



A Fresh Perspective

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A Fresh Perspective

1 July 2009. A new beginning for Singapore Changi Airport with its corporatisation and the formation of Changi Airport Group.

This inaugural annual report traces the year ended 31 March 2010, during which we relooked at, rethought, and restrategised our role and direction as the new organisation behind an established icon.

In the pages to follow, we tell the story of our continued commitment to the same core principle of delivering the ultimate airport experience to our passengers, and our fundamental objective of creating value for our stakeholders – all this, seen from a new angle, and undertaken with a dose of freshness post-corporatisation.

Against the backdrop of an ever-changing operating landscape with competition that is intensifying, renewal is crucial to ensure that Changi Airport and our company continue to stay ahead and grow. As part of this process, we have thought through how we could better harness our strengths, tackle our challenges, and ride the new growth opportunities – with more dynamism, greater innovation and ever-increasing vigour.

As we introduce you to Changi Airport Group, let us also showcase how Changi is more than an airport and why it remains a major air hub. From a fresh perspective.



MISSION

To be the world's leading airport company, growing a vibrant air-hub in Singapore and enhancing the communities we serve worldwide.

VISION

Exceptional People, Connecting Lives

At Changi Airport Group, we aspire to build a company where ordinary people achieve extraordinary results. Working together as a team, we bring great ideas to life and achieve exceptional results beyond our individual capabilities.

Customers are our inspiration. From the youngest child to the largest corporation, we understand that what we provide connects people in ways that will enhance their lives.

VALUES





CHANGI



airport group

Changi Airport Group (Singapore) Pte Ltd (CAG) was formed on 16 June 2009 and the corporatisation of Changi Airport followed on 1 July 2009. As the airport company managing Changi Airport, CAG undertakes key functions focusing on airport operations and management, air hub development, commercial activities and airport emergency services.

CORPORATE PROFILE

Over the past three decades, CAG, previously as part of the Civil Aviation Authority of Singapore, has successfully established Changi Airport as the world's most awarded airport. With more than 350 accolades under its belt, Changi has come a long way since its humble beginnings in 1981, when Terminal 1 first opened.

One of the world's busiest international airports today, Changi Airport is a major air hub in Asia. It handles more than 37 million passenger movements a year and serves close to 90 airlines flying to some 200 cities in about 60 countries and territories worldwide. With over 70,000 square metres of commercial space across its four terminals, Changi Airport is also one of Singapore's best places for shopping and dining. Increasingly, the airport has become a favourite haunt for Singapore residents, especially families.



CHANGI
airport group

To spread the success of Changi Airport far and wide, CAG invests in and manages foreign airports through its subsidiary Changi Airports International (CAI). CAI's objective is to build a quality portfolio of airport investments worldwide with strong markets and significant development potential. Its key business activities include investments in airports, as well as the provision of consultancy and airport management services. Today, CAI's presence covers major economies including China, India, the Middle East and Europe.

At Changi Airport, there is immense pride in providing impeccable service and unrivalled capabilities to deliver the iconic Changi Experience. More than just a model of functionality, the Changi Experience is about connecting passengers and engaging them, in ways that will enhance their lives. Every journey through Changi Airport is an opportunity to bring people together and to help them realise their aspirations.

Sit Back and Enjoy

Engage your senses and enjoy the wide range of multimedia entertainment facilities that Changi Airport has to offer. From 24-hour movie theatres, sports lounges and gaming stations, your time with us is guaranteed to be never boring.





Rest and Relax

Be charmed by the exquisite touches of nature at Changi Airport, as you enjoy the bountiful natural light and assortment of gardens specially designed to calm, delight and surprise. Amidst the soothing atmosphere, you'll be sure to feel relaxed and rejuvenated before your flight.





Shop and Dine

Indulge in retail therapy and fulfill your culinary cravings with the dazzling myriad of stores and dining establishments at Changi Airport. With more than 300 outlets spread across Changi's terminals, our guests are truly spoilt for choice.







Partnership and Growth

Changi Airport Group works hand in hand with our airline partners to grow traffic and connectivity at Changi Airport. Together, we strengthen Singapore's status as a vibrant international air hub and entrench Changi's position as the gateway to Asia Pacific.





After almost two years of studied planning and careful preparations, Changi Airport was corporatised on 1 July 2009, following the formation of Changi Airport Group (CAG). We mark a new chapter in Changi's history with this inaugural CAG annual report.

Opening a new chapter

The year ended 31 March 2010 was an eventful one for Changi Airport. As a newly formed company, CAG faced the challenges of managing the transition to becoming a corporation, supporting airlines recovering from the global economic downturn, and raising its profile and new brand in Singapore and internationally.

Growing the air hub

Improving global economic conditions during the year contributed to more positive sentiments in the aviation sector. After a slump of many months, Changi Airport saw steady growth in traffic from August 2009 and registered a total of 38.6 million passenger movements for the year ended 31 March 2010, an increase of 4.6% compared to the previous 12 months.

On the cargo front, market conditions were weaker with 1.7 million tonnes of cargo handled during the year, a slight decline of 2.9% year-on-year. However, airfreight movements in the last four months of the year saw double-digit increases, pointing to a healthy momentum in growth.

CHAIRMAN & CEO MESSAGE

Corporatisation allows CAG to be more customer focused and gives it greater flexibility to respond and innovate in a rapidly changing aviation environment. Now, more than ever, we have more means to leverage the Changi brand to develop our international presence, while attracting and retaining top talent to better compete with global airport operators.

With corporatisation, a new regulatory framework has been put in place by the Singapore Government to strengthen Singapore's position as a competitive air hub, while incentivising CAG to be innovative and efficient in its operations, and to achieve sustainable economic returns. Under the economic regulation framework, a key component is pricing regulation, which serves to ensure that aeronautical charges at Changi Airport are kept competitive.

During the year, CAG continued to develop Changi Airport as the region's premier air hub. We welcomed seven new airlines to the Changi family, bringing the number to 86 as at 31 March 2010. Changi's connectivity expanded from 192 city links to 200 during the year, with the number of flights per month rising by more than 10% to about 21,600 in March 2010.

While traffic carried by full service carriers recovered towards the end of 2009, it was the burgeoning low cost carrier (LCC) sector that drove passenger growth at Changi during the year. LCCs now account for one in five passenger movements and one in four aircraft movements at Changi. With growing consumers' preference for short regional holidays, and new tourism attractions in Singapore, we believe LCCs will continue to be important contributors to traffic at Changi.

To enhance CAG's partnership with airlines and other airport stakeholders to drive Changi Airport's development, we launched the Changi Airport Growth Initiative at the beginning of 2010. Under this strategic programme, CAG has worked with airline partners with differentiated incentives to spur growth, support innovation and, ultimately, boost Changi's overall competitiveness.

Left page:
Chairman Mr Liew Mun Leong (seated) &
CEO Mr Lee Seow Hiang

Creating the first class experience

Recognised as the place “where the world shops”, Changi Airport continued to refresh its retail and dining offerings during the year to ensure a comprehensive array of stores and restaurants offering a varied range of products and cuisines. New retail concepts such as push carts were introduced and many international brands such as Harrods, Emporio Armani, Polo Ralph Lauren and Rolex arrived at Changi.

We believe in creating a conducive retail environment for our concessionaires and working closely with them to boost the attractiveness of Changi as a shopping destination. Hence, various innovative and dynamic shopping promotions were held during the year, to create awareness, boost spending at our concessions, as well as draw footfall to the airport. In addition, we launched Changi Rewards in February 2010, an attractive programme to reward patrons for shopping and dining at the airport.

Changi Airport is an increasingly popular weekend destination for families. Over the year, various activities were organised to entertain families, the young and young-at-heart, including car boot sales, a Segway circuit, children’s rides and festive celebrations. These proved to be very popular and improved footfall in the public areas of the airport.

One of the key philosophies behind managing Changi Airport is continual improvement of its facilities and upgrading of infrastructure. Consistent with this, we completed the expansion of the Budget Terminal in mid-2009, increasing its handling capacity and enhancing the airport experience for passengers. The massive upgrading of Terminal 1 continued to make good progress and when completed in 2012 will deliver a ‘Tropical City’ Changi Experience at our oldest terminal.

Our efforts to create a first class experience at Changi Airport have not gone unnoticed. We were delighted to receive the Skytrax award for World’s Best Airport in March 2010, for the third time. Another award of note is the Business Traveller (UK edition) award for Best Airport in the World, which Changi won for the 22nd consecutive time in September 2009. In total, Changi received 24 awards during the year.

We view these awards and accolades as affirmation that our customers enjoy the time they spend at Changi. We appreciate the encouragement and feedback that we receive from our stakeholders. They are a testament to the hard work and tireless efforts of all airport staff and partners in the Changi community.

The recognition Changi has received worldwide motivates us to continue to improve and innovate; we will not rest on our laurels. We are proud to be one of a select group of companies participating in the GEMS (‘Go the Extra Mile for Service’) Up Customer-Centric Initiative. As part of this programme to transform service standards in Singapore, CAG will roll out various initiatives in Changi’s terminals over an 18-month period.

Exporting the Changi brand

We continued to make headway in establishing Changi’s presence overseas. Through our wholly-owned subsidiary, Changi Airports International (CAI), CAG made significant investments in Italy and India.

In March 2010, CAI acquired a 5% interest in Gemina S.p.A for S\$100 million, its largest investment to date. Gemina is the holding company of Aeroporti di Roma which owns the concession to operate Rome’s two largest airports. In India, CAI has invested in Bengal Aerotropolis Projects Limited, a greenfield airport city project in West Bengal State. The aerotropolis – India’s first – is the country’s first privately owned airport. We are honoured that CAI will play a key role in the development of these airports.

Besides these investments, CAI was also heavily involved in consultancy projects elsewhere in the world. In the Middle East, a resident team assists in the management of King Fahd International Airport in Dammam as part of a six-year management contract. Other consultancies completed include Nagpur Airport in India, and Shenzhen and Chengdu Airports in China.

Delivering sustainable results

CAG performed commendably for the financial period ended 31 March 2010 (16 June 2009 to 31 March 2010). As the financial results for this period are CAG's first following corporatisation, there are no comparable figures from prior periods.

Revenue for the financial period amounted to S\$961 million, made up mainly of airport fees and airport concession fees. Expenses totalled S\$712 million and included maintenance, depreciation, services and security charges. As a commercial entity, CAG has cost components such as lease payments and regulatory costs. To maintain Changi Airport's competitive edge, the Board and Management will continue to take cost management very seriously.

For the financial period, we are pleased to report that CAG has delivered a profit after tax of S\$227 million.

Looking ahead

The aviation climate may have improved in the past year, but CAG remains prepared for the unexpected. From health scares to security concerns and market volatility, the environment can change quickly and we need to remain nimble to face such trials head-on. CAG also has to innovate to stay ahead in the competitive aviation environment and to successfully capture new and organic growth opportunities.

Our commitment to maintaining Changi Airport's position as an air hub is unwavering. Aeronautical fees and charges have been frozen for two years until March 2011 to provide our airline partners with greater certainty. We will strive to deliver value for our partners and stakeholders.

While we are a young company, we recognise that it is our people who make all the difference. CAG is not just about operating and managing an airport, it is about providing a service, with more than just a smile. To build a world-class team to achieve these aims, we will develop people at all levels. Our aim is to create an innovative company where talent can flourish and opportunities abound for personal growth and advancement.

“ We view our awards and accolades as affirmation that our customers enjoy the time they spend at Changi. We appreciate the encouragement and feedback that we receive from our stakeholders. They are a testament to the hard work and tireless efforts of all airport staff and partners in the Changi community. ”

Partnering together

Changi Airport has achieved many successes since its opening in 1981, including more than 350 awards. This would not have been possible without the support of many stakeholders and individual contributors over the years.

CAG has been given the important task of taking Changi Airport forward. The Board and Management of CAG will undertake this challenge with passion and vigour. We have had an excellent start. For this, we express our thanks and appreciation to all who contributed to a smooth transition post-corporatisation and to a great beginning for the new company – our fellow Board Directors, employees, union, airport partners and passengers. In particular, we wish to acknowledge the support received from the Civil Aviation Authority of Singapore and the Ministry of Transport during the corporatisation process.

We look forward to partnering with you in our journey ahead.



Liew Mun Leong
Chairman



Lee Seow Hiang
Chief Executive Officer

3 June 2010



BOARD OF DIRECTORS

As at 31 March 2010

(From left to right)

Liew Mun Leong - Chairman

Mr Liew is President and CEO of CapitaLand Group. Concurrently, he is Deputy Chairman of The Ascott Limited, CapitaMall Trust Management Limited, CapitaCommercial Trust Management Limited, CapitaRetail China Trust Management Limited and Ascott Residence Trust Management Limited. He is also a Director of CapitaLand Hope Foundation, the Group's philanthropic arm, and a Director of Singapore Exchange Limited. Mr Liew chaired the Civil Aviation Authority of Singapore from September 2005 to June 2009.

With over 30 years of experience in construction and real estate both locally and overseas, Mr Liew has been instrumental in a number of Singapore's public sector projects, including the development of Changi Airport. For his exceptional contributions, Mr Liew has been accorded several accolades including 'Outstanding CEO of the Year' at Singapore Business Awards (2006), 'CEO of the Year' at Singapore Corporate Awards (2007), 'Asia's Best Executive of 2008 (Singapore)' by Asiamoney, as well as 'Best CEO in Asia (Property)' by Institutional Investor (2008).

Mr Liew graduated from the University of Singapore with a Civil Engineering degree and is a registered professional civil engineer.

Lee Seow Hiang - Board Director and CEO

Mr Lee is CEO of Changi Airport Group. Prior to this, he was Deputy Director-General (Operations) of the Civil Aviation Authority of Singapore. He is also concurrently Deputy Chairman of Changi Airports International Pte Ltd and is a Board Member of the Civil Service College.

From 1989 to 2005, Mr Lee held various appointments in the Republic of Singapore Air Force (RSAF) and the Ministry of Defence, with his last appointment being Deputy Head of Air Operations in HQ RSAF. From 2005 to 2008, he was the Principal Private Secretary to Minister Mentor Lee Kuan Yew in the Prime Minister's Office.

Mr Lee was awarded the SAF (Overseas)/President's Scholarship in 1989 and the SAF Postgraduate Scholarship (General Development) in 2002. He holds a BA (Honours) degree from the University of Cambridge, UK and an MBA from the Massachusetts Institute of Technology, USA.

Derrick Wan Yew Meng - Board Director

Mr Wan is Director (Reserves and Investment) at the Ministry of Finance. Prior to joining the Ministry of Finance in November 2008, he was Director (Investments and Projects) at the Central Provident Fund and has held appointments in the Ministry of Manpower, Ministry of Law and Ministry of Defence.

Mr Wan is a Chartered Financial Analyst (CFA), a Chartered Alternative Investments Analyst (CAIA) charter holder and a Professional Risk Manager (PRM). He was awarded the Overseas Merit Scholarship to study at the University of York, England, where he graduated with First Class Honours (with Distinction) in Economics and Econometrics. He also holds a Masters in Financial Engineering from the National University of Singapore and an MBA from Columbia University, New York.

**Michael George William Barclay - Board Director**

Mr Barclay is CEO of Sentosa Development Corporation. He also sits on the boards of Singapore Tourism Board, Mount Faber Leisure Group, Sentosa Cove Council, and the Sentosa Golf Club General Committee.

Prior to joining Sentosa in August 2008, Mr Barclay was the Regional Vice President Asia Pacific at the International Air Transport Association. From January 2004 to March 2007, he was Chief Executive of SilkAir. Mr Barclay also held various portfolios at Singapore Airlines in Singapore, Germany, Switzerland, Belgium and the UK from September 1991 to January 2004.

Miguel Ko Kai Kwun - Board Director

Mr Ko is Chairman & President, Asia-Pacific for Starwood Hotels & Resorts Worldwide, Inc., the largest upper-upscale hotel company in the region. He oversees the operating and financial performance of about 160 hotels and resorts in over 20 countries in Asia-Pacific. Prior to this, he was Deputy Chairman and CEO of CDL Hotels International.

Widely recognised for his knowledge and insight by the Asia Pacific tourism industry, Mr Ko was voted Regional Hotel Chief of the Year (2007 & 2008) by the readers of the Travel Weekly. He was named Visionary Leader of the Year and a recipient of the Global Awards at the World Travel Mart (2007) in London.

Mr Ko has a BA in economics from the University of Massachusetts and an MBA from Suffolk University. He is also a Certified Public Accountant (CPA) from New Hampshire, USA.

Eric Ang Teik Lim - Board Director

Mr Ang is Managing Director and Head of Capital Markets at DBS Bank. With over 30 years of banking experience, he is responsible for the equity markets, private equity and merger and acquisition advisory businesses. He serves on the DBS Group Holdings Ltd (DBSH) Management Committee. Within DBSH, Mr Ang serves on numerous boards including DBS Asia Capital Ltd, DBS Vickers Securities Holdings Pte Ltd, Hwang-DBS Investment Bank Berhad and The Islamic Bank of Asia.

Mr Ang holds a Bachelor in Business Administration (Honours) degree from the University of Singapore.

Dilhan Pillay Sandrasegara - Board Director

Mr Sandrasegara is the Managing Partner of WongPartnership LLP. His main areas of practice are mergers and acquisitions (M&A) and general corporate law. He is an adviser to boards of publicly listed companies in Singapore on corporate governance issues.

Mr Sandrasegara serves on the boards of a number of public service boards, publicly listed companies and private companies. He graduated from the National University of Singapore and attended the University of Cambridge on a Cambridge ODA Scholarship, where he obtained a Master of Law. He is admitted to the Singapore Bar and to the Roll of Solicitors of England & Wales.

Mr Sandrasegara joins Temasek Holdings (Private) Limited as Head, Portfolio Management with effect from 1 September 2010.



Eugene Gan

Lim Peck Hoon

Foo Sek Min

Wong Woon Liong

Lee Seow Hiang

Tan Lye Teck

Yam Kum Weng

Ng Lai Leng

Fong Kok Wai

EXECUTIVE MANAGEMENT

CHANGI AIRPORT GROUP

LEE Seow Hiang

Chief Executive Officer

TAN Lye Teck

Executive Vice President, Corporate

YAM Kum Weng

Executive Vice President, Air Hub Development

FOO Sek Min

Executive Vice President, Airport Management

LIM Peck Hoon

Executive Vice President, Commercial

NG Lai Leng

Chief Financial Officer

FONG Kok Wai

Executive Vice President, Engineering & Development

CHANGI AIRPORTS INTERNATIONAL

WONG Woon Liong

Chief Executive Officer

Eugene GAN

Deputy Chief Executive Officer

CHANGI AIRPORT GROUP

MANAGEMENT TEAM*

GOH Yong Long

Director, Corporate Development & International Relations

KOH Ming Sue

Director, Engineering & Master Planning

LECK Siew Leng

Director, Internal Audit

Audrey LEE

Director, Economic Affairs

Steve LEE

Director, Technology / Chief Information Officer

LIM Ching Kiat

Director, Market Development

LIM Wee Ping

Director, Corporate Strategy

Arlene OEI

Director, Legal & Company Secretary

Cletus PACKIAM

Chief, Airport Emergency Service

Ivan TAN

Director, Corporate Communications

Justina TAN

Director, Human Resource

Ivy WONG

Director, Airside Concessions /
Covering Director, Revenue Development and
Charges Management

YEO Kia Thye

Director, Airport Operations

CHANGI AIRPORTS INTERNATIONAL

MANAGEMENT TEAM*

Jose PANTANGCO

Senior Vice President (Investments)

SEE Ngee Muoy

Executive Vice President (Corporate Services) /
General Counsel

L SOMKIAT

Chief Airport Planner

TAN Yong Khim

Senior Vice President (Finance)

YEO Swee Har

General Manager (Human Resources)

* In alphabetical order



The sculpture, *Coming Home*, by renowned Chinese artist Han Mei Lin at Terminal 3's Arrival Hall, portrays the universal aspiration of connecting the world as one big family.

Executive Committee

The Executive Committee (Exco) reviews and recommends to the Board the capital structure, and the financing and investment strategies of the company. The Exco also approves significant investments by subsidiary Changi Airports International Pte Ltd, and oversees the development of Changi Airport.

Chairman

Liew Mun Leong

Member

Eric Ang Teik Lim

Member

Lee Seow Hiang

Executive Resource and Compensation Committee

The Executive Resource and Compensation Committee (ERCC) supports and advises the company in remuneration matters. It recommends the remuneration framework for non-executive directors, and approves the executive remuneration policy and appointment of senior management executives. The ERCC also oversees the development of key executives and reviews succession plans for key positions in the company.

Chairman

Liew Mun Leong

Member

Eric Ang Teik Lim

Member

Miguel Ko Kai Kwun

BOARD COMMITTEES

Tenders Committee

The Tenders Committee evaluates and approves tenders for goods and services exceeding S\$50 million.

Chairman

Michael George William Barclay

Member

Derrick Wan Yew Meng

Member

Lee Seow Hiang

Audit Committee

The Audit Committee (AC) assists the Board in fulfilling its oversight responsibilities. The AC audits business processes, including the internal control system, treasury and financial management policies and reporting processes, in order to manage risks, safeguard the company's assets and enhance shareholder value.

The Audit Committee will be formed upon the appointment of the full Board of Directors. In the interim, the role and responsibilities of the Committee is undertaken by the Board.

GROUP STRUCTURE



*CAI is a wholly-owned subsidiary



The Changi Airport Group brand identity reflects the underlying philosophies and beliefs that guide the way the company manages its business, paving the way for its success in the years to come.

Exceptional People, Connecting Lives
is the CAG brand story.

The CAG logo brings this brand story to life. The lines linked to the 'i' represent all employees of CAG working together to serve and care for every customer at each step of their journey. The coloured lines circling the globe symbolise how CAG adds vibrancy to the world by enabling journeys and connecting lives across continents and cultures. These coloured lines also form an 'S', representing CAG's role in growing a vibrant air hub in Singapore and developing the country's global connections.

CORPORATE IDENTITY



Changi Airport was corporatised on 1 July 2009, marking the beginning of a new chapter in the airport's history. A new company, Changi Airport Group (Singapore) Pte Ltd (CAG), was formed to take over the management and operations of Changi and Seletar Airports, and to provide airport emergency services, while the Civil Aviation Authority of Singapore (CAAS) was reconstituted to focus on the development of the aviation industry in Singapore and the provision of air navigation services.

Corporatisation provides a clear separation of the regulatory and operating roles of the former CAAS, allowing both CAG and the new CAAS to sharpen their focus and giving them greater flexibility to meet the emerging challenges ahead. The two organisations will work closely on functions such as air hub promotion and airport master-planning.

“ *There has been a paradigm shift in the airport sector. Airports are increasingly seen more as a business rather than basic transport infrastructure. Corporatisation will enhance Changi Airport's ability to compete in this changed landscape. In being more nimble the new entity will further strengthen Changi's position as a premier air hub.* ”

Mr Raymond Lim
Minister for Transport
30 August 2007

CORPORATISATION

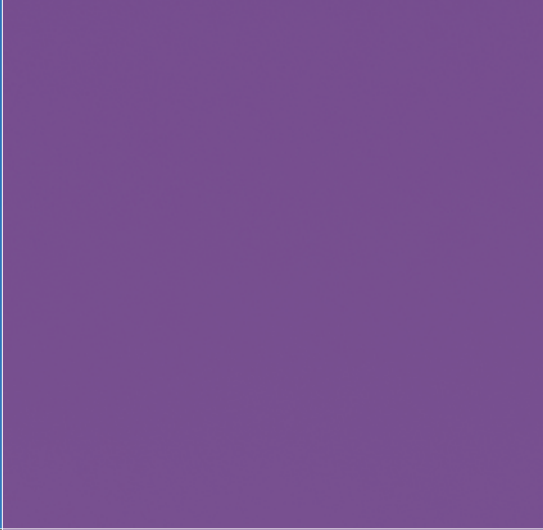
CAG's new status allows it to be more nimble, enabling it to respond more effectively to changes in the aviation industry and to successfully compete in the global landscape. It will step up efforts to seek and develop opportunities for growth in Singapore and overseas. Underlying its strategic thrusts is an on-going commitment to further strengthen Singapore as a premier air hub in the world. Through its subsidiary Changi Airports International (CAI), CAG will market its expertise as an award-winning airport operator and leverage Changi's reputation to build an international presence.

In the area of human capital, CAG has moved to adopt best private-sector practices in order to retain its strong pool of experienced and dedicated personnel while attracting highly valued talents, even from outside the industry. There will be a focus on career development which will include opportunities for overseas stints in CAI investments and projects.

Recognising the importance of its many stakeholders – including airlines, ground handling agents and government agencies – the corporatisation exercise included consultation with these parties. Feedback sessions were organised with staff and partners to determine the best operating structure for the new company, and to ensure operational continuity of the airport during the transition period.

Operational separation between CAG and the restructured CAAS with their assigned staff was effected on 1 April 2009 on a trial basis to prepare for a seamless official transfer on 1 July 2009. On the date of corporatisation, there was a legislative transfer of the business undertaking, and the relevant operating assets and liabilities of the airport operations to CAG. The legislative transfer of CAAS employees to CAG was on terms no less favourable than those enjoyed by them prior to the transfer.

The transition process was seamless and disruption free. And with its completion, the stage was set for Changi Airport to begin the next stage of its journey, and to soar even higher.



BUSINESS & OPERATIONS REVIEW



GLOBAL CONNECTIVITY



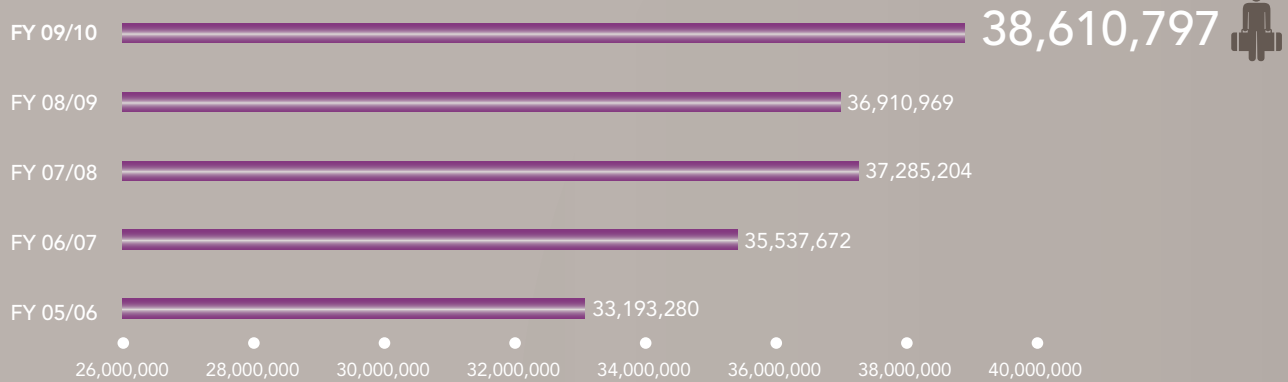
Changi Airport is the seventh busiest international airport in the world. As at 31 March 2010, Changi served 86 airlines operating 5,000 weekly scheduled flights and connecting Singapore to 200 cities in about 60 countries and territories around the world.



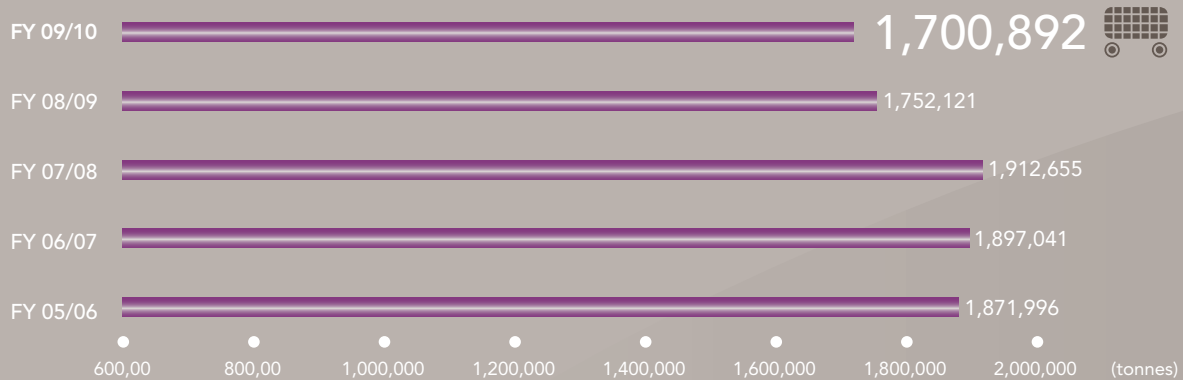
● Cities connected to Changi Airport

AIR TRAFFIC STATISTICS BY YEAR

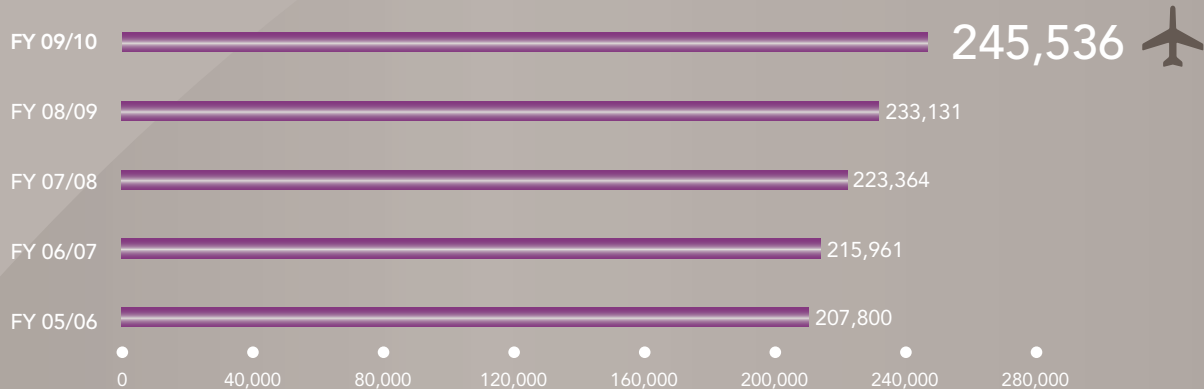
Passenger Movements



Airfreight Movements



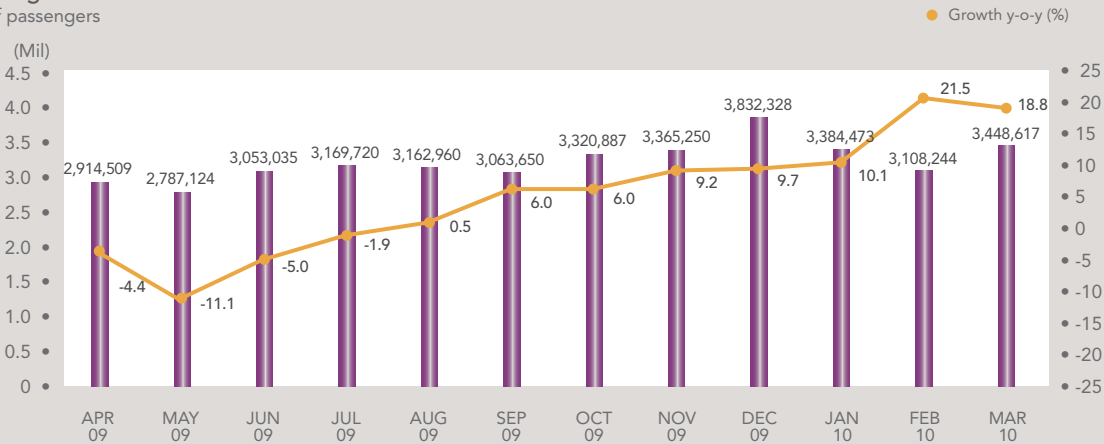
Commercial Aircraft Movements



BY MONTH

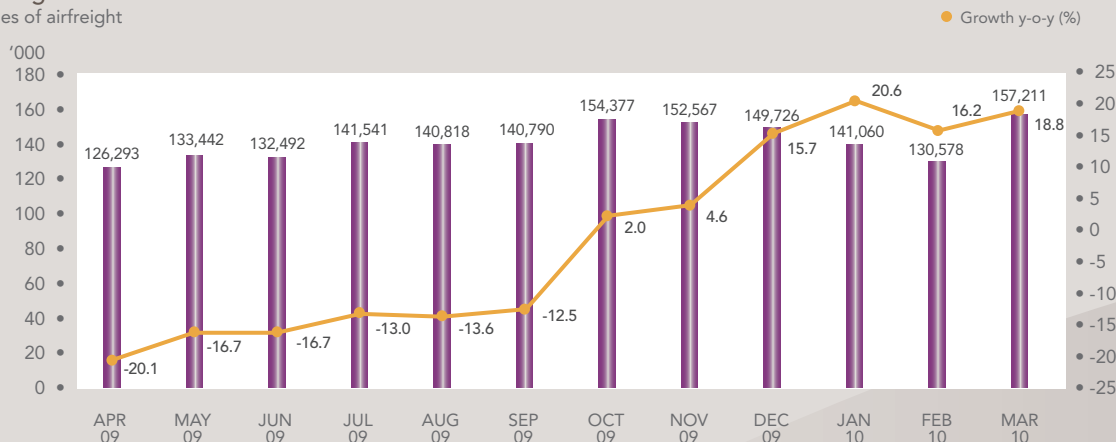
Passenger Movements

No. of passengers



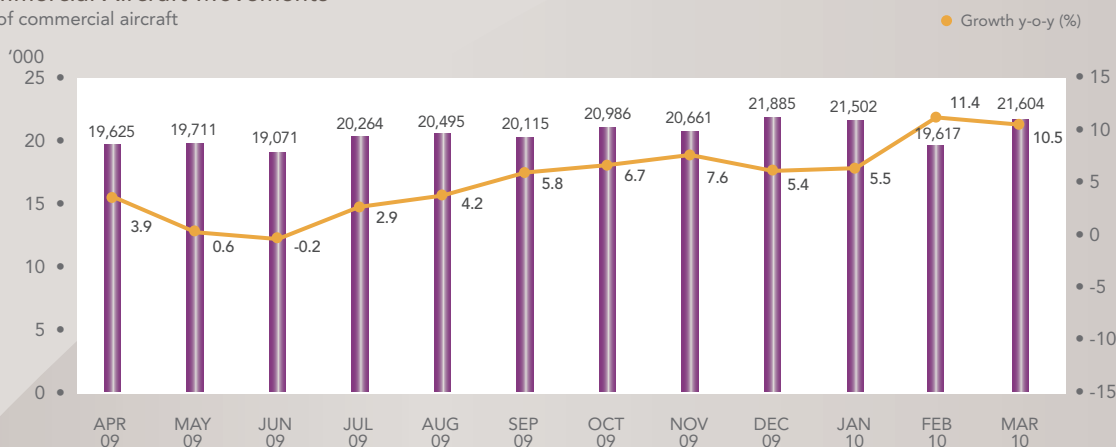
Airfreight Movements

Tonnes of airfreight



Commercial Aircraft Movements

No. of commercial aircraft



Note: The sum of the monthly traffic movements reflected on this page may not equal the corresponding figure for FY2009/10 shown on page 28 due to rounding adjustments.



THE CHANGI EXPERIENCE

We are proud of the Changi Experience, which has enabled Changi Airport to become the world's most awarded 'Best Airport'. It is an Experience that is underpinned by a firm rooting to Changi's core principles – providing world-class airport facilities, efficient operations and excellent customer service, with an eye on innovative solutions topped with a touch of the pleasantly surprising.

As a testimony to the hard work and effort of all who work at the airport, Changi Airport won a total of 24 Best Airport awards from April 2009 to March 2010. These included Best Airport in the World by Business Traveller (UK) for the 22nd consecutive year, World's Best Airport 2010 by Skytrax for the third time and Top Worldwide Airport by Wanderlust for the eighth time. Since its opening in 1981, Changi has won more than 350 'Best Airport' awards.

Enhancements during the year

During the year, Changi Airport Group (CAG) continued to revitalise and improve Changi's facilities and services, to ensure that passengers who travel through Changi have a seamless, efficient and enjoyable experience.

To simplify processes and to make self check-in more hassle free and user-friendly, Changi Airport launched two new features – the Common Use Self-Service kiosks (CUSS) and the Passenger Reconciliation System (PRS). With CUSS, passengers can use mobile kiosks at the airport for self check-in, saving time and streamlining their airport experience. Airlines using CUSS include Royal Dutch Airlines (KLM), Delta Airlines, Cathay Pacific, Air France and United Airlines. PRS, another time saver, enables automatic validation of self-printed boarding passes with airline systems on a real-time basis. This enables passengers without check-in baggage to skip the check-in counter and proceed straight to Departure Immigration. Cathay Pacific and Singapore Airlines are the first airlines at Changi to offer PRS to their passengers.

During the year, CAG implemented several initiatives to improve the efficiency of ground transportation services at Changi. A new Taxi Management System (TMS) was introduced in December



2009 to optimise the distribution of taxis across the airport. Five TMS information boards display data on the number of taxis queuing at each terminal and the number of flights arriving at each terminal during the immediate 45-minute period. This system enables taxi drivers to better gauge the demand for taxis at Changi's four terminals and help them decide which terminal to go to. The overall result has been a better matching of taxi supply with passenger demand.

In addition, since the beginning of 2010, all the transport needs and enquiries of passengers have been managed at the one-stop Ground Transport Desks located at all the Arrival Halls. These desks provide consolidated information on transport options from Changi Airport, including the MRT, public bus, hotel shuttle as well as regular and limousine taxi services. Service staff at the desk are trained to offer assistance and recommendations to ensure that passengers have a smooth journey beyond the airport.

In the spirit of engaging airport visitors and enhancing their understanding of airport operations, CAG opened the Changi Aviation Gallery in Terminal 2 in February 2010, providing aviation enthusiasts and members of the public with interesting insights about Changi Airport and the history of aviation in Singapore. The gallery is a multi-sensory zone with hands-on interactive displays, covering a spectrum of 'on-the-ground' activities that take place at the airport, such as passenger facilities, aircraft landing and take-off, baggage handling, horticulture, environment-friendly measures, staff working at the airport, and emergency and rescue services. Besides interactive and informational display panels, the gallery provides visitors with a close-up view of the airport tarmac, allowing them to observe aircraft and activities on the tarmac comfortably.

Left page: The new Sunflower Garden at Terminal 2...

Below: ... transforms into a stunning light garden after dusk.





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Another enhancement to Changi's leisure facilities during the year was a makeover of the popular Sunflower Garden at Terminal 2's Departure Transit Lounge. Reopened in March 2010, the revamped garden is now a cheerful sunflower garden by day and a magical light-themed garden by night. With unique design features and walkways, the new-look garden is transformed when the sun sets through eye-catching lighting effects and illuminating fixtures including 'firefly' lights which replicate fireflies. An illuminated bamboo walkthrough and lighted seats placed around the garden help visitors to enjoy the visual treat.

Never a dull moment

There is always something exciting going on at Changi Airport. We believe that the perfect airport experience is not just about providing state-of-the-art facilities and efficient operations, but also about delivering an enjoyable and engaging time for visitors. Indeed, during the year, CAG organised a series of events and activities – entertaining and interesting – to inject just the right dose of fun and surprise for visitors at Changi.

Special events & activities

- In July 2009, CAG held a 'Brick Jamboree', a Lego-based exhibition, at Terminals 2 and 3. The exhibition featured Lego pieces constructed by certified Lego professionals and included a mini competition for young Changi guests to create their very own masterpieces.
- In August 2009, Changi delighted passengers with its special 'Java Mondays with Changi' treat, which saw passengers enjoying free cups of freshly brewed coffee on Monday mornings, to chase away their 'Monday blues'.
- In September 2009, CAG organised 'The Changi Airport Race' – the first-ever jetliner-versus-car race in Asia – to mark and celebrate the Grand Prix season in Singapore. Covered extensively by media worldwide, the Race attracted global attention, and raised awareness of CAG as a newly corporatised entity among the international aviation community.





Besides the Race, there were other race-related activities held at Changi for passengers and airport visitors to enjoy and participate in including a pit-stop challenge, go-karting and racing consoles.

- Over three weekends in October, November and December 2009, CAG held a car boot sale and flea market at Terminal 3, creating much buzz at the B2 Mall area and the adjacent car park, where the car boot sale was located. The December sale attracted more than 100 cars and flea market stalls, and drew many shoppers who turned up to hunt for quirky finds and bargains.
- Singapore's only indoor Segway circuit arrived at Terminal 3 in December 2009. Located at the Departure Hall, the 80-metre long indoor circuit entertained both adults and kids alike who wanted a thrilling zip around on the motorised transportation device.
- In March 2010, CAG launched Kid's Fun Ride at Terminal 3 car park 3A, which saw part of the car park transformed into a colourful amusement paradise for fun kiddy rides. Comprising an exciting assortment of electronic toy vehicles including giant inflatable animal cars, mini luxury sedans, convertibles, jeeps, as well as F1 race cars, the rides

have been very popular among families with young children, attracting crowds every weekend.

- In addition to these activities at Changi, the Singapore Airshow 2010 in February saw CAG bringing to the event its signature Butterfly Garden. A smaller version of the original Butterfly Garden located at Terminal 3, the garden at CAG's exhibition booth showcased more than 200 butterflies and a variety of flowers and plants. Many Airshow visitors enjoyed the refreshing tranquillity of a mini nature trail, amidst the hustle and bustle of the Airshow events.

1. Students enjoying the interactive information display panels at Changi Aviation Gallery

2. CAG's booth at Singapore Airshow 2010

3. Young visitor having fun zipping around the Segway circuit at Terminal 3

4. Passengers enjoying themselves at Terminal 2's Entertainment Deck

5. Flag-off of The Changi Airport Race - the first jetliner-versus-car race in Asia



Exciting entertainment

To delight and surprise passengers, Changi Airport held exclusive meet-and-greet sessions with international celebrities for passengers in the airport transit areas. Those who managed to catch in person American pop group Pussycat Dolls (June 2009) and dance-pop sensation Lady Gaga (August 2009) certainly went home with unforgettable memories of Changi. These intimate meet-and-greet sessions gave passengers the once-in-a-lifetime opportunity to get up close and personal with the stars for questions and answers, autographs and even a photograph or two. Performances by other entertainers were also organised, such as a series of mini-concerts in October 2009 by American actor Edward Moss in a tribute to the King of Pop, Michael Jackson, as well as an energetic song-and-dance fiesta featuring characters and music from High School Musical in December 2009.

Festive celebrations

To give passengers a taste of Singapore's major festive celebrations, CAG brought to the airport terminals the colourful sights and lively ambience of festivals such as Chinese New Year, Christmas, Deepavali and Hari Raya. The Changi horticulture team painstakingly dressed and adorned the terminals with gorgeous festive decorations that were a hot favourite among photography enthusiasts.

Fun and entertaining activities were also held in conjunction with some of these festive occasions, allowing passengers and visitors to truly experience and enjoy the festive spirit. For instance, for Christmas 2009, Changi rolled out 'The Big Christmas' celebrations, featuring 'big' attractions including the Big Musical Ball and the Big Snow Fantasy – a massive inflatable castle measuring about 17 metres wide and eight metres tall – providing a magical experience and hours of fun for the thousands of children who visited Changi during the year-end holidays.



1. Michael Jackson tribute by American actor, Edward Moss
2. Meet-and-greet with international superstar Lady Gaga
3. High School Musical concert
4. The Big Christmas Celebration 2009
- 5, 6. Hari Raya and Deepavali horticulture decorations



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Transforming service

Service excellence has been a key ingredient of Changi Airport's success and achievements over the years; it will continue to drive Changi's focus going forward. State-of-the-art facilities and engaging activities aside, delivering excellent service remains the topmost priority. CAG has a goal of not just meeting but surpassing the very high standards that passengers have come to expect of Changi.

During the year, CAG embarked on an airport-wide review to identify ways to streamline operational processes and improve efficiency whilst injecting customer focus into the process design. This was conducted together with airport partners including government agencies such as the immigration and customs authorities, ground handlers, contractors and concessionaires.

Indeed, to give itself that added push towards outstanding service quality, CAG is participating in the national GEMS-Up movement – the second phase of the 'Go the Extra Mile for Service' programme in Singapore, which aims to

take service delivery to a higher level. Under this 18-month initiative, CAG will implement transformation projects to enhance operational efficiency, service quality of front-line staff and customer feedback management. The objective is to achieve a service culture change to deliver a consistently positive Changi Experience to passengers at every service touch point.

To spur all members of the Changi community to share its commitment to service excellence, every year, CAG recognises and motivates those who have shown exemplary service. In January 2010, CAG celebrated yet another year of quality service at its Annual Airport Celebration. Held at Terminal 3, the event recognised outstanding contributions by Changi Airport's front-line staff in 2009, with the presentation of 18 Changi Airport Service Awards to individuals and teams in various categories – Changi Airport Service Personality of the Year, Outstanding Service Providers and Outstanding Service Teams.



'Changi Airport Service Personality of the Year' 2009 – Ms Fauziah Mohd Ali

Fauziah is a customer service officer at Changi Airport's information counters. Fauziah, who started work at Changi in 2000, is no stranger to service awards. She is the proud recipient of several honours, including a Changi Airport Service Award (Gold) in 2007 and a Service Excellence Award (Silver) in 2009, which are testimonies of her consistent commitment to service excellence.

In May 2009, Fauziah went the extra mile to assist a passenger, Mr W. Moyo, a speech impaired Zimbabwean student who was stranded in Singapore for five days after missing his flight. Fauziah demonstrated her resourcefulness and initiative by helping Mr Moyo reserve a seat on the next direct flight out of Singapore, negotiating with the travel agent to waive fees as Mr Moyo did not have any money on him initially. She also arranged for his hotel accommodation by explaining the situation to the hotel manager.

Fauziah kept in constant contact with Mr Moyo's family in the US and UK throughout his five days in Singapore, and accompanied him to the bank to withdraw money after his sister had arranged a bank transfer from the UK. All this assistance was rendered after her working hours. Fauziah also invited Mr Moyo to a Mother's Day dinner with her children and friends. When it was time for his flight home, Fauziah sent Mr Moyo off at the airport and subsequently confirmed that he had arrived safely in Zimbabwe.

1, 2. Award winners at the Annual Airport Celebration 2009 with Mr Raymond Lim, Minister for Transport and the Second Minister for Foreign Affairs (1), and Mr Lee Seow Hiang, CEO of CAG (2).
3. Customer Service Officer at Terminal 3



WHERE THE WORLD SHOPS

Together with our retail partners, we share a mission to deliver the best travel retail experience in the world at Changi Airport.

To grow the airport's commercial business, CAG adopts a holistic approach – attracting quality concessionaires to operate at Changi, continuously improving the retail mix and providing support to concessionaires by creating a conducive retail environment at the airport.

To help tenants mitigate the impact of the economic downturn, CAG provided concessionaires with a S\$63 million assistance package in 2009, which comprised both rental rebates and marketing support. On top of that, monthly promotional events and activities were held to help boost spending, as well as draw footfall to the airport. The support was well-appreciated by Changi's tenants.

Recovery in retail performance

The travel retail industry in general, as well as Changi Airport's retail business began to recover in the second half of 2009 as passenger traffic turned around and registered the first signs of a rebound. This was after a sustained decline in concession sales for the first eight months of 2009 due to the global economic downturn.

Concession sales at Changi registered a steady uptrend from September 2009. In line with the continued recovery of the travel industry and the global economy, CAG observed a visible improvement in retail sentiments in the early months of 2010, as retailers began to display more interest in leasing opportunities and greater optimism about business prospects.

Below: New retail brands at Changi Airport





More exciting retail offerings

With over 70,000 square metres in concession space, about 230 retail stores and 110 food & beverage (F&B) outlets, and almost 200 brands spread across its four terminals, Changi Airport remains one of Singapore's largest shopping destinations. Notwithstanding the challenging operating environment, CAG continued to pursue and attract quality concession brand names to Changi, ensuring that the airport continues to have an attractive and optimum retail mix at its terminal malls.

During the year, more than 20 new brands arrived at Changi, including international brands such as Harrods at Terminal 2's Departure Transit Mall and Emporio Armani, Polo Ralph Lauren and Rolex at Terminal 3's Departure Transit Mall. In the public areas, a number of 'new to Changi' brands such as Dome, Quiznos, Ananda Bhavan and Ah Wang's Desserts also started operations during this period. Meanwhile, other new retail brands CAG worked with in the first quarter of 2010, such as Miu Miu, Diva, Paul & Shark, and F&B offerings such as Gusttimo di Roma and Café Dunkin Donuts, have since opened their outlets at Changi.

As part of the upgrading works at Terminal 1, both the public and transit areas at the terminal are being developed to create more room for retail and F&B concessions. Upon completion of the upgrading works, concession space at Terminal 1 will be increased by about 15%, allowing CAG to expand its retail and F&B offering, as well as enhance the passenger flow through the Departure Transit Mall. Part of the retail development at Terminal 1 has been completed, with new brands commencing operations during the year. One of which is Fish Spa and Reflexology, which offers passengers a unique and revitalising experience with its signature doctor fish therapy, as well as a full range of massages, reflexology and other wellness treatments. Other new and exciting brands will continue to be introduced over the next year, providing airport visitors with a fresh and enhanced shopping experience at Terminal 1.



A shopping destination in itself

To grow its retail revenue and maximise the commercial potential of Changi's terminals, CAG's strategy is to develop Changi Airport into a choice shopping destination, not just for travellers, but also for local residents. To this end, CAG implemented a series of initiatives to revitalise the retail offering in Changi's public areas.

A range of pushcarts were introduced at the Terminal 3's B2 Mall in December 2009 to make shopping even more interesting during the festive season. Showcasing an eclectic mix of wares including fashion apparel, accessories and bags, as well as skincare and wellness products, the pushcarts have added more colour, buzz and variety to the existing shops in the basement mall.

Meanwhile, at Terminal 3's 3-Top Mall, CAG introduced the Branded Outlets Store concept in August 2009. Since then, many popular brands including Crocs, Fox, Adidas, Fila, Nine West and Celio have participated with outlet sales, where their apparel and accessories were sold at attractive discounts.

Changi also held several special retail events during the year such as the Changi Book Fair in November 2009. As part of the Christmas festivities at Changi, CAG organised a Christmas bazaar, featuring a good variety of quaint Christmas-themed products including accessories, apparel, chocolates, books and other knick knacks.

1. Branded Outlets Store at Terminal 3, 3-Top Mall
2. Colourful baubles bearing mystery gifts given out during 'The Big Christmas' shopping promotion
3. Busy shopping street at Terminal 3, Departure Transit Mall
4. Pushcart stalls at Terminal 3, B2 Mall
5. Fish Spa and Reflexology at Terminal 1 offers passengers a revitalising experience with its doctor fish therapy



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Concurrently, to encourage visitors to spend more time at the airport to shop and dine, CAG introduced in November 2009 lower parking rates on weekends, with visitors paying just S\$2.50 for the first three hours of parking. This rate was later extended to weekday evenings.

The various efforts to inject buzz and variety to Changi's landside retail offering boosted daily footfall at Terminal 3 B2 Mall on weekends, which had more than doubled by March 2010 compared to a year earlier.

Creating a conducive retail environment

CAG believes in being a responsible and proactive landlord that takes the initiative in implementing strategies that will maximise the overall sales potential of its terminal malls. This philosophy has been recognised by the industry, with CAG winning for the fifth consecutive time the 'Airport Authority with the Most Supportive Approach to Travel Retail' award at The DFNI Global Awards for Travel Retail Excellence in May 2010.

As part of its efforts to create a conducive retail environment, CAG implemented a sustained campaign of exciting shopping promotions and interesting on-site activities throughout the year, at both the transit and public areas of the airport – all with the objective of boosting spending at Changi's retail shops and drawing more public footfall.

Eight promotional events were held during the year, some of which were tied to key festive celebrations such as 'The Big Christmas' in December 2009 and 'Double Happiness' during the Chinese New Year celebration in February 2010, as well as the 'Celebrate with Changi Airport' promotion which was held in conjunction with the corporatisation of Changi Airport in July 2009.

The 'Let's Do Lunch' promotion held at the public areas from August to October 2009 saw positive response from the lunchtime crowd at the airport as well as patrons from neighbouring business parks. Participating F&B outlets offered attractive S\$10 set meals while parking charges were waived during the lunch period.



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In March 2010, CAG launched 'Changi Rewards', a programme which rewards shoppers for spending at Changi, making it even more worthwhile for them to shop and dine at the airport. In just two months following the launch of the programme, more than 12,000 customers signed up and collected their 'Changi Rewards' cards.

On top of these airport-wide initiatives, CAG worked with various tenants to plan and execute outlet-specific promotions, including major retail concessionaires like Nuance-Watsons, DFS, Luxury Venture and F&B operators such as Crystal Jade Shanghai Restaurant.

Through these innovative and exciting promotional activities, CAG hopes to bring value to its visitors by making shopping and dining at Changi not just a fun and enjoyable experience, but importantly, a truly worthwhile and rewarding affair as well. By doing so, it is also providing concessionaires with effective marketing support and helping to create a retail-friendly environment in which they can thrive.

1. Retail promotion booth
2. 'Changi Rewards' members receive rewards for shopping and dining at Changi
3. The 'Let's Do Lunch' promotion offered S\$10 set lunches at the public areas
4. The new Dunkin' Donuts at Terminal 3, Departure Transit Mall
5. Pasta Waraku at Terminal 2 with its beautifully decorated outlet front
- 6, 7. Dome and Ananda Bhavan, new F&B brands at Changi Airport



THE CHANGI AIR HUB

A key part of CAG's mission is to grow Singapore as a vibrant air hub by increasing passenger and cargo traffic at Changi Airport, and by strengthening Changi's connectivity. The aim is for Changi to continually strengthen its position as a key international air hub and the world's gateway to Asia Pacific – today and into the future.

Driving traffic and connectivity

In line with the improving global economy and the corresponding recovery in air travel, traffic at Changi Airport saw a healthy rebound in the 12 months ended 31 March 2010, rising 4.6% compared to a year earlier. Following a difficult first half of 2009, the turnaround came in August 2009, after which growth continued steadily through the rest of the financial year.

Changi Airport reported a strong showing of 38.6 million passenger movements for the April 2009 to March 2010 period, an increase of 4.6% year-on-year. For calendar year 2009, 37.2 million passenger movements were registered. A monthly record of 3.83 million passenger movements was registered in December 2009 with a daily all-time high of 140,000 recorded on 19 December 2009.

Traffic growth during the year was led mainly by low cost carriers – which saw a healthy 57.8% increase in the number of passengers carried. Low cost carriers which registered significant growth during the year included the Jetstar Group, Tiger Airways and the AirAsia Group. Regional full service carriers such as SilkAir also saw healthy growth, driven by robust demand for regional air travel. While low cost carriers contributed strongly to passenger growth, full service carriers continued to carry the bulk of passengers at Changi, accounting for almost 80% of total passenger traffic during the period.

Although the aviation industry was only just emerging from the downturn during the year, Changi Airport still fared well on the connectivity front. It continued to expand its air network, registering a record number of 200 city links in December 2009, served by 86 airlines. New passenger city links launched in 2009/10 included Shantou in China, Kuantan, Ipoh and Kuala Terengganu in Malaysia, Krabi and Hat Yai in Thailand, and Semarang in Indonesia.

For the year, the number of flight movements also rose by more than 8% to about 5,000 flights per week. Apart from low cost carriers, new airlines also contributed to this growth. This is partly the result of active marketing efforts which successfully attracted a number of new airlines to Changi during the year, including Firefly of Malaysia, Kingfisher Airlines of India and Batavia Air of Indonesia. In addition, Myanmar Airways began operating its own flights, having previously codeshared all its flights.

Meanwhile, Changi Airport remained the world's busiest A380 hub airport, with the number of A380 flights more than doubling during the year to 140 flights a week, operated by Singapore Airlines and Qantas.

Growing with partners

With Changi's success deeply intertwined with that of the aviation industry, CAG is committed to strengthening its partnership with airlines through good times and bad. CAG firmly believes in working together with its partners to grow the pie at Changi.

In today's dynamic and rapidly changing aviation landscape, CAG's partners face different opportunities and challenges. Hence, a one-size-fits-all partnership approach is no longer effective. Therefore, in January 2010, CAG launched the Changi Airport Growth Initiative (CAGi) – a new strategic incentive package to drive the growth of Changi's connectivity and traffic. Adopting a targeted and nimble approach, CAG will work with partners to understand their unique needs, explore opportunities to further develop their business and operations at Changi, and use differentiated measures to spur growth and support innovation.

Through an effective and optimal mix of targeted and performance-based incentives, CAG encourages airlines and other airport partners, like ground handlers and freight forwarders, to boost passenger and cargo traffic at Changi Airport and strengthen Changi's air traffic network. The initiatives could range from incentivising airlines to enhance Changi's connectivity by starting routes to new destinations, helping new airlines start operations at Changi, rewarding passenger and cargo traffic growth, and supporting airlines and ground handlers to enhance their product and service offerings at Changi.

Left page: Singapore Airlines, Jetstar and Tiger Airways hub in Singapore
Below: FedEx's operations at Changi





Shortly after the launch of CAGi, CAG announced its first success story under the scheme, with an air hub deal signed with the Jetstar Group. The agreement will see the Jetstar Group make Changi Airport its largest hub in Asia for both short- and long-haul operations. The airline group will operate its highest number of services in Asia at Changi, and increase existing flight frequencies and destinations from Singapore. In addition, it will base its largest number of A320-family aircraft at Changi and introduce long-haul services using wide body aircraft out of Singapore. Two long-haul destinations – Melbourne and Auckland – have been announced by Jetstar.

By seeking such win-win outcomes with its airline partners, CAG believes that its new approach under CAGi will enhance Changi Airport's value proposition for airlines worldwide and ultimately, boost Changi's overall competitiveness.

As part of CAG's efforts to encourage traffic to and through Singapore, CAG collaborated with Singapore Tourism Board (STB) and Singapore Airlines on a joint marketing campaign in its key overseas markets. A regional marketing campaign was also conducted with STB and SilkAir. During the year, CAG embarked on a strategy to promote inbound passenger traffic and develop new sources of traffic in markets with untapped potential. To this end, CAG has deepened its engagement with travel intermediaries to drive traffic demand to Singapore.

Building the cargo hub

The recovery of the cargo sector has been slower compared to passenger traffic. From April 2009 to March 2010, Changi Airport handled 1.7 million tonnes of cargo, a slight decrease of 2.9% compared to the previous corresponding year. However, encouraging signs of a rebound were reflected in the positive year-on-year growth of airfreight movements since October 2009.

While the economic downturn resulted in a fall in cargo volumes during the year, Changi Airport weathered the storm relatively well, leveraging the strong partnerships that have been forged with cargo partners. CAG stepped up its collaboration with cargo partners to identify new market opportunities and position Changi for future growth. During the year, Changi welcomed new all-cargo carriers including AeroLogic of Germany, Cardig Air of Indonesia, Transmile Air of Malaysia and Martinair of the Netherlands. New physical cargo city links established included Labuan and Kuching in Malaysia, Balikpapan and Padang in Indonesia, and Atlanta in the United States.

CAG introduced various initiatives to help its cargo partners tide over the difficult period of the economic downturn. For instance, the Cargo Incentive Scheme launched in 2009 to support CAG's cargo agents was extended and further enhanced in 2010. The rollout of CAGi signified a change in CAG's approach to partner the cargo community with better customisation and flexibility of incentives to help them achieve their growth plans. These innovative initiatives and the adoption of a proactive partnership approach have been well received by cargo partners.



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CAG continues to target and grow new cargo segments. In August 2009, the development of Coolport@Changi – Singapore’s first air freight terminal dedicated to perishables cargo handling – was announced by Singapore Airport Terminal Services Limited. The new Coolport@Changi, which opens in the second half of 2010, will further enhance Changi’s position as an efficient and reliable hub for perishables trade and transshipment in Asia. The Singapore Freeport, a state-of-the-art storage facility with direct

access to the airport terminal, provides international fine art collectors, auction houses and financial institutions with a secure location to store and trade valuable assets and collections. These two projects provide new value-added services and market opportunities for airlines and cargo agents across Asia Pacific to capture new trade flows.

1. CAG’s welcome ad for Batavia Air when it started operations at Changi in November 2009

2. Firefly commenced operations at Changi in July 2009

3. Kingfisher’s flight attendants at the welcome ceremony for the airline in September 2009

4. Management of Lufthansa Cargo, CAG, AeroLogic and DHL Express at AeroLogic’s welcome ceremony in July 2009. (AeroLogic is a joint venture between DHL Express and Lufthansa)

Below:

Singapore Airlines’ cargo operations at Changi





SAFETY AND SECURITY

Ensuring safe and secure airport operations is a prerequisite of CAG's mission to develop a vibrant air hub in Singapore. To provide passengers with a safe and seamless travelling experience and airport partners with a sustainable and conducive business environment, CAG's Aerodrome Safety, Airport Emergency Service and Aviation Security units work together and with other airport partners to ensure the upholding of safety and security standards in all aspects of Changi's operations.

Aerodrome safety

Following Changi's corporatisation, CAG formed a new Aerodrome Safety unit, which is responsible for the management and implementation of CAG's safety management system and processes, and compliance with safety regulatory requirements.

Following a review to ensure alignment with industry-leading practices, CAG has adopted a new systematic approach to manage safety risks effectively by achieving greater harmonisation across operating divisions and

integrating risk management and safety assurance processes into operational activities and planning functions. The revised Safety Management System - which clearly articulates CAG's safety policy and objectives, and sets out well-defined safety practices and processes - seeks to minimise risk of harm to passengers, partners, businesses, airport users and employees.

CAG also established a new Internal Safety Audit Programme to ensure its compliance with all safety regulatory requirements and international standards, as well as to drive continuous safety improvements. As a testament to its safety standards, Changi Airport received yet another deficiency-free rating from the International Federation of Air Line Pilots' Association for the year 2009. Since its inception in 1981, Changi has achieved this rating every single year.

To enhance runway safety, CAG tested the world's first intelligent vision-based runway FOD (Foreign Object Debris) Detection System, named iFerret. The system operates round-the-clock and is able to detect objects as small as 4mm in diameter on the runway even in low-light conditions. Upon detection of FOD, the system automatically sends an alert to the operator so that pilots can be notified in real time. Concurrently, an airside safety team is despatched to remove the object. This quick identification of FOD through remote visualisation enhances operational safety without affecting runway operations. The iFerret system is at its final phase of operational trial testing before being commissioned for use.

Airport emergency service

CAG's Airport Emergency Service unit is a specialised aircraft rescue and fire fighting unit providing rescue and fire protection, prescribed by the International Civil Aviation Organisation, at Changi and Seletar airports, as well as at Republic of Singapore Air Force airbases. It is also responsible for the oversight of fire safety matters and policies at both airports.

During the year, CAG continued to enhance its emergency preparedness and operational effectiveness through a series of initiatives including a comprehensive programme to educate all stakeholders in the airport community and mutual aid agencies on the various aspects involved in the event of a crisis or emergency at the airports.

Besides promulgating the revised Changi Airport Emergency Plan and Seletar Airport Emergency Plan in the second half of 2009, CAG also organised an Airport Emergency Plan Seminar to educate stakeholders on the new Changi Airport Crisis Management Framework. In conjunction with this seminar, a CAG Airport Emergency Plan video was launched to provide an overview of the Airport Emergency Plan and the roles and responsibilities of all agencies involved in the plan.

Left page: CAG works closely with security authorities and agencies to ensure a safe and secure environment at Changi.

Below: Mediacorp TV documentary Unexpected Access featured AES' land and sea rescue training and exercises, giving viewers a better understanding of CAG's airport emergency capabilities.



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The work of the Airport Emergency Service was featured on Singapore television in an episode of *Unexpected Access* (Season 2) which aired in March 2010. This MediaCorp TV documentary took viewers to restricted areas in Changi Airport that are not accessible by members of the public. In the episode, viewers were given a rare behind-the-scenes look at the complex operations that ensure Changi ticks like clockwork, including activities on the airport tarmac and baggage sorting area. Also a first, the Airport Emergency Service's fire-fighting and rescue capabilities on land and sea were featured, providing viewers a rare glimpse of CAG's operational capabilities to mitigate an aviation crisis.

To enhance its operational capabilities and to ensure a young fleet of fire vehicles at the RSAF airbases, CAG commissioned five new fire vehicles during the year to replace the older vehicles at the airbases. Fitted with "power dividers" and computerised fire-fighting display systems, these vehicles are equipped to perform monitor operations whilst on the move, thus enhancing the Airport Emergency Service's fire-fighting capability.

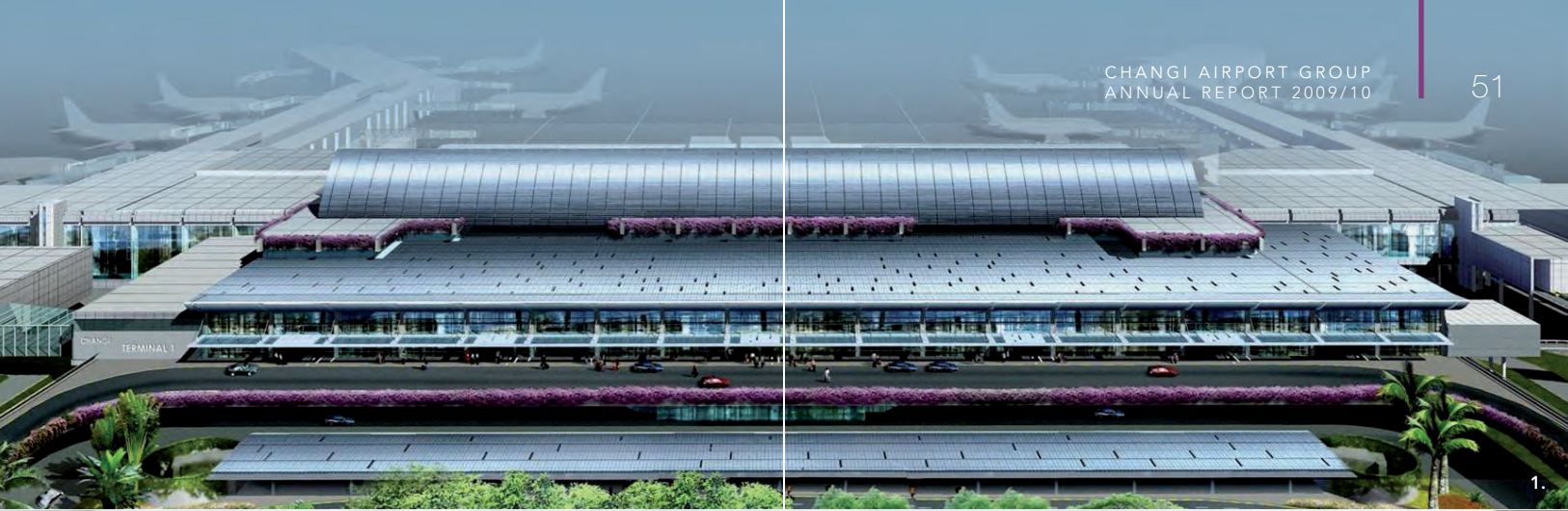
Aviation security

With Changi Airport's corporatisation, CAG reviewed and revised the Changi Airport Security Programme and took over the overall management of the airport pass regime as well as perimeter patrol functions from the Airport Police Division (APD) of the Singapore Police Force.

CAG continues to work closely with APD and other government agencies such as the Ministry of Home Affairs (MHA) to raise the quality of security management at Changi Airport and to correspondingly implement initiatives where necessary. For example, during the year, CAG, in close collaboration with APD and MHA, introduced a new passenger screening and identification programme to enhance security at Changi Airport. The programme is based on a risk-management approach to better identify potential threats, providing an added edge in risk mitigation.

To further improve passenger screening measures, CAG and APD also undertook a two-week trial of an explosive trace-detection portal machine in February 2010. The machine can detect non-metallic items hidden on a passenger's body. CAG is in the process of studying the trial results to assess the feasibility of using such screening technology at Changi Airport.





INFRASTRUCTURE AND DEVELOPMENT

To optimise Changi Airport's long-term growth potential and to meet the needs of airlines and passengers, CAG strives to provide adequate and quality airport infrastructure in a timely and proactive manner. Guided by this philosophy, the Engineering and Development Group regularly reviews Changi's infrastructure and development needs and implements expansion and renewal plans to take Changi Airport to the next lap.

Expansion and upgrading

Budget Terminal expansion

In mid-2009, CAG completed the expansion and upgrading of the Budget Terminal, which had commenced a year earlier. With the completion of the expansion works, the terminal can now handle 7 million passenger movements per annum, up from 2.7 million previously. The number of check-in counters was increased from 18 to 25, and the number of passenger boarding gates from seven to 11. Additional baggage handling equipment was added to handle outbound bags. For the comfort and convenience

of passengers, the canopies at the departure and arrival halls, as well as that along the linkway to the taxi stand, were extended to provide more shelter from the sun and rain.

Other upgrading works to improve comfort included the air-conditioning of the arrival corridor and improvement of acoustics in the terminal. In addition, new facilities and services were introduced, such as a Left Baggage Service and children's play area, as well as more retail outlets.

Terminal 1 upgrading

The upgrading of Terminal 1, which commenced in May 2008, progressed smoothly during the year. With a 'Tropical City' concept, the new Terminal 1 will see improved passenger flow and an enhanced passenger experience, with a refurbished interior design and finish. As part of the works, a new departure kerbside canopy is being constructed to span the entire length of the building

1. Artist impression of Terminal 1 facade upon completion of the upgrading project

2. As part of the Budget Terminal's upgrading works, the kerbside canopy was extended to provide more shelter

façade and extend over the first two lanes of the departure driveway. This will provide shelter from the elements for passengers arriving at the terminal. A new centralised Departure Immigration Hall will also be created to improve passenger flow and navigation. The main terminal building has been extended into the airside by 35 metres, creating more space for new services and facilities, and providing better views of aircraft on the parking bay. To allow for more spacious movement and waiting areas, the main thoroughfare, gate holdrooms and finger piers along the older sections of the terminal will also be widened.

More than half of the renovation works at Terminal 1 have been completed, and many aspects of the upgraded terminal are taking shape. Completed works include the upgrading of several check-in islands; the expansion of gate holdrooms, with improved seating and full length glass facade to allow full view of the apron; the development of part of the new departure transit extension; and a new refreshing retail and F & B experience. The entire Terminal 1 upgrading project is expected to be completed by 2012.

Redevelopment of Seletar Airport

Seletar Airport, Singapore's secondary airport, has been undergoing a major five-year redevelopment project since 2008. The development of the Seletar Aerospace Park, when completed in 2013, will serve a myriad of aviation business activities, such as maintenance, repair and overhaul (MRO) of aircraft, creating a world-class, integrated aerospace community in one location.

CAG has been working closely with JTC Corporation, CAAS and other related government agencies to support this national effort to upgrade Seletar Airport. During the year, CAG was involved in the project management of the extension of Seletar's runway, the construction of a new control tower, taxiways and aircraft parking aprons, as well as the installation of a precision approach lighting and instrumental landing system for the runway. These works are currently in progress.

Improvements and maintenance

CAG revamped its Airport Engineering Operations and Maintenance ISO Quality Manual and Quality Procedure Manual to be in line with the new ISO 9001:2008 standards. In December 2009, it also achieved the ISO 9000 re-certification (zero non-conformances) for its operation and maintenance services for the 12th consecutive year. Overall, in terms of its engineering systems operations and maintenance, CAG successfully met all the key performance indicators required.



1. More than half of the Terminal 1 upgrading project has been completed.
2. The main building of Terminal 1 will be extended into the airside to create more room for facilities and services.
3. The Budget Terminal expansion included improvement of acoustics in the terminal and the introduction of new facilities.



Over the past year, CAG completed several key equipment improvement projects such as the replacement of cooling towers at Terminal 1 and the addition of a cooling tower filtration system at Terminal 2.

To ensure smoother and safer take-offs and landings for aircraft, CAG also completed the resurfacing of both runways at Changi Airport, as well as a significant portion of the taxiways and apron roadways, thus enhancing the ride quality around the tarmac and overall airport safety. Such resurfacing works will enhance the reliability and performance of the runways, taxiways and apron roads, and extend their serviceable lifespan, which is crucial in light of the increasing aircraft traffic volume at Changi Airport.

Planning ahead

In December 2009, CAG obtained CAAS' approval for the first edition of the Changi and Seletar Airport Master Plans. The Master Plans, which outline airport capacity, land use and key development plans for the next five to 15 years, serve as a common reference for CAAS, CAG and other relevant agencies when charting Changi and Seletar Airport's expansion going forward.

In addition, two new teams, namely the Capital Expenditure Management and Real Estate Development teams, were incorporated under the umbrella of Engineering & Master Planning Division. The Capital Expenditure Management team is responsible for the planning, management and optimisation of capital expenditure to support the cost-effective development of Changi Airport's infrastructure. The Real Estate Development team oversees strategic business planning for CAG's real estate, so as to support the sustained development of Changi as a world-class air hub and a destination of choice. As part of Changi Airport's Master Plan, the team is carrying out a review to further optimise land use within and around the airport, with a vision of creating a vibrant and cosmopolitan hub for passengers, visitors and airport workers alike.

Artist impressions of Terminal 1 after upgrading:

4. A new centralised Departure Immigration Hall will provide more optimised manning of departure immigration counters.
5. The Piazza located at the centre of the Departure Transit Mall is a space with areas to relax and to enjoy the airside views.
6. The new departure kerbside canopy spans the entire length of the building façade and will provide extended shelter.





1. CHANGI OVERSEAS

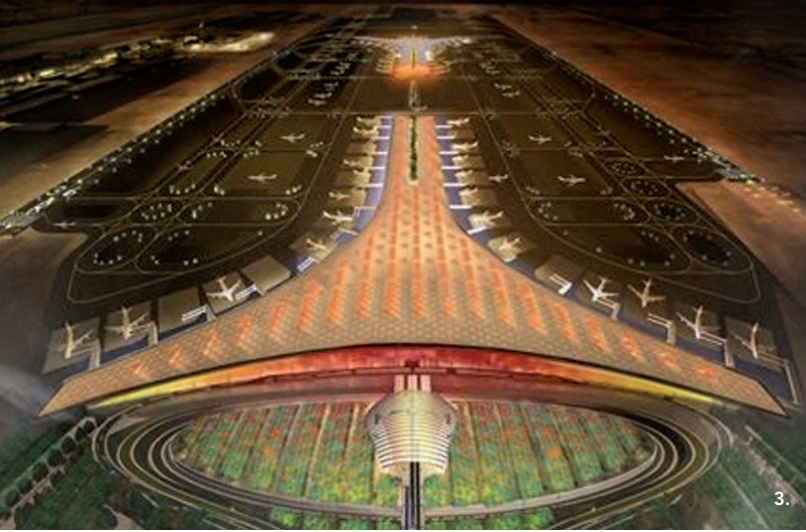
Through its dedicated subsidiary for overseas ventures, Changi Airports International (CAI), CAG exports Changi's brand name and expertise far beyond Singapore's shores. Since its inception, CAI has provided consultancy and management services to over 20 airports in more than 10 countries. At the same time, it has been building a portfolio of quality investments in airports with strong markets and significant development potential. Including its investments, CAI's international portfolio spreads across China, India, the Middle East and Europe and involves some S\$20 billion worth of projects.

CAI continued to make significant headway during the year in the global arena and secured several prominent projects, further expanding Changi's international footprint.

Investments

In July 2009, CAI acquired a 26% stake in Bengal Aerotropolis Projects Limited. The project, located at Durgapur in India's West Bengal state, is CAI's first investment in an Indian greenfield airport city project. The Durgapur Aerotropolis is India's first aerotropolis project and its first privately owned merchant airport. The aerotropolis involves the setting up of an industrial park, a logistics hub, an information technology park and a township around the privately owned airport. CAI has in place a Technical Service Agreement to support the planning and development of Durgapur Airport, and will enter into an Operations and Management Agreement to assist in the management of the airport once construction is completed.

In February 2010, CAI acquired a 5% stake in Gemina S. p. A., the holding company of Aeroporti di Roma (AdR) for S\$100 million - its largest investment ever and its first in Europe. AdR is the largest airport group in Italy and holds the rights to operate Rome's Leonardo da Vinci Airport, the sixth largest hub in Europe, as well as the smaller Giovan Battista Pastine Airport. CAI will play a key part in the development and expansion of AdR, providing advisory support in master planning, airport operations and commercial development.



3.

1. Night view of the apron area at Rome's Leonardo da Vinci Airport
2. Departure Hall of Rome's Leonardo da Vinci Airport
3. Aerial view of Beijing Capital International Airport
4. MOU signing ceremony between CAG and Chongqing Airport Group

Consultancy projects

Following its first commercial consultancy project in 2008, CAI sealed two additional consultancy projects with Chongqing Airport Group in December 2009. The two projects covered a review of Chongqing Airport's passenger transfer operations and proposed improvements to its retail environment.

CAI completed through the course of the year, inter alia, consultancy projects for Nagpur Airport in India and projects for Shenzhen Airport and Chengdu Airport in China. In the case of Chengdu Airport, this was the third time CAI had been engaged by the airport, the previous occasions being in 2004 and 2007.

Airport management

In November 2009, CAI entered the second year of its six-year contract to manage Saudi Arabia's King Fahd International Airport (KFIA), which is located at Dammam in the Eastern Region of the country.



4.

Apart from raising operational efficiency and service levels, CAI also contributed significantly to the increase in air traffic at KFIA. Even though it operates in a catchment area with a number of other airports, KFIA was able to overcome challenges and attracted five new airlines to launch flights to Dammam in the year ended March 2010. This represented a 21% increase in its airline count.





With an increase in the number of its city links, KFIA's international passenger traffic in 2009 grew by some 8% over 2008, better than some of its neighbouring competitors over the same period.

Partnerships

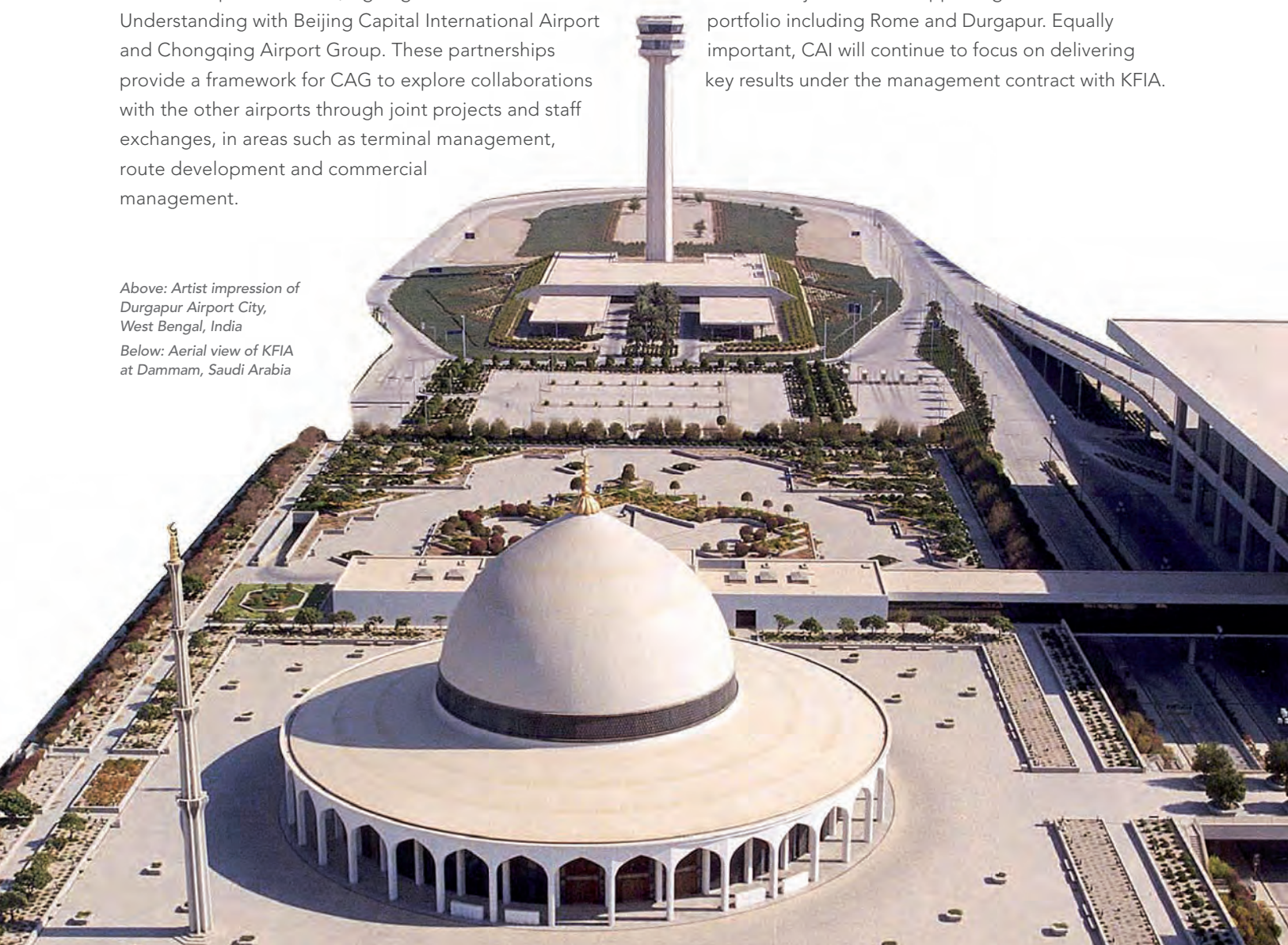
During the year, CAG strengthened its relationship with two airports in China, signing Memorandums of Understanding with Beijing Capital International Airport and Chongqing Airport Group. These partnerships provide a framework for CAG to explore collaborations with the other airports through joint projects and staff exchanges, in areas such as terminal management, route development and commercial management.

Future plans

In the coming years, CAI's objective is to entrench its presence in its current markets of China, India, the Middle East and Europe, either through enhancing its involvement in existing investments or capturing other high-value airport management projects. CAI is institutionalising a strong asset management regime with a focus on achieving its business objectives and supporting its investment portfolio including Rome and Durgapur. Equally important, CAI will continue to focus on delivering key results under the management contract with KFIA.

Above: Artist impression of Durgapur Airport City, West Bengal, India

Below: Aerial view of KFIA at Dammam, Saudi Arabia





OUR PEOPLE

At CAG, our people are our greatest assets. We believe that ordinary people working together can achieve exceptional results to deliver the world's best airport experience. This belief drives CAG's talent attraction and retention policies.

As at 31 March 2010, CAG had over 1,100 employees, most of whom were legislatively transferred from the Civil Aviation Authority of Singapore on 1 July 2009. A number of staff were also recruited from the market, including mid-career managers with private sector experience or specialised skills, to augment the team.

As a newly formed commercial entity, CAG's human resource efforts during the year have focused on recruitment to build the new company, and employer branding to raise awareness of CAG. Activities have included reaching out via recruitment fairs and talks, networking sessions and dialogue with polytechnic and university students (including those on postgraduate studies). Such efforts enabled CAG to reach out to potential candidates and the public to share CAG's business profile, its vision and mission, as well as the career opportunities the company offers.

Within CAG, to allow the Human Resource (HR) Division to better understand and support the business strategy and requirements of the new company and its divisions, a business partnership approach has been adopted with dedicated HR officers assigned to individual divisions.

Post-corporatisation, CAG has also embarked on a comprehensive review of its HR philosophy, systems, processes and goals. The objective is to put in place, a competitive compensation and benefits structure that engages and motivates employees as they contribute towards a high-performing organisation.

In terms of talent development, CAG staff have many opportunities to grow and broaden their careers. These may take the form of job rotation to expose capable managers to various aspects of the multi-faceted airport business – including planning and managing the daily operations in the airport terminals, growing the retail and rentable properties business, developing business opportunities with partner airlines and building the company through the corporate support divisions – or through short- or long-term assignments to support one of CAI's consultancy or management projects overseas.



Through a series of learning programmes and training solutions, CAG also aims to promote a culture of learning and development company-wide. Each staff has an individual training roadmap comprising a matrix of targeted training areas covering both generic and job-specific skill sets.


Underlining the importance of staff engagement, CAG actively communicates with its staff and staff union representative, the Singapore Manual and Mercantile Workers' Union through regular get-togethers held to build relationships and promote understanding of various manpower issues. This new partnership started symbolically with the agreement of the revised remuneration package for Airport Emergency Officers in October 2009 and the signing of the Memorandum of Understanding in February 2010.

*Above: CAG's booth at recruitment fair;
(right) Staff enjoying activities during a CAG Health Week event
Below: Management and staff of Changi Airport Group at
Changi Airport's corporatisation ceremony*

To promote staff well-being and strengthen belonging, CAG organised various staff-focused activities throughout the year. These included the CEO's walkabout to various divisions, and management visits during Chinese New Year to offices and work places during which mandarin oranges and pistachio nuts were distributed to wish all staff a prosperous year ahead.

January 2010 saw the CAG Health Week – themed "Healthy can be fun too" – to promote healthy living. The week-long event included health screenings at a subsidised rate as well as workshops and activities like pilates, sushi making and smoothie making. It culminated in a health carnival, with games and food booths, and lucky draws and free yoghurt giveaways. Another health initiative has been the introduction of the monthly CAG Fruit Day, on which each staff receives a packet of fruits, reinforcing the importance of healthy eating.

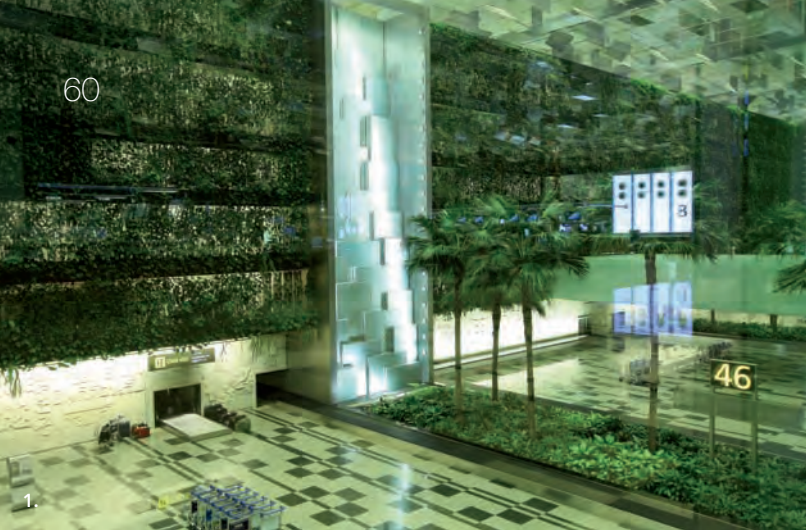




CAG is a firm believer that, as a corporation with many stakeholders, it has a role in supporting and contributing to the well-being of society. We actively respond to environmental challenges and the needs of the community.

CORPORATE SOCIAL RESPONSIBILITY

Solar photovoltaic system on the Budget Terminal rooftop



Environmental sustainability

At Changi Airport, a broad-based environmental programme is in place to ensure the adoption of environmental best practices and sustainable growth of the airport. Environmentally-friendly initiatives that have been implemented include using treated or recycled water in the terminals, adopting energy-efficient equipment and heat recovery systems, and recycling efforts within the terminals and offices. Intelligent control of lights and air-conditioning has also been put in place to conserve electricity, through measures like dimming lights at airport terminals during off-peak hours, and installing motion sensors in areas such as toilets and offices.

In recognition of its sustainability efforts, Changi's Terminal 3 was awarded the Green Mark Gold status in October 2009. The Green Mark Award – conferred by the Building and Construction Authority – aims to promote the sustainable development of buildings in Singapore. This scheme assesses the environmental impact of new buildings, through its energy efficiency, water efficiency, project development and management, indoor air quality and environmental innovations.

CAG's environmental efforts are driven by its Environmental Working Group, which manages the 'Changi Goes Green' programme and coordinates the implementation of green initiatives in areas such as energy efficiency, waste management and water efficiency. Under this programme, CAG pursues environmentally-friendly strategies via a three-pronged approach:

Collaboration: Working together with airport partners to reduce the environmental impact of the airport's activities. This includes test-bedding and implementing green technologies and initiatives.

Awareness: Building environmental awareness among the airport community of 28,000 workers.

Continual improvement: Pursuing continual improvement in the five areas of energy efficiency, management of emissions, waste management, water management and noise management.

Collaboration

Together with its partners, CAG successfully completed the installation of a 250kW solar photovoltaic (PV) system on the rooftop of the Budget Terminal in March 2010. This system, comprising approximately 2,200 PV panels, converts sunlight into electricity. This provides an alternate source of clean and sustainable energy at the Budget Terminal, supplementing the terminal's main power supply and reducing electricity costs.



Recycling bins at Changi Airport



3.



4.

Capable of generating about 350,000kwh of energy per year, the solar PV system's energy output is equivalent to about 4% of the Budget Terminal's total energy consumption, translating to approximately S\$67,000 of energy savings per year. This solar PV project was partially funded by the Economic Development Board under its Clean Energy Research and Test-bedding Programme (CERT). As part of this programme, CAG is working closely with research partner Singapore Polytechnic to provide energy data generated from the solar PV system for research purposes.

Awareness

To highlight the aviation industry's commitment to the environment and to build environmental awareness among the airport community and visitors, CAG and the International Air Transport Association (IATA) jointly organised an environment exhibition at Changi Airport in February 2010. A month-long event that was free and open to the public, the CAG & IATA Environment Exhibition showcased the key elements of IATA's four-pillar strategy on the environment – technology, operations, infrastructure and economic measures – and highlighted CAG's commitment to the sustainable growth of Singapore's aviation sector as part of its 'Changi Goes Green' drive.

On 27 March 2010, CAG participated in Earth Hour for the second year running, doing its part in the fight against climate change. From 8.30 pm to 9.30 pm, all decorative lights within the airport were switched off and non-critical operational lights were dimmed. The one-hour effort throughout Changi's terminals resulted in energy savings equivalent to the total amount of electricity consumed by a typical 4-room HDB apartment over almost three months. Promotional efforts to raise awareness among airport staff, passengers and visitors, and an internal campaign to encourage staff to join in the effort at home, were also carried out.

Continual improvement

CAG has established an Environmental Management System, so as to adopt a more structured approach in the pursuit of its environmental goals. Under this system, CAG will explore practical green initiatives within the airport's operations and corporate settings, and leverage green technologies to improve its environmental performance.

During the year, CAG successfully used recycled concrete aggregate (RCA) as a substitute for natural aggregate in construction works at the airport, specifically for resurfacing part of Changi Airport's perimeter roadways and rehabilitating Changi's aircraft parking bays. Using RCA not only helps to alleviate landfill problems in land-scarce Singapore, it also contributes to the conservation of natural aggregate, a diminishing resource.

In February 2010, CAG completed an internal study on the energy consumption and efficiency of all buildings within its premises. This study provided a good overview of Changi Airport's energy efficiency levels, enabling CAG to better manage Changi's energy needs and to develop accurate benchmarks to measure its energy performance.

1, 2. Terminal 3's arrival baggage claim area before and during Earth Hour

3. IATA's Director-General and CEO, Mr Giovanni Bisignani, at the launch of the CAG & IATA Environment Exhibition in February 2009

4. The CAG & IATA Environment Exhibition at Terminal 3

Community support

As manager of one of Singapore's most famous icons and being an integral part of the country's economic future, CAG is keenly committed to playing its part as a caring corporate citizen, enhancing the lives of those in the community it serves.

In 2009/10, CAG organised various initiatives that provided opportunities for its staff to participate in volunteering and fund-raising activities in support of its adopted charity beneficiary, Rainbow Centre-Margaret Drive School (RCMDS). For instance, CAG's horticulture team provided landscaping works for the RCMDS Graduation Day in November 2009, and funds were raised for RCMDS during the Changi Airport Race in September 2009. In addition, through the more than 30 donation boxes located across Changi Airport, CAG, together with CAAS, jointly raised funds amounting to about S\$165,000 for RCMDS during the financial year.

CAG has reviewed its Corporate Social Responsibility (CSR) mission as a newly corporatised entity. As a young and dynamic organisation itself, CAG understands and appreciates the potential that youths of today have, and the challenges they face. With this in mind, CAG decided to focus its future CSR efforts on youths-at-risk.

Consistent with this approach, CAG will embark on a partnership with the Children-at-Risk Empowerment Association (CARE) in Singapore, a youth-development agency specialising in helping at-risk youths turn their lives around. Under this partnership, CAG will be organising initiatives that are customised towards the development of youth beneficiaries from CARE, extending opportunities for them to experience the airport business and inspiring them to greater aspirations in life.

In the new financial year, funds collected from donation boxes in Changi Airport will also be contributed to the Community Chest, in support of youth-related organisations under their care, in particular Autism Youth Centre, eGen and Bestari Institute of Technical Education.

Finally, as part of its outreach to the young people in the community, CAG is a participant in the Ministry of Education's 'Learning Journeys' programme. Recognising Changi's unique position as a key national institution, occupying a special place in the hearts and minds of most Singaporeans, 'Learning Journeys' provides an opportunity for students, and even teachers, to get a close-up view of what makes Changi one of the world's best airports. The programme includes a guided tour of the airport, offering a glimpse of its inner workings, and instilling in the students a sense of pride in one of Singapore's most well known achievements – Singapore Changi Airport.



There are more than 30 charity donation boxes located across Changi's terminals.

WORLD'S MOST AWARDED AIRPORT

Month	Award	Presented by	Number of times
Apr 09	Best Airport – Asia	Cargonews Asia	23
May 09	Best Airport in the World	Business Traveller (Middle East)	6
May 09	Best Airport in the World	Ultra Travel	3
May 09	Airport Authority in Asia/Pacific with the most supportive Approach to Travel Retail	Duty Free News International & Travel Retailer International	11
Sep 09	Best International Airport	TravelWeekly China	2
Sep 09	Best Airport in the World	Business Traveller (UK)	22
Sep 09	Best Airport in the World	Business Traveller (Asia Pacific)	18
Sep 09	Best Airport Duty-Free in the World	Business Traveller (Asia Pacific)	12
Sep 09	Best Airports Worldwide	Smart Travel Asia	2
Oct 09	Travel Hall of Fame	Travel Trade Gazette (Asia)	7
Oct 09	Best International Airport	Condé Nast Traveler	6
Oct 09	World's Favourite Airport	Priority Pass	1
Nov 09	Best Overseas Airport	British Travel Awards	1
Nov 09	Asia's Leading Airport	World Travel Awards	6
Nov 09	Best Airport in the World	Business Traveller (China)	5
Nov 09	Best International Airport	OAG Worldwide	12
Dec 09	Best Worldwide Airport	Selling Long Haul	6
Jan 09	Best Airport Worldwide	Business Traveller Germany	17
Jan 09	Best Airport in Asia	Business Traveller Germany	8
Feb 10	Top Worldwide Airport	Wanderlust	8
Feb 10	Best Airport in Asia Pacific	DestinAsian	5
Mar 10	Asia's Best Airport	Asiamoney	3
Mar 10	World's Best Airport 2010	Skytrax	3
Mar 10	Best Asia Airport	AsiaOne	2



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

For the financial period from 16 June 2009 to 31 March 2010

The directors present their report to the member together with the audited financial statements of the Group for the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 and the balance sheet of the Company as at 31 March 2010.

Directors

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

Mr Liew Mun Leong	(appointed on 16 June 2009)
Mr Derrick Wan Yew Meng	(appointed on 16 June 2009)
Mr Michael George William Barclay	(appointed on 16 June 2009)
Mr Miguel Ko Kai Kwun	(appointed on 7 September 2009)
Mr Eric Ang Teik Lim	(appointed on 18 November 2009)
Mr Dilhan Pillay Sandrasegara	(appointed on 15 January 2010)
Mr Lee Seow Hiang	(appointed on 16 June 2009)
Mr Li Chong Jin (Alternate Director)	(appointed on 26 February 2010)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

Directors' contractual benefits

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

DIRECTORS' REPORT

For the financial period from 16 June 2009 to 31 March 2010

Share options

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

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

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

Independent auditor

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

On behalf of the directors



Liew Mun Leong
Director



Lee Seow Hiang
Director

3 June 2010

STATEMENT BY DIRECTORS

For the financial period from 16 June 2009 to 31 March 2010

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 70 to 110 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010 and of the results of the business, changes in equity and cash flows of the Group for the financial period from 16 June 2009 (date of incorporation) to 31 March 2010; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors



Liew Mun Leong
Director



Lee Seow Hiang
Director

3 June 2010

INDEPENDENT AUDITOR'S REPORT

To the member of Changi Airport Group (Singapore) Pte. Ltd.

We have audited the accompanying financial statements of Changi Airport Group (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 70 to 110, which comprise the balance sheets of the Company and of the Group as at 31 March 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group for the financial period from 16 June 2009 (date of incorporation) to 31 March 2010, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

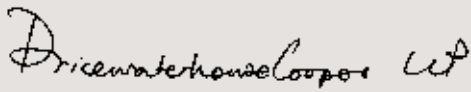
INDEPENDENT AUDITOR'S REPORT

To the member of Changi airport group (Singapore) Pte. Ltd.

Opinion

In our opinion,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2010, and the results, changes in equity and cash flows of the Group for the financial period from 16 June 2009 (date of incorporation) to 31 March 2010; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 3 June 2010

CONSOLIDATED INCOME STATEMENT

For the financial period from 16 June 2009 to 31 March 2010

	Note	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Revenue	4	960,924
Other income	5	21,199
Other gains – net	6	215
Expenses		
- Employee compensation	7	(70,519)
- Depreciation of property, plant and equipment	14	(156,508)
- Property tax		(35,200)
- Maintenance of land, buildings and equipment		(171,502)
- Services and security related expenses		(105,158)
- Annual ground rent and license fees		(60,000)
- CAAS services		(81,000)
- Other operating expenses		(32,271)
Total expenses		(712,158)
Share of profit of associated companies	17	2,915
Share of loss of jointly-controlled entities		(531)
Profit before income tax		272,564
Income tax expense	8	(45,309)
Profit after tax		227,255

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial period from 16 June 2009 to 31 March 2010

		For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010
	Note	\$'000
Profit after tax		227,255
Other comprehensive income:		
Currency translation differences	21(b)(iii)	(3,189)
Other comprehensive income, net of tax		(3,189)
Total comprehensive income		224,066

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

BALANCE SHEETS

As at 31 March 2010

	Note	Group \$'000	Company \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	1,088,902	1,020,897
Trade and other receivables	10	125,335	116,353
Receivable due from the Minister for Finance (Incorporated)	11	3,277,987	3,277,987
Inventories	12	9,693	9,693
Other current assets	13	6,080	3,820
		<u>4,507,997</u>	<u>4,428,750</u>
Non-current assets			
Property, plant and equipment	14	2,539,269	2,538,815
Investment in a subsidiary	15	-	257,164
Investment in jointly-controlled entities	16	4,670	-
Investment in associated companies	17	135,672	10,652
Financial assets, available-for-sale	18	31,826	-
Staff loans		283	283
Deferred income tax assets	19	170	-
		<u>2,711,890</u>	<u>2,806,914</u>
Total assets		<u>7,219,887</u>	<u>7,235,664</u>
LIABILITIES			
Current liabilities			
Trade and other payables	20	272,446	316,576
Payment for services received in advance		4,697	4,697
Deferred income		3,483	3,483
Payable due to the Civil Aviation Authority of Singapore	11	3,277,987	3,277,987
Current income tax liabilities	8	1,254	-
		<u>3,559,867</u>	<u>3,602,743</u>
Non-current liabilities			
Deferred income		96,481	96,481
Provision for post employment benefits		2,176	2,176
Deferred income tax liabilities	19	46,349	43,188
		<u>145,006</u>	<u>141,845</u>
Total liabilities		<u>3,704,873</u>	<u>3,744,588</u>
NET ASSETS		<u>3,515,014</u>	<u>3,491,076</u>
EQUITY			
Share capital and reserves	21	3,287,759	3,277,987
Retained profits		227,255	213,089
Total equity		<u>3,515,014</u>	<u>3,491,076</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial period from 16 June 2009 to 31 March 2010

	Share capital \$'000	Capital reserve \$'000	Other reserve \$'000	Currency translation reserve \$'000	Retained profits \$'000	Total equity \$'000
Beginning of financial period	-	-	-	-	-	-
Capital receivable from the Minister for Finance (Incorporated) (Note 11)	-	3,277,987	-	-	-	3,277,987
Fair value adjustment (Note 18)	-	-	12,961	-	-	12,961
Total comprehensive income	-	-	-	(3,189)	227,255	224,066
End of financial period	-	3,277,987	12,961	(3,189)	227,255	3,515,014

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial period from 16 June 2009 to 31 March 2010

	Note	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Cash flows from operating activities		
Profit after tax		227,255
Adjustments for:		
- Income tax expense		45,309
- Depreciation of property, plant and equipment		156,508
- Dividend income		(17,992)
- Net gain on disposal of property, plant and equipment		(29)
- Loss on disposal of jointly-controlled entity		7
- Share of profit of jointly-controlled entities and associated companies		(2,384)
- Write-back of provision for guarantee		(4,658)
- Impairment loss of financial assets, available-for-sale		6,904
- Currency translation differences		(1,465)
- Provision for post employment benefits		381
- Amortisation of deferred income		(3,935)
- Interest Income		(3,207)
		<u>402,694</u>
Change in working capital		
- Inventories		494
- Trade and other receivables		(32,040)
- Other current assets		1,357
- Trade and other payables		211,420
Cash generated from operations		<u>583,925</u>
Interest received		3,207
Income tax paid		(708)
Net cash provided by operating activities		<u>586,424</u>
Cash flows from investing activities		
Additions to property, plant and equipment and capital work-in-progress		(198,290)
Disposal of property, plant and equipment		1,574
Payment for investment in associated companies		(126,060)
Payment for investment in a jointly-controlled entity		(4,293)
Proceeds from disposal of a jointly-controlled entity		137
Dividend income received		17,992
Acquisition of subsidiary under transfer of airport undertaking, cash acquired net of bank deposits pledged		<u>230,490</u>
Net cash used in investing activities		<u>(78,450)</u>
Cash flows from financing activities		
Cash received from CAAS		580,000
Net cash provided by financing activities		<u>580,000</u>
Net increase in cash and cash equivalents		1,087,974
Cash and cash equivalents at beginning of financial period		-
Cash and cash equivalents at end of financial period	9	<u>1,087,974</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

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

1. General information

Changi Airport Group (Singapore) Pte Ltd (the "Company") was incorporated on 16 June 2009 and domiciled in Singapore. The address of its registered office is 60 Airport Boulevard #046-037, Changi Airport Terminal 2, Singapore 819643. The Company commenced business operations with effect from 1 July 2009.

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

The principal activities of its subsidiaries, jointly controlled entities and associated companies are disclosed in Notes 15 and 27 respectively.

On 1 July 2009, under the Civil Aviation Authority of Singapore ("CAAS") Act 2009, the Company became the successor company for the airport undertaking of CAAS, a statutory board under the Ministry of Transport. Property, rights and liabilities relating to airport undertaking of CAAS, except for specified excluded properties, were transferred from CAAS to the Company on 1 July 2009 via the CAAS Act.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

All assets and liabilities associated with the transfer of the airport undertaking are recorded at their respective net book value as reflected in the predecessor's financial statements (CAAS) as at 30 June 2009, and are adjusted for the measurement requirement in FRS. Further details of the transfer of the airport undertaking are provided in Note 11.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.2 Revenue recognition

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

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that future economic benefits will flow to the Group.

Revenue is recognised as follows:

(a) *Airport fees*

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

(b) *Security charges*

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

(c) *Airport concession fees*

Airport concession fees relate to rental from retail tenants and are computed based on the higher of a percentage of sales or specified minimum guarantee sums. See Note 2.11 for revenue recognition on rental.

(d) *Rental and service charges*

Rental and service charges comprise rental of property and airport related service charges. The rental income is recognised on a straight-line basis over the period of the lease and the service charges are recognised when the related airport services are being rendered.

(e) *Dividend income*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

(f) *Consultancy service fee*

Consultancy service fee is recognised in accordance with the agreed stages of completion of services rendered. The stage of completion is measured by reference to the percentage of man hours incurred to date to the estimated total man hours for the project.

(g) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) *Subsidiaries*

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries other than those involving entities under common control. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the dates of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of non-controlling interest.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(b) *Associated companies*

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

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

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

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

Dilution gains and losses arising from investments in associated companies are recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(c) *Jointly-controlled entities*

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

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

2.4 Property, plant and equipment

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

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

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

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

	<u>Useful lives</u>
Runways, taxiways and others	30 years
Buildings	15 to 30 years
Plant and equipment	7 to 15 years
Vehicles and vessels	5 to 10 years
Equipment, furniture and fixtures	1 to 10 years
Capital improvements	5 to 15 years

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

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

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

2.5 Investment in an associated company

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

2.6 Impairment of non-financial assets

Property, plant and equipment and investment in subsidiaries, jointly-controlled entities and associated companies are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash generating units ("CGU") to which the asset belongs.

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

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

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.7 Cash and cash equivalents

Trade and other receivables

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

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

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

2.8 Financial assets, available-for-sale

Financial assets, available for sale are initially recognised at their fair values plus transaction costs and subsequently carried at their fair values. Changes in fair values are recognised in the fair value reserve.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.8 Financial assets, available-for-sale (continued)

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

2.9 Fair value estimation of financial assets and liabilities

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

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts. The fair values of non-current financial assets and liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial assets and liabilities.

2.10 Inventories

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

2.11 Leases

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

(a) When the Group is the lessor:

Lessor – Operating leases

Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.11 Leases (continued)

(a) When the Group is the lessor: (continued)

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

Deferred income relates to total lease payments received in advance from lessees who have entered into long term operating leases with the Group. The deferred income is recognized to income statement on a straight-line basis over the term of the relevant lease.

(b) When the Group is the lessee:

Lessee – Finance leases

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

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

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

Lessee – Operating leases

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.12 Income taxes

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

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

A deferred income tax liability is recognised on temporary differences arising on investment in a subsidiary, jointly-controlled entities and associated companies, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

2.13 Trade and other payables

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

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 more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, 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 Employee compensation

(a) *Defined contribution plans*

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

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

The Group provides pension and post retirement medical benefits to certain of its employees who did not opt for transfer to the Central Provident Fund Scheme. The pension and post retirement medical benefits schemes are closed to new entrants.

(b) *Employee leave entitlement*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.16 Government grants

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

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

2.17 Currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

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

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) *Translation of Group entities' financial statements*

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

- (i) Assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) An resulting currency translation differences are recognised in the currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

2. Significant accounting policies (continued)

2.18 Cash and cash equivalents

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

2.19 Share capital

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

3. Critical accounting judgement and estimates

Judgement and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) *Impairment of financial assets, available-for-sale*

At the balance sheet date, the fair values of certain equity securities classified as financial assets, available-for-sale have been impaired by \$6,904,000. The Group has made a judgement that this decline is significant. In making this judgement, the Group has considered, among other factors, the duration of the decline and the magnitude by which the fair value of the investment is below cost.

(b) *Amount payable to CAAS on transfer of airport undertaking*

The consideration payable to CAAS amounting to \$3,277,987,000 for the transfer of the airport undertaking and leases of specified airport properties is subject to the finalisation of a Confirmation Agreement and supplemental lease agreements between CAAS and the Company. Whilst the agreements are yet to be finalised at the date of these financial statements, the parties are already at an advanced stage of negotiation and the Company does not expect the final consideration to be materially different from \$3,277,987,000.

(c) *Tax liability*

In measuring the deferred tax liability, the Company has assumed tax deductibility of airport buildings and runways under Section 18(1)(b) of the Income Tax Act. The management has obtained tax advice that the Company's operations should be considered as "transport undertaking" and hence should qualify for Industrial Building Allowance ("IBA") under Section 18(1)(b) of the Act. This tax savings amounting to approximately \$13,800,000 has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

4. Revenue

	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Airport fees	267,956
Security charges	76,138
Airport concession fees	402,699
Rental and service charges	89,226
Others	124,905
	<u>960,924</u>

5. Other income

	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Interest income on bank deposits	3,207
Dividend income (Note 16)	17,992
	<u>21,199</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

6. Other gains – net

	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Write-back of provision for guarantee	4,658
Impairment loss of financial assets, available-for-sale (Note 18)	(6,904)
Net currency translation gains	1,519
Net gain on disposal of property, plant and equipment	29
Other non-operating income	913
	<u>215</u>

7. Employee compensation

	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Wages and salaries	63,690
Employer's contribution to Central Provident Fund	6,829
	<u>70,519</u>

Included in the Group's wages and salaries is government grant – Jobs Credit Scheme of \$1,547,000. The Jobs Credit Scheme is a cash grant introduced in the Singapore Budget 2010 to help businesses preserve jobs in the economic downturn. The Jobs Credits were paid to eligible employers in 2009 and 2010 and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

8. Income taxes

(a) Income tax expense

	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Tax expense attributable to profit is made up of:	
- Current income tax	1,248
- Singapore	129
- Foreign	1,377
	<u>46,174</u>
- Deferred income tax (Note 19)	47,551
Over provision of tax liabilities of subsidiaries	
- Current income tax	(829)
- Deferred income tax (Note 19)	(1,413)
	<u>45,309</u>

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

	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Profit before income tax	<u>272,564</u>
Tax calculated at a tax rate of 17%	46,336
Effects of:	
- Statutory stepped income exemption	(46)
- Different tax rates in other countries	111
- Expenses not deductible for tax purposes	3,490
- Income not subject to tax	(2,441)
- Deferred income tax asset not recognised on current period	169
- Investment allowance utilised	(153)
- Others	85
Tax charge	<u>47,551</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

8. Income taxes (continued)

(b) Movements in current income tax liabilities

	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 \$'000
Beginning of financial period	-
Transfer of airport undertaking (Note 11)	1,414
Income tax paid	(708)
Tax payable on profit for current financial period	1,377
Overprovision of tax liabilities of subsidiaries	(829)
End of financial period	<u>1,254</u>

9. Cash and cash equivalents

	As at 31 March 2010	
	Group	Company
	\$'000	\$'000
Cash at bank and on hand	21,529	2,687
Short-term bank deposits	1,067,373	1,018,210
	<u>1,088,902</u>	<u>1,020,897</u>

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

	As at 31 March 2010	
	Group	Company
	\$'000	\$'000
Cash and bank balances (as above)	1,088,902	1,020,897
Less: Bank deposits pledged	(928)	-
Cash and cash equivalents per consolidated cash flow statement	<u>1,087,974</u>	<u>1,020,897</u>

The Group has deposits amounting to \$928,000 pledged to banks in relation to obligations of a jointly-controlled entity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

10. Trade and other receivables

	As at 31 March 2010	
	Group \$'000	Company \$'000
Trade receivables		
- Associated companies	1,296	58
- Subsidiaries	-	100
- Jointly-controlled entities	1,118	-
- Non-related parties	46,109	40,351
	<u>48,523</u>	<u>40,509</u>
Loans to jointly controlled entities	968	-
Accrued income	75,844	75,844
	<u>125,335</u>	<u>116,353</u>

The loans due from a jointly-controlled entity are unsecured, bears interest at 7% per annum and repayable on demand.

11. Transfer of Airport undertaking and other assets from CAAS

On 1 July 2009, under CAAS Act 2009, the Company became the successor company for the airport undertaking of CAAS, a statutory board under the Ministry of Transport.

The estimated consideration payable to CAAS for the transfer of airport undertaking and other assets is \$3,277,987,000. The consideration will be funded via a capital injection by the immediate holding entity, the Minister for Finance (Incorporated).

The consideration payable is estimated based on the carrying value of the net assets of the airport undertaking transferred or leased to the company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

12. Inventories

	As at 31 March 2010	
	Group	Company
	\$'000	\$'000
Spare parts	9,693	9,693

13. Other current assets

	As at 31 March 2010	
	Group	Company
	\$'000	\$'000
Interest receivables	1,201	1,153
Recoverable expenses		
- Associated companies	70	-
- Non-related parties	2,367	935
	2,437	935
Deposits	70	15
Advance payments	11	9
Prepayments	2,178	1,707
Others	183	1
	6,080	3,820

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

14. Property, plant and equipment

	Runways, taxiways and others \$'000	Buildings \$'000	Plant and equipment \$'000	Vehicles and vessels \$'000	Office /other equipment, furniture and fittings \$'000	Capital improvements \$'000	Work-in-progress \$'000	Total \$'000
Group								
As at 31 March 2010								
<u>Cost</u>								
Beginning of financial period	-	-	-	-	-	-	-	-
Transfer of airport undertaking (Note 11)	385,242	905,590	764,924	14,577	18,537	256,689	153,473	2,499,032
Additions	-	-	-	-	109	-	198,181	198,290
Transfer to PPE	-	-	38,929	1,422	5,127	91,271	(136,749)	-
Disposals	-	(1,540)	-	-	(34)	-	-	(1,574)
End of financial period	385,242	904,050	803,853	15,999	23,739	347,960	214,905	2,695,748
<u>Accumulated depreciation</u>								
Beginning of financial period	-	-	-	-	-	-	-	-
Depreciation charge	14,150	33,234	68,806	1,810	9,505	29,003	-	156,508
Disposals	-	-	-	-	(29)	-	-	(29)
End of financial period	14,150	33,234	68,806	1,810	9,476	29,003	-	156,479
Net book value								
End of financial period	371,092	870,816	735,047	14,189	14,263	318,957	214,905	2,539,269
Company								
As at 31 March 2010								
<u>Cost</u>								
Beginning of financial period	-	-	-	-	-	-	-	-
Transfer of airport undertaking (Note 11)	385,242	905,590	764,924	14,478	17,995	256,689	153,473	2,498,391
Additions	-	-	-	-	-	-	198,181	198,181
Transfer to PPE	-	-	38,929	1,422	5,127	91,271	(136,749)	-
Disposals	-	(1,540)	-	-	-	-	-	(1,540)
End of financial period	385,242	904,050	803,853	15,900	23,122	347,960	214,905	2,695,032
<u>Accumulated depreciation</u>								
Beginning of financial period	-	-	-	-	-	-	-	-
Depreciation charge	14,150	33,234	68,806	1,799	9,225	29,003	-	156,217
Disposals	-	-	-	-	-	-	-	-
End of financial period	14,150	33,234	68,806	1,799	9,225	29,003	-	156,217
Net book value								
End of financial period	371,092	870,816	735,047	14,101	13,897	318,957	214,905	2,538,815

At balance sheet date, plant and equipment included leased assets with carrying amount of \$8,100,000.

As at the balance sheet date, the manner in which the runways and buildings are economically transferred to the Company is yet to be finalised. The alternatives considered are either an outright purchase by the Company or via a lease between CAAS and the Company, both at an estimated consideration of \$2,499,032,000. Both alternatives will result in similar accounting treatments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

15. Investment in a subsidiary

	As at 31 March 2010 Company \$'000
Equity investments at cost	
Beginning of financial period	-
Transfer of airport undertaking (Note 11)	257,164
End of financial period	<u>257,164</u>

Details of the subsidiary company are as follow:

Name of subsidiary	Country of business/ incorporation	Equity holding	Principal activities
Changi Airports International Pte. Ltd.	Singapore	100	Investment holding and provision of consultancy services in the field of civil aviation

Details of significant subsidiaries held by the subsidiary company are included in Note 27.

16. Investment in jointly-controlled entities

	As at 31 March 2010 Group \$'000
Beginning of financial period	-
Transfer of airport undertaking (Note 11)	1,211
Share of losses	(98)
Acquisition of jointly-controlled entity	4,293
Disposal of jointly-controlled entity	(144)
Currency translation differences	(592)
End of financial period	<u>4,670</u>

Dividend income of \$17,992,000 from a jointly-controlled entity was received in the current financial period and recognised directly in the profit and loss as it exceeded the carrying amount of the jointly-controlled entity arising from the transfer of the airport undertaking.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

16. Investment in jointly controlled entities (continued)

The summarised financial information of the jointly-controlled entities are as follows:

	As at 31 March 2010
	Group \$'000
Assets	
- Current assets	12,520
- Non-current assets	103
	<u>12,623</u>
Liabilities	
- Current liabilities	1,312
- Non-current liabilities	-
	<u>1,312</u>
Net assets	<u>11,311</u>
Sales	8,193
Expenses	(6,338)
Profit before income tax	1,855
Income tax expense	(1,046)
Profit after tax	<u>809</u>

Details of jointly-controlled entities are included in Note 27.

The Group's share of contingent liabilities of a jointly-controlled entity is nil.

The Group is contractually obligated to bear its share of a jointly-controlled entity's loss in excess of the Group's cost of investment. Accordingly, an amount of \$432,079 representing the Group's share of loss (in excess of cost of the jointly-controlled entity, has been recognised in trade and other payables).

17. Investment in associated companies

	As at 31 March 2010	
	Group \$'000	Company \$'000
Beginning of financial period	-	-
Acquisitions during the financial period	136,712	10,652
Share of profit	2,915	-
Currency translation differences	(3,955)	-
End of financial period	<u>135,672</u>	<u>10,652</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

17. Investment in associated companies (continued)

During the financial period, the Group and Company acquired equity shares in the following companies:

<u>Name of companies</u>	Cash consideration	
	Group \$'000	Company \$'000
- Bengal Aerotropolis Projects Limited	20,384	-
- Gemina S.p.A	105,676	-
- Singapore Airshow & Events Pte Ltd	10,652	10,652
	136,712	10,652

Bengal Aerotropolis Projects Limited ("BAPL")

A subsidiary paid a deposit (held in an escrow account) for its investment into BAPL, a company incorporated in India, in 2008. During the financial period, the Group completed the acquisition of 26% equity interest in BAPL for a total cash consideration of INR 1,008,132,449. Up to 31 March 2010, INR 680,489,403 (SGD equivalent of \$20,384,438) has been paid. The remaining INR 327,643,046 is payable to the associated company upon satisfaction of certain conditions.

The associated company's principal business is to develop an airport and surrounding township in Durgapur, West Bengal, India.

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

During the financial period, the Group acquired 5.19% equity interest in Gemina, a company incorporated in Italy for a total cash consideration of Euro Dollar 53,928,711 (SGD equivalent of \$105,675,994).

The associated company is listed on the Milan Stock Exchange, and its principal business is to hold investments, including a 95.76% equity stake in Aeroporti di Roma S.p.A.. Aeroporti di Roma S.p.A. in turn holds several business lines, including two airports in Rome, Italy. The fair value of Gemina, based on the traded price as at 31 March 2010, is approximately \$91,600,000.

The Group's share of the capital commitments of the associated company amounted to \$9,500,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

17. Investment in associated companies (continued)

Singapore Airshow & Events Pte Ltd ("Airshow")

During the financial period, the Company acquired 20% equity interest in Airshow, a company incorporated in Singapore for a total cash consideration of \$10,651,679.

The associated company's principal business is of organising and management of conferences, exhibitions and other related activities.

The summarised financial information of associated companies are as follows:

	<u>\$'000</u>
- Assets	421,712
- Liabilities	226,722
- Revenue	7,331
- Net Profit	<u>2,915</u>

Further details of significant associated companies are provided in Note 27.

18. Financial assets, available-for-sale

	As at 31 March 2010 Group \$'000
Beginning of financial period	-
Transfer of airport undertaking (Note 11)	25,769
Fair value adjustment at transfer	12,961
Impairment loss	(6,904)
End of financial period	<u>31,826</u>

On 1 July 2009, Changi Airport International Pte Ltd ("CAI") was transferred to the Company via the CAAS Act and became a subsidiary of the Company. CAI owns equity investments in Beijing Capital International Airport Co., Ltd ("BCIA"), a company listed on the Hong Kong Stock Exchange. BCIA is principally engaged in the ownership and operation of the Beijing International Airport in China.

On 1 July 2009, the investment in BCIA was transferred via the CAAS Act at the amount of \$25,769,000 whilst its fair value was \$38,730,000. Accordingly, a fair value adjustment of \$12,961,000 was recognised in other reserves at 1 July 2009.

As at 31 March 2010, the Group has subsequently recognised an impairment loss of \$6,904,000 against its investment in BCIA whose trade prices had been below cost during the financial period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

19. Deferred income taxes

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

	As at 31 March 2010	
	Group \$'000	Company \$'000
Deferred income tax assets		
- to be recovered after one year	170	-
Deferred income tax liabilities		
- to be settled within one year	2,581	2,581
- to be settled after one year	43,768	40,607
	46,349	43,188

Movement in net deferred income tax account is as follows:

	For the financial period from 16 June 2009 to 31 March 2010	
	Group \$'000	Company \$'000
Beginning of financial period	-	-
Transfer of airport undertaking (Note 11)	1,420	-
Overprovision of tax liabilities by subsidiaries	(1,413)	-
Charge to profit or loss	46,174	43,188
Others	(2)	-
End of financial period	46,179	43,188

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

19. Deferred income taxes (continued)

The movement in deferred income tax assets and liabilities during the financial period is as follows:

Deferred income tax liabilities

	Accelerated tax depreciation \$'000	Unremitted foreign sourced income \$'000	Total \$'000
Group			
As at 31 March 2010			
Beginning of financial period	-	-	-
Transfer of airport undertaking (Note 11)	31	1,413	1,444
Charged to:			
- Profit or loss	43,158	1,747	44,905
End of financial period	43,189	3,160	46,349

Company

As at 31 March 2010

Beginning of financial period	-	-	-
Charged to:			
- Profit or loss	43,188	-	43,188
End of financial period	43,188	-	43,188

Deferred income tax assets

	Tax losses \$'000	Decelerated tax depreciation \$'000	Total \$'000
Group			
As at 31 March 2010			
Beginning of financial period	-	-	-
Transfer of airport undertaking (Note 11)	(24)	-	(24)
Charged to profit or loss	24	(170)	(146)
End of financial period	-	(170)	(170)

Company

As at 31 March 2010

Beginning of financial period	-	-	-
Charged to profit or loss	-	-	-
End of financial period	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

20. Trade and other payables

	As at 31 March 2010	
	Group \$'000	Company \$'000
Trade payables to:		
- Subsidiaries	-	46
- Non-related parties	113,536	113,208
	<u>113,536</u>	<u>113,254</u>
Non-trade payables to:		
- Subsidiary	-	53,170
Accrued operating expenses	67,013	63,488
Salary related accruals	23,668	20,500
Sundry creditors and other accruals	44,878	44,878
Deposits received	21,286	21,286
Share of a jointly-controlled entity's expenses in excess of cost of investment (Note 16)	1,137	-
Provision for guarantee	928	-
	<u>272,446</u>	<u>316,576</u>

The non-trade payables to subsidiary represent funds from a subsidiary managed by the Company on their behalf, and is unsecured and repayable on demand. The funds are invested in Singapore Dollar fixed deposits and bear interests at rates ranging from 0.25% to 0.67% per annum.

21. Share capital and reserves

	As at 31 March 2010	
	Group \$'000	Company \$'000
(a) Composition:		
Other reserve	12,961	-
Capital reserve	3,277,987	3,277,987
Currency translation reserve	(3,189)	-
	<u>3,287,759</u>	<u>3,277,987</u>

Reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

21. Share capital and reserves (continued)

(b) Movements:

(i) Other reserve

	For the financial period from 16 June 2009 to 31 March 2010	
	Group \$'000	Company \$'000
Beginning of financial period	-	-
Financial assets, available-for-sale		
- Fair value adjustment (Note 18)	12,961	-
End of financial period	12,961	-

(ii) Capital reserve

Capital reserve relates to capital contribution to be injected by the immediate holding entity, the Minister for Finance (Incorporated) to fund the transfer of airport undertaking to the Company. Refer to Note 11 for more details.

(iii) Currency translation reserve

	For the financial period from 16 June 2009 to 31 March 2010	
	Group \$'000	Company \$'000
Beginning of financial period	-	-
Net currency translation differences	(3,189)	-
End of financial period	(3,189)	-

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

(c) Share capital

The Company's share capital comprises 1 fully paid-up ordinary share with no par value, amounting to a total of \$1. Upon finalisation of the consideration payable to CAAS for the transfer of the airport undertaking (Note 11), capital reserve of \$3,277,987,000 is expected to be transferred to share capital.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

22. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investment in associated companies (Note 17) are as follows:

	Group and Company \$'000
Property, plant and equipment	<u>381,720</u>

(b) Lessee - Operating lease commitments

The Group leases land under non-cancellable operating lease agreements from the CAAS for the operation of the Changi Airport.

Annual ground rent is fixed at \$75,000,000 per annum and will expire on 31 March 2042.

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

	As at 31 March 2010 Group and Company \$'000
Not later than one year	75,018
Between one and five years	300,005
Later than five years	<u>1,950,000</u>
	<u>2,325,023</u>

23. Financial risk management

Financial risk factors

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

23. Financial risk management (continued)

(a) Market risk

(i) *Currency risk*

The Group has dominant operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD").

The Group also has an available-for-sale financial asset denominated in Hong Kong Dollar ("HKD") and investments in foreign entities denominated in Indian Rupees ("INR"), Hong Kong Dollar ("HKD") and Euro Dollar ("EUR").

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

If the USD, EUR and HKD had strengthened/weakened by 5% against the SGD with all other variables including tax rate being held constant, the effects on the net profit after income tax are not significant.

(ii) *Price risk*

The Group is exposed to equity security price risk arising from the investments held by the Group which are classified on the consolidated balance sheet as available-for-sale. This security is listed in Hong Kong Stock Exchange.

If price for equity security listed in Hong Kong changes by 5% with all other variables including tax rate being held constant, the effects on net profit after income tax are not significant.

(iii) *Interest rate risk*

The Group is not subject to significant interest rate risk as the Group does not have any borrowings and its fixed deposit placements are mainly short-term in nature. Fixed deposits are placed with banks that offer the most competitive interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

23. Financial risk management (continued)

(b) Credit risk

The Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The trade receivable exposure is continuously monitored and followed up by the Finance department and relevant business units. The Group's trade receivables include one debtor that represents 38% of trade receivables at balance sheet date that are substantially current.

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

The credit risk for trade and other receivables based on the information provided to key management is as follows:

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

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

The Group's and Company's trade receivables not past due include receivables amounting to \$35,614,000 and \$35,517,000 respectively.

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

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

	As at 31 March 2010	
	Group \$'000	Company \$'000
Past due 1 to 30 days	4,595	2,157
Past due 31 to 90 days	5,473	2,670
More than 90 days	427	7
	10,495	4,834

Based on the Group's historical experience in the collection of account receivables, the management believes that no impairment loss is required to be made on the outstanding balances.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

23. Financial risk management (continued)

(c) Liquidity risk

The Group adopts prudent liquidity risk management by maintaining sufficient cash. The Group maintains adequate liquidity for their operating requirements. The Group has no external borrowings.

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

(d) Capital risk

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

The Group is not subject to any externally imposed capital requirements.

(e) Fair value measurements

Effective 16 June 2009, the Group adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At the balance sheet date, the Group has financial assets, available-for-sale, that is measured at fair value under Level 1 of the fair value measurement hierarchy.

24. Immediate and ultimate holding entity

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

25. Related party transactions

- (a) In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties for the financial period from 16 June 2009 to 31 March 2010.

	<u>Group</u> <u>\$'000</u>
<u>Consultancy fees received/receivable</u>	
- Subsidiaries	138
- Associated companies	1,683
- Jointly-controlled entities	1,397
<u>Rental and utility charges</u>	
- Subsidiaries	507
- Associated companies	152
<u>Management Fees</u>	
- Associated companies	161
<u>Fire service charges</u>	
- Associated companies	40
<u>Consultancy fees paid/payable</u>	
- Subsidiaries	(268)

Balances with related parties at the balance sheet date are set out in Notes 10 and 20.

- (b) Key management personnel compensation is as follows:

	<u>Group</u> <u>\$'000</u>
Wages and salaries	5,932
Contribution to CPF	146
	<u>6,078</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

26. New or revised accounting Standards and Interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2010 or later periods and which the Group has not early adopted. The Group's assessment of the impact of adopting those standards, amendments and interpretations that are relevant to the Group is set out below:

INT FRS 117 *Distributions of Non-Cash Assets to Owners* (effective for annual periods beginning on or after 1 July 2009)

INT FRS 117 clarifies how the Group should measure distributions of assets, other than cash, to its owners. INT FRS 117 specifies that such a distribution should only be recognised when appropriately authorised, and that the dividend should be measured at the fair value of the assets to be distributed. The difference between the fair value and the carrying amount of the assets distributed should be recognised in profit or loss. INT FRS 117 applies to pro rata distributions of non-cash assets except for distributions to a party or parties under common control.

The Group will apply INT FRS 117 from 1 April 2010, but it is not expected to have a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

27. Listing of significant companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2010 %
<u>Significant subsidiaries held by Changi Airports International Pte. Ltd.</u>			
Changi Airports China Ltd. ^(a)	Investment in airports and civil aviation related projects	Singapore	100
Changi Airport Consultants Pte. Ltd. ^(a)	Provision of airport related consultancy services	Singapore	100
Changi Airport Planners and Engineers Pte. Ltd. ^(a)	Provision of professional engineering services in the field of civil aviation	Singapore	100
Changi Airports Europe Pte. Ltd. ^(a)	Investment holding	Singapore	100
Changi Airports St. Petersburg Pte. Ltd. ^(a)	Investment holding	Singapore	100
Changi Airports India Pte. Ltd. ^(a)	Investment in airports and civil aviation related projects	Singapore	100
Changi Airports MENA Pte. Ltd. ^(a)	Investment holding	Singapore	100
Changi Airport Saudi Ltd. ^(b)	Investment in airports and civil aviation related projects and provision of airport related consultancy services	Saudi Arabia	100
SCAE Alterra Pte. Ltd. ^(a)	Investment in overseas airports	Singapore	100
Singapore Changi Airport Enterprise Pte. Ltd. ^(a)	Investment holding and provision of airport related consultancy services	Singapore	100
Worldwide United (Singapore) Pte. Ltd. ^(c)	Investment holding	Singapore	100

(a) Audited by PricewaterhouseCoopers LLP, Singapore

(b) Audited by PricewaterhouseCoopers, Saudi Arabia

(c) Newly incorporated during the financial period and not required to be audited under the laws of the country of incorporation

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 16 June 2009 to 31 March 2010

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

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2010 %
<u>Significant jointly-controlled entities held by subsidiaries</u>			
Shenzhen Xin Peng Airport Management Co. Ltd	Provision of airport related consultancy services	People's Republic of China	49
China-Singapore Airport Management Academy	Airport management training institution	People's Republic of China	50
Alterra Partners	Development, financing and construction of airports	Cayman Islands	50
Bearstorm Limited	Investment holding	Cyprus	25
<u>Significant associated companies held by the Company</u>			
Singapore Airshow & Events Pte Ltd	Organising and management of conferences, exhibitions and other related activities	Singapore	20
<u>Significant associated companies held by Subsidiaries</u>			
Bengal Aerotropolis Projects Ltd	Developing airport and township projects	India	26
Gemina S.p.A ^(d)	Investment holding	Italy	5.19

(d) Considered as an associated company as the Group can exercise significant influence through board representation, management agreements and placement of key management personnel in the investee company.

28. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Changi Airport Group (Singapore) Pte Ltd on 3 June 2010.

CORPORATE INFORMATION

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