

# A UNIQUE TRANSFORMATION GAINS MOMENTUM

SINGAPORE TOURISM BOARD  
ANNUAL REPORT 2006 / 2007



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call the 24-hour Touristline at  
1800 736 2000 (toll-free in Singapore) or  
(65) 6736 2000 (outside Singapore)

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Tourism Court, 1 Orchard Spring Lane, Singapore 247729  
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## MISSION

We develop and champion tourism so as to build the sector into a key driver of economic growth for Singapore.



## VISION

To be a leading economic development agency in tourism, always setting new benchmarks and pioneering best practices.

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Artist's Impression of Singapore Flyer  
Image courtesy of Singapore Flyer Pte Ltd

## CHAIRMAN'S MESSAGE

2006 was a year of records for Singapore's tourism sector. The industry achieved record highs for visitor arrivals and tourism receipts. The hospitality industry also recorded historical highs for hotel occupancy and room rates. Many described 2006 as the year of the Integrated Resorts (IRs). We awarded the development of the two IRs at Marina Bay and Sentosa to Las Vegas Sands and Genting International respectively. This followed an intensive Request for Proposals exercise which attracted quality bids from world class players. The tourism and property sectors also benefited, drawing strong interests from investors. While the industry can take pride in these achievements, it must continue to transform itself to achieve the Tourism 2015 targets.

### Tourism Sector Performance

In 2006, Singapore's tourism sector set a new record of 9.7 million visitor arrivals, a 9% improvement over 2005. The sector also generated an estimated S\$12.4 billion in tourism receipts (TR), a significant 14% increase over 2005. Total visitor days grew 9% to reach 33 million days.

Singapore's hospitality industry also continued its growth trend. In 2006, the Average Occupancy Rate (AOR) reached 85%, a 1.4 percentage point increase over 2005. The Average Room Rate (ARR) grew by 20% to reach S\$164 and hotel room revenue reached S\$1.5 billion or 21.2% growth during this period. These are record highs for Singapore's hotel sector.

2006's strong performance was not only broad-based across sub-industries, but also across Singapore's key markets. All top 10 markets for Singapore posted growth, with South Korea, China, the Philippines, India and Australia registering double-digit growth. Of these 10 markets, eight achieved record highs.

This excellent performance can be attributed to successful marketing and promotional efforts, better connectivity and increasing affordability of air travel, and the industry's continued push to maintain Singapore's relevance as a premier destination through attracting and developing new tourism products, and refreshing existing offerings.

### Accelerating the Growth of Singapore's Tourism Industry

With the two IRs, the Marina Bay Sands™ and Resorts World at Sentosa, coming on stream in 2009 and 2010 respectively, Singapore can look forward to even more regional and global interest in the coming years. Other transformational projects include the hosting of Formula 1 Singapore Grand Prix in September 2008; the transformation of the Marina Bay area into a world-class city in a garden, ideal to live work and play in; the revitalisation of the Southern Waterfront precinct into a thriving waterfront lifestyle hub; the rejuvenation of Orchard Road into one of the world's greatest shopping streets; the rejuvenation of the Singapore River into a 24-hour entertainment precinct; and the development of iconic attractions such as the National Art Gallery and Singapore Sports Hub. These major projects will contribute towards our 2015 targets of 17 million in visitor arrivals and S\$30 billion in tourism receipts.

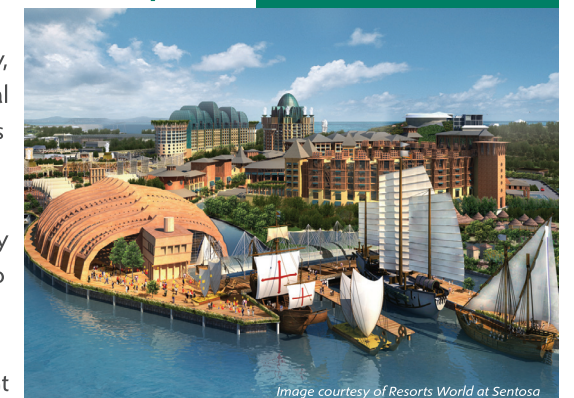


Image courtesy of Resorts World at Sentosa



**SIMON ISRAEL**  
CHAIRMAN



### Enhancing Longer-term Competitiveness

While the stage is set for Singapore's transformation into a vibrant and exciting destination in the years to come, more can and must be done if the sector is to sustain its growth. We should leverage the new business opportunities and shape the longer term competitiveness of the industry.

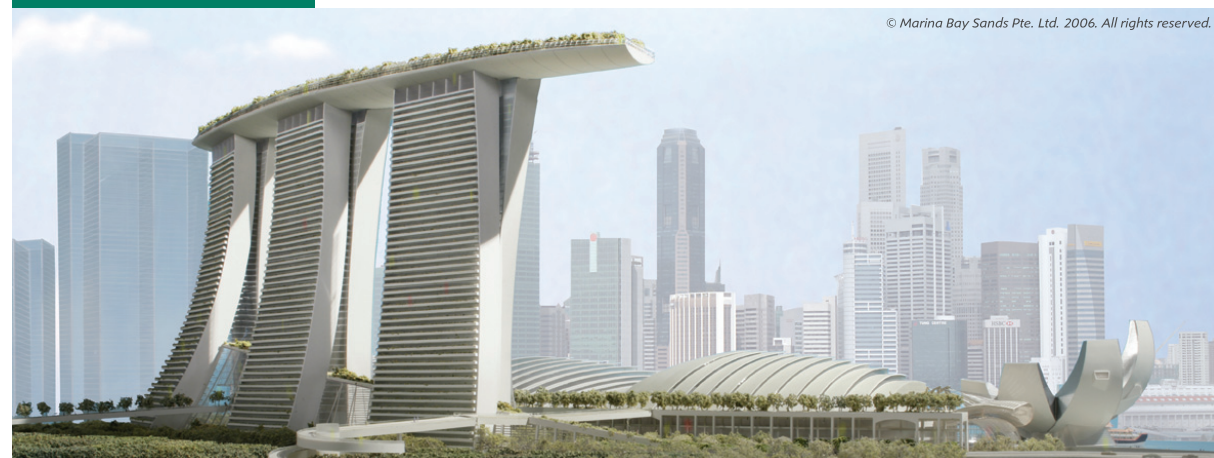
When both IRs open their doors, visitor arrivals are expected to reach 14 million and the average length of stay to increase from the current 3.4 to 3.6 days in 2010. The average number of visitors in Singapore at any one time is expected to grow by 55% from the current 90,000 to 140,000.

The challenge is for the industry to ensure that we are able to meet the needs of this large visitor base.

### Increasing the Number of Hotel Rooms

More hotel rooms are needed to cater to the expected surge in visitor arrivals. Taking into account the 4,300 rooms from the two IRs and the confirmed supply of new rooms coming up in the next three years, the STB projects that the industry will face a shortfall of about 4,000 hotel rooms in 2010. With the bullish tourism outlook and heightened investor interest, the STB has been working closely with Urban Redevelopment Authority (URA) to identify more attractive Government Land Sale sites and explore fast-track accommodation options such as the adaptive re-use of unoccupied state buildings for conversion to hotels.

As the sector introduces more rooms, it is also vital to enhance the competitiveness of our hospitality sector. This includes ensuring a good accommodation mix to cater to the needs of our customer segments, as well as developing hotels into attractions, with 'wow' elements that will draw visitors.



### Meeting Manpower Demand

The upcoming tourism developments, including the two IRs, are expected to create more tourism-related jobs. Attracting the right quantity and quality of manpower for our tourism industry, as well as building a competent workforce, are critical to move the industry forward. We need to enhance the image of tourism jobs, establish best practices in human resources and invest in capability development to raise the level of professionalism of the tourism workforce.

### Increasing Accessibility

There is also the need to explore ways to increase the number of flights and connectivity into Singapore. Beyond air accessibility, road access through our causeway, parking facilities and terminal capacities for coaches that ply between Singapore and Malaysia will also have to be addressed. With 50,000 more tourists here on any given day, it is also important that we have sufficient taxis for visitors and residents. In addition, an estimated 2.4 million passengers are expected to arrive via ferries or cruises in 2010. This means that the capacity and services of our ferry and cruise terminals must be improved.

### Raising Service Standards

Collectively, the industry has to continue with its push to improve the service level. The nation-wide Going-The-Extra-Mile-for Service (GEMS) Movement has achieved positive results, especially with the training of some 30,000 frontline service workers for the Annual Meetings of the Boards of Governors of the International Monetary Fund (IMF) and the World Bank Group, held in September 2006. Singapore did well in this event, drawing accolades from IMF-World Bank Group delegates and business leaders. We must therefore build on the momentum and continue to deliver excellent service so that every visitor enjoys a memorable and enriching experience in Singapore.

### Acknowledgements

I wish to take this opportunity to thank all industry partners for their unwavering commitment and support which have brought success in the past year. I look forward to stronger collaboration between the private and public sectors, as we continue to transform Singapore into a vibrant, must-visit destination.

My deepest appreciation to Board members who completed their terms as Directors – Mr Frank Brown, Ms Chan Lai Fung, Ms Saw Phaik Hwa, Mr Huang Cheng Eng, Mr Lucas Chow and Mr Frank Wong – for their invaluable contributions and counsel.

### SIMON ISRAEL

CHAIRMAN



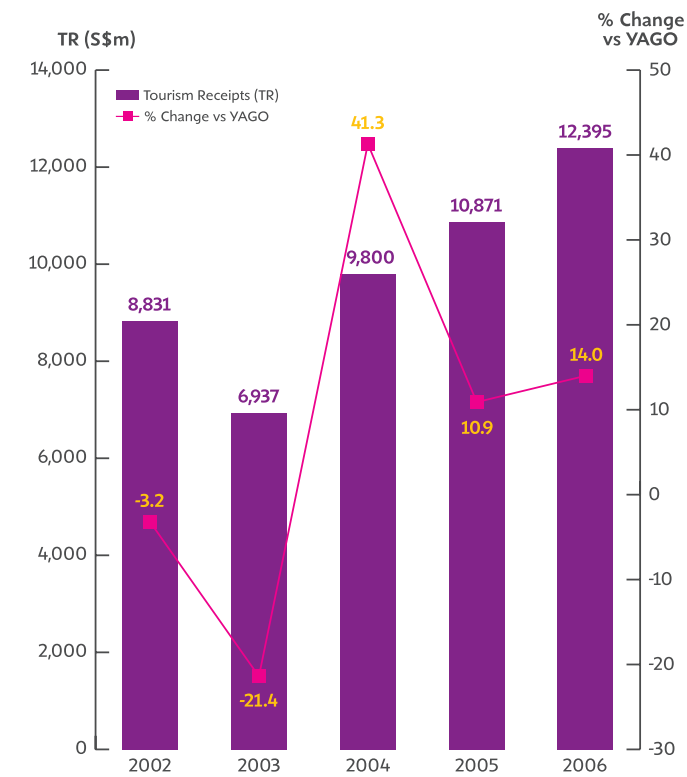




Fountain of Wealth at Suntec City

# TOURISM SECTOR PERFORMANCE

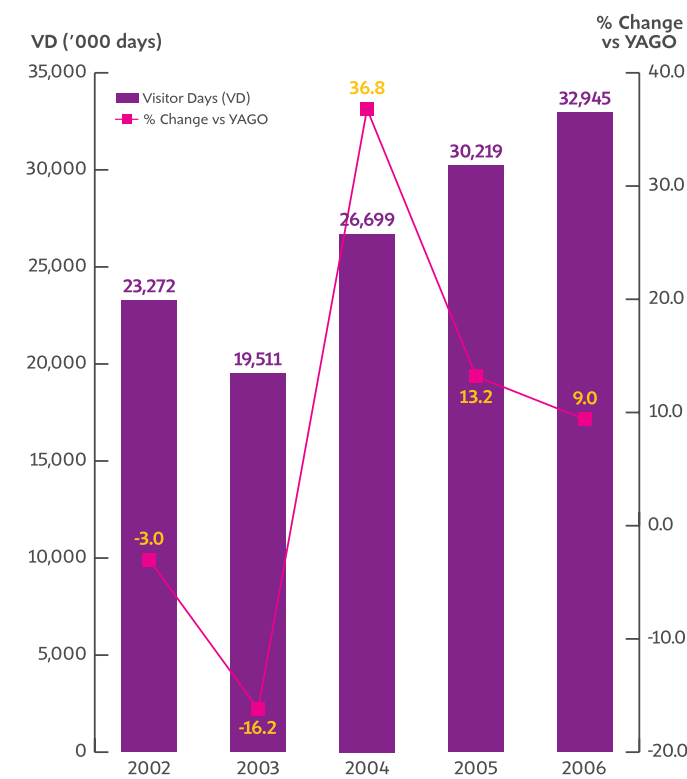
## Tourism Receipts (2002 – 2006)



Country	2006 TR (S\$m)	% Change vs YAGO <sup>1</sup>
Indonesia	2,219	6.5
P R China	1,118	27.8
India	863	2.4
Australia	805	5.5
Japan	735	-3.6
USA	565	8.1
UK	553	1.7
Malaysia	530	27.7
Thailand	440	4.7
Philippines	426	27.8

Top 10 Tourism Receipts Generating Markets (2006)  
<sup>1</sup>Year Ago

## Visitor Days (2002 – 2006)



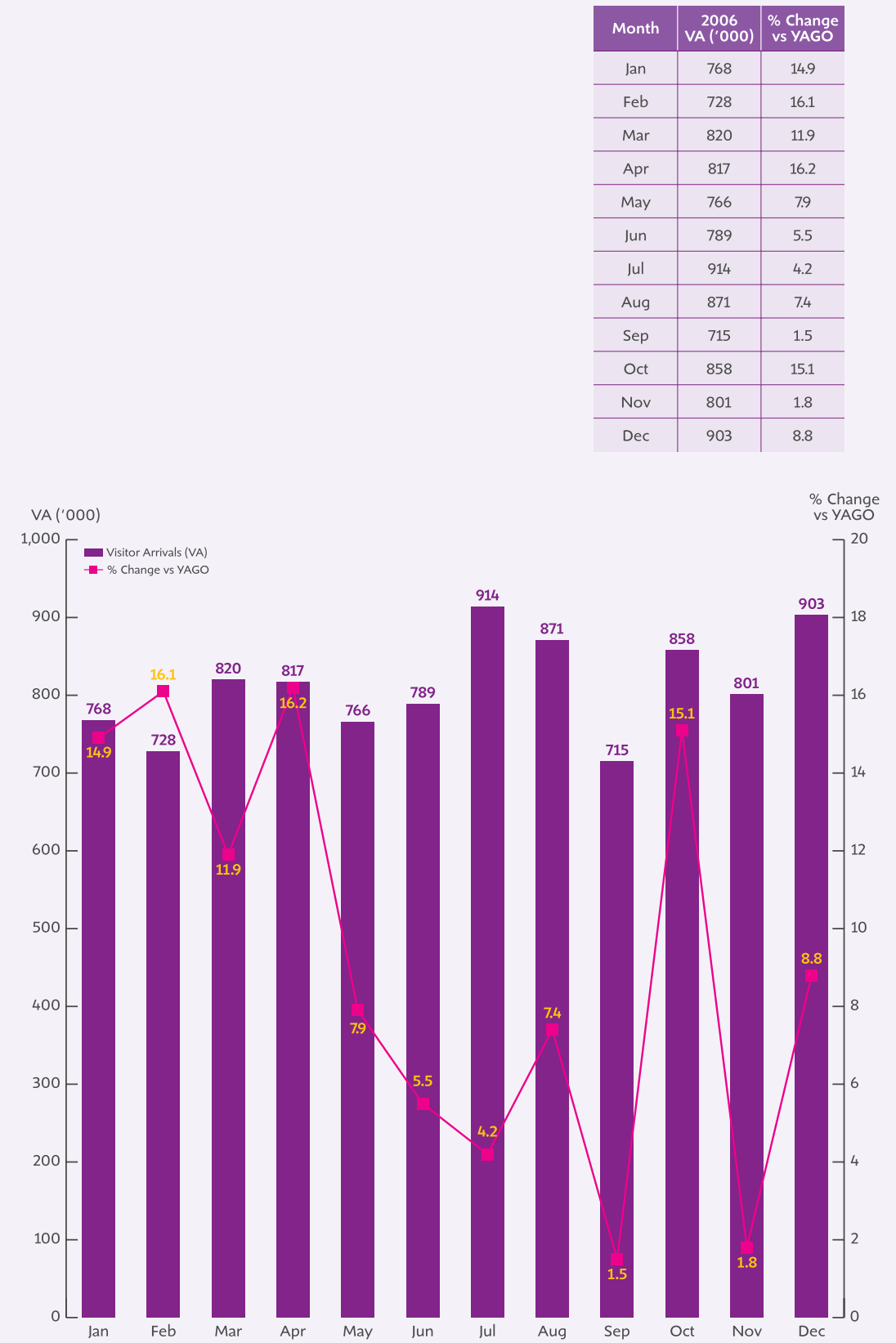
Year	VD <sup>2</sup> ('000 days)	% Change vs YAGO
2002	23,272	-3.0
2003	19,511	-16.2
2004	26,699	36.8
2005	30,219	13.2
2006	32,945	9.0

<sup>2</sup>VD = Visitor Arrivals x Average Length of Stay

### Visitor Arrivals (2002-2006)

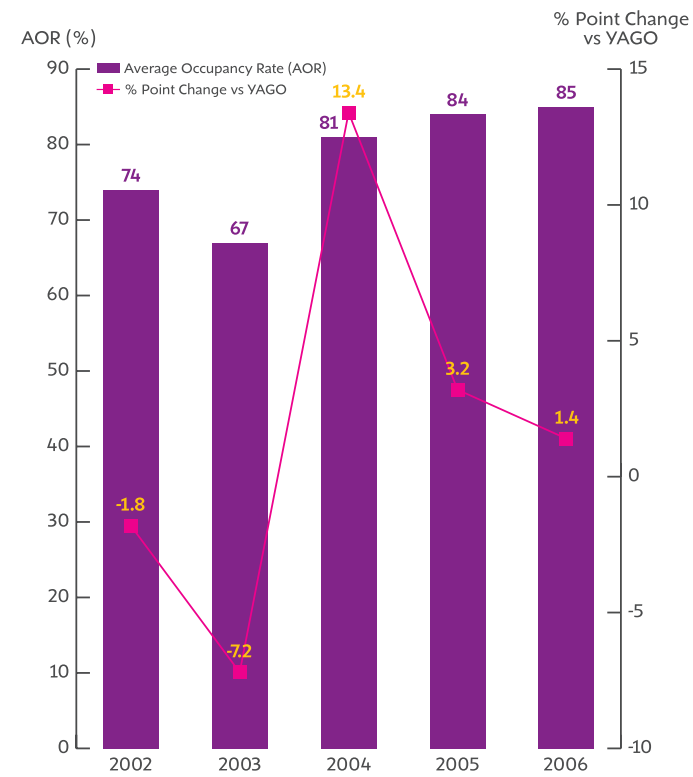


### Visitor Arrivals by Month (2006)





### Hotel Average Occupancy Rate (2002–2006)



Year	AOR (%)	% Point Change vs YAGO
2002	74	-1.8
2003	67	-7.2
2004	81	13.4
2005	84	3.2
2006	85	1.4

### Hotel Average Room Rate (2002–2006)



Year	ARR (\$)	% Change vs YAGO
2002	126	-5.6
2003	116	-8.3
2004	122	5.4
2005	137	12.5
2006	164	20.0

### Hotel Revenue Per Available Room (2002–2006)



Year	RevPar <sup>3</sup> (\$)	% Change vs YAGO
2002	94	-7.8
2003	78	-17.2
2004	98	26.4
2005	115	17.0
2006	140	22.0

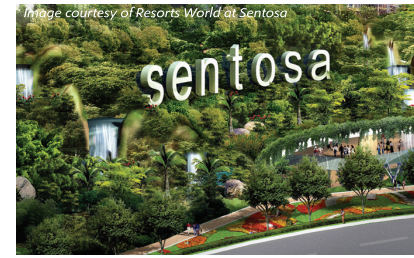
<sup>3</sup>RevPar = Hotel Average Occupancy Rate x Hotel Average Room Rate



Esplanade Waterfront by Night

## KEY HIGHLIGHTS

### April 06



#### Adding Wow to Sentosa with IR

The IR on Sentosa is set to be a large-scale iconic development and a world-class tropical resort that offers the whole family a fun and memorable leisure experience. Leveraging on its location in the resort setting of Sentosa, the IR will have an exciting mix of island resort recreational and entertainment facilities, including resort hotels, spas, dining and retail outlets, and casino gaming. The launch of the Request for Proposals (RFP) for the IR at Sentosa marked yet another significant milestone in the development of the IRs in Singapore.

#### Gourmets of the World Unite

Singapore hosted 11 internationally acclaimed Michelin-stars chefs and celebrity personalities at the *World Gourmet Summit 2006*. A signature event that has won international accolades such as Gold awards by the US-based International Festivals and Events Association (IFEA), the *World Gourmet Summit* not only elevated Singapore's culinary image, but also profiled Singapore as a premier gourmet capital of Asia.



### 10 millionth Passenger Cruises into Singapore



The Singapore Cruise Centre (SCC) welcomed on board its 10 millionth cruise passenger, marking a significant milestone in its history. The cruise industry is one of the fastest-growing segments of the leisure travel industry and continues to play an important part in the STB's strategy to achieve 17 million in visitor arrivals and S\$30 billion in tourism receipts in 2015.

### May 06

#### Las Vegas Sands wins Marina Bay IR bid

Las Vegas Sands was awarded the Integrated Resorts at Marina Bay project in May 2006. The S\$5 billion Integrated Resort (IR), Marina Bay Sands™, is expected to significantly enhance Singapore's attractiveness as a premium destination for business and leisure visitors. When ready in 2009, it will add more than 100,000 sqm of MICE (Meetings, Incentive Travel, Conventions and Exhibitions) space. The Marina Bay Sands™ will also offer visitors the world's first ArtScience Museum, two state-of-the-art 2000-seat theatres, more than 100,000 sqm of high-end retail space, a casino, and six restaurants helmed by world-famous chefs.





## A Bigger and Better Great Singapore Sale

In its 13th year, the *Great Singapore Sale 2006* returned bigger and better than ever before. Shopping enthusiasts could enjoy discounts of up to 70 per cent on just about anything, anywhere, from downtown Orchard Road and Marina Bay to the shops in Singapore's heartlands. This year, special focus was given to new initiatives and service



conveniences such as beverages at the Visitor Hospitality Lounge located within the 'Shop & Indulge' showcase along Orchard Road, Uniquely Pampering experiences such as complimentary limousine service, free massages, and a 24-hour shopping concierge.

## S\$10 Million Boost for the Cruise Industry

The STB, the Civil Aviation Authority of Singapore, and Singapore Cruise Centre jointly set up the S\$10 million Singapore Fly-Cruise Development Fund (FCDF), aimed at boosting the local cruise industry and encouraging major international cruise companies to partner Singapore in product development and marketing initiatives. Through this fund, cruise enthusiasts can look forward to more cruise offerings with major international cruise companies such as Costa Cruises and Royal Caribbean International (RCI) developing their Asian presence and anchoring strategic deployments in Singapore.



## June 06



### Glitzy Affairs in Singapore

Bollywood stars, Hrithik Roshan and Priyanka Chopra, as well as acclaimed director, Rakesh Roshan, made a whirlwind stopover in Singapore ahead of the worldwide release of *Krrish*, the first Indian mega blockbuster filmed under the STB's Film in Singapore! Scheme. Special *Krrish* tours were made available to enable visitors to re-live the *Krrish* experience first-hand by visiting the movie trail and uncovering unique Singapore locales. The scheme picked up even greater momentum with the filming of the first major Chinese serial, *Super Mates*, and the first Korean Mega Television Series, *Que Sera Sera*.



### CNN Future Summit Brings Singapore to the World

The *CNN Future Summit* kicked off in Singapore in June 2006, bringing together some of the brightest minds of our time. A two-year multi-media programme, the *Summit* stimulates global discussion on new developments in technology, medicine, communications, the environment and new habitat, and the implications these have for the future of mankind. The series is part of the STB's strategy to use branded entertainment to position Singapore to the global audience.

## July 06



### Uniquely Singapore Clipper Sails Proud

The Clipper Round the World Yacht Race ended in July 2006, with the *Uniquely Singapore* Clipper finishing fifth overall. The *Uniquely Singapore* Clipper, carrying her Singapore team, and Singapore's brand, around the world, clinched two first-place victories over the ten-month race. Aboard the magnificent 68-foot state-of-the-art yacht was Singapore's very own crew of 21 adventurous Singaporeans serving as Singapore's tourism ambassadors at the various ports of call.



### Orchard Road Stays Awake with Late Night Shopping

Retailers along Orchard Road embarked on a four-month pilot project, the *Friday Late Night Shopping*. Participating retailers extended their operating hours until midnight on the last Friday of each month. The initiative tapped on the increasing demand for extended operating hours, especially from busy working professionals and business travellers with limited time to shop. It was also part of the STB's efforts to enhance Singapore's image as a shopping and lifestyle destination by creating more buzz and excitement in Singapore's most popular shopping precinct, creating synergies with existing food, beverage and entertainment outlets. Due to its success, the initiative returned as a regular feature of Orchard Road since January 2007.



### Beyond Words

The STB launched its new campaign under the *Uniquely Singapore* brand. Named *Beyond Words*, the new campaign marked the evolution of the *Uniquely Singapore* brand into its second phase, moving beyond promoting the destination through product attributes to bring out the depth of the Singapore experience. The key objective of the campaign was to evolve the expression of the *Uniquely Singapore* brand in a way that would further differentiate Singapore and enhance our global brand positioning, while being flexible to allow the brand to permeate all aspects of our tourism offerings.

### Chilli Crab Fever Heats Up at Singapore Food Festival

The *Singapore Food Festival 2006* enjoyed a fiery kick-start in July 2006 with the *Singapore TIGER Chilli Crab Festival*. Themed *A Celebration of Singaporean Cuisine*, the annual *Food Festival* came alive with unique dining events, mammoth food carnivals, culinary workshops, themed events, and plenty of food & beverage promotions. Visitors and locals had the opportunity to sample new food and beverage ideas or products at the 50 events and island-wide promotions held during the month-long event.





## August 06



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### Marina Bay Sands™ Progressing on Track

The development of the Marina Bay Sands™ Integrated Resort (IR) was given a formal kick-start as the STB and Las Vegas Sands (LVS) signed the official Development Agreement. The signing ceremony marked the official handover of the Marina Bay IR site to LVS to commence construction work. LVS, awarded the bid for Singapore's first IR in May 2006, will invest more than S\$5 billion to develop the Marina Bay Sands™, making it one of the largest investments in the world for a single IR. The Integrated Resort is expected to generate an additional S\$2.7 billion to Singapore's annual Gross Domestic Product and create 30,000 additional jobs throughout the economy.

### BE in Singapore, Where Great Things Happen



The STB launched a set of initiatives to propel the growth of the MICE (Meetings, Incentive Travel, Conventions and Exhibitions) industry to meet the targets envisioned for the Business Travel & MICE (BTMICE) sector in the Tourism 2015 strategic blueprint and to establish Singapore as the Exchange Capital of the World. The initiatives included *Business Events (BE) in Singapore* incentive scheme, a new business strategy – Strategic Cluster Approach, and a global marketing and advertising campaign – *Singapore, Where Great Things Happen*. These initiatives will take Singapore from being just a destination to one that catalyses business success.

## September 06



### One City, Three Festivals

Visitors to Singapore joined residents in celebrating a triple treat comprising Deepavali, Hari Raya Puasa and the Mid-Autumn Festival. Visitors received a taste of the unique blend that is Singapore – the old and the new, the traditional and the modern. September was abuzz with festive celebrations, street light-ups, carnivals, performances, spectacular fireworks, food bazaars, and food stalls where Singapore's authentic cuisines were on offer.

### S2006 Puts Singapore on World Map

Singapore 2006 (S2006)

encompassed the Annual Meetings of the Boards of Governors of the International Monetary Fund and the World Bank Group. This international economic summit drew more than 16,000 delegates, including delegates from 184 Fund and Bank member countries, top financiers, business leaders and international media. Singapore raised its service standards among frontline service staff, with 30,000 of them undergoing training to ensure they were able to meet the needs of delegates. The S2006 showcased Singapore's finesse in staging high profile international business events, and its diverse and exciting range of leisure offerings.



## October 06



Image courtesy of Resorts World at Sentosa

### IR on Sentosa Attracts High Quality Proposals

The Singapore Government successfully closed the Request for Proposals (RFP) for the Integrated Resort (IR) on Sentosa, with submissions from three accomplished players. Each of the three proposers committed to invest between S\$5.2 billion to S\$5.5 billion in an iconic development that would generate substantial economic benefits for Singapore. This was a testament to Singapore's buoyant investment climate and the strong potential that international investors see in its tourism sector.

## November 06

### Singapore Celebrates Christmas in the Tropics with a Seven-Week Extravaganza



The most enchanting time of the year was celebrated in magical fashion once again as the annual *Christmas in the Tropics* returned as an Enchanted Garden wrapped in golden leaves, colourful birds of paradise and dazzling lights. *Christmas in the Tropics 2006* comprised festive performances, entertainment events, shopping specials, concerts and dance parties, and the spectacular street light-up along Orchard Road and Marina Bay.

## December 06



Image courtesy of Resorts World at Sentosa

### Sentosa IR Awarded to Genting International and Star Cruises

The award of the IR at Sentosa to Genting International and Star Cruises marked another significant milestone in the development of the IRs in Singapore. Known as Resorts World at Sentosa, the IR will appeal to family and leisure visitors as a fun and exciting family and incentive travel destination. In 2010, the S\$5 billion Integrated Resort will open with Universal Studios Singapore®, a Maritime Museum, Quest Marine Life Park, Equarius Water Park, a Maritime Xperiential Museum and FestiveWalk, a lively outdoor retail, dining and entertainment experience.

### Singapore Welcomes its Nine Millionth Visitor and First Millionth Visitor from China



Dr Vladykina Elena from Russia received a rousing welcome from the STB as she became the nine millionth visitor to arrive in Singapore in 2006. Her arrival recorded Singapore surpassing 2005's record arrivals of 8.9 million visitors. In the same month, another tourism landmark occurred when Singapore welcomed its first millionth visitor from China, Mr Yu Yongkang. The occasion marked the first time that Singapore has reached the one millionth mark for visitor arrivals from China, making Singapore the first country to do so.



January 07



### ASEAN Forges Ahead Towards Greater Tourism Integration

Singapore hosted the tourism ministers of the 10-member Association of Southeast Asian Nations (ASEAN), senior tourism representatives from China, Japan and Korea, as well as some 1,600 regional and global travel trade visitors, at the 26th ASEAN Tourism Forum (ATF). ATF is a regional cooperative platform to promote the collective attractiveness of the Southeast Asia region and reinforce cooperative ties among the various sectors of the ASEAN tourism industry. The member countries reaffirmed their commitment to the overall vision of ASEAN Tourism Integration to strengthen ASEAN's appeal as a single destination.

### First Overseas Singapore Education Services Centre (SESC) Opens in Jakarta



Singapore opened its first SESC in Jakarta in January 2007 to serve as a one-stop information centre on education in Singapore. Counsellors were also on hand to provide the latest information on education options, registration procedures and processes in Singapore. The centre provides a focal point for students, parents, and education specialists to converge and exchange information or interact with Singapore school representatives.

### Chun Jie Celebrations Bring Cheers to Singapore



Majestic dragons and prancing lions, divine showers of good fortune, and giant drums reverberating to the festive beat welcomed the Year of the Pig in 2007 with a resounding bang. The celebrations included a vibrant light-up in Chinatown, *Singapore River Hong Bao* and the *Chingay Parade of Dreams*. With the myriad festive activities lined up, locals and visitors were treated to a truly Chinese cultural experience full of festive sights, an array of events, shopping treats, and dining delights that were *Uniquely Singapore*. Singapore's Chinese New Year Celebrations during *Chun Jie* (Spring Festival) counts among Asia's most vibrant and exciting.

### February 07 An Ultimate Style-charged Experience for Fashion Enthusiasts



*Singapore Fashion Festival 2007* presented a 10-day schedule of events profiling the best emerging and established designer collections with an ultimate style-charged experience for all fashion enthusiasts to enjoy. These included trendsetting looks from premium local designers to international luxury fashion brands including Vivienne Tam and Matthew Williamson. Asian beauties, Anne Watanabe and Ai Tominaga, also graced the catwalks. The *Singapore Fashion Festival 2007* once again profiled Singapore as the destination of choice for well-heeled visitors seeking the latest trends and the most exciting shopping experiences in the region.

March 07

### Stars of the Tourism Industry Honoured



36 individuals and organisations in the travel and tourism industry were honoured for their outstanding concepts or service standards at the Tourism Awards 2006. Already into its 21st year, the Tourism Awards encompassed various service industries, ranging from hospitality to entertainment and nightlife, new business concepts, and entrepreneurship to tourism-related products and attractions. In all, there were 28 categories, with over 138,000 nominations received, reflecting the increasing local and overseas patronage of the Awards.

### Inaugural Singapore Education Awards



The inaugural Singapore Education (SE) Awards presentation ceremony honoured seven exemplary individuals and organisations for their contributions in delivering enriching and memorable experiences to international students. The SE Awards was introduced to establish benchmarks for service and marketing excellence in the promotion of SE, and to celebrate and acknowledge the contributions of individuals and organisations from the education sector that have enhanced Singapore's reputation as a leading education destination.





## ACCOLADES

2006 was a stellar year for Singapore's tourism sector, with Singapore and the STB winning the following awards:

- *Top in Travel and Tourism Regulatory Framework* and *Top in Policy Rules & Regulations* in the inaugural Travel and Tourism Competitiveness Index awarded by World Economic Forum
- *Top Convention City in Asia* and *Third Top Convention City in the World* awarded by the International Congress & Convention Association Global Rankings (Singapore was the Top Convention City in Asia for the eighth time)
- *Favourite Meeting/Convention/Exhibition Facilities* awarded by TIME Readers' Travel Choice Award 2006
- *The Best Overall City for MICE Experience and Facilities* and *Best Convention Bureau/National Tourism Office* in the Annual Industry Survey Readers' Choice Awards awarded by CEI Asia Pacific
- *Top Convention City in Asia* and the *World's Number Four Convention City* awarded by Union of International Associations (Singapore was the Top Convention City in Asia for 23 consecutive years)
- *Second for Nightlife and Dining, Second for Shopping, and Third for Conferences* in the Global Country Brand Index 2006
- *Best Tourism Bureau* in the China Travel Industry Awards 2006 awarded by TravelWeekly
- *Asia's Leading Airport* and *World's Leading Airport* awarded to Singapore Changi Airport by World Travel Awards
- Singapore Tourism Board's VisitSingapore.com ([www.visitsingapore.com](http://www.visitsingapore.com)) website awarded *Official Honoree* status by Annual Webby Awards
- 11 awards, including the *Best Business City in the World* for six consecutive years; the *Best Airline*, the *Best Asia-Pacific Airline*, the *Best First Class*, the *Best Business Class* and the *Best Economy Class* awarded to Singapore Airlines; the *Best Airport in the World* and *Best Duty-Free in the World* awarded to Singapore Changi Airport; as well as the *Best Business Hotel in Singapore*, *Best Business Hotel in Asia-Pacific* and *Best Business Hotel in the World* awarded to Shangri-La Singapore, by Business Traveller Asia-Pacific Magazine
- National University of Singapore ranked 19th and the Nanyang Technological University ranked 61st by Times Higher Education Supplement World University Rankings 2006
- Singapore General Hospital awarded *Most Trusted Brand Award (Hospital Category)* by Reader's Digest 2007







## BOARD OF DIRECTORS

### Mr Simon Israel

Appointed to the Board since 1 January 2005 as Chairman of the STB.

Mr Israel has been the Executive Director for Temasek Holdings Pte Ltd since July 2006. He was formerly Head (Household and Personal Care) Asia Pacific with Sara Lee Corporation from 1993 to 1996. From 1996 to early 2006, Mr Israel was Chairman Asia Pacific for Group Danone. He is also a Director of Singapore Telecommunications Ltd, Neptune Orient Lines Ltd, Fraser & Neave Ltd, and Fullerton Financial Holdings Pte Ltd.

### Mr Lim Neo Chian

Appointed to the Board since 1 October 2002 as Deputy Chairman of the STB.

Mr Lim is the Deputy Chairman and Chief Executive of the STB. He was formerly the Chief of Army from 1992 to 1995 and later joined Jurong Town Corporation as Chief Executive Officer in 1995 and as Chairman of JTC Corporation from 1998 to 2003. Mr Lim sits on several boards including Sentosa Development Corporation, National Arts Council, and is a member of the Air Traffic Rights Committee.

### Mr Frank Allan Brown\*

Appointed to the Board since 1 January 2000.

Mr Brown is currently based in Australia and is a Director of ColorZip Media Worldwide and Chairman of ColorZip Southeast Asia, as well as Chairman of Mikoishi, an online and mobile gaming company based in Singapore. He was formerly the President/CEO of MTV Networks Asia Pacific, where he was responsible for all aspects of MTV Networks' businesses and TV channel operations in Asia Pacific. Mr Brown is also a Board Member of the Infocomm Development Authority and Republic Polytechnic, as well as former Board Member of the Media Development Authority, and Economic Development Board.

### Ms Saw Phaik Hwa\*

Appointed to Board since 1 January 2001.

Ms Saw is the President and Chief Executive Officer of SMRT Corporation Ltd. She was formerly with DFS Venture Singapore (Pte) Ltd for 19 years and later assumed the role of Regional President from 1998 to 2002. Ms Saw holds various directorships including Membership of the Board of Trustees for the Singapore Management University, Tan Tock Seng Hospital Community Charity Fund, and Youth Business Singapore. She is also a member of Singapore Totalisator Board's Sports Sub-Committee and 10TouchPoints' Steering Committee, as well as a Resource Panel Member on the Government Parliamentary Committee (Transport).

### Ms Chan Lai Fung\*

Appointed to the Board since 1 January 2002.

Ms Chan is the Permanent Secretary for the Ministry of Law. She has served 20 years in the Administrative Service of the Singapore Civil Service, holding various senior positions in the former Ministry of Communications, the former Ministry of Environment, the Ministry of Health, the Ministry of Finance, the Prime Minister's Office, and the Ministry of Trade and Industry.

### Mr Huang Cheng Eng\*

Appointed to the Board since 1 January 2002.

Mr Huang is the Executive Vice President (Marketing & Regions) for Singapore Airlines Ltd (SIA). He joined SIA in 1974 and served as SIA General Manager in Taiwan, France, and Hong Kong from 1978 to 1987. On his return to Singapore, Mr Huang was in charge of the SIA cargo portfolio until 1996. Mr Huang also sits on the board of Virgin Atlantic Airways, and is Chairman of SIA Cargo Pte Ltd.





### Mr Liak Teng Lit

Appointed to the Board since 1 January 2004.

Mr Liak was appointed Chief Executive Officer of Alexandra Hospital in February 2000. He has held senior management positions at various hospitals including as CEO of Toa Payoh Hospital and Changi General Hospital. He currently serves on numerous Boards and Committees including Community Chest, the National Volunteer & Philanthropy Centre Board, Water Network, NTUC Childcare Co-Operative Ltd, as well as advisory boards of schools including Pathlight School, Northlight School, and the Singapore Management University (School of Information Systems).

### Mr Philip Antony Jeyaretnam

Appointed to the Board since 30 June 2005.

Mr Jeyaretnam is a Senior Counsel and the President of the Law Society of Singapore and a Partner in the law firm of Rodyk & Davidson LLP. He is also the Chairman and Director of Practice Performing Arts Centre Pte Ltd, and Council Member of the National Arts Council.

### Mr Lucas Chow Wing Keung<sup>+</sup>

Appointed to the Board since 30 June 2005.

Mr Lucas Chow is the Chief Executive Officer of MediaCorp Pte Ltd. Prior to joining MediaCorp in December 2005, he spent seven years with SingTel holding several key management positions. Mr Chow also sits on various boards of directors and international advisory committees including Health Promotion Board, MediaRing Ltd, DesignSingapore Council, and the National University of Singapore Board of Trustees. Mr Chow also serves as a Consultant to British Telecom's Asia Pacific Advisory Board.

### Mr Frank Wong Kwong Shing<sup>+</sup>

Appointed to the Board since 30 June 2005.

Mr Wong is the Vice Chairman for DBS Bank Ltd and Chairman for DBS Bank (Hong Kong) Ltd. He has over 30 years of experience in the banking industry and extensive knowledge of the China market. Mr Wong holds various directorships including those in the National Healthcare Group Pte Ltd, Mapletree Investments Pte Ltd, and China Mobile Ltd. He is also a member of the University Court of the University of Hong Kong.

### Mr Scott Blume

Appointed to the Board since 30 June 2005.

Mr Blume is the President of Travelocity Asia Pacific and Chief Executive Officer of ZUJI Pte Ltd. Mr Blume has had a 30-year travel management career spanning leisure, MICE, corporate and online travel companies in Australia, New Zealand, Asia, USA and Europe. Prior to joining ZUJI, Asia Pacific's leading online travel company, he was Managing Director of Australian-listed company ITG Ltd (formerly known as Internet Travel Group).

### Ms Chong Siak Ching

Appointed to the Board since 30 June 2005.

Ms Chong is the President and Chief Executive Officer of Ascendas Pte Ltd. She was formerly the Deputy Chief Executive Officer for Jurong Town Corporation. Ms Chong sits on the Board of Ascendas Pte Ltd and its subsidiaries, and is one of three Singapore representatives to the APEC Business Advisory Council.

### Mdm Kay Kuok Oon Kwong

Appointed to the Board since 1 January 2007.

Mdm Kuok is currently the Executive Chairman, Shangri-La Hotel Singapore Ltd, a post she has held since 2000. She also holds directorships with Shangri-La Asia Ltd, Kuok (Singapore) Ltd, Kuok Brothers Sdn Bhd, and Allgreen Properties Ltd. In addition, Mdm Kuok is Co-Chairperson of the Tourism Consultative Council, President of the Singapore Hotel Association, as well as Councillor and Chairperson of the Arts & Culture Functional Committee with the South West CDC. She is also a Member of the National Youth Achievement Award, and NTU Business Degree Programmes Advisory Boards.

### Mr Tang Tuck Weng

Appointed to the Board since 1 January 2007.

Mr Tang is currently Director (Housing) with the Ministry of National Development. He has previously held appointments in the Scenario Planning Office (Prime Minister's Office), Ministry of Transport, and Ministry of Education. He has served on the boards of the National Heritage Board, the Singapore Discovery Centre, Nanyang Polytechnic, and the Public Transport Council. He graduated from Hitotsubashi University (Japan) with a degree in Economics, and holds a Master of Science (Management) from Stanford University.

### Mr Steven Lim

Appointed to the Board since 1 January 2007.

Mr Lim is currently an audit committee member of A\*STAR (Agency for Science Technology & Research) and a board member of several public listed companies in Singapore. With more than 32 years of audit experience, Mr Lim was formerly a Managing Partner of Arthur Andersen Singapore till July 2002 and then a Senior Partner with Ernst & Young before retiring in June 2003. Mr Lim has extensive regional business experience in Singapore, Malaysia, Indonesia, Thailand, the Philippines, and Vietnam.

### Mr Anthony Davis

Appointed to the Board since 1 January 2007.

Mr Davis is the President and CEO of Tiger Airways. Since his appointment with Tiger Airways in 2005, the airline has expanded to over 19 destinations in eight countries including the establishment of Tiger Airways Australia. He was formerly the founding Managing Director of bmibaby, the successful British low cost carrier. Mr Davis has over 20 years experience in the airline industry formulating and implementing international airline strategies, and representing airlines in negotiations with government and regulatory agencies globally.

### Mr Patrick Pitcher

Appointed to the Board since 30 June 2007.

Mr Pitcher recently retired from his position as CEO JWT Asia Pacific South where he presided over 20 offices in 11 countries for three years. Prior to that, Mr Pitcher was CEO Asia Pacific and on the Worldwide Executive Board of Saatchi and Saatchi. During his 11 years in the Asia Pacific region, he has gained in-depth knowledge of the various markets including China, India, Japan, Southeast Asia, and Australia. Before he became CEO for Saatchi & Saatchi Canada and MD of South Africa, he worked for Johnson & Johnson and Unilever. Mr Pitcher has garnered extensive global marketing and branding experience after having worked with many of the world's top advertisers.

### Mr Aubeck Kam

Appointed to the Board since 30 June 2007.

Mr Kam currently holds the position of Deputy Secretary in the Ministry of Manpower (MOM). He has previously held senior government positions in trade and security. As Director of Trade in the Ministry of Trade & Industry (MTI), he was involved in negotiations of free trade agreements with China, India, and Canada. He served as the Director of Operations for the Singapore Police Force, holding the rank of Senior Assistant Commissioner. Mr Kam is also a Board Member in the Central Provident Fund Board, and the Singapore Examinations Assessment Board.

<sup>+</sup>Board of Directors who retired from the Board on 31 December 2006.

<sup>+</sup>Board of Directors who retired from the Board on 29 June 2007.







Vibrant Nightlife at Clarke Quay

## CORPORATE GOVERNANCE REPORT

## Board Matters

### Responsibilities of the Board

The Board oversees and monitors organisational performance and the achievement of the STB's strategic goals and objectives. It assumes the responsibility of reviewing and approving corporate strategies, budgets, and financial plans.

### Board Composition and Membership

The Board currently comprises 12 Directors. The size and composition of the Board are reviewed from time to time by the Governance Sub-Committee, which seeks to ensure that the size of the Board is conducive to effective discussion and decision-making. The process for the appointment of Directors to the Board is kept formal and transparent, as this is critical to the part that corporate governance plays. Review of Directors' membership on the Board is done on an annual basis.

There is a strong independent element on the Board, which exercises objective judgement on the STB's corporate affairs. This is to ensure that there are checks and balances instituted. Independent Directors make up at least one-third of the Board. Mr Lim Neo Chian, the STB's Deputy Chairman and Chief Executive, is the only non-independent Director. A Director's independence is re-assessed at the point of each re-appointment.

### Conduct of Board Affairs

The Board approves financial transactions above a certain financial limit. A regular review of the financial authorisation and approval limits is performed to ensure it is kept up-to-date and relevant.

During the financial year, the Directors were requested to complete a Board Evaluation Questionnaire as part of the process adopted to assess the overall effectiveness of the Board.

Under the year in review, there were a total of six scheduled Board meetings and a two-day Board Strategy Workshop, held at an off-site venue to discuss key strategic issues that will impact the achievement of Tourism 2015 targets. A record of the Directors' attendance at Board meetings during the financial year which ended on 31 March 2007 is set out in **Table 1**.



**Table 1: Directors' Attendance at Board Meetings**

Name of Director	Schedule Board Meetings		Board Strategy Workshop	
	Number Held	Number Attended	Number Held	Number Attended
Mr Simon Israel	6	6	1	1
Mr Lim Neo Chian	6	6	1	1
Mr Frank Allan Brown*	4	2	0	0
Ms Chan Lai Fung*	4	2	0	0
Mr Huang Cheng Eng*	4	2	0	0
Mr Liak Teng Lit	6	5	1	1
Ms Saw Phaik Hwa*	4	2	0	0
Mr Scott Blume	6	5	1	1
Ms Chong Siak Ching	6	4	1	1
Mr Lucas Chow Wing Keung	6	4	1	1
Mr Philip Antony Jeyaretnam	6	3	1	1
Mr Frank Wong Kwong Shing	6	4	1	1
Kay Kuok Oon Kwong*	2	2	1	1
Anthony Davis*	2	2	1	1
Steven Lim*	2	2	1	1
Tang Tuck Weng*	2	2	1	1
Mr Aubeck Kam^	0	0	0	0
Mr Patrick Pitcher^	0	0	0	0

\* Directors who retired from the Board with effect from 31 Dec 06 were scheduled to attend four meetings in total. They were not scheduled to attend the Board Strategy Workshop as it was held in Jan 07.

† Newly-appointed Directors to the Board with effect from 1 Jan 07 were scheduled to attend two meetings in total.

^ Newly-appointed Directors to the Board with effect from 30 June 07 were not scheduled to attend any meeting as the Board Meetings and Board Strategy Workshops were held in the Financial Year 06/07.



Board Members are given access to the STB's records and information, senior management, or any other staff of the agency, as is necessary for them to effectively discharge their responsibilities and to deliberate meaningfully on issues raised at Board meetings.

The following Board Committees assist the Board in executing its duties:

- Finance and Investment Committee
- Audit Committee
- Governance Committee
- Human Resource Management Committee

A record of each Director's Board Committee memberships and attendance at Board Committee meetings during the financial year which ended on 31 March 2007 is set out in **Table 2**.

**Table 2: Directors' Board Committee Memberships and Attendance at Board Committee Meetings**

Name of Director	Finance and Investment Committee Meetings		Audit Committee Meetings		Governance Committee Meetings		Human Resource Management Committee Meetings	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
Mr Simon Israel							0	0
Mr Lim Neo Chian	3	3						
Mr Frank Allan Brown	2	2			4	1		
Ms Chan Lai Fung			2	2				
Mr Huang Cheng Eng			2	1				
Mr Liak Teng Lit			3	3				
Ms Saw Phaik Hwa							0	0
Mr Scott Blume	2	2			4	3		
Ms Chong Siak Ching	3	3						
Mr Lucas Chow Wing Keung					4	1		
Mr Philip Antony Jeyaretnam					4	4		
Mr Frank Wong Kwong Shing							0	0
Kay Kuok Oon Kwong	1	1						
Anthony Davis							0	0
Steven Lim			1	1				
Tang Tuck Weng			1	1				

## Audit and Accountability

### Audit Committee

The Audit Committee (AC) comprises three independent and non-executive Board members. It is mandatory that at least two members of the AC to have the requisite accounting or related financial management expertise and experience to discharge their responsibilities and duties.

During the financial year, a total of three meetings were convened for the AC. The responsibilities of the AC are stated in the terms of reference which include ensuring the adequacy of internal controls, reviewing the audit plans, audit reports, and the audited STB Accounts for the financial year.

The AC has the explicit authority to investigate any matter within its terms of reference and full access to, and co-operation of the Management. It has direct access to the Internal Audit and the external auditors and also full discretion to invite any Board member or Management staff to attend its meetings. In addition, the AC has met both the external auditors and staff of Internal Audit without the presence of Management, during the financial year. For the proper discharge of its function and duties, reasonable resources have been made available to the AC.

### Internal Controls

The Board has ensured that the Management maintains a sound system of internal controls to safeguard the interests of stakeholders and the assets of the STB. The AC has ensured that a review of the effectiveness of the STB's internal controls, including financial, operational and compliance controls, and risk management, is conducted annually through the various audits and related reports issued by the Internal Audit and discussed at the meetings of the AC. In certain projects or areas where independent expertise is specially required in connection with the review of controls, external professionals and service providers have been appointed accordingly.

### External Audit

During the financial year-end statutory audit, the external auditors carried out a review of the significant internal controls that was determined materially by the purpose of the audit and the scope of works under the audit plan. Any material non-compliance and/or internal control weaknesses, together with the external auditors' recommendations to address them, were made known to the AC.

To maintain the independence of the external auditors, the AC reviewed the scope and results of the external audit including the volume of non-audit services, if any, duly performed by them.

### Internal Audit

The Internal Audit reports to the AC functionally and to the Chief Executive administratively. The Internal Audit currently adopts the Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. The adequacy of funding and staffing of the Internal Audit and its appropriate standing within the STB have been ensured by the AC.

The Internal Audit adopts risk-based auditing as its best audit and advisory practice. It enables various regional offices, major process-owners and policy-makers of the STB in providing reasonable assurance on the effectiveness of control and governance processes in managing risks and achieving objectives.

### Governance Committee

The Governance Committee comprises three independent and non-executive Board members.

During the financial year, the Committee met a total of four times to review the size and composition of the Board, and ensure that it has the appropriate balance of skills and experience against the strategic issues and challenges facing the STB.

The Committee recommended the retirement of four Board members in Dec 06, and the appointment of their replacements in Jan 07. Another two Board members retired in June 07, with the appointment of their replacements in the same month.

### Human Resource Management Committee

The Human Resource Management Committee comprises three Board members.

The Human Resource Management Committee's responsibilities include reviewing the management development and succession plan for key senior managers, analysing the compensation policies and structures for senior management to ensure they are competitive with the appropriate benchmarks, evaluating the performance of key senior managers, approving the promotion of officers into and within management grades, reviewing and approving recommendations on disciplinary matters affecting officer of Management Grades, and considering and approving any staff matters related to officers on Management Grades which would be referred to the Committee from time to time.



Traditional Shophouses in Modern-day Singapore  
Image courtesy of Yang Fei



# FINANCIAL STATEMENTS

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## Independent Auditors' Report to Singapore Tourism Board

We have audited the accompanying financial statements of Singapore Tourism Board (the "Board"), which comprise the balance sheet as at 31 March 2007, and the income and expenditure statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Board's responsibility for the financial statements

The Board is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Tourism Board Act, Cap. 305B (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 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 Board'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 Board's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, 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,

- (i) the financial statements are properly drawn up in accordance with the Act and the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Board as at 31 March 2007, and the results, changes in equity and cash flows of the Board for the year ended on that date; and
- (ii) the accounting and other records required by the Act to be kept by the Board have been properly kept in accordance with the provisions of the Act.

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



ERNST & YOUNG  
Certified Public Accountants

Singapore  
6 July 2007

## Balance Sheet as at 31 March 2007

	Notes	2006/2007 S\$'000	2005/2006 S\$'000
<b>Equity</b>			
Accumulated surplus		223,516	227,056
Fair value adjustment reserve	25	-	11,614
<b>Total Equity</b>		<b>223,516</b>	<b>238,670</b>
<b>Non-current assets</b>			
Property, plant and equipment	3	66,928	67,298
Investment in a finance lease	4	22,294	20,953
Investment in an associated company	5	-	-
Investment securities	6	2,000	17,692
Intangible assets	7	159	159
Staff loans	8	7	8
Other loans	9	26,399	26,399
		117,787	132,509
<b>Current assets</b>			
Trade receivables	10	9,658	6,794
Other receivables	11	18,622	13,742
Prepayments		2,445	1,946
Financial assets with fund managers	12	89,331	97,941
Fixed deposits	13	14,019	26,595
Cash and bank balances	13	48,916	11,557
		182,991	158,575
<b>Current liabilities</b>			
Advances and deposits received	14	16,453	8,708
Trade payables and accruals	15	55,344	36,870
Other payables	16	2,201	3,582
Provision for employee benefits	17	1,807	1,680
		75,805	50,840
<b>Net current assets</b>		107,186	107,735
		224,973	240,244
<b>Non-current liability</b>			
Deferred long-term lease surplus	18	(1,457)	(1,574)
<b>Net assets</b>		<b>223,516</b>	<b>238,670</b>



Chairman

6 July 2007  
Singapore



Chief Executive

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## Income and Expenditure Statement for the financial year ended 31 March 2007

	Notes	2006/2007 S\$'000	2005/2006 S\$'000
Operating revenue	19	170,918	154,724
Other operating income	20	5,774	10,279
		<u>176,692</u>	<u>165,003</u>
Promotion and development expenses	21	(144,212)	(140,644)
Depreciation of property, plant and equipment	3	(5,978)	(5,742)
Staff costs	22	(38,967)	(34,476)
Other expenses		(18,155)	(16,206)
Operating deficit		<u>(30,620)</u>	<u>(32,065)</u>
Non-operating surplus, net	23	27,080	16,923
Deficit before contribution to consolidated fund		<u>(3,540)</u>	<u>(15,142)</u>
Contribution to consolidated fund	24	-	-
Net deficit		<u>(3,540)</u>	<u>(15,142)</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statement of Changes in Equity for the financial year ended 31 March 2007

	Accumulated surplus S\$'000	Fair value adjustment reserve S\$'000	Total S\$'000
At 1 April 2005	242,198	9,894	252,092
Net change in fair value reserve (Note 25)	-	1,720	1,720
Net deficit	(15,142)	-	(15,142)
At 31 March 2006	<u>227,056</u>	<u>11,614</u>	<u>238,670</u>
Transfer on disposal of available-for-sale financial assets	-	(11,614)	(11,614)
Net deficit	(3,540)	-	(3,540)
At 31 March 2007	<u>223,516</u>	<u>-</u>	<u>223,516</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Cash Flow Statement for the financial year ended 31 March 2007

	2006/2007 S\$'000	2005/2006 S\$'000
<b>Cash flows from operating activities:</b>		
Deficit before contribution to consolidated fund	(3,540)	(15,142)
Adjustments for:		
Depreciation of property, plant and equipment	5,978	5,742
Gain on disposal of property, plant and equipment	(3)	(3)
Fixed assets written off	10	-
Dividend income	(8,879)	(10,412)
Interest income	(2,808)	(2,675)
Deferred long-term lease income	(117)	(117)
Write-back for doubtful debts	(6)	(5)
Gain on revaluation of marketable investments	(9,096)	(932)
Gain on disposal of available-for-sale financial assets	(5,165)	-
Lease income	(1,341)	(953)
<b>Operating cash flows before working capital changes</b>	<b>(24,967)</b>	<b>(24,497)</b>
Increase in trade and other receivables	(7,744)	(4,741)
(Increase)/decrease in prepayments	(499)	126
Increase/(decrease) in advances and deposits received	7,745	(3,149)
Increase in trade payables and accruals	18,474	7,488
(Decrease)/increase in other payables	(1,381)	2,804
Increase in provision for employee benefits	127	21
<b>Cash used in operations</b>	<b>(8,245)</b>	<b>(21,948)</b>
Interest received	2,808	2,675
<b>Net cash flows used in operating activities</b>	<b>(5,437)</b>	<b>(19,273)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(6,012)	(3,510)
Proceeds from disposal of property, plant and equipment	397	10
Investment in a finance lease	-	(20,000)
Dividends received	8,879	10,412
Decrease of funds under management	17,706	30,914
Proceeds from disposal of available-for-sale financial assets	9,243	-
<b>Net cash flows from investing activities</b>	<b>30,213</b>	<b>17,826</b>
<b>Cash flows from financing activities :</b>		
Repayment of staff loans, net	1	5
Repayment of loan from a third party	6	5
<b>Net cash flows from financing activities</b>	<b>7</b>	<b>10</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>24,783</b>	<b>(1,437)</b>
Cash and cash equivalents at beginning of year (Note 13)	38,152	39,589
<b>Cash and cash equivalents at end of year (Note 13)</b>	<b>62,935</b>	<b>38,152</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Notes to the Financial Statements – 31 March 2007

### 1. General

Singapore Tourism Board (the "Board"), is a Singapore statutory board under the Ministry of Trade and Industry established under the Singapore Tourism Board Act.

The Board's registered office and principal place of operations is located at Tourism Court, 1 Orchard Spring Lane, Singapore 247729.

The Board's primary functions are to :

- develop and promote Singapore as a travel and tourist destination;
- advise the Government on matters relating to travel and tourism;
- enhance the travel and tourism sector's contribution to the Singapore economy; and
- exercise licensing and regulatory functions in respect of such tourism enterprises as the Board may determine.

There have been no significant changes in the nature of these activities during the financial year.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Tourism Board Act, Chapter 305B and the Singapore Financial Reporting Standards.

The financial statements have been prepared on a historical cost basis except for derivative financial instruments and available-for-sale financial assets that have been measured at their fair values.

The accounting policies have been consistently applied by the Board and are consistent with those used in the previous financial year.

The financial statements are presented in Singapore Dollars ("S\$") and all values are rounded to the nearest thousand ("S\$'000") except when otherwise indicated.

#### 2.2 FRS and Interpretation of Financial Report not yet effective

The Board has not applied the following FRS and INT FRS that have been issued but not yet effective:

	Effective date (annual periods beginning on or after)
FRS 1 : Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2007
FRS 40 : Investment Property	1 January 2007
FRS 107 : Financial Instruments: Disclosures	1 January 2008
FRS 108 : Operating Segments	1 January 2009
INT FRS 108 : Scope of FRS 102, Share-based Payment	1 May 2006
INT FRS 109 : Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110 : Interim Financial Reporting and Impairment	1 November 2006
INT FRS 112 : Service Concession Arrangements	1 January 2008

The Board expects that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 107 and the amendment to FRS 1 as indicated below.

#### • FRS 107, Financial Instruments: Disclosures

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The Board will apply FRS 107 from annual period beginning 1 January 2008.



## 2.2 FRS and Interpretation of Financial Report not yet effective (Cont'd)

### • FRS 40, Investment Properties

FRS 40 requires investment properties, defined as proportion held either to earn rentals or for capital appreciation or both, to be measured at fair value and gains or losses arising from changes in the fair value of investment properties are included in the profit and loss account in which they arise. The Board will apply FRS 40 from annual period beginning 1 January 2007.

### • Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)

The amendment to FRS 1 requires the Board to make new disclosures to enable users of the financial statement to evaluate the Board's objectives, policies and process for managing capital. The Board will apply the amendment to FRS 1 from annual period beginning 1 January 2007.

## 2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Board's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below:

#### • Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their useful lives. The Board estimates the useful lives of these property, plant and equipment to be within 3 to 99 years, based on the lease period for leasehold properties and estimated useful lives of the assets. The carrying amount of the Board's property, plant and equipment at 31 March 2007 was S\$66,928,000 (2006: S\$67,298,000). Changes in the expected level of usage, technological developments and economic condition could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

### (b) Critical judgements made in applying accounting policies

The following is the judgement made by the Board in the process of applying the Board's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

#### • Operating lease commitments – As lessor

The Board has entered into commercial property leases on its property portfolio. The Board has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

#### • Impairment of investments and financial assets

The Board follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporarily impaired. This determination requires significant judgement, the Board evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

## 2.4 Functional and foreign currency

### (a) Functional currency

The Board has determined the currency of the primary economic environment in which the Board operates i.e. functional currency, to be S\$. Operating revenue and major operating expenses are primarily influenced by fluctuations in S\$.

### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Board and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at

## 2.4 Functional and foreign currency (Cont'd)

the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the income and expenditure statement.

## 2.5 Associated company

An associated company is an entity, not being a subsidiary or a joint venture, in which the Board has significant influence. This generally coincides with the Board having 20% or more of the voting power, or has representation on the board of directors.

The Board's share of the results of associated company and its share of the post acquisition reserves are disclosed in Note 5 of the financial statements.

The effect of the Board's investment in associated company after adjustment to recognise its share of the net assets of the associated company at the date of acquisition is also disclosed in Note 5 to the financial statements.

Investment in an associated company is accounted for at cost less impairment losses.

## 2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold land	-	Over the lease periods of 99 years
Buildings	-	25 years
Property modifications	-	5 years
Furniture, fittings and equipment	-	3 to 5 years
Motor vehicles	-	5 years
Electrical installation and air-conditioners	-	7 years

Capital work-in-progress included in plant and equipment are not depreciated as these assets are not available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income and expenditure statement in the year the asset is derecognised.

## 2.7 Impairment of non-financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life or an intangible asset not yet available for use) is required, the Board makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income and expenditure statement.

## 2.7 Impairment of non-financial assets (Cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the income and expenditure statement. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

## 2.8 Financial assets

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Board becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Board determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Board commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

### (a) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the income and expenditure statement.

The Board does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

### (b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in income and expenditure statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

### (c) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income and expenditure statement.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; discounted cash flow analysis and option pricing models. When the fair value of unquoted investments cannot be reliably measured, these investments are carried at cost less any impairment.

## 2.9 Investment securities

Investment securities are classified as available-for-sale financial assets.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.8.

## 2.10 Financial assets with fund managers

Financial assets with fund managers are classified as financial assets at fair value through profit and loss.

The accounting policies for the aforementioned categories of financial assets are stated in Note 2.8.

## 2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Cash and short-term deposits carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.8.

## 2.12 Trade and other receivables

Trade and other receivables and loans to third parties are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.8.

An allowance is made for uncollectible amounts when there is objective evidence that the Board will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.13 below.

## 2.13 Impairment of financial assets

The Board assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

### (a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income and expenditure statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income and expenditure statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

### (b) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

### (c) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income and expenditure statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the income and expenditure statement. Reversals of impairment losses on debt instruments are reversed through the income and expenditure statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the income and expenditure statement.



## 2.14 Trade and other payables

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income and expenditure statement when the liabilities are derecognised as well as through the amortisation process.

## 2.15 Derecognition of financial assets and liabilities

### (a) Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where the contractual rights to receive cash flows from the asset have expired which usually coincides with receipt of payments for the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed) and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the income and expenditure statement.

### (b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

## 2.16 Provisions

Provisions are recognised when the Board has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Board expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income and expenditure statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

## 2.17 Employee benefits

### (a) Defined contribution plans

The Board participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Board makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

### (b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

## 2.18 Leases

### (a) As lessee

Leases where the lessor effectively retains all the risks and benefits of ownership during the lease term are classified as operating leases.

Operating lease payments are recognised as an expense in the income and expenditure statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## 2.18 Leases (Cont'd)

### (b) As lessor

Leases where the Board retains substantially all the risks and rewards of ownership of the asset are classified as investment in a finance lease. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income (Note 2.20).

## 2.19 Deferred long-term lease income

Premiums received in advance from long-term leases are credited to a deferred long-term lease income account and are accreted to the income and expenditure statement on a straight-line basis over the period of the leases.

## 2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Board and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

### Cess revenue

Cess revenue is recognised on an accrual basis.

### Funding from Government

Funding from supervisory ministry is recognised on an accrual basis.

### Rental income

Rental income is accounted for on a straight-line basis over the lease terms on an ongoing basis. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

### Dividend income

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

### Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

### Premium on long-term land leases

Premium received in respect of long-term land leases is recognised as income in the year when the leases are entered into in respect of land which are leased for periods substantially the same as the remaining tenure of the land owned by the Board.

## 2.21 Promotion and development expenses

Promotion and development expenses are charged to the income and expenditure statement when incurred. Where expenses relate to grants and contributions given by the Board for specific tourism-related projects, such expenses are charged to the income and expenditure statement for the accounting period in which they are disbursed.

## 2.22 Goods and services taxes

Expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.23 Derivative financial instruments

The Board uses derivative financial instruments such as forward currency contracts for investments purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the income and expenditure statement for the year.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

### 3. Property, plant and equipment

	Leasehold land S\$'000	Buildings S\$'000	Property modifications S\$'000	Furniture, fittings and equipment S\$'000	Motor vehicles S\$'000	Electrical Installation & air-conditioners S\$'000	Capital work-in progress S\$'000	Total S\$'000
<b>Cost</b>								
At 1 April 2005	26,381	65,984	7,913	21,479	1,183	924	780	124,644
Additions	-	-	496	1,069	238	440	1,267	3,510
Disposals	-	-	(104)	(541)	-	(9)	-	(654)
Transfers	-	-	98	128	-	-	(226)	-
At 31 March 2006 and 1 April 2006	26,381	65,984	8,403	22,135	1,421	1,355	1,821	127,500
Additions	-	217	205	867	357	82	4,284	6,012
Disposals	-	-	-	(1,008)	(94)	-	(380)	(1,482)
Transfers	-	-	-	-	-	-	-	-
Adjustments	-	-	352	311	-	-	(663)	-
At 31 March 2007	26,381	66,201	8,960	22,305	1,684	1,437	5,062	132,030
<b>Accumulated depreciation</b>								
At 1 April 2005	4,172	26,425	2,822	20,206	847	635	-	55,107
Depreciation for the year	274	2,639	1,452	1,082	171	124	-	5,742
Disposals	-	-	(104)	(534)	-	(9)	-	(647)
At 31 March 2006 and 1 April 2006	4,446	29,064	4,170	20,754	1,018	750	-	60,202
Depreciation for the year	274	2,648	1,562	1,123	224	147	-	5,978
Disposals	-	-	-	(984)	(94)	-	-	(1,078)
At 31 March 2007	4,720	31,712	5,732	20,893	1,148	897	-	65,102
<b>Net carrying amounts</b>								
At 31 March 2006	21,935	36,920	4,233	1,381	403	605	1,821	67,298
At 31 March 2007	21,661	34,489	3,228	1,412	536	540	5,062	66,928

### 4. Investment in a finance lease

During the previous financial year, the Board was granted by the Singapore Land Authority ("SLA") a 30-year lease over a parcel of land located at Marina Bay, commencing from 5 July 2005 at a premium of S\$20,000,000, and on condition that the land would be used for the development, construction and operation of a Giant Observation Wheel.

On the same day, the Board entered into an agreement with a company incorporated in Singapore to lease the same parcel of land at a lease term of 30 years less one day, commencing from 5 July 2005. The agreement required the land to be used for the development, construction and operation of a Giant Observation Wheel.

Pursuant to the agreement, the company shall lease the land from the Board on quarterly instalments of S\$456,334 commencing from 1 July 2008. The average discount rate implicit in the lease is 6.4% (2005/2006 : 6.4%) per annum.

Future minimum lease receivables under the financial lease together with the present value of the net minimum lease payments are as follows :

	Minimum lease receivables 2006/2007 S\$'000	Present value of receivables 2006/2007 S\$'000	Minimum lease receivables 2005/2006 S\$'000	Present value of receivables 2005/2006 S\$'000
Not later than one year	-	-	-	-
Later than one year but not later than five years	7,301	5,762	5,476	4,379
Later than five years	41,983	16,532	43,808	16,574
Total minimum lease receivable	49,284	22,294	49,284	20,953
Less : Amount representing finance income	(29,284)	(2,294)	(29,284)	(953)
Present value of minimum lease receivables	20,000	20,000	20,000	20,000
Lease income receivable	2,294	2,294	953	953
	<u>22,294</u>	<u>22,294</u>	<u>20,953</u>	<u>20,953</u>



## 5. Investment in an associated company

	2006/2007 S\$'000	2005/2006 S\$'000
Unquoted shares, at cost	125	125
Less : Impairment loss	(125)	(125)
Carrying amount of investment	<u>-</u>	<u>-</u>

Details of the associated company are:

Name of company	Equity interest held by the Board		Principal activities	Accounting year-end
	2006/2007	2005/2006		
International Hotel Management School Pte Ltd	25%	25%	Facilitate the set-up of a graduate hotel school	31 December

The associated company is incorporated in Singapore.

If the results of the associated company were equity accounted for, the impact on the Board's state of affairs and results would be as follows :

### Income and expenditure statement

	2006/2007	2005/2006
Operating income	176,692	165,003
Operating expenditure	(207,312)	(197,068)
Non-operating surplus	<u>(30,620)</u> 27,080	<u>(32,065)</u> 16,923
Share of loss of associated company	<u>(3,540)</u> (5)	<u>(15,142)</u> (2)
Surplus before contribution to consolidated fund	<u>(3,545)</u>	<u>(15,144)</u>
Contribution to consolidated fund	-	-
Net deficit	<u>(3,545)</u>	<u>(15,144)</u>

### Balance sheet

	2006/2007	2005/2006
Accumulated surplus of the Board	223,516	227,056
Less : Loss retained in associated company	(124)	(119)
	<u>223,392</u>	<u>226,937</u>

As at the Balance Sheet date, the associated company is under the members' voluntary liquidation.

## 6. Investment securities

	2006/2007 S\$'000	2005/2006 S\$'000
Available-for-sale financial assets		
Quoted shares *	-	15,692
Unquoted shares#	2,076	2,076
Less : Impairment loss	(76)	(76)
	<u>2,000</u>	<u>2,000</u>
Carrying amounts of investments	<u>2,000</u>	<u>17,692</u>

\* During the financial year, the Board has sold the quoted investments at a consideration of S\$9,243,687. Prior to disposal, the carrying amount of S\$15,692,772 included a fair value gain of S\$11,614,213, which was recognised in fair value adjustment reserve in prior years. A gain on disposal of quoted investments of S\$5,165,128 is recognised in the income and expenditure statement.

# These investments are carried at cost, less impairment loss, as their fair values cannot be reliably measured.

## 7. Intangible assets

This represents investment in transferable life corporate club membership. The recoverable amount is determined by reference to market price as at 31 March 2007.

## 8. Staff loans

	2006/2007	2005/2006
Staff loans	8	11
Less : Amount due within 12 months (Note 11)	(1)	(3)
Amount due after 12 months	<u>7</u>	<u>8</u>

These loans are unsecured, non-interest bearing and repayable by equal monthly instalments over periods of up to seven years. The amount repayable within 12 months is included in other receivables account.

## 9. Other loans

Loans to third parties :

	2006/2007	2005/2006
Loan A	486	492
Less : Allowance for doubtful recovery	(486)	(492)
	-	-
Loan B	26,399	26,399
	<u>26,399</u>	<u>26,399</u>

Loan A is granted to a company which is incorporated in Singapore. It is guaranteed by a director of the borrower, non-interest bearing and repayable in instalments by 15 November 2008. An amount of S\$6,000 (2005/2006 : S\$5,000) had been repaid during the current financial year. An allowance for doubtful recovery has been maintained on the balance of the outstanding loan.

Loan B is granted to a Statutory Board in Singapore. It is secured by a deed of charge over a cargo of artefacts owned by a wholly-owned subsidiary of the borrower and non-interest bearing. Under the terms of the loan agreement, subject to the mutual agreement between the Board and the borrower, the repayment of the loan would be by way of cash or the transfer of all rights, title and benefits to the cargo of artefacts and the related intellectual property rights in lieu of cash. The loan is non-interest bearing, repayable upon a demand made by the Board by giving a notice to the borrower of not less than 90 business days. The loan is not expected to be repaid within the next 12 months from the balance sheet date. The Board is of the view that the fair value of this loan is not determinable as the timing of the future cash flows arising from the repayment cannot be reliably estimated.

## 10. Trade receivables

Trade receivables are non-interest bearing and are generally on 0 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Included in trade receivables is an amount of S\$3,245 denominated in United States Dollars.

## 11. Other receivables

	2006/2007 S\$'000	2005/2006 S\$'000
Advances	9,556	10,191
Deposits	2,236	1,889
Other receivables	6,829	1,659
Staff loans (Note 8)	1	3
	<u>18,622</u>	<u>13,742</u>

Included in advances are amounts of US\$5,000,000 and S\$1,800,000 advanced to the same wholly-owned subsidiary of a Statutory Board (Note 9). The advance is unsecured, non-interest bearing and repayable within the next 12 months from the balance sheet date.

## 12. Financial assets with fund managers

Funds under management :

Marketable investments, at market value		
- Equities	17,880	16,910
- Fixed income bonds/investments	30,284	52,155
- Unit trusts	31,960	27,822
- Derivative financial instruments [Note 29(d)]	12	10
	<u>80,136</u>	<u>96,897</u>
Add/(less) :		
- Cash balances	7,781	436
- Fixed deposits	1,350	-
- Other receivables	1,316	674
- Other payables	(1,252)	(66)
	<u>89,331</u>	<u>97,941</u>

During the year, an amount of S\$17,706,000 was transferred from funds under management to cash and cash equivalents.

Amounts under fund management are classified as financial assets held for trading with the fair value movements taken to Income and Expenditure Statement. However, any deficiency in fair value below principal amount is recognised to the extent of the guaranteed amount. This applies to the impairment assessment as well.

The terms of the fund management agreements, which are for indefinite periods and subject to the termination clause, provide for the following :

- there is no guarantee of the return of the principal sums by the fund managers;
- the fees payable to the fund manager include a share, in specified proportions, of any surplus (determined at the end of the relevant fund management period) arising from the management of the fund; and
- the Board can terminate the agreement by giving 30-90 days' prior notice in writing to the fund managers.

## 13. Cash and cash equivalents

	2006/2007 S\$'000	2005/2006 S\$'000
Fixed deposits	14,019	26,595
Cash and bank balances	48,916	11,557
	<u>62,935</u>	<u>38,152</u>

Cash and bank balances at the end of the year include balances with banks of S\$14,626,000 (2005/2006 : S\$7,018,000), which can only be disbursed for approved expenditure on certain leasehold land and designated government projects (Note 14).

Cash at banks earn interest at floating rates based on daily bank deposit rates which ranged from 0.7951% to 2.6202% (2005/2006 : 0.563% to 3.2896%) per annum.

Short-term fixed deposits are made for varying periods of between one day to three months (2005/2006 : one day to five months) depending on the immediate cash requirements of the Board, and earn interest at the respective short-term deposit rates which ranged from 2.875% to 3.5% (2005/2006 : 1.5% to 3.3%) per annum.

## 14. Advances and deposits received

Included in the advances and deposits received are the following :

- S\$5,244,000 (2005/2006 : S\$3,729,000) received from lessees of the Board's leasehold land, which are to be disbursed for approved capital and promotional expenditure in connection with the leasehold land.
- S\$9,382,000 (2005/2006 : S\$3,289,000) received from the Government and/or third parties, which are to be disbursed for designated projects.

Included in the amount received from the government is an amount of S\$6,613,000 (2005/2006 : S\$527,000) under the Tourism Development Assistance Scheme ("TDAS") which is a financial assistance programme that aims to encourage companies to further develop Singapore's tourism sector. The movement in advances for TDAS is as follows :

As at 1 April	527	3,045
Funds received from MTI	10,336	3,750
Amount disbursed	(4,250)	(6,268)
	<u>6,613</u>	<u>527</u>

## 15. Trade payables and accruals

Trade payables	26,604	13,448
Trade accruals	28,740	23,422
	<u>55,344</u>	<u>36,870</u>

Trade payables are non-interest bearing and are normally settled on a 30 days terms.

Included in trade payables are the following amounts denominated in foreign currencies:

United States Dollar	3,166	849
Sterling Pound	1,187	459
Euro Dollar	525	424
Taiwan Dollar	84	55
Hong Kong Dollar	35	2
Indian Rupee	15	-
Sri Lanka Rupee	11	-
Australian Dollar	7	11
Korean Won	5	31
South Africa Rand	2	2
	<u>5,037</u>	<u>1,833</u>



**16. Other payables**

	2006/2007 S\$'000	2005/2006 S\$'000
Amounts due to staff	423	428
Others	1,778	3,154
	<u>2,201</u>	<u>3,582</u>

**17. Provision for employee benefits**

Liability for short-term accumulating compensated absences :

At 1 April	1,680	1,659
Provision utilised during the year	(388)	(361)
Provision made during the year (Note 22)	515	382
At 31 March	<u>1,807</u>	<u>1,680</u>

**18. Deferred long-term lease surplus**

At 1 April	1,574	1,691
Amount accreted to income and expenditure statement (Note 20)	(117)	(117)
At 31 March	<u>1,457</u>	<u>1,574</u>

**19. Operating revenue**

Funding from Government	129,248	119,125
Cess on food and drink establishments	24,916	22,119
Cess on hotel rooms and suites	16,754	13,480
	<u>170,918</u>	<u>154,724</u>

**20. Other operating income**

Events revenue	1,934	2,091
Lease and rental	1,287	1,151
Lease income (Note 4)	1,341	953
Licence fees and charges	128	72
Deferred long-term lease surplus (Note 18)	117	117
Refund of grant	-	5,000
Others	967	895
	<u>5,774</u>	<u>10,279</u>

**21. Promotion and development expenses**

Overseas publicity and promotion	101,191	103,019
Overseas administrative and personnel expenses	16,486	14,571
Grants and contributions	6,341	644
Local publicity, promotion and exhibitions	6,007	7,109
Tourism services, research and development	5,941	7,535
Operating lease expenses on overseas office premises	2,895	2,559
Tourism business	2,687	2,107
Expenditure on development projects	2,139	2,760
Exchange loss, net	525	340
	<u>144,212</u>	<u>140,644</u>

**22. Staff costs**

	2006/2007 S\$'000	2005/2006 S\$'000
Salaries, allowances and other contributions	34,600	30,824
Contributions to defined contribution plans	3,852	3,270
Increase in liability for short-term accumulating compensated absences (Note 17)	515	382
	<u>38,967</u>	<u>34,476</u>

**23. Non-operating surplus, net**

Gross dividend income	8,879	10,412
Interest income	2,808	2,675
Allowance for doubtful debts	6	5
Gain on disposal of property, plant and equipment	3	3
Gain on sale of leasehold property	-	57
Property, plant and equipment written-off	(10)	(5)
Gain on revaluation of marketable investments	9,096	932
Gain on sale of available-for-sale assets	5,165	-
Gain on sale of marketable investments	2,871	3,367
Exchange loss on marketable investments	(1,440)	(271)
Expenses on funds under management	(298)	(252)
	<u>27,080</u>	<u>16,923</u>

**24. Contribution to consolidated fund**

Under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 134, the income of the Board is exempt from income tax.

In lieu of income tax, the Board is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A.

There is no contribution for both the current and prior financial year and the deficit amount would be carried forward for set-off against future financial years' surpluses.

**25. Fair value adjustment reserve**

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

At 1 April	11,614	9,894
Net change in the reserve	-	1,720
Transfer on disposal of available-for-sale financial assets (Note 6)	(11,614)	-
At 31 March	<u>-</u>	<u>11,614</u>
Net change in the reserve arises from :		
- Net gain on fair value changes during the year	<u>-</u>	<u>1,720</u>

## 26. Commitments

### (a) Operating lease commitments – as lessee

The Board has entered into operating leases mainly for premises in respect of overseas offices. These leases have an average life of between 1 and 10 years. Operating lease payments recognised in the Income and Expenditure Statement during the year amounted to S\$3,492,000 (2005/2006: S\$3,044,000).

Future minimum lease payments payable under operating leases as at 31 March are as follows :

	2006/2007 S\$'000	2005/2006 S\$'000
Not later than one year	3,789	3,064
Later than one year but not later than five years	4,100	2,018
Later than five years	-	7
	<u>7,889</u>	<u>5,089</u>

### (b) Operating lease commitments – as lessor

The Board has entered into commercial property leases on its property portfolio. These leases have remaining non-cancellable lease terms of between 1 and 14 years.

Future minimum lease payments receivable under non-cancellable operating leases as at 31 March are as follows :

Not later than one year	1,533	878
Later than one year but not later than five years	1,816	584
Later than five years	1,163	1,318
	<u>4,512</u>	<u>2,780</u>

### (c) Capital commitments

Commitments for capital expenditure contracted but not provided for in the financial statements	1,328	6,065
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### (d) Legal claims

During the financial year, the Board had commenced legal proceedings in the Singapore Courts against Children's Media Limited, Tribute Third Millennium Limited and Anthony David Hollingsworth ("the Defendants") for breach of contract in cancelling the Listen Live. The legal action seeks the recovery of S\$6 million and damages from the Defendants.

The Defendants have in turn, filed a counter claim against the Board for damages for alleged breach of contract. The amount of the counter claim has not been filed by the Defendants. No provision has been made by the Board. The suit is handled by the Board's lawyers and is scheduled to proceed for trial in September 2007.

## 27. Related party disclosures

An entity or individual is considered a related party of the Board for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Board or vice versa; or ii) it is subject to common control or common significant influence.

## 27. Related party disclosures (Cont'd)

### (a) Purchases

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Board and government agencies took place during the year at terms agreed between the parties :

	2006/2007 S\$'000	2005/2006 S\$'000
Purchase of land	1,200,000	20,000
Purchase of services	4,384	3,930
	<u>1,204,384</u>	<u>23,930</u>
<b>(b) Compensation of key management personnel</b>		
Board members' allowance	92	75
Short-term employee benefits	5,678	5,221
Pension and post-employment medical benefits	332	304
	<u>6,102</u>	<u>5,600</u>
Total compensation paid to key management personnel	6,102	5,600
Comprise amounts paid to :		
- Members of the Board	92	75
- Other key management personnel	6,010	5,525
	<u>6,102</u>	<u>5,600</u>

### (c) Lease of land

During the financial year, the Board made an application to the Singapore Land Authority ("SLA") to secure the lease of a parcel of land to build an integrated resort. The Board was granted by the SLA a 60-year lease over a parcel of land commencing from 23 August 2006 at a premium of S\$1,200,000,000 and based on certain conditions which include, inter alia, a condition that the land would be used for an Integrated Resort Development.

On the same day, the Board entered into an agreement with a company incorporated in the Republic of Singapore ("Lessee") to lease the same parcel of land at a consideration equal to the land premium determined by the SLA and based on the condition that the land would be used for the purpose of an Integrated Resort Development. The term of the lease is 60 years less one day commencing from 23 August 2006. The land premium of S\$1,200,000,000 was paid directly by the Lessee to the SLA.

## 28. Financial risk management objectives and policies

The Board, in its normal course of operations, is exposed to market risks, including credit, interest rate, liquidity and foreign currency risks. While the Board does not hold or issue derivative financial instruments for trading purposes, the Board may use such instruments for risk management purposes. The Board has written policies and guidelines, which set out its general risk management philosophy.

### Credit risk

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

Cash and fixed deposits are placed with reputable financial institutions. Investments in financial instruments are managed by reputable fund managers.



## 28. Financial risk management objectives and policies (Cont'd)

### *Interest rate risk*

The Board's exposure to changes in interest rates relates primarily to investments in fixed income instruments and fixed deposits. Fixed income instruments are managed by external fund managers appointed by the Board. It is the Board's policy to obtain the most favourable interest rate for its fixed deposits depending on the immediate cash requirements.

### *Liquidity risk*

The Board monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Board's operations. The investment portfolio comprises securities with resale markets to ensure portfolio liquidity.

The Board does not have a significant exposure to liquidity risk as at the balance sheet date.

### *Foreign currency risk*

The Board has exposure to foreign currency risk from transactions denominated in foreign currencies arising from its normal course of operations and from its investment portfolio arising from securities denominated in foreign currencies. Where appropriate, the Board may hedge these risks as they arise.

The Board does not have a significant exposure to foreign currency risk as at the balance sheet date.

## 29. Financial instruments

### *(a) Credit risk*

There are no significant concentrations of credit risk within the Board.

### *(b) Fair values*

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

#### *Financial instruments carried at fair value*

The Board has carried an investment security that is classified as available-for-sale financial assets and all derivative financial instruments, at their fair value as required by FRS 39.

#### *Financial instruments whose carrying amount approximate fair value*

The Board has determined that the carrying amounts of trade and other receivables, fixed deposits, cash and bank balances, trade and other payables, and advances and deposits received based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature.

#### *Methods and assumptions used to determine fair values*

The methods and assumptions used by the Board to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values as mentioned earlier, are as follow:

Financial assets and liabilities	Methods and assumptions
Investment securities Derivative financial instruments	Fair value has been determined by reference to published market prices or broker quotes at the balance sheet date without factoring in transaction costs.

## 29. Financial instruments (Cont'd)

### *(c) Interest rate risk*

	2006/2007 S\$'000	2005/2006 S\$'000
<b>Within one year</b>		
<i>Floating rates</i>		
Fixed deposits	14,019	26,595
Cash and bank balances	48,916	11,557
<i>Fixed rates</i>		
Fixed income bonds/investments	<u>30,284</u>	<u>52,155</u>

### *(d) Derivative financial instruments*

Derivative financial instruments included in the balance sheet at 31 March are as follows:

Forward currency contracts	<u>12</u>	<u>10</u>
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## 30. Subsequent events

In May 2007, the Board and Singapore GP Pte Ltd, a company incorporated in Singapore, agreed on a summary of the principal terms relating to the co-funding of the hosting of the Singapore Formula One Grand Prix. The Board intends to render support and co-funding for an initial period of five years. As at the date of issuance of the financial statements, the definitive terms of the Board's funding are in the process of being finalised.

## 31. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2007 were authorised for issue by the Members of the Board on 6 July 2007.