



Competition Commission of Singapore

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+ IT SIMPLY ADDS UP + The Competition Commission of Singapore Annual Report 09/10

IT + SIMPLY ADDSUP

The Competition Commission of Singapore Annual Report 09/10

COMPETITION
ADDS CHOICE AND
MULTIPLIES GROWTH

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+ **COMPETITION**
ADDS
CHOICE
AND
× **MULTIPLIES**
GROWTH

Thank goodness for competition. Competition is a great catalyst for innovation and improvement. Competition drives people and companies to come up with better products and services and lower prices. It encourages entrepreneurs and inventors to bring novel ideas and inventions to the market place.

Competitive markets give both businesses and consumers the important element of **choice**. For businesses, it is the choice to compete on a level playing field based on your strengths and imagination. For consumers, it is the choice to vote with your purchasing power amidst a diverse range of products. It is this constant cycle of **innovation** and competition that builds more **competitive companies**, creates **products with better value**, increases **productivity** and drives markets forward to propel a nation's economic growth.

The Competition Commission of Singapore exists to safeguard and champion this vital system through advocacy and rigorous enforcement, so that markets stay competitive, vibrant and most of all, innovative.

It's a simple equation.
With competition, **it simply adds up.**

IT ADDS

UP TO MORE

++ CHOICE ++

Competition is essential because it leads to **innovation**. Companies that innovate win customers and grow financially. And consumers benefit from a wider and more innovative range of products, leading to more choices for all.

IT MULTIPLIES + TO MORE



GROWTH



Competition is the multiplier in our economy.
It spurs innovation, encourages economic efficiency and drives productivity.
Vigorous competition between firms is the lifeblood of strong and effective
markets. When competition thrives, our economy grows and advances for the
benefit of all.

CHAIRMAN'S MESSAGE

The past one year has been an exciting time for CCS. We made significant progress in both enforcing and advocating the Competition Act, helping to bring about more competitive markets in Singapore.

Key Achievements

CCS issued its second infringement decision in November 2009 against a cohort of express bus operators and its trade association for price-fixing activities.

Following on, in December 2009, CCS announced our first case on Abuse of Dominance against local ticketing service provider, SISTIC. In June 2010, CCS issued the final infringement decision against SISTIC in view of the series of exclusive agreements which SISTIC imposed on key venue operators and event organisers in Singapore, thus shutting out other competitors from the market. CCS believes that our intervention would create a more level playing field in the ticketing services industry.

CCS also made headlines in March 2010 when it made public its proposed infringement decision against 14 Electrical and Building Works companies, which colluded to rig bids in their tenders for various large-scale projects. The case also highlighted the effectiveness of CCS Leniency Programme in bringing this case to light.

During the year in review, CCS looked into 25 cases and initiated 13 investigations and preliminary enquiries. We completed 16 cases, including cases outstanding from previous years. CCS received one notification for guidance that is still pending and five merger notifications of which two applications were cleared. During this period, CCS completed 6 competition advisories to other government agencies. CCS has also completed the market study on the medical sector, which was referred to in our decision on the Guidelines on Fees for doctors in the private sector.

Advocacy of the Competition Act and its benefits to businesses and consumers remained a key focus in 2009. We held our fourth Distinguished Speaker Series during the year in review. We were privileged to have Mr Graeme Samuel - Chairman of the Australia Competition and Consumer Commission - share his perspectives with us on Australia's success in economic and competition reforms.

Our campaigns took on a more targeted approach as we engaged in more innovative platforms of communications to bring the competition message across.

In November 2009, CCS organised an exclusive movie premiere of "The Informant!" in collaboration with Warner Brothers and

Kinokuniya. The movie premiere was an innovative way to illustrate more vividly the value and work of competition authorities.

To further engage local businesses, especially the Small and Medium Enterprises (SMEs), CCS worked together with the Singapore Business Federation (SBF) and the Singapore Chinese Chamber of Commerce & Industry (SCCCI) on workshops and seminars to share key points on recent infringement decisions and how it could affect business as a whole.

On the international front, CCS continued to participate actively in the ASEAN Experts Group on Competition (AEGC). Singapore also chaired the AEGC's Regional Guidelines Working Group. When completed, these Regional Guidelines would serve as a trusted reference for ASEAN member states on international best practices in competition law and policy implementation.

Looking Ahead

As we move into our fifth year of operations, we will leverage on our strong foundation and continue in our rigorous enforcement and advocacy. We expect that CCS will have another busy year ahead given our pipeline of cases. These cases will be important milestones as they will over time lay out CCS' positions on various competition issues.

We will also complete the development of our Knowledge Management system so that we can fully tap on the information, experiences and know-how that we have gained over the last 5 years. This will ensure that our officers are well-equipped to face the challenges in this knowledge-intensive environment.

Acknowledgements

I would like to take this opportunity to thank our key partners, Commission Members, industry players and CCS staff for their long hours, hard work and commitment to CCS this year. Each hard-won achievement in 2009 and 2010 tells of perseverance and a shared passion to work for a world-class competition landscape in Singapore. With your support, CCS will forge ahead in championing competition for choice and growth.

Lam Chuan Leong
CHAIRMAN

COMMISSION MEMBERS



CHAIRMAN

Lam Chuan Leong
(Chairman of Human
Resource Committee)

Ambassador-at-Large
Ministry of Foreign Affairs



Bobby Chin Yoke Choong
(Chairman of Audit Committee)

Chairman
Tote Board



Dr Andrew Khoo Cheng Hoe
(Member of Audit Committee)

Assistant Managing Director
(Policy, Risk & Surveillance)
Monetary Authority of Singapore



Prof Phang Sock Yong
(Member of Audit Committee)

Professor
School of Economics
Singapore Management University



CHIEF EXECUTIVE

Teo Eng Cheong
(Member of Human
Resource Committee)

Professor
School of Economics
Singapore Management University



Mrs Tan Ching Yee
Permanent Secretary
Ministry of Education

Professor
School of Economics
Singapore Management University



Prof Tan Cheng Han

Dean
Faculty of Law
National University of Singapore

Professor
School of Economics
Singapore Management University



Lionel Yee Woon Chin
(Member of Human
Resource Committee)

Director-General
International Affairs Division
Attorney-General's Chambers

ABOUT THE COMPETITION COMMISSION OF SINGAPORE

The Competition Commission of Singapore (CCS) was set up on 1 January 2005, under the purview of the Ministry of Trade and Industry (MTI). Envisioned to promote and sustain competition in markets in Singapore, CCS' Mission, Vision and Core Values clearly reflect its purpose:

+ MISSION
Championing Competition for Growth and Choice

+ VISION
A Vibrant Economy with Competitive Markets and Innovative Businesses
A Leading Competition Authority Known for its Professionalism

+ CORE VALUES
Professionalism, Integrity, Passion

The Competition Act
Singapore has been consistently ranked among the world's most competitive economies. Not surprisingly, it has always adopted sound competition policies such as having an open trade policy, creating an attractive environment for investors and regulating markets optimally.

When the prohibitions of the Competition Act entered into force in stages between 2006 and 2007, it was an extension of Singapore's competition policy. It was envisaged that the Competition Act would help boost market innovation and productivity, thus sharpening Singapore's competitiveness.

The Competition Commission of Singapore is the agency that administers and enforces the Competition Act.

The key anti-competitive practices prohibited under the Competition Act are:



CORPORATE GOVERNANCE

Chairman and Commission Members

The Commission oversees the key activities and strategies of CCS. It comprises the Chairman and seven Commission Members.

The Commission Members bring with them expertise in legal, economic and financial domains from the public and private sectors. They are appointed by the Minister for Trade and Industry for a three-year term.

A total of eight Commission meetings were held in the financial year.

Human Resource (HR) Committee

The HR Committee was set up in August 2007. It is chaired by Mr Lam Chuan Leong, with Mr Lionel Yee and Mr Teo Eng Cheong as members.

The HR Committee advises the Commission on the formulation and implementation of appropriate HR policies, as part of its continuous effort to ensure that CCS is a choice employer. It also oversees staff performance appraisal to ensure that the staff are objectively appraised and rewarded.

Audit Committee

The Audit Committee is chaired by Mr Bobby Chin, with Professor Phang Sock Yong and Dr Andrew Khoo as members.

The Audit Committee’s main responsibilities are to assist the Commission in discharging its responsibilities in areas relating to internal controls, auditing, financial and accounting matters, regulatory compliance and risk management. In addition, the Audit Committee reviews the audited annual financial statements and the adequacy of CCS’ accounting and internal control systems with the management, external auditors and internal auditors.

External Audit Functions

PricewaterhouseCoopers LLP has been appointed by the Minister for Trade and Industry in consultation with the Auditor-General to audit the accounts of CCS.

The audited accounts were duly approved by the Commission and the Minister for Trade and Industry. The Auditor-General was also kept informed of these audit reports.

Business and Ethical Conduct

All CCS officers are subject to the provisions of the Official Secrets Act as well as the Statutory Bodies and Government Companies (Protection of Secrecy) Act. In addition, the Competition Act contains provisions governing the disclosure of information by CCS staff.

CCS officers are also obliged to adhere to the internal policies regarding the avoidance of conflicts of interest.

SENIOR MANAGEMENT



Left to right

Ms Sia Aik Kor

Director
Legal & Enforcement
Till 31 May 2010

Toh Han Li

Assistant Chief Executive
Legal & Enforcement

Ms May Loh Bee Bee

2nd Director, Legal & Enforcement
With effect from 1 June 2010

Teo Eng Cheong

Chief Executive



Left to right

Poon King Wang

Director
Strategic Planning

Ms Selena Yeo

Director
Corporate Affairs

Herbert Fung

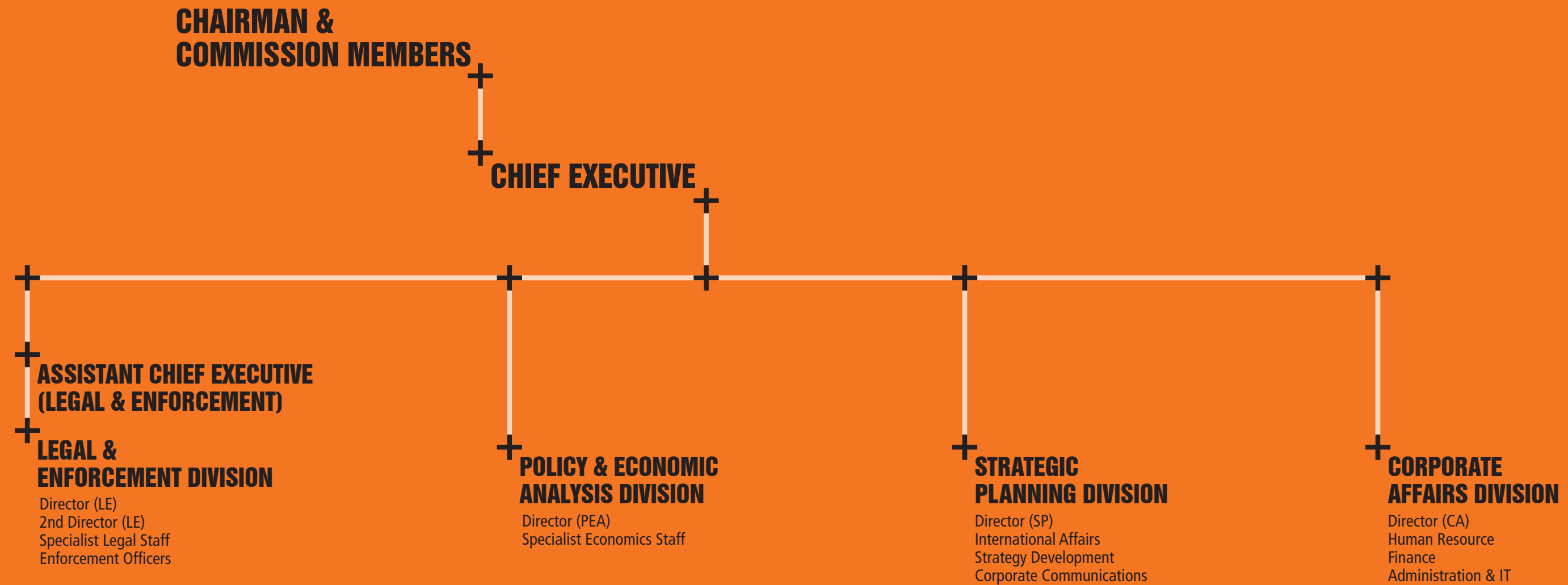
Director
Policy & Economic Analysis

Alvin Koh

Director
Legal & Enforcement



ORGANISATIONAL CHART





HOW OUR CASES ADDED UP

+

**ADDING UP
OUR
ACHIEVE
MENTS**

+

3 **LENIENCY
APPLICATIONS**

+

2 **MERGERS**

+

6 **COMPETITION
ADVISORIES**

+

16 **PRELIMINARY ENQUIRIES
& INVESTIGATIONS**

27 **CASEWORK
COMPLETED IN FY09**

ABUSE OF DOMINANCE INFRINGEMENT DECISION AGAINST TICKETING AGENT SISTIC

Competition body hands Sistic big fine

\$989,000 penalty for blocking competitors by forcing exclusive deals

By LIM WEI CHEAN & JESSICA LIM

TICKETING giant Sistic was fined \$989,000 yesterday, the heaviest sanction handed down by the Competition Commission of Singapore (CCS) since it began policing the Republic's entrepreneurial landscape in 2006 to ensure a level playing field.

The CCS ruled that Sistic had abused its dominant position in the ticketing industry to block other firms from competing, and harmed consumer interests in the process.

It did this by forcing 17 event promoters and two of the biggest venues in Singapore to use Sistic exclusively for all events organised by these companies.

(Straits Times, 5 June 2010)

This effectively locked up 60 to 70 per cent of all ticket deals in Singapore. Customers were deprived of choice, and were forced to swallow higher ticket prices as a result, the CCS said. For example, in 2008, Sistic raised its charges by \$1, and consumers paid a typical...

Sistic ruling: Good news for consumers

Industry experts say people can expect better service and prices with increased competition

By JESSICA LIM & LIM WEI CHEAN

WITH Sistic's exclusive deals now off limits, consumers could benefit from lower prices and better service, said the Competition Commission of Singapore (CCS).

Experts, event promoters and other ticketing agents agree.

Removing such "barriers to entry" could reduce ticket prices here by 5 to 15 per cent, said senior lecturer Sarah Lim at Singapore Polytechnic's School of Business.

Because of competition, ticketing agents may drop the booking fee they currently impose on consumers, and are likely to reduce the fees they charge event promoters, she said.

Mr Leong Hanyang, the business development manager of ticketing company Exceptional, for instance, said he would have provided ticketing services to a charitable organisation free of charge two months ago.

"In the end, the charity event organiser held the event at the Esplanade to attract a more prestigious crowd," he said. "So it had no choice but to engage Sistic as their ticketing agent."

According to industry players, Sistic generally charges 5 to 10 per cent of the ticket revenue for each concert.

With competition comes greater innovation, which will eventually lead to better service, said a CCS spokesman.

The desired outcome: That consumers will soon be able to enjoy services such as printing their tickets at home, or getting them delivered for free.

It said United States' ticketing agent Ticketmaster was a good example, as it allows consumers to buy tickets online, then e-mails the tickets and allows consumers to print them out.

The CCS added that Ticketmaster has about 40 per cent of the US market and yet does not make exclusive deals.

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“...We believe that this enforcement action will allow for more competition in the ticketing services industry in Singapore, leading to more choices and lower prices for consumers.”

Teo Eng Cheong, Chief Executive, CCS

In December 2009, CCS issued ticketing company SISTIC a Proposed Infringement Decision for abusing its dominant position. Key to the proposed infringement decision were the exclusive agreements that SISTIC had with The Esplanade Co and the Singapore Indoor Stadium that required SISTIC to be the sole ticketing service provider for any events held at those venues. In addition, SISTIC had exclusive agreements with 17 other event organizers, which required SISTIC as the sole ticketing service provider for all events organised by these companies.

CCS believes that these exclusive agreements had prevented SISTIC's competitors from having access to the market, as event promoters at these venues had no choice but to sell tickets through SISTIC for all their events. The 17 other event promoters also had no choice but to try out different ticketing companies for different events. As a result, ticket buyers were also left with no choice but to buy tickets through SISTIC for a large number of events.

On 4 June 2010, having considered the representations received from SISTIC, CCS issued the final Infringement Decision against SISTIC. CCS directed SISTIC to modify the Exclusive Agreements by removing any clauses that require SISTIC's contractual partners to use SISTIC exclusively. In addition, a financial penalty of S\$989,000 was imposed on SISTIC.



Case Team Members: (from left to right)
Harikumar s/o Sukumar Pillay Assistant Director (Legal & Enforcement)
Teo Wee Guan Deputy Director (Policy & Economics Analysis)
Team Leader: Timothy Chew Senior Assistant Director (Policy & Economics Analysis)
Elaine Tan Senior Assistant Director (Legal & Enforcement)

PRICE-FIXING INFRINGEMENT DECISION AGAINST EXPRESS BUS AGENCIES ASSOCIATION AND 16 COACH OPERATORS

Price-fixing: Coach companies fined

16 operators colluded
to set minimum
prices for tickets

By MARIA ALMENOAR

SIXTEEN coach operators plying between Singapore and Malaysia and their association have been fined \$1.69 million for price-fixing.
(Straits Times, 4 November 2009)

The total fine is the biggest penalty handed down by the CCS, which promotes healthy competition in the various industries and administers the Competition Act.

In the only other time it has wielded its powers, it fined six pest exterminators a total of \$263,000 for bid-rigging in January last year.

In this latest case, the EBAA, which represents 26 coach operators with 60 per cent of the market share, instituted a minimum ticket price for

The coach companies said in their defence that they agreed to this minimum price to forestall a price war among themselves.

This cut no ice with the CCS. In its judgment report, it said the practice amounted to "blatant price-fixing", which deprived consumers of the "efficiencies and innovation" which result when healthy business rivalry prevails.

“...price-fixing... deprived consumers of the efficiencies and innovation which result when competition prevails.”

Straits Times, 4 November 2009

pointing out that the surcharge also covered higher fuel prices, added: "Business has been hit by budget airlines and H1N1. We are just trying to help our members meet costs."

All parties involved have since stopped imposing the minimum selling price and the surcharge. Transtar Travel, which received the highest penalty, said it would appeal against the fine.

Konsortium Express & Tours also said it would appeal; Grassland said it would not, while Five Star Tours and the EBAA were undecided.

The Consumers Association of Singapore's executive director Seah Seng Choon said the fines send out a "strong signal" about the unacceptability of price collusion.

"Pleading ignorance is no excuse and the law has been there for a long time," he said. He called on trade associations to educate their members on the law.

PRICE FIXING

No quick getaway

Coach operators, express
bus association slapped
with \$1.69m fine

S RAMESH

rameshs@mediacorp.com.sg

(TODAY, 4 November 2009)

SINGAPORE — Sixteen coach operators and the Express Bus Agencies Association (EBAA) have been fined a total of \$1.69 million for fixing the prices of one-way coach tickets between Singapore and destinations in Malaysia from 2006 to 2008.

CCS, said Mr Teo, does not object to companies increasing their prices because of fuel cost increases. What it does object to is that the companies colluded and fixed the prices, and this was done as a first instance. EBAA argued that it was

Following extensive investigations, in June 2008, CCS issued a Proposed Infringement Decision to the Express Bus Agencies Association (EBAA) and 16 other coach operators for engaging in price-fixing of coach tickets. Investigations revealed that the coach operators, together with EBAA, had agreed to fix the prices of coach tickets between Singapore and destinations in Malaysia (2006 to 2008) through meetings arranged regularly under the auspices of EBAA.

The colluding parties agreed to set a Minimum Selling Price which was aimed at preventing price wars and minimising any slashing of coach ticket prices among competitors. This caused a market environment where competitors clustered their prices around the Minimum Selling Price.

Having established a price floor via the Minimum Selling Price, subsequent prices were increased under an agreed surcharge called the Fuel & Insurance Charge (FIC). From November 2005 to June 2008, FIC increases contributed to more than a 300 per cent markup on coach tickets.

In November 2009, CCS issued an Infringement Decision against the 16 coach operators and their trade association EBAA, and levied financial penalties totaling S\$1.69 million on the infringing parties.



Case Team Members: (from left to right)
Team Leader: Adam Nakhoda Deputy Director (Legal & Enforcement)
Jack Yeoh Senior Assistant Director (Enforcement)
Elaine Tan Senior Assistant Director (Legal & Enforcement)
Team member not in picture:
Lawrence Tay Senior Assistant Director (Enforcement)

BID RIGGING INFRINGEMENT DECISION AGAINST 14 ELECTRICAL AND BUILDING WORKS COMPANIES

“The new management... came forward to report the cartel activities. As a result, CCS was able to successfully break up the cartels.”

Teo Eng Cheong, Chief Executive, CCS

14 firms accused of rigging bids for work projects

Company which blew whistle on the others escapes punishment

By JESSICA LIM

FOURTEEN electrical and building works companies have been accused by the competition watchdog of colluding with one another to rig bids in order to land contracts. But in a first, one of the companies involved will not be penalised as

(Straits Times, 12 March 2010)

their arguments, and decide on an appropriate course of action. Yesterday, the commission said it took a “serious view of such anti-competitive conduct, especially given the nature of the projects and companies involved.”

“It was a mistake. It has already happened now, what can I do?” Others, like AVL Electrical Engineering, maintained their innocence. “We are not guilty and will be contacting our lawyer to decide the next plan of action,” said a spokesman for

14 companies cited for infringing Competition Act

THE Competition Commission of Singapore (CCS) issued a Proposed Infringement Decision (PID) against 14 electrical and building companies yesterday. The companies were found to have infringed Section 34 of the Competition Act, which prohibits bid rigging or collusive tendering. Investigations by the CCS revealed they colluded to bid for projects.

(Business Times, 12 March 2010)

ly aimed to increase the requester’s chances of winning. The CCS said it views such anti-competitive behaviour seriously, especially because a large number of projects and companies were involved. Once they have received the PID, the 14 companies have six weeks to make representations or argue their case.

On 11 March 2010, CCS issued a Proposed Infringement Decision against 14 electrical and building works companies for collusive tendering. CCS’ investigations revealed that the 14 companies engaged in anti-competitive agreements by colluding to bid for numerous projects in the electrical and building works market including condominiums and industrial buildings.

Typically, one party would seek the support of another competitor, and the latter would submit a higher bid to tip the balance in favour of the first party. Within this bid rigging collusion, bids were priced without the intention to win the project, but to create a false impression of competition. Customers therefore lost out on the benefits of a competitive bidding process.

The CCS’ Leniency Programme showed its effectiveness in this case. One of the colluding parties, having realized the wrongdoing of its previous management, came forward to inform CCS about the cartel.

CCS then carried out surprise inspections at the premises of the companies, conducted interviews with the relevant personnel and issued notices seeking information and documents.

On 4 June 2010, having heard the representations from all the parties, CCS issued the final Infringement Decision against these 14 electrical and building works companies for bid rigging. Financial penalties totaling S\$188,000 were imposed on the parties. The colluding party who came forward, was given full immunity from financial penalties under CCS’ Leniency Programme.



Case Team Members: (from left to right)
Elaine Tan Senior Assistant Director (Legal & Enforcement)
Team Leader: Jack Yeoh Senior Assistant Director (Enforcement)
Yvette Yoong Assistant Director (Policy & Economics Analysis)
Team member not in picture:
Lawrence Tay Senior Assistant Director (Enforcement)
Loy Pwee Inn Assistant Director (Enforcement)

CCS' LENIENCY PROGRAMME

Given the secretive nature of cartels, they can be hard to detect and uncover. CCS' Leniency Programme is designed to help companies or persons involved in cartel activities to approach CCS with evidence of such activities. The programme offers either immunity from or a reduction in financial penalties in exchange for full disclosure and cooperation. Without the leniency programme, some cartels may never be uncovered and consumers will continue to be harmed by the cartels.

First Through The Door

If an organisation or person is the first to provide CCS with evidence of cartel activity before investigation has started, it will get the benefit of full immunity. This is to encourage cartel members to come forward and report illegal cartel activities to CCS. For the leniency applicant to benefit by being the first to step forward:

- CCS must not already have sufficient information to establish the alleged cartel's existence

- The organisation or person must fully cooperate with CCS in its investigations into the cartel and provide all available evidence
- The organisation or person must refrain from further participation in the cartel activity from the time of disclosure of the cartel to CCS, unless otherwise directed by CCS
- The organisation or person must not have been the one who initiated the cartel and must not have coerced any other undertakings to partake in the cartel's activity

In addition, CCS has the Leniency Plus system to encourage cartel members under investigation to report involvement in another cartel activity so as to secure reduced financial penalties for the first cartel activity.

MERGER NOTIFICATIONS

From 1 April 2009 to March 2010, CCS received a total of five merger notifications.

Mergers Notified to CCS During the Year in Review

Date of Notification	Notified Mergers or Anticipated Mergers	Deal Value (SGD)
31 March 2010	Proposed merger between Novartis AG and Alcon Inc	\$39 billion
29 January 2010	Proposed joint venture between Mount Kawi Pte Ltd, Poly Resources Pte Ltd, Samwoh Resources Pte Ltd and Zhan Chang Holdings Pte Ltd	\$2 million
11 January 2010	Proposed merger between Glencore International AG and Chemical Energy Limited	\$323 million
5 August 2009	Proposed acquisition by National Oilwell Varco Pte Ltd of South Seas Inspection (S) Pte Ltd	\$53 million
6 November 2009	Proposed joint venture between Greif International Holding B.V and GEP Asia Holdings Pte Ltd	\$92 million

+ ADVOCACY ADDS UP TO AWARENESS

ADVOCACY CAMPAIGNS WITH AN ADDED TWIST!

Enforcing the Competition Act against anti-competitive infringements restores markets to its competitive state. But we can do better if we prevent those infringements from happening in the first place.

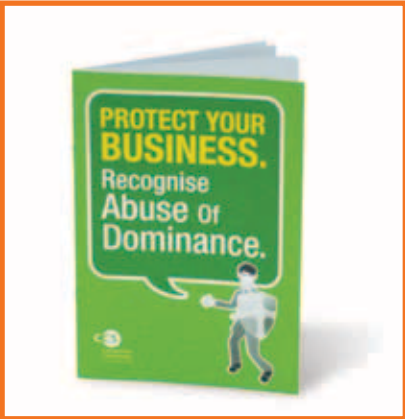
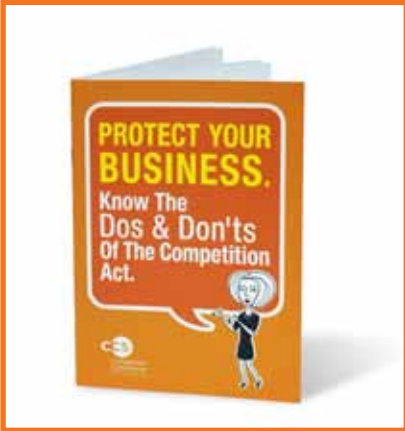
This is where advocacy comes in. Advocacy and outreach activities educate businesses and consumers on how anti-competitive activities affect their lives. Through innovative and effective advocacy initiatives, CCS ensures that our messages are easily understood by businesses and the general public.



Storytelling Through Comics

Leveraging on the accessibility of comics and its near cousin, Japanese manga, CCS developed a series of collaterals to showcase the effects of competition in the lives of everyday Singaporeans. Partnering with local celebrity illustrator Lee Chee Chew, we produced a comic strip to show the effects of price-fixing in a humorous yet pertinent way. Our first-ever CCS Manga "Fixed!", rode on the increasing popularity of Japanese manga to portray CCS officers on the beat to investigate a price-fixing cartel.

ADVOCACY CAMPAIGNS WITH AN ADDED TWIST!



No Ordinary Brochures

To ensure a more effective delivery, our collaterals are crafted to carry niche messages to ensure clear and useful communications. Using a mix of illustrations, typography and intuitive design, our advocacy materials are distributed to our stakeholders and are also available on CCS website for easy access.

ADVOCACY CAMPAIGNS WITH AN ADDED TWIST!

Lights, Camera, Action!

Leveraging on popular movie culture, CCS screened an exclusive movie premiere of "The Informant!" which showcased a whistle-blower in the lysine price-fixing conspiracy of the mid-1990s in the United States. As a prelude to CCS movie premiere screening of "The Informant!", we produced a two-minute trailer that aptly captures the effects of cartel conspiracies in reversible narrative script.

Script excerpt from CCS Antitrust Film "My Business Strategy"

there are benefits to cartel conspiracies
and I refuse to believe that
the Competition Act can stop cartels and help businesses grow
Trust me,
it makes sense to raise prices and overcharge my customers by 30%
I do not see why
it benefits my businesses to give customers choices in prices, products
and services.

*Read the script top to bottom, then in reverse order
for a startling message about cartel conspiracies*



ADDING AWARENESS THROUGH PUBLIC OUTREACH

Business owners and business entities are one of our key stakeholders in promoting and sustaining a pro-competition market environment. CCS continues our efforts to engage the local business community, especially the small and medium enterprises – to increase the awareness of the Competition Act and how it affects the way they do business.

Distinguished Speaker Series (DSS) Lectures

The DSS lectures are part of CCS’ efforts to create greater awareness and generate discussions on competition issues. CCS held its fourth DSS lecture on 5 November 2009, with Mr Graeme Samuel, Chairman of the Australia Competition and Consumer Commission as our Distinguished Speaker.

Speaking on the Australian experience, Mr Graeme Samuel credited Australia’s sound position during the global financial crisis in part to economic and competition reforms over the last two decades. With the introduction of national competition policy amongst other reforms, Australia’s economy has shifted towards a more open structure that allows market forces to work effectively. The Australian experience provided an insight into the benefits of competition policy for the audience.



Distinguished Speaker Series (DSS)

Seminars on the Competition Act

Working with industry associations such as the Singapore Business Federation and the Singapore Chinese Chamber of Commerce & Industry, CCS organised a series of seminars to bring the pertinent points of the Competition Act to businesses.

CCS is also proud to be a supporting partner in the seminar “Recent Developments in Competition Law”, organised by the Singapore Academy of Law on 23 April 2009. At the seminar, emphasis was placed on countries that have developed wide-ranging competition laws including China, India, Indonesia, Japan, Korea, Indonesia and Vietnam, dealing with the principles underlying these laws and practical examples of relevant cases.



Singapore Chinese Chamber of Commerce & Industry Seminar



Singapore Business Federation Seminar



Singapore Business Federation Seminar

ADVANCING + OUR STAFF WITH ADDED CAPABILITIES

MULTIPLYING CAPABILITIES FOR A NEW DECADE OF GROWTH

In 2010, CCS celebrates its fifth year since its establishment as a statutory board. It is opportune now to build capabilities for a new decade of growth in Singapore. Keeping in mind our core mission to champion competition for choice and growth, we will strengthen our core competencies and develop new capabilities for the times ahead through active participation in international events and in-house training developments.

International Relations

The open and global nature of Singapore's economy means that Singapore and CCS are inextricably tied to developments in the regional and global economy. Against this backdrop, CCS actively participates in both regional and international events in the area of competition policy and law.

Regionally, on the Association of Southeast Asia Nations ("ASEAN") front, the ASEAN Experts Group on Competition

("AEGC") was set up as a regional forum to discuss and cooperate on competition policy and law matters among ASEAN member states.

AEGC has set up 3 work groups, tasked to look into capacity building, formulating regional guidelines, and developing a Regional Handbook. CCS chairs the Regional Guidelines Working Group on competition policy, and the Regional Guidelines, once completed, will be a common reference for all ASEAN member states on international best practices in competition law and policy implementation.

On the international front, CCS participates actively in international forums such as the International Competition Network, the Organisation for Economic Cooperation and Development ("OECD") and the Asia-Pacific Economic Cooperation ("APEC").



Third ASEAN Regional Guidelines Workshop on Competition Policy

Overseas Engagements

We regularly send our staff on learning journeys to our international counterparts and likewise host international delegations to share ideas, best practices and the latest updates in the competition policy landscape. Here are some key highlights from FY2009.

- A CCS officer was attached to the United States Federal Trade Commission (FTC) in Washington D.C. to work on merger assessment for three months between 25 May 2009 and 30 August 2009, under the US FTC International Fellows programme.
- A CCS delegation visited 3 Chinese agencies in Beijing, China, namely the Anti-Monopoly Bureau, the National Development and the Reform Commission & State Administration for Industry and Commerce from 14-15 September 2009.



Study Trip to Beijing, September 2009

- A delegation from the Securities Commission Malaysia visited CCS to learn more about the merger procedures in Singapore on 23 October 2009.
- Delegates from the Discipline Inspection Commission of the Song Jiang District (Shanghai, China) visited CCS on 20 November 2009 to learn more about CCS and the Competition Act.
- The Competition Commission of Mauritius hosted a CCS delegation on 9 December 2009 where CCS shared our experience on institutional set-up, stakeholder engagement and case investigation.
- A CCS delegation visited the Portugal Competition Authority on 20 February 2010 to exchange views on common challenges faced by agencies.
- A CCS officer was attached to the Directorate-General Competition, European Commission in the Transport and Post Unit (Brussels, Belgium) from 01 March 2010 to 31 July 2010.

In-House Training

Investing in our staff is key to advancing CCS as a skilled and effective organisation. To this end, on-site training by industry experts is regularly conducted. Some key highlights are:

- Sharing by Judge Ginsburg, Judge of the United States Court of Appeals for the District of Columbia Circuit
- Workshop on Econometrics by Dr Kit Baum from Boston College
- Workshop on Interview Techniques by A/Prof Lim Lei Theng
- A 2-day team-building workshop conducted by 8th Pinnacle



Judge Ginsburg's Visit



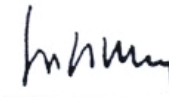
Workshop on Econometrics

STATEMENT BY COMMISSION MEMBERS

For the financial year ended 31 March 2010

In the opinion of the Commission Members, the financial statements as set out on pages 46 to 71 are drawn up so as to give a true and fair view of the state of affairs of the Competition Commission of Singapore ("the Commission") at 31 March 2010 and the statement of comprehensive income, changes in equity and cash flows of the Commission for the financial year then ended on that date in accordance with the provisions of the Competition Act, Chapter 50B and Statutory Board Financial Reporting Standards.

On behalf of the Commission Members



Lam Chuan Leong
Chairman



Teo Eng Cheong
Chief Executive

17 June 2010

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR’S REPORT ON COMPETITION COMMISSION OF SINGAPORE

We have audited the accompanying financial statements of the Competition Commission of Singapore (“the Commission”) set out on pages 46 to 71, which comprise the balance sheet as at 31 March 2010, the statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Competition Act, Chapter 50B (the “Act”) and Statutory Board Financial Reporting Standards. This responsibility includes:

- (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion,

- (a) the financial statements of the Commission are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Commission as at 31 March 2010, and the results, changes in equity and

cash flows of the Commission for the financial year ended on that date, and

- (b) the accounting and other records required by the Act to be kept by the Commission have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Commission during the financial year under review have not been made in accordance with the provisions of the Act.

The financial statements for the preceding financial year were reported on by auditors other than PricewaterhouseCoopers LLP. The auditors’ report dated 18 June 2009 issued by the predecessor auditors on the financial statements for the financial year ended 31 March 2009 was unqualified.

PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

Singapore, 17 June 2010

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2010

	Note	2010 \$	2009 \$
Income			
Interest income	3	48,991	152,096
Application fee income		138,000	523,000
Other operating income		1,234	1,416
		188,225	676,512
Less:			
Expenditure			
Depreciation of property, plant and equipment	9	413,930	185,342
Amortisation of intangible assets	10	21,772	11,170
Salaries, wages and staff benefits	4	8,136,812	6,832,879
Staff training and development costs		437,750	257,386
Capital expenditure written off		14,583	22,489
Other operating expenses	5	3,926,221	3,162,725
		12,951,068	10,471,991
Deficit before Government grants		(12,762,843)	(9,795,479)
Government grants			
Operating grant	6	12,599,215	12,682,087
Deferred capital grant amortised	14	434,649	190,856
		13,033,864	12,872,943

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

	Note	2010 \$	2009 \$
Surplus before contribution to Consolidated Fund		271,021	3,077,464
Contribution to Consolidated Fund	13	(46,074)	(553,943)
Net surplus for the financial year		224,947	2,523,521
Other Comprehensive Income		-	-
Total Comprehensive Income		224,947	2,523,521

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

BALANCE SHEET

As at 31 March 2010

	Note	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	17,589,141	16,579,366
Other receivables and prepayments	8	224,080	172,639
		17,813,221	16,752,005
Non-current assets			
Property, plant and equipment	9	521,263	595,420
Intangible assets	10	66,641	52,347
		587,904	647,767
Total assets		18,401,125	17,399,772
LIABILITIES			
Current liabilities			
Trade and other payables	11	2,165,762	802,014
Finance lease liabilities	12	-	1,403
Contribution to Consolidated Fund	13	46,074	553,943
		2,211,836	1,357,360
Non-current liabilities			
Deferred capital grants	14	568,644	646,714
Total liabilities		2,780,480	2,004,074
Net assets		15,620,645	15,395,698

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

	Note	2010 \$	2009 \$
EQUITY			
Share capital	15	1,000	1,000
Accumulated surplus		15,619,645	15,394,698
Total equity		15,620,645	15,395,698

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2010

	Note	Share capital \$	Accumulated surplus \$	Total \$
At 1 April 2009		1,000	15,394,698	15,395,698
Net surplus for the financial year/ Total comprehensive income		-	224,947	224,947
At 31 March 2010		1,000	15,619,645	15,620,645
At 1 April 2008		-	12,871,177	12,871,177
Issue of shares	15	1,000	-	1,000
Net surplus for the financial year/ Total comprehensive income		-	2,523,521	2,523,521
At 31 March 2009		1,000	15,394,698	15,395,698

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

CASH FLOW STATEMENT

For the financial year ended 31 March 2010

	Note	2010 \$	2009 \$
Operating activities			
Net surplus		224,947	2,523,521
Adjustments for:			
Contribution to Consolidated Fund		46,074	553,943
Government grants		(12,599,215)	(12,682,087)
Deferred capital grant amortised		(434,649)	(190,856)
Depreciation of property, plant and equipment		413,930	185,342
Amortisation of intangible assets		21,772	11,170
Loss on disposal of property, plant and equipment		3,351	26,598
Interest income		(48,991)	(152,096)
Operating deficit before working capital changes		(12,372,781)	(9,724,465)
Changes in working capital:			
Other receivables and prepayments		(39,460)	(125,668)
Trade and other payables		1,150,811	(800,362)
Cash used in operations		(11,261,430)	(10,650,495)
Contribution to Consolidated Fund		(553,943)	(554,817)
Cash flows used in operating activities		(11,815,373)	(11,205,312)

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

Note	2010 \$	2009 \$
Investing activities		
Purchase of plant and equipment	(130,187)	(19,604)
Purchase of intangible assets	(36,066)	(31,044)
Interest received	37,010	262,378
Cash flows (used in)/from investing activities	(129,243)	211,730
Financing activities		
Government grants received	12,955,794	12,706,136
Issue of shares	-	1,000
Payment of finance lease liabilities	(1,403)	(6,311)
Cash flows from financing activities	12,954,391	12,700,825
Net increase in cash and cash equivalents	1,009,775	1,707,243
Cash and cash equivalents at beginning of year	16,579,366	14,872,123
Cash and cash equivalents at end of year	17,589,141	16,579,366

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

NOTES TO THE FINANCIAL STATEMENT

For the financial year ended 31 March 2010

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

1. Domicile and activities

Competition Commission of Singapore (the “Commission”), a statutory body of the Ministry of Trade and Industry, has been established under the Competition Act (the “Act”), Chapter 50B, to administer and enforce the Act. The Commission’s functions and duties are principally to:

- (a) maintain and enhance efficient market conduct and promote overall productivity, innovation and competitiveness of markets in Singapore;
- (b) eliminate or control practices having adverse effect on competition in Singapore;
- (c) promote and sustain competition in markets in Singapore; and
- (d) promote a strong competition culture and environment throughout the economy in Singapore.

The Commission is domiciled in Singapore and its principal place of business is located at 5 Maxwell Road, #13-01 Tower Block MND Complex, Singapore 069110.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the applicable requirements of the Competition Act, Chapter 50B and Statutory Board Financial Reporting Standards (“SB-FRS”). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Commission’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Interpretations and amendments to SB-FRS effective in 2009

On 1 April 2009, the Commission adopted the new or amended SB-FRS and Interpretations to SB-FRS (“INT SB-FRS”) that are mandatory for application from that date. Changes to the Commission’s accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective SB-FRS and INT SB-FRS.

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

The following are the new or amended SB-FRS that are relevant to the Commission:

- SB-FRS 1 (Revised) - ‘Presentation of financial statements’ (effective from 1 April 2009). The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Commission has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.
- Amendment to SB-FRS 107 ‘Financial Instruments: Disclosures – Improving Disclosures about Financial instruments’ (effective from 1 April 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the accounting policies and measurement bases adopted by the Commission.

2.2 Income recognition

Application fees income is recognised when the service is provided.

Interest income is recognised on a time proportion basis using the effective interest method.

2.3 Grants

Grants received from the Ministry of Trade and Industry (“the Ministry”) for capital expenditure are taken to the deferred capital grants account upon the utilisation of the grants for purchase of property, plant and equipment and intangible assets which are capitalised, or to income or expenditure for purchase of property, plant and equipment and intangible assets which are written off in the year of purchase.

Deferred capital grants are recognised as income over the periods necessary to match the depreciation/amortisation, write off and/ or impairment loss of the property, plant and equipment/intangible assets purchased with the related grants. Upon the disposal of property, plant and equipment/intangible asset, the balance of the related deferred capital grants is recognised as income to match the carrying amount of the property, plant and equipment/intangible assets disposed.

Where the grants relate to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

2.4 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

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 Company and the cost of the item can be measured reliably.

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
Furniture and fittings	8 years
Office equipment	5 to 10 years
Computer	3 to 5 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 as expenditure when the changes arise.

2.5 Intangible assets

Acquired computer software

Acquired computer software are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income or expenditure using the straight-line method over their estimated useful lives of three to five years.

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in income or expenditure when the changes arise.

2.6 Impairment of non-financial assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income or expenditure.

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

2.7 Leases

The Commission leases computer hardware under finance leases and office space and office equipment under operating leases from non-related parties.

(i) Lessee - Finance lease

Leases where the Commission assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases. The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in income or expenditure on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(ii) Lessee - Operating lease

Leases of office space and office equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in income or expenditure on a straight-line basis over the period of the lease.

2.8 Financial assets

The Commission classifies its financial assets as cash and cash equivalents and other receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than twelve months after the balance sheet date which are presented as non-current assets.

They are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the Commission has transferred substantially all risks and rewards of ownership.

The Commission assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for impairment of other receivables is recognised when there is objective evidence that the Commission will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in income or expenditure within "Other operating expenses".

2.9 Employee benefits

(i) Defined contribution plans

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

(ii) Employee leave entitlement

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

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

2.10 Provisions

Provisions are recognised if, as a result of past event, the Commission has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

2.11 Trade and other payables

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

2.12 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities, carried at amortised cost, approximate their carrying amount.

2.13 Cash and cash equivalents

The Board is required to participate in the Centralised Liquidity Management Framework ("CLM") in accordance with the Accountant-General Circular No.4/2009 dated 2 November 2009. All bank accounts maintained with selected banks are required to be associated with the Accountant-General's Department's bank accounts for available excess cash to be automatically aggregated for central management on a daily basis. The cash are short-term high liquid investment that are readily convertible to known amounts of cash and are classified in cash and cash equivalents as "Cash and bank balances placed with the Accountant-General's Department.

For the purpose of presentation in the cash flow statement, cash and cash equivalents include cash at bank, cash and bank balances placed with the Accountant-General's Department and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.14 Currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Commission are measured using the currency of the primary economic environment in which the Commission operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional and presentation currency of the Commission.

(ii) 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 income or expenditure.

2.15 Share capital

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

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

3. Interest income

	2010	2009
	\$	\$
Interest income on fixed deposits	26,119	152,096
Interest income on cash and bank balances placed with the Accountant-General's Department	22,872	-
	48,991	152,096

4. Salaries, wages and staff benefits

	2010	2009
	\$	\$
Wages and salaries	7,067,983	6,116,326
Employer's contribution to Central Provident Fund	645,728	505,437
Other staff costs and benefits	423,101	211,116
	8,136,812	6,832,879

5. Other operating expenses

Included in other operating expenses were:

	2010	2009
	\$	\$
Information Technology services	506,974	413,905
Operating lease expenses	1,466,337	1,466,827
Professional fees and services	1,310,380	553,012

6. Government grants

	2010	2009
	\$	\$
Government Grants received	12,955,794	12,706,136
Amounts transferred to deferred capital grants (Note 14)	(356,579)	(24,049)
	12,599,215	12,682,087

7. Cash and cash equivalents

	2010	2009
	\$	\$
Cash at bank	87,500	714,663
Fixed deposits	-	14,005,000
Cash and bank balances placed with the Accountant-General's Department	17,501,641	1,859,703
	17,589,141	16,579,366

The cash and bank balances placed with the Accountant-General's Department comprise \$15,936,866 (FY2009: \$nil) which is centrally managed by the Accountant-General's Department under the Centralised Liquidity Management Framework ("CLM"), and \$1,564,775 (FY2009: \$1,859,703) which is used for payments of staff costs and to suppliers.

8. Other receivables and prepayments

	2010	2009
	\$	\$
Other receivables	22,039	26,047
Prepayments	202,041	146,592
	224,080	172,639

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

9. Property, plant and equipment

	Furniture and fittings	Office equipment	Computer	Total
	\$	\$	\$	\$
Cost				
At 1 April 2009	418,133	477,289	309,650	1,205,072
Additions*	301,031	4,231	37,862	343,124
Disposals	(8,613)	-	(48,806)	(57,419)
At 31 March 2010	710,551	481,520	298,706	1,490,777
Accumulated depreciation				
At 1 April 2009	192,415	199,064	218,173	609,652
Depreciation for the year	246,678	98,627	68,625	413,930
Disposals	(5,262)	-	(48,806)	(54,068)
At 31 March 2010	433,831	297,691	237,992	969,514
Net book value				
At 31 March 2010	276,720	183,829	60,714	521,263

	Furniture and fittings	Office equipment	Computer	Total
	\$	\$	\$	\$
Cost				
At 1 April 2008	418,133	470,834	380,689	1,269,656
Additions	-	6,455	13,149	19,604
Disposals	-	-	(84,188)	(84,188)
At 31 March 2009	418,133	477,289	309,650	1,205,072
Accumulated depreciation				
At 1 April 2008	140,149	145,682	196,069	481,900
Depreciation for the year	52,266	53,382	79,694	185,342
Disposals	-	-	(57,590)	(57,590)
At 31 March 2009	192,415	199,064	218,173	609,652
Net book value				
At 31 March 2009	225,718	278,225	91,477	595,420

At balance sheet date, the carrying amount of computer hardware and software includes \$nil (2009: \$1,053) in respect of computer hardware acquired under finance leases.

* Included in additions for the current financial year is a provision for reinstatement cost of S\$212,937 arising from the Commission’s intention to relocate within the next twelve months. Depreciation charge for furniture and fittings, and office equipment which will be affected by the relocation was also accelerated, resulting in additional depreciation charge of S\$91,860.

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

10. Intangible assets

	Acquired computer software licenses	Development work-in-progress	Total
	\$	\$	\$
Cost			
At 1 April 2009	77,619	-	77,619
Additions	16,806	19,260	36,066
At 31 March 2010	94,425	19,260	113,685
Accumulated depreciation			
At 1 April 2009	25,272	-	25,272
Amortisation charge for the year	21,772	-	21,772
At 31 March 2010	47,044	-	47,044

Net book value			
At 31 March 2010	47,381	19,260	66,641

	Acquired computer software licenses	Development work-in-progress	Total
	\$	\$	\$
Cost			
At 1 April 2008	46,575	-	46,575
Additions	31,044	-	31,044
At 31 March 2009	77,619	-	77,619

Accumulated depreciation			
At 1 April 2008	14,102	-	14,102
Amortisation charge for the year	11,170	-	11,170
At 31 March 2009	25,272	-	25,272

Net book value			
At 31 March 2009	52,347	-	52,347

11. Trade and other payables

	2010	2009
	\$	\$
Trade payables	219,261	63,258
Advance application fees received	100,000	-
Payroll-related accrued expenses	1,121,413	506,787
Accrued operating expenses	512,151	231,969
Provision for reinstatement cost	212,937	-
	2,165,762	802,014

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

12. Finance lease liabilities

	2010	2009
	\$	\$
Minimum lease payments due		
- Within one year	-	1,518
Less: Future finance charges	-	(115)
Present value of finance lease liabilities	-	1,403

The present values of finance lease liabilities are analysed as follows:

- Within one year	-	1,403
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13. Contribution to Consolidated Fund

The Contribution to the Consolidated Fund is made in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A). The amount to be contributed is based on 17% (2009: 18%) of the net surplus of the Commission.

	2010	2009
	\$	\$
At 1 April	553,943	554,817
Contribution for current financial year	46,074	553,943
Amount paid	(553,943)	(554,817)
At 31 March	46,074	553,943

14. Deferred capital grants

	2010	2009
	\$	\$
At 1 April	646,714	813,521
Capital grants received and utilised (Note 6)	356,579	24,049
Less: Grants credited to income or expenditure		
- Amortisation charge for the year	(434,649)	(190,856)
	568,644	646,714

15. Share capital

The Commission’s share capital comprise 1,000 fully paid shares (2009: 1,000) amounting to a total of \$1,000 (2009: \$1,000).

In prior year, the Commission issued 1,000 fully paid shares of S\$1 each to the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Chapter 183, 1985 Revised edition).

In accordance to the Finance Circular Minute No. M26/2008 dated 13 November 2008 issued by the Ministry of Finance, the holders of the shares are entitled to receive dividends only when the Commission generates an accounting surplus for the year and the total assets of the Commission is above \$50 million.

16. Financial risk management

The Commission has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Commission continually monitors its risk management process to ensure that an appropriate balance between risk and control is achieved.

The Commission, in its normal course of operation, is exposed to market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

The Commission is exposed to minimal currency risk in its normal course of operation as its financial assets and liabilities are mainly denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

(ii) Interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Commission’s interest bearing assets consist mainly of cash and bank balances placed with the Accountant-General Department under the Centralised Liquidity Management Framework (“CLM”) and fixed deposits placed with financial institutions. Other than these, the Commission operating income and cash flows are substantially independent of changes in market interest rates.

The Commission has no financial instruments that are exposed to significant interest rate risks.

(b) Credit risk

Credit risk is the potential loss resulting from the failure of a counterparty to settle its financial and contractual obligations to the Commission, as and when they fall due.

The major classes of financial assets of the Commission are cash at bank, and cash and bank balances placed with the Accountant-General’s Department.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Liquidity risk

Liquidity risk arises in the general funding of the Commission’s operating activities. It includes the risk of not being able to fund operating activities at settlement dates and liquidate positions in a timely manner at reasonable price. The Commission obtains its funding requirements from the Government as grants. The Commission also manages its liquidity risk by placing primarily its funds in banks with strong credit standing and with the Accountant-General’s Department.

The table below analyses the maturity profile of the Commission’s financial liabilities based on contractual undiscounted cash flows.

At 31 March 2010

Trade and other payables (excluding advance application fees received and provision for reinstatement cost)

At 31 March 2009

Trade and other payables

Finance lease liabilities

Less than
1 year
\$

1,852,825

802,014

1,518

d) Capital risk

The Commission defines “capital” to include share capital and accumulated surplus. The Commission’s policy is to maintain a strong capital base to safeguard the ability to meet the long-term development needs of the Commission. The Commission members monitor the “Net Operating Deficit/Surplus” on a regular basis.

There were no changes in the capital management approach during the year.

The Commission is not subject to externally imposed capital requirements.

17. Commitments

(a) Capital Commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2010	2009
	\$	\$
Capital commitments in respect of computer software - intangible assets	365,940	-

NOTES TO THE FINANCIAL STATEMENT (cont'd)

For the financial year ended 31 March 2010

(b) Operating Lease Commitments

The Commission leases office premise and office equipment under non-cancellable operating lease agreements. The leases have varying terms between 1 to 5 years and renewal rights.

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

	2010	2009
	\$	\$
Within 1 year	1,456,497	1,454,460
After 1 year but within 5 years	-	1,454,650
	1,456,497	2,909,110

18. Related parties transactions

Key management personnel compensation

Key management personnel of the Commission are those persons having the authority and responsibility for planning, directing and controlling the activities of the Commission. The Commission members, chief executive, assistant chief executive, and directors are considered as key management personnel of the Commission.

Key management personnel compensation comprised:

	2010	2009
	\$	\$
Short-term employee salaries and benefits	2,929,864	2,697,708
Allowances paid to non-executive Commission members	37,500	37,500
	2,967,364	2,735,208

19. New accounting standards and interpretations

Certain new accounting standards and interpretations to existing standards have been published and are mandatory for the Commission’s accounting periods beginning on or after 1 April 2010. The Commission does not expect that adoption of these accounting standards or interpretations will have a material impact on the Commission’s financial statements.

20. Authorisation of financial statements

These financial statements were authorised for issue by the Commission members on 17 June 2010.