FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

The directors present their report to the member together with the audited financial statements of the Group for the financial year ended 31 March 2011 and the balance sheet of the Company as at 31 March 2011.

Directors

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

Mr Liew Mun Leong	
Mr Eric Ang Teik Lim	
Mr Michael George William Barclay	
Mr Miguel Ko Kai Kwun	
Mr Richard R Magnus	(appointed on 23 July 2010)
Mr Dilhan Pillay Sandrasegara	
Mr Danny Teoh Leong Kay	(appointed on 23 July 2010)
Mr Derrick Wan Yew Meng	
Mr Lee Seow Hiang	

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

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

Directors' contractual benefits

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

DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Share options

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

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

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

Independent auditor

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

On behalf of the Board of Directors

Liew Mun Leong
Director

Lee Seow Hiang
Director

8 July 2011

STATEMENT BY DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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 82 to 120 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 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the Board of Directors

Liew Mun Leong
Director

Lee Seow Hiang
Director

8 July 2011

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF CHANGI AIRPORT GROUP (SINGAPORE) PTE. LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Changi Airport Group (Singapore) Pte. Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 82 to 120, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 March 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 8 July 2011

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Revenue	4	**1,454,254**	960,924
Other income	5	**14,299**	21,199
Other gains – net	6	**568**	215
Expenses			
- Employee compensation	7	**(119,147)**	(70,519)
- Depreciation of property, plant and equipment	13	**(220,370)**	(156,508)
- Property tax		**(68,330)**	(35,200)
- Maintenance of land, buildings and equipment		**(260,482)**	(171,502)
- Services and security related expenses		**(142,105)**	(105,158)
- Annual ground rent and licence fees		**(79,744)**	(60,000)
- CAAS services		**(131,170)**	(81,000)
- Other operating expenses		**(36,038)**	(32,271)
Total		**(1,057,386)**	(712,158)
Share of (loss)/profit of associated companies	16	**(2,994)**	2,915
Share of loss of jointly-controlled entities		**(218)**	(531)
Profit before income tax		**408,523**	272,564
Income tax expense	8	**(71,405)**	(45,309)
Profit after tax		**337,118**	227,255

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Profit after tax		**337,118**	227,255
Other comprehensive loss:			
Change in fair value of available-for-sale investment		**(6,771)**	-
Cash flow hedges			
- Fair value gains		**172**	-
Currency translation differences	20(c)(ii)	**(6,536)**	(3,189)
Other comprehensive loss, net of tax		**(13,135)**	(3,189)
Total comprehensive income		**323,983**	224,066

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

BALANCE SHEETS

AS AT 31 MARCH 2011

		Group		Company	
	Note	2011 $'000	2010 $'000	2011 $'000	2010 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**1,447,836**	1,088,902	**1,440,617**	1,020,897
Trade and other receivables	10	**114,791**	125,335	**100,392**	116,353
Receivable from the Minister for Finance (Incorporated)	11	**3,281,090**	3,277,987	**3,281,090**	3,277,987
Inventories		**8,352**	9,693	**8,352**	9,693
Other current assets	12	**7,417**	6,080	**6,275**	3,820
		4,859,486	4,507,997	**4,836,726**	4,428,750
Non-current assets					
Property, plant and equipment	13	**2,576,511**	2,539,269	**2,576,101**	2,538,815
Investment in a subsidiary	14	**-**	-	**257,164**	257,164
Investments in jointly-controlled entities	15	**4,628**	4,670	**-**	-
Investments in associated companies	16	**182,497**	135,672	**10,652**	10,652
Financial assets, available-for-sale	17	**25,055**	31,826	**-**	-
Deferred income tax assets	18	**-**	170	**-**	-
Other non-current assets		**258**	283	**258**	283
		2,788,949	2,711,890	**2,844,175**	2,806,914
Total assets		**7,648,435**	7,219,887	**7,680,901**	7,235,664
LIABILITIES					
Current liabilities					
Trade and other payables	19	**289,034**	272,446	**336,729**	316,576
Income received in advance		**9,993**	4,697	**9,866**	4,697
Deferred income		**3,483**	3,483	**3,483**	3,483
Payable to the Civil Aviation Authority of Singapore	11	**3,281,090**	3,277,987	**3,281,090**	3,277,987
Current income tax liabilities		**971**	1,254	**-**	-
		3,584,571	3,559,867	**3,631,168**	3,602,743
Non-current liabilities					
Deferred income		**92,998**	96,481	**92,998**	96,481
Deferred income tax liabilities	18	**116,625**	46,349	**116,488**	43,188
Other non-current liabilities		**12,141**	2,176	**12,141**	2,176
		221,764	145,006	**221,627**	141,845
Total liabilities		**3,806,335**	3,704,873	**3,852,795**	3,744,588
NET ASSETS		**3,842,100**	3,515,014	**3,828,106**	3,491,076
EQUITY					
Share capital and reserves	20	**3,277,727**	3,287,759	**3,281,090**	3,277,987
Retained profits		**564,373**	227,255	**547,016**	213,089
Total equity		**3,842,100**	3,515,014	**3,828,106**	3,491,076

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Share capital	Capital reserve	Fair value reserve	Currency translation reserve	Hedging and other reserves	Retained profits	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2011							
Beginning of financial year	-	3,277,987	-	(3,189)	12,961	227,255	3,515,014
Capital receivable from the Minister for Finance (Incorporated) (Note 11)	-	3,103	-	-	-	-	3,103
Total comprehensive income	-	-	(6,771)	(6,536)	172	337,118	323,983
End of financial year	**-**	**3,281,090**	**(6,771)**	**(9,725)**	**13,133**	**564,373**	**3,842,100**
2010							
Beginning of financial period	-	-	-	-	-	-	-
Capital receivable from the Minister for Finance (Incorporated) (Note 11)	-	3,277,987	-	-	-	-	3,277,987
Transfer of airport undertaking (Note 17)	-	-	-	-	12,961	-	12,961
Total comprehensive income	-	-	-	(3,189)	-	227,255	224,066
End of financial period	**-**	**3,277,987**	**-**	**(3,189)**	**12,961**	**227,255**	**3,515,014**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Cash flows from operating activities			
Profit after tax		**337,118**	227,255
Adjustments for:			
- Income tax expense		**71,405**	45,309
- Depreciation of property, plant and equipment		**220,370**	156,508
- Dividend income		**(6,535)**	(17,992)
- Net loss/(gain) on disposal of property, plant and equipment		**445**	(29)
- Loss on disposal of jointly-controlled entity		**-**	7
- Share of loss/(profit) of jointly-controlled entities and associated companies		**3,212**	(2,384)
- Write-back of provision for guarantee		**-**	(4,658)
- Impairment loss of financial assets, available-for-sale		**-**	6,904
- Currency translation differences		**216**	(1,465)
- Provision for post employment benefits		**427**	381
- Amortisation of deferred income		**(3,483)**	(3,935)
- Interest Income		**(7,764)**	(3,207)
		615,411	402,694
Change in working capital			
- Inventories		**1,341**	494
- Trade and other receivables		**9,243**	(32,040)
- Other current assets		**(1,405)**	1,357
- Trade and other payables		**31,870**	211,420
Cash generated from operations		**656,460**	583,925
Interest received		**7,784**	3,207
Income tax paid		**(1,844)**	(708)
Net cash provided by operating activities		**662,400**	586,424
Cash flows from investing activities			
Additions to property, plant and equipment and capital work-in-progress		**(254,543)**	(198,290)
Disposal of property, plant and equipment		**316**	1,574
Payment for investments in associated companies		**(55,319)**	(126,060)
Payment for investment in a jointly-controlled entity		**-**	(4,293)
Proceeds from disposal of a jointly-controlled entity		**-**	137
Dividend income received		**6,535**	17,992
Acquisition of subsidiary under transfer of airport undertaking, cash acquired net of bank deposits pledged		**-**	230,490
Net cash used in investing activities		**(303,011)**	(78,450)
Cash flows from financing activities			
Cash received from Civil Aviation Authority of Singapore		**-**	580,000
Net cash provided by financing activities		**-**	580,000
Net increase in cash and cash equivalents		**359,389**	1,087,974
Cash and cash equivalents at beginning of financial year/period		**1,087,974**	-
Effects of currency translation on cash and cash equivalents		**(360)**	-
Cash and cash equivalents at end of financial year/period	9	**1,447,003**	1,087,974

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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 is domiciled in Singapore. The address of its registered office is 60 Airport Boulevard #046-037, Changi Airport Terminal 2, Singapore 819643.

On 1 July 2009, pursuant to the Civil Aviation Authority of Singapore ("CAAS") Act 2009, the Company became the successor company of the airport undertaking of CAAS.

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 14 and 26 respectively.

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.

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. Areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant and critical to the preparation of the current year's financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2010

On 1 April 2010, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current financial year or prior financial period.

2. Significant accounting policies (continued)

2.2 Revenue and other income recognition

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

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

Revenue and other income are recognised as follows:

(a) Airport fees

Airport fees comprise landing, parking and aerobridge fees and passenger service charges. Airport fees are recognised as revenue when the related airport services have been 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 guaranteed sums. See Note 2.11 for revenue recognition on rental.

(d) Rental and service charges

The rental income derived from rental of property is recognised on a straight-line basis over the period of the lease and the service charges are recognised when the services have been rendered.

(e) Dividend income

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

(f) Consultancy service fee

Consultancy service fee is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. It is recognised in accordance with the agreed stages of completion of services rendered. The stage of completion is measured with reference to the percentage of man hours incurred to date against the estimated total man hours for the project.

(g) Interest income

Interest income is recognised using the effective interest method.

2. Significant accounting policies (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

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

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

(ii) Acquisition of subsidiaries

Subsidiaries acquired as part of the transfer of airport undertaking on 1 July 2009 (Note 11) have been accounted for using the predecessor method of accounting. Under this method, assets and liabilities of the subsidiaries are recognised in the Group's consolidated financial statements at their carrying amounts as reflected in the predecessor's financial statements.

(iii) Disposals of subsidiaries

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

(iv) Separate financial statements

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

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(b) Associated companies

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

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

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

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

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

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

Please refer to the paragraph "Investments in a subsidiary and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

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 less impairment losses. Please refer to Note 2.3(b) for a description of equity accounting.

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

(d) Jointly-controlled operations

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

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

2.4 Property, plant and equipment

(a) Measurement

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

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Subsequent expenditure

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

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(c) Depreciation

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

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

	Useful lives
Runways, taxiways and other	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 3 years
Capital improvements	5 to 15 years

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

(d) Disposal

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

2.5 Investments in a subsidiary and associated companies

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

2. Significant accounting policies (continued)

2.6 Impairment of non-financial assets

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

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

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

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

2.7 Cash and cash equivalents
Trade and other receivables

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

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

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

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

2. Significant accounting policies (continued)

2.8 Financial assets, available-for-sale

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

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

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

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

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

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

2. Significant accounting policies (continued)

2.11 Leases

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

(a) When the Group is the lessor:

Lessor – Operating leases

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

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

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

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

(b) When the Group is the lessee:

Lessee – Finance leases

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

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

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

Lessee – Operating leases

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

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

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

2. Significant accounting policies (continued)

2.12 Income taxes

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

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

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

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

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

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

2.13 Trade and other payables

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

2. Significant accounting policies (continued)

2.14 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

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.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

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 and post-employment benefit plans

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

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

The Group also 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.

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. Significant accounting policies (continued)

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) All resulting currency translation differences are recognised in the currency translation reserve.

2.18 Cash and cash equivalents

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

2.19 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 estimates and judgement

Estimates and judgement 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 declined below the carrying amount of the investment as at 31 March 2010 by $6,771,000. The Group has made a judgement that this decline in fair values is not prolonged. In making this judgement, the management has considered among other factors, the transacted prices of the investment from 1 April 2010 to the date of this report, which had at certain multiple points in time, exceeded the carrying value at 31 March 2010 and 2011. As such, no impairment is required and the decline amount has been recorded in the fair value reserve.

(b) Amount payable to Civil Aviation Authority of Singapore ("CAAS") on the transfer of airport undertaking

As disclosed in Note 11, the Company has incurred a liability to CAAS for the transfer of the airport undertaking and leases of specified airport properties as at 1 July 2009, which is pending finalisation of a Confirmation Agreement and supplemental lease agreements between CAAS and the Company. The consideration payable to CAAS has been revised to $3,281,090,000 (2010: $3,277,987,000) in the current financial year. As at 31 March 2011, the parties are at an advanced stage of negotiation to finalise the Confirmation Agreement and supplemental lease agreements. The Company does not expect the final consideration to CAAS to be materially different from $3,281,090,000 that has been recognised by the Company.

(c) Tax liability

Notwithstanding the pending execution of a Confirmation Agreement and supplemental lease to finalise the transfer of the airport undertaking and specified airport properties that vest under a lease to the Company, the Company has obtained a tax ruling from the Inland Revenue Authority of Singapore, confirming that the Company carries on a "transport undertaking" for the purposes of Section 18(1)(b) of the Income Tax Act. With this ruling, in measuring its deferred tax liability, the Company has claimed Industrial Building Allowance ("IBA") on the cost of the airport buildings and runways that were incurred before 22 February 2010. For the current financial year, the Company has recognised tax savings amounting to approximately $12,200,000 (2010: $13,800,000) arising from the IBA claims.

4. Revenue

	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Airport fees	**421,153**	267,956
Security charges	**115,099**	76,138
Airport concession fees	**604,042**	402,699
Rental and service charges	**134,886**	89,226
Other	**179,074**	124,905
	1,454,254	960,924

5. Other income

	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Interest income on bank deposits	**7,764**	3,207
Dividend income	**6,535**	17,992
	14,299	21,199

6. Other gains – net

	2011 $'000	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 17)	-	(6,904)
Net foreign exchange (losses)/gains	**(101)**	1,519
Net (loss)/gain on disposal of property, plant and equipment	**(445)**	29
Other non-operating income	**1,114**	913
	568	215

7. Employee compensation

	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Wages and salaries	**101,519**	63,690
Other	**17,628**	6,829
	119,147	70,519

8. Income taxes

Income tax expense

	2011 $'000	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		
- Foreign	**1,081**	1,377
	1,081	1,377
- Deferred income tax (Note 18)	**71,767**	46,174
	72,848	47,551
Under/(over) provision of tax liabilities of prior years		
- Current income tax		
- Singapore	**(444)**	(829)
- Foreign	**322**	-
- Deferred income tax (Note 18)	**(1,321)**	(1,413)
	71,405	45,309

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

	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Profit before income tax	**408,523**	272,564
Tax calculated at a tax rate of 17% (2010:17%)	**69,449**	46,336
Effects of:		
- Statutory stepped income exemption	**-**	(46)
- Different tax rates in other countries	**191**	111
- Expenses not deductible for tax purposes	**6,365**	3,490
- Income not subject to tax	**(2,872)**	(2,441)
- Deferred income tax asset not recognised on current year losses	**-**	169
- Tax incentives	**(557)**	(153)
- Other	**272**	85
Tax charge	**72,848**	47,551

9. Cash and cash equivalents

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash at bank and on hand	**29,185**	21,529	**23,597**	2,687
Short-term bank deposits	**1,418,651**	1,067,373	**1,417,020**	1,018,210
	1,447,836	1,088,902	**1,440,617**	1,020,897

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash and bank balances (as above)	**1,447,836**	1,088,902	**1,440,617**	1,020,897
Less: Bank deposits pledged	**(833)**	(928)	**-**	-
Cash and cash equivalents per consolidated statement of cash flows	**1,447,003**	1,087,974	**1,440,617**	1,020,897

The Group has deposits amounting to $833,000 (2010: $928,000) pledged to banks in relation to obligations of a jointly-controlled entity.

10. Trade and other receivables

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables				
- Associated companies	**2,587**	1,296	**1**	58
- Subsidiaries	**-**	-	**63**	100
- Jointly-controlled entities	**162**	1,118	**-**	-
- Non-related parties	**33,147**	46,109	**24,593**	40,351
	35,896	48,523	**24,657**	40,509
Loan to a jointly controlled entity	**1,148**	968	**-**	-
Accrued income	**77,747**	75,844	**75,735**	75,844
	114,791	125,335	**100,392**	116,353

The loan to a jointly-controlled entity is unsecured, bears interest at 7% (2010: 7%) per annum and is repayable on demand.

11. Transfer of Airport undertaking from CAAS

On 1 July 2009, the property, rights and liabilities comprising the airport undertaking of CAAS (except for certain specified excluded property) became, by virtue of the CAAS Act 2009, the property, rights and liabilities of the Company. In addition, by virtue of the CAAS Act, the Minister for Transport has determined that part of the excluded property referred to above, vests in the Company on a lease.

The Company has incurred a liability to CAAS for the transfer of the airport undertaking and leases of specified airport properties as at 1 July 2009, which is pending finalisation of a Confirmation Agreement and supplemental lease agreements between CAAS and the Company as of the balance sheet date. The parties are at an advanced stage of negotiation to finalise the Confirmation Agreement and supplementary lease agreements.

The estimated consideration payable to CAAS for the transfer of the airport undertaking and other assets is based on the carrying value of the net assets of the airport undertaking transferred or leased to the Company as at 1 July 2009, as reflected in CAAS' financial records. The consideration will be funded via a capital injection by the immediate holding entity, the Minister for Finance (Incorporated).

12. Other current assets

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest receivable	**2,977**	1,201	**2,949**	1,153
Recoverable expenses				
- Associated companies	**-**	70	**-**	-
- Non-related parties	**879**	2,367	**879**	935
	879	2,437	**879**	935
Deposits	**275**	70	**222**	15
Advance payments	**657**	11	**55**	9
Prepayments	**2,629**	2,178	**2,170**	1,707
Other	**-**	183	**-**	1
	7,417	6,080	**6,275**	3,820

13. Property, plant and equipment

	Runways, taxiways and others	Buildings	Plant and equipment	Vehicles and vessels	Office /other equipment, furniture and fittings	Capital improve-ments	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
As at 31 March 2011								
Cost								
Beginning of financial year	385,242	904,050	803,853	15,999	23,739	347,960	214,905	2,695,748
Transfer of airport undertaking (Note 11)	(28)	(898)	9,265	14	62	(3,806)	(779)	3,830
Additions	-	-	-	-	220	-	254,323	254,543
Transfer from work-in-progress	2,043	1,511	112,965	6,363	6,378	135,273	(264,533)	-
Disposals	-	-	(939)	(72)	(54)	(362)	-	(1,427)
End of financial year	387,257	904,663	925,144	22,304	30,345	479,065	203,916	2,952,694
Accumulated depreciation								
Beginning of financial year	14,150	33,234	68,806	1,810	9,476	29,003	-	156,479
Depreciation charge	18,889	44,364	97,010	2,889	7,123	50,095	-	220,370
Disposals	-	-	(519)	(41)	(53)	(53)	-	(666)
End of financial year	33,039	77,598	165,297	4,658	16,546	79,045	-	376,183
Net book value								
End of financial year	**354,218**	**827,065**	**759,847**	**17,646**	**13,799**	**400,020**	**203,916**	**2,576,511**
Group								
As at 31 March 2010								
Cost								
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 from work-in-progress	-	-	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
Accumulated depreciation								
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**

13. Property, plant and equipment (continued)

	Runways, taxiways and others	Buildings	Plant and equipment	Vehicles and vessels	Office /other equipment, furniture and fittings	Capital improve-ments	Work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company								
As at 31 March 2011								
Cost								
Beginning of financial year	385,242	904,050	803,853	15,900	23,122	347,960	214,905	2,695,032
Transfer of airport undertaking (Note 11)	(28)	(898)	9,265	14	62	(3,806)	(779)	3,830
Additions	-	-	-	-	-	-	254,323	254,323
Transfer from work-in-progress	2,043	1,511	112,965	6,363	6,378	135,273	(264,533)	-
Disposals	-	-	(939)	(72)	-	(362)	-	(1,373)
End of financial year	387,257	904,663	925,144	22,205	29,562	479,065	203,916	2,951,812
Accumulated depreciation								
Beginning of financial year	14,150	33,234	68,806	1,799	9,225	29,003	-	156,217
Depreciation charge	18,889	44,364	97,010	2,874	6,875	50,095	-	220,107
Disposals	-	-	(519)	(41)	-	(53)	-	(613)
End of financial year	33,039	77,598	165,297	4,632	16,100	79,045	-	375,711
Net book value								
End of financial year	**354,218**	**827,065**	**759,847**	**17,573**	**13,462**	**400,020**	**203,916**	**2,576,101**
Company								
As at 31 March 2010								
Cost								
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 from work-in-progress	-	-	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
Accumulated depreciation								
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**

14. Investment in a subsidiary

	Company	
	2011 $'000	2010 $'000
Equity investments at cost		
Beginning of financial year/period	**257,164**	-
Transfer of airport undertaking (Note 11)	**-**	257,164
End of financial year/period	**257,164**	257,164

Details of the subsidiary are as follow:

Name of subsidiary	Country of business/ incorporation	Equity holding		Principal activities
		2011 %	2010 %	
Changi Airports International Pte. Ltd.	Singapore	**100**	100	Investment holding and provision of consultancy services in the field of civil aviation

Details of significant subsidiaries held by the subsidiary are included in Note 26.

15. Investments in jointly-controlled entities

Dividend income of $6,270,000 (2010: $17,992,000) from a jointly-controlled entity was received in the current financial year and recognised directly in the profit and loss as it exceeded the carrying amount of the jointly-controlled entity.

Details of jointly-controlled entities are included in Note 26.

16. Investments in associated companies

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Beginning of financial year/period	**135,672**	-	**10,652**	-
Acquisitions	**-**	136,712	**-**	10,652
Additional equity interest/capital injection	**55,319**	-	**-**	-
Share of (losses)/profit	**(2,994)**	2,915	**-**	-
Currency translation differences	**(5,672)**	(3,955)	**-**	-
Share of cashflow hedges	**172**	-	**-**	-
End of financial year/period	**182,497**	135,672	**10,652**	10,652

The summarised financial information of associated companies, adjusted for the proportion of ownership interest held by the Group, is as follows:

	2011 $'000	2010 $'000
- Assets	**527,337**	421,712
- Liabilities	**363,899**	226,722
- Revenue	**58,841**	7,331
- Net (loss)/profit	**(2,994)**	2,915
- Share of capital commitment	**24,300**	9,500

Further details of significant associated companies are provided in Note 26.

One of the significant associated companies, Gemina S.p.A ("Gemina") is listed on the Milan Stock Exchange and holds a 95.76% equity stake in Aeroporti di Roma S.p.A., the operator of two airports in Rome, Italy. The Group's share of the fair value of Gemina, based on the traded price as at 31 March 2011, is Euro 80,258,984 (SGD equivalent $142,981,266) [2010: Euro 53,928,711 (SGD equivalent of $105,675,994)].

17. Financial assets, available-for-sale

	Group	
	2011 $'000	**2010 $'000**
Beginning of financial year/period	**31,826**	-
Transfer of airport undertaking (Note 11)	**-**	25,769
Fair value adjustment at the date of transfer	**-**	12,961
Impairment loss	**-**	(6,904)
Fair value losses recognised in fair value reserve (Note 20)	**(6,771)**	-
End of financial year/period	**25,055**	31,826

The Group holds equity interest 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.

18. Deferred income taxes

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

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Deferred income tax assets				
- to be recovered after one year	**-**	170	**-**	-
Deferred income tax liabilities				
- to be settled within one year	**8,201**	-	**8,201**	-
- to be settled after one year	**108,424**	46,349	**108,287**	43,188
	116,625	46,349	**116,488**	43,188

Movement in net deferred income tax account is as follows:

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Beginning of financial year/period	**46,179**	-	**43,188**	-
Transfer of airport undertaking (Note 11)	**-**	1,420	**-**	-
Under/(over) provision in prior years	**(1,321)**	(1,413)	**1,615**	-
Tax charge to profit or loss	**71,767**	46,174	**71,685**	43,188
Others	**-**	(2)	**-**	-
End of financial year/period	**116,625**	46,179	**116,488**	43,188

18. Deferred income taxes (continued)

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of $3.5 million (2010: $2.6 million) arising from the subsidiaries of the Group at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation.

The movement in deferred income tax assets and liabilities prior to offsetting of balances within the same jurisdiction during the financial year is as follows:

Group

Deferred income tax liabilities

	Accelerated tax depreciation	Unremitted foreign sourced income	Total
	$'000	$'000	$'000
As at 31 March 2011			
Beginning of financial year	83,275	3,161	86,436
(Credited)/Charged to profit or loss	46,993	(2,855)	44,138
End of financial year	130,268	306	130,574
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	83,244	1,748	84,992
End of financial period	83,275	3,161	86,436

Deferred income tax assets

	Tax losses	Decelerated tax depreciation	Unutilised capital allowances	Others	Total
	$'000	$'000	$'000	$'000	$'000
As at 31 March 2011					
Beginning of financial year	-	(170)	(40,087)	-	(40,257)
(Credited)/charged to profit or loss	-	170	27,760	(1,622)	26,308
End of financial year	-	-	(12,327)	(1,622)	(13,949)
As at 31 March 2010					
Beginning of financial period	-	-	-	-	-
Transfer of airport undertaking (Note 11)	(24)	-	-	-	(24)
(Credited)/charged to profit or loss	24	(170)	(40,087)	-	(40,233)
End of financial period	-	(170)	(40,087)	-	(40,257)

18. Deferred income taxes (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation	Total
	$'000	$'000
As at 31 March 2011		
Beginning of financial year	83,275	83,275
Charged to profit or loss	46,969	46,969
End of financial year	130,244	130,244
As at 31 March 2010		
Beginning of financial period	-	-
Charged to profit or loss	83,275	83,275
End of financial period	83,275	83,275

Deferred income tax assets

	Unutilised capital allowances	Others	Total
	$'000	$'000	$'000
As at 31 March 2011			
Beginning of financial year	(40,087)	-	(40,087)
(Credited)/Charged to profit or loss	27,953	(1,622)	26,331
End of financial year	(12,134)	(1,622)	(13,756)
As at 31 March 2010			
Beginning of financial period	-	-	-
Credited to profit or loss	(40,087)	-	(40,087)
End of financial period	(40,087)	-	(40,087)

19. Trade and other payables

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Trade payables to:				
- Subsidiaries	**-**	-	**43**	46
- Non-related parties	**123,139**	116,066	**122,407**	115,738
	123,139	116,066	**122,450**	115,784
Non-trade payables to:				
- Subsidiary	**-**	-	**56,609**	53,170
Accrued operating expenses	**104,124**	90,681	**97,826**	83,988
Sundry creditors and other accruals	**26,635**	42,348	**26,635**	42,348
Deposits received	**33,209**	21,286	**33,209**	21,286
Share of a jointly-controlled entity's expenses in excess of cost of investment (Note 15)	**1,094**	1,137	**-**	-
Provision for guarantee	**833**	928	**-**	-
	289,034	272,446	**336,729**	316,576

The non-trade payables to a subsidiary represent funds from a subsidiary managed by the Company on their behalf, and are unsecured and repayable on demand. The funds are invested in Singapore Dollar fixed deposits and bear interest at rates ranging from 0.13% to 0.78% (2010: 0.25% to 0.67%) per annum.

20. Share capital and reserves

(a) 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), the capital reserve of $3,281,090,000 (2010: $3,277,987,000) is expected to be transferred to share capital as additional paid-in capital.

20. Share capital and reserves (continued)

(b) Composition of reserves:

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Other reserve	**12,961**	12,961	**-**	-
Fair value reserve	**(6,771)**	-	**-**	-
Capital reserve	**3,281,090**	3,277,987	**3,281,090**	3,277,987
Currency translation reserve	**(9,725)**	(3,189)	**-**	-
Hedging reserve	**172**	-	**-**	-
	3,277,727	3,287,759	**3,281,090**	3,277,987

Other reserve relates to the difference between the consideration payable to CAAS as compared to the carrying amount of net assets transferred from CAAS, as reflected in the financial records of CAAS as at 1 July 2009 and, adjusted by the requirements of Financial Reporting Standards.

Capital reserve relates to additional paid-in capital to be injected by the immediate holding entity, the Minister for Finance (Incorporated) to fund the transfer of airport undertaking to the Company (Note 11).

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

The hedging reserve arose pursuant to an associated company, Gemina that used hedging derivatives to mitigate any unfavourable changes in exchange rates.

Reserves are non-distributable.

(c) Movements of reserves

(i) Fair value reserve

	Group	
	2011 $'000	**2010 $'000**
Beginning of financial year/period	**-**	-
Financial assets, available-for-sale		
- Fair value losses (Note 17)	**(6,771)**	-
End of financial year/period	**(6,771)**	-

20. Share capital and reserves (continued)

(c) Movements of reserves (continued)

(ii) Currency translation reserve

	Group	
	2011 $'000	**2010 $'000**
Beginning of financial year/period	**(3,189)**	-
Net currency translation differences	**(6,536)**	(3,189)
End of financial year/period	**(9,725)**	(3,189)

21. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, excluding those relating to investments in associated companies (Note 16) are as follows:

	Group and Company	
	2011 $'000	**2010 $'000**
Property, plant and equipment	**273,451**	381,720

(b) Leases

The Group leases several pieces of land under non-cancellable operating lease agreements from CAAS for the operation of the Changi Airport. Annual ground rents for the operating leases are fixed at $75,000,000 and $1,944,000 per annum and the leases will expire on 31 March 2042 and 31 March 2070 respectively.

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:

	Group and Company	
	2011 $'000	**2010 $'000**
Not later than one year	**79,097**	77,153
Between one and five years	**308,315**	302,692
Later than five years	**2,054,976**	2,025,000
	2,442,388	2,404,845

22. 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.

(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 the United States Dollar ("USD"), Euro Dollar ("Euro"), Renminbi ("RMB") and Saudi Riyal ("SAR").

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"), RMB and Euro.

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

If the USD, Euro, RMB, SAR, INR and HKD had strengthened/weakened by 5% (2010: 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 investment held by the Group which is classified on the consolidated balance sheet as available-for-sale. This security is listed on the Hong Kong Stock Exchange.

If the price of the equity security listed in Hong Kong changes by 5% (2010: 5%) with all other variables including tax rate being held constant, the effect on comprehensive loss/income would not be 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. The interest rates of the fixed deposits generally reprice between one to three months.

22. Financial risk management (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and Company are bank deposits, trade and other receivables and receivable due from the Minister for Finance (Incorporated). For trade and other receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security deposits where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The trade and other receivable exposure is continuously monitored and followed up by the Finance department and relevant business units.

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 Group's fixed deposits include placement with three banks that represents 93% of cash and cash equivalents at balance sheet date.

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

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

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

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

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Past due 1 to 30 days	**5,007**	4,595	**2,934**	2,157
Past due 31 to 90 days	**824**	5,473	**256**	2,670
More than 90 days	**2,226**	427	**31**	7
	8,057	10,495	**3,221**	4,834

Based on the Group's collections subsequent to year end, the management believes that no impairment loss is required to be made on the outstanding balances.

22. Financial risk management (continued)

(c) Liquidity risk

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

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

(d) Capital risk

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

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

(e) Fair value measurements

Fair value measurements classified by level of the following fair value measurement hierarchy:

(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.

23. Immediate and ultimate holding entity

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

24. 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.

	Group	
	2011 $'000	For the financial period from 16 June 2009 (date of incorporation) to 31 March 2010 $'000
Consultancy fees received/receivable		
- Associated companies	**1,781**	1,683
- Jointly-controlled entities	**155**	1,397
Rental and utilies charges received/receivable		
- Associated companies	**199**	152
Management fees received/receivable		
- Associated companies	**-**	161
Fire service charges received/receivable		
- Associated companies	**-**	40

Balances with related parties at the balance sheet date are set out in Notes 10 and 19 respectively.

(b) Key management personnel compensation is as follows:

Key management personnel compensation paid or payable amounted to $9,289,000 (9 months ended 31 March 2010: $4,731,000). Of this, $7,846,000 or approximately 85% (9 months ended 31 March 2010: $4,625,000 or 98%) are attributable to short-term employee benefits such as director fees, employee salaries, bonus, leave entitlement and other benefits paid or payable within 12 months after the balance sheet date. The remaining expense is attributable to contributions to the Central Provident Fund and other long-term employee benefits.

25. New or revised accounting Standards and Interpretations

Certain new standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 April 2011 or later periods and which the Group has not early adopted:

- Amendments to FRS 24 – Related party disclosures (effective for annual periods beginning on or after 1 January 2011)

The management anticipates that the adoption of the above amendment to FRS in the future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

26. Listing of significant companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2011 %	Equity holding 2010 %
Significant subsidiaries held by the Group				
Changi Airport Consultants Pte. Ltd. [(a)]	Provision of airport related consultancy services	Singapore	**100**	100
Changi Airport Planners and Engineers Pte. Ltd. [(a)]	Provision of professional engineering services in the field of civil aviation	Singapore	**100**	100
Changi Airport Saudi Ltd. [(b)]	Execution of contracts relating to the management and operations of airports	Saudi Arabia	**100**	100
Changi Airports China Ltd. [(a)]	Investment holding	Singapore	**100**	100
Changi Airports Europe Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
Changi Airports India Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
Changi Airports MENA Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
Changi Airports St. Petersburg Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
SCAE Alterra Pte. Ltd. [(a)]	Investment in overseas airports	Singapore	**100**	100
Singapore Changi Airport Enterprise Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100
Worldwide United (Singapore) Pte. Ltd. [(a)]	Investment holding	Singapore	**100**	100

(a) Audited by PricewaterhouseCoopers LLP, Singapore.

(b) Audited by PricewaterhouseCoopers, Saudi Arabia.

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

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2011 %	2010 %
Significant jointly-controlled entities held by subsidiaries				
Shenzhen Xin Peng Airport Management Co. Ltd [e]	Investment in airports and civil aviation related projects and provision of airport related consultancy services	People's Republic of China	**49**	49
China-Singapore Airport Management Academy [e]	Airport management training institution	People's Republic of China	**50**	50
Alterra Partners [f]	Development, financing and construction of airports	Cayman Islands	**50**	50
Bearstorm Limited [e]	Investment holding	Cyprus	**25**	25
Significant associated companies held by the Company				
Experia Events Pte Ltd [e] (formerly known as Singapore Airshow & Events Pte Ltd)	Organising and management of conferences, exhibitions and other related activities	Singapore	**20**	20
Significant associated companies held by Subsidiaries				
Bengal Aerotropolis Projects Ltd [c],[e]	Developing of airport and township projects	India	**26**	26
Gemina S.p.A [d],[e]	Investment holding	Italy	**8.36**	5.19

(c) During the financial year, BAPL obtained financing from a consortium of banks. As required in the financing agreement, the Company has undertaken not to sell, assign or transfer its shareholding in BAPL without prior approval of the banks.

(d) Considered as associated company as the Group can exercise significant influence through board representation, and execution of technical and advisory agreements. Equity accounted for using latest audited financial statements as at 31 December 2010.

(e) Audited by other firms

(f) Audited by PricewaterhouseCoopers LLP, United Kingdom

27. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Changi Airport Group (Singapore) Pte. Ltd. on 8 July 2011.