurong Port Singapore Holding Pte. Ltd.	Investment Holding	Singapore	Ordinary	100	-
Subsidiary of Jurong Port Jakarta Holding Pte. Ltd.					
Jurong Port Marunda Holding Pte. Ltd.	Investment Holding	Singapore	Ordinary	100	100
Subsidiary of Jurong Port Singapore Holding Pte. Ltd.					
Jurong Port Tank Terminals Pte Ltd	Owners & operator of storage facilities for petroleum products/gas/chemicals	Singapore	Ordinary	60	-

20 INVESTMENT IN JOINT VENTURES

	The Group	
	2018	2017
	$ Millions	$ Millions
Unquoted equity investments, at cost	225	225
Add:		
Share of post-acquisition accumulated profits	23	17
Translation differences	1	3
Less:		
Allowance for impairment	(6)	-
	243	245

Management recorded impairment loss of $6 million during the year which represents the shortfall between the recoverable amount and carrying amount.

Details of the Group's joint ventures as at the end of the reporting period are as follows:

Joint ventures	Principal activities	Country of incorporation	Percentage of equity held by the Group		Cost of investments	
			2018	2017	2018	2017
			%	%	$ Millions	$ Millions
Joint venture of Jurong Port Rizhao Holding Pte. Ltd.						
Rizhao Jurong Ports Terminal Co. Ltd.	Provision of port, marine and logistics services	People's Republic of China	30	30	68	68
Joint venture of Jurong Hainan Holding Pte. Ltd.						
SDIC Jurong Yangpu Port Co. Ltd.	Provision of port, marine and logistics services	People's Republic of China	49	49	73	73
Joint venture of Jurong Port Marunda Holding Pte. Ltd.						
PT Pelabuhan Tegar Indonesia	Provision of port services	Indonesia	49	49	37	37
Joint venture of Jurong Port Jakarta Holding Pte. Ltd.						
Indo Port Holding Pte. Ltd.	Investment holding	Singapore	30	30	47	47
					225	225

The Group's investments in the joint ventures are equity-accounted for in the consolidated financial statements.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

Summarised financial information in respect of the share of the Group's joint ventures is set out below:

	The Group 2018	The Group 2017
	$ Millions	$ Millions
Current assets	40	36
Non-current assets	206	203
	246	239
Current liabilities	19	21
Non-current liabilities	14	11
	33	32
Share of net assets	213	207
Revenue	55	49
Expenses	(46)	(44)
Net profit	9	5

21 OTHER NON-CURRENT ASSETS

	The Group 2018	The Group 2017	The Corporation 2018	The Corporation 2017
	$ Millions	$ Millions	$ Millions	$ Millions
Loans to investee companies and third parties	6	6	3	3
Less: Allowance for impairment of loans to investee companies and third parties	(6)	(6)	(3)	(3)
Loans, net	-	-	-	-
Rent-free incentive	138	140	138	140
Others	11	12	10	11
	149	152	148	151

The carrying amounts of non-current assets approximate their fair values at the end of the reporting period.

22 TRADE AND OTHER PAYABLES

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Trade payables and accrued operating expenses	99	63	81	49
Other payables				
- capital expenditure	172	156	145	142
- miscellaneous	56	93	42	78
Accrual for building development	102	22	102	22
Accrual for property tax	7	3	7	3
Interest payable on borrowings	21	25	21	25
Deposits, advance rentals and collections	213	211	203	202
Employees' short term unutilised leave and benefits	41	35	39	34
Amounts owing to government agencies	6	4	3	1
	717	612	643	556

23 BORROWINGS

	The Group and Corporation	
	2018	2017
	$ Millions	$ Millions
(a) Current portion	18	32
Unsecured term loans	18	15
Non-interest bearing notes	-	17
(b) Non-current portion	410	427
Unsecured term loans	409	427
Non-interest bearing notes	1	-
Total borrowings	428	459

(i) Unsecured term loans comprise:

Loans of the Group and Corporation of $428 million (2017 : $442 million), with fixed interest rates of 2.76% to 3.13% (2017 : 2.76% to 3.13%) per annum. The loans are repayable in semi-annual installments and are repayable between 1 year to 36 years.

(ii) Non-interest bearing notes

In March 2017, the Corporation extended an offer to noteholders to purchase the notes at fair value. Consequently, the notes have been written down by $7 million to the offer price and reclassified as current liabilities.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

24 DEFERRED INCOME

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Balance at beginning of year	3,774	3,771	3,915	3,920
Additions	488	165	488	165
Amortisation	(159)	(162)	(166)	(170)
Balance at end of year	4,103	3,774	4,237	3,915
Represented by:				
Current	182	144	182	143
Non-current	3,921	3,630	4,055	3,772
	4,103	3,774	4,237	3,915

Deferred income relates principally to premium received in advance and receivable in respect of operating leases and the amount is amortised to the statement of comprehensive income in accordance with the policy of the Group.

25 DEFERRED TAX LIABILITIES

The deferred tax liabilities mainly arose from excess of net book value over tax written down value of plant and equipment at the end of the year.

26 CAPITAL ACCOUNT

	The Group and Corporation			
	2018	2017	2018	2017
	Number of ordinary shares		Amount	
	Million	Million	$ Millions	$ Millions
At beginning and end of year	110	110	167	167

The shares are held by the Ministry of Finance, a body incorporated by the Minister for Finance (Incorporation) Act.

All issued ordinary shares are fully paid. The shares carry neither voting rights nor par value.

27 COMMITMENTS

As at the end of the financial year, the Group and the Corporation have the following commitments:

Development and capital expenditure

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Amounts approved and contracted for	2,243	1,071	2,120	884

As lessor

Future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as assets, are analysed as follows:

	The Group	
	2018	2017
	$ Millions	$ Millions
Lease receivables due:		
- Within 1 year	10	7
- After 1 year but within 5 years	21	19
- After 5 years	29	33
	60	59

These are operating leases on leasehold land and buildings. The lease rentals are subject to yearly revision. The payments due are computed without the yearly revision as the quantum has not been determined.

28 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. These balances are unsecured and non-interest bearing.

The following significant transactions took place between the Group and related parties during the financial year:

	The Group and Corporation	
	2018	2017
	$ Millions	$ Millions
The Corporation's transactions with:		
Singapore Land Authority		
- Purchase of land	(890)	(974)
Agency for Science, Technology and Research		
- Rental income and others	136	133
Housing and Development Board		
- Transfer of industrial properties	(3,972)	-
Ministry of Law		
- Proceeds from return of land to Government (with Singapore Land Authority acting as agent)	228	132
Key Management Personnel		
Fees paid to Board members and firms in which Board members are directors	1	1

29 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	The Group		The Corporation	
	2018	2017	2018	2017
	$ Millions	$ Millions	$ Millions	$ Millions
Financial assets				
Loan and receivables	7,074	11,482	6,688	11,091
Financial liabilities				
At amortised cost	1,145	1,071	1,071	1,015

(b) *Financial risk management policies and objectives*

The Group is exposed to financial risk arising from its operations which include foreign exchange risk, interest rate risk, credit risk and liquidity risk.

The risk management objective of the Group is to focus on minimising foreign exchange risk, interest rate risk, credit risk and liquidity risk. The companies within the Group set policies, strategies and mechanisms, which aim at effective management of these risks within their unique operating environment. The policies for managing each of these risks are discussed below.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) *Foreign exchange risk management*

The Group's operations are not exposed to significant foreign currency risk as its transactions, monetary assets and liabilities are predominantly denominated in Singapore dollars.

Foreign currency sensitivity analysis has not been presented as management do not expect any reasonable possible changes in foreign currency exchange rates to have a significant impact on the Group's and Corporation's operations and cash flows.

(ii) *Interest rate risk management*

The Corporation has cash balances placed with reputable banks and financial institutions and deposits held with AGD.

Interest rate sensitivity analysis has not been presented as management does not expect any reasonable changes in interest rates to have a material impact on the Group's and Corporation's income or expenditure.

(iii) *Credit risk management*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In managing credit risk exposure, credit review and approval processes as well as monitoring mechanisms are applied. Except for other receivables arising from the debt securities received as consideration in relation to the disposal group (Note 13), there is no significant concentration of credit risk.

The Group's major classes of financial assets are cash and deposits with AGD, trade and other receivables and investment securities. The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments as presented on the statement of financial position.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

(iv) Liquidity risk management

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

Liquidity risk is managed by matching the payment and receipt cycle. The Group has sufficient cash from operations and credit lines to fund its capital investments and working capital requirements.

Liquidity risk analyses

The inclusion of information on non-derivative financial assets and liabilities is necessary in order to understand the Group's liquidity risk management as the Group's liquidity risk is managed on a net asset and liability basis. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period and financial liabilities based on the earliest date on which the Group can be required to pay. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial asset/liability on the statement of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustments	Total
	%	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
Group						
Financial assets						
2018						
Non-interest bearing	-	417	-	11	-	428
Finance lease receivables (fixed rate)	4.03	40	171	1,088	(576)	723
Variable interest rate instruments	-	2,228	-	-	-	2,228
Fixed interest rate instruments	3.31	441	472	3,631	(849)	3,695
		3,126	643	4,730	(1,425)	7,074
2017						
Non-interest bearing	-	290	-	12	-	302
Finance lease receivables (fixed rate)	4.03	39	165	1,124	(606)	722
Variable interest rate instruments	-	6,728	-	-	-	6,728
Fixed interest rate instruments	3.31	475	472	3,752	(969)	3,730
		7,532	637	4,888	(1,575)	11,482

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustments	Total
	%	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
Group						
Financial liabilities						
2018						
Non-interest bearing	-	717	-	-	-	717
Fixed interest rate instruments	2.96	33	125	455	(185)	428
		750	125	455	(185)	1,145
2017						
Non-interest bearing	-	630	-	-	-	630
Fixed interest rate instruments	2.97	55	124	464	(202)	441
		685	124	464	(202)	1,071
Corporation						
Financial assets						
2018						
Non-interest bearing	-	354	-	11	-	365
Finance lease receivables (fixed rate)	4.03	40	171	1,088	(576)	723
Variable interest rate instruments	-	2,228	-	-	-	2,228
Fixed interest rate instruments	3.50	118	472	3,631	(849)	3,372
		2,740	643	4,730	(1,425)	6,688
2017						
Non-interest bearing	-	258	-	11	-	269
Finance lease receivables (fixed rate)	4.03	39	165	1,124	(606)	722
Variable interest rate instruments	-	6,728	-	-	-	6,728
Fixed interest rate instruments	3.50	118	472	3,752	(970)	3,372
		7,143	637	4,887	(1,576)	11,091

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	More than 5 years	Adjustments	Total
	%	$ Millions	$ Millions	$ Millions	$ Millions	$ Millions
Corporation						
Financial liabilities						
2018						
Non-interest bearing	-	643	-	1	-	644
Fixed interest rate instruments	2.96	32	125	455	(185)	427
		675	125	456	(185)	1,071
2017						
Non-interest bearing	-	573	-	-	-	573
Fixed interest rate instruments	2.97	56	124	464	(202)	442
		629	124	464	(202)	1,015

(v) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities as reported on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes.

(c) Capital management policies and objectives

The Group manages its capital to ensure that it will be able to continue as a going concern while fulfilling its objective as a statutory board.

The capital structure of the Group consists of accumulated surplus and capital account. The overall strategy of the Group remains unchanged from the previous financial year.

JURONG TOWN CORPORATION AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
31 March 2018

30 RECLASSIFICATION AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

As a result, certain line items have been amended on the face of the statement of financial position and related notes to the financial statements. Comparative figures have been reclassified to conform with the current year's presentation as follows:

	2017			
	As previously reported		After reclassification	
	The Group	The Corporation	The Group	The Corporation
	$ Millions	$ Millions	$ Millions	$ Millions
Statement of financial position				
Property, plant and equipment	722	269	715	262
Investment properties	13,371	13,400	12,965	12,994
Deferred capital grants	(413)	(413)	-	-
	13,680	13,256	13,680	13,256