



Future Ready

Download this annual report online:
www.changiairportgroup.com

Contents

14 Mission, Vision, Values	40 The Changi Air Hub
15 Corporate Profile	44 The Changi Experience
17 Chairman & CEO Message	50 World-Class Retail
20 Board of Directors	56 Safety & Security
24 Executive Management	59 Future Changi
26 Management Team	63 International Presence
27 Financial Review	65 People Development
30 Corporate Governance	67 Corporate Responsibility
33 Enterprise Risk Management	69 Changi Online
34 Business & Operations Review	71 Awards & Accolades
36 Global Connectivity	73 Financial Statements
38 Air Traffic Statistics	

Future Ready

About 40 years ago, a bold decision was taken – one that determined the future of Singapore's aviation hub – to move the nation's airport from Paya Lebar to Changi. The consultants, developing the original airport masterplan for Singapore in the mid-1970s, planned for Changi Airport to have a total capacity of just 30 million passengers per annum.

But Singapore's leaders had the confidence in the country's potential as a major air hub despite her size. Thus, space was reclaimed at the eastern end of Singapore, for an airport that could handle far more than what was initially planned. Singapore has benefitted from this foresight. Changi Airport handled 30m passengers in 2004, and it took just another six years after that to reach 40 million, and another two years to reach 50 million.

Today, Changi Airport Group (CAG), as manager and operator of Changi Airport, finds itself at the threshold of a new era as it undertakes planning to secure Changi Airport's future. The considerations today are multi-faceted and the challenges, dynamic. An airport is no longer just an incidental aircraft interchange, but is expected to be a destination on its own. This is something that many air hubs around the world recognise. Against a competitive landscape, it is imperative that CAG does not stop innovating and reinventing Changi Airport.

Yet, one core principle remains unchanged – strategic forward planning continues to be the cornerstone of Changi's success.

Its formula is simple: ensure supply, in the form of ample capacity – as passenger and aircraft movements grow – while maintaining Changi Airport's appeal as an aviation hub to both passengers and airlines.

Mapping out the right path calls for astute judgement, bold innovation and decisiveness. Hence, the move to close the Budget Terminal, making way for a larger and enhanced Terminal 4 in its place – one that can better meet Changi's capacity needs and rising user expectations. Likewise, CAG's plans to build an iconic lifestyle destination in front of Terminal 1, Project Jewel, when the simpler alternative would have been a functional multi-storey car park.

Looking beyond this decade, the master planning for Changi Airport's next phase of growth has also started. Comprising a third runway and fifth terminal, this is a major, long-term project of unprecedented complexity and scale. CAG is committing significant resources, including manpower, to ensure that the various infrastructure projects are planned well and executed smoothly.

So, while it is business as usual at Changi Airport, with on-going efforts to grow Singapore's air hub and to deliver an award-winning Changi Experience – work for the future is happening behind the scenes. The destination may not be immediately visible, but CAG's journey to be **future ready** has certainly begun.





Building Ahead for Growth



CAG's strategy to plan ahead of capacity needs underpins the continued success of Changi Airport as a leading global air hub. Today, CAG is actively working on major infrastructure projects – a brand new Terminal 4 and the development of a mixed-use complex (Project Jewel) at the Terminal 1 car park – two enhancements that will propel Changi's growth for years ahead. With these key developments, Changi Airport is well-positioned to meet demands of burgeoning passenger traffic, well-equipped to capitalise on exciting growth opportunities of the future.





Strengthening the Air Hub



Against the backdrop of an increasingly competitive landscape, CAG works closely with airlines and travel industry partners to strengthen Changi Airport's connectivity across the globe, and taps exciting growth opportunities in new markets. To capture tourism mindshare for both Changi and Singapore, CAG continuously reinvents the airport as a vibrant destination in its own right, through fresh facilities and invigorating attractions, augmenting Changi's position as a top transfer hub in the world.





Rethinking the Airport Experience



As the operator of the world's most awarded airport, CAG prides itself in delivering an exceptional passenger experience that is cutting-edge and at the forefront of technology. In its efforts to enhance the Changi Experience, CAG harnesses new technologies and implements touches of innovation to propel Changi's facilities, efficiency and service – creating an airport of the future.



Invigorating the Retail Business



In a dynamic travel industry with a fast-changing retail landscape, consumer preferences continue to evolve. In forging ahead towards the goal of strengthening the air hub, CAG innovates to inject vitality to Changi's transit and public malls, delivering a fresh and exciting retail experience to passengers. A firm believer of growing together with its concession partners, CAG takes a proactive approach to create the ideal place for retailers to base and grow their business.



**Developing
Our People**



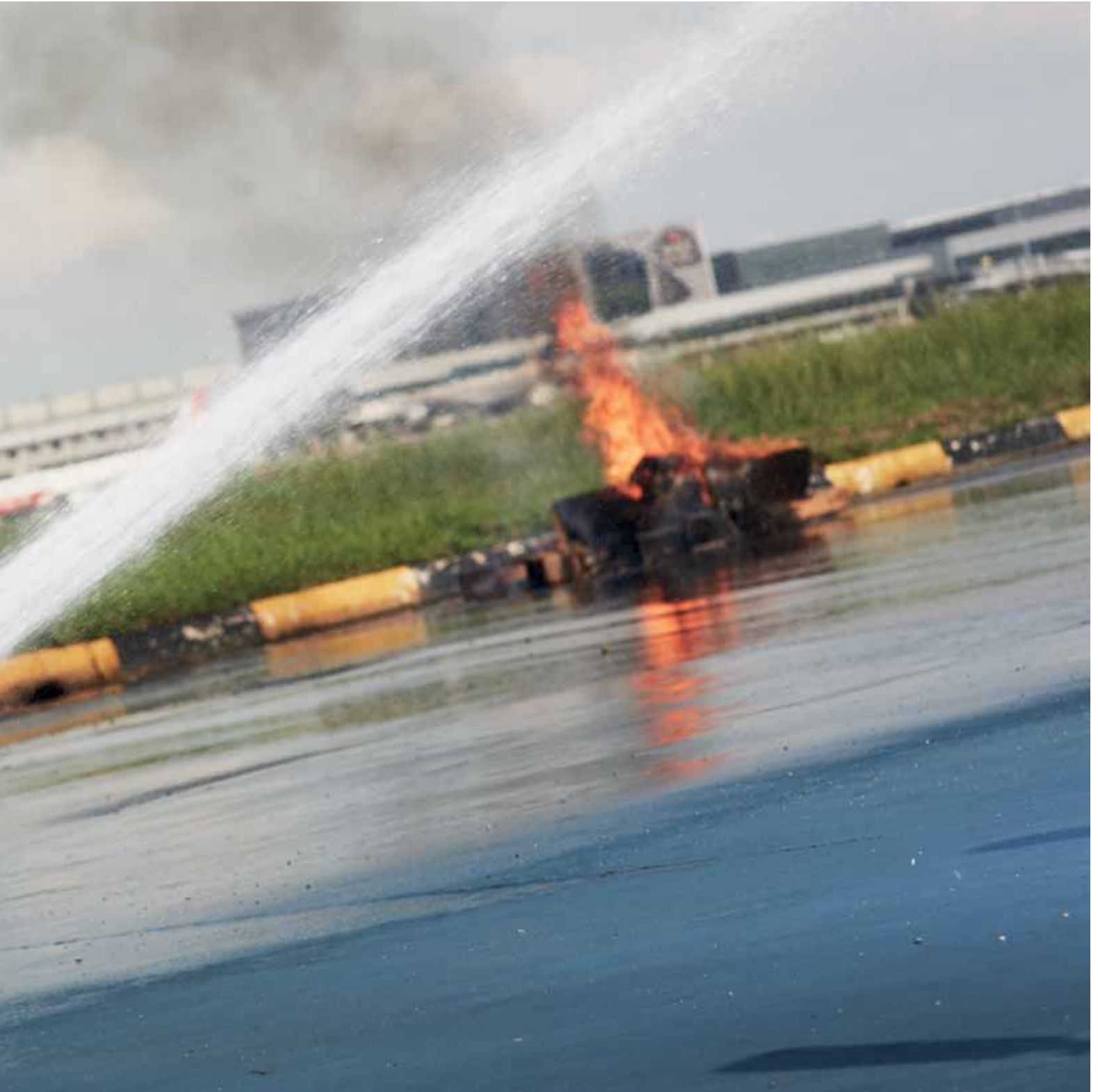
A defining factor behind a company's success is none other than its people. In pursuing growth, one of CAG's key strategies is to develop its people – to attract and nurture talent, as well as build skills and leadership amongst its employees. To this end, CAG places much emphasis on creating a fulfilling workplace environment with a conducive culture for personal development and growth.



Caring for the Community



As a responsible corporate citizen, CAG believes in being an integral part of the local community beyond just economic contribution, but also, touching people's lives in the most meaningful ways. Through CAG's CSR programme, Changi Foundation, it aims to contribute to its preferred social cause – youths of the community, and to make a difference in their personal growth journeys.



Our Mission

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

Our Vision

Exceptional People, Connecting Lives

At Changi Airport Group, we aspire to build a company where ordinary people achieve extraordinary results. Working together as a team, we bring great ideas to life and achieve exceptional results beyond our individual capabilities. Customers are our inspiration. From the youngest child to the largest corporation, we understand that what we provide connects people in ways that will enhance their lives.

Our Values



Corporate Profile

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

Over the past three decades, CAG – previously as part of the Civil Aviation Authority of Singapore – has successfully established Changi Airport as the world's most awarded airport. With more than 430 accolades under its belt, Changi has come a long way since its humble beginnings in 1981, when Terminal 1 first opened.

One of the world's busiest international airports today, Changi Airport is a major air hub in Asia. It handled more than 52 million passenger movements in FY12/13, serving about 100 airlines flying to more than 250 cities in about 60 countries and territories worldwide. With over 70,000 square metres of commercial space across its three terminals, Changi Airport is also one of Singapore's best places for shopping and dining. Increasingly, the airport has become a favourite haunt for Singapore residents, especially families.

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

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



LIEW Mun Leong
Chairman



LEE Seow Hiang
Chief Executive Officer



Chairman & CEO Message

Financial year 2012/13 was a significant year for Changi Airport Group (CAG). We delivered an exceptional performance and achieved milestones on several fronts including record highs for passenger movements and retail sales, and a breakthrough on the international front.

As we continued with our pursuit of operational excellence – an approach that has underpinned Changi Airport's success for the past three decades – we also embarked on another important mission to lay the ground and set the cornerstone for Changi's success tomorrow. Much effort and resources were put into a number of infrastructure enhancement projects to prepare for Changi Airport's future.

RECORD PASSENGER TRAFFIC

Against a less-than-rosy operating backdrop, we did well in FY12/13 and strengthened Changi Airport's position as a global air hub. We closed the year with 52 million passenger movements – an all-time high, representing a healthy growth of 8.3% year-on-year. Remarkably, we crossed the 50-million mark, just two years after we crossed the 40-million milestone.

We have achieved this outcome despite intensifying competition, thanks to our close partnerships and active collaborations with airline partners. During the year, we worked hard with our airline partners to introduce a series of programmes, like *Changi Connects* and the *Changi Transit Programme*, to increase Changi's appeal as a transit and stopover point.

We are pleased to report that Changi Airport's network continued to expand this past year, with six new city links and five new airlines bringing the total to over 250 city links served by some 110 airlines. Aircraft movements increased 5.5% to 328,000, driven by strong travel demand within Asia-Pacific and to long-haul markets like Europe. The cargo sector was more affected by the weak global economy with airfreight handled at Changi Airport contracting 3.8% during the year to 1.80 million tonnes.

A CAPTIVATING CHANGI EXPERIENCE

As Changi Airport handles increasing traffic, we remain deeply rooted to our core commitment to deliver a world class, award-winning airport experience. It is this mission – shared by the 32,000 members of the airport community – that has enabled Changi to be the world's most awarded airport. In FY12/13, Changi Airport won another 28 'Best Airport' awards, including the Skytrax 'World's Best Airport' award, and Business

Traveller UK's 'Best Airport in the World' award for the 25th time. These accolades brought the total received by Changi since 1981 to more than 430.

We celebrated the completion of Terminal 1's refurbishment in July 2012 with the unveiling of our newest crowd-puller, Kinetic Rain - the world's largest kinetic art sculpture. Since its debut, it has quickly gained the status of being a key icon of the Changi Experience, captivating audiences with the graceful dance of its 1,216 bronze droplets. Nothing gives us greater satisfaction than to witness our passengers' delight.

A SOLID RETAIL BUSINESS

An integral part of our strategy to strengthen Changi's air hub status is to grow our retail business. As our non-aeronautical profits go into covering the costs of airport operations, a thriving retail business puts us in a stronger position to keep airport charges competitive. In FY12/13, we continued to deliver stellar results in this area. Concession sales grew to a record of more than S\$1.9 billion, outperforming traffic growth and putting Changi among the top four airports in the world in terms of travel retail sales. We achieved this through retail innovation, a nimble response to market needs and trends to provide a good spread of retail mix, and effective collaborations with our concessions. These included the introduction of many new brands, exclusive first-in-the-world product launches in the beauty and liquor categories, and exciting promotions including our hugely popular 'Be the Changi Millionaire' Draw and the 'Angry Birds Space' Christmas promotion.

INTERNATIONAL BREAKTHROUGHS

Beyond our shores, the Group has made good headway internationally. Through wholly-owned Changi Airports International (CAI), we have grown Changi's global footprint and portfolio, with notable achievements on both the consultancy and investment fronts. In June 2012, we invested in Russia, with the acquisition of a 30% stake in Airports of the South (AOS) - a group of four airports in the south of the country. Ahead of the 2014 Winter Olympics in Sochi, CAI will be assisting AOS to develop Sochi Airport to gear up for the global event.

Chairman & CEO Message

Another overseas project that has yielded excellent results was CAI's investment in Gemina S.p.A., the holding company of Aeroporti di Roma S.p.A. Since 2010, CAI, as a strategic investor in Gemina, has played an active role in the planning and development of Fiumicino Airport, the main airport in Rome. We take great pride that CAI's work there over the last few years has added much value to this investment. CAI's investment in Gemina contributed an investment gain of S\$106 million to CAG's FY12/13 earnings.

After the close of the financial year, CAI divested its interest in Gemina in May 2013, after taking into account a potential dilution of its stake resulting from industry consolidation. The divestment to institutional investors translated into a total net realised investment yield of 82% amounting to S\$126 million. Even after the divestment, CAI continues to work with Fiumicino Airport through the provision of advisory services, covering the areas of master planning, operations, commercial and air traffic development.

REVENUE GROWTH & ROBUST COST MANAGEMENT

CAG's revenue for FY12/13 rose 7.4% to S\$1.91 billion, in line with the increase in passenger movements.

As CAG pursued top line growth, we also instilled a disciplined cost management culture within the organisation to curb costs escalation in upcoming years. A rigorous effort was made to identify cost-effective procurement measures to lower operating costs, without compromising on quality. For instance, instead of having separate maintenance contracts for each terminal, we adopted the strategy of amalgamating them into single pan-airport contracts, which led to operational synergies and cost efficiency. We also restructured several contracts, such as those for maintenance and cleaning, to introduce variable, performance-based elements to encourage productivity gains.

Our new technological initiatives to improve information flow and work processes within the airport community have enabled us to do more and manage better, while using less. An example of this is the e-Inspection system, which allows CAG and its contractors to receive real-time alerts on building faults. This has reduced our reliance on manpower in these areas, thus resulting in better productivity and cost savings. Together, these measures were effective in mitigating rising expenses, mainly driven by inflationary cost increase, wage increase and higher fuel cost. CAG's operating costs for the year rose moderately by 2.7%.

With strong revenue growth from both aeronautical and non-aeronautical segments, effective cost management, and investment gains, CAG delivered record earnings before interest, tax, depreciation and amortisation ("EBITDA") exceeding S\$1 billion and a profit after tax of S\$751 million, representing a year-on-year growth of 12.4% and 35.8% respectively.

DEVELOPING PEOPLE

CAG places a strong emphasis on developing our employees, our most critical asset. In FY12/13, we stepped up efforts to build a strong and dedicated talent pool, through increased staff engagement and training programmes. We conducted our inaugural Employee Engagement Survey, which provided valuable insights into how we can better engage our staff, and build a sense of belonging to the company. Through our scholarship and talent internship programmes, we reached out to universities to attract talent.

Over the past three decades, Changi Airport has received tremendous support from the Singapore community, and we seek to return this support by contributing to society in meaningful ways. In April 2012, we officially launched the Changi Foundation to help our identified social cause – disadvantaged youths, to help nurture and develop them to become active contributors to society. Under this programme, we have reached out to approximately 800 youths through numerous activities, to help equip them with skills and to influence them with positive attitudes to life.

PLANNING FOR THE FUTURE

CAG's strategy is to plan ahead of capacity needs so as to ensure the continued success of Changi Airport as a leading global air hub. Given the complexity of airport master-planning, it is important for us to prepare many steps ahead of market demand. Today, we are actively working on a number of major infrastructure projects that will transform Singapore's aviation landscape and propel Changi's growth in the years ahead.

TERMINAL 4 DEVELOPMENT

In September 2012, we closed a chapter in aviation history, with the cessation of operations at the Budget Terminal (BT). In its place, we have plans for Terminal 4 (T4), which will have an annual capacity of 16 million passenger movements, more than double that of the BT. In terms of design and facilities, T4 will sport a look, feel and ambience comparable to Changi's existing terminals, with attractive retail offerings. The terminal will offer passenger-friendly facilities such as aerobridges and is designed with the flexibility to meet the operational needs of both regional full-service and low-cost carriers.

We are working with a consortium of architects and contractors on the terminal development plans, which includes design concept, operations planning, retail planning and airport stakeholder engagement. As part of this process, we are integrating productivity enhancing initiatives into many aspects of the terminal design. Examples include functions such as automated baggage sorting and self check-in. Construction of T4 will begin by the end of 2013, with the opening of the terminal planned for 2017.

PROJECT JEWEL AND TERMINAL 1 EXPANSION

Another exciting project we are working on is the development of the existing open-air car park fronting Terminal 1 (T1) into space for better commercial use. In its place, we plan Project Jewel, a mixed-use complex that is integrated with T1, as well as an expansion of T1's floor area. Besides raising T1's passenger handling capacity to 24 million passengers, this project gives us the opportunity to create a signature lifestyle destination which will strengthen Changi's appeal as an air hub.

Project Jewel will feature aviation facilities, leisure attractions and retail offerings. It will be an iconic must-visit attraction that will capture tourism mindshare on the world stage, enticing more passengers to choose Singapore as a stopover point. Located between the three existing terminals, the new development will also act as a strategically convenient node connecting the terminals, and a central ground for the airport community to get together. As with T4, a dedicated Project Jewel team has been formed to work on the concept and plans. We hope to share more details by the end of the year including the formation of a joint venture to manage the development.

INCREASING AIRFIELD CAPACITY

In addition to terminal works, another important component of capacity enhancement is to increase Changi's airfield capacity. For this purpose, CAG is converting a 38-hectare land plot south of Terminal 3 into an aircraft parking area with 26 new remote aircraft parking stands. This project will increase Changi's aircraft parking capacity by 24% when completed in 2016.

In addition, we have been working closely with the Civil Aviation of Authority (CAAS) to optimise aircraft handling on our runways. To facilitate the handling of more aircraft movements, several measures have been implemented by CAAS and CAG, including the reduction of departure flight separation times, reconfiguration of flight routes, and improvements in runway inspection processes. These new measures have been effective in improving Changi's runway efficiency.

We are currently in talks with MRO companies regarding their plans to build new aircraft maintenance hangars at Changi Airport. These plans may initiate the development of up to eight new hangar bays, with five sized to handle wide-body aircraft. To support these hangar developments, CAG will invest an initial amount of S\$14 million on new infrastructure including the extension of the taxiway, roadway and power supply networks.

BEYOND THIS DECADE

Looking beyond this decade, CAG is working closely with the Ministry of Transport (MOT) and CAAS on the long-term master

planning for Changi Airport, which includes Terminal 5 and the conversion of the current military runway into Runway 3 for civilian use. This project is being led by an inter-agency committee helmed by MOT. This is a long and complex process, which requires intensive studying and many years of planning and preparation. The committee's plan is for Terminal 5 to be operational in the middle of the next decade.

EXCITING TIMES AHEAD

These are exciting times for us at CAG. We relish the valuable opportunity to help shape Changi Airport's long-term future. In the near term, prospects for aviation remain good, on the back of a positive demand outlook in Asia-Pacific. Our fundamentals remain solid, and CAG is well-positioned to tap opportunities, whether to develop the Changi air hub or for investments in overseas markets.

We will continue to strive for growth with our formula that has determined Changi Airport's success all these years – a relentless pursuit of excellence and innovation, close partnerships with our government and industry partners, and a strong commitment to bring out the best in our people.

We would like to express our appreciation to all employees in the airport community, our airport partners, government agencies and our Board Directors. We welcome Ms Lim Soo Hoon who joined the Board in June 2012.

Thank you for your steadfast support and contributions, which were instrumental in helping us achieve an exceptional year. The coming years, albeit with challenges, will be exciting and full of potential for Changi Airport. Our work continues, and we look forward to walking this journey together with you.



LIEW Mun Leong
CHAIRMAN



LEE Seow Hiang
CHIEF EXECUTIVE OFFICER

12 June 2013

Board of Directors

1. LIEW Mun Leong CHAIRMAN

Mr Liew is the founding President and CEO of CapitaLand Group. He is currently the Chairman of Surbana International Consultants Holdings Pte Ltd. and Pavilion Gas Pte Ltd. He also sits on the boards of Singapore Exchange, CapitaLand Hope Foundation (the philanthropic arm of CapitaLand), Pavilion Energy Pte Ltd, NUS Business School, Human Capital Leadership Institute, Centre for Liveable Cities, Chinese Development Assistance Council and the Singapore China Foundation.

In 2013, Mr Liew was appointed as Provost Chair and Professor (Practice) in NUS Business School and the Faculty of Engineering.

He was elected the President of International Organisation for Standardisation (ISO) for the term 1997 to 1998. He was the Chairman of the Board of Governors of Temasek Polytechnic from 1999 to 2006.

With over 40 years of experience in construction and real estate both locally and overseas, Mr Liew has been instrumental in a number of Singapore's public sector projects, including the development of Changi Airport. For his exceptional contributions, Mr Liew was awarded the Meritorious Service Medal by the President of Singapore in 2011. He has also received several accolades including 'Outstanding CEO of the Year' at Singapore Business Awards (2006), 'CEO of the Year' at Singapore Corporate Awards (2007), 'Asia's Best Executive of 2008 (Singapore)' by Asiamoney, as well as 'Best CEO in Asia (Property)' by Institutional Investor (2008). In 2011, he was named Best CEO in Singapore by FinanceAsia. In 2012, he was awarded the Outstanding PR Champion by The Institute of Public Relations of Singapore.

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

2. LEE Seow Hiang CHIEF EXECUTIVE OFFICER

Mr Lee is CEO of Changi Airport Group. Prior to this, he was Deputy Director-General (Operations) of the Civil Aviation Authority of Singapore. He is concurrently Deputy Chairman of Changi Airports International Pte Ltd, a Director of SMRT Corporation Limited and Board Member of the Agency for Integrated Care Pte Ltd. He is also a member of the Advisory Board to the joint IATA-NTU Advanced Management Program (AMP) and the joint Executive MBA degree in Aviation Management.

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

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

3. LIM Soo Hoon

Ms Lim Soo Hoon was appointed Permanent Secretary (Finance) (Performance) at the Ministry of Finance on 1 April 2012. She is also the Chairman of the Accounting & Corporate Regulatory Authority.

In her capacity as Permanent Secretary (Finance)(Performance), she oversees the Ministry's central role in creating a high performance government through efficient and effective use of resources, and working towards an integrated government through synergies in programmes, processes and systems across the various government agencies.

Ms Lim joined the Administrative Service in 1981. She has served in various portfolios in the Singapore Civil Service including the Ministry of Trade and Industry, the former Ministries of Communications, Labour, and the Registry of Vehicles. She was appointed Permanent Secretary, Ministry of Community Development in 1999 and became Permanent Secretary (Public Service Division) in 2005 before joining the Ministry of Finance in 2012.

Ms Lim graduated with a Bachelor of Economics (Honours) degree from the University of Adelaide on a Colombo Plan Scholarship. She also has a Master in Public Administration from Harvard University.

4. Derrick WAN Yew Meng (Alternate Director to Ms Lim Soo Hoon)

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

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

5. Michael George William BARCLAY

Mr Barclay is CEO of Sentosa Development Corporation. He also sits on the boards of the Singapore Tourism Board and Mapletree Commercial Trust Management Limited.

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

Mr Barclay holds a Master of Science in Transport Planning & Engineering from the University of Leeds and has completed the Advanced Management Programme at Harvard Business School.



Board of Directors

6. Miguel KO Kai Kwun

Mr Ko is Non-Executive Chairman of the Asia-Pacific region for Starwood Hotels & Resorts Worldwide, Inc. He was previously the Chairman and President of the Asia-Pacific Division with strategic oversight of the operating and financial performance of the largest upper-upscale hotel company in the region. Prior to this, he was Deputy Chairman and CEO of CDL Hotels International.

Widely recognised for his knowledge and insight by the Asia-Pacific tourism industry, Mr Ko was voted Regional Hotel Chief of the Year (2007 & 2008) by the readers of the Travel Weekly. He was named Visionary Leader of the Year and a recipient of the Global Awards at the World Travel Mart (2007) in London and honoured the Lifetime Achievement Award 2012 at the China Hotel Investment Conference in Shanghai.

Mr Ko has a Bachelor in Business Administration in Economics from the University of Massachusetts and a Masters in Business Administration from Suffolk University. He is also a non practicing Certified Public Accountant (CPA) from New Hampshire, USA.

7. Eric ANG Teik Lim

Mr Ang is Managing Director and Head of Capital Markets at DBS Bank. He also serves on the DBS Group Holdings Ltd (DBSH) Management Committee. Within DBSH, he serves on numerous boards including DBS Asia Capital Ltd, Hwang-DBS Investment Bank Berhad and The Islamic Bank of Asia Limited.

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

8. Dilhan Pillay SANDRASEGARA

Mr Sandrasegara is the Head of Enterprise Development Group and Singapore, as well as Co-head of Portfolio Management and Europe of Temasek International Pte Ltd. Prior to joining Temasek, he was a corporate lawyer.

Mr Sandrasegara serves on the boards of the Singapore Management University, Singapore Institute of Legal Education, Temasek Life Sciences Ventures Private Limited and Fullerton Financial Holdings Pte Ltd. He is also a member of the Capital Markets Committee of the Monetary Authority of Singapore. He was previously a member of the Corporate Governance Council and a board member of various publicly listed companies and public bodies.

He graduated from the National University of Singapore with a Bachelor of Laws and obtained a Master of Law from the University of Cambridge.

9. Danny TEOH Leong Kay

Mr Teoh is a Board Member of Keppel Corporation Limited, DBS Bank Ltd, DBS Bank Holdings, JTC Corporation and the Singapore Olympic Foundation.

Mr Teoh was Managing Partner of KPMG in Singapore until his retirement on 30 September 2010. He had also served as a member of KPMG's Asia-Pacific Board and the KPMG International Council and Board during his time at KPMG.

Mr Teoh held various other positions at KPMG, including Head of Audit & Risk Advisory Services (Singapore), Head of Risk Advisory Services (Asia-Pacific) and Head of Financial Services (Singapore).

Mr Teoh qualified as a Chartered Accountant in the UK in 1981 and is a member of the Institute of Chartered Accountants of England and Wales.

10. Richard MAGNUS

Mr Magnus is the Chairman of the Casino Regulatory Authority, the Political Films Consultative Committee, Temasek Cares CLG Ltd, Public Guardian Board and the Bioethics Advisory Committee. He is a Board Member of the Public Transport Council and CapitaMall Trust Management Ltd. He is a Member of the Public Service Commission. He was also Singapore's First Representative to the ASEAN Inter-Governmental Commission on Human Rights.

Mr Magnus retired as Chief District Judge after a distinguished public service career with the Singapore Legal Service. In the course of his service, he held headship appointments in several Legal Departments. He was also Director in several Government-linked companies.

In recognition of his sterling contributions to the nation, he was conferred the Public Administration Medal (Silver) in 1983, the Public Administration Medal (Gold) in 1994, the Public Administration Medal (Gold) (Bar) in 2003 and the Meritorious Service Medal in 2009.

Mr Magnus graduated from National University of Singapore with a Master of Law. He is also an alumnus of the Harvard Business School and the John F Kennedy School of Government.



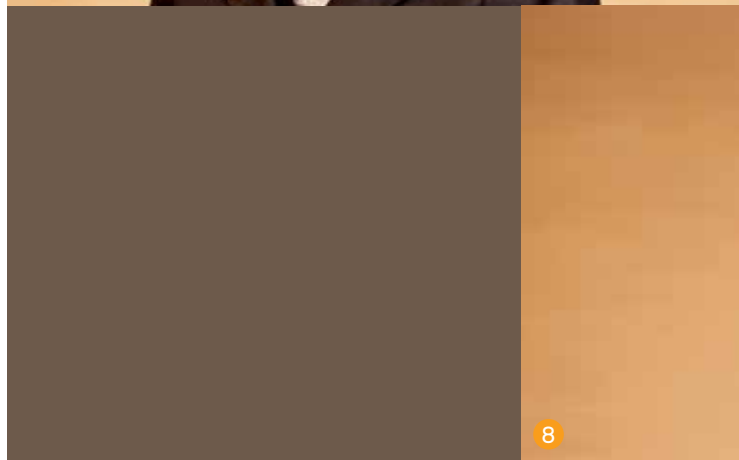
Executive Management

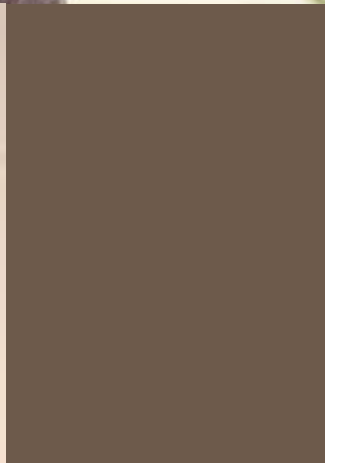
CHANGI AIRPORT GROUP

- | | |
|---|---|
| 1. LEE Seow Hiang
CHIEF EXECUTIVE OFFICER | 5. LIM Peck Hoon
EXECUTIVE VICE PRESIDENT
Commercial |
| 2. TAN Lye Teck
EXECUTIVE VICE PRESIDENT
Airport Management | 6. NG Lai Leng
CHIEF FINANCIAL OFFICER |
| 3. YAM Kum Weng
EXECUTIVE VICE PRESIDENT
Air Hub & Development | 7. FONG Kok Wai
EXECUTIVE VICE PRESIDENT
Engineering & Development |
| 4. FOO Sek Min
EXECUTIVE VICE PRESIDENT
Corporate | |

CHANGI AIRPORTS INTERNATIONAL

- | |
|--|
| 8. LIM Liang Song
CHIEF EXECUTIVE OFFICER |
| 9. Eugene GAN
DEPUTY CHIEF EXECUTIVE OFFICER |





Management Team

CHANGI AIRPORT GROUP

KOH Ming Sue

SENIOR VICE PRESIDENT
Engineering & Master Planning

LECK Siew Leng

SENIOR VICE PRESIDENT
Internal Audit

Audrey LEE

SENIOR VICE PRESIDENT
Economic Affairs

Steve LEE

SENIOR VICE PRESIDENT
Technology / Chief Information
Officer

LIM Ching Kiat

SENIOR VICE PRESIDENT
Market Development / General
Manager, Seletar Airport

LIM Wee Ping

SENIOR VICE PRESIDENT
Corporate Strategy & Business
Development

Arlene OEI

CHIEF LEGAL OFFICER &
COMPANY SECRETARY

Cletus PACKIAM

CHIEF
Airport Emergency Service

Ivan TAN

SENIOR VICE PRESIDENT
Corporate & Marketing
Communications

Justina TAN

SENIOR VICE PRESIDENT
Human Resource

Ivy WONG

SENIOR VICE PRESIDENT
Airside Concessions

YEO Kia Thye

SENIOR VICE PRESIDENT
Airport Operations

CHANGI AIRPORTS INTERNATIONAL*

CHAN Mew Yoong

VICE PRESIDENT
Human Resources

LOW Beng Lan

SENIOR VICE PRESIDENT
Finance

NG Kuan Luen

VICE PRESIDENT
Risk Management

Jose PANTANGCO

SENIOR VICE PRESIDENT
Investments

SEE Ngee Muoy

GENERAL COUNSEL

L SOMKIAT

CHIEF AIRPORT PLANNER

*Members of Changi Airports International's
Management Committee



Financial Review

FINANCIAL HIGHLIGHTS

	Group FY 10/11	Group FY 11/12	Group FY 12/13
S\$ in Millions			
Total revenue	1,454	1,779	1,911
Total expenses	1,057	1,119	1,149
EBITDA ¹	617	930	1,045
Profit before tax	409	670	884
Profit after tax	337	553	751

S\$ in Millions

Assets	7,648	5,144	5,880
Liabilities	3,806	754	768
Equity	3,842	4,390	5,112
Return on equity	9.2%	13.4%	15.8%

Operating Statistics (In Thousands)

Passenger movements	42,983	47,951	51,941
Aircraft movements	271	311	328

¹ Earnings before Interest, Tax, Depreciation & Amortisation (EBITDA)

OVERVIEW

Changi Airport Group (CAG) registered strong financial performance with earnings before interest, tax, depreciation and amortisation ("EBITDA") exceeding S\$1 billion and profit after tax of S\$751 million for the financial year ended 31 March 2013, representing a growth of 12.4% and 35.8% respectively over the preceding financial year. The strong performance was underpinned by higher passenger traffic, solid growth in retail sales as well as an investment gain of S\$106 million.

Against the backdrop of economic uncertainties in major economies like the Euro zone and the United States, Changi Airport's passenger traffic registered a robust growth of 8.3% to 52 million, crossing the 50 million mark for the first time. Aircraft movements also increased by 5.5% to 328,000 movements during the financial year. Asia-Pacific continued to be the key driver of passenger growth with the strongest traffic coming from Northeast Asia, Southeast Asia

and Southwest Pacific. Joint marketing and collaboration with airlines to launch new routes as well as deepen existing ones helped to boost traffic.

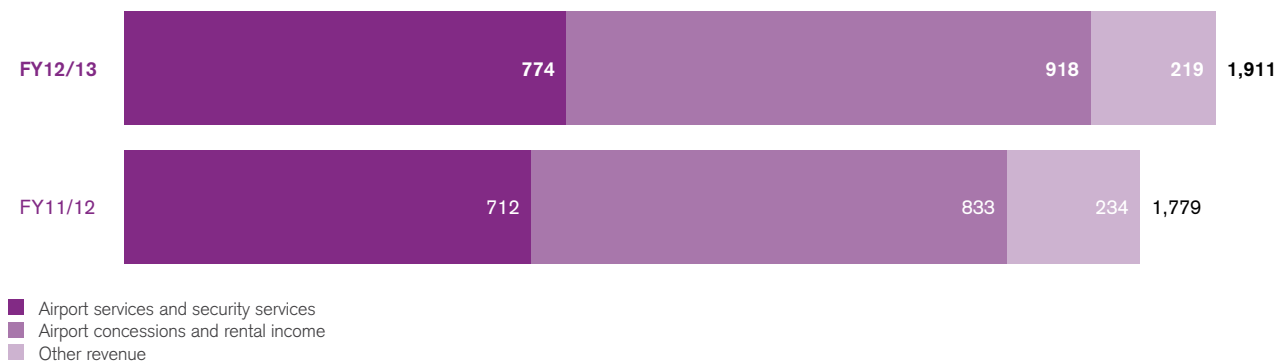
Changi Airport remains one of the world's best connected airports serving more than 100 airlines with over 6,500 weekly scheduled flights to more than 250 cities in some 60 countries and territories worldwide.

In its non-aeronautical business, CAG's retail performance continued to scale new heights. Concession sales at Changi Airport registered double-digit growth to more than S\$1.9 billion, placing it amongst the world's top four airports in terms of annual retail sales turnover. This result was achieved through higher passenger traffic, concerted efforts to introduce new brands to refresh the Changi retail experience, an increase in leasable space as well as intensive promotion and marketing to drive retail sales.

Financial Review

REVENUE COMPOSITION

S\$ IN MILLION



OPERATING REVENUE

In tandem with robust passenger traffic growth, the Group's revenue grew by 7.4% from S\$1.78 billion to S\$1.91 billion.

Revenue from **Airport services and security services** increased by 8.7% to S\$774 million, buoyed by strong travel demand on both full-service and low-cost carriers. During the year, Changi Airport also welcomed five new airlines that extended Changi Airport's reach to six new cities.

To promote Changi Airport as a transfer hub, the Changi Transit Programme was launched where eligible passengers transiting through Changi Airport were entitled to Changi Dollar Vouchers for use in the retail stores, F&B outlets and lounges within the airport. CAG also recognises the potential of the emerging "do-it-yourself" transfer market where passengers travel with two unrelated airlines in one itinerary. Hence, a new service, Changi Connects, was introduced to facilitate hassle-free transfers at Changi without the need to exit and check-in a second time for the onward flight. The above initiatives, together with the popular Free Singapore Tour, will strengthen Changi Airport's appeal as a transfer hub.

Airport concessions and rental income, representing 48.0% of total revenue, increased by 10.2% to S\$918 million. The increase in concession revenue was driven by higher passenger traffic and strong retail performance. The introduction of exciting new outlets and an innovative retail mix were vital to enhance the shopping

experience at Changi. In addition, proven successful marketing campaigns also continued to attract shoppers including the 7% savings through absorption of GST in the public-area stores, Changi Rewards loyalty programme, Christmas promotion and the chance to be an instant millionaire with the "Be a Changi Millionaire" draw.

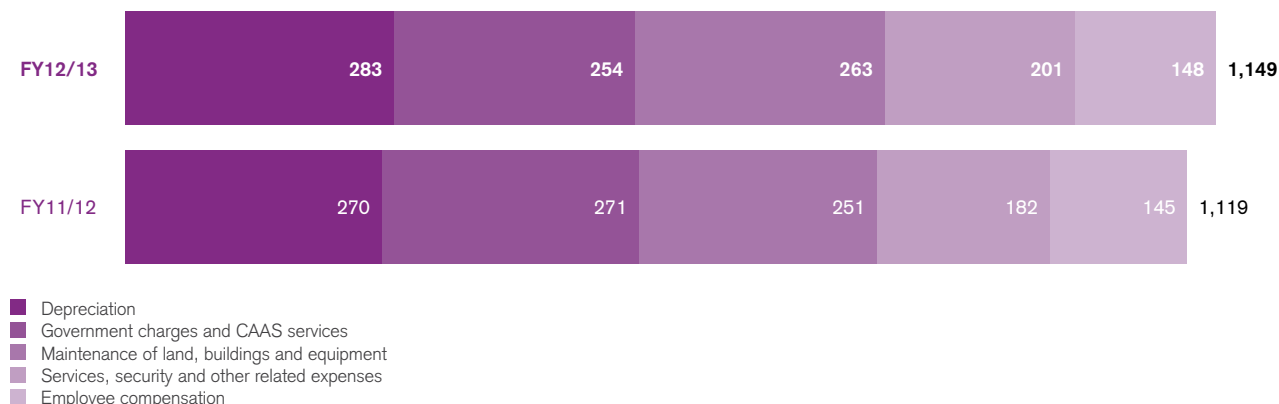
OPERATING EXPENSES

The Group's operating expenses increased moderately by 2.7% to S\$1.15 billion. Maintenance expenses and security related expenses increased by 4.8% and 10.4% respectively driven by inflationary cost increase, wages increase and higher fuel cost. The full impact on cost escalation was mitigated by the Group's efforts in working closely with its service providers to drive productivity through automation and job redesign initiatives. With Singapore entering an era of workforce transformation and wage reform, the Group expects to see more cost pressure from labour intensive contracts that are due for renewal in the following years.

To manage cost escalation, CAG will continue to engage its service providers to leverage technology to improve productivity and re-design job scope and processes for better allocation of resources. Some examples of these measures included the Instant Feedback System which helped cleaning contractors to more efficiently deploy their manpower resources as well as maintenance and cleaning contracts which were restructured to tie compensation to performance, thereby instilling productivity gains.

EXPENSE COMPOSITION

S\$ IN MILLION



INVESTMENT GAIN

The group achieved an investment gain of S\$106 million through its wholly-owned subsidiary, Changi Airports International Pte Ltd (CAI), due to a revaluation gain and share of results from its investment in Gemina S.p.A. (the holding company of Aeroporti di Roma S.p.A. which operates Fiumicino and Ciampino airports in Rome). On 15 May 2013, the Group divested all of its shareholdings in Gemina. The divestment will result in a further gain of S\$24 million to be recognised in the next financial year.

PROFIT AFTER TAX

Overall, the Group recorded a profit after tax of S\$751 million, an improvement of S\$198 million over last year, driven mainly by robust passenger traffic growth, strong retail performance as well as the investment gain from CAI.

FINANCIAL POSITION

The Group's shareholder equity increased to S\$5.11 billion, an increase of S\$722 million compared to the previous financial year. The increase was primarily due to the net profit attained for the financial year, partially offset by the payment of dividends. For the financial year ended 31 March 2013, a final dividend amounting to S\$230 million has been recommended.

Property, plant and equipment accounted for 42.5% or S\$2.50 billion of the Group's total asset of S\$5.88 billion.

One key milestone this year was the completion of Terminal 1 upgrading with improved façades, more space for retail offerings, additional facilities and improved passenger flow for airport users.

As at 31 March 2013, the Group held **cash and cash equivalents** of S\$2.64 billion. These funds are earmarked to be reinvested for capital expenditure to upkeep and enhance airport facilities as well as major infrastructure developments to increase operating capacity. The major development projects include the upcoming Terminal 4, and Project Jewel, a mixed-use complex at the Terminal 1 car park. In addition, the Group is also working closely with government agencies in planning for Singapore's longer-term aviation requirements including planning for a third runway and a fifth terminal.

Corporate Governance

The Board and Management of Changi Airport Group (CAG) are committed to meeting and maintaining the highest standards of corporate governance, professionalism and integrity to build a company which stakeholders can be proud of. To thrive and operate a sustainable business over the long term, and to uphold and protect the Company's brand and reputation, CAG strongly believes that it has to be accountable to its immediate business and regulatory environment, as well as to the global community.

CAG has a Code of Conduct, which sets out the principles, policies and standards of conduct that it expects of all employees, in their day-to-day activities and in the decisions they make. The Company has implemented a whistle-blowing framework to prevent, detect, and deter unethical or illegal conduct or behaviour, while protecting whistle-blowers from reprisal within the limits of the law if they have acted in good faith.

THE BOARD OF DIRECTORS

1. At the helm of the decision-making process of CAG is the Board of Directors, who oversees the Company's long term strategies, providing management guidance for continuing and steady growth, while protecting the interests of stakeholders.

Composition and Balance

2. The Board, headed by non-executive Chairman, Mr Liew Mun Leong, comprises nine Directors, of whom only the CEO, Mr Lee Seow Hiang, is an executive Director. The Board is strongly independent with seven Directors, including the Chairman, considered to be independent, with reference to the definition of 'independence' in the Code of Corporate Governance. The Directors are individuals with a broad and diverse spectrum of expertise and experience, both domestically and internationally.
3. The Board Directors of CAG are:

Mr Liew Mun Leong	– Chairman
Mr Lee Seow Hiang	– CEO
Ms Lim Soo Hoon	(appointed on 16 June 2012)
Mr Derrick Wan Yew Meng	(Alternate Director to Ms Lim Soo Hoon)
Mr Michael George William Barclay	
Mr Miguel Ko Kai Kwun	
Mr Eric Ang Teik Lim	
Mr Dilhan Pillay Sandrasegara	
Mr Danny Teoh Leong Kay	
Mr Richard Magnus	

The profiles of the Directors can be found on pages 20 to 23 in this annual report. Changi Airports International (CAI), a wholly-owned subsidiary, has a separate Board of Directors.

4. The roles of the Chairman and the CEO are separate and distinct. The Chairman leads the Board and facilitates effective and comprehensive Board discussions and decision-making on strategic issues, while the CEO has full executive responsibility for the management of the Company's businesses and implementation of the Group's strategies and policies.
5. Five committees have been formed to assist the Board in the detailed consideration of various matters. These are the Executive Committee (EXCO), Executive Resource and Compensation Committee (ERCC), Audit Committee (AC), Tenders Committee (TC) and the Executive Committee on Airport Development (ECAD). Each committee is governed by its own terms of reference, which set out the scope of the committee's duties and responsibilities. Ad-hoc committees are also formed to review specific issues from time to time.
6. The Board meets at least four times a year to review CAG's business performance and financial results, and to approve the annual budget.
7. Formal letters are issued to newly-appointed Directors upon their appointment, detailing their duties and obligations as Directors. Management conducts an orientation programme for new Directors, and updates Directors on new laws and regulations, as well as developments and risks facing the business and industry, when necessary. Site visits are also arranged for new Directors to familiarise them with the Group's operations.

Access to Information

8. Prior to each Board Meeting and when necessary, the Board is provided with pertinent information, which includes updates on the Company's operating and financial key performance indicators, legislative, industry and other significant developments relating to the Group, which enables the Board to make informed and sound decisions. The Board has full access to the Senior Management team and the Company Secretary. Should the Directors require independent professional advice on matters relating to the businesses or issues affecting their duties, the Company will arrange for the appointment of relevant professional advisers, at the Company's expense.

CAPITAL & INVESTMENTS

1. The members of the EXCO are:

Mr Liew Mun Leong	– Chairman
Mr Eric Ang Teik Lim	
Mr Lee Seow Hiang	

2. The EXCO reviews and recommends to the Board the capital structure, and the financing and investment strategies of the Company. The EXCO also approves significant investments by CAG and CAI. As an executive committee of the Board, it also assists the Board in reviewing and approving executive matters of the Company, including the opening and operations of bank accounts, acceptance of banking and credit facilities, granting of corporate guarantees, debt capital market issuance as well as hedging policies and financial limits for operations, procurement and treasury.
3. The primary role of the AC is to assist the Board in ensuring integrity of financial reporting and that a sound system of internal controls is in place. The AC's responsibilities include reviewing the financial information CAG provides to its shareholders and competent authorities and the effectiveness of key internal controls including financial, operational, compliance and risk management, as well as the financial reporting processes that the Board and the Management of CAG have established. The AC also reviews the mechanisms put in place by CAG for employees to raise concerns in confidence, about possible improprieties in financial reporting or other matters; the procedures for independent investigation of the matters reported and for appropriate follow-up action.

EXECUTIVE RESOURCE AND COMPENSATION

1. The ERCC comprises three independent and non-executive Directors:
 - Mr Liew Mun Leong – Chairman
 - Mr Eric Ang Teik Lim
 - Mr Miguel Ko Kai Kwun
2. The ERCC supports and advises the Board on remuneration matters, leadership succession and development. The roles of the ERCC include:
 - a. reviewing and approving the policy for determining executive remuneration, including the remuneration packages, service contract terms and benefits programme for key management executives;
 - b. approving the appointment of key management executives, overseeing the development of key executives and reviewing succession plans for key positions to ensure a strong pipeline of talent to enable the continued success of the Company; and
 - c. recommending the remuneration framework, including Directors' fees for non-executive Directors.
4. During the year, the AC performed an independent review of the financial statements of the company. In the process, the AC reviewed the key areas of management judgment applied for adequate disclosure, critical accounting policies and any significant changes that would have a material impact on the financials.
5. Annually, the AC reviews and approves the audit plans of the external auditors and internal auditors to ensure the adequacy of coverage in terms of the audit scope in reviewing CAG's significant internal controls. The AC also reviews the adequacy of the internal audit function in terms of its resources, competency and standing within the organisation and the training programmes attended by the internal audit team to ensure that the staff continues to update their technical and auditing skills. The AC also reviews the reports of the external auditors and internal auditors on the effectiveness of actions taken by Management on the recommendations and observations.
6. Prior to making recommendations to the Board on the external auditor's appointment or reappointment, the AC reviews the external auditor's independence, objectivity and quality of work based on guidelines established by the Accounting and Corporate Regulatory Authority and through discussions with the external auditors. The AC also reviews the non-audit fees awarded to the external auditors to determine that the non-audit services performed by them would not affect their independence.
7. The AC meets with the external and internal auditors without the presence of Management, where the auditors may raise issues encountered in the course of their work directly to the AC.

ACCOUNTABILITY AND AUDIT

Accountability

1. Management provides all members of the Board with reports on operating and financial information and key performance indicators on a quarterly basis, to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects.

Audit Matters

2. The AC comprises the following three non-executive Directors:
 - Mr Danny Teoh Leong Kay – Chairman
 - Ms Lim Soo Hoon (appointed on 16 June 2012)
 - Mr Derrick Wan Yew Meng (Alternate Director to Ms Lim Soo Hoon)
 - Mr Eric Ang Teik Lim

Corporate Governance

INTERNAL CONTROLS

1. The Board and Management of the Company are fully committed to maintaining a robust system of internal controls, procedures and risk management to safeguard shareholders' interests and the Group's assets, and to manage risks. The Board delegates its oversight responsibilities for internal controls and risk management to the AC, which ensures effectiveness and adequacy of the system of internal controls in the Company.
2. CAG's internal control framework, supported by systems, processes and people, comprises three lines of defence in ensuring the adequacy of CAG's system of internal controls. The first line of defence comprises business governance and policies implemented by Management to provide direction and guidance on financial, operational, information technology and compliance matters. The second line of defence comprises the management and assurance frameworks, i.e. enterprise risk management and fraud risk management processes. These include conflict of interest declarations by employees and the implementation of the Whistle-blowing Policy and Code of Conduct to establish a clear tone on the expectations of employees' business conduct. The third line of defence is the independent assurance provided by the internal and external auditors.
3. CAG's internal and external auditors review the key internal controls of the Company; and any material non-compliance or failures in internal controls. Recommendations for improvement are reported to the AC, which reviews the effectiveness of the action taken by Management on the recommendations made.
4. The AC also reviews the effectiveness of the enterprise risk management framework and the risk management processes put in place to manage risks while achieving business objectives.
5. A separate committee, the TC, evaluates and approves tenders for goods and services exceeding S\$50 million, with the exception of those related to new development projects and major redevelopment projects at Changi Airport, which are under the purview of the ECAD. The TC is chaired by a non-executive Director and comprises the following three Directors:

Mr Michael George William Barclay – Chairman
Mr Richard Magnus
Mr Lee Seow Hiang

Internal Audit

1. The internal audit function assists the AC to ensure that the Company maintains a sound system of internal controls. Internal Audit conducts regular audits of high risk areas, and undertakes investigations as directed by the AC. It comprises suitably qualified and experienced staff, headed by the Senior Vice President, Internal Audit (SVP, IA). SVP, IA reports functionally to the Chairman of the AC, and administratively to the CEO. To ensure the independence of the IA function, the IA team has unrestricted access to the AC.
2. Internal Audit adopts a risk-based approach in its audit work, focusing on key internal controls, including financial, operational and compliance controls. Internal audit practices are also guided by the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.
3. Audits are carried out on all significant business units and processes in the Company. The annual audit plan is developed in consultation with, but independent of Management, and is approved by the AC. Internal Audit's report on findings and recommendations are submitted to the AC with copies extended to the CEO and relevant senior management officers, and a summary of key findings and recommendations discussed at the AC meetings. Internal Audit also tracks and reports to the AC on the implementation status of actions agreed by Management, so as to ensure timely and adequate closure of audit findings.

EXECUTIVE COMMITTEE ON AIRPORT DEVELOPMENT

1. The ECAD comprises four Directors and five non-Directors. The four Directors are:

Mr Liew Mun Leong – Chairman
Mr Derrick Wan Yew Meng
Mr Michael George William Barclay
Mr Lee Seow Hiang

As and when necessary, external members, may be co-opted to provide expertise to the development projects.

2. The ECAD oversees new development projects and major redevelopment projects at Changi Airport. The roles of the ECAD include:
 - a. reviewing and approving collaborations, selection of consultants, architects and other professional advisors, design concepts, aesthetic element proposals and other proposals related to development projects at Changi Airport; and
 - b. reviewing and approving tenders for goods and services exceeding S\$50 million related to the development projects at Changi Airport.

Enterprise Risk Management

1. As an airport operator, Changi Airport Group (CAG) has to manage a wide range of activities and risks, which are broadly classified into strategic, financial, operational, regulatory and investment. The Company seeks to reduce the occurrence of risks and to minimise potential adverse impact as much as possible.
2. To ensure that a robust system is put in place to manage CAG's risks, an Enterprise Risk Management (ERM) framework has been implemented and is reviewed continuously to ensure its relevance to the company's business. This framework subscribes to international best practices in the form of ISO 31000:2009, an internationally recognised risk management standard.

RISK GOVERNANCE

3. The CAG Risk Committee, supported by the ERM unit, leads the Company's efforts in developing and strengthening its risk management processes and framework. Reporting to the Board's Audit Committee, the Risk Committee is chaired by the CEO and comprises Senior Management members, who meet quarterly to review CAG's key risks and provide directions to strengthen the implementation of ERM in CAG. Efforts have been made to institutionalise ERM by developing a robust risk awareness culture in CAG.

OBJECTIVES

4. The key objectives of the Enterprise Risk Management framework are to integrate risk management into daily activities of the Group at all levels within the organisation to ensure:
 - a. proper oversight of CAG's risks;
 - b. risk-considered decision-making;
 - c. compliance with regulatory obligations; and
 - d. protection of CAG's integrity, value, reputation and assets.

RISK AWARENESS CULTURE

5. At CAG, every employee and everyone working in the airport community is a valued manager of risks. Therefore, the Risk Committee, through the ERM unit, continues with its engagement efforts so that there is a common and holistic understanding of how risks are managed across the many areas of Changi Airport.

FOCUS ON ERM EXCELLENCE

6. To further develop ERM maturity at CAG, the ERM unit has encouraged risk owners to utilise analytical tools such as root cause analysis in risk assessments which would provide more insight to facilitate risk identification. The unit has also embarked on developing a company-wide risk information technology project to ensure key risks are systematically captured, addressed and acted upon.





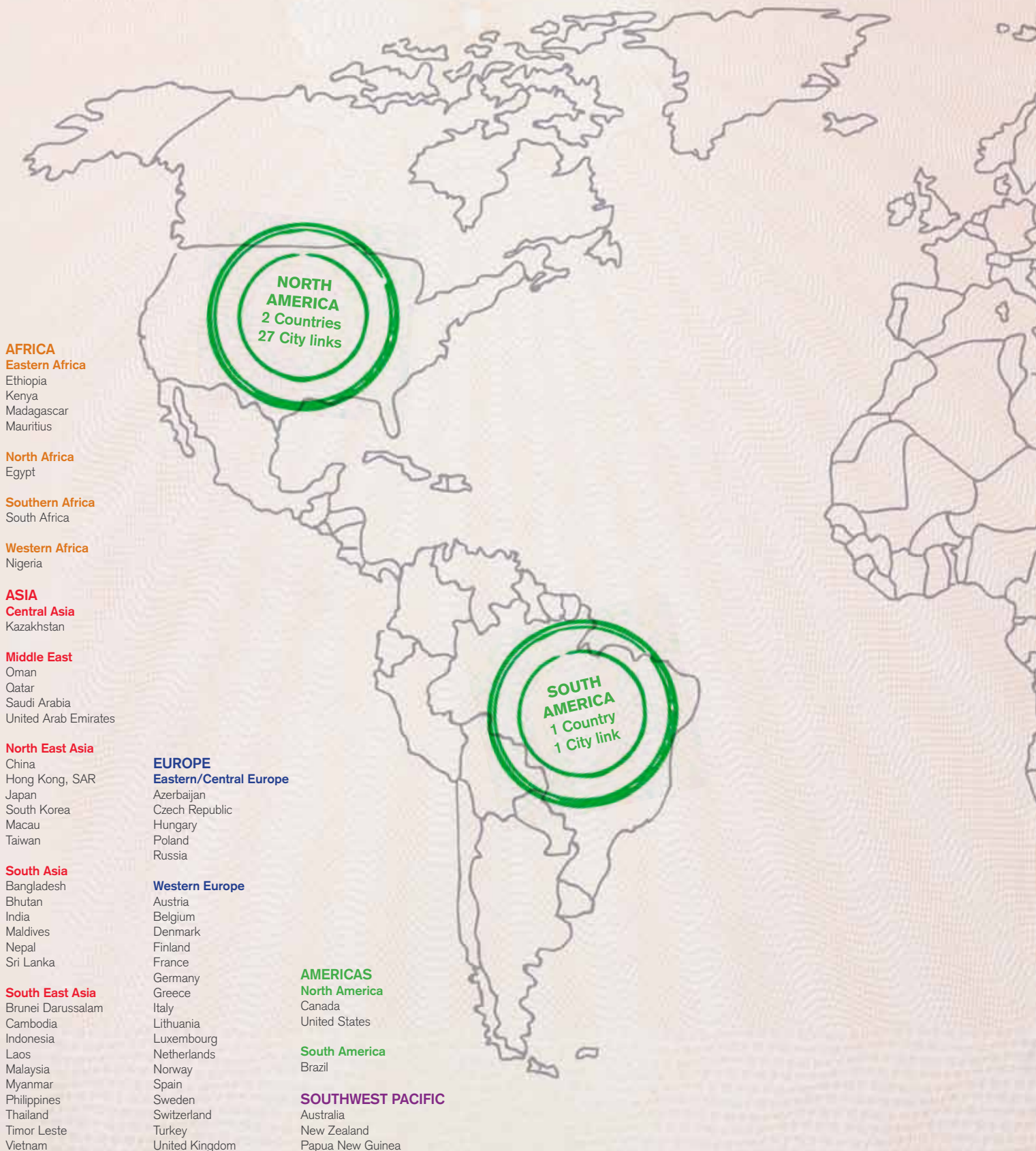
Business & Operations Review





Global Connectivity

Country & City Links (as at 31 March 2013)





EUROPE
22 Countries
66 City links

**CENTRAL ASIA
+ MIDDLE EAST**
5 Countries
9 City links

SOUTH ASIA
6 Countries
17 City links

NORTH EAST ASIA
6 Countries
39 City links

SOUTH EAST ASIA
10 Countries
47 City links

SINGAPORE

AFRICA
7 Countries
11 City links

SOUTHWEST PACIFIC
3 Countries
40 City links

Changi Airport is the seventh busiest international airport in the world. As at 31 March 2013, Changi serves more than 100 airlines operating over 6,500 weekly scheduled flights connecting Singapore to over

250
cities in about 60 countries and territories worldwide.

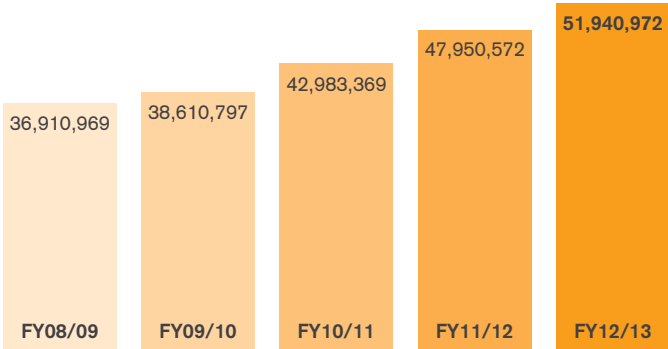
Air Traffic Statistics

By year



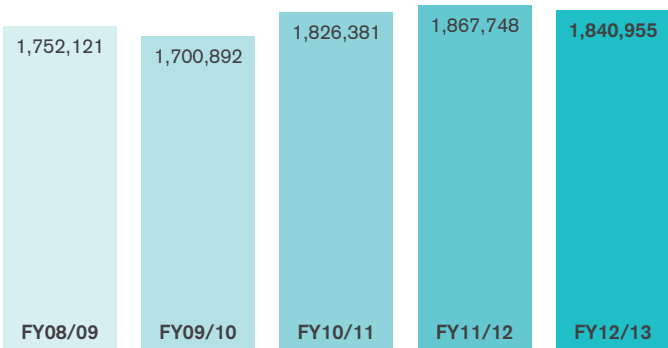
PASSENGER MOVEMENTS

NO. OF PASSENGER MOVEMENTS



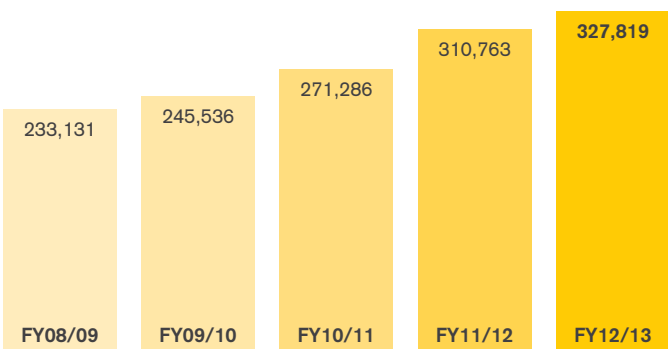
AIR FREIGHT MOVEMENTS

TONNES OF AIR FREIGHT



COMMERCIAL AIRCRAFT MOVEMENTS

NO. OF COMMERCIAL AIRCRAFT MOVEMENTS

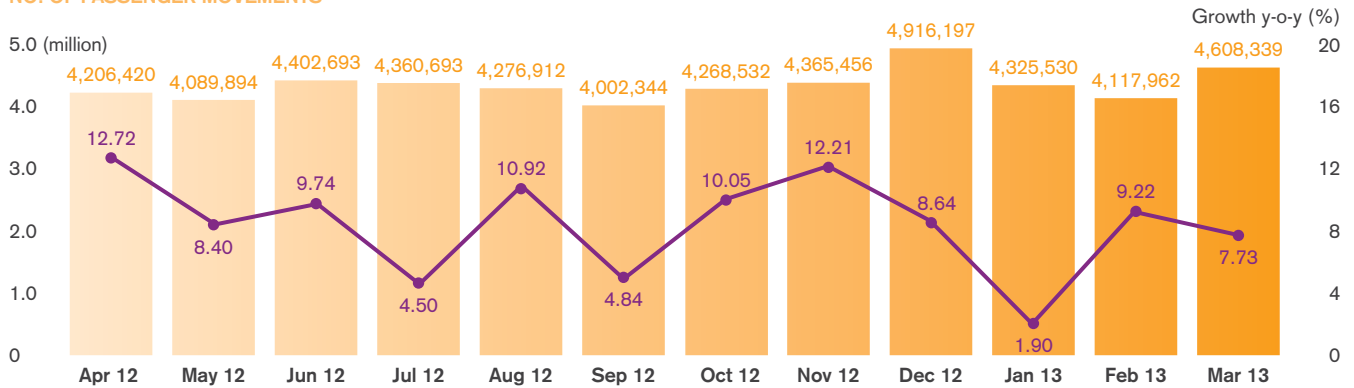


Air Traffic Statistics

By month

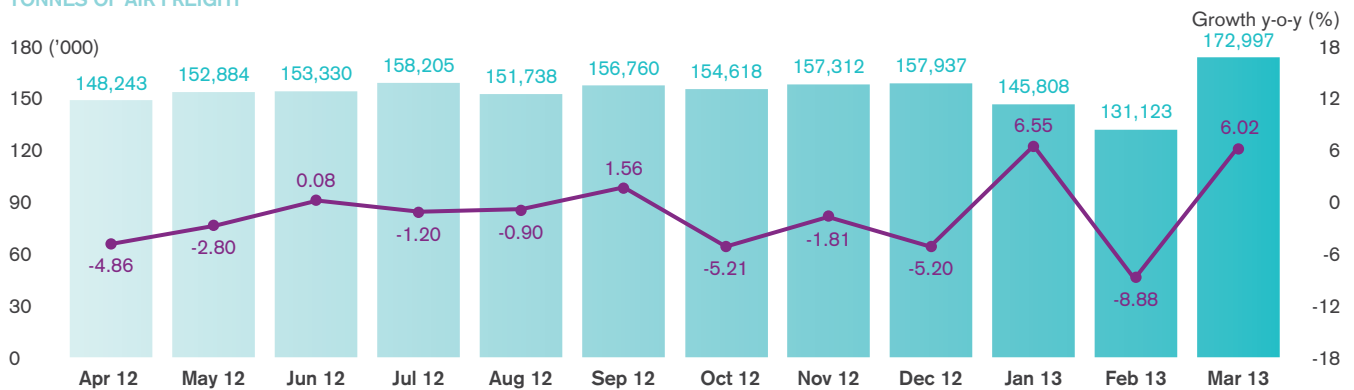
PASSENGER MOVEMENTS

NO. OF PASSENGER MOVEMENTS



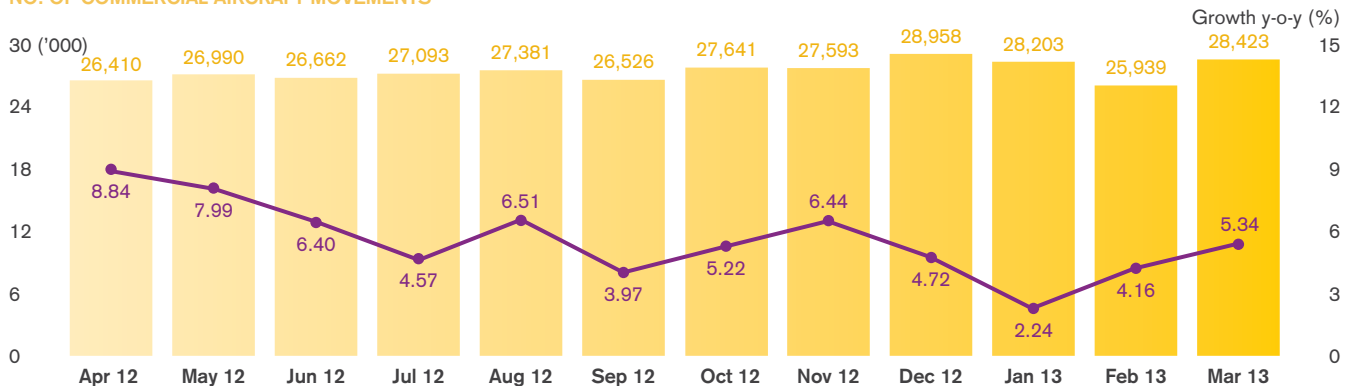
AIR FREIGHT MOVEMENTS

TONNES OF AIR FREIGHT



COMMERCIAL AIRCRAFT MOVEMENTS

NO. OF COMMERCIAL AIRCRAFT MOVEMENTS



The Changi Air Hub

It was a milestone year in FY12/13 for Changi Airport, which welcomed an unprecedented 52 million passengers – a significant leap from the eight million passengers registered in 1981, the year Changi Airport opened.

Now a renowned air hub serving over 100 airlines linking Singapore to some 250 cities across 60 countries, Changi Airport sees more than 6,500 flight take-offs and landings every week. As one of the world's busiest international air hub, Changi continues to strive to expand its network and connectivity, to offer the best flight options to the discerning world traveller.

CROSSING THE 50 MILLION MARK

Barely two years after it set the record of 40 million passenger movements, Changi Airport achieved yet another milestone when it registered a new all-time high of 52 million passenger movements for FY12/13.

Representing an 8.3% increase in passenger traffic over the previous year, the increase was underpinned by steady travel demand to and from Southeast Asia, Northeast Asia and South Asia. Indonesia remained the top country market for Changi Airport, while there was double-digit growth for Thailand, Japan and China, accentuating Changi's position as a key hub in the Asia-Pacific region.

In tandem, aircraft movements grew 5.5% to register a total of 328,000 flights for the year, or a growth of about 300 scheduled flights each week. While a significant proportion of this growth was contributed by flights within Asia-Pacific, Changi Airport also added services to long-haul markets such as Europe.

During the year, Changi Airport welcomed five new airlines to Singapore – AirAsia Philippines, Drukair, Mandala Airlines, Scoot and Shenzhen Airlines. The introduction of Drukair's direct service from Bhutan to Singapore not only established direct air links between the two countries, it also made possible a same-day arrival for travellers from Singapore. Singapore is just one of five countries to be linked to the Himalayan nation by air.

Back home, Singapore Airlines launched Scoot, its much-awaited low-cost arm focused on medium-haul routes. Further north, the commencement of services by Shenzhen Airlines at Changi Airport has provided more options for those heading for China via the airline's extensive network in the south and east regions of China.

In terms of connectivity, Changi Airport expanded its network of passenger city links by adding six new points – Taiyuan (China), Gold Coast (Australia), Kota Bharu (Malaysia), Paro (Bhutan), Visakhapatnam (India) and Iloilo (Philippines). Of these, the launch of direct services by SilkAir to Visakhapatnam brought Changi's connectivity to India to 12 cities, strengthening its position as the

01. Her Royal Highness Princess Chimi Yangzom Wangchuck, the eldest princess from the Bhutanese Royal Family, graced the ceremony celebrating Drukair's direct service between Singapore and Bhutan.

02. Scoot launched its services in June 2012, with Sydney as its first destination.



In a holiday mood?
Scoot off from Changi Airport.

CHANGI
airport singapore



Tiger's Nest Monastery
Himalayan Mountains
Bhutan

Explore happiness in picturesque
Bhutan with two direct flights weekly
from Singapore on Drukair.

Visit happiness.travel today to find out more.

Drukair
airline of bhutan

CHANGI
airport singapore

一座现代与传统共舞的
城市期待您的发掘。

四川航空
SICHUAN AIRLINES

The Perfect Balance of Serenity and Technology.
Changi Airport Welcomes the Japan Airlines Boeing 787 Dreamliner.

JAPAN AIRLINES

Some of CAG's marketing efforts to celebrate new routes and airlines at Changi Airport during the year.

The Changi Air Hub

most connected Southeast Asian airport to South Asia. Likewise, with Scoot's commencement of direct services to Gold Coast, Changi Airport is now linked to seven cities in Australia, serving as a key gateway from Southeast Asia to the Southwest Pacific region. Scoot also launched new direct services to Tianjin, Qingdao and Shenyang, which makes it easier for passengers to travel between Singapore and these cities.

PARTNERING FOR A COMMON GOAL

During the year, Changi Airport Group (CAG) continued to build awareness of newer destinations and routes served at Changi Airport. These activities were undertaken in collaboration with airlines, travel trade and tourism authorities through various marketing initiatives in the local and overseas markets. Through these close partnerships, CAG hopes to create new opportunities for growth, both for Changi Airport as well as its partners.

CAG rolled out its free-to-download Weekend Escapades mobile app. Featuring easy-to-digest, bite-sized information on the sights, sounds and activities in 30 cities of 11 neighbouring countries, the app aims to provide inspiration to Singapore residents on the less-trodden destinations within a five-hour flight radius of Singapore for a weekend getaway.

With the increasing trend of passengers making their own flight reservations on different carriers on one itinerary, CAG, in partnership with SATS, rolled out a facilitated transfer service, Changi Connects, for passengers travelling on low-cost carriers, saving connecting passengers the hassle of passing

through immigration, and collecting their checked baggage for re-check-in. Through this enhanced service, transferring passengers enjoy a truly seamless journey when travelling through Changi Airport. This innovative service is currently offered through Scoot and Tigerair, with discussions on-going to bring this to more passengers travelling on other airlines.

BUILDING A RESILIENT AIR CARGO HUB

With the economic uncertainties in the Euro zone, coupled with a slowdown in the United States and China, global airfreight volumes declined by 1.9% in 2012. As an international air cargo hub, Changi Airport was similarly affected and it closed the year with 1.8 million tonnes of airfreight handled, a 1.4% decline compared to the previous financial year.

Even under the challenging external economic conditions, Changi Airport added two new cargo city links to its network – Almaty in Kazakhstan and Dammam in Saudi Arabia – bringing Changi's total number of freighter city links to 58.

To reduce its risk to external factors and build resilience in the cargo business, CAG has been actively developing niche cargo segments such as pharmaceuticals, perishables and express cargo as part of its diversification strategy. For instance, it has been actively marketing SATS Coolport@Changi, an on-airport facility where temperature-sensitive cargo can be handled with minimum risk of exposure. This facility, coupled with CAG's marketing efforts, has contributed to a 3.7% and 6.3% growth in perishables and pharmaceuticals volumes respectively.

01. Changi Airport handled 1.8 million tonnes of air freight in FY12/13.



CAG also welcomed the opening of FedEx Express' South Pacific Regional Hub within Singapore's Air Cargo Express Hub area. Operational in October 2012, the 2.6 hectare integrated facility serves the Singapore market and is a trans-shipment point for the express player's Asia-Pacific shipments in and out of Australia, New Zealand, and Southeast Asian markets. The centre's ability to sort up to 12,000 packages in an hour doubles its previous throughput, boosting Changi's express cargo handling capability.

To further support the cargo industry, which has faced headwinds due to persistently high fuel prices and declining airfreight demand worldwide, CAG extended its support for the sector by pledging an additional S\$17 million cargo support package for FY13/14. The new package included increased freighter landing rebates, up from 20% to 50% for the period from 1 April to 31 December 2013, which would be adjusted to 30% for the first quarter of 2014. The support package also provided partnership funding support for new cargo initiatives undertaken with CAG, as well as an extension of 20% rental rebates for cargo tenants leasing CAG cargo facilities at the CAC.

DEVELOPING THE BUSINESS AVIATION SECTOR

Over the past few years, business aviation in Singapore has grown significantly, with aircraft movements achieving a compounded annual growth rate of about 18.0% from 2008 to 2012. For FY12/13 however, the growth trend has tapered, in light of the weaker global economic climate that has impacted the business aviation sector as well. The longer term outlook for this market however remains largely positive in view of steady aircraft sales forecast for the coming years and Singapore's continued efforts to enhance its attractiveness as a tourist destination and MICE (meetings, incentives, conventions and exhibitions) venue of choice.

As part of CAG's strategic plan to strengthen Singapore's position as the premier aerospace hub in the region, Seletar Airport – also operated by CAG – and its surroundings are being developed into the Seletar Aerospace Park (SAP) under a multi-year upgrading plan that commenced in 2008. Following the extension of the airport's runway in September 2011 and the establishment of a new control tower and fire station in January 2012, the focus has turned to infrastructure upgrading works at the East apron area, including constructing new taxiways and parking stands. In early 2013, 21 additional parking bays were completed and operationalised, bringing the total number of parking stands at Seletar Airport to 58.

Beside airport infrastructure upgrades, significant effort has also gone into policy reviews to improve Seletar Airport's economic model. A key policy change implemented in October 2012 was the revision of Seletar Airport's landing and parking charges, to better reflect the economic costs of operating the airport.

In the coming year, users can expect exciting developments that will further strengthen Seletar Airport's capabilities, including the addition of a new Instrument Landing System that will facilitate airport operations even in low visibility and poor weather conditions,

as well as building a Ground Run-Up Enclosure (GRE) at the East (North) apron area. Both of these are expected to be completed by end-2014. The GRE will support the requirements of the maintenance, repair and overhaul (MRO) companies operating at the SAP for conducting aircraft engine run-ups, while mitigating the noise impact to surrounding tenants as a result of such activities.

In addition, Seletar's Airport Emergency Service (AES) incident response capabilities will be further enhanced with the building of a new AES fire training ground by end-2014 to hone the proficiency level of the airport fire-fighting and rescue team.

With these enhanced capabilities and infrastructure, Seletar Airport is well-poised to support the growth of Singapore's business aviation and MRO sectors, and at the same time tap the opportunities arising from growing air travel demand in Asia.

02. Changi Connects – a new facilitated transfer service provided by CAG.



The Changi Experience

For over 30 years, passengers and visitors have lauded the exceptional airport experience at Changi Airport. Consistently delivering this experience, defined by the Changi Service DNA – personalised, stress-free and positively surprising – remains a focus for Changi Airport Group (CAG). World-class airport facilities, efficient operations and excellent service will continue to be the cornerstones of Changi's success.

An affirmation of the commitment and efforts of the entire airport community, Changi Airport received a total of 28 Best Airport awards for the year. Changi was also named the World's Best Airport by Skytrax in April 2013 – one of the most coveted awards in the aviation industry. This was the fourth time that Changi has achieved this honour. *Business Traveller* also bestowed on Changi the Best Airport in the World award for the 25th time consecutively, an unprecedented achievement in the magazine's awards history. Changi Airport has received more than 430 awards since it welcomed its first travellers in 1981.

MILESTONES IN CHANGI'S HISTORY

Closure of Budget Terminal

Changi Airport bade goodbye to an integral part of Singapore's aviation history on 25 September 2012 when the Budget Terminal (BT) closed its doors after handling some 18 million passenger movements and 150,000 flight movements since 2006.

The terminal was demolished to make way for a bigger passenger terminal, Terminal 4, so as to cater to the continued growth of air traffic at Changi Airport and to strengthen Singapore's air hub status.

Airlines that operated at the BT – Berjaya Air, Cebu Pacific, Firefly, Mandala Airlines, South East Asian Airlines and Tiger Airways – moved to Terminal 2. Prior to the move, various enhancements were made to the facilities at Terminal 2 to ensure that passengers continue to enjoy high service levels. For instance, more automated immigration gantries were installed in the Departure and Arrival Immigration areas. Taxi waiting areas in the Arrival Hall were expanded, with additional taxi bays constructed to accommodate the higher number of arriving passengers.

CAG also worked closely with its airline partners, ground handlers and service staff to prepare them for the move. This included training conducted for airport staff to ensure that they were ready to operate in Terminal 2. A reassignment of check-in counters for existing carriers in Terminal 2 was implemented to accommodate

the new airlines. In addition, CAG also engaged key partners such as the Immigration & Checkpoints Authority, Singapore Customs and Certis CISCO to ensure that there was adequate manpower on-the-ground during peak hours.

Fresh new look for Terminal 1

Opened in 1981, Terminal 1 is the oldest of Changi's family of terminals. With the upgrading of Terminal 2 completed in 2006 and the opening of Terminal 3 in 2008, Terminal 1 underwent its biggest upgrading in 2008, so that passengers continue to enjoy the same high quality experience across all of Changi's terminals.

Developed with the thematic concept of a 'Tropical City', the upgraded Terminal 1 now sports a fresh and rejuvenated look with luscious landscaping that befits its status as Changi's Grand Dame. The upgrading works took place over 38 months at a cost of S\$500 million.

With the aim of improving the airport experience for passengers, improvements were made to both the façade and terminal facilities. The terminal's interior design and finishes were refurbished and passenger flow improved at key areas such as the Departure Check-in Hall, Departure Transit Mall and Arrival Hall. A total of 22,000 sqm of space was added to the terminal building, bringing the total floor space of Terminal 1 to 308,000 sqm. This has resulted in greater spatial comfort for passengers with wider thoroughfares, additional facilities and increased retail and F&B offerings.

There were many challenges faced by Changi Airport Group (CAG) while upgrading works were in progress. As Terminal 1 remained operational throughout the upgrading period, works had to be done in phases to keep inconvenience to a minimum. Hoardings were insulated and works with high noise levels could only proceed during off-peak hours and at night. The project took about 1.5 million man-hours with work going on round the clock to ensure that the upgrading works progressed smoothly. There were about 385 workers at the height of construction.



A more vibrant look for the newly rejuvenated Terminal 1 – the grand dame of Changi Airport.

The Changi Experience

01



Taking pride of place in Terminal 1's Departure Check-in Hall is *Kinetic Rain*, the world's largest kinetic art sculpture. Specially commissioned for Changi Airport, *Kinetic Rain* has enthralled many passengers and visitors with its mesmerising dance since the unveiling in July 2012. Made up of a total of 1,216 bronze droplets, *Kinetic Rain* comes as a pair, installed several metres apart from each other and visible from many areas in the Departure Check-in Hall.

Since the completion of the refurbishment, CAG has received many compliments about Terminal 1's fresh makeover, with considerable improvement in monthly passenger survey scores given to the terminal.

IMPROVING OPERATIONAL EFFICIENCIES

Amidst Singapore's tight labour situation, it is increasingly a challenge to recruit good staff for Changi Airport. In 2013, CAG established a Productivity Council to pursue initiatives to boost productivity levels and improve efficiency standards within the airport community.

Towards self-service

One of the major projects undertaken by CAG during the year was the successful migration of the Common Use Terminal Equipment

(CUTE) system for check-in, transfer and boarding operations at Changi Airport.

In partnership with SITA, a leading player in the air transport industry, and with the support of airline and ground handling partners, the smooth migration to an enhanced platform has seen more than 450 check-in counters and 111 boarding gates at Changi equipped with the CUTE system.

The new platform supports both agent-assisted and self-service passenger processing, including the automatic verification of passengers' paper and mobile bar-coded boarding passes to better facilitate the flow of passengers through airport security. The new CUTE partnership has also bundled in self-service initiatives to entice and encourage airlines to adopt self-service measures in the near future at Changi Airport, thereby achieving better efficiency and productivity gains.

ONE CHANGI

To boost productivity through the innovative use of technology, CAG developed ONE CHANGI, a new centralised platform designed to facilitate collaboration and information sharing with CAG's tenants and airport partners. In addition to consolidating



01. A most welcoming sight – Kinetic Rain at Terminal 1's Departure Hall, the world's largest kinetic art sculpture.

02. Self-service check-in counters at Terminal 3.

03. Our award-winning Instant Feedback System.

feedback and enquiries from the public across all customer touchpoints, the platform tracks and monitors the responsiveness of CAG's own operations divisions, tenants and partners in their communications with customers.

ONE CHANGI provides the means for the whole Changi Airport community to work closely together to respond to its customers as "one Changi" despite the presence of more than 200 partners and agencies at the airport. Concurrently, the platform also ensures that productivity and quality of services are managed at a consistently high level.

At the heart of ONE CHANGI is the SWIFT, or Service Workforce Instant Feedback Transformation, solution. It comprises two components – the Instant Feedback System (IFS) and e-Inspection.

Through the IFS, CAG is now able to gather real-time feedback from customers and provide corrective actions efficiently. The IFS is deployed at key touchpoints such as information desks, retail outlets and essential facilities such as washrooms. Through an interactive screen, passengers and airport users can rate their service experience and the feedback is channelled immediately to the supervisor.

Leveraging the information tabulated from the system, good performers can be commended while those who need improvement would be sent for re-training or even counselling, thus increasing the level of service quality throughout Changi.

At Changi's retail outlets, the feedback gathered measures customer satisfaction in areas such as customer service, product knowledge of staff, waiting times, product range and price. The data collected allows the retail tenant to adjust its business strategy to better serve customers.

Today, the IFS is deployed at over 660 locations across Changi Airport's terminals. Since its implementation in 2011, the volume of feedback received throughout the entire airport has increased by more than 5,000 times. Today, Changi receives more than 1.5 million feedback every month, with close to 90% of these positive.

e-Inspection, the second component of SWIFT, enables timely responses to facility faults within all terminals through real-time inspections and service recovery by service teams. The system also enhances the productivity and service recovery of frontline staff such as washroom attendants, estate management officers and other service personnel with more streamlined work and processes.

The Changi Experience

With the use of SWIFT application, deployment of cleaners is now better optimised at higher efficiency. This initiative has seen an improvement in productivity and a reduction in headcount of about 5%. The automation of inspection processes and digitisation of reports have also seen a reduction in the amount of paper used, resulting in higher savings achieved across all terminals.

With ONE CHANGI solution, and in particular SWIFT, all 32,000 members of the airport community can respond to feedback and service disruption in an expeditious manner. This ensures that the quality of the Changi Experience for passengers and customers continues to be maintained at high levels consistently.

CAG's winning innovation has been recognised with a hat trick of IT awards, including the prestigious 2012 National Infocomm Awards for the most innovative use of technology in the private sector.

SWEET service delivery

Aimed at improving service delivery amongst the airport community, a mobile application for iPads has been developed to equip service staff with ready information at their finger tips, providing them with an essential tool to access real-time operational data that will improve the service quality rendered to passengers and airport visitors on the terminal ground.

Known as Service Workforce Empowerment & Experience Transformation (SWEET), the mobile application provides service staff with content that includes latest flight information, resource planning, operational reports and even a 'chat' function, allowing real-time discussion amongst staff in the dynamic operating environment of Changi Airport.

THE DIGITAL CHANGI EXPERIENCE

The successful launch of the original iChangi mobile app in 2010 has proven hugely popular among Changi's passengers and visitors, with more than 1.3 million downloads and an average of more than 1.5 million uses every month. The steady increase in usage shows that iChangi is becoming one of the must-have apps in Singapore.

The success of the iChangi mobile app, and the desire to meet the needs of a technologically-savvy audience, spurred the development of the iChangi HD app for the iPad. Launched in October 2012, the iChangi HD app offers users a suite of enhanced functions with improved visual quality.

Similar to its mobile equivalent, the iChangi HD app provides users with real-time access to flight information, terminal maps and information about Changi's retail outlets and F&B eateries. Through the app's push notification functionality, passengers will also be kept updated about real-time flight information while on-the-go.

Understanding how unfamiliarity can add to stress levels for travellers, iChangi HD's enhanced interactive maps help to ensure a smooth and hassle-free travel experience for passengers as

they navigate around the airport with ease. Airport visitors will also find the app useful as it also comes with information about travel deals, retail and dining promotions. The app also offers high-quality 360-degree visuals of popular facilities and attractions at Changi Airport, providing passengers and airport visitors with a gamut of choices on things to do. The application has, to date, been downloaded more than 50,000 times.

NEVER A DULL MOMENT AT CHANGI

Beyond the state-of-the-art airport facilities and efficient service at Changi Airport, the multitude of events and activities continue to charm passengers and visitors, enhancing the lively airport experience.

Multicultural festivities galore

The wildly popular Angry Birds theme made a comeback to Changi last December. Based on the Angry Birds Space theme, Changi Airport was transformed into an outer space playground during the Christmas period, with all three terminals fully decked out in cheerful space-inspired festive decorations.

A giant Angry Birds spacecraft measuring 13 metres long and three storeys high took centre stage at the Terminal 3 Departure Hall. It "took off" daily with an interesting display of interactive lighting and sound effects. There was even an astronaut who emerged from the top of the spacecraft every hour! With special Angry Birds space-augmented reality markers located onsite, many visitors had their photos taken by professional event photographers, and created their own Angry Birds e-greeting Christmas cards.

There were also plenty of fun-filled activities for children. Terminal 3 Departure Check-in Row 11 was transformed into an Angry Birds Space Lounge that featured four different play areas for children aged three to 12 years old. Over at Terminal 3 Basement 2, families also participated in Christmas workshops, and tried their hand at creating Angry Birds Space memorabilia as a souvenir of their visit to Changi.

Local festivals such as Lunar New Year, Hari Raya Aidilfitri and Deepavali were also celebrated at Changi Airport with colourful horticultural displays. These have proven hugely popular among photo enthusiasts through the years, and have continued to add a touch of surprise, enhancing the overall airport experience for all passengers and visitors.

SERVICE EXCELLENCE

A hallmark of the Changi Experience, service excellence continues to be at the core of every service interaction performed by the 32,000-strong airport community.

Airport Service Awards

As a major feature of CAG's quality service management programme, the Changi Airport Service Awards were introduced in 1994 and have remained an important platform to recognise individuals and teams for their dedication and commitment towards outstanding service every year. To reward and motivate

exemplary members within the airport community, CAG hosts this annual awards ceremony to pay tribute to airport staff with exceptional service acts.

The 2013 ceremony, held on 26 February, was graced by Transport Minister Lui Tuck Yew, who presented a total of 21 Changi Airport Service awards to outstanding frontline personnel in five categories – Changi Airport Service Personality of the Year, Outstanding Service Staff, Outstanding Service Team, Outstanding Custodial Staff and a new category, Service Partner of the Year.

The inaugural Service Partner of the Year award was presented to the Immigration & Checkpoints Authority (ICA) Airport Command.

The agency received one of the highest number of compliments across all airport partners, with much focus in its efforts to motivate its officers and to provide tourists and local residents with exemplary service.

A firm believer in the importance of building a strong service culture at Changi, CAG has established a wide range of training programmes, awards and incentives initiatives to equip and encourage the continuous delivery of quality service at Changi. All of these serve to ensure that the tens of millions of passengers who pass through the airport every year will continue to enjoy the first-class Changi Experience.

01



01. Airport frontline staff utilising SWEET to ensure a first class experience for passengers.

02



02. The iChangi HD application promises to improve the airport experience for Changi's passengers and visitors with enhanced features.

03



03. A giant Angry Bird spacecraft took centre stage at the Terminal 3 Departure Hall, for Christmas 2012.

World-Class Retail

The retail business at Changi Airport has always been of strategic importance to Changi Airport Group (CAG) – both as a key revenue stream, as well as a critical part of the airport experience. Throughout the year, CAG continued to refresh the retail mix to rejuvenate the shopping experience, introduce new brands, advance the levels of customer service and organise even more exciting events and activities for shoppers. Believing that success is achieved along with partners, CAG worked to strengthen its partnership with concession tenants, striving to make Changi Airport the ideal business destination for tenants to operate in.

It was another record year for Changi Airport's retail operations in FY12/13. Concession sales for the year grew by more than 10% to over S\$1.9 billion, an all-time high, strengthening Changi Airport's position as among the top four airports in the world in terms of annual retail sales turnover. This was the third consecutive year of sustained healthy growth after the global recession in 2009.

The strong sales growth was supported by robust growth in passenger traffic, which saw a year-on-year increase of 8.3%. In addition, enhanced retail and dining offers as well as a series of exciting shopping promotions and events also helped increase footfall to the airport and boost spending.

A SHOPPING DESTINATION FOR THE WORLD

Changi Airport offers a wide spectrum of retail and dining offerings at different price points to cater to the needs and demands of all passengers and visitors. To keep shopping at Changi fresh and exciting, CAG continued to pursue new brands, as well as exclusive and first-launched products. More than ten brands were added to the transit malls, including an M&M's concept store, Luvenus gold jewellery outlet, TWG Tea boutique and Loro Piana's finest cashmere and wool apparels. Food connoisseurs were not forgotten with new F&B openings such as Green Market Express, BriccoCafe and The Connoisseur Concerto (tcc).

When the Budget Terminal was closed in September and its airlines were relocated to Terminal 2, the retail mix at the terminal was reviewed to cater to the increase in passenger numbers and the change in travellers' profile, with more emphasis given to full-meal concepts such as Chinta Manis, Macau Express and Delifrance. On the retail front, mass market favourites such as Charles & Keith, a local women's fashion brand, was also added.

Airport visitors who are not flying find delight shopping and dining in the public areas of Changi Airport as well. The revamp of Terminal 3 Level 3, completed in July 2012, saw the introduction of two anchor retail tenants, The Planet Traveller, the world's largest lifestyle travel store, and Electronics Hub @ T3. The terminal now houses a kids' indoor playground, entertainment and gaming arcades, a video store,

01. With more than 120 F&B outlets, passengers can indulge in a myriad of cuisines, like authentic Italian food at BriccoCafé at Terminal 1 Departure/Transit Mall.

02. Luvenus – a 24-hour gold concept store located at Terminal 2 Departure/Transit Mall retails a wide selection of gold jewellery, coins and bars.





TWG Tea boutique at Terminal 2 Departure/Transit Mall offers a collection of tea from virtually every tea producing country in the world.

World-Class Retail

01



a foot and back massage service outlet, a travel agency, as well as a good range of F&B offerings, leaving airport visitors and passengers spoil for choice.

A slew of new brands also marked their footprints at Changi Airport during the year, including iSound (electronics and accessories), Vignette (high-end fashionable eyewear), La Famille (apparel and accessories for parents and children), Sophisca (candies), Umeya (snacks and tidbits), Gelateria Italia (ice-cream), Gong Cha (tea and beverage), and Central Thai restaurant.

Besides creating the best retail experience for shoppers and diners at Changi Airport, CAG also strives to take its world-class visitor experience beyond the airport. During the year, CAG introduced 'Changi Recommends'. These tourist booths in the airport's arrival halls offer exclusive deals for the best signature experiences of Singapore. The deals, which are carefully handpicked, include visits to must-see attractions such as Universal Studios Singapore, Singapore Zoo, Night Safari, and the Singapore Flyer.

Today, Changi Airport has more than 350 retail stores and 120 F&B outlets across its three terminals to serve passengers and visitors from across the globe.

A WORLD-CLASS TRAVEL RETAIL EXPERIENCE

During the year, CAG built on the success of past shopping initiatives and promotional events, with focus placed on injecting vitality and excitement for shoppers. Such innovative and exciting promotions help create buzz and value for shoppers, yet at the same

02



time raise global awareness and interest in Changi as a leading travel retail destination.

CAG's two anchor promotions during the year, the 'Be a Changi Millionaire' lucky draw and Angry Birds Space-themed Christmas promotion received overwhelming response and participation from visitors. Aside from the thrill of possibly becoming a millionaire overnight, the third run of the 'Be a Changi Millionaire' promotion saw shoppers enjoying the additional excitement of winning instant prizes such as cash vouchers and travel accessories. Since its debut in 2010, 'Be a Changi Millionaire' has gained much traction, receiving a record 2.1 million participating entries in 2012, supporting concession sales which saw stronger sales growth during the promotion period.

Changi Airport's 2012 year-end festive shopping promotion gave shoppers the opportunity to redeem Angry Birds Space plush toys with a minimum spend at the airport. The promotion enjoyed great success, with more than 310,000 plush toys redeemed over a two-month period. More than 35,000 participants, comprising both children and adults, also participated in the Angry Birds Space Life-size Catapult Game Station, which distributed creative memorabilia of Angry Birds Space characters, including 3-D models, clocks and tote bags that visitors brought home as souvenirs. An activities zone, complete with workshops and fringe activities, was also set up at Terminal 3.

Events and activities were organised during the school holiday periods, to create more awareness of destinations connected to Changi Airport such as South Africa, Russia and Bhutan.

03



04



05



01. The Planet Traveller – the world's largest lifestyle travel store at Terminal 3.

02. The Electronics Hub @ T3 offers a comprehensive range of digital gadgets and electronics.

03. Gelateria Italia outlet at Basement 2 of Terminal 3 has a mouth-watering spread of delicious flavours of gelato, sorbets and sherbets.

04. Mr Peh Hock Peng – the grand winner of 'Be a Changi Millionaire' 2012 Grand Draw.

05. 'Changi Recommends' tourist booths in the airport's arrival halls offers exclusive deals for the best experience in Singapore.

Through exhibitions and activities, airport visitors were able to catch a glimpse of each destination's top attractions such as viewing displays of South Africa's safari, ice-skate in a 'Moscow Red Square' rink or trying their hands at archery, Bhutan's national sport.

Changi Rewards, the airport's shopping loyalty programme, received a brand new look on its members' portal, featuring exclusive discounts, attractive monthly deals, news on the latest happenings at the airport and monthly contests. The programme continued its strong growth and recorded a strong membership increase of 40% and sales per active member growth of 20%.

Visitors to Changi Airport get to enjoy 7% GST savings on their purchases at almost all retail outlets all year round, even when they

are not travelling. The popular 'Save 2 x 7% GST on Shopping' promotion at Changi's public areas was brought back for a third run in the third quarter of 2012, proving again to be a hit among shoppers. This promotion reinforced the value proposition of shopping at Changi by offering an additional 7% savings on top of the GST absorbed prices.

FUTURE GROWTH

The travel and retail landscape is fast-changing and CAG needs to be nimble to stay ahead. Terminal 4 is under construction and planning for a multi-use complex at Terminal 1, Project Jewel, is also underway. These two projects will expand Changi Airport's capacity and are developed to meet future growth of the Changi air hub.

World-Class Retail

01



When the new Terminal 4 is completed in 2017, the terminal will house a wider range of and more retail offerings, and passengers can expect a retail experience comparable to the three main terminals. Project Jewel will also offer passengers and visitors a wider range of travel-related services and facilities, exciting attractions, as well as attractive retail and lifestyle offerings.

STRONG SUPPORT FOR CONCESSIONAIRES

CAG believes in succeeding with its partners, and a strong relationship with tenants is vital to the growth of the airport. To work with the concessionaires more closely, CAG rolled out an electronic Tenant Portal which allows CAG to share regularly airport information and upcoming initiatives electronically. At the same time, the Tenant Portal allows concessionaires to gain access to real time information – such as scores from customer satisfaction surveys and ratings from the Instant Feedback System – so as to better monitor their own service performance for continuous improvement. Concessionaires can also access information on leasing, marketing events and airport initiatives in the pipeline to identify suitable opportunities to work together with CAG in boosting sales.

The portal also includes Outlet Inspection and Electronic Application for Renovation Permit (e-Renovation) functions, enabling CAG's operational processes to be more streamlined and enhance productivity among all stakeholders. For instance,

concessionaires can report an outlet's operational issues through the portal, which is then channeled to the relevant divisions in CAG for investigation. Through the e-Renovation portal, concessionaires can track the status of their renovation permit application on a real time basis, as well as save on the time and cost of submitting multiple hard copies.

As part of CAG's technology and productivity innovations, a new generation Point-of-Sales system was also developed to improve the cashiering process and efficiency in Changi Airport. The new system, which has been rolled out progressively from March 2013, has enhanced product promotions, and also inventory management. It will be fully integrated to support the Changi Rewards programme, and thus offer loyal shoppers a more seamless experience in enjoying their member benefits.

Besides developing collaborative partnerships and enhancing productivity through providing innovative solutions, CAG is also committed to extend full marketing and publicity support to its retail partners to drive footfall and sales. Such marketing and publicity efforts range from providing on-ground promotional signage to innovative publicity strategies via social media and digital platforms such as Facebook, Twitter, electronic direct mailers and websites, to drive traffic to shops and dining outlets.



02



01. Retail and dining outlets at Basement 2 of Terminal 3.

02. Changi Airport organised the 'Fascinating Russia' exhibition at Terminal 3 Departure Hall during the school holidays in March 2013.

RENTABLE PROPERTIES

CAG leases over 1,500 non-concession rentable premises in the Passenger Terminal Buildings (PTB) and Changi Airfreight Centre (CAC) as well as manages over 60 long-term land leases in Changi Airport.

While the airport experienced a relatively fruitful year, there were some challenging moments as well. Some PTB tenants rationalised and downsized their sizeable rented premises whilst air cargo occupancy plateaued due to dampened air cargo volumes passing through Changi Airport, amidst the economic uncertainty in many parts of the world.

CAG managed to replace occupancy of some of these PTB premises through early and active engagement with other potential tenants within the airport community. Some of these engagements involved a sizeable increase in space by existing tenants or potential new take-up of premises, which would accrue benefits to CAG in subsequent years. As part of the yearly review and benchmarking of rental rates in Changi Airport, CAG revised the rental of selected premises within the PTBs during the start of the financial year. This helped to uplift office rental revenue for the year.

To further drive revenue and increase occupancy in the CAC buildings, CAG tapped the air cargo agents' business networks

to reach out to the wider marketplace. The programme offered referral incentives to existing CAC tenants who successfully referred a non-existing prospective tenant to lease office premises in CAC. The programme proved to be successful, garnering a contracted rental contribution of S\$345,000 from successful referrals. Meanwhile, warehouse occupancy level remained relatively stable at close to 90% whilst the Megaplex warehouse premises continued to enjoy 100% occupancy.

On the land lease front, CAG was in active discussions with Maintenance, Repair and Overhaul players and government agencies regarding land parcels within Changi Airport to support the long-term growth of this industry in Singapore.

Changi Airport Fuel Hydrant Installation, the supplier of fuel to all aircraft at Changi Airport, also intensified the use of its existing land to expand its operations in Singapore. This increased CAG's rent revenue during the financial year. In total, aeronautical and non-aeronautical rental revenue rose 4.2%, compared to the same period last year, to reach an all-time high of S\$125 million. This revenue increase was made possible through a deliberate effort to engage the airport community early in assessing real estate needs and adopting more business-friendly dialogue. These engagements also promoted a stronger airport community spirit, marked by the celebration of festive holidays in the Cargo Agents Buildings, Megaplex and CAG-Air Freight Terminals.

Safety & Security

As an airport trusted by crew and passengers alike, safety and security are of utmost importance at Changi Airport, with no room for compromise. As the operator of Changi and Seletar Airports, Changi Airport Group (CAG) plays an important role in keeping both airports safe and secure throughout their daily operations. Upholding strict safety and security standards in all aspects of operations within the airport community are CAG's Aerodrome Safety Unit, Airport Emergency Service and Aviation Security Unit.

AERODROME SAFETY UNIT

The Aerodrome Safety Unit (ASU) works closely with the aerodrome safety regulator and operational divisions to ensure that safety is maintained at the highest level. The unit oversees the effective implementation of CAG's Safety Management System and ensures continued compliance with regulatory safety requirements at both Changi and Seletar Airports.

As the aerodrome operator, CAG is required to maintain proper certification. The regulator performs annual audits on both Changi and Seletar Airports, validating CAG's competency in safely maintaining and operating the aerodromes.

In preparation for the renewal of its aerodrome certificate, ASU worked with a consultant from the International Civil Aviation Organisation (ICAO) and conducted a comprehensive internal safety audit on operational divisions to ensure that their safety management capabilities remained robust.

In 2012, the International Federation of Air Line Pilots' Associations (IFALPA) once again rated Changi Airport deficiency-free, which means that Changi Airport holds the proud record of having received a deficiency-free rating every year since its opening in 1981. The attainment of the rating and Changi's remarkable 32-year achievement is affirmation of the airport's steadfast commitment to aviation safety through the provision of a safe and efficient airport environment.

Additionally, ASU completed a review of CAG's Safety Management System framework to strengthen the company's approach to safety and health at the workplace. As a result, a better and more co-ordinated risk management framework was implemented. The awareness of CAG's staff of workplace safety was heightened through briefings and training sessions organised by ASU.

ASU also plays a crucial role in inculcating a safety culture among the airport community. To continuously foster such a strong culture within CAG and the wider airport community, ASU conducted safety briefings and disseminated safety messages, through posters, newsletters and bulletins to staff of CAG and airport partners.





Airport emergency officers during training using the new aircraft rescue and fire fighting vehicles.

Safety & Security



01. Screening by Certis CISCO's security officer at Departure Immigration (Photo courtesy of Certis CISCO Security Pte Ltd)

AIRPORT EMERGENCY SERVICE

CAG's Airport Emergency Service (AES) is a highly trained specialist unit that is positioned to provide fast-action rescue and fire protection for Changi and Seletar Airports, as well as at the Republic of Singapore Air Force's airbases, in line with international aviation standards. AES is also responsible for overseeing of fire safety procedures and policies at both Changi and Seletar Airports.

During the year, AES began operations of a fleet of seven new Aircraft Rescue and Fire Fighting vehicles at Changi Airport. The unit also commissioned an Incident Command and Control Simulator which provides realistic and interactive simulations of emergency scenarios for the purpose of command training.

AES has also developed an internal digital system to ease labour-intensive work processes like fire safety inspection, incident reporting, logistic management and recording of its personnel fitness results. With the new system, data entry is now mobile-enabled with the use of tablet computers.

The unit continued to enhance its emergency preparedness and rescue capabilities with the successful staging of two drills – simulated aircraft crashes on land and at sea. Codenamed "Exercise Bear" and "Exercise Bobcat" respectively; they were Full Troop Deployment Exercises and were attended by more than 350 operational personnel, including senior management from CAG, the Civil Aviation Authority of Singapore (CAAS) and airline partners. The exercise validated CAG's crisis contingency plans and demonstrated AES' strong capability in coordinating rescue efforts involving both the airport community and mutual aid agencies.

On 12 March 2013, AES conducted an interactive fire safety seminar for the first time, which incorporated a terminal building

fire evacuation walk-through and a hands-on fire extinguisher training session at the Selarang fireground. AES proactively seeks to engage the airport community, educating them on fire safety and the importance of staying vigilant.

AVIATION SECURITY UNIT

The Aviation Security (AvSec) Unit performs the key function of maintaining high standards of security management at Changi and Seletar Airports. It operationalises all airport security requirements and addresses security incidents, collaborating closely with agencies such as the Airport Police Division of the Singapore Police Force, Ministry of Home Affairs, Ministry of Transport, CAAS and security contractors.

Additionally, AvSec ensures that day-to-day security operations balance desired security outcomes with facilitation and operational needs. Strong aviation security is an important enabler for business operations that also provides a competitive advantage for airports like Changi. In the event of an emergency, AvSec also acts as a liaison between CAG's Crisis Management Group and the Singapore Police Force for ground operations and coordination.

As part of continuous efforts to improve security at Changi Airport, AvSec successfully spearheaded the launch of the integrated CCTV and Perimeter Intrusion Detection System in March 2012. As a result, the entire perimeter of the airport has become better protected, with any intrusion or suspicious activity swiftly detected with an accurate determination of the incident location. Changi Airport is the first airport in the world to utilise such sensor technology.

AvSec has also formulated a Quality Control (QC) framework to reflect CAG's strategic oversight and responsibility over its own security plans, maintenance of security equipment, systems and operations as well as security manpower contracts.

With the creation of an internal QC team, this framework also ensures that CAG fulfils its obligations as the designated Protected Area and Protected Places Authority for both the Changi and Seletar aerodromes. Taking a "whole-of-CAG" approach, the QC framework leverages various CAG resources in a collaborative manner to execute all the QC activities. More than 1,500 inspections and tests were conducted during the year, enabling AvSec to reduce security deficits and lapses.

CAG accomplished a proud milestone when it helped Singapore achieve zero findings in the second cycle of the ICAO Universal Security Audit Programme (USAP) in 2012. Focussing on the level of the State's oversight on the security regime and the various measures implemented at the airport, ICAO auditors were impressed by Changi Airport's robust and effective security regime. Besides achieving a marked improvement in the results from the last USAP audit in 2006, it was the best that ICAO had seen, confirming the competencies of AvSec in safeguarding the airport against threats and reflecting the cohesion between CAG and its partners.

Future Changi

As the middle class in Asia continues to grow and demand for air travel rises, Changi Airport Group (CAG) must ensure that Changi Airport continues to be well-placed to cater to more passenger and aircraft movements in the decades ahead. To meet this objective, CAG has launched several initiatives to boost Changi's capacity and to strengthen its appeal as a major global aviation hub.

PROJECT MANAGEMENT OFFICE FOR T4

In June 2012, CAG set up a dedicated Terminal 4 Project Management Office (T4 PMO) to oversee the planning and development of the terminal, expected to be operational in 2017.

Following a design competition from five consortia – comprising a good mix of local and international firms – submitting proposals, the award went to a consortium comprising SAA Architects Pte

Ltd, Benoy Ltd, AECOM Singapore Pte Ltd and Beca Carter Hollings & Ferner (SEA) Pte Ltd, which will pilot the overall design, architecture and construction of T4.

The T4 project team has been and will continue to engage stakeholders closely to develop new operational concepts and productivity enhancing initiatives that will make T4 even more efficient and cost-effective for airport users.



A double-volume Arrival Immigration Hall will welcome passengers at T4.

Future Changi

A PREVIEW OF T4

A terminal that will be built with passengers, airlines and airport staff in mind, T4 will have a planned capacity of 16 million passenger movements a year. The terminal – drawing from the full wealth of experience behind the building of Changi's other terminals – will be designed with the flexibility to meet the operational needs of both regional full-service and low-cost carriers, complete with passenger-friendly facilities such as aerobridges as well as attractive commercial offerings.

With close consultation with stakeholders and against the backdrop of increasing labour cost and manpower challenges, T4 will feature initiatives aimed at improving efficiency and manpower productivity. For instance, departure and arrival immigration control as well as pre-boarding security screening will be centralised for more efficient deployment of manpower and equipment.

In line with the trend of self-service options at airports around the world, provisions will be made for T4 to have more kiosks for self check-in, self bag-tagging and self bag-drops. The increasing use of these options will help airlines and ground handling agents reduce processing times and staffing requirement.

Baggage sortation at T4 will be fully automated to reduce reliance on scarce manpower. The baggage handling system will also be

equipped with ergonomic lifting aids to enable heavy and odd-sized bags to be handled with ease, even by older workers.

Construction of T4 will begin in the fourth quarter of 2013 and is expected to be ready in 2017.

PROJECT JEWEL/TERMINAL 1 EXPANSION

Another major infrastructural development that will transform Changi Airport is the redevelopment of the car park fronting Terminal 1 (T1). On this three-hectare site, CAG envisages an iconic mixed-use complex to enhance Changi's offerings and strengthen its position as an international air hub.

Codenamed 'Project Jewel', the new mixed-use complex is envisaged to be a world-class, signature lifestyle destination that will strongly boost Singapore's tourism appeal. With easy access to the departure gates, the complex will offer aviation and travel-related facilities, a wide range of retail offerings, as well as unique leisure attractions.

Project Jewel will optimise limited land resource at Changi Airport. There will, for example, be a new multi-storey basement car park. As part of the redevelopment, T1's public areas will also be expanded to allow more space for aviation facilities such as the arrival hall, baggage claim areas and taxi bays.

01



02



These enhancements will increase T1's passenger handling capacity to 24 million passenger movements per annum. When completed, Project Jewel, together with T4, will boost Changi Airport's handling capacity to 85 million passenger movements a year, to cater for Changi's growth into the next decade.

To be seamlessly connected to Terminals 1, 2 and 3, Project Jewel will serve as a node linking the terminals, improving inter-terminal connectivity. There are also plans for the complex to provide a central communal facility for the 32,000-strong airport community and new aviation facilities to support fly-cruise and fly-coach initiatives – important options to a rising number of inter-modal travellers,

Project Jewel is being designed to be architecturally iconic, with a stunning glass and steel façade that presents an impressive view of the complex – from both Airport Boulevard and the sky. A key feature of the complex being planned is a large scale, lush indoor garden, with a breathtaking waterfall. The design is being undertaken by a consortium of concept designers and architects led by Moshe Safdie of Safdie Architects and comprising Benoy and RSP.

RAISING AIRFIELD CAPACITY

Concurrent with the development of T4, CAG also started major airfield works during the year to support the needs of airlines operating at Changi Airport.

A 38-hectare land plot south of Terminal 3 housing the airport nursery as well as a reservoir is being converted into an aircraft parking area with 17 narrow-body and nine wide-body remote aircraft parking stands. At the same time, an overhead vehicular bridge across Airport Boulevard will be constructed to enable buses and other airside vehicles to move from T4. When these new aircraft parking stands are completed in 2016, the total number of aircraft parking stands at Changi Airport would have increased by 24% to more than 180.

To increase the capacity of Changi's runways, the Civil Aviation Authority of Singapore (CAAS) has implemented several enhancement measures over the last year. These initiatives include the reduction of departure flight separation times, reconfiguring of flight routes and implementation of aircraft speed control for increased runway use efficiency.

In collaboration with NATS, the United Kingdom's air navigation service provider, CAAS commissioned a year-long study in 2012 to examine Changi's air traffic capacity potential and to identify



01. Project Jewel is an iconic mixed-use complex being planned at Changi Airport. It is envisaged to be a world-class lifestyle destination that will strongly boost Changi's attractiveness as an air hub.

02. Project Jewel is envisaged to be a must-visit Singapore attraction for tourists and a wonderful weekend destination for local residents.

Future Changi

01



01. Several enhancement measures have been implemented to increase the capacity of the runways at Changi Airport.

measures that will increase runway and airspace throughput. Based on a projected air traffic growth of 5% per annum, the study found that Changi Airport will have sufficient capacity to meet anticipated growth for at least another five years.

In addition, CAG freed up runway capacity especially during peak periods by improving its runway inspection processes through the automation of checks for airfield lighting systems as well as investments in additional inspection resources. As a result, the time taken for runway inspections has been reduced by 45% and response time for removing any foreign objects found on the airfield has been significantly improved.

NEW APRON AND CONTROL TOWER CCTV SYSTEM

An important aspect of aerodrome safety is the availability of cameras in the airfield to act as visual sensors for airport operators.

To that end, CAG completed a project to overhaul the Apron and Control Tower CCTV System, which commenced in 2010. Works included the conversion of the CCTV system from analogue-based to digital-based technology and increasing the overall CCTV coverage at critical areas such as runways, taxiways, aircraft parking stands, apron roadways and along Airport Boulevard. The new Airside CCTV System utilises a combination of technologies such as day and night cameras, and thermal-imaging cameras for surveillance coverage during the night and under bad weather conditions.

In addition, investments were made for the installation of a new CCTV monitoring system for individual aircraft parking stands, geographic information system and traffic counting system, all of which have enhanced situational awareness and operator productivity.

BEYOND THIS DECADE

Led by Senior Minister of State for Finance and Transport Mrs Josephine Teo, a multi-agency C2036 steering Committee comprising Ministry of Transport, Ministry of Defence, Ministry of Finance, CAAS, Economic Development Board, Land Transport Authority, Singapore Tourism Board, Urban Redevelopment Authority and CAG, has come together to chart the development of the future airport site located east of Changi Airport. This area, known as Changi East, will house Changi's fifth terminal and third runway.

While the Committee expects to announce more details of Changi East by the end of 2013, CAG has commenced planning works to extend and convert the current military runway at the new site for civil aviation use, which in time will be the third runway.

CAG has ramped up manpower and staffing requirements in disciplines like master planning and engineering to start planning for the new Changi East development, which is expected to be operational in the next decade.

International Presence

FY12/13 capped an eventful year for Changi Airport Group (CAG) on the international front as its wholly-owned subsidiary, Changi Airports International (CAI), made headway in overseas markets with notable consultancy and investment projects.

The year saw CAI involved in evaluating airport projects in Brazil and Europe. A deal was closed in Russia for an investment in four airports. The divestment of its stake in the holding company of two airports in Rome was accomplished in May 2013.

On the consultancy front, CAI remains active across the globe, including in Brazil, China, India, the Middle East and South East Asia.

RUSSIA

In June 2012, CAI completed the acquisition of a 30% stake in Airports of the South (AOS), comprising a group of four airports in the South of Russia. Sberbank, Russia's largest bank, concurrently acquired a stake of 20% minus one share in the development. Prior to the transaction, AOS was wholly owned by Basic Element (Basel). Basel retains 50% stake plus one share in AOS.

CAI's priority is to help AOS develop Sochi Airport for the 2014 Winter Olympics. The project includes timely construction of outstanding facilities, proper capacity planning and preparation of other areas such as operations, equipment and staffing. Other priority areas include the reorganisation of key management staff, route development at Sochi and Krasnodar airports as well as the implementation of an Airport Service Quality system for Sochi airport.

ITALY

In May 2013, CAI completely divested its investment in Milan-listed Gemina S.p.A. (Gemina), the holding company of Aeroporti di Roma S.p.A. (ADR), which operates Fiumicino Airport and Ciampino Airport in Rome. The divestment of Gemina was prompted by the imminent merger of Gemina with Atlantia S.p.A. (Atlantia), the largest toll road operator in Italy with operations in Brazil, Chile, Poland and India.

The merger would create one of Europe's largest motorway and airport groups with close to EUR11 billion in market capitalisation. The merger of Gemina and Atlantia would result in a significant dilution of CAI's stake and would expose CAI to a different

business sector involving toll roads. The divestment contributed an internal rate of return of 22% in SGD terms, with a cash gain of S\$126 million.

CAI began its investment in Gemina in 2010 as a strategic investor. It played an active role in the planning and development of Fiumicino Airport, Rome's main aviation gateway. A comprehensive airport master plan was developed in order to meet Rome's air traffic demand for the next three decades. These developments will provide capacity for more flights, enhance operational efficiency and improve passenger experience. It will also strengthen Fiumicino Airport's competitiveness as a premier airport and gateway in Europe.

Despite the divestment, CAI will continue to provide advisory services to develop and implement the Fiumicino Airport master plan over the next few years through a consultancy agreement. The advisory services will also cover operations, commercial and air traffic development.

SAUDI ARABIA

CAI has completed the fourth year of its six-year management contract with King Fahd International Airport (KFIA) in Dammam, Saudi Arabia. In the last four years, through the route development strategies implemented by the CAI team, KFIA's traffic growth has increased on a compounded annual growth rate of 10%, about four times its historical growth rate. KFIA has also recaptured lost market share from its neighbouring airports.

CAI has also contributed significantly to the doubling of KFIA's non-aeronautical revenue since the management contract started in 2008. CAI's priority in the remaining two years of the management contract is to assist KFIA in its planned corporatisation.

CONSULTING

On the consultancy front, CAI and its subsidiary, Changi Airport Planners and Engineers (CAPE), secured the following new contracts in FY12/13:

International Presence



01. Sochi Airport in Russia.

02. Artist's impression of Fiumicino Airport, Rome.

03. King Fahd International Airport, Dammam Saudi Arabia.

04. Departure kerbside of Nanjing Airport, China.

05. CAI officers hosting a visit for overseas guests.

- Brazil – CAPE has been engaged to carry out the airport master planning and airport conceptual layout for the 500,000-hectare Brasilia Airport City project;
- China – CAI has secured three airport retail planning projects with airports in Nanjing, Yantai and Ningbo;
- India – Bengal Aerotropolis Projects Ltd has engaged CAI for a five-year management contract (2012-2017) to assist in the operation and management of Durgapur Airport;
- Russia – CAI entered into a seven-year Technical Service Agreement with Airports of the South to provide assistance in the lead-up to the 2014 Winter Olympics and in the areas of operations, commercial, service quality and route development;

- Training - Together with the Nanyang Technological University and the China-Singapore Airport Management Academy (a joint venture between CAI and Xiamen International Airport Group), CAI conducted an inaugural 'China Airports CEO' programme in Singapore.

FUTURE PLANS

In the coming years, CAI's objective is to expand its presence in the high traffic growth markets of China, India, the Middle East, South East Asia, Latin America and Russia, through its involvement in existing investments, partnerships and consultancy projects. Moving forward, CAI will also focus on building new capabilities to strengthen its airport consultancy business.

People Development

The success of any organisation is possible only because of its people – they are responsible for what truly makes Changi Airport great. As the manager and operator of an award-winning airport, Changi Airport Group (CAG) knows that a strong and committed team is a must for the way forward. Hence, as CAG develops as a company, employee engagement and development have become cornerstones of its people development blueprint, where staff members continuously upgrade their skill-sets, build camaraderie and nurture a sense of belonging and shared purpose.

EMPLOYEE ENGAGEMENT

CAG conducted its first Employee Engagement Survey in 2012 to take stock of engagement levels within the organisation. The survey provided valuable feedback into specific areas of focus to build greater engagement both at the organisational level and within functional teams. Communications sessions to share the survey results and action plans also provided an opportunity to gain a further insight into issues that matter most to staff members.

To build even stronger bonds among colleagues, the CAG Family Day was held for staff and family members in February 2013. It was an evening of excitement and fun as the entire Universal Studios Singapore theme park at Resorts World Sentosa was reserved exclusively for CAG staff and their family members.

STAFF DEVELOPMENT

A key thrust in CAG's efforts to forge ahead is the development of its leaders to steer their teams effectively to face the challenges of the business. To this end, CAG defined its leadership competencies – the CAG Leadership DNA – during the year. This forms the foundation for a structured two-year leadership milestone programme for all managers to enhance their staff management and leadership capabilities. The programme kicked off with a module on 'Performance Management' to coincide with the annual performance appraisal exercise for staff.

CAG continued to instill a learning culture as well. The second Learning Festival was held in October 2012. It was themed 'We are about Service', to emphasise the importance of providing good service. Two renowned trainers, Mr Ron Kaufman and Mr Rob Morton from Disney Institute, were invited as keynote speakers and shared their valuable experience with attendees.

As part of the Learning Festival, learning tours to several esteemed companies in Singapore, including OCBC Bank, Resorts World Sentosa and Singapore Airlines were organised. These sessions helped participants to understand how the companies value customer service through their staff and customer programmes.

They gained valuable insiders' perspectives of how service is brought to life at the companies visited.

A SUPPORTIVE ENVIRONMENT

CAG's Bursary-cum-Families Onboard programme was held in March 2013. In addition to giving employees and their families an opportunity to gain deeper insights into the operations of CAG, the programme also gave family members a greater appreciation of the staff's work.

Participants had the opportunity to visit areas across Changi Airport not usually accessible to travellers. As part of the event, CAG also demonstrated care towards its employees by handing out a total of 68 bursary awards to their children.

In addition, the inaugural Annual Appreciation Awards was held on 6 November 2012 as a tribute to both CAG's long serving staff as well as winners of the inaugural CAG Core Values Award.

The Long Service Award recognises CAG staff for their commitment and dedication while the CAG Core Values Award acknowledges individuals who exemplify CAG's core values. From 240 nominations, a total of 19 award recipients were selected in three categories – Best Buddy, Most Supportive Supervisor and Open Category.

The supportive culture and work environment at CAG very likely contributed to a bumper 85 babies born to CAG staff in 2012. With about 1,400 staff, the newborn rate at CAG is estimated to be five times that of Singapore's working population. CAG will continue to promote work-life balance and ameliorate the challenges of raising children among its staff through family-friendly benefits and facilities at the workplace.

SECURING THE FUTURE

To cater for the growth of CAG's businesses in the long term, attracting the best talent is essential. Through its scholarship and internship programmes, CAG is building a steady pipeline of talents for its future needs. Over 320 applications were received for the

People Development

01



CAG Internship Programme and more than 1,100 applications were received for the CAG Undergraduate Scholarship. Reflecting the popularity of its scholarships, CAG was ranked third in the Top 20 Scholarship Providers of Choice 2012 survey by BrightSparks magazine.

During the year, CAG also partnered the local universities to invite students to consider a career with CAG. One initiative was the inaugural Students Engagement Session held in January 2013, during which CAG's CEO and senior management hosted students to dinner and a sharing session. The guests were then brought on an airport tour to showcase CAG's unique work environment and initiatives that make Changi the world's most awarded airport.

EMPLOYEE ADVOCACY

The CAG Ambassadors Programme was introduced during the year. Some 56 managers from the various clusters and divisions were selected to be ambassadors for the company. These individuals each have stories to share about how working at CAG has developed them. The formal training they received has equipped them with skills to effectively communicate why CAG is an employer of choice in forums such as career fairs and on social media. These ambassadors continue to be involved in recruitment and school engagement activities.

02



01. Having fun at Universal Studios Singapore during CAG Family Day.

02. CAG's very own baby boom - Staff and their precious tots who were born in 2012.

Corporate Responsibility

Changi Airport Group's (CAG) success is intertwined with its ability to address sustainability challenges in its environment and to fulfil its corporate responsibility towards future generations while enhancing the value of its business. Sound business practices, together with good corporate governance, are part of CAG's model to engage stakeholders and generate both economic and social capital for the company, its communities and the environment as a whole.

PROTECTING THE ENVIRONMENT

Environmental issues are important to CAG. Reducing the environmental impact of aviation contributes to ensuring the continuity of the aviation industry and of operations at Changi Airport. CAG takes a broad perspective on environmental issues when it considers measures to reduce the impact of its operations.

The focus of CAG's environmental work encompasses improving energy efficiency, managing noise levels to lessen the impact on surrounding communities, increasing the percentage of waste recycling, reducing the amount of waste and water usage, and improving water resource management.

In May 2012, CAG successfully completed a carbon footprint study that measured the amount of greenhouse gas emissions resulting from Changi Airport's operations. Arising from the process, CAG achieved a Level 1 certification standard under the Airport Carbon Accreditation, administered by Airports Council International (ACI) to recognise efforts made by airports world-wide to manage and reduce their carbon emissions.

Changi Airport Terminal 3 was also awarded the Distinguished Achievement Platinum Award by ACI Asia-Pacific, in recognition of CAG's outstanding accomplishment in promoting best practices to minimise the environmental impact on Changi Airport's surroundings.

SPREADING THE SUSTAINABILITY MESSAGE

As part of its sustainability programme, CAG showed its support for the annual Clean & Green Singapore initiative, raising employee awareness and encouraging active participation to spread the sustainability message. To reinforce the importance of reducing carbon emissions, CAG organised visits to Gardens by the Bay and the Science Centre's 'Climate Change' exhibition. Inspired by a popular Korean variety show, CAG staff also competed against one another in a 'Green Running Man' race, where participants raced around the office to complete missions which challenged their knowledge on carbon emissions issues.

For the fifth consecutive year, Changi Airport dimmed non-essential lights for 60 minutes across all three terminals on 23 March 2013 in support of Earth Hour. For the first time, a 'Green Bazaar' was also organised, where visitors could purchase environmentally-friendly products and pre-loved items. Supporting Earth Hour demonstrated CAG's commitment to play its part in managing global climate change. The corporate ethos of environmental sustainability has been, and continues to be infused through CAG's many green initiatives.

REACHING OUT TO THE COMMUNITY

As companies evolve in the fast-paced and ever-changing business landscape, it has become increasingly important to integrate social responsibility into the corporate ethos. CAG launched the Changi Foundation in April 2012. Through the three key thrusts of Education, Skills Development and Community Service, CAG hopes to help youths in their journey of transformation from adolescence to adulthood by nurturing and developing them to become active contributors to society. The Changi Foundation is benefiting more than 800 youths from Assumption Pathway School, Children-At-Risk Empowerment Association (CARE) Singapore, NorthLight School and Students Care Service, as well as other youths through programmes with various charities.

When the Terminal 1 upgrading project was completed in July 2012, the Changi Airport Group-Howe Yoon Chong Book Prize was launched to honour the late Mr Howe Yoon Chong, who played a leading role in the development of Singapore Changi Airport. Book prizes were given out to 55 youths who had overcome the odds of disadvantaged backgrounds and qualified for admission to tertiary institutions. In addition, over 300 bursary awards were also given out to help secondary school teenagers complete formal education.

The Changi Foundation also provided funding for two full-time social workers from Students Care Service to support students at Assumption Pathway School for two years, an initiative that has received positive feedback from teachers and the students who have benefitted from the programme.

Corporate Responsibility

01



02



01. Senior Minister of State for Finance and Transport, Mrs Josephine Teo joins CAG Chairman Mr Liew Mun Leong and CAG CEO Mr Lee Seow Hiang in presenting a S\$200,000 cheque to the four beneficiaries of the Changi Foundation.

02. Youths participated in a special Amazing Race to celebrate Changi Foundation's S\$360,000 contribution to The Straits Times School Pocket Money Fund.

EXPERIENTIAL LEARNING

Recognising that many of its youth beneficiaries enter the workforce at a much early age, the Changi Foundation aims to equip them with skill sets that would prepare them for future employment. Through the Youth Passport Programme (YPP), CAG took the opportunity, during the year, to foster a strong spirit of mentorship among more than 160 young adults who discovered unique life experiences and learnt about the values of hard work and teamwork through job attachments with CAG staff.

Renowned for its dedication to providing excellent customer service, CAG kick-started the "Be a Service Star" initiative, a two-day interactive workshop that covered fundamental service techniques and topics like how to manage interpersonal relationships. Youths were empowered with the confidence to make a difference, not just in their lives but in the community that they serve as well. These programmes are in line with CAG's vision of 'Connecting Lives', as it endeavours to connect with youths in ways that will enhance their lives.

COMMUNITY INVESTMENT

As part of the YPP, youths are encouraged to give back to society in the form of community service projects, where they learn about service. In February 2013, CAG partnered youths from NorthLight School's food preparation course as well as Willing Hearts, a non-profit organisation that prepares and delivers free meals to the less fortunate. Together, they prepared meals and pineapple tarts, and delivered to more than 100 beneficiaries.

Rounding up CAG's corporate social responsibility (CSR) efforts for the year was the annual Changi Foundation Celebration Week, where activities like baking and ice-cream making workshops, and an exclusive behind-the-scenes tour of the catering kitchen of SATS Ltd, one of the three ground handling agents at Changi Airport, were organised for the youths. A 'Celebrate Our Youth' funfair marked the end of the week-long celebrations, where 15 CAG divisions set up stalls and collected more than S\$21,000 in receipts for the Changi Foundation.

To commemorate Changi Airport's milestone achievement of handling 50 million passenger movements in 2012, the Changi Foundation made a special S\$360,000 contribution to the Straits Times Pocket Money Fund (SPMF). The contribution will benefit 50 student beneficiaries of SPMF's newly launched post-secondary education fund, covering their daily financial needs over a five-year period.

Besides financial support, CAG encourages its staff to volunteer and reach out to youth beneficiaries. About 190 staff members took part in CSR activities during the year, many of whom were repeat volunteers as they found the programmes to be both meaningful and engaging. For Changi Foundation, CAG volunteers put in a total of 1,694 hours of community service to raise S\$46,000 in 2012.

As an active corporate citizen, CAG remains committed to supporting youth organisations in the local community. Through Changi Foundation donation boxes placed around Changi Airport's terminals, contributions amounting to more than S\$98,000 were received from July 2012 to March 2013. CAG matched the amount dollar-for-dollar and made donations to CARE Singapore to support its youth programme, and to three Institute of Technical Education's schemes to provide financial assistance to students from low-income families, giving them opportunities for overseas industrial attachments and student exchange programmes.

FORGING INTERNATIONAL PARTNERSHIPS

In the spirit of continuous learning from the best in the aviation industry, CAG signed a Memorandum of Understanding with Tokyo's Narita International Airport in May 2012, at the sidelines of ACI's Asia-Pacific Regional Assembly and Conference held in Singapore. The partnership strengthened the bond between both parties, facilitated greater knowledge-sharing and presented the opportunity for the two major aviation hubs to cooperate on a deeper level outside of each other's growth markets.

Existing partnerships with Munich Airport and Beijing Capital International Airport also provided ideal platforms for CAG staff to learn best practices from the experience and expertise of their peers in Germany and China through staff exchange programmes that covered areas such as airport operations, commercial, engineering & master planning and passenger experience.

Changi Online

Changi Airport's presence online seeks to replicate the Changi Experience for stakeholders, with a strong focus on community engagement and a commitment to complementing the high standard of customer service delivered in the terminals.

The *Fans of Changi* social media programme has grown in strength since it was launched in August 2009. Today, it runs on popular platforms such as Facebook, Twitter, Instagram and YouTube, enabling Changi Airport to build advocacy among its online audience.

Campaigns are strategically implemented to create a richer and more holistic online presence for the Changi brand. Fans are encouraged to share their experiences on these platforms, adding to the content generated by *Fans of Changi*. This has resulted in a buzzing online marketplace of stories, imagery and ideas.

CONTENT AND ENGAGEMENT

The popularity of *Fans of Changi* has been reflected in the strong growth of the community and affirmed by the many positive responses to content on the various platforms. The Changi Airport Facebook page (www.facebook.com/fansofchangi) has one of the highest fan numbers (181,517 as at 30 June) among the world's airports. Besides the fanbase, the engagement level with fans has also been most encouraging with individual posts attaining as many as 7,500 likes, 2,700 comments and 1,700 shares, underscoring the level of activity generated on the Changi Airport Facebook page.

Through a mix of photos, info-graphics, videos, status updates, announcements and questions-and-answer formats, *Fans of Changi* keeps an active conversation with travellers and aspiring travellers to heighten awareness of the Changi Experience and sustain interest in what the airport has to offer.

Changi Airport's developments and announcements such as the completion of the Terminal 1 upgrading, closure of the Budget Terminal, the crossing of the 50-million passenger movement milestone and the crowning of the fourth Changi Millionaire were also amplified through its social media platforms, augmenting the airport's media relations and marketing communications efforts.

BUILDING ADVOCACY

During the year, *Fans of Changi* celebrated 100,000 fans on Facebook with a series of levitation photos, taken at various attractions around Changi Airport. The photos symbolise the joy of travelling through Changi Airport and how it aims to soar to greater heights to enhance the passenger experience even further.

Through on-ground social activities that included in-terminal events, Changi's social media advocates were given numerous opportunities to meet with the social media team and participate in events to increase their affinity with the airport they love.

Customised programmes were also developed for bloggers and plane spotters to allow them to indulge in their interests with a unique Changi twist. These outreach programmes have cultivated them to become our advocates, bringing them closer to Changi Airport.

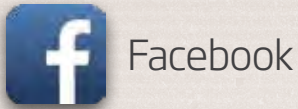
Changi Airport's social media efforts were recognised at the inaugural The Moodies Awards organised by The Moodie Report in December 2012, with three nods including for "Best Use of Social Media" and "Best Facebook Page – Airports".

ONLINE IN CHINA

In January 2013, Changi Airport made its first digital foray into China, with the launch of its presence on Sina Weibo, the most popular social media channel in China. This launch sets the stage for Changi Airport's expanded marketing outreach in China, among the airport's five largest passenger market.

Ever since the "Zhang Xiao Yi" 樟小宜 avatar – a word-play on Changi Airport's Chinese name – was launched on Sina Weibo as the voice of Changi Airport, the channel has acquired over 15,000 followers in six months.

As the demand for travel by the Chinese continues to grow in the years ahead, there are plans for Changi Airport to build a stronger online presence in China and to foster deeper connection with influencers and key opinion leaders in the social media space.



HIGHEST ENGAGEMENT

7,178

FACEBOOK FAN GROWTH

163%

from 52,504 fans to 137,986 fans

MOST COMMENTED POST

2,756

MOST SHARED POST

1,573

We're looking forward to welcoming SWISS in May. Meanwhile, here's a special fare (ex-SIN) that they're offering. Bookings can be done on SWISS' website or via travel agents in Singapore. Go on and SHARE this with your friends!



MOST LIKED POST

7,656

Mr Roslie Bin Abdul Bakar, a housekeeping supervisor at Terminal 3 handed in a pouch he found which contained a large sum of foreign currencies and two mobile phones. LIKE this to thank him for his honesty.



Twitter



Instagram



Youtube

TWITTER FOLLOWERS

+100%

from 3,500 to 7,000

INSTAGRAM FOLLOWERS

from 0 to 2,795

SUBSCRIBERS

325

VEWS

369,441

SHARES

1,601

RESPONSE RATE

1 hour

HIGHEST ENGAGEMENT

336



To celebrate crossing of the 100,000 fans milestone, Changi partnered Levitation SG to produce a series of Levitation photos showing people hovering in mid-air at various locations in Changi Airport.

Awards & Accolades

MONTH	AWARDS	PUBLICATION / ORGANISATION	NO OF TIMES
April 2012	Best Airport in the World	Business Traveller, Middle East	9
May 2012	Best Airport in the World	Ultratravel	6
	Best International Airport	TravelWeekly China	5
	Airport Authority in Asia-Pacific with the most supportive Approach to Travel Retail	Duty Free News International & Travel Retailer International	13
Jun 2012	Best Business Airport	Business Traveller, Germany	19
	Best Airport - Asia	Cargonews Asia	26
	Best Green Service Provider – Airport	Cargonews Asia	3
September 2012	Best Airport in the World	Condé Nast Traveller (UK)	7
	Best Airport in the World	Business Traveller UK	25
	Best Airport in the World	Business Traveller Asia-Pacific	21
	Best Airport Worldwide	Smart Travel Asia	4
	Airport of the Year	Payload Asia	1



Awards & Accolades

MONTH	AWARDS	PUBLICATION / ORGANISATION	NO OF TIMES
October 2012	Travel Hall of Fame – Airport	Travel Trade Gazette (Asia)	10
	Asia's Leading Airport	World Travel Awards	9
	Long Haul Airport of the Year	Selling Long Haul	9
November 2012	Best Airport in the World	Premier Traveler	1
	Best Airport in the World	Business Traveller, China	8
	Best Airport	Condé Nast Traveller, India	2
	Best Foreign Airport	Condé Nast Traveller, Russia	1
	Best International Airport	Travelmedia.ie	2
December 2012	Best Airport Dining	Global Traveler	3
	Best Airport in the World	Business Traveler, US	20
	World's Leading Airport	World Travel Awards	7
January 2013	Deficiency – Free	International Federation of Airline Pilots Associations (IFALPA)	32
	Top Worldwide Airport	Wanderlust	11
February 2013	Best Airport in Asia-Pacific	DestinAsian	8
	Best Airport by Size (over 40mil)	Airport Council International	2
March 2013	Airport of the Year (Airports with over 20 million passengers per year)	LIMA 2013 ASEAN Commercial Aviation Awards	1

Financial Statements

Contents

- 74** Directors' Report
- 76** Statement by Directors
- 77** Independent Auditor's Report
- 78** Consolidated Income Statement
- 79** Consolidated Statement of Comprehensive Income
- 80** Balance Sheets
- 81** Consolidated Statement of Changes in Equity
- 82** Consolidated Statement of Cash Flows
- 83** Notes to the Financial Statements

Directors' Report

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

The directors present their report to the member together with the audited financial statements of the Group for the financial year ended 31 March 2013 and the balance sheet of the Company as at 31 March 2013.

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
Ms Lim Soo Hoon (appointed on 16 June 2012)
Mr Richard R Magnus
Mr Dilhan Pillay Sandrasegara
Mr Danny Teoh Leong Kay
Mr Derrick Wan Yew Meng (alternate director to Ms Lim Soo Hoon)
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 year, 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 2013

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

12 June 2013

Statement by Directors

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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 78 to 116 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 2013 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

12 June 2013

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 78 to 116, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 March 2013, 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; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 2013, 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

Public Accountants and Certified Public Accountants
Singapore, 12 June 2013

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	2013 \$'000	2012 \$'000
Revenue	3	1,911,070	1,778,682
Expenses			
- Employee compensation	4	(147,795)	(144,786)
- Depreciation of property, plant and equipment	10	(283,301)	(269,652)
- Property tax		(66,070)	(69,600)
- Maintenance of land, buildings and equipment		(262,856)	(251,048)
- Services and security related expenses		(159,088)	(148,781)
- Annual ground rent and licence fees		(79,250)	(76,461)
- CAAS services		(109,044)	(124,586)
- Other operating expenses		(41,656)	(33,672)
Total		(1,149,060)	(1,118,586)
Gain on reclassification of investment	12	78,008	-
Other income	5	18,571	5,094
Share of profit of jointly-controlled entities and associated companies	12	25,134	5,288
Profit before tax		883,723	670,478
Income tax expense	6	(132,240)	(117,433)
Profit after tax	17	751,483	553,045

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

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	2013 \$'000	2012 \$'000
Profit after tax		751,483	553,045
Other comprehensive income/(loss):			
Financial assets, available-for-sale			
- Fair value gains	16(c)(i)	6,645	2,305
- Impairment loss reclassified to profit or loss	5	-	4,466
Share of other comprehensive (loss)/income of an associated company			
- (Losses)/gains	16(c)(ii)	(918)	1,033
- Reclassification to profit or loss	16(c)(ii)	(287)	-
Currency translation differences			
- Losses	16(c)(iii)	(781)	(12,412)
- Reclassification to profit or loss	16(c)(iii)	22,976	-
Other comprehensive income/(loss), net of tax		27,635	(4,608)
Total comprehensive income		779,118	548,437

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

Balance Sheets

AS AT 31 MARCH 2013

		Group		Company	
	Note	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	7	2,644,693	2,003,159	2,614,949	1,995,085
Trade and other receivables	8	155,885	135,397	374,954	128,471
Financial assets, available-for-sale	13	255,794	-	-	-
Inventories		9,295	8,435	9,079	8,435
Other current assets	9	11,801	100,696	10,862	101,019
		3,077,468	2,247,687	3,009,844	2,233,010
Non-current assets					
Property, plant and equipment	10	2,501,697	2,682,172	2,501,169	2,681,874
Investments in subsidiaries	11	-	-	257,264	257,164
Investments in jointly-controlled entities and associated companies	12	266,686	186,651	10,652	10,652
Financial assets, available-for-sale	13	34,005	27,360	-	-
Deferred income tax assets	14	20	12	-	-
Other non-current assets		54	117	54	117
		2,802,462	2,896,312	2,769,139	2,949,807
Total assets		5,879,930	5,143,999	5,778,983	5,182,817
LIABILITIES					
Current liabilities					
Trade and other payables	15	345,771	391,741	362,917	427,248
Income received in advance		11,712	11,660	11,714	11,563
Deferred income		3,484	3,483	3,483	3,483
Current income tax liabilities		153,963	82,639	153,626	82,000
		514,930	489,523	531,740	524,294
Non-current liabilities					
Deferred income		86,032	89,515	86,032	89,515
Deferred income tax liabilities	14	136,026	150,566	135,948	150,474
Other non-current liabilities		30,690	24,561	30,690	24,561
		252,748	264,642	252,670	264,550
Total liabilities		767,678	754,165	784,410	788,844
NET ASSETS		5,112,252	4,389,834	4,994,573	4,393,973
EQUITY					
Share capital and reserves	16	3,300,051	3,272,416	3,280,387	3,280,387
Retained profits	17	1,812,201	1,117,418	1,714,186	1,113,586
Total equity		5,112,252	4,389,834	4,994,573	4,393,973

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

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	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
2013							
Beginning of financial year	3,280,387	-	-	(22,137)	14,166	1,117,418	4,389,834
Dividend paid	-	-	-	-	-	(56,700)	(56,700)
Total comprehensive income	-	-	6,645	22,195	(1,205)	751,483	779,118
End of financial year	3,280,387	-	6,645	58	12,961	1,812,201	5,112,252
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	-	(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

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

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

	Note	2013 \$'000	2012 \$'000
Cash flows from operating activities			
Profit after tax		751,483	553,045
Adjustments for:			
- Income tax expense		132,240	117,433
- Depreciation of property, plant and equipment		283,301	269,652
- Dividend income		(759)	(128)
- Government grant		(14,375)	(37,796)
- Gain on reclassification of investment in an associated company to available-for-sale asset		(78,008)	-
- Net (gain)/loss on disposal of property, plant and equipment		(41)	344
- Share of profit of jointly-controlled entities and associated companies		(25,134)	(5,288)
- Impairment loss of financial asset, available-for-sale		-	4,466
- Currency translation differences		35	10
- Amortisation of deferred income		(3,483)	(3,483)
- Interest Income		(15,915)	(10,404)
		1,029,344	887,851
Changes in working capital			
- Inventories		(860)	(83)
- Trade and other receivables		(20,284)	(20,640)
- Other current assets		76,637	(77,194)
- Trade and other payables		(40,032)	116,803
Cash generated from operations		1,044,805	906,737
Interest received		13,261	8,825
Government grant received		29,349	22,830
Income tax paid		(75,318)	(1,231)
Net cash provided by operating activities		1,012,097	937,161
Cash flows from investing activities			
Additions to property, plant and equipment and capital work-in-progress		(103,781)	(376,390)
Proceeds from disposal of property, plant and equipment		1,146	30
Payment for investment in jointly-controlled entity and associated company		(214,945)	(5,592)
Payment for transfer of airport undertaking		-	(3,280,387)
Dividend income received		3,759	128
Bank deposit pledged		(22,325)	-
Net cash used in investing activities		(336,146)	(3,662,211)
Cash flows from financing activities			
Dividend paid to equity holder of the Company		(56,700)	-
Proceeds from shares issued		-	3,280,387
Net cash (used in)/provided by financing activities		(56,700)	3,280,387
Net increase in cash and cash equivalents		619,251	555,337
Cash and cash equivalents at beginning of financial year	7	2,002,329	1,447,003
Effects of currency translation on cash and cash equivalents		(35)	(11)
Cash and cash equivalents at end of financial year	7	2,621,545	2,002,329

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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 #046-019, Changi Airport Terminal 2, Singapore 819643.

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 22.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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.

Interpretations and amendments to published standards effective in 2012

On 1 April 2012, 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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. Where services are performed through an indeterminable number of acts over a specified period of time, stages of completion are deemed to have been met on a straight line basis over the specific period of time.

(f) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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.

(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 equity 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 subsidiaries and associated company" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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.

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.

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

Please refer to the paragraph "Investments in subsidiaries and associated company" for the accounting policy on investment in associated company 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 method 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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 others	30 years
Buildings	15 to 30 years
Plant and equipment	5 to 15 years
Vehicles and vessels	5 to 10 years
Equipment, furniture and fixtures	1 to 10 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

2. Significant accounting policies (continued)

2.5 Investments in subsidiaries and associated company

Investments in subsidiaries and associated company 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 investments in subsidiaries, jointly-controlled entities and associated companies 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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.

2.15 Dividends

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

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 shown separately as other income.

2.17 Employee compensation

(a) Defined contribution 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 the employees up to the balance sheet date.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

2. Significant accounting policies (continued)

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 other comprehensive income and accumulated in the currency translation reserve.

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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

3. Revenue

	2013 \$'000	2012 \$'000
Airport services	609,285	561,426
Security services	164,214	150,205
Airport concessions and rental income	918,108	832,909
Others	219,463	234,142
	1,911,070	1,778,682

4. Employee compensation

	2013 \$'000	2012 \$'000
Wages and salaries	123,112	118,870
Others	24,683	25,916
	147,795	144,786

5. Other income

	2013 \$'000	2012 \$'000
Interest income on bank deposits	15,915	10,404
Dividend income	759	128
Impairment loss on financial asset, available-for-sale (Note 16(c)(i))	-	(4,466)
Net gain/(loss) on disposal of property, plant and equipment	41	(344)
Others	1,856	(628)
	18,571	5,094

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

6. Income taxes

Income tax expense

	2013 \$'000	2012 \$'000
Tax expense attributable to profit is made up of:		
- Current income tax		
- Singapore	146,026	82,014
- Foreign	762	1,487
	146,788	83,501
- Deferred income tax (Note 14)	(7,856)	36,788
	138,932	120,289
(Over)/under provision of tax liabilities of prior years		
- Current income tax		
- Singapore	-	29
- Foreign	-	(26)
- Deferred income tax (Note 14)	(6,692)	(2,859)
	132,240	117,433

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:

	2013 \$'000	2012 \$'000
Profit before tax	883,723	670,478
Less: Share of profit of jointly-controlled entities and associated companies	(25,134)	(5,288)
Profit before tax and share of profit of jointly-controlled entities and associated companies	858,589	665,190
Tax calculated at a tax rate of 17% (2012: 17%)	145,960	113,082
Effects of:		
- Different tax rates in other countries	101	128
- Expenses not deductible for tax purposes	6,476	7,146
- Income not subject to tax	(14,100)	(642)
- Deferred tax asset not recognised	666	498
- Tax incentives	(408)	(914)
- Tax in foreign jurisdiction	84	-
- Others	153	991
Tax charge	138,932	120,289

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

7. Cash and cash equivalents

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash at bank and on hand	435,453	67,156	430,318	61,890
Short-term bank deposits	2,209,240	1,936,003	2,184,631	1,933,195
	2,644,693	2,003,159	2,614,949	1,995,085

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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Cash and bank balances (as above)	2,644,693	2,003,159	2,614,949	1,995,085
Less: Bank deposits pledged	(23,148)	(830)	-	-
Cash and cash equivalents per consolidated statement of cash flows	2,621,545	2,002,329	2,614,949	1,995,085

The Group has deposits amounting to \$23,148,000 (2012: \$830,000) pledged to banks in relation to obligations pertaining to jointly controlled entities.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

8. Trade and other receivables

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade receivables	31,932	24,574	30,321	19,666
Less: Allowance for impairment of receivable	(67)	-	-	-
Trade receivables – net	31,865	24,574	30,321	19,666
Loans to subsidiaries	-	-	223,072	-
Accrued income	124,020	110,823	121,561	108,805
	155,885	135,397	374,954	128,471

The loans to subsidiaries are unsecured, interest-free, denominated in the Singapore Dollar and repayable on demand.

9. Other current assets

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Prepayments and deposits	2,695	80,392	2,002	79,928
Grant receivable	444	14,966	444	14,966
Interest receivable	7,209	4,556	6,964	4,544
Others	1,453	782	1,452	1,581
	11,801	100,696	10,862	101,019

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

10. 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 2013								
<u>Cost</u>								
Beginning of financial year	386,560	904,831	1,106,375	33,229	60,762	700,011	135,414	3,327,182
Additions	-	-	186	-	403	103	103,239	103,931
Transfer from								
work-in-progress	34,982	-	96,975	372	12,672	58,606	(203,607)	-
Reclassification	-	-	(166)	-	266	(100)	-	-
Disposals	-	(16,324)	(15,550)	(156)	(1,529)	(15,421)	-	(48,980)
End of financial year	421,542	888,507	1,187,820	33,445	72,574	743,199	35,046	3,382,133
<u>Accumulated depreciation</u>								
Beginning of financial year	51,894	130,287	274,783	7,693	30,649	149,704	-	645,010
Depreciation charge	19,721	49,939	119,335	3,987	17,302	73,017	-	283,301
Disposals	-	(16,282)	(14,558)	(105)	(1,510)	(15,420)	-	(47,875)
End of financial year	71,615	163,944	379,560	11,575	46,441	207,301	-	880,436
Net book value								
End of financial year	349,927	724,563	808,260	21,870	26,133	535,898	35,046	2,501,697
As at 31 March 2012								
<u>Cost</u>								
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	-	-	(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
<u>Accumulated depreciation</u>								
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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

10. 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 2013								
<u>Cost</u>								
Beginning of financial year	386,560	904,831	1,106,375	33,130	59,927	700,011	135,414	3,326,248
Additions	-	-	-	-	-	-	103,239	103,239
Transfer from work-in-progress	34,982	-	96,975	372	12,672	58,606	(203,607)	-
Reclassification	-	-	(166)	-	266	(100)	-	-
Disposals	-	(16,324)	(15,550)	(52)	(1,526)	(15,421)	-	(48,873)
End of financial year	421,542	888,507	1,187,634	33,450	71,339	743,096	35,046	3,380,614
<u>Accumulated depreciation</u>								
Beginning of financial year	51,894	130,287	274,783	7,652	30,054	149,704	-	644,374
Depreciation charge	19,721	49,939	119,318	3,980	16,952	72,981	-	282,891
Disposals	-	(16,282)	(14,558)	(52)	(1,508)	(15,420)	-	(47,820)
End of financial year	71,615	163,944	379,543	11,580	45,498	207,265	-	879,445
Net book value								
End of financial year	349,927	724,563	808,091	21,870	25,841	535,831	35,046	2,501,169
As at 31 March 2012								
<u>Cost</u>								
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	-	-	(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
<u>Accumulated depreciation</u>								
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

In the previous 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 one of the airport terminals in September 2012 for redevelopment. Consequently, additional depreciation on these assets amounting to \$13,005,000 (2012: \$21,675,000) has been recognised.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

11. Investments in subsidiaries

	Company	
	2013 \$'000	2012 \$'000
Unquoted equity shares, at cost	257,264	257,164

Details of significant subsidiaries are included in Note 22.

12. Investments in jointly-controlled entities and associated companies

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year	186,651	187,125	10,652	10,652
Acquisition at cost (see (i) below)	214,945	-	-	-
Reclassification to financial assets, available-for-sale (see (ii) below)	(155,097)	-	-	-
Capital contribution	-	5,592	-	-
Share of profit	25,134	5,288	-	-
Dividend income received	(3,000)	-	-	-
Unrealised profit from rendering of consultancy services	(473)	-	-	-
Currency translation differences	(556)	(12,387)	-	-
Share of other comprehensive income items (Note 16(c)(ii))	(918)	1,033	-	-
End of financial year	266,686	186,651	10,652	10,652

(i) Transport AMD-2 Ltd ("TAMD-2")

During the financial year, the Group purchased a 37.5% equity interest in TAMD-2, a company incorporated in the Republic of Cyprus, for a total cash consideration of Russian Rubles ("RUB") 5,582,989,000 (SGD equivalent of \$214,945,000).

TAMD-2 holds investments in a group of companies whose principal activities are to provide airport and related services in the cities of Krasnodar, Sochi, Anapa and Gelendzhik, in the Russian Federation.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

12. Investments in jointly-controlled entities and associated companies (continued)

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

Prior to March 2013, Gemina was considered an associated company as the Group could exercise significant influence through board representation and execution of technical and advisory agreements.

In March 2013, the Group reclassified its investment in Gemina, to an financial asset, available-for-sale due to the impending merger of Gemina with Altantia S.p.A.. Upon the merger, the Group is unlikely to be able to continue to exercise its significant influence as a result of dilution of its voting rights.

During the current financial year, the Group recognised \$26,628,000 as its share of Gemina results on discontinued operations.

The impact of the reclassification on the financial statements is as follows:

	Group
	2013
	\$'000
Fair value of Gemina reclassified to financial assets, available-for-sale (Note 13)	255,794
Less: Carrying value of Gemina	(155,097)
Add: Other comprehensive income items attributable to Gemina reclassified to profit or loss (Note 16(c)(ii))	287
Less: Currency translation differences attributable to Gemina reclassified to profit or loss (Note 16(c)(iii))	(22,976)
Gain on reclassification of Gemina	78,008

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

	2013	2012
	\$'000	\$'000
- Assets	308,801	605,153
- Liabilities	214,705	342,615
- Revenue	30,408	108,126
- Net (loss)/profit	(263)	3,754
- Share of capital commitment	29,822	21,795

Details of jointly-controlled entities and associated companies are included in Note 22.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

13. Financial assets, available-for-sale

	Group	
	2013 \$'000	2012 \$'000
Beginning of financial year	27,360	25,055
Reclassification from investment in an associated company (Note 12(ii))	255,794	-
Fair value gain recognised in other comprehensive income (Note 16(c)(i))	6,645	2,305
End of financial year	289,799	27,360
Less: Current portion	(255,794)	-
Non-current portion	34,005	27,360

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.

In March 2013, the Group reclassified its equity interest in Gemina S.p.A. ("Gemina"), a company listed on the Milan Stock Exchange from an associated company to financial asset, available-for-sale. Gemina's principal business is to hold investments, including a 95.76% equity stake in Aeroporti di Roma S.p.A. ("ADR"). ADR is the owner and operator of two airports in Rome, Italy. See further disclosure in Note 24.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

14. 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	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Deferred income tax assets				
- to be recovered within one year	10	1	-	-
- to be recovered after one year	10	11	-	-
	20	12	-	-
Deferred income tax liabilities				
- to be settled within one year	5,898	10,457	5,898	10,457
- to be settled after one year	130,128	140,109	130,050	140,017
	136,026	150,566	135,948	150,474

Movement in net deferred income tax account is as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year	150,554	116,625	150,474	116,488
Over provision in prior years	(6,692)	(2,859)	(6,670)	(2,789)
Tax (credit)/charge to profit or loss	(7,856)	36,788	(7,856)	36,775
End of financial year	136,006	150,554	135,948	150,474

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 \$8,959,000 (2012: \$5,166,000) 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

14. Deferred income taxes (continued)

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 2013				
Beginning of financial year	151,807	88	301	152,196
Credited to profit or loss	(11,565)	(18)	(301)	(11,884)
End of financial year	140,242	70	-	140,312
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

Deferred income tax assets

	Unutilised capital allowances	Others	Total
	\$'000	\$'000	\$'000
As at 31 March 2013			
Beginning of financial year	-	(1,642)	(1,642)
Credited to profit or loss	-	(2,664)	(2,664)
End of financial year	-	(4,306)	(4,306)
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)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

14. Deferred income taxes (continued)

Company

Deferred income tax liabilities

	Accelerated tax depreciation	Others	Total
	\$'000	\$'000	\$'000
As at 31 March 2013			
Beginning of financial year	151,795	301	152,096
Credited to profit or loss	(11,561)	(301)	(11,862)
End of financial year	140,234	-	140,234
As at 31 March 2012			
Beginning of financial year	130,244	-	130,244
Charged to profit or loss	21,551	301	21,852
End of financial year	151,795	301	152,096

Deferred income tax assets

	Unutilised capital allowances	Others	Total
	\$'000	\$'000	\$'000
As at 31 March 2013			
Beginning of financial year	-	(1,622)	(1,622)
Credited to profit or loss	-	(2,664)	(2,664)
End of financial year	-	(4,286)	(4,286)
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)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

15. Trade and other payables

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Trade payables	121,647	192,086	122,755	192,907
Non-trade payables to a subsidiary	-	-	31,635	47,170
Accrued operating expenses	144,093	131,066	134,930	125,112
Sundry creditors and other accruals	23,965	18,240	23,965	18,240
Deposits received	49,544	43,819	49,632	43,819
Other provisions	6,522	6,530	-	-
	345,771	391,741	362,917	427,248

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 0.38% - 0.54% (2012: 0.19% to 0.75%) per annum.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

16. Share capital and reserves

(a) Share capital

The Company's share capital comprises 3,280,387,000 (2012: 3,280,387,000) fully paid-up ordinary shares with no par value, amounting to a total of \$3,280,387,000 (2012: \$3,280,387,000).

(b) Composition of reserves

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Other reserve	12,961	12,961	-	-
Fair value reserve	6,645	-	-	-
Hedging reserve	-	1,205	-	-
Currency translation reserve	58	(22,137)	-	-
	19,664	(7,971)	-	-

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.

The fair value reserve includes the cumulative net change in the fair value of available-for-sale equity investment held until the investment is derecognised or when the balance is reclassified to profit or loss.

An associated company, Gemina, had used 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.

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 above reserves are non-distributable.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

16. Share capital and reserves (continued)

(c) Movements of reserves

(i) *Fair value reserve*

	Group	
	2013 \$'000	2012 \$'000
Beginning of financial year	-	(6,771)
Financial assets, available-for-sale		
- Fair value gains (Note 13)	6,645	2,305
- Impairment loss reclassified to profit or loss	-	4,466
End of financial year	6,645	-

(ii) *Hedging reserve*

	Group	
	2013 \$'000	2012 \$'000
Beginning of financial year	1,205	172
Share of other comprehensive income items of an associated company (Note 12)	(918)	1,033
Reclassified to profit or loss	(287)	-
End of financial year	-	1,205

(iii) *Currency translation reserve*

	Group	
	2013 \$'000	2012 \$'000
Beginning of financial year	(22,137)	(9,725)
Net currency translation differences	(781)	(12,412)
Reclassified to profit or loss	22,976	-
End of financial year	58	(22,137)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

17. Retained profits

Movement in retained profits for the Group and Company are as follows:

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Beginning of financial year	1,117,418	564,373	1,113,586	547,016
Net profit	751,483	553,045	657,300	566,570
Dividend paid (Note 23)	(56,700)	-	(56,700)	-
End of financial year	1,812,201	1,117,418	1,714,186	1,113,586

18. 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 jointly-controlled entities and associated companies (Note 12) are as follows:

	Group and Company	
	2013 \$'000	2012 \$'000
Property, plant and equipment	122,905	71,827

(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 that are expiring on 31 March 2042 and 31 March 2070 respectively are fixed at \$73,400,000 and \$1,944,000 per annum.

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	
	2013 \$'000	2012 \$'000
Not later than one year	75,344	75,883
Between one and five years	301,376	301,376
Later than five years	1,862,688	1,938,032
	2,239,408	2,315,291

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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

The Group also has available-for-sale financial assets denominated in EUR and Hong Kong Dollar ("HKD") and investments in foreign entities denominated in Russian Rubles ("RUB"), Indian Rupees ("INR") and RMB.

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, RUB, RMB, SAR, INR and HKD had strengthened/weakened by 5% (2012: 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 securities price risk arising from the investments held by the Group which are classified as financial assets, available-for-sale. The securities are listed on the stock exchanges in Hong Kong and Milan, Italy.

If the price of the equity securities listed in the above stock exchanges changed by 5% (2012: 5%) with all other variables including tax rate being held constant, the effect on comprehensive income/loss 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 are generally repriced every six months.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

19. 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 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 and/or impaired

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

	Group		Company	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Past due 1 to 30 days	2,414	1,802	2,171	662
Past due 31 to 90 days	1,332	451	826	99
More than 90 days	818	51	93	48
	4,564	2,304	3,090	809

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	Group	
	2013 \$'000	2012 \$'000
Past due more than 90 days	67	-
Less: Allowance for impairment	(67)	-
	-	-
Beginning of financial year	-	-
Allowance made	67	-
End of financial year	67	-

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

19. 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:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) 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
- (iii) 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 are measured at fair value under Level 1 of the fair value measurement hierarchy.

20. Immediate and ultimate holding entity

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

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

21. 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	
	2013 \$'000	2012 \$'000
Revenue		
- Airport services	162,572	148,369
- Franchise fees	73,447	68,044
Expenses		
- Security related expenses	106,970	99,438
Receivables		
- Trade and other receivables	12,321	8,011
Payables		
- Trade and other payables	8,806	8,360

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

Key management personnel compensation paid or payable amounted to \$12,179,000 (2012: \$11,669,000). Of this, \$9,999,000 or approximately 82% (2012: \$9,445,000 or approximately 81%) 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 expenses are attributable to contributions to the Central Provident Fund and other long-term employee benefits.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

22. Listing of significant companies in the Group

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2013 %	2012 %
Significant subsidiaries				
<u>Held by the Company</u>				
Changi Airports International Pte. Ltd. ^(a)	Investment holding and provision of consultancy services in the field of civil aviation	Singapore	100	100
Changi Travel Services Pte. Ltd. ^(a)	Sale of travel and tour-related products and packages	Singapore	100	-
<u>Held by the Group</u>				
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
Theta Enterprise Pte. Ltd. (formerly known as Changi Airports Henan 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.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

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

Name of companies	Principal activities	Country of business/ incorporation	Equity holding	
			2013 %	2012 %
Significant jointly-controlled entities and associated companies				
<u>Held by the Company</u>				
Experia Events Pte Ltd ^(e)	Organising and management of conferences, exhibitions and other related activities	Singapore	20	20
<u>Held by subsidiaries</u>				
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
Transport AMD-2 Ltd ^(e)	Investment holding	Russia/Cyprus	37.5	-
Shenzhen Xin Peng Airport Management Co. Ltd ^(e)	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

^(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 an associated company in prior year as the Group could exercise significant influence through board representation and execution of technical and advisory agreements. Reclassified to financial assets, available-for-sale in March 2013. (Note 13)

^(e) Audited by other firms.

^(f) Audited by PricewaterhouseCoopers LLP, United Kingdom.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

23. Dividends

	Company	
	2013 \$'000	2012 \$'000
Final dividend paid in respect of the previous financial year (Note 17)	56,700	-

For the financial year ended 31 March 2013, a final dividend amounting to \$230,055,000 will be recommended at the Annual General Meeting, subject to the approval of the 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 2014.

24. Events occurring after balance sheet date

On 15 May 2013, the Group disposed its investment in Gemina S.p.A., classified as an available-for-sale financial asset, for a consideration of Euro 175,624,000 (SGD equivalent of \$282,833,000). A gain of \$24,219,000 arising from the disposal will be recognised in profit or loss in the following year's financial statements.

On 22 May 2013, there was a repayment of the loan from a subsidiary of \$221,758,000 (Note 8).

25. 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 12 June 2013.

Corporate Information

CHANGI AIRPORT GROUP (SINGAPORE) PTE LTD

60 Airport Boulevard
#046-019-01
Changi Airport Terminal 2
Singapore 819643

Mailing Address

PO Box 168
Singapore Changi Airport
Singapore 918146

Tel: +65 6595 6868

Email: corp.comms@changiairport.com
www.changiairportgroup.com
www.changiairport.com

(Company Registration No. 200910817N)



This annual report is printed on
environmentally-friendly paper

design & production by **Q-Plus Design**

CHANGI AIRPORT GROUP

annual report 2012/13