



Competition
Commission
SINGAPORE

economics 101

THE COMPETITION COMMISSION OF SINGAPORE ANNUAL REPORT 07/08

competition is about **choice**.

competition leads to **growth.**

championing competition for growth and choice is our
mission.

Today, Singapore remains one of the most robust economies in the region. This comes as no surprise, as underlying Singapore's economy is a fundamental system that is imperative for economic progress – a system that supports and promotes competitive markets.

Competitive markets gives both businesses and consumers the element of choice. For the businesses, it is the choice to compete based on efficiency or innovation. For the consumers, it is the choice among a diverse range of products and services. Because of this competition, the markets are continually pushed forward, stimulating the economy's growth.

Without the preservation of the competitive markets, the Singapore economy would stagnate and weaken. Which is exactly why the Competition Commission of Singapore (CCS) was set up – to protect this basic and vital system through the right enforcement and advocacy, so that the markets *stay* competitive. **It's economics 101.**

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CCS Achievements FY07/08

No. of
Preliminary
Enquiries
Completed

9

No. of
Investigations
or Evaluations
Completed

8

No. of
Infringement
Decisions (ID)

1

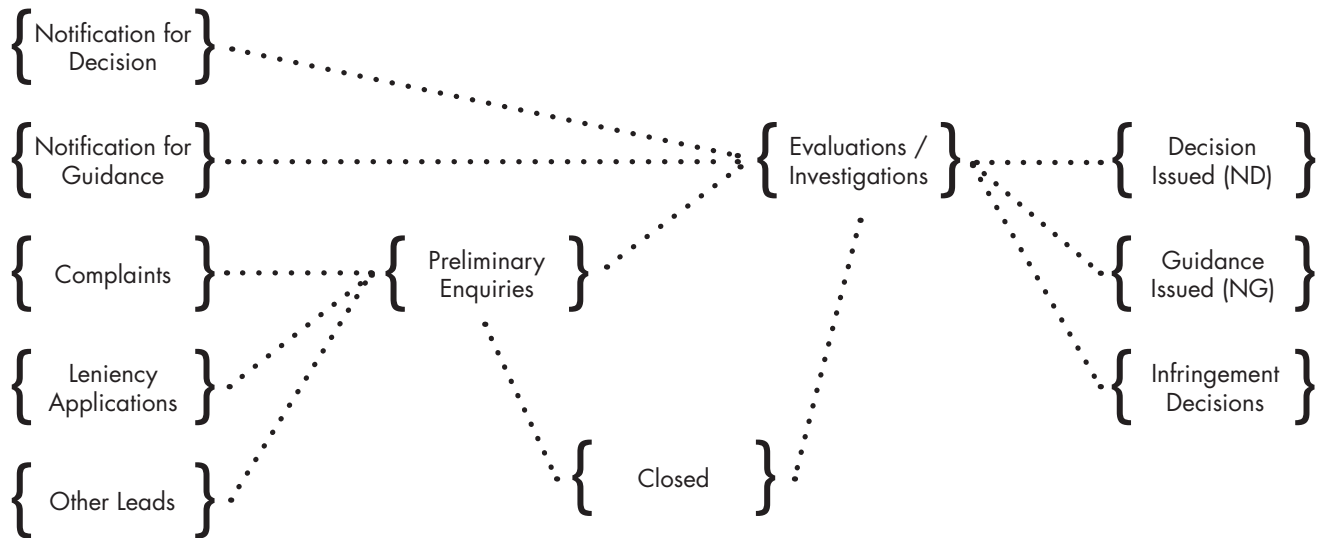
No. of
Decisions or
Guidance

5

No. of
Investigations
Closed

2

CCS Case Management Workflow



Chairman's Message

Last year, CCS continued to build on its strengths. It also achieved many important "firsts" for CCS.

Key Achievements

In January 2008, CCS issued its first infringement decision against a bid-rigging cartel involving 6 pest control companies. The 6 companies were fined over \$260,000. This was a major milestone for CCS. It demonstrated that the CCS has developed the capability to enforce and act against anti-competitive activities.

There were also several instances where CCS proactively intervened before anti-competitive agreements could take effect. One of these cases involved price-fixing amongst a group of manufacturers of *Fa Gao*, or Chinese prosperity cake. After CCS intervened, they agreed to retract their proposed collective price increase.

On a different front, CCS successfully implemented its Merger Regime on 1 July 2007. This marked the third and final phase in the implementation of the Competition Act, after the prohibitions against anti-competitive agreements and conduct, and the abuse of a dominant position. Since then, CCS has received six merger notifications, five of which were cleared after Phase 1 reviews, whilst the sixth was cleared after a Phase 2 review in May 2008.

On 18 March 2008, CCS assumed the chairmanship of the ASEAN Experts Group on Competition (AEGC) at the inaugural meeting of the AEGC hosted in Singapore. The AEGC is an ASEAN sectoral body responsible for coordinating competition policy and law within ASEAN.

CCS hosted the 3rd APEC Training Course on Competition Policy for APEC Members from 1 through 3 August 2007 and a Regional Anti-trust Workshop jointly organised with the OECD Korea Regional Centre for Competition from 5 through 7 March 2008. CCS also participated actively

in discussions at international fora such as the 7th OECD Global Forum on Competition and the 4th East Asia Top Level Officials' Meeting on Competition Policy.

In January 2008, CCS launched its Distinguished Speaker Series with Mr Peter Freeman, Chairman of the UK Competition Commission, as its inaugural speaker. The event was well received by the competition community, industry players and government officers.

CCS continued to work actively with our partners and key stakeholders to build awareness of competition law in Singapore. CCS stepped up its outreach and advocacy efforts and broadened its focus to include outreach to the general public and procurement managers.

Looking Ahead

CCS' new mission statement, "Championing Competition for Growth and Choice", demonstrates our commitment to

take a proactive stand in promoting competitive markets. We strongly believe that with competition, both companies and consumers will benefit. Companies will benefit from a level playing field and will be spurred to be more efficient, innovative and responsive to consumer needs, thereby leading to economic growth in the long term. On the other hand, consumers will benefit from greater choices in products and services because of competition.

Moving forward, CCS will champion competition on three broad fronts.

- Rigorous Enforcement of the Act

CCS is committed to the rigorous enforcement of the Competition Act. CCS will adopt a strategic perspective in making targeted interventions in markets. Care will be taken by CCS to act in a manner that is proportionate to the matter at hand, act to achieve a better competition outcome and avoid imposing unnecessary burdens on businesses. CCS will focus on activities that cause the most harm to markets

and the economy, such as price-fixing cartels, market sharing and bid-rigging activities.

- Promoting and Advocating a Culture of Competition

CCS will take a more holistic approach to championing competition by pairing effective enforcement with active advocacy. CCS will further strengthen its communications to members of the public so that they may have a better understanding of our competition policy. We will continue to engage and work with our partners and stakeholders on joint outreach programmes to emphasise the benefits and importance of competition. As government regulation and policy often have an impact on market competition, CCS will work with government agencies to promote pro-competition policies.

- Developing Relationships Regionally and Internationally

With globalisation and the international reach of competition law, it is important for CCS to be plugged into the international competition law network. CCS will continue to contribute to discussions in international fora on competition matters. As ASEAN moves towards its objective of achieving an ASEAN Economic Community by 2015, CCS will also play an active role in the development of Regional Guidelines on Competition Policy within the framework of the AEGC.

Our Stakeholders

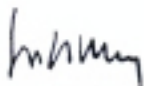
Behind the success of CCS is a talented and dedicated team of officers at all levels. I commend all CCS staff and officers for their hard work and dedication over the past year. They have clearly embraced CCS' Values of Professionalism, Integrity and Passion. In view of the importance of our people, CCS will ensure that the work environment in CCS is energising and rewarding.

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THE COMPETITION COMMISSION OF SINGAPORE ANNUAL REPORT 07/08

I would like to thank my fellow Commission Members who have contributed a lot of time and care in all the key matters that come before the Commission. My thanks also to the management team which has staffed the issues with great meticulousness and professional care. CCS has also enjoyed the support of many organisations and individuals. I am grateful to these partners and stakeholders, who have played a part in shaping CCS to become what it is today and will continue to be important to CCS.

We look forward to another exciting and fulfilling year ahead as CCS continues to work with our stakeholders, industry partners, and the public to create a vibrant economy with competitive markets and innovative businesses.



Lam Chuan Leong

Chairman

Commission Members



CHAIRMAN

Lam Chuan Leong
*(Chairman of Human Resource
Committee)*

Ambassador-at-large
Ministry of Foreign Affairs



Bobby Chin Yoke Choong
(Chairman of Audit Committee)

Chairman
Tote Board



Dr Andrew Khoo Cheng Hoe
(Member of Audit Committee)

Executive Director
Capital Markets Department
Monetary Authority of
Singapore



Prof Phang Sock Yong
(Member of Audit Committee)

Professor
School of Economics
Singapore Management
University

WITH EFFECT FROM 1 JANUARY 2008



Prof Tan Cheng Han

Dean
Faculty of Law
National University of Singapore



Mrs Tan Ching Yee

Permanent Secretary
Ministry of Education

WITH EFFECT FROM 1 JANUARY 2008



CHIEF EXECUTIVE

Teo Eng Cheong

*(Member of Human Resource
Committee)*

WITH EFFECT FROM 1 JANUARY 2008



Lionel Yee Woon Chin

*(Member of Human Resource
Committee)*

Principal Senior State Counsel
Attorney General's Chambers

Ong Beng Lee

(Chief Executive Till 31 August 2007)

Director
Policy (Eco-City Project Office)
Ministry of National Development

Edward Robinson

(Member Till 31 December 2007)

Executive Director
Economic Policy Department
Monetary Authority of Singapore

CCS Corporate Governance

Chairman and Commission Members

The Commission oversees the key activities and strategies of CCS. It comprises the Chairman and seven Commission Members. Commission Members bring with them expertise in the legal, economic and financial domains from the public and private sectors. They are appointed by the Minister for Trade and Industry for a 3-year term.

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

Human Resource (HR) Committee

The HR Committee was set up in August 2007. It is chaired by Mr Lam Chuan Leong, with Mr Lionel Yee and Mr Teo Eng Cheong as members. The HR Committee advises the Commission on the formulation and implementation of appropriate HR policies. It also oversees staff performance

appraisals, so as to ensure that the staff are objectively appraised and rewarded.

Two meetings have been held since its inception.

Audit Committee

The Audit Committee is chaired by Mr Bobby Chin, with Professor Phang Sock Yong and Dr Andrew Khoo as members. Mr Edward Robinson stepped down as a member on 31 December 2007.

The Audit Committee's main responsibilities are to assist the Commission in discharging its responsibilities in areas relating to internal controls, audit, financial and accounting matters, regulatory compliance and risk management. The Audit Committee reviews the audited annual financial statements, the integrity of CCS' financial reporting and the adequacy of CCS' accounting and internal control system

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with the management, as well as the external auditor. The Audit Committee also presents the annual audited financial statements to the Commission for approval.

Two Audit Committee meetings were held in the financial year.

External Audit Functions

KPMG has been reappointed by the Minister for Trade and Industry – in consultation with the Auditor-General – to audit the accounts of CCS. Recommendations regarding improvements in significant audit, accounting and internal control matters made by the external auditor have been followed up promptly by the management. The audited accounts were duly approved by the Commission and the Minister for Trade and Industry. The Auditor-General was also kept informed of these audit reports.

Business and Ethical Conduct

All CCS staff 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 staff are also obliged to adhere to the internal policies regarding the avoidance of conflicts of interest. For example, they are required to declare their investments in private companies, as well as any shareholdings, when investigated by CCS.

The Competition Commission of Singapore

Competition is fundamental to a vibrant economy. When it is unrestricted, it provides both consumers and companies with the advantage of choice. This leads to growth for not only businesses and industries, but also the Singapore economy itself.

Consumers benefit from Singapore's competitive markets because it allows a larger array of choices and the development of better products. Because companies also consume goods and services to facilitate their own production, they benefit as well.

Over time, competition in Singapore's markets will spur its industries to become more efficient and innovative, leading to a more resilient economy, as well as economic growth. To protect this system, CCS was set up on 1 January 2005, under the purview of the Ministry of Trade and Industry (MTI).

CCS firmly believes that the preservation of competition is crucial to our economy's progress. This is reflected in its Mission and Vision 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.

As a statutory board, CCS' focus is to advocate competitive practices and administer and enforce the Competition Act (Chapter 50B). The key anti-competitive prohibitions under the Competition Act are:

- Actions or agreements between various parties to fix prices, limit production, share markets or distort competition, e.g., cartels (Section 34 Prohibition).
- Abuse of dominance, e.g., predatory behaviour, product tying or refusing to supply essential input to downstream competitors by a dominant player (Section 47 Prohibition).
- Mergers and acquisitions which substantially reduce competition (Section 54 Prohibition).

Organisation Chart

{ **Chairman & Commission Members** }

⋮

{ **Chief Executive** }

⋮

⋮

{ **Legal & Enforcement (LE) Division** }

- Asst Chief Executive (LE)
- 1st Director (LE)
- 2nd Director (LE)
- Specialist Legal Staff

{ **Policy & Economic Analysis (PEA) Division** }

- Chief Economist
- Director (PEA)
- Specialist Economics Staff

- Corporate Affairs (CA) Division**
- Director (CA)
 - Finance
 - Human Resource
 - Admin & IT

- International Affairs Unit (IAU)**
- Deputy Director (IE/IAU)

- Corporate Communications (CC)**
- Deputy Director (CC)

- Organisation Development (OD)**
- Deputy Director (OD)

Senior Management

Teo Eng Cheong
Chief Executive



Ms Foo Tuat Yien
Assistant Chief Executive
(Legal & Enforcement)





Ms Sia Aik Kor
Director
(Legal & Enforcement)



Herbert Fung
Director
(Policy & Economic Analysis)



Dr Robert Ian McEwin
Chief Economist

Christopher Tan
2nd Director
(Legal & Enforcement)

A Rock-solid Foundation

The maintenance and protection of the competitive markets is essential for Singapore's economic growth. In fact, it's the very reason for CCS' existence. But we don't just stop at the enforcement of the Competition Act. Public education and outreach are part of our holistic approach to creating a fundamentally well-balanced economy.





Highlights of CCS' Case Work

CCS' First Infringement Decision

On 9 January 2008, CCS issued its first infringement decision under the Competition Act, against six pest control companies. This was a major milestone, and it demonstrated CCS' capabilities and resolve to enforce the Act.

The six companies were found to have infringed Section 34 of the Competition Act, which prohibits bid-rigging or collusive tendering.

CCS' investigation revealed that the companies colluded to submit tenders or quotations for termite treatment projects involving the use of Agenda, a type of pesticide. These projects involved hotels, schools and private residential properties.

In each of the projects, one of the pest control companies was already providing pest control services or had recommended

the use of Agenda to the customer. The same company would inform the other companies of its bid, or the prices that they should quote. The other companies would then either agree to the request – which would give the initiating company the assurance that there would be no competition from them – or simply submit higher bids. The communication was carried out using e-mail, phone calls or text messages.

It was apparent that the competing bids from the other companies were not priced independently at all. They were also not priced with the aim of winning the bids, resulting in the customers not receiving competitive proposals.

The value of the contracts pertaining to the projects affected ranged from S\$14,950 to S\$349,000.

The financial penalties for the six companies guilty of this infringement totalled S\$262,759.66. The Commission arrived at this amount after taking into account the cooperation of the companies during the investigation.

CCS Intervened in the *Fa Gao* Case

CCS stopped four of the biggest manufacturers of *Fa Gao* – a Chinese cake offered during prayers – from fixing the selling price of the product.

Four manufacturers of *Fa Gao* wanted to jointly raise the selling price and issued a statement saying that they would increase the price of *Fa Gao* uniformly.

If the four companies had gone ahead with their decision, they might have faced severe consequences, because they probably would have infringed Section 34 of the Competition Act. Section 34 prohibits anti-competitive agreements, which include price-fixing.

CCS acted quickly by meeting the owners of the four manufacturing companies. The four companies assured CCS that they would put an end to their agreement, and set their

prices independently. As a result of CCS' intervention, the price-fixing agreement between the *Fa Gao* manufacturers was abandoned before it even took effect.

CCS was determined to weed out any anti-competitive activities, through invoking our enforcement powers or intervening to prevent such agreements from taking effect.



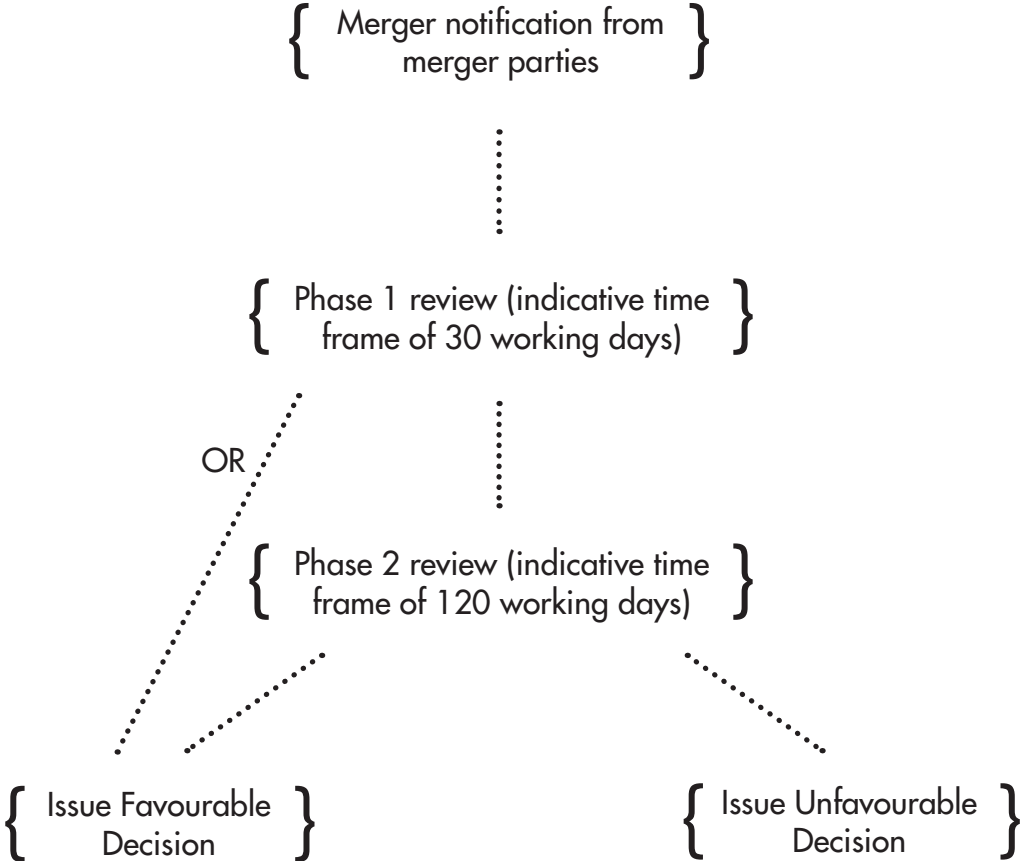
Successful Implementation of the Merger Regime

Since 1 July 2007, mergers that substantially reduce competition are prohibited.

This is the last of three prohibitions pertaining to the Competition Act to take effect. The first two were against anti-competitive agreements and the abuse of dominant positions.

As part of the implementation, CCS published two sets of guidelines to aid the public in understanding the substantive assessment and procedural aspects of the Merger Regime.

**General overview of the merger
notification process**



Head of the competition merger team at Drew & Napier (D&N), Lim Chong Kin, said CCS's decision showed that it can clear global mergers quickly and effectively which would assure MNCs that the Singapore regime would not stifle business efficiency.

Quick go-ahead for 2 tie-ups allays fears

Competition regulator approves Flextronics-Soletron and Intel-STM deals

By WEE LEE-EN

(SINGAPORE) Easing concerns about whether it would do open business tie-ups, Singapore's competition regulator has allowed two major deals to go through.

Yesterday, it gave the green light to the joint venture between global chip makers Intel Corporation and STMicroelectronics to

manufacture, market and sell flash memory worldwide.

The merger between leading contract manufacturer Flextronics International and its rival Soletron Corp was also given the go-ahead by the Competition Commission of Singapore (CCS).

These were the first two decisions to be announced since a new regime took wing in July and has been described both as being pro-business. Tie-ups can be nixed by CCS if they serve to substantially reduce competition in Singapore.

Flextronics bought Soletron in June. It said in its application that it expects to achieve significant cost savings and a more diverse customer mix through the deal. The Intel-STM joint venture was launched in May.

The four parties then sought clearance from CCS for their deals. The applications were made in late August and early September.

Head of the competition merger team at Drew & Napier (D&N), Lim Chong Kin, said CCS's decision showed that it can clear global mergers quickly and effectively which would assure MNCs that the Singapore regime would not stifle business efficiency.

"Prior to this case, there were concerns expressed by many of our MNC clients as to how merger control laws in Singapore may affect their business efficiency," Mr Lim said.

"Their billion-dollar mergers are global in nature. Singapore is a relatively small market to them. The only link is that they have manufacturing facilities or headquarter operations here."

"It is difficult to explain to MNC clients why they have to get approval from a tropical island to complete their global mergers. This decision should allay concerns about Singapore's merger control laws," said Mr Lim, who represented Intel and STM.

And Kala Anandarajah of Rajah & Tandon said that the decisions show the "generally pro-business approach of the regulator".

While the first two decisions are in line with those made in the European Union and the US, future cases depend on how a merger affects the market in Singapore.

In its decision regarding Intel and STM, the CCS said that the joint venture is unlikely to substantially lessen competition locally. It conducted its own investigations and even consulted interested third parties.

The regulator has not yet released details on its decision regarding the Flextronics-Soletron merger. Mr Lim from D&N said that while it is up to the parties to seek CCS approval for their tie-ups, most MNCs with operations in Singapore were likely to do so.

This is because the penalties they face for breaching the Competition Act were commercially unacceptable.

The CCS has the power to unwind a merger if it breaches the Act. It can also slap fines of up to 10 per cent of the Singapore turnover of each party for each year of infringement - up to a maximum of three years.

On the waiting list for approval from the CCS is the acquisition by Kraft Foods Global of the global biscuit, snacks and cereals business from Groupe Danone.



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All merger notifications assessed within 30 days

CCS received a total of six notifications from the date of the Merger Regime's inception through March 2008. These notifications involved both international and local mergers.

The companies that were notified belonged to a wide range of industries, such as the electronics, food, semiconductor and financial news industries.

Of the six notifications, clearance was given for five notifications during the Phase 1 review. One notification went to the Phase 2 review, and it is currently still under assessment. All the assessments were carried out within the 30-working day indicative time frame.

CCS always endeavours to meet the tight 30-working day time frame of the Phase 1 review and the 120-working day

MARKETS DIGEST		
▲ ST INDEX 3,783.81 (+29.19)		
▲ ST INDEX FUTURES 3,788 (+29)		
▲ SIMSCI 465.63 (+4.39)		
▲ SIMSCI FUTURES 467.30 (+4.00)		
PRIME RATES		
SINGAPORE	5.31	
MALAYSIA	6.74	
HONG KONG	7.50	
INDONESIA	15.427	
TAIWAN	6.156	
JAPAN	1.85	
KOREA	8.33	
BHILIAN	5.75	
US	7.75	
CANADA	6.25	
SWITZERLAND	4.12	
INDIA	12.75	
Source: Bloomberg		
MARKETS		
Thursday Change		
CL COMP	1,369.84	+2.88
NKEX2 F75	17,952.48	-107.40
HONG KONG	26,373.38	-205.96
SET INDEX	848.95	-1.63
SEKARTA COMP	2,473.16	+25.52
INDONESIA COMP	1,775.46	+15.64
SEOUL COMP	2,003.60	-18.49
TAIPEI INDEX	6,146	-1.11
SHANGHAI	17,173.12	-69.50
120000 DOW	13,964.32	-3.73
NASDAQ	2,100.14	-0.21
FOREX		
US\$ (S per US\$)	1.484	
EUR (S per US\$)	2.200	3.012
YEN	141.0	2.001
YEN	116.60	76.55
HK\$	3.419	2.304
HK\$	7.760	5.259
BAHT	34.24	23.07
RUPEES	9.144	6.191
RENTAL	7.506	5.048
INDIAN RUPEE	39.52	28.63
AS	1.134	0.944
NES	1.330	0.896

Article by courtesy of SPH - The Business Times

time frame of the Phase 2 review, because it understands the urgency of Merger & Acquisition transactions.

According to the Business Times, dated 5 October 2007, legal practitioners acknowledged CCS' Merger Regime to be both effective and pro-business. In order to keep business compliance costs low, CCS will continue to review and improve the substantive and procedural aspects of the Merger Regime.

Mergers Notified to CCS during the Year in Review

Notified Mergers or Anticipated Mergers	Date of Notification
Chartered Semiconductor Manufacturing Ltd and Hitachi Semiconductor Singapore Pte Ltd	21 February 2008
Dubai Drydocks World LLC and Labroy Marine Ltd	30 October 2007
Thomson Corporation and Reuters Group PLC	8 October 2007
Kraft Foods Global, Inc. and Groupe Danone S.A	28 September 2007
Flextronics International Ltd and Solectron Corporation	4 September 2007
Intel Corporation, STMicroelectronics N.V., and Francisco Partners LLP	29 August 2007

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Sector	Status as of March 2008
Manufacturing of Electronic Products and Components	Cleared on 28 March 2008
Manufacturing of Transport Equipment	Cleared on 6 December 2007
Publishing Activities	Phase 2 review
Manufacturing of Food Products	Cleared on 12 November 2007
Manufacturing of Electronic Products and Components	Cleared on 2 October 2007
Manufacturing of Electronic Products and Components	Cleared on 2 October 2007

Active Contribution in the International and Regional Competition Law Communities

APEC Training Course on Competition Policy for APEC Member Economies

CCS collaborated with the Japan Fair Trade Commission to organise the APEC Training Course on Competition Policy for APEC Member Economies.

The training course was partly funded by APEC, and was held from 1 through 3 August 2007.

The aim of the course was to provide technical cooperation and assistance, and to build capacity – especially in developing economies – by better utilising the accumulated knowledge and expertise on competition policy.

The course revolved around two selected themes regarding competition policy. Experts from international organisations and the academic sector were invited to be speakers and moderators.

Various countries participated in the course, and these included Chile, China, Indonesia, Malaysia, Mexico, Papua New Guinea, the Philippines, Peru, Russia, Thailand and Vietnam.

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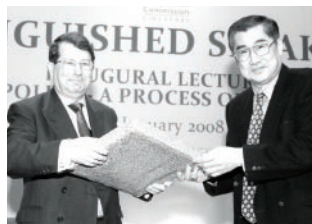


Distinguished Speaker Series (DSS) Inaugural Lecture

On 15 January 2008, CCS hosted the DSS Inaugural Lecture at the Marriott Hotel. The objective of the lecture was to increase the awareness of competition law issues and to engage the local competition law community.

The invited guest speaker for the event was Mr Peter Freeman, Chairman of the United Kingdom Competition Commission. His lecture was titled "Competition Policy – A Process of Constant Renewal".

A second DSS will be held in July 2008 due to the encouraging response received from the inaugural lecture.



ASEAN Experts Group On Competition (AEGC) Meeting

CCS hosted the AEGC Meeting at the Carlton Hotel from 18 through 20 March 2008. In addition to being the host, CCS also assumed the role of Chairmanship of the AEGC in March 2008, for a one-year term.

The AEGC serves as a forum and network for discussion and cooperation regarding issues relating to competition policy. The meeting was attended by delegates who were senior officers from the competition agencies in ASEAN.

The AEGC's key objective is to facilitate the development of competition policy in the region. One of the AEGC's key roles is to coordinate the sharing of information and experiences among members, and to help formulate a coherent training and capacity-building programme that will meet the needs of member countries in the development of competition policy.



Public Outreach and Advocacy

An important component of CCS' work is to increase the awareness and public support of competition law.

Over the years, CCS has embarked on various outreach initiatives, such as reaching out to businesses and focusing on specific target groups such as professional bodies, trade associations and small and medium enterprises (SMEs).

Some highlights of CCS' outreach activities include:

- Presentation on "Competition Law and Its Relevance" at the Start-Up Enterprise Seminar on 26 July 2007.
- Briefing on the proposed Merger Regime, organised with the Singapore Business Federation on 27 October 2007.
- "Competition Law in Singapore" seminar, organised by Lexis Nexis on 7 August 2007.
- Presentation by Mr William Kovacic, former General Counsel of the Federal Trade Commission of the United States, on "Competition Law and Globalisation", at the Singapore Management University.
- Briefing on "Essentials of Competition Law and Cartel Detection" for procurement personnel from both the public and private sectors on 12 March 2008. The briefing was organised after the first infringement decision made by CCS against six pest control companies.
- Contributing an article titled "When Lower Prices May Be Detrimental: The Competition Commission of Singapore and the Rules for Fair Play", which was published in "The Consumer", a newsletter for the Consumers Association of Singapore (CASE).

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Building an Effective Framework

CCS engages relentlessly in the exchange of knowledge with economic bodies and organisations from around the world, ensuring that its capabilities and professionalism are kept up-to-date and at a world-class level.





International Engagements

Distinguished visits and knowledge sharing



- 13 September 2007: National Economic and Social Development Board (NESDB), Thailand.



- 21 September 2007: Russian Federation Delegation.

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- 6 December 2007: Shandong Provincial Industry and Commercial Administration (ICA).

- 19 December 2007: Qingdao City Government, Shandong.



- 26 February 2008: Shenzhen Administration of Industry and Commerce (AIC).

Capacity Building and Training

Highlights of overseas training and participation at international forums

- 26 through 28 June 2007: CCS gave a presentation on Singapore's perspective on the development of competition policy and law in APEC economies at the APEC Economic Committee II Seminar, "Role of Competition Policy in Structural Reform", Cairns.
- 13 August 2007: International Conference on Competition Policy and Law, "Needs to Build an Effective Regional Competition Institution", Vietnam.
- 14 August 2007: 3rd Annual Meeting of the ASEAN Consultative Forum on Competition, Vietnam.
- 8 through 9 November 2007: CCS gave two presentations on "Effective Strategy for Spreading Competition Advocacy in Developing Countries" and "The relationship between competition policy and economic development" at the 12th International Workshop on Competition Policy, organised by the Korea Fair Trade Commission, Seoul.
- 18 through 20 February 2008: CCS visited the Netherlands Competition Agency (NMA) to exchange ideas and to find out more about the cases handled by NMA.
- 21 through 22 February 2008: 7th Meeting of the OECD Global Forum, "The Interface between Competition and Consumer Policies", Paris.
- 18 through 19 March 2008: ICN Merger Notification and Procedures Workshop, organised by the Czech Office for the Protection of Competition, the Slovak Antimonopoly Office and the ICN Merger Working Group's sub-group regarding notification and procedures.
- 26 through 28 March 2008: 56th Section of Antitrust Law Annual Spring Meeting, Washington, DC, organised by the American Bar Association (ABA) Section of Antitrust Law.

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In-house Training

Highlights

- 15 October 2007: Sharing session with CCS officers on the substantive and procedural issues pertaining to appeal cases, by Sir Christopher Bellamy, Linklaters, LLP, London (former Chairman of the UK Competition Appeal Tribunal).
- 18 October 2007: Dialogue session between Mr Mark Pearson, General Manager of the Australia Competition and Consumer Commission (ACCC), and CCS officers, regarding the enforcement and organisational challenges faced by CCS and the ACCC.



- 27 through 29 February 2008: Cartel training, which focused on the procedures and issues regarding cartel investigation, conducted by Mr Christopher Mayock, an official of the Directorate General for the Competition of the European Commission.



Organisational Development

On 1 January 2008, CCS set up its Organisation Development (OD) Division to improve its organisational effectiveness and develop its self-renewing capacity.

On 1 May 2008, a new International Affairs Unit also became operational, providing a resource centre that focuses solely on CCS' international engagements.

To consolidate CCS' position as a competition authority, CCS reviewed its organisational design and introduced a matrix structure, which took effect from 1 March 2008. Under the new structure, CCS officers will perform dual roles as case team members as well as advisers specialising in law or economics.

As part of CCS' efforts to involve its staff in its ongoing improvement and innovation, it generated more than 250 suggestions through the Ideas@Work scheme.

Six Work Improvement Teams (WITs) also completed their projects, offering tangible ideas to improve work processes and systems.



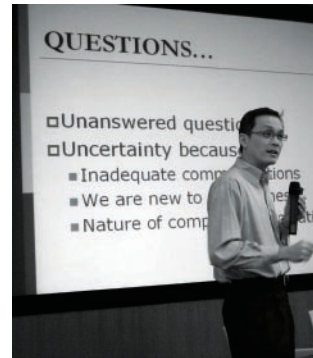
CCS Strategic Planning Exercise

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March 2008 saw CCS embark on its Strategic Planning Exercise. The objective was to examine the fundamentals of CCS' mission, vision and values, and to chart CCS' strategic direction for the next three to five years.

The exercise took 3 months to complete, and allowed Commission Members and staff of all levels to chart the future direction of the organisation together.

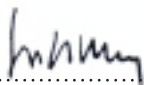


Financial Statements

Statement by Commission Members

In our opinion, the financial statements set out on pages 57 to 70 are drawn up so as to give a true and fair view of the state of affairs of Competition Commission of Singapore (the "Commission") as at 31 March 2008 and the income and expenditure, changes in the accumulated surplus 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.

On behalf of the Commission Members



Lam Chuan Leong

Chairman



Teo Eng Cheong

Chief Executive

16 June 2008

Independent Auditor's Report

Members of the Commission
Competition Commission of Singapore

Report on the financial statements

We have audited the financial statements of Competition Commission of Singapore (the "Commission"), which comprise the balance sheet as at 31 March 2008, the income and expenditure statement, statement of changes in accumulated surplus and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 57 to 70.

Commission's management responsibility for the financial statements

The Commission's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Competition Act, Chapter 50B (the "Act") and Statutory Board Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

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

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 of material misstatement.

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

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

Independent Auditor's Report

Opinion

In our opinion:

- (a) the financial statements of the Commission are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards and on such basis present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2008 and the results, changes in accumulated surplus and cash flows of the Commission for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Commission have been properly kept in accordance with the provisions of the Act.

Report on other legal and statutory requirements

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



KPMG

Public Accountants and

Certified Public Accountants

Singapore

16 June 2008

Balance Sheet

As at 31 March 2008

	Note	2008 \$	2007 \$
Accumulated surplus		12,871,177	10,343,677
Non-current assets			
Plant and equipment	3	820,229	900,415
Current assets			
Other receivables and prepayments		157,253	90,673
Cash and cash equivalents	4	14,872,123	13,042,555
		15,029,376	13,133,228
Current liabilities			
Trade payables and accrued expenses		1,602,376	1,416,780
Finance lease liabilities	5	6,311	26,834
Provision for contribution to Government Consolidated Fund	6	554,817	1,369,668
		2,163,504	2,813,282
Net current assets		12,865,872	10,319,946
Non-current liabilities			
Finance lease liabilities	5	1,403	7,714
Deferred capital grants	7	813,521	868,970
		814,924	876,684
		12,871,177	10,343,677

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

Income and Expenditure Statement

Year ended 31 March 2008

	Note	2008 \$	2007 \$
Income			
Interest income		291,027	141,606
Application fee income		556,000	210,000
Other operating income		2,279	540
		849,306	352,146
Expenditure			
Depreciation of plant and equipment	3	214,632	195,279
Salaries, wages and staff benefits		7,123,518	4,872,270
Capital expenditure written off		7,665	5,106
Other operating expenses		2,422,257	2,229,508
		9,768,072	7,302,163
Deficit for the year before grants from the Ministry	8	(8,918,766)	(6,950,017)
Grants from Ministry			
Operating grant	9	11,803,523	13,629,895
Deferred capital grant amortised	7	189,895	163,357
Grant on capital expenditure not capitalised	9	7,665	5,106
Surplus for the year before contribution to Government Consolidated Fund		3,082,317	6,848,341
Contribution to Government Consolidated Fund	6	(554,817)	(396,667)
Surplus for the year		2,527,500	6,451,674

Statement of Changes in Accumulated Surplus

Year ended 31 March 2008

	Accumulated surplus \$
At 1 April 2006	3,892,003
Net surplus for the year transferred from income and expenditure statement	6,451,674
At 31 March 2007	10,343,677
Net surplus for the year transferred from income and expenditure statement	2,527,500
At 31 March 2008	12,871,177

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

Cash Flow Statement

Year ended 31 March 2008

	Note	2008 \$	2007 \$
Operating activities			
Deficit for the year before grants from the Ministry		(8,918,766)	(6,950,017)
Adjustments for:			
Depreciation of plant and equipment	3	214,632	195,279
Loss on disposal of plant and equipment		-	921
Interest income		(291,027)	(141,606)
		(8,995,161)	(6,895,423)
Changes in working capital:			
Other receivables and prepayments		2,319	52,937
Trade payables and accrued expenses		185,596	953,026
Contribution to Government Consolidated Fund	6	(1,369,668)	-
Cash flows from operating activities		(10,176,914)	(5,889,460)
Investing activities			
Purchase of plant and equipment		(134,446)	(41,310)
Interest received		222,128	92,248
Cash flows from investing activities		87,682	50,938
Financing activities			
Operating grant received from the Ministry, net of contribution	9	11,945,634	13,675,390
Amount due from the Ministry		-	5,615
Payment of finance lease liabilities		(26,834)	(31,949)
Cash flows from financing activities		11,918,800	13,649,056
Net increase in cash and cash equivalents		1,829,568	7,810,534
Cash and cash equivalents at beginning of year		13,042,555	5,232,021
Cash and cash equivalents at end of year	4	14,872,123	13,042,555

Notes to the Financial Statements

Year ended 31 March 2008

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Commission members on 16 June 2008.

1 Domicile and activities

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in accordance with the applicable requirements 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.

The financial statements were previously prepared in accordance with Singapore Financial Reporting Standards (FRS). The effect of the transition from FRS to SB-FRS is set out in note 12 to the financial statements.

The adoption of SB-FRS did not give rise to any adjustment in relation to the Commission's opening accumulated surplus or current year's surplus. Certain disclosures as explained in note 12, have been excluded to conform with the current year's presentation. Apart from this, there was no other impact on the financial statements in relation to the basis of preparation of the Commission's financial statements.

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.

The financial statements are presented in Singapore dollars which is the Commission's functional currency.

Notes to the Financial Statements

Year ended 31 March 2008

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of 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 estimate is revised and in any future periods affected.

The accounting policies set out below have been applied consistently by the Commission to all periods presented in these financial statements.

2.2 Grants

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 the accrual basis.

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 assets, which are capitalised, or to the Income and Expenditure Statement for purchase of assets which are written off in the year of purchase.

Deferred capital grants are recognised in the Income and Expenditure Statement over the periods necessary to match the depreciation, write off and/or impairment loss of the assets purchased with the related grants. Upon the disposal of plant and equipment, the balance of the related deferred capital grants is recognised in the Income and Expenditure Statement to match the carrying amount of the plant and equipment disposed.

2.3 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives are as follows:

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

Fully depreciated assets are retained in financial statements until they are no longer in use.

Depreciation methods, useful lives and residual value are reviewed, and adjusted as appropriate, at each reporting date.

Notes to the Financial Statements

Year ended 31 March 2008

2.4 Leases

Leased assets in which the Commission assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce constant periodic rate of interest of the remaining balance of the liability.

2.5 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Commission becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Commission's contractual rights to the cash flows from the financial assets expire or if the Commission transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Commission commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Commission's obligations specified in the contract expire or are discharged or cancelled.

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

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

All impairment losses are recognised in the income and expenditure statement.

2.6 Impairment – 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, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Notes to the Financial Statements

Year ended 31 March 2008

2.7 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income and expenditure statement as incurred.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus 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.

2.8 Provisions

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

2.9 Income recognition

Application fees for notification are recognised upon receipt.

Interest income is recognised on an accrual basis.

Notes to the Financial Statements

Year ended 31 March 2008

3 Plant and equipment

	Furniture and fittings	Office equipment	Computer hardware and software	Total
	\$	\$	\$	\$
Cost				
At 1 April 2006	399,425	466,406	336,852	1,202,683
Additions	19,842	1,206	32,894	53,942
Disposals/write-offs	(1,134)	-	-	(1,134)
At 31 March 2007	418,133	467,612	369,746	1,255,491
Additions	-	3,222	131,224	134,446
Disposals/write-offs	-	-	(73,706)	(73,706)
At 31 March 2008	418,133	470,834	427,264	1,316,231
Accumulated depreciation				
At 1 April 2006	36,755	41,035	82,220	160,010
Depreciation for the year	51,340	52,108	91,831	195,279
Disposals/write-offs	(213)	-	-	(213)
At 31 March 2007	87,882	93,143	174,051	355,076
Depreciation for the year	52,267	52,539	109,826	214,632
Disposals/write-offs	-	-	(73,706)	(73,706)
At 31 March 2008	140,149	145,682	210,171	496,002
Carrying amount				
At 1 April 2006	362,670	425,371	254,632	1,042,673
At 31 March 2007	330,251	374,469	195,695	900,415
At 31 March 2008	277,984	325,152	217,093	820,229

The carrying amount of computer hardware and software includes amount totalling \$6,661 (2007: \$31,445) in respect of computer hardware acquired under finance leases.

Notes to the Financial Statements

Year ended 31 March 2008

4 Cash and cash equivalents

	2008 \$	2007 \$
Cash at bank	814,951	75,986
Deposits with financial institutions	12,010,000	10,500,000
Deposits placed with the Accountant General's Department	2,047,172	2,466,569
	14,872,123	13,042,555

The effective interest rates per annum relating to deposits placed with financial institutions at the balance sheet date are between 0.83% to 3.31% (2007: 2.78% to 3.31%). Interest rates reprice at varying intervals within 12 months.

The cash pool deposits placed with Accountant General's Department is unsecured and interest-free.

5 Finance lease liabilities

At 31 March 2008, the Commission has obligations under finance leases that are payable as follows:

	<----- 2008 ----->			<----- 2007 ----->		
	Principal \$	Interest \$	Payments \$	Principal \$	Interest \$	Payments \$
Within 1 year	6,311	513	6,824	26,834	1,998	28,832
After 1 year but within 5 years	1,403	115	1,518	7,714	628	8,342
	7,714	628	8,342	34,548	2,626	37,174

Effective interest rates and repricing/maturing analysis

	Effective interest rate % p.a.	within 1 year \$	in 1 to 5 years \$	Total \$
2008				
Finance lease liabilities	8.1	6,311	1,403	7,714
2007				
Finance lease liabilities	7.6	26,834	7,714	34,548

Notes to the Financial Statements

Year ended 31 March 2008

6 Contribution to Government Consolidated Fund

This represents the contribution to be made to the Government Consolidated Fund 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 18% (2007: 20%) of the surplus of the Commission.

	2008 \$	2007 \$
At 1 April	1,369,668	973,001
Contribution for the year	554,817	1,369,668
Less:		
Waiver of prior year's contribution during the year	-	(973,001)
Payment of prior year's contribution during the year	(1,369,668)	-
	(814,851)	396,667
At 31 March	554,817	1,369,668

7 Deferred capital grants

	Note	2008 \$	2007 \$
At 1 April		868,970	991,938
Add:			
Capital grants received for capital expenditure from			
- Operating grants	9	134,446	41,310
Less:			
Grants taken into Income and Expenditure Statement			
- Amortisation charge for the year		(189,895)	(163,357)
- Disposal of plant and equipment	9	-	(921)
		(189,895)	(164,278)
At 31 March		813,521	868,970

Notes to the Financial Statements

Year ended 31 March 2008

8 Deficit for the year before grants from the Ministry

The following items have been included in arriving at the deficit for the year before grants from the Ministry:

	2008	2007
	\$	\$
Loss on disposal of plant and equipment	-	921
Rental expenses	516,053	510,420
Contributions to defined contribution plans included in salaries, wages and staff benefits	481,251	295,268
	-----	-----

9 Operating grants from the Ministry

	Note	2008	2007
		\$	\$
Operating grant received during the year		12,106,000	13,875,390
Operating grant receivable as at financial year ended		-	-
Operating grant received and receivable during the year		-----	-----
		12,106,000	13,875,390
Contribution to the Ministry		(160,366)	(200,000)
		-----	-----
		11,945,634	13,675,390
Amounts transferred to deferred capital grants	7	(134,446)	(41,310)
Amounts transferred from deferred capital grants	7	-	921
Operating grants taken to Income and Expenditure Statement:			
- Capital expenditure not capitalised		(7,665)	(5,106)
Operating grants taken to Income and Expenditure Statement		-----	-----
		11,803,523	13,629,895
		-----	-----

10 Financial instruments

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

Notes to the Financial Statements

Year ended 31 March 2008

Credit risk

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

Cash and fixed deposits are placed with financial institutions which are regulated and with the Accountant General's Department.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Interest rate risk

Surplus funds from the Commission's operations are invested in bank deposits. The Commission's exposure to interest rate risk relates primarily to the deposits placed with financial institutions and the Accountant General's Department.

Estimation of fair values

Finance lease liabilities

The fair value of finance lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect change in interest rates.

Other financial assets and liabilities

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

11 Commitments

At 31 March 2008, the Commission has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2008	2007
	\$	\$
Within 1 year	1,454,000	517,000
After 1 year but within 5 years	2,909,000	-
	4,363,000	517,000

The leases primary relate to leasing of office premise and office equipment under operating leases. The leases run for an initial period of between 1 to 3 years with option to renew the leases after that date.

Notes to the Financial Statements

Year ended 31 March 2008

12 Related parties

With the adoption of SB-FRS by the Commission during the financial year, the Commission need not comply with the requirements of paragraphs 17 to 22 of SB-FRS 24 with respect to the disclosures of transactions and balances with parent Ministry and other state-controlled entities.

Key management personnel compensation

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

Key management personnel compensation comprised:

	2008 \$	2007 \$
Short-term employee salaries and benefits		
- allowances paid to non-executive Commission members	37,188	24,527
- others	3,092,946	2,548,610
	3,130,134	2,573,137

13 SB-FRS not yet adopted

The Commission has not applied the following accounting standards (including its consequential amendments) that has been issued as of balance sheet date but are not yet effective:

- SB-FRS 108 *Operating Segments*
- INT SB-FRS 112 *Service Concession Arrangements*
- INT SB-FRS 113 *Customer Loyalty Programmes*
- INT SB-FRS 114 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

The Commission is evaluating the initial application of the above standards for the impact on the Commission's financial statements. The Commission has not considered the impact of the accounting standards issued after the balance sheet date.

14 Comparative information

Certain comparative information have been excluded to conform with the current year's presentation due to the adoption of SB-FRS by the Commission as detailed in note 12 above.

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**Competition
Commission**

S I N G A P O R E

The Competition Commission of Singapore

5 Maxwell Road #13-01

Tower Block MND Complex

Singapore 069110

Tel: 6325 8200 Fax: 6224 6029

Hotline: 1800-325 8282

www.ccs.gov.sg