
How will when the

As a customer, would you know if you were overcharged by a supplier you both trusted and admired? How would you know if a supplier based on competitive merits, or is abusing its position?

These are not easy questions, but CCS is here to help. Over the years we have worked diligently to ensure a level playing field for all, and a chance to be heard.

To help you understand the competition law and the CCS Fair Play Challenge. There are two rounds. In the first round, your knowledge about the competition law and the game rules, you will figure out answers for a series of questions. In the second round, you will tally the scenario cards you have. If you pass, you can proudly wear the badge on the back of your shirt.

Are you fare tested?

Offered an unfair deal? Even if it came from a
Would you know if a dominant player is competing
its dominance to squeeze out its competitors?

to figure out the answers. Since our inception,
playing field so that every business stands a fair
to succeed.

and the work of CCS better, you can take part in
rounds to play, each with a unique way to determine
and CCS. Once you familiarise yourself with the
set of provided scenarios. At the end of both
you earned in both rounds to receive your score. If
you cover and spread the word about CCS' mission.

ROUND 1

Rules

Using a series of “Scenario” and “Consequence” cards, you can read about a situation and make a call. You will then learn whether you are playing fair or skirting the law. The cards are colour-coded. If you answer the question on the “Scenario” card correctly, you keep the “Scenario” card as a prize and move on to the next “Scenario” card. If you guess wrong, you will have to draw a “Consequence” card of the same colour.

ROUND 2

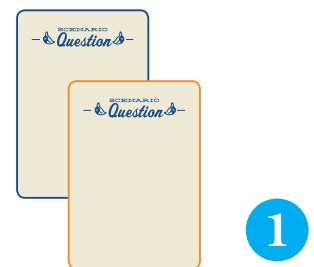
Rules

Instead of separate “Scenario” and “Consequence” cards, this round has a more straightforward approach. The Round Two cards are single cards, each with a simple question and answer format based on your understanding of CCS. These cards feature one question and three possible answers on the front. When you make your guess, flip the card over to reveal the answer. If you are right, add the card to your scenario card stack and count them when finished. No matter what the numbers say, you will have increased your knowledge of CCS and the important work undertaken each and every day.

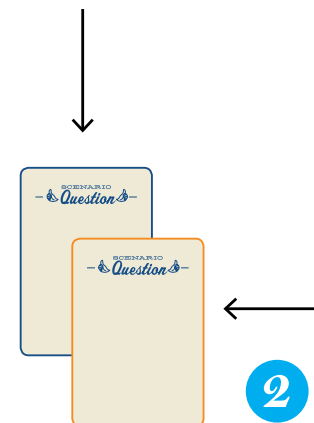
SEPARATE THE CARDS

scenario

SCENARIO CARDS are the question and answer cards. Pick a Scenario card first.



If you've got the right answer, keep the card and continue to the next Scenario card.



If you've got it wrong, discard the Scenario card and pick a Consequence card with the corresponding colour.

COLLECT THREE OR MORE SCENARIO CARDS

S INTO TWO STACKS

consequence

CONSEQUENCE CARDS are solid in colour on one side with a message on the other.



3

Keep the Consequence card and move on to the next Scenario card.



DS TO WIN THE BADGE ON THE COVER.



Just play fair and no cheating.

Collect as many scenario cards as possible and be a “Competition Champion” – one who competes on a level playing field like everyone else.

OVERVIEW

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FINANCIAL STATEMENTS



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

About CCS

The Competition Commission of Singapore (“Commission”) is a statutory body that was established under the Competition Act (Chapter 50B) on 1 January 2005. Its core function is to administer and enforce the Act, and it comes under the purview of the Ministry of Trade and Industry.

Today, competition is getting tougher. As businesses develop and grow, they search for new methods to give themselves the competitive edge. As they do so, CCS’ role is to ensure businesses compete on a level-playing field. In this regard, CCS has two areas of focus – enforcement and advocacy. CCS enforces the Competition Law by taking action against anti-competitive practices. It also advocates the importance of competition and explains the benefits of competition in the market place through innovative communications.

Corporate Colours

Teal represents authority and professionalism in the way CCS carries out its work, while orange reflects a fresh outlook to encourage business confidence and a vibrant business environment.

Chairman's Message

FY2011/2012 has been an eventful year for CCS. All round, there has been positive progress made in the areas of enforcement, outreach and advocacy, as well as international relations. CCS will leverage on its strengths to continue championing competition by pairing effective enforcement with active advocacy.

Key Achievements

CCS completed 26 cases during the year in review. They covered anti-competitive agreements, abuse of dominance, mergers, competition advisories, and market studies. These cases spanned many industries and some were cross-border in nature. Through these cases, CCS has been able to establish good case precedents and clarify the application of various provisions of the Competition Act.

2011 saw CCS made headlines when it issued two Infringement Decisions relating to price-fixing activities. In September 2011, CCS found 16 employment agencies violated the Competition Act by participating in a meeting that attempted to collectively fix the monthly salaries of new Indonesian Foreign Domestic Workers in Singapore. Shortly after this, another Infringement Decision was issued in November 2011 against 11 modelling agencies for breaching the Competition Act by agreeing to fix the rates of modelling services in Singapore.

The Infringement Decisions attracted wide media coverage and generated great interest among the public. They served as another reminder to businesses that engaging in price-fixing activities is illegal, and it will open them to investigations and possible financial penalties under the Competition Act.

The Infringement Decisions reinforced CCS' commitment

to enforce the Competition Act rigorously. They also illustrated that CCS will focus on anti-competitive activities that cause significant harm to the markets and the economy, such as price-fixing and bid-rigging.

CCS also considered a total of nine notifications, with two of them involving particularly complex alliance agreements impacting the airline industry in Singapore. CCS adopted a holistic approach, and applied consistency and rigour in the assessment of these notifications. In assessing proposed mergers, CCS is committed to applying a timely and transparent process to remain business-friendly. To this end, CCS has successfully completed 86% of reviews of proposed mergers within 30 working days (i.e. Phase 1 review).

On the international front, CCS has made good progress in expanding its international presence. CCS hosted the 7th East Asia Top Level Officials' Meeting ("EATOP") on 15 September 2011, in conjunction with the 6th East Asia Conference ("EAC") held on 16 September 2011. These events were organised jointly by the Japan Fair Trade Commission, the Asian Development Bank Institute and the Singapore Business Federation. The EATOP saw 16 competition agencies from 13 countries, together with the ASEAN Secretariat, participating in a closed-door meeting to review recent regional developments on competition policy and law. The

EAC, an open-door event, was opened by the Minister of State for Trade and Industry, Mr Teo Ser Luck. This event was attended by over 130 participants involving government officials, business leaders, competition professionals and academia, coming together to network and exchange ideas on emerging competition issues in the region.

2011 also witnessed a year where CCS received several visits from our counterparts overseas. They included visits by the newly-formed Malaysia Competition Commission (MyCC), the UAE Department of Economic Development (Competitiveness Office), the New Zealand Ministry of Economic Development, the Romania Competition Council, and the Namibian Competition Commission. There was a lively exchange of views on the progress made by each competition authority in areas such as enforcement, advocacy, and efforts towards case prioritisation and strategic planning. CCS has certainly benefitted greatly from these exchanges and will continue to learn from the experiences of overseas authorities in the future, in line with our continued efforts towards fostering closer ties with overseas competition agencies.

Looking Forward

As we move into our seventh year of operation, we will leverage on our strengths and continue in our



rigorous enforcement and active advocacy. We can expect CCS will have another busy year ahead given our pipeline of cases. We will also actively seek ways to strengthen our competition regime, conduct horizon scanning to pick up un-notified potentially anti-competitive mergers and other cases, as well as to strengthen cross-border enforcement collaboration with counterpart competition authorities.

We can also look forward to another exciting year where CCS will develop different outreach platforms to meet key stakeholders and develop customised competition collaterals targeted at different stakeholder segments, in a bid to educate stakeholders and encourage voluntary compliance among businesses.

We will continue to seek out opportunities to enhance Singapore's standing at various international competition forums and to establish CCS as a thought leader in competition issues both domestically and internationally. At the regional level, CCS will play an active leading role in driving the works of the ASEAN Experts Group on Competition (AEGC), pertaining to development of strategies and tools for regional advocacy, which works towards ASEAN's aim to attain harmonised competition laws and policies by 2015.

Acknowledgements

I would like to express my gratitude to my fellow Commission Members who have contributed a lot of their time and effort in all the key matters that come before them. I also

commend the dedicated management team and staff for their hard work and commitment over the past year. They have clearly embraced CCS' Values of Professionalism, Integrity and Passion. My thanks also to our key partners and stakeholders, who have played a part in growing CCS and given us support in our work.

I look forward to another fulfilling and exciting year ahead where CCS will continue to work with our stakeholders in its quest to foster a vibrant economy with competitive markets and innovative businesses.

A handwritten signature in black ink, appearing to read 'Lam Chuan Leong'.

MR LAM CHUAN LEONG
Chairman

Chief Executive's Message

Incisive decisions + Innovative messaging + Impactful contributions



FY2011/2012 saw an eventful year for CCS where it completed 26 cases. CCS was able to see various dimensions of our competition framework being exercised and strengthened through these cases: conducting investigations, issuing infringement decisions, getting leads through leniency, accepting commitments, notifications for guidance, decisions, and the appeal process.

Tackling the most egregious forms of anti-competitive conduct – cartels and abuse of dominance – remains a priority for CCS. This year, CCS completed 10 cases relating to anti-competitive agreements, and two cases on abuse of dominance.

We achieved successful outcomes in issuing two Infringement Decisions against cartel activities in the markets for the supply of new Indonesian maids and the supply of modelling services in Singapore. They were decisions that saw the different applications of Section 34 of the Competition Act (i.e. prohibition against anti-competitive agreements) being tested. The Infringement Decisions attracted wide media coverage and garnered support from many members of the public.

The two Infringement Decisions also highlighted that many businesses remain unfamiliar with CCS or the competition law. Small and Medium Enterprises (SMEs) in particular find this area rather technical and complex. Also, some of their practices, which are potentially anti-competitive – have long become industry norms and special efforts are needed to help them comply with competition law. This has prompted CCS to take a more proactive and strategic approach in its outreach and communications efforts.

CCS worked through trade associations and business chambers in reaching out to businesses,

focusing on target groups such as professional bodies, SMEs and certain specific industries. Over the past year, we partnered many organisations including the Singapore Business Federation and the Singapore Chinese Chamber of Commerce and Industry to conduct talks to businesses.

CCS also continued to develop innovative collaterals to communicate competition messages to our stakeholders in an interesting and fun way. These included the Manga cards, “FREED!” Manga, 60-second competition lessons etc., with strategic messaging built in to better educate our stakeholders about competition matters. The corporate website has been totally revamped, making it more user-friendly, and the contents more targeted and relevant for our stakeholders.

A couple of important “firsts” have been achieved for CCS in the area of innovative messaging. In March this year, CCS launched its very first issue of its quarterly e-newsletter, Competitive Edge. Competitive Edge seeks to deliver greater value to our stakeholders by bringing to them all of the latest news, insights, developments and items of interest from CCS. CCS also held its inaugural digital animation contest early this year, jointly organised with the Nanyang Polytechnic’s School of Interactive & Digital Media. The winning work – “Golden Glasses” – helped convey CCS’ Leniency Programme from a cinematic, creative point of view. This winning work received many commendations when it was showcased at the annual competition conference held in Brazil, attended by leading antitrust authorities and competition practitioners worldwide.

CCS will leverage on its strong foundation and continue with its rigorous enforcement and advocacy. Our enforcement work has seen

promising advancement. We will continue to enforce rigorously. CCS is actively following through a number of investigations and will be issuing more decisions in the months ahead. A number of sectoral groups have also been formed, with an aim to deepen our understanding of various sectors in Singapore so that we can be more proactive and targeted in our enforcement and advocacy. CCS will also continue to customise its communication channels to reach different stakeholder segments effectively, and explore different ways to better engage our stakeholders and get feedback from them on how we can perform better.

Internally, CCS will continue with its efforts on building expertise and developing a supportive environment to ensure its people, systems and processes are in place to operate CCS to an excellent standard. CCS has also set out a clear strategic direction for itself to achieve its mission. We have developed a “4E” framework of desired outcomes (Enlightened competition legislation, Effective enforcement, Enhanced voluntary compliance, and Educated stakeholders), alongside several strategic thrusts to achieve these outcomes, to guide us in our work priorities and resource planning.



MS YENA LIM
Chief Executive

Commission Members



Chairman

MR LAM CHUAN LEONG

(Chairman of Human Resource Committee)

Ambassador-at-Large
Ministry of Foreign Affairs

MR BOBBY CHIN YOKE CHOONG

(Chairman of Audit Committee)

Chairman
Tote Board

DR ANDREW KHOO CHENG HOE

(Member of Audit Committee)

Assistant Managing Director
(Market and Investment Group)
Monetary Authority of Singapore

PROF PHANG SOCK YONG

(Member of Audit Committee)

Professor
School of Economics
Singapore Management University

PROF TAN CHENG HAN

Professor
Faculty of Law
National University of Singapore



Chief Executive

MS YENA LIM

*(Member of Human
Resource Committee)*

MR LIONEL YEE WOON CHIN

*(Member of Human
Resource Committee)*

Second Solicitor-General and
Director-General
International Affairs Division
Attorney General's Chambers

MR WONG YEW MENG

(Member of Audit Committee)

Former Audit Partner
PricewaterhouseCoopers

MS CHIA AILEEN

*(Member of Human
Resource Committee)*

Deputy Director-General
(Telecoms & Post)
Infocomm Development Authority

MRS TAN CHING YEE

Permanent Secretary
Ministry of Health

Senior Management



1 MS YENA LIM

Chief Executive

2 MR TOH HAN LI

Assistant Chief Executive
Legal & Enforcement

3 MR ALVIN KOH

Director
Legal & Enforcement

4 MR TEO WEE GUAN

Director
Strategic Planning

5 MR HERBERT FUNG

Director
Business & Economics

6 MS SELENA YEO*

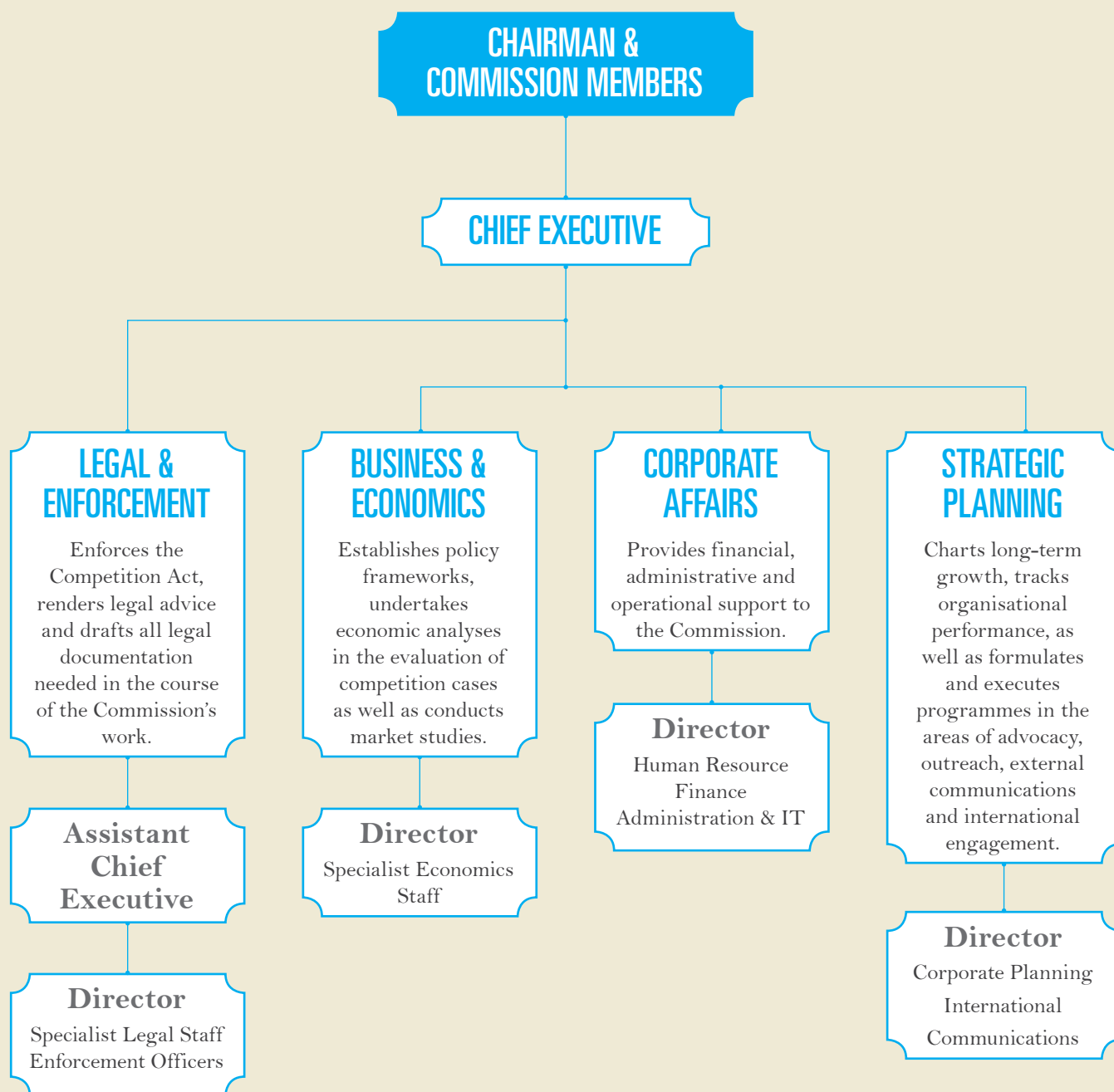
Director
Corporate Affairs

7 MS MAY LOH*

2nd Director
Legal & Enforcement

** Not present in the picture.*

Organisation Chart



Corporate Governance

Chairman & Commission Members

This Commission oversees the key activities and strategies of CCS. It comprises the Chairman and nine Commission Members. The Commission Members bring with them expertise in legal, economic and financial domains from the public, and private sectors. They were appointed by the Minister for Trade and Industry for a three-year term from 1 January 2011 to 31 December 2013. A total of six Commission meetings were held in the financial year.

Human Resource (HR) Committee

The CCS HR Committee was set up in August 2007. It is chaired by Mr Lam Chuan Leong, with Mr Lionel Yee, Ms Chia Aileen and Ms Yena Lim 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 appraisals to ensure that staff are being objectively appraised and rewarded.

Business & 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 bound by CCS' code of conduct and are obliged to adhere to internal policies regarding the avoidance of conflicts of interest.

Audit Committee

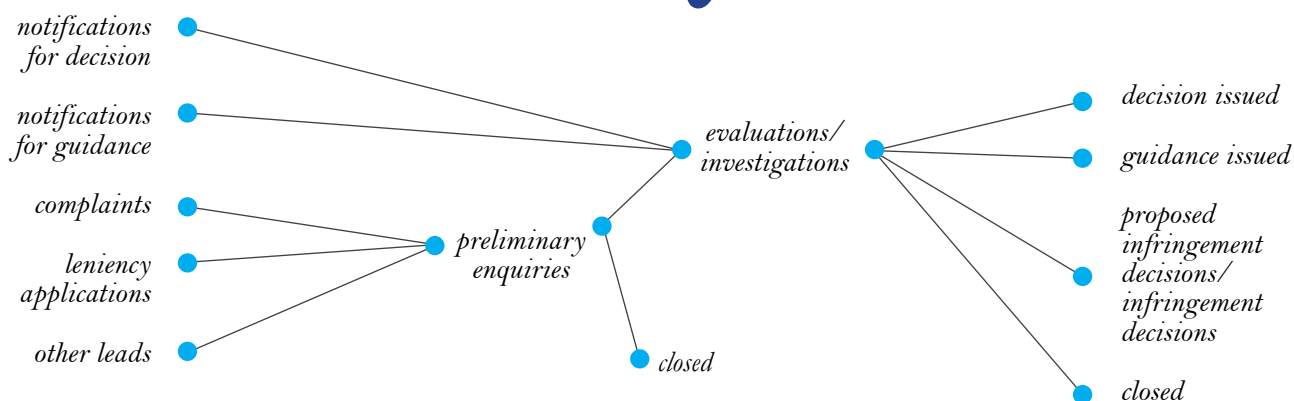
The Audit Committee is chaired by Mr Bobby Chin, with Professor Phang Sock Yong, Dr Andrew Khoo, and Mr Wong Yew Meng as members. The Audit Committee's main responsibilities are to assist the Commission in carrying out its responsibilities in areas relating to internal controls, auditing, financial and 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

KPMG 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 are duly approved by the Commission and the Minister for Trade and Industry. The Auditor-General is also kept informed of these audit reports.

CCS CASE MANAGEMENT

Workflow



CHAMPIONING *Competition*

At CCS, the main goal is to promote a strong competitive culture throughout the Singapore economy. Not only does CCS take action against anti-competitive practices, it also spreads the message of competition and compliance on the ground.

In FY2011, CCS saw several high-profile cases advance to the enforcement phase. Some of them culminated into infringement decisions, in addition to examining a number of mergers with complex considerations and were cross-border in nature.

Summary of Completed Cases

STATUS AS AT 31 MARCH 2012		PRELIMINARY ENQUIRIES/ INVESTIGATIONS	NOTIFICATIONS FOR GUIDANCE	NOTIFICATIONS FOR DECISION	MERGER NOTIFICATIONS	APPEALS	COMPETITION ADVISORIES	MARKET STUDIES	TOTAL CASES
ACTIVE CASES		14	4	3	0	4	4	5	34
COMPLETED CASES	FY2011 (APRIL 2011 – MARCH 2012)	8	1	3	8	0	4	2	26
	PREVIOUS FY2010	15	1	1	6	3	5	5	36
	SINCE CCS STARTED (TILL END OF FY2011)	71	7	6	29	3	21	9	146

16 Employment Agencies Fined for Price-fixing

“A company who finds itself in any discussions involving price-fixing activities must state clearly that it disagrees with the unlawful activity, must clearly and publicly distance itself from the content of the discussion and immediately remove itself from such discussion.”



For any business, times can be tough. When things are not easy, it may be more tempting to try and fix things in your favour, and respond to a business development by banding together with others in a similar predicament.

In February 2011, 16 employment agencies in Singapore banded together and hatched a scheme to address the shortage of Indonesian maids that had developed in Singapore. What they realised was that fewer maids were willing to come and work in Singapore because the wages were considered too low. Had the agencies separately decided what kind of salary raise would get the Indonesian maids to come and

work in Singapore, there would have been no violation. However, because they feared a price war, they came together and attempted to fix the new wage at \$450 for new maids coming from Indonesia.

At a meeting held at the Keppel Club to discuss the new regulatory framework for employment agencies to be implemented by the Ministry of Manpower, it was brought up that perhaps they could help themselves by deciding on a fixed salary for all maids, regardless of which company they were hired from.

From that point onward, all involved were guilty of violating Section 34 of the Competition

Act, which prohibits price-fixing activities. While a few tried to escape penalties by claiming to have been silent and gone along with the group out of peer pressure, this does not change the violation. All 16 agencies were found to have run afoul of Section 34 and fined from \$5,000 to \$42,317, for a total of \$152,563.

11 Modelling Agencies Fined for Price-fixing

“This case served as a reminder that trade or industry associations should not facilitate price collusion or price-fixing.”

No matter how competitive an industry is, companies cannot conspire to fix prices in order to gain an advantage over their customers, clients or competitors.

A recent example of price-fixing occurred when 11 modelling agencies in Singapore violated Section 34 of the Competition Act by trying to set a standard fee on the services of models. In an attempt to put a professional face to this unfair practice, the agencies involved created their own association, called Association of Modelling Professionals (AMIP).

Though the formation of AMIP occurred two years before the passing of the Competition Act in 2006, the moment the law was passed, these agencies were in serious violation. Instead of abandoning the price-fixing arrangement, they continued to benefit from it.

From the moment CCS became aware of this issue, a thorough inspection of all 16 agencies was undertaken. CCS found that the price-fixing enabled AMIP to unfairly benefit, and secured them a considerable 40% of the relevant market. Clearly, this had a negative effect on the rest of the industry, and action had to be taken.

In fact, out of the 16 agencies investigated, only one complied with the Competition Act and discontinued the price-fixing within the six-month grace period. Subsequently, it was the only agency not fined. The rest ended up paying the price, and faced total fines of \$361,596, ensuring that the real adverse effects were felt by those who most deserved them.



Leniency Programme

If a poor decision is initially made and someone enters into a cartel agreement, they can still help themselves out with a smart decision and apply for the CCS Leniency Programme.

Once a cartel is formed, fear of discovery keeps most involved from coming forward about the activities. By assisting CCS in uncovering these secret and illegal trade practices, a business owner can escape fines and get their business and reputation back on track.

The first determination is to make sure the business involved is in violation of Section 34. By definition, cartel activities may include agreements between businesses to fix prices, to rig competitive bidding processes, to divide up markets, and to restrict production. Cartel activities are detrimental to consumers (businesses and end consumers) because they restrict or remove competition between market players

and also remove the incentive for market players to be efficient or to innovate.

Perhaps the most important consideration in the Leniency Programme is to be the first to act and assist in the investigation. If another involved party steps up before you to expose a cartel, you may find yourself on the wrong side of the matter. So those who feel they may be part of a cartel should file a leniency application as soon as possible.

If your business is indeed in violation and you are the first to come forward, you and your business will be entitled to immunity from financial penalties (if CCS has not commenced investigations yet) or a reduction of up to 100% of the financial penalties (if CCS has already commenced investigation).

As is often the case in life, the right move is also the smart move.



Be the first in line to apply for leniency for full immunity!

Merger Notifications

When two companies decide to join forces in Singapore, there can be adverse impact on competition in the market they operate in. Even though it is not mandatory for companies to notify CCS of a proposed merger, it is recommended that they file a notification with CCS if they are unsure before undertaking the expensive and arduous task of merging. Without taking this course, the companies could be violating competition law and be subject to fines or other remedies.

In FY2011, CCS was asked for decisions on the following mergers:

DATE OF NOTIFICATION	NOTIFIED MERGERS	STATUS
20 April 2011	Acquisition of Penguin Ferry Services Pte Ltd by SIF Group Pte Ltd	Completed on 6 June 2011
25 May 2011	Acquisition of Samsung Electronics Co., Ltd by Seagate Technology Public Limited Company	Completed on 29 November 2011
3 June 2011	Acquisition of Barracuda Ventures Pte Ltd by National Oilwell Varco Pte Ltd	Completed on 19 July 2011
29 July 2011	Acquisition of Argus Technologies (Australia) Pty Ltd and Argus Technologies (International) Limited by CommScope, Inc	Completed on 31 August 2011
8 August 2011	Acquisition of MAN SE by Volkswagen AG	Completed on 20 September 2011
11 November 2011	Acquisition of Synthes, Inc by Johnson & Johnson	Completed on 5 January 2012
21 December 2011	Proposed Merger of Nippon Steel Corporation and Sumitomo Metal Industries, Ltd	Completed on 10 February 2012

CASE IN POINT

Acquisition of Penguin Ferry Services Pte Ltd by SIF Group Pte Ltd

The SIF Group has been cleared to acquire their ferry boat competitor Penguin Ferry Services. Asked for a ruling by SIF Group, CCS did not find any areas of overlap on any passenger ferry route, a reduction in the number of competitors, or a change in the market share.

Feedback obtained during the investigation expressed that competition concerns could arise due to familial affiliations between SIF and a competing ferry operator on the Singapore-Sekupang route. However



after much scrutiny, CCS found that a coordinated activity between the competitors was unlikely.

For these reasons, CCS concluded that the proposed acquisition would not infringe the merger provisions of the Competition Act, and the merger was cleared on 6 June 2011.

CASE IN POINT

Acquisition of Barracuda Ventures Pte Ltd by National Oilwell Varco Pte Ltd



A top supplier/manufacturer of valves to the oil and gas industry received clearance from CCS to acquire one of its competitors. In allowing National Oilwell Varco Pte Ltd to absorb Barracuda Ventures, CCS considered the overlap between the two companies and talked to relevant players in the market.

While there was a chance that the competitive environment could be harmed by the loss of a player in the industry, it was determined that this alliance would result in more options and safety in the industry, and this took precedence over other concerns.

Having considered the submissions from the notifying parties and feedback from relevant third parties, CCS concluded that there was unlikely to be competition concerns arising from the notified transaction.

CASE IN POINT

Acquisition of Argus Technologies (Australia) Pty Ltd and Argus Technologies (International) Limited by CommScope, Inc



In assessing the desire of CommScope to acquire its competitor, Argus Technologies, CCS first sought the opinion of end customers for base station antennas (BSAs) in Singapore – MobileOne, SingTel and Starhub. CCS also inquired with eight intermediaries who supply mobile telecommunications equipment and services in Singapore, and sought feedback from the competitors of the parties.

Given the dynamic nature of the market and differences between firms in terms of size, market share, regional presence and product offerings, the risk of coordinated behaviour in the market was assessed to be low.

After evaluating the effect on competition in the relevant markets, CCS concluded that the proposed acquisition would not infringe Section 54 of the Competition Act and the merger was cleared on 31 August 2011.

CASE IN POINT

Acquisition of MAN SE by Volkswagen AG

Two of the leading global manufacturers of heavy-duty vehicles submitted to CCS that they intended to merge their Singapore operations, leading CCS to investigate the impact this merger could have on the competition.

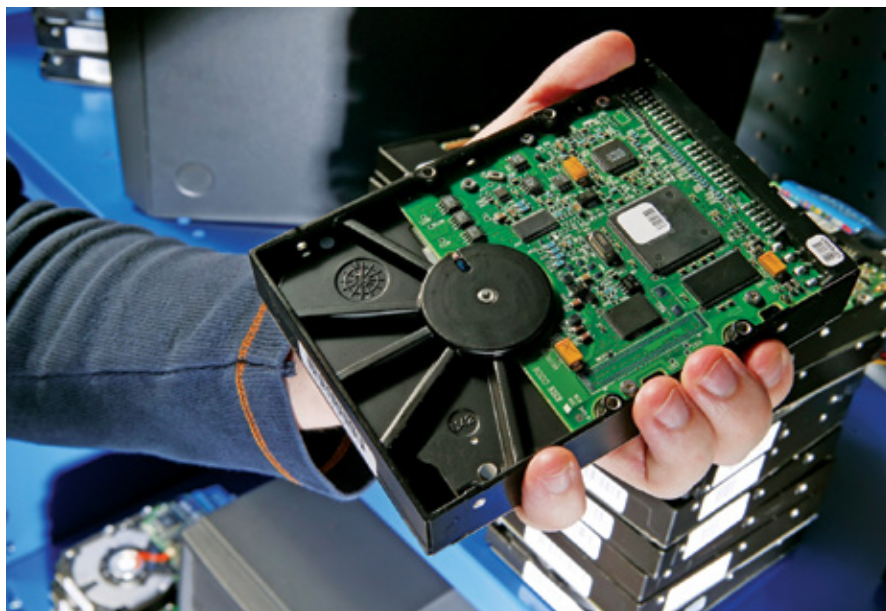
VW and MAN submitted that there was an overlap between them in the relevant markets, but after discussions with various customers and suppliers in the sector, CCS found that there would be no substantial lessening of competition in any of the markets or damaging overlap. Customers would still have had a suitable number of credible alternatives to the merged company, and competition from existing and potential competitors would still be strong.

CCS concluded that the transaction would not infringe Section 54 prohibition of the Act, and allowed the merger to proceed.



CASE IN POINT

Acquisition of Samsung Electronics Co., Ltd by Seagate Technology Public Limited Company



After a Phase 2 review, it was decided that the proposed merger between Seagate and Samsung would be allowed to move forward.

Seagate is one of the largest dedicated Hard Disk Drive (HDD) manufacturers in the world, and was looking to acquire certain parts of the HDD division of Samsung, one of the most diverse and well-known brands in the electronics world. CCS was tasked with ensuring that this merger did not represent a lessening of competition in the HDD market.

The findings of CCS, coupled with the fact that no Singapore customer expressed concerns regarding the transaction, determined that there was no active threat of substantial lessening of competition in Singapore and no infringement of Section 54 of the Competition Act.

CASE IN POINT

Acquisition of Synthes, Inc by Johnson & Johnson

On 5 January 2012, CCS issued the go-ahead for the proposed acquisition of Synthes, Inc by Johnson & Johnson. The two companies are competitors in the supply of spine devices, trauma devices and bone graft substitutes.

During the period of review, CCS examined the likely effect of the acquisition in the market shared by the two competitors. Feedback was obtained from a variety of third parties including hospitals, private practitioners, authorities such as the Health Sciences Authority, and other suppliers of these medical devices.

Having taken into account factors such as the barriers to entry into these markets and countervailing buyer power, CCS was of the view that the

proposed transaction was unlikely to give rise to competition concerns in the relevant markets.



CASE IN POINT

Proposed Merger between Nippon Steel Corporation and Sumitomo Metal Industries, Ltd



When Nippon Steel Corporation (NSC) and Sumitomo Metal Industries, Ltd (SMI) filed a joint notification for a merger decision by CCS, much investigation needed to take place.

NSC and SMI had similar product offerings in Singapore, such as seamless steel pipes, seamed steel pipes, H-beams, steel plates, hot-rolled steel sheets, cold-rolled steel sheets, galvanised steel sheets, and retaining structures. Since all are considered finished steel products, there was a potential for industry-harming crossover.

CCS took a close look at the relevant market structure, barriers to entry and competition dynamics of the industry, and went so far as to interview others in the industry for their views on the merger.

Because excess manufacturing capacity exists for the relevant products and most materials are purchased on an irregular basis, there was no indication that non-coordinated effects would arise from the merger. The other discovery by CCS was that due to the massive scale of steel manufacturing

around the world and the relatively small share of that trade by NSC and SMI, the potential for coordinated effects also was minimised.

After careful consideration, CCS saw no Section 54 infringement issues and gave clearance for the merger to go ahead in February 2012.



CASE IN POINT

Japan Airlines and American Airlines Alliance Agreement and Joint Business Agreement

When Japan Airlines and American Airlines applied to CCS for clearance of their alliance on 6 December 2010, they felt strongly that they were in a good position to move forward with a lawful union. The proposed alliance would allow the airlines to integrate their trans-pacific businesses and in doing so, generate significant efficiencies and provide considerable consumer benefits to those travelling to and from Singapore.

Upon examination, CCS agreed with the parties that the alliance would increase route and schedule choices and lower fares through fare combinability, as well as result in quality improvements through joint product development.

In the end, CCS found that in addition to generating significant efficiencies and benefits, the agreements would not bring about a substantial reduction or elimination of competition. Hence, a clearance decision was issued to the parties.

CASE IN POINT

All Nippon Airways Co Ltd, Continental Airlines, Inc and United Airlines, Inc Joint Venture Agreement



When a trio of well-known airlines propose to engage in revenue-sharing, pricing and revenue management coordination, route/capacity planning and schedule coordination, it could have an adverse effect on competition in the industry.

So when All Nippon Airways Co Ltd, Continental Airlines, Inc and United Airlines, Inc (“the Parties”) sent their

joint venture agreement to CCS on 13 January 2011, a close inspection was needed.

In addition to other resource-sharing, the Parties wished to establish “metal neutrality” between them, meaning that each will become indifferent as to which airline operates the underlying metal (i.e. the aircraft) on each route.

Having assessed that passengers would enjoy better schedules, combined fares, more seat choices and integration of their frequent flyer programmes without a substantial reduction or elimination of competition on the affected routes, CCS allowed the agreement to proceed.

CASE IN POINT

Alliance between Singapore Airlines Limited and Virgin Australia Airlines Pty Ltd



When two successful airlines decide to share resources, CCS must be sure that competition is not prevented, restricted or distorted in the process.

In June 2011, Singapore Airlines Limited and Virgin Australia Airlines Pty Ltd notified CCS of their wish to code-share each other’s international and domestic flights, offer reciprocal frequent-flyer programme benefits and lounge access, coordinate schedules, and engage in joint sales, marketing and distribution activities.

CCS not only discovered that no anti-competitive issues cropped up, but also found the resulting additional direct flights to Australia were pro-competition.

Since the benefits from this partnership would outweigh the potential harm on competition and strengthen Singapore’s position as an aviation hub, CCS issued the parties with a clearance decision on their proposed alliance.

Case Team Members

16 EMPLOYMENT AGENCIES FINED FOR PRICE-FIXING



CASE TEAM MEMBERS: FROM LEFT TO RIGHT — ANGELA PNG, SENIOR ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT); TEO WEE GUAN, DIRECTOR (STRATEGIC PLANNING) AND TERENCE SEAH, ASSISTANT DIRECTOR (BUSINESS & ECONOMICS)

11 MODELLING AGENCIES FINED FOR PRICE-FIXING



CASE TEAM MEMBERS: FROM LEFT TO RIGHT — CANDICE LEE, ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT) AND ANGELA PNG, SENIOR ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT)

ACQUISITION OF PENGUIN FERRY SERVICES PTE LTD BY SIF GROUP PTE LTD



CASE TEAM MEMBERS: FROM LEFT TO RIGHT — YVETTE YOUNG, SENIOR ASSISTANT DIRECTOR (STRATEGIC PLANNING) AND CANDICE LEE, ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT)



CASE TEAM MEMBERS: FROM BACK TO FRONT — ELAINE TAN, SENIOR ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT) AND TERENCE SEAH, ASSISTANT DIRECTOR (BUSINESS & ECONOMICS)

ACQUISITION OF ARGUS TECHNOLOGIES (AUSTRALIA) PTY LTD AND ARGUS TECHNOLOGIES (INTERNATIONAL) LIMITED BY COMMSCOPE, INC



CASE TEAM MEMBERS: FROM LEFT TO RIGHT — CANDICE LEE, ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT) AND POH LIP HANG, ASSISTANT DIRECTOR (BUSINESS & ECONOMICS)

ACQUISITION OF SAMSUNG ELECTRONICS CO., LTD BY SEAGATE TECHNOLOGY PUBLIC LIMITED COMPANY



CASE TEAM MEMBERS: FROM LEFT TO RIGHT — ADAM NAKHODA, DEPUTY DIRECTOR (LEGAL & ENFORCEMENT); KOH JIAYING, SENIOR ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT) AND LAU SHI ERN, COMPETITION ANALYST (BUSINESS & ECONOMICS)

PROPOSED MERGER BETWEEN NIPPON STEEL CORPORATION AND SUMITOMO METAL INDUSTRIES, LTD



CASE TEAM MEMBER: CANDICE LEE, ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT)

ACQUISITION OF MAN SE BY VOLKSWAGEN AG



CASE TEAM MEMBERS: FROM LEFT TO RIGHT — NIMISHA TAILOR, SENIOR ASSISTANT DIRECTOR (BUSINESS & ECONOMICS); ELAINE TAN, SENIOR ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT) AND SANDYA BOOLUCK, COMPETITION ANALYST (BUSINESS & ECONOMICS)

ACQUISITION OF SYNTHES, INC BY JOHNSON & JOHNSON



CASE TEAM MEMBERS: FROM LEFT TO RIGHT — ELAINE TAN, SENIOR ASSISTANT DIRECTOR (LEGAL & ENFORCEMENT); SERENA HO, COMPETITION ANALYST (BUSINESS & ECONOMICS) AND TERENCE SEAH, ASSISTANT DIRECTOR (BUSINESS & ECONOMICS)

Market Research

A New Focus on the Business and Economics of Competition

CCS is always looking to improve and streamline its core competencies. So at the start of FY2011/2012, the former Policy and Economics Analysis division was remodelled into the Business & Economics (BE) division. This forward-thinking move was accompanied by a corresponding shift in overall corporate strategic directions and forced a realignment of CCS work initiatives from the moment the change took hold.

The results speak for themselves – stronger engagement of the business community to promote compliance of competition law, closer scrutiny of the marketplace to spot potentially anti-competitive business practices, more employment and staff training opportunities to build expertise in business analysis, and better understanding of business activities in antitrust enforcement cases.

The newly formed BE division played a leading role in the clearance of two merger transactions that both advanced to Phase 2 assessment – the partnerships of Greif International Holding BV and GEP Asia Holding Pte Ltd, as well as the alliance between Seagate Technology Public Limited Company and Samsung Electronics Co., Ltd. The new division was also kept busy with the need to oversee three alliance agreements in the airline industry – the alliance between Japan Airlines and American Airlines; between All Nippon Airways Co Ltd; Continental Airlines, Inc and United Airlines, Inc; and between Singapore Airlines Limited and Virgin Australia Airlines Pty Ltd.

Though a busy and exciting time, staff members of the BE division found the time to publish a market study report titled *An Inquiry into the Retail Petrol Market in Singapore* on 19 May 2011. The article was so well received that an abridged version was published as a featured article in the *Economic Survey of Singapore First Quarter 2011* by the Ministry of Trade and Industry.

Another strong initiative of the new BE division is its role as a leading advocate of pro-competition policy making within the public sector. The BE division initiated the Community of Practice for Competition Regulators (COPCOM) amongst various regulatory agencies, and hosted the inaugural sharing session on 13 October 2011. At the Civil Service College, the BE team lectured in three training programmes – the “Competition Impact Assessment” course, the “Effective Government Regulation and Risk Management” course, and the “Economics of Privatisation, Regulation and Competition” course.

Although CCS is primarily a law enforcement agency, thorough and robust economic analysis is a necessary ingredient for sound decision-making, and a strong understanding and engagement of businesses ensures promulgation of a competitive culture in Singapore markets. Although relatively new, the BE division has a strong and unwavering commitment to help CCS realise two of its desired outcomes of “Educated Stakeholders” and “Enhanced Voluntary Compliance”.

Advocacy



FREED! Manga

CCS has found a fun way to inform stakeholders about the CCS Leniency Programme through the CCS Manga series. With the rousing success of the first two editions, “Foiled!” and “Fixed!”, CCS has decided to produce another exciting edition of the series, titled “FREED!”, that highlights CCS’ Leniency Programme.

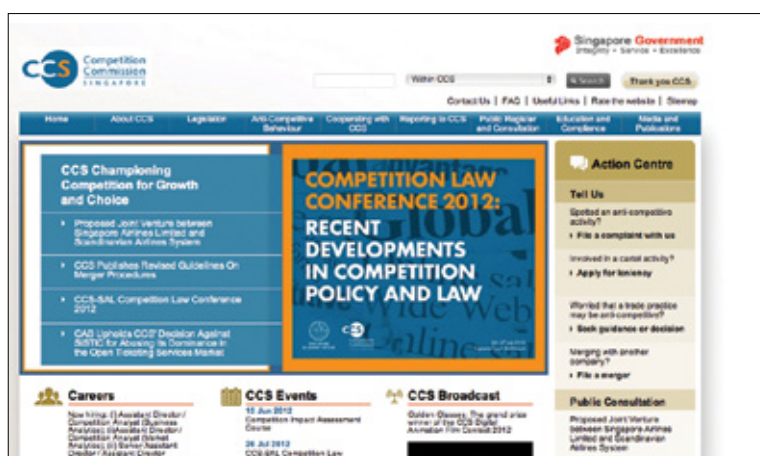
The goal with FREED! is to illustrate to cartel members the dangers of being involved in illicit activities, and to encourage them to step forward and do the right thing. By coming clean on cartel activities, the person who steps forward can enjoy full or partial immunity from financial penalties.

In sharing ideas with our international counterparts in competition law, the industry consensus is that leniency programmes are highly effective in incentivising businesses that have participated in cartel activities. To that end, the FREED! Series will help convince those on the wrong side of the law to help themselves by coming forward with information and evidence about the cartel.



The Competitive Edge

To ensure that news about the latest happenings at CCS reaches all interested parties, the inaugural issue of the Competitive Edge e-newsletter was launched in March 2012. This quarterly e-newsletter features news about high-profile CCS cases, updates on international competition law-related activities, a list of notable events in the CCS Calendar, and a fun corner where you can see the lighter side of CCS.



CCS Revamped Website

CCS goes to great lengths to make things easy and convenient for its stakeholders, and no better example of this exists than the new CCS website. In mid-January 2012, a complete revamp of the website was completed. With the new website, all pertinent information about CCS is instantly available to our stakeholders in an intuitive and user-friendly interface design.

CCS Digital Animation Film Contest

Launched in January 2012, the inaugural CCS Digital Animation Film Contest was a landmark contest held jointly by CCS and Nanyang Polytechnic's School of Interactive & Digital Media. After a spirited judging session, the esteemed judges found worthy winners in both the Student and Open categories.

This contest was created with two goals in mind – to raise awareness of competition law in Singapore, generate greater understanding of how competition law operates, and to inform viewers of the benefits of CCS' enforcement of competition law.

With the creative film entries focusing on the benefits of competition, the contest is a unique and effective method for CCS to promote healthy competition and spread the word about competition law compliance. In addition, the contest assists our stakeholders in understanding CCS' role and responsibilities from a cinematic and creative point of view.

In order to choose the winners, entries were reviewed and scored by an expert panel of judges, who could choose not to give any award if the entries in the category did not meet the standards required. The winners from both **Student** and **Open categories** were:

STUDENT CATEGORY



STUDENT CATEGORY

2nd PRIZE

- Title:** Price-fixing is Wrong (Superhero)
School: Nanyang Polytechnic, School of Interactive & Digital Media

3rd PRIZE

- Title:** Cavemen Collusion
School: Nanyang Polytechnic, School of Interactive & Digital Media

MERIT AWARD

- Title:** The Muffins Case
School: Beatty Secondary School
- Title:** Cheesopoly
School: Nanyang Polytechnic, School of Interactive & Digital Media

OPEN CATEGORY



OPEN CATEGORY

1st PRIZE

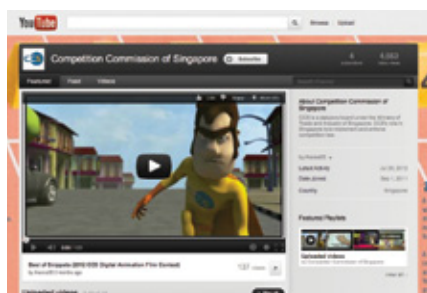
- Title:** Golden Glasses
Winner: Mr Srinivas Bhakta

2nd PRIZE

- Title:** Price-fixing
Winner: Mr Art Lim

MERIT AWARD

- Title:** The Three Little Pigs
Winner: Blotch Studios



CCS YouTube Page

CCS is well aware that social media and video are excellent tools for spreading the message about competition law in Singapore. In particular, YouTube is useful in getting messages out to CCS' stakeholders. A number of CCS-produced educational videos and winning entries from the inaugural CCS Digital Animation Film Contest are hosted on the CCS YouTube page.

Outreach Initiatives

CCS Strengthens Relationships with Business Associations and Educational Institutes

Throughout the year, CCS makes it a point to share our message with a diverse and targeted audience. Prevention is always preferred to enforcement, so making the facts about Singapore's competition law available to as many people as possible is a constant and unwavering goal for us.

In 2012, we once again partnered with the Singapore Chinese Chamber of Commerce and Industry (SCCCI) to conduct regular outreach sessions with their network of 130 trade associations and 4,000 corporate entities from a number of different industries.

In addition to sharing the benefits of competition law, it also gives us a chance to listen to the viewpoints of those who do business each and every day. If we find any areas that need clarification or improvement, we address those internally at our earliest opportunity.

Setting aside time for outreach to schools is rewarding and enlightening as well, and in 2012, CCS found many opportunities to both share and engage. Since we are essentially addressing the future business leaders of Singapore, raising the awareness of the competition law in this audience will reap many benefits for Singapore's economy in the long term.

CCS places special emphasis on speaking to students taking economics-related courses such as principles of economics, industrial organisation and competition policy. So each year, we reach out to National University of Singapore (NUS), Singapore Management University (SMU) and Nanyang Technological University (NTU).

CCS also met and shared with business students from Singapore Polytechnic, Republic Polytechnic, Civil Service College, St Andrew's Junior College and Temasek Polytechnic.

The students sat through presentations that introduced CCS as well as the main prohibitions of the Competition Act, competition policy in Singapore, and past CCS enforcement cases. These presentations sparked lively exchanges as students were encouraged to actively participate in a two-way question and answer session.

Stepping Up, Unleashing Potential

Advancing Knowledge

OVERSEAS ATTACHMENT

In October 2011, Elaine Tan, Senior Assistant Director (Legal & Enforcement) and CCS were attached to Mr Mark Brealey QC of Brick Court chambers in the United Kingdom. During this period of attachment, she attended the hearing of *Imperial Tobacco and Others v. OFT* before the Competition Appeal Tribunal of the United Kingdom.

In an illustrative case of price-fixing, the OFT decided on 15 April 2010 that the two main manufacturers of tobacco products in the United Kingdom – Imperial and Gallaher – had each entered into a series of bilateral agreements with 10 different retailers relating to the pricing of tobacco products in those retailers' stores. Mr Mark Brealey QC acted for the appellant Imperial Tobacco Group Plc, and the decision of the OFT was unanimously quashed by the Competition Appeal Tribunal.

Charting Directions

FOUR KEY OUTCOMES, ONE GREAT FUTURE

CCS has identified four key desired outcomes for its works and has called it "The 4E Way to SucCCS". They consist of: (1) Enlightened Competition Legislation; (2) Effective Enforcement; (3) Enhanced Voluntary Compliance; and (4) Educated Stakeholders. With these desired outcomes set forth, four corresponding strategic thrusts have been developed. The strategic thrusts form the overarching framework for the divisions in CCS to align their workplans and activities. This helps to bring our desired outcomes to reality.

THE 4E WAY TO SucCCS AT THE WORKPLAN SEMINAR

When everyone is working collectively towards a common goal, the chances of success are much higher. To make this happen at CCS, a full-day Workplan Seminar entitled "The 4E Way to SucCCS!" was held in January 2012 at the Amara Sanctuary Resort Sentosa. This seminar was organised to ensure that everyone was informed of CCS' plans for the coming year, and proved to be an excellent way to focus everyone on future goals and to get everyone to work together in alignment.

In order to generate as much interest and adoption as possible, the venue was carefully chosen to show another side of Singapore and to allow staff to reconnect with nature. The idyllic island location of the Amara Sanctuary delivered on this promise and provided an excellent backdrop for CCS staff to get together, get to know each other, have fun, build team spirit, and achieve CCS' objectives.

With an excellent setting and ideal environment, there was a great deal of excitement as CCS' Chief Executive, Ms Yena Lim, mapped out the four key outcomes as well as strategic thrusts of the organisation for the years ahead. This was followed by each division presenting their respective workplans for FY2012 and demonstrating how these were aligned with CCS' desired outcomes and strategic thrusts.

Deepening Engagement

Beyond internal processes and training, CCS seeks to foster synergistic collaborations with external parties to jointly promote a sound pro-competition framework in both the local and international markets. This year, participation in various international exchange programmes has enabled CCS officers to gain a broader perspective on competition issues, thereby leading to better enforcement of the Competition Act.



2 AUGUST 2011
Visit by Ministry of Finance
and Planning, Sri Lanka

14-16 MARCH 2012
Visit by Namibian
Competition Commission



15 SEPTEMBER 2011
7th East Asia Top Level Officials'
Meeting on Competition Policy



29 SEPTEMBER 2011
Visit by Department of Economic
Development, Competitiveness
Office (Abu Dhabi)



16 SEPTEMBER 2011
6th East Asia Conference on
Competition Law and Policy



26 SEPTEMBER 2011
Visit by Dr Bogdan Chiritoiu,
President, Romanian
Competition Council

31 OCTOBER 2011
Visit by Mr David Smol,
Chief Executive Officer, New Zealand
Ministry of Economic Development

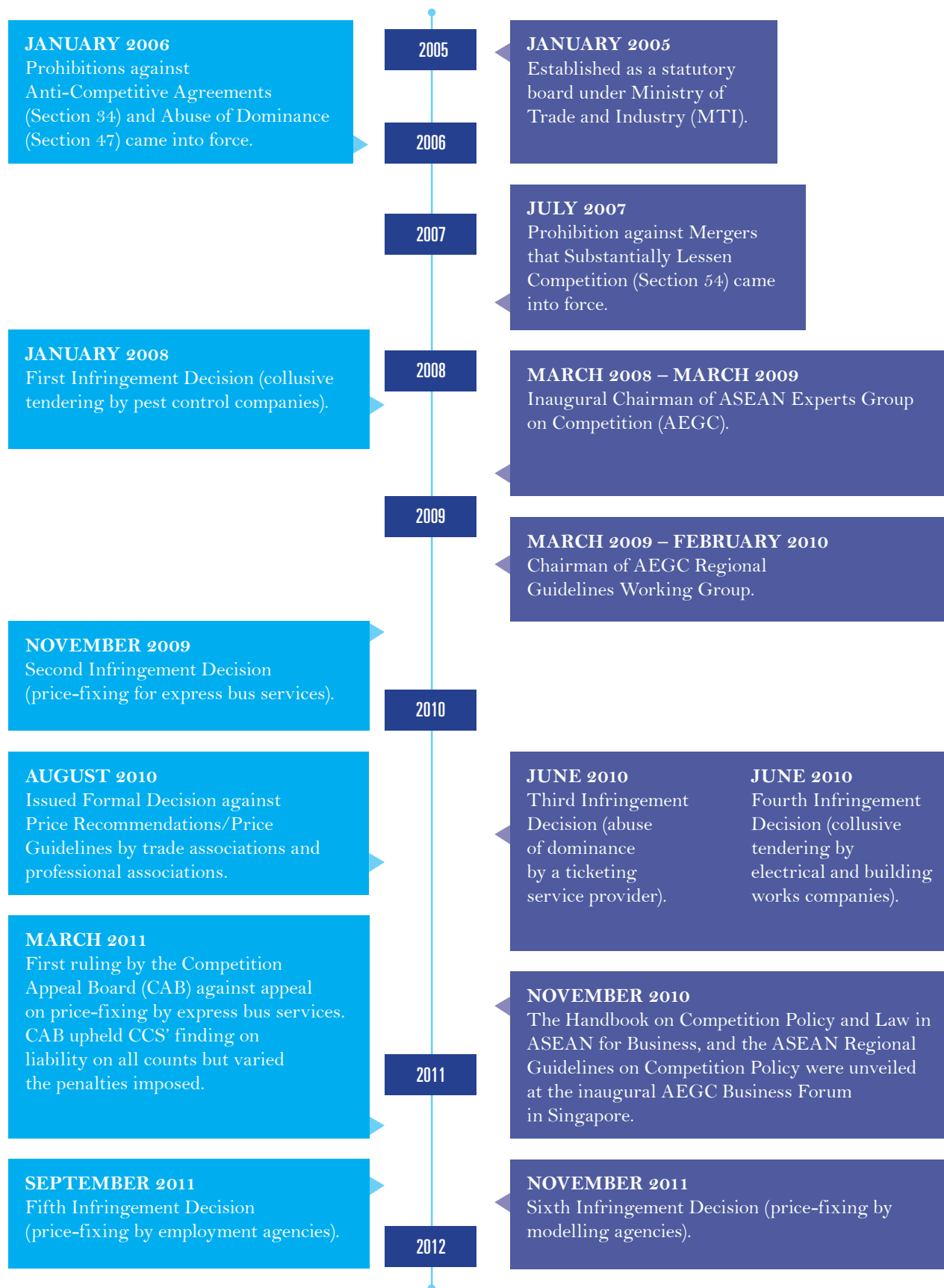


14 NOVEMBER 2011
Visit by Philippines' Civil
Service College



**5-9
DECEMBER 2011**
1st ASEAN Workshop
on Developing Regional
Core Competencies on
Competition Policy and
Law in Singapore

CCS Milestones



Statement by Commission Members

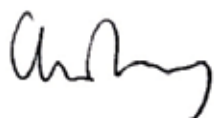
for the financial year ended 31 March 2012

In our opinion,

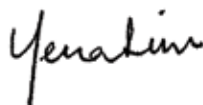
- (a) the financial statements set out on pages 35 to 38 are drawn up so as to give a true and fair view of the state of affairs of the Competition Commission of Singapore (the “Commission”) as at 31 March 2012 and the result, changes in the equity and cash flows of the Commission for the year ended on that date in accordance with the provisions of the Competition Act, Chapter 50B and Statutory Board Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Commission will be able to pay its debts as and when they fall due.

The Commission Members have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Commission Members



LAM CHUAN LEONG
Chairman



YENA LIM
Chief Executive

13 June 2012

Independent Auditors' Report

Report on the financial statements

We have audited the accompanying financial statements of the Competition Commission of Singapore (the "Commission"), which comprise the statement of financial position as at 31 March 2012, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 35 to 55.

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 Competition Act, Chapter 50B (the "Act") and Statutory Board Financial Reporting Standards, and for such internal controls as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' 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 control 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 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, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards to give a true and fair view of the state of affairs of the Commission as at 31 March 2012 and the results, changes in equity and cash flows of the Commission for the year ended on that date.

Report on other legal and regulatory requirements

MANAGEMENT'S RESPONSIBILITY FOR COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

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

OPINION

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Commission whether purchased, donated or otherwise

KPMG LLP

KPMG LLP

Public Accountants and
Certified Public Accountants

Singapore

13 June 2012

Statement of Financial Position

as at 31 March 2012

	Note	2012 \$	2011 \$
Assets			
Plant and equipment	4	2,811,475	2,487,626
Intangible assets	5	149,560	175,830
Non-current assets		2,961,035	2,663,456
Other receivables	6	78,102	102,290
Prepayments		135,208	187,444
Cash and cash equivalents	7	17,213,267	16,015,082
Current assets		17,426,577	16,304,816
Total assets		20,387,612	18,968,272
Equity			
Share capital	8	2,097,892	1,993,992
Accumulated surplus		16,026,411	13,917,600
Total equity		18,124,303	15,911,592
Liabilities			
Deferred capital grants	9	476,356	83,552
Non-current liabilities		476,356	83,552
Trade and other payables	10	1,703,640	2,973,128
Contribution to Consolidated Fund	11	83,313	-
Current liabilities		1,786,953	2,973,128
Total liabilities		2,263,309	3,056,680
Total liabilities and equity		20,387,612	18,968,272

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

Statement of Comprehensive Income

year ended 31 March 2012

	Note	2012 \$	2011 \$
Income			
Interest income	12	89,831	80,168
Application fee income		440,000	255,000
Other operating income		40,017	12,096
		569,848	347,264
Less:			
Expenditure			
Depreciation of plant and equipment	4	416,075	328,983
Amortisation of intangible assets	5	52,569	27,557
Salaries, wages and staff benefits		7,994,540	9,393,258
Staff training and development costs		275,939	544,983
Capital expenditure written off		5,042	36,482
Other operating expenses		3,334,394	4,168,850
		12,078,559	14,500,113
Deficit for the year before Government grants	13	(11,508,711)	(14,152,849)
Government grants			
Operating grant	14	13,642,156	12,148,924
Deferred capital grant amortised	9	58,679	301,880
		13,700,835	12,450,804
(Deficit)/Surplus for the year before contribution to Consolidated Fund		2,192,124	(1,702,045)
Contribution to Consolidated Fund	11	(83,313)	-
(Deficit)/Surplus for the year/Total comprehensive income for the year		2,108,811	(1,702,045)

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

Statement of Changes in Equity

year ended 31 March 2012

	Share capital \$	Accumulated surplus \$	Total \$
At 1 April 2010	1,000	15,619,645	15,620,645
Deficit for the year, representing total comprehensive loss for the year	-	(1,702,045)	(1,702,045)
Transactions with the Ministry of Finance, recognised directly in equity			
Issue of ordinary shares, representing total transactions with the Ministry of Finance	1,992,992	-	1,992,992
At 31 March 2011	1,993,992	13,917,600	15,911,592
At 1 April 2011	1,993,992	13,917,600	15,911,592
Deficit for the year, representing total comprehensive loss for the year	-	2,108,811	2,108,811
Transactions with the Ministry of Finance, recognised directly in equity			
Issue of ordinary shares, representing total transactions with the Ministry of Finance	103,900	-	103,900
At 31 March 2012	2,097,892	16,026,411	18,124,303

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

Statement of Cash Flows

year ended 31 March 2012

	Note	2012 \$	2011 \$
Cash flows from operating activities			
(Deficit)/Surplus for the year		2,108,811	(1,702,045)
Adjustments for:			
Depreciation of plant and equipment		416,075	328,983
Amortisation of intangible assets		52,569	27,557
Loss on disposal of plant and equipment		86	18,318
Loss on disposal of intangible assets		3,424	-
Contribution to Consolidated Fund		83,313	-
Government grants		(13,642,156)	(12,148,924)
Deferred capital grant amortised		(58,679)	(301,880)
Interest income		(89,831)	(80,168)
		(11,126,387)	(13,858,159)
Change in other receivables		49,934	(50,279)
Change in prepayments		52,236	14,597
Change in trade and other payables		(1,269,488)	733,002
Cash used in operations		(12,293,706)	(13,160,839)
Contribution to Consolidated Fund		-	(46,074)
Net cash used in operating activities		(12,293,706)	(13,206,913)
Cash flows from investing activities			
Purchase of plant and equipment		(740,010)	(2,264,483)
Acquisition of intangible assets		(29,723)	(136,746)
Proceeds from disposal of plant and equipment		-	25,183
Interest received		97,024	50,196
Net cash used in investing activities		(672,709)	(2,325,850)
Cash flows from financing activities			
Government grants received		14,060,700	11,965,712
Proceeds from issue of shares		103,900	1,992,992
Net cash from financing activities		14,164,600	13,958,704
Net (decrease)/increase in cash and cash equivalents		1,198,185	(1,574,059)
Cash and cash equivalents at 1 April		16,015,082	17,589,141
Cash and cash equivalents at 31 March	7	17,213,267	16,015,082

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

Notes to the Financial Statements

year ended 31 March 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Commission Members on 13 June 2012.

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 45 Maxwell Road, #09-01, The URA Centre, Singapore 069118.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provision of the Competition Act, Chapter 50B and Statutory Board Financial Reporting Standards (“SB-FRS”). SB-FRS include Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Commission’s functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in Accounting Policies

Identification of related party relationships and related party disclosures

From 1 April 2011, the Commission has applied the revised SB-FRS 24 *Related Party Disclosures* to identify parties that are related to the Commission and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Commission and its related parties. Revised SB-FRS 24 improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

Revised SB-FRS 24 provided an exemption for government-related entities from the need to provide the full disclosures as required under revised SB-FRS 24. Government-related entities could now opt to provide disclosures only in respect of those related party transactions which are considered to be individually or collectively significant. In this respect, the Commission has elected to apply the modified disclosure exemptions provided by revised SB-FRS 24.

The adoption of revised SB-FRS 24 affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Commission for the current and previous financial years.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Commission, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Commission at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

3.2 Grants

Government grants and contributions from other organisations are recognised at their fair value where there is reasonable assurance that the grant will be received and all required conditions will be complied with.

Grants from the Ministry of Trade and Industry (the “Ministry”) to meet the current year’s operating expenses are recognised as income in the same year these operating expenses were incurred. Operating grants from the Ministry are accounted for on an accrual basis.

Notes to the Financial Statements

year ended 31 March 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Grants received from the Ministry for capital expenditure are taken to the deferred capital grants account upon the utilisation of the grants for purchase of plant and equipment and intangible assets, which are capitalised, or to income or expenditure for purchase of 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 plant and equipment and intangible assets purchased with the related grants. Upon the amortisation or disposal of plant and equipment and intangible assets, the balance of the related deferred capital grants is recognised as income to match the carrying amount of the plant and equipment and intangible assets disposed.

3.3 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for its intended use, and the estimated cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and is recognised net within other operating income/ other operating expense in income or expenditure.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the component if it is probable that the future economic benefits embodied within the component will flow to the Commission, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in income and expenditure as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components individual assets are assessed and if component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in income and expenditure on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment. Development work-in-progress is not depreciated.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The estimated useful lives for the current and comparative periods are as follows:

Furniture and fittings	8 years
Office equipment	5 to 10 years
Computer hardware and software	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.4 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.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in income and expenditure on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are from 3 to 5 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Financial instruments

Non-derivative financial assets

The Commission initially recognises loans and receivables and deposits on the date that they originate. All other financial assets are recognised initially on the trade date at which the Commission becomes a party to the contractual provisions of the instrument.

The Commission derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Commission is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Commission has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Commission classifies non-derivative financial assets into loans and receivables category.

Notes to the Financial Statements

year ended 31 March 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and other receivables.

Cash and cash equivalents comprise cash balances, bank deposits and deposits placed with the Accountant-General's Department.

Non-derivative financial liabilities

The Commission recognises all financial liabilities on the trade date at which the Commission becomes a party to the contractual provisions of the instrument.

The Commission derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Commission has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Commission classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Commission on terms that the Commission would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Commission, economic conditions that correlate with defaults or the disappearance of an active market for a security.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Loans and receivables

The Commission considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Commission uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in income and expenditure and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income and expenditure.

Non-financial assets

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in income and expenditure. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

year ended 31 March 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the periods during which services are rendered by employees.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Commission has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8 Provisions

Provisions are recognised if, as a result of past event, the Commission has a present 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.

3.9 Income

Application fees

Application fees income is recognised when the service is provided.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

3.10 Financial penalties

Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. The financial penalties collected are transferred to the Consolidated Fund upon receipt and are not included in the financial statements of the Commission.

3.11 Lease payments

Payments made under the operating leases are recognised in income and expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in income and expenditure as an integral part of the total lease expense, over the term of the lease.

3.12 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2011, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Commission.

4 PLANT AND EQUIPMENT

	Furniture and fittings \$	Office equipment \$	Computer \$	Development work-in- progress \$	Total \$
Cost					
At 1 April 2010	710,551	481,520	298,706	-	1,490,777
Additions	1,081,972	713,613	269,533	273,729	2,338,847
Disposals	(462,112)	(434,484)	(177,646)	-	(1,074,242)
At 31 March 2011	1,330,411	760,649	390,593	273,729	2,755,382
Additions	14,777	35,656	689,577	-	740,010
Disposals	(462)	-	(11,108)	-	(11,570)
Transfers	-	23,236	250,493	(273,729)	-
At 31 March 2012	1,344,726	819,541	1,319,555	-	3,483,822
Accumulated depreciation					
At 1 April 2010	433,831	297,691	237,992	-	969,514
Depreciation for the year	97,018	192,452	39,513	-	328,983
Disposals	(450,900)	(423,806)	(156,035)	-	(1,030,741)
At 31 March 2011	79,949	66,337	121,470	-	267,756
Depreciation for the year	170,203	87,160	158,712	-	416,075
Disposals	(376)	-	(11,108)	-	(11,484)
At 31 March 2012	249,776	153,497	269,074	-	672,347
Carrying amounts					
At 1 April 2010	276,720	183,829	60,714	-	521,263
At 31 March 2011	1,250,462	694,312	269,123	273,729	2,487,626
At 31 March 2012	1,094,950	666,044	1,050,481	-	2,811,475

Included in additions during the year are plant and equipment funded via deferred capital grants and equity financing received from the Ministry of Finance, in its capacity as a shareholder, under the capital management framework for statutory boards amounting to \$451,483 (2011: \$8,540) and \$14,798 (2011: \$1,982,214) respectively.

Development work-in-progress relates to computers involved in “Intranet Portal cum Document Management System” project to create a Document Management System, revamping the intranet, integrating an advanced search engine and enhancing organisational knowledge management within the Commission. This system was completed and commissioned during the year.

Notes to the Financial Statements

year ended 31 March 2012

5 INTANGIBLE ASSETS

	Acquired computer software licences \$	Development work-in- progress \$	Total \$
Cost			
At 1 April 2010	94,425	19,260	113,685
Additions	21,186	115,560	136,746
At 31 March 2011	115,611	134,820	250,431
Additions	29,723	-	29,723
Disposals	(30,458)	-	(30,458)
Transfers	134,820	(134,820)	-
At 31 March 2012	249,696	-	249,696
Accumulated amortisation			
At 1 April 2010	47,044	-	47,044
Amortisation for the year	27,557	-	27,557
At 31 March 2011	74,601	-	74,601
Amortisation for the year	52,569	-	52,569
Disposals	(27,034)	-	(27,034)
At 31 March 2012	100,136	-	100,136
Carrying amounts			
At 1 April 2010	47,381	19,260	66,641
At 31 March 2011	41,010	134,820	175,830
At 31 March 2012	149,560	-	149,560

Development work-in-progress relates to application software involved in “Intranet Portal cum Document Management System” project (see note 4). The system was completed and commissioned during the year.

6 OTHER RECEIVABLES

	2012 \$	2011 \$
Other receivable	2,428	52,362
Government grant receivable	32,939	-
Interest receivable	42,735	49,928
Loans and receivable	78,102	102,290

There is no allowance for impairment loss arising from loans and receivables since all the balances are considered not past due.

7 CASH AND CASH EQUIVALENTS

	2012 \$	2011 \$
Cash with Accountant-General's Department (AGD)	14,632,626	13,599,700
Deposit placed with the AGD	2,580,641	2,415,382
	17,213,267	16,015,082

Cash with AGD refers to cash that is managed by AGD under Centralised Liquidity Management (CLM) as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

At the reporting date, the weighted average effective interest rates per annum relating to cash placed with the AGD range between 0.55% to 0.73% (2011: 0.45% to 0.66%). Interest rates are repriced on a monthly basis.

8 SHARE CAPITAL

	No. of shares	
	2012	2011
Fully paid ordinary shares, with no par value		
At 1 April	1,993,992	1,000
Issued for cash	103,900	1,992,992
At 31 March	2,097,892	1,993,992

In accordance with the Finance Circular Minute No. M26/2008, the Ministry of Finance ("MOF"), as the shareholder, is 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. The shares carry neither voting rights nor par value.

Notes to the Financial Statements

year ended 31 March 2012

8 SHARE CAPITAL (CONT'D)

On an annual basis, MOF communicates to the Commission on the expected dividends by 31 October each year. The expected dividends would be based on the cost of equity applied to the Commission's equity base. It takes into account the investments the Commission had made to build additional capacity and be capped at the Commission's annual accounting surplus. For the year ended 31 March 2012, no dividends are payable.

During the financial year, the Commission issued 103,900 (2011: 1,992,992) ordinary shares for a cash consideration of \$103,900 (2011: \$1,992,992) as part of the equity financing from the Ministry of Finance in its capacity as a shareholder, under the capital management framework for statutory boards.

9 DEFERRED CAPITAL GRANTS

	Note	2012 \$	2011 \$
At 1 April		83,552	568,644
Add:			
Capital grants received and utilised		451,483	29,725
Capital grants transferred to operating grants in income and expenditure		-	(212,937)
	14	451,483	(183,212)
Less:			
Amortisation charge for the year		(58,679)	(301,880)
At 31 March		476,356	83,552

10 TRADE AND OTHER PAYABLES

	2012 \$	2011 \$
Trade payables	3,999	446,294
Payroll-related accrued expenses	1,101,693	1,845,528
Accrued operating expenses	310,647	394,005
Provision for reinstatement cost	287,301	287,301
	1,703,640	2,973,128

11 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% of the net surplus of the Commission, after netting off the prior year's accounting deficit, as allowed under the Finance Circular Minute No. M5/2005.

	2012 \$	2011 \$
At 1 April	-	46,074
Contribution for the current year	83,313	-
Amount paid	-	(46,074)
	83,313	(46,074)
At 31 March	83,313	-

12 INTEREST INCOME

	2012 \$	2011 \$
Interest income on cash and bank balances placed with the Accountant-General's Department	89,831	80,168

13 SURPLUS/(DEFICIT) FOR THE YEAR BEFORE GOVERNMENT GRANTS

The following items have been included in arriving at the surplus/(deficit) for the year before Government grants:

	2012 \$	2011 \$
Operating lease expenses	1,217,509	1,714,513
Wages and salaries	7,130,157	8,471,358
Contributions to defined contribution plans included in salaries, wages and staff benefits	608,693	715,481

Notes to the Financial Statements

year ended 31 March 2012

14 GOVERNMENT GRANTS

	Note	2012 \$	2011 \$
Government grants received/receivable		14,093,639	11,965,712
Amounts transferred from/(to) deferred capital grants	9	(451,483)	183,212
		13,642,156	12,148,924

15 FINANCIAL PENALTIES

All financial penalties collected by the Commission are paid into the Consolidated Fund in accordance with Section 13(2) of the Competition Act, Chapter 50B. The following financial penalties collected during the financial year are not included in the financial statements of the Commission.

	2012 \$	2011 \$
Financial penalties	579,940	192,900

16 FINANCIAL INSTRUMENTS

Overview

The Commission has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the Commission's exposure to each of the above risks, the Commission's objectives, policies and processes for measuring and managing risk, and the Commission's management of capital.

The Commission does not enter into any financial derivatives instruments.

Risk management framework

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's Enterprise Risk Management framework provides a systematic process for identifying, evaluating and mitigating the associated risks and uncertainties appropriately.

Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The cash placed with the Accountant-General's Department under the Centralised Liquidity Management (CLM) are either placed with the Monetary Authority of Singapore, banks or financial institutions, and are available upon request.

16 FINANCIAL INSTRUMENTS (CONT'D)

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

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

The Commission obtains its funding requirements from the Government as operating 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 following are the expected contractual undiscounted cash inflows (outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Cash flows Within 1 year \$
2012			
Trade and other payables*	1,416,339	(1,416,339)	(1,416,339)
2011			
Trade and other payables*	2,685,827	(2,685,827)	(2,685,827)

* Excluding provision for reinstatement cost

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Commission's financial instruments will fluctuate due to the changes in the market interest rates. The Commission's interest bearing assets consist mainly of cash and bank balances placed with the Accountant-General Department under Centralised Liquidity Management Framework (CLM). Other than these, the Commission operating income and cash flows are substantially independent of changes in market interest risk.

Capital management

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.

Estimation of fair values

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents and trade and other payables) approximate their fair values because of the short period to maturity.

Notes to the Financial Statements

year ended 31 March 2012

16 FINANCIAL INSTRUMENTS (CONT'D)

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	Note	Loans and receivables \$	Other financial liabilities \$	Total carrying amount \$	Fair value \$
31 March 2012					
Financial assets					
Other receivables	6	78,102	-	78,102	78,102
Cash and cash equivalents	7	17,213,267	-	17,213,267	17,213,267
		<u>17,291,369</u>	<u>-</u>	<u>17,291,369</u>	<u>17,291,369</u>
Financial liabilities					
Trade and other payables	10	<u>-</u>	<u>(1,416,339)</u>	<u>(1,416,339)</u>	<u>(1,416,339)</u>
31 March 2011					
Financial assets					
Other receivables	6	102,290	-	102,290	102,290
Cash and cash equivalents	7	16,015,082	-	16,015,082	16,015,082
		<u>16,117,372</u>	<u>-</u>	<u>16,117,372</u>	<u>16,117,372</u>
Financial liabilities					
Trade and other payables	10	<u>-</u>	<u>(2,685,827)</u>	<u>(2,685,827)</u>	<u>(2,685,827)</u>

17 COMMITMENTS

Capital commitments

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

	2012 \$	2011 \$
Capital commitments in respect of computer software – intangible assets	-	250,380

Operating lease commitments

At 31 March 2012, the Commission has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2012 \$	2011 \$
Within 1 year	1,233,483	1,202,942
After 1 year but within 5 years	1,576,811	2,405,239
	2,810,294	3,608,181

The leases primarily relate to leasing of office premise, office equipment and computer equipment under operating leases. The leases run for an initial period of between 1 to 5 years with option to renew the leases after that date.

18 RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Commission if the Commission has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Commission and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Nature and amount of individually significant transactions

During the year, the Commission leases office premise from Urban Redevelopment Authority (“URA”). In the prior year, the Commission leased an office premise from Ministry of National Development (“MND”). In addition, the Commission leases computer equipment and obtaining information technology services from Infocomm Development Authority of Singapore (“IDA”) since prior year.

	2012 \$	2011 \$
Ministries/Statutory boards		
Operating lease expenses	1,209,154	1,668,916
Information Technology services rendered	161,261	281,455

Notes to the Financial Statements

year ended 31 March 2012

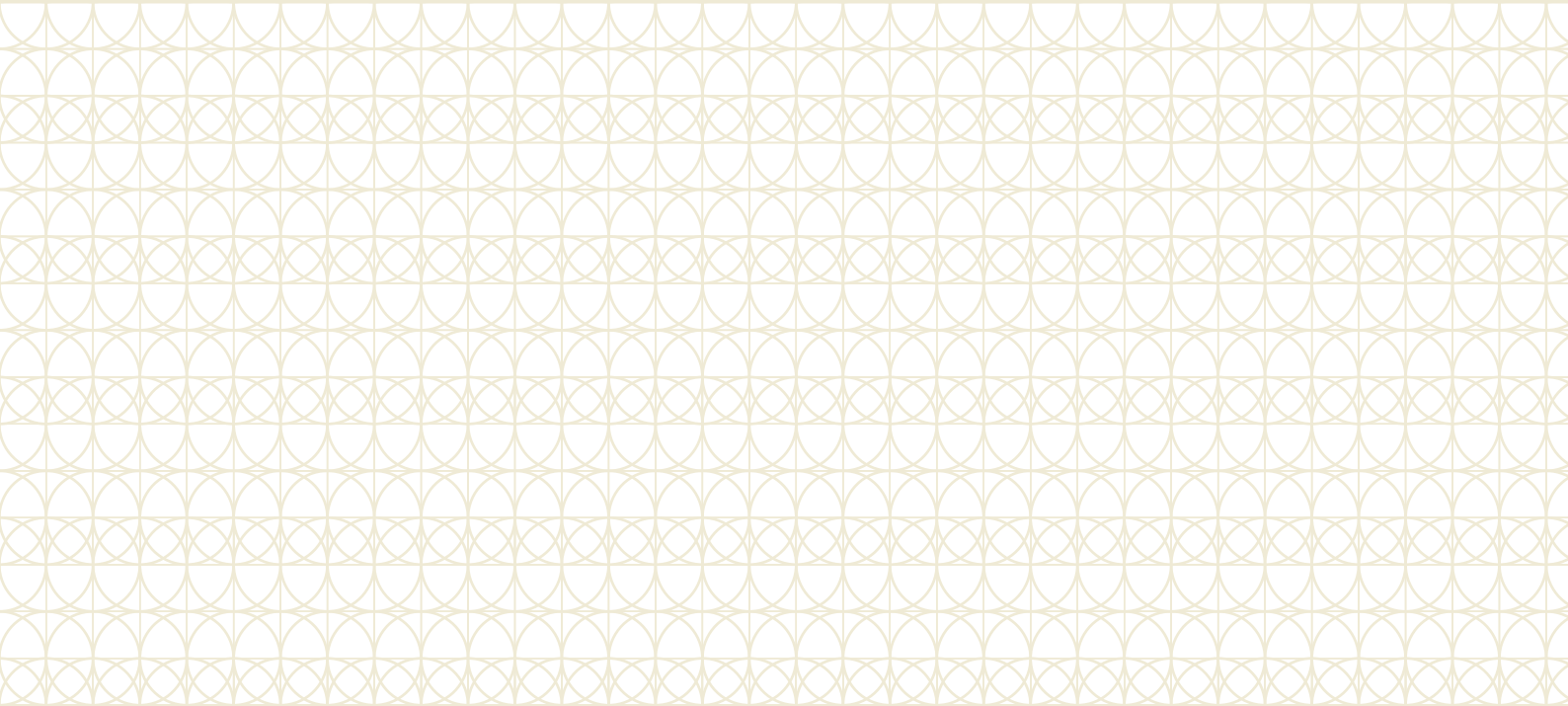
18 RELATED PARTIES (CONT'D)

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, chairman, chief executive, assistant chief executive and directors are considered as key management personnel of the Commission.

Key management personnel compensation comprised:

	2012 \$	2011 \$
Short-term salaries and benefits	2,852,994	3,473,472
Allowances paid to non-executive Commission members	69,063	40,313
Honorarium for services rendered by a Commission member	15,000	-
	2,937,057	3,513,785



The Competition Commission of Singapore

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