Financial Statements

Financial Content:

Directors' Report

For the financial year ended 31 March 2012

The directors present their report to the member together with the audited financial statements of the Group for the financial year ended 31 March 2012 and the balance sheet of the Company as at 31 March 2012.

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 Rokmat Magnus
Mr Dilhan Pillay Sandrasegara
Mr Danny Teoh Leong Kay
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 2012

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 reappointment.

On behalf of the Board of Directors

Liew Mun Leong
Director

Lee Seow Hiang
Director

6 June 2012

Statement by Directors

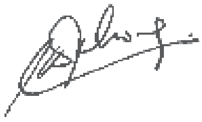
For the financial year ended 31 March 2012

In the opinion of the directors,

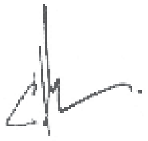
(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 76 to 114 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2012 and of the results of the business, changes in equity and 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

6 June 2012

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 76 to 114, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2012, 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 control 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 2012, 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, 6 June 2012

Consolidated Income Statement

For the financial year ended 31 March 2012

	Note	2012 $'000	2011 $'000
Revenue	4	**1,778,682**	1,454,254
Other income	5	**10,532**	14,299
Other (losses)/gains – net	6	**(5,438)**	568
Expenses			
- Employee compensation	7	**(144,786)**	(119,147)
- Depreciation of property, plant and equipment	13	**(269,652)**	(220,370)
- Property tax		**(69,600)**	(68,330)
- Maintenance of land, buildings and equipment		**(251,048)**	(260,482)
- Services and security related expenses		**(148,781)**	(142,105)
- Annual ground rent and licence fees		**(76,461)**	(79,744)
- CAAS services		**(124,586)**	(131,170)
- Other operating expenses		**(33,672)**	(36,038)
Total		**(1,118,586)**	(1,057,386)
Share of profit/(loss) of associated companies		**5,271**	(2,994)
Share of profit/(loss) of jointly-controlled entities		**17**	(218)
Profit before income tax		**670,478**	408,523
Income tax expense	8	**(117,433)**	(71,405)
Profit after tax		**553,045**	337,118

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 March 2012

	Note	2012 $'000	2011 $'000
Profit after tax		**553,045**	337,118
Other comprehensive loss:			
Financial asset, available-for-sale			
- Fair value gains/(losses)		**2,305**	(6,771)
- Impairment loss reclassified to profit or loss		**4,466**	–
Share of associated company's cash flow hedges			
- Fair value gains		**1,033**	172
Currency translation differences	19(c)(ii)	**(12,412)**	(6,536)
Other comprehensive loss, net of tax		**(4,608)**	(13,135)
Total comprehensive income		**548,437**	323,983

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

Balance Sheets

As at 31 March 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
ASSETS					
Current assets					
Cash and cash equivalents	9	**2,003,159**	1,447,836	**1,995,085**	1,440,617
Trade and other receivables	10	**135,397**	114,791	**128,471**	100,392
Capital receivable from the Minister for Finance	11	**–**	3,281,090	**–**	3,281,090
Inventories		**8,435**	8,352	**8,435**	8,352
Other current assets	12	**100,696**	6,816	**101,019**	6,275
		2,247,687	4,858,885	**2,233,010**	4,836,726
Non-current assets					
Property, plant and equipment	13	**2,682,172**	2,576,511	**2,681,874**	2,576,101
Investment in a subsidiary		**–**	–	**257,164**	257,164
Investments in jointly-controlled entities	14	**4,871**	4,628	**–**	–
Investments in associated companies	15	**181,780**	182,497	**10,652**	10,652
Financial asset, available-for-sale	16	**27,360**	25,055	**–**	–
Deferred income tax assets	17	**12**	–	**–**	–
Other non-current assets		**117**	258	**117**	258
		2,896,312	2,788,949	**2,949,807**	2,844,175
Total assets		**5,143,999**	7,647,834	**5,182,817**	7,680,901
LIABILITIES					
Current liabilities					
Trade and other payables	18	**391,741**	289,034	**427,248**	336,729
Income received in advance		**11,660**	9,993	**11,563**	9,866
Deferred income		**3,483**	3,483	**3,483**	3,483
Payable to the Civil Aviation Authority of Singapore	11	**–**	3,281,090	**–**	3,281,090
Current income tax liabilities		**82,639**	370	**82,000**	–
		489,523	3,583,970	**524,294**	3,631,168
Non-current liabilities					
Deferred income		**89,515**	92,998	**89,515**	92,998
Deferred income tax liabilities	17	**150,566**	116,625	**150,474**	116,488
Other non-current liabilities		**24,561**	12,141	**24,561**	12,141
		264,642	221,764	**264,550**	221,627
Total liabilities		**754,165**	3,805,734	**788,844**	3,852,795
NET ASSETS		**4,389,834**	3,842,100	**4,393,973**	3,828,106
EQUITY					
Share capital and reserves	19	**3,272,416**	3,277,727	**3,280,387**	3,281,090
Retained profits		**1,117,418**	564,373	**1,113,586**	547,016
Total equity		**4,389,834**	3,842,100	**4,393,973**	3,828,106

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

Consolidated Statement of Changes in Equity

For the financial year ended 31 March 2012

	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
2012							
Beginning of financial year	–	3,281,090	(6,771)	(9,725)	13,133	564,373	3,842,100
Capital receivable from the Minister for Finance (Note 11)	–	(703)	–	–	–	–	(703)
Issue of new shares	3,280,387	(3,280,387)	–	–	–	–	–
Total comprehensive income	–	–	6,771	(12,412)	1,033	553,045	548,437
End of financial year	**3,280,387**	**–**	**–**	**(22,137)**	**14,166**	**1,117,418**	**4,389,834**
2011							
Beginning of financial year	–	3,277,987	–	(3,189)	12,961	227,255	3,515,014
Capital receivable from the Minister for Finance (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**

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

Consolidated Statement of Cash Flows

For the financial year ended 31 March 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Profit after tax		**553,045**	337,118
Adjustments for:			
- Income tax expense		**117,433**	71,405
- Depreciation of property, plant and equipment		**269,652**	220,370
- Dividend income		**(128)**	(6,535)
- Grant relating to Seletar Airport		**(36,742)**	–
- Government grant		**(1,054)**	(136)
- Net loss on disposal of property, plant and equipment		**344**	445
- Share of (profit)/loss of jointly-controlled entities and associated companies		**(5,288)**	3,212
- Impairment loss of financial asset, available-for-sale		**4,466**	–
- Currency translation differences		**10**	216
- Amortisation of deferred income		**(3,483)**	(3,483)
- Interest Income		**(10,404)**	(7,764)
		887,851	614,848
Change in working capital			
- Inventories		**(83)**	1,341
- Trade and other receivables		**(20,640)**	9,243
- Other current assets		**(77,194)**	993
- Trade and other payables		**116,803**	32,297
Cash generated from operations		**906,737**	658,722
Interest received		**8,825**	5,988
Grant received relating to Seletar Airport		**22,806**	–
Government grant received		**24**	136
Income tax paid		**(1,231)**	(2,446)
Net cash provided by operating activities		**937,161**	662,400
Cash flows from investing activities			
Additions to property, plant and equipment and capital work-in-progress		**(376,390)**	(254,543)
Disposal of property, plant and equipment		**30**	316
Payment for investments in associated companies		**(5,592)**	(55,319)
Payment for transfer of airport undertaking		**(3,280,387)**	–
Dividend income received		**128**	6,535
Net cash used in investing activities		**(3,662,211)**	(303,011)
Cash flows from financing activities			
Proceeds from shares issued		**3,280,387**	–
Net increase in cash and cash equivalents		**555,337**	359,389
Cash and cash equivalents at beginning of financial year	9	**1,447,003**	1,087,974
Effects of currency translation on cash and cash equivalents		**(11)**	(360)
Cash and cash equivalents at end of financial year	9	**2,002,329**	1,447,003

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

Notes to the Financial Statements

For the financial year ended 31 March 2012

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 Note 24.

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.

Interpretations and amendments to published standards effective in 2011

On 1 April 2011, 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 or prior financial years.

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 services

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

(b) Security services

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

(c) Airport concessions and rental income

Airport concessions relate to rental from retail tenants and are computed based on the higher of a percentage of sales or specified minimum guaranteed sums. The rental income derived from rental of property is recognised on a straight-line basis over the period of the lease.

(d) Dividend income

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

(e) 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 by reference to the percentage of man hours incurred to date against the estimated total man hours for the project.

(f) 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

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(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 remeasured 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.

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.

(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.

2. Significant accounting policies (continued)

2.3 Group accounting (continued)

(b) Associated companies (continued)

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.

(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. Significant accounting policies (continued)

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.

(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. Significant accounting policies (continued)

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.

2.6 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.

2. Significant accounting policies (continued)

2.11 Leases (continued)

(b) When the Group is the lessee: (continued)

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.

2.12 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. Significant accounting policies (continued)

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.

2.14 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 Dividends

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2.16 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.

(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. Significant accounting policies (continued)

2.17 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 shown separately as other income.

2.18 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. Significant accounting policies (continued)

2.19 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.

2.20 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 judgements

Judgements 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/recoverability of associated companies

Investments in associated companies are tested for impairment whenever there is any objective evidence that these assets may be impaired.

In considering whether there is any objective evidence of impairment, management has compared the carrying amount of these assets with their recoverable amounts based on value-in-use calculations and where applicable, the fair value of these investments, based on the last traded prices. Management also compared the status of the development project undertaken by one of its associated companies and received the updated, financial projections of the project. In this regard, management has concluded that there is no objective evidence of impairment of the investments as at 31 March 2012.

4. Revenue

	2012 $'000	2011 $'000
Airport services	**561,426**	421,153
Security services	**150,205**	115,099
Airport concessions and rental income	**832,909**	738,928
Other	**234,142**	179,074
	1,778,682	1,454,254

5. Other income

	2012 $'000	2011 $'000
Interest income on bank deposits	**10,404**	7,764
Dividend income	**128**	6,535
	10,532	14,299

6. Other (losses)/gains – net

	2012 $'000	2011 $'000
Impairment loss on financial asset, available-for-sale (Note 19(c)(i))	**(4,466)**	–
Other (losses)/gains-net	**(972)**	568
	(5,438)	568

7. Employee compensation

	2012 $'000	2011 $'000
Wages and salaries	**118,870**	101,519
Other	**25,916**	17,628
	144,786	119,147

8. Income taxes

Income tax expense

	2012 $'000	2011 $'000
Tax expense attributable to profit is made up of:		
- Current income tax		
- Singapore	**82,014**	–
- Foreign	**1,487**	1,081
	83,501	1,081
- Deferred income tax (Note 17)	**36,788**	71,767
	120,289	72,848
Under/(over) provision of tax liabilities of prior years		
- Current income tax		
- Singapore	**29**	(444)
- Foreign	**(26)**	322
- Deferred income tax (Note 17)	**(2,859)**	(1,321)
	117,433	71,405

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:

	2012 $'000	2011 $'000
Profit before income tax	**670,478**	408,523
Tax calculated at a tax rate of 17% (2011:17%)	**113,981**	69,449
Effects of:		
- Different tax rates in other countries	**128**	191
- Expenses not deductible for tax purposes	**7,146**	6,365
- Income not subject to tax	**(1,541)**	(3,062)
- Deferred income tax asset not recognised on current year losses	**498**	81
- Tax incentives	**(914)**	(557)
- Foreign withholding tax	**640**	189
- Other	**351**	192
	120,289	72,848

9. Cash and cash equivalents

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash at bank and on hand	**67,156**	29,185	**61,890**	23,597
Short-term bank deposits	**1,936,003**	1,418,651	**1,933,195**	1,417,020
	2,003,159	1,447,836	**1,995,085**	1,440,617

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Cash and bank balances (as above)	**2,003,159**	1,447,836	**1,995,085**	1,440,617
Less: Bank deposits pledged	**(830)**	(833)	**–**	–
Cash and cash equivalents per consolidated statement of cash flows	**2,002,329**	1,447,003	**1,995,085**	1,440,617

The Group has deposits amounting to $830,000 (2011: $833,000) pledged to banks in relation to obligations of a jointly-controlled entity.

10. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade receivables	**24,574**	35,896	**19,666**	24,657
Loan to a jointly controlled entity	**–**	1,148	**–**	–
Accrued income	**110,823**	77,747	**108,805**	75,735
	135,397	114,791	**128,471**	100,392

The loan to a jointly-controlled entity was unsecured, bore interest at 7% per annum and was repayable on demand. During the financial year, the jointly-controlled entity was liquidated and this amount was written off in the profit and loss together with a write back of provision for share of expenses in excess of cost of investment in the same jointly-controlled entity (Note 18).

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.

On 30 September 2011, the Confirmation Agreement and the Supplemental Master Lease agreements were executed. The final consideration to CAAS for the transfer and vesting of the airport undertaking, the excluded property and other assets of $3,280,387,000 was settled on 9 March 2012.

12. Other current assets

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Prepayments and deposits	**80,392**	2,904	**79,928**	2,392
Grant receivable	**14,966**	–	**14,966**	–
Interest receivable	**4,556**	2,977	**4,544**	2,949
Other	**782**	935	**1,581**	934
	100,696	6,816	**101,019**	6,275

13. 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 improve-ments $'000	Work-in-progress $'000	Total $'000
Group								
As at 31 March 2012								
Cost								
Beginning of financial year	387,257	904,663	925,144	22,304	30,345	479,065	203,916	2,952,694
Transfer of airport undertaking (Note 11)	–	–	(1,009)	–	(2)	308	–	(703)
Additions	–	–	–	–	53	–	376,337	376,390
Transfer from work-in-progress	1,148	168	183,338	11,011	30,369	218,805	(444,839)	–
Reclassification	(1,845)	–	–	–	–	1,845	–	–
Disposals	–	–	(1,098)	(86)	(3)	(12)	–	(1,199)
End of financial year	386,560	904,831	1,106,375	33,229	60,762	700,011	135,414	3,327,182
Accumulated depreciation								
Beginning of financial year	33,039	77,598	165,297	4,658	16,546	79,045	–	376,183
Depreciation charge	18,855	52,689	110,224	3,117	14,106	70,661	–	269,652
Disposals	–	–	(738)	(82)	(3)	(2)	–	(825)
End of financial year	51,894	130,287	274,783	7,693	30,649	149,704	–	645,010
Net book value								
End of financial year	**334,666**	**774,544**	**831,592**	**25,536**	**30,113**	**550,307**	**135,414**	**2,682,172**
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**

13. Property, plant and equipment (continued)

	Runways, taxiways and others $'000	Buildings $'000	Plant and equipment $'000	Vehicles and vessels $'000	Office /other equipment, furniture and fittings $'000	Capital improve-ments $'000	Work-in-progress $'000	Total $'000
Company								
As at 31 March 2012								
Cost								
Beginning of financial year	387,257	904,663	925,144	22,205	29,562	479,065	203,916	2,951,812
Transfer of airport undertaking (Note 11)	–	–	(1,009)	–	(2)	308	–	(703)
Additions	–	–	–	–	–	–	376,337	376,337
Transfer from work-in-progress	1,148	168	183,338	11,011	30,369	218,805	(444,839)	–
Reclassification	(1,845)	–	–	–	–	1,845	–	–
Disposals	–	–	(1,098)	(86)	(2)	(12)	–	(1,198)
End of financial year	386,560	904,831	1,106,375	33,130	59,927	700,011	135,414	3,326,248
Accumulated depreciation								
Beginning of financial year	33,039	77,598	165,297	4,632	16,100	79,045	–	375,711
Depreciation charge	18,855	52,689	110,224	3,102	13,956	70,661	–	269,487
Disposals	–	–	(738)	(82)	(2)	(2)	–	(824)
End of financial year	51,894	130,287	274,783	7,652	30,054	149,704	–	644,374
Net book value								
End of financial year	**334,666**	**774,544**	**831,592**	**25,478**	**29,873**	**550,307**	**135,414**	**2,681,874**
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**

13. Property, plant and equipment (continued)

During the financial year, the Company revised the estimated useful lives of the property, plant and equipment in the Budget Terminal as a result of the plan to close the terminal in September 2012 for redevelopment. Consequently, depreciation on these assets amounting to an additional $21,675,000 has been recognised.

14. Investments in jointly-controlled entities

Dividend income of $6,270,000 from a jointly-controlled entity was received in the previous 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 24.

15. Investments in associated companies

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Beginning of financial year	**182,497**	135,672	**10,652**	10,652
Additional equity interest/capital injection	**5,592**	55,319	**–**	–
Share of profit/(losses)	**5,271**	(2,994)	**–**	–
Currency translation differences	**(12,613)**	(5,672)	**–**	–
Share of cashflow hedges (Note 19(c)(iii))	**1,033**	172	**–**	–
End of financial year	**181,780**	182,497	**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:

	2012	2011
	$'000	$'000
- Assets	**599,531**	527,337
- Liabilities	**342,403**	363,899
- Revenue	**105,941**	58,841
- Net profit/(loss)	**2,701**	(2,994)
- Share of capital commitment	**21,795**	24,300

Further details of significant associated companies are provided in Note 24.

One of the significant associated companies, Gemina S.p.A. ("Gemina") is listed on the Milan Stock Exchange and holds a 95.90% 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 last traded price as at 31 March 2012, is Euro 78,600,994 (SGD equivalent $131,538,763).

16. Financial asset, available-for-sale

	Group	
	2012	**2011**
	$'000	**$'000**
Beginning of financial year	**25,055**	31,826
Fair value gain/(loss) recognised in fair value reserve (Note 19(c)(i))	**2,305**	(6,771)
End of financial year	**27,360**	25,055

The Group holds an 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.

17. 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	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Deferred income tax assets				
- to be recovered within one year	**1**	–	**–**	–
- to be recovered after one year	**11**	–	**–**	–
	12	–	**–**	–
Deferred income tax liabilities				
- to be settled within one year	**10,457**	8,201	**10,457**	8,201
- to be settled after one year	**140,109**	108,424	**140,017**	108,287
	150,566	116,625	**150,474**	116,488

17. Deferred income taxes (continued)

Movement in net deferred income tax account is as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Beginning of financial year	**116,625**	46,179	**116,488**	43,188
(Over)/under provision in prior years	**(2,859)**	(1,321)	**(2,789)**	1,615
Tax charge to profit or loss	**36,788**	71,767	**36,775**	71,685
End of financial year	**150,554**	116,625	**150,474**	116,488

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 $6,848,000 (2011: $3,539,000) 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	Others	Total
	$'000	$'000	$'000	$'000
As at 31 March 2012				
Beginning of financial year	130,268	113	–	130,381
Charged/(credited) to profit or loss	21,539	(25)	301	21,815
End of financial year	151,807	88	301	152,196
As at 31 March 2011				
Beginning of financial year	83,275	3,161	–	86,436
Charged/(credited) to profit or loss	46,993	(3,048)	–	43,945
End of financial year	130,268	113	–	130,381

17. Deferred income taxes (continued)

Group (continued)

Deferred income tax assets

	Decelerated tax depreciation $'000	Unutilised capital allowances $'000	Others $'000	Total $'000
As at 31 March 2012				
Beginning of financial year	–	(12,134)	(1,622)	(13,756)
Charged/(credited) to profit or loss	–	12,134	(20)	12,114
End of financial year	–	–	(1,642)	(1,642)
As at 31 March 2011				
Beginning of financial year	(170)	(40,087)	–	(40,257)
Charged/(credited) to profit or loss	170	27,953	(1,622)	26,501
End of financial year	–	(12,134)	(1,622)	(13,756)

Company

Deferred income tax liabilities

	Accelerated tax depreciation $'000	Others $'000	Total $'000
As at 31 March 2012			
Beginning of financial year	130,244	–	130,244
Charged to profit or loss	21,550	302	21,852
End of financial year	151,794	302	152,096
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

17. Deferred income taxes (continued)

Company (continued)

Deferred income tax assets

	Unutilised capital allowances $'000	Others $'000	Total $'000
As at 31 March 2012			
Beginning of financial year	(12,134)	(1,622)	(13,756)
Charged to profit or loss	12,134	–	12,134
End of financial year	–	(1,622)	(1,622)
As at 31 March 2011			
Beginning of financial year	(40,087)	–	(40,087)
Charged/(credited) to profit or loss	27,953	(1,622)	26,331
End of financial year	(12,134)	(1,622)	(13,756)

18. Trade and other payables

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade payables	**192,086**	123,139	**192,907**	122,450
Non-trade payables to a subsidiary	**–**	–	**47,170**	56,609
Accrued operating expenses	**131,066**	104,124	**125,112**	97,826
Sundry creditors and other accruals	**18,240**	26,635	**18,240**	26,635
Deposits received	**43,819**	33,209	**43,819**	33,209
Other provisions	**6,530**	1,927	**–**	–
	391,741	289,034	**427,248**	336,729

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 0.19% to 0.75% (2011: 0.13% to 0.78%) per annum.

During the financial year, the Group liquidated one of its jointly-controlled entities and wrote back the provision of share of jointly-controlled entity's expenses in excess of cost of investment to profit and loss.

19. Share capital and reserves

(a) Share capital

The Company's share capital comprises 3,280,387,000 (2011:1) fully paid-up ordinary shares with no par value, amounting to a total of $3,280,387,000 (2011:$1).

(b) Composition of reserves

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Other reserve	**12,961**	12,961	**–**	–
Fair value reserve	**–**	(6,771)	**–**	–
Capital reserve	**–**	3,281,090	**–**	3,281,090
Currency translation reserve	**(22,137)**	(9,725)	**–**	–
Hedging reserve	**1,205**	172	**–**	–
	(7,971)	3,277,727	**–**	3,281,090

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 Singapore Financial Reporting Standards.

In prior year, the capital reserve related to additional paid-in capital to be injected by the immediate holding entity, the Minister for Finance to fund the transfer of airport undertaking to the Company (Note 11). This amount has been transferred to share capital during the financial year on issuance of the ordinary shares.

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.

An associated company, Gemina, uses financial derivatives to hedge cash flow risks on unfavourable changes in interest and exchange rates. Fair values on the financial derivatives are recognised in other comprehensive income and accumulated in the hedging reserve.

Reserves are non-distributable.

19. Share capital and reserves (continued)

(c) Movements of reserves

(i) Fair value reserve

	Group 2012 $'000	Group 2011 $'000
Beginning of financial year	**(6,771)**	–
Financial asset, available-for-sale		
- Fair value gain/(loss) (Note 16)	**2,305**	(6,771)
- Impairment loss reclassified to profit or loss	**4,466**	–
End of financial year	**–**	(6,771)

(ii) Currency translation reserve

	Group 2012 $'000	Group 2011 $'000
Beginning of financial year	**(9,725)**	(3,189)
Net currency translation differences	**(12,412)**	(6,536)
End of financial year	**(22,137)**	(9,725)

(iii) Hedging reserve

	Group 2012 $'000	Group 2011 $'000
Beginning of financial year	**172**	–
Share of hedging reserve of an associated company (Note 15)	**1,033**	172
End of financial year	**1,205**	172

20. 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 15) are as follows:

	Group and Company	
	2012	**2011**
	$'000	**$'000**
Property, plant and equipment	**71,827**	273,451

(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 $73,400,000 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	
	2012	**2011**
	$'000	**$'000**
Not later than one year	**75,883**	77,497
Between one and five years	**301,376**	301,915
Later than five years	**1,938,032**	2,013,376
	2,315,291	2,392,788

21. Financial risk management

Financial risk factors

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise the potential adverse effects from these exposures 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% (2011: 5%) against the SGD with all other variables including tax rate being held constant, the effects on the net profit after income tax would not be 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 changed by 5% (2011: 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 every six months.

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

For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties and an exposure cap (limit) is set and approved for each of the counterparties. The financial counterparties' limit and their credit ratings are then continuously monitored by the Treasury team.

The Group's fixed deposits include placement with five (2011: three) banks that represent more than 90% of cash and cash equivalents at balance sheet date.

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

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Past due 1 to 30 days	**1,802**	5,089	**662**	2,934
Past due 31 to 90 days	**451**	993	**99**	256
More than 90 days	**51**	3,594	**48**	31
	2,304	9,676	**809**	3,221

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.

21. 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 asset, available-for-sale, that is measured at fair value under Level 1 of the fair value measurement hierarchy.

22. Immediate and ultimate holding entity

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

23. Related party transactions

(a) The Company's immediate and ultimate holding entity is the Minister for Finance, incorporated in Singapore. In addition to the information disclosed elsewhere in the financial statements, the Group's significant transactions and balances with entities that are related parties to its ultimate holding entity are disclosed as follow:

	Group	
	2012	**2011**
	$'000	**$'000**
Revenue		
- Airport services	**148,369**	129,740
- Franchise fees	**68,044**	60,370
Expenses		
- Security related expenses	**99,438**	98,558

The corresponding balances are disclosed as follow:

Receivables		
- Trade and other receivables	**8,011**	11,912
Payables		
- Trade and other payables	**8,360**	7,944

(b) Key management personnel compensation is as follows:

Key management personnel compensation paid or payable amounted to $11,669,000 (2010:$9,289,000). Of this, $9,445,000 or approximately 81% (2010: $7,846,000 or approximately 85%) 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.

24. Listing of significant companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2012 %	Equity holding 2011 %
Significant subsidiary held by the Company				
Changi Airports International Pte. Ltd. [(a)]	Investment holding and provision of consultancy services in the field of civil aviation	Singapore	**100**	100
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 Henan Pte. Ltd. (formerly known as 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.

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

Name of companies	Principal activities	Country of business/ incorporation	Equity holding 2012 %	Equity holding 2011 %
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
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]	Development of airport and township projects	India	**26**	26
Gemina S.p.A. [d],[e]	Investment holding	Italy	**8.36**	8.36

(c) BAPL has 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 2011.

(e) Audited by other firms.

(f) Audited by PricewaterhouseCoopers LLP, United Kingdom.

25. Dividends

For the financial year ended 31 March 2012, a final dividend amounting to $56,700,000 will be recommended at the Annual General Meeting, subject to the approval of shareholder. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2013.

26. 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 6 June 2012.