

UNIQUELY TRANSFORMING TO GREATER HEIGHTS

SINGAPORE TOURISM BOARD
ANNUAL REPORT 2005/2006



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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.

Uniquely transforming to greater heights.



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A city like no other. A world of possibilities.



CHAIRMAN'S MESSAGE

I chanced upon an enchanting creature like no other.



It has been another extraordinary year for the Singapore Tourism Board (STB) and the tourism sector. Riding on the back of a good tourism performance in 2004, the tourism sector posted strong results for 2005. At the same time, 2005 will also be remembered as the year the Singapore Government made its landmark decision to develop two Integrated Resorts (IRs) at Marina Bay and Sentosa. It underscored the transformation of the tourism sector that had begun with the announcement of the Tourism 2015 blueprint in January 2005.

TOURISM SECTOR PERFORMANCE



SIMON ISRAEL
CHAIRMAN

In 2005, Singapore welcomed a record 8.9 million in visitor arrivals (VA), posting a 7% gain over 2004. The tourism sector also generated an estimated S\$10.9 billion in tourism receipts (TR), a significant increase of 11% over 2004. In addition, visitor days grew by 13% to reach 30.2 million. These results are very encouraging as they place us in good stead to achieve the STB's long-term targets of 17 million in VA and S\$30 billion in TR by 2015.

The strong performance in 2005 was largely driven by buoyant growth from our key markets. Indonesia remained our top visitor-generating market with 1.8 million visitors. The other key markets were the People's Republic of China (858,000 visitors), Australia (620,000 visitors), Japan (589,000 visitors) and India (584,000 visitors). These five countries accounted for approximately half of the total visitor arrivals in 2005. This strong growth can be attributed to our continued efforts in marketing Singapore to our various customer segments as well as enhancing Singapore's appeal through developing exciting tourism products.

Among the top growth markets in 2005 were Vietnam (42%), the Philippines (30%) and India (24%). This can be attributed, in part, to the growth of low-cost carriers, which has spurred intra-regional travel through increased air capacity and lower airfares. At the same time, the opening of additional Regional Offices in the region over the recent years has expanded Singapore's presence overseas and enabled us to stay close to our customers and drive VA growth in these markets.

In tandem with the growth in VA and TR, the hospitality industry also posted positive growth. In 2005, Singapore hotels recorded S\$1.2 billion in room revenue, an increase of 20% as compared to 2004. The Average Room Rate (ARR) grew by 13% over 2004 to reach S\$137; while the Average Occupancy Rate (AOR) reached 84% in 2005, a 3.2 percentage point increase over 2004 and the highest achieved since 1996.

The steady increase in VA and hotel room rates have resulted in a more attractive investment climate for hotels, evidenced by the increased levels of hotel transactions and interest from established hotel companies. Hotel companies are looking at developing properties ranging from luxury to budget class hotels. Already in the pipeline are developments like the St. Regis Hotel, Airport Hotel, Boutique Hotel @ Tiong Bahru and other hotels on Sentosa Island like Siloso Beach Resort, The Amara Sentosa and Capella Singapore. These developments reflect the confidence hotel owners and developers have in our tourism industry.

TRANSFORMING SINGAPORE'S TOURISM LANDSCAPE

To achieve the ambitious targets set for Tourism 2015, we are developing exciting and bold projects that will transform our tourism landscape and draw millions of visitors to our shores. The development of the two Integrated Resorts (IRs) is a case in point. The IR at Marina Bay has already been awarded to Las Vegas Sands, while the one at Sentosa will be awarded by the end of 2006. "Wow" tourism product developments such as these will certainly help to transform Singapore into a vibrant global city and enable the tourism industry to make a quantum leap.

2005 also saw key announcements of major projects in several precincts. These include:

DOWNTOWN @ MARINA BAY

- This area is slated to be a dynamic waterfront precinct that will be a distinctive location for business, living, working and leisure.
- Within close proximity of each other are the Singapore Flyer, a giant observation wheel, the upcoming IR, Marina Bay Sands, the double-helix bridge, the Marina Barrage and the Gardens by the Bay.

SENTOSA-HARBOURFRONT

- This area will be transformed into a new world-class waterfront business and lifestyle hub in southern Singapore. Existing leisure attractions like The Jewel Box will be complemented by upcoming entertainment venues like St. James Power Station - a multi-concept entertainment hub housed in a heritage building, and VivoCity - Singapore's largest retail and lifestyle mall.
- Across the harbour, the Sentosa Island aims to position itself as a premier leisure resort destination. Complementing the attractions and facilities on Sentosa are the core residential development of Sentosa Cove, the development of an IR, and the joining of the Southern Islands to form a new island destination.

CLARKE QUAY/ SINGAPORE RIVER

- Since the rejuvenation of Clarke Quay last year, the precinct has been transformed into a 24-hour entertainment zone along the Singapore River, buzzing with life and activities.
- In December, Singapore welcomed two international entertainment brands - the Ministry of Sound (MoS), UK's legendary dance club, and Crazy Horse Paris, the world-renowned French revue, at Clarke Quay.
- Plans are also underway to develop the other parts of Singapore River into the region's iconic night entertainment belt.

ORCHARD ROAD

- The retail scene is also set for more exciting times. Orchard Road is set to be revitalised and transformed into one of the world's greatest shopping streets.

- The Orchard Turn and Somerset sites that were tendered out for redevelopment will augment retail space and act as a catalyst for world-class retail concepts.
- On street-level along the Orchard Road mall, significant infrastructural enhancement including state-of-the-art lighting, upgraded pedestrian walkways, new street furniture, directional signs as well as sculptures will enhance shoppers' experience.

DEVELOPING SINGAPORE'S TOURISM SOFTWARE CAPABILITIES

While it is important to develop our tourism hardware, we also need to improve our "software". Raising our service standards and attracting the right talent pool to join the service industry are critical to move the tourism industry forward.

In October, the nation-wide Go-the-Extra-Mile-for Service (GEMS) Movement was launched to build a strong service culture in Singapore. The STB championed service leadership to encourage the industry to adopt service competitiveness as part of its business strategies. There is also a need for our frontline ambassadors to maintain a high level of professionalism as they play an important role in delivering Uniquely Singapore experiences to visitors.

Tied to the service quality challenge is the issue of finding the right quantity and quality of manpower for the industry. Through working with major education institutions, the STB aims to ensure a spectrum of hospitality education for all levels, such as the Master of Management in Hospitality offered by the Cornell-Nanyang Institute in Singapore, and hospitality courses offered by local polytechnics. This move also serves to establish Singapore as a centre of education excellence for tourism in the region. Providing such avenues for formal tourism training will raise the level of professionalism of the tourism workforce and thereby enhance the image of tourism jobs.

ACKNOWLEDGEMENTS

I wish to take this opportunity to express my sincere thanks to all industry partners for their efforts and contributions. Commitment, support and partnerships are crucial to the success of our tourism sector. We must continue to work together to transform Singapore into a unique, attractive and compelling destination.

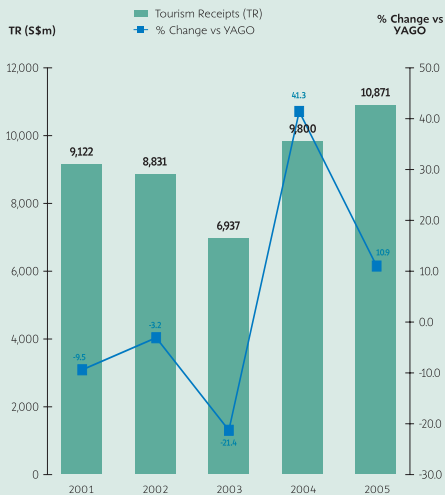
SIMON ISRAEL
CHAIRMAN

TOURISM SECTOR PERFORMANCE



I learnt that ice could really warm people's hearts.

Tourism Receipts (2001-2005)



Top 10 Tourism Receipts Generating Markets (2005)

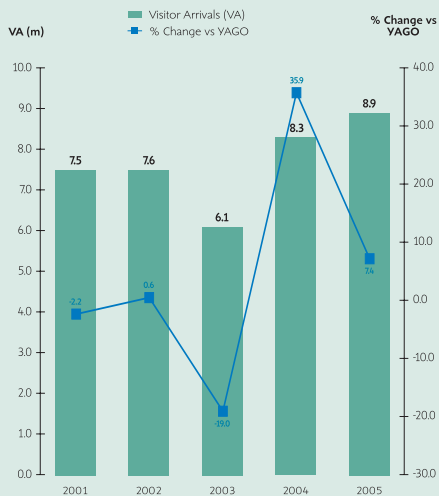
Country	2005 TR (\$m)	% Change vs YAGO ¹
Indonesia	2,083	7.4
P R China	875	8.9
India	843	29.8
Australia	763	13.4
Japan	763	4.7
UK	544	1.2
USA	522	17.4
Thailand	420	13.1
Malaysia	415	2.4
Philippines	334	13.4

¹Year Ago

Visitor Arrivals by Month (2005)

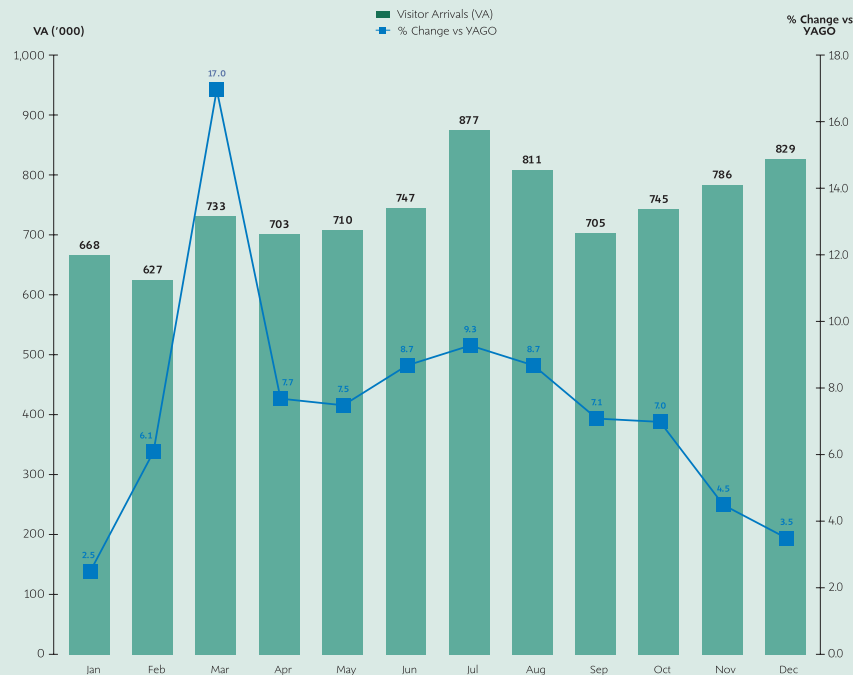
Month	2005 VA ('000)	% Change vs YAGO
Jan	668	2.5
Feb	627	6.1
Mar	733	17.0
Apr	703	7.7
May	710	7.5
Jun	747	8.7
Jul	877	9.3
Aug	811	8.7
Sep	705	7.1
Oct	745	7.0
Nov	786	4.5
Dec	829	3.5

Visitor Arrivals (2001-2005)

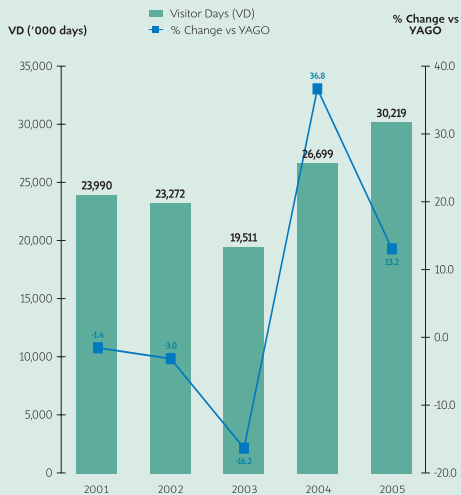


Top 10 Visitor Arrivals Generating Markets (2005)

Country	2005 VA ('000)	% Change vs YAGO
Indonesia	1,814	2.7
P R China	858	-2.5
Australia	620	10.5
Japan	589	-1.7
India	584	23.8
Malaysia	578	7.6
UK	467	2.2
Thailand	379	10.8
USA	371	11.5
South Korea	364	0.9



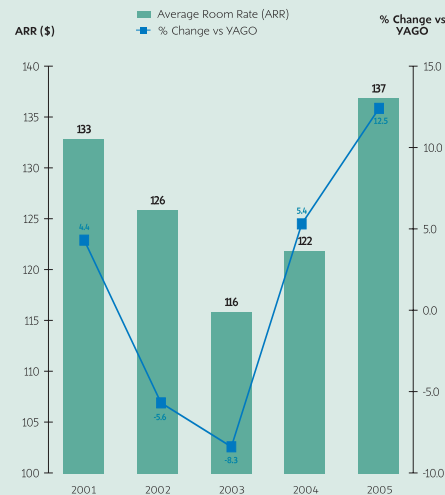
Visitor Days (2001-2005)



Year	VD ¹ ('000 days)	% Change vs YAGO
2001	23,990	-1.4
2002	23,272	-3.0
2003	19,511	-16.2
2004	26,699	36.8
2005	30,219	13.2

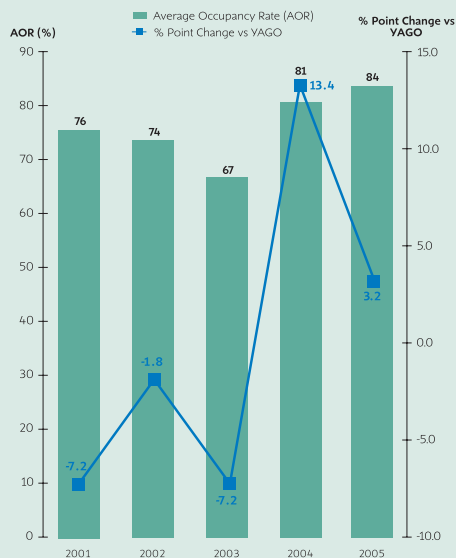
¹VD = Visitor Arrivals x Average Length of Stay

Hotel Average Room Rate (2001-2005)



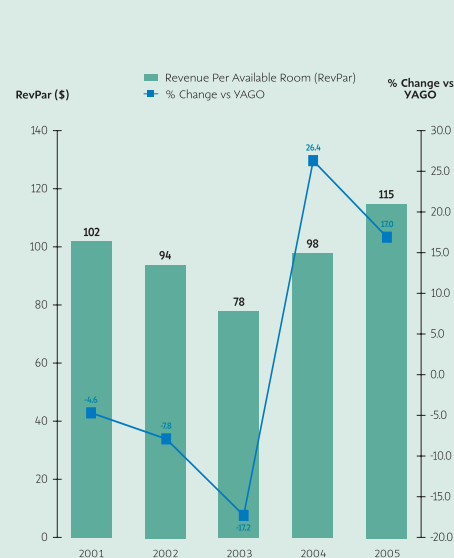
Year	ARR (\$)	% Change vs YAGO
2001	133	4.4
2002	126	-5.6
2003	116	-8.3
2004	122	5.4
2005	137	12.5

Hotel Average Occupancy Rate (2001-2005)



Year	AOR (%)	% Point Change vs YAGO
2001	76	-7.2
2002	74	-1.8
2003	67	-7.2
2004	81	13.4
2005	84	3.2

Hotel Revenue Per Available Room (2001-2005)



Year	RevPar ¹ (\$)	% Change vs YAGO
2001	102	-4.6
2002	94	-9
2003	78	-17.2
2004	98	26.4
2005	115	17.0

¹RevPar = Hotel Average Occupancy Rate x Hotel Average Room Rate

BOARD OF DIRECTORS

Singapore's compactness allows for a little extra time to enjoy its vibrant cityscape and unique culture.



Mr Simon Israel

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

Mr Israel has been the Executive Director for Temasek Holdings (Private) Limited since July 2006. He was formerly Head (Household and Personal Care) Asia Pacific with Sara Lee Corporation from 1993 - 1996. From 1996 to early 2006, Mr Israel was Chairman Asia Pacific for Group Danone. He is also a Director of Singapore Telecommunications Limited.

Mr Lim Neo Chian

Appointed to the Board on 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 - 1995 and later joined Jurong Town Corporation as Chief Executive Officer in 1995 and became Chairman of JTC Corporation from 1998 to 2003. Mr Lim sits on several boards including Sentosa Development Corporation and the National Arts Council and is a member of the Air Traffic Rights Committee.

Mr Scott Blume

Appointed to the Board on 30 June 2005.

Mr Blume is the Chief Executive Officer for ZUI Pte Ltd. He was formerly the Chief Executive Officer and Executive Director for Australian-listed ITG Limited (formerly known as Internet Travel Group). Mr Blume is also the Director for Nextour Co. Ltd (Korea).

Mr Frank Allan Brown

Appointed to the Board on 1 January 2000.

Mr Brown is the Director for Colorzip SEA Pte Ltd. He was formerly the President of MTV Networks Asia Pacific, where he was in charge of all aspects of MTV Networks' businesses and channel operations in Asia Pacific. Mr Brown is a Board Member of the Infocomm Development Authority, Media Development Authority and Republic Polytechnic.

Ms Chan Lai Fung

Appointed to the Board on 1 January 2002.

Ms Chan is the Permanent Secretary for the Ministry of Law. She has served 19 years in the Administrative Service of the Singapore Civil Service, holding various senior positions in the former Ministry of Communications, the former Ministry of the Environment, the Ministry of Health, the Ministry of Finance, the Prime Minister's Office and the Ministry of Trade and Industry. Ms Chan is also a member of the Singapore Management University Board of Trustees.

Ms Chong Siak Ching

Appointed to the Board on 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 the three representatives to the APEC Business Advisory Council.

Mr Lucas Chow Wing Keung

Appointed to the Board on 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 the Health Promotion Board, DesignSingapore Council and Creative Community Singapore partnership. Mr Chow also serves as a Consultant to British Telecom's Asia Pacific Advisory Board.

Mr Huang Cheng Eng

Appointed to the Board on 1 January 2002.

Mr Huang is the Executive Vice President (Marketing & Regions) for Singapore Airlines Limited. He joined SIA in 1974 and served in its regional offices in Hong Kong, Taiwan and France from 1977 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 Philip Antony Jeyaretnam

Appointed to the Board on 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. He is also the Chairman and Director of Practice Performing Arts Centre Pte Ltd and a Council Member of the National Arts Council.

Mr Liak Teng Lit

Appointed to the Board on 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 Chief Executive Officer of Toa Payoh Hospital and Changi General Hospital. He currently serves on numerous boards and committees. They include the Community Chest, The National Volunteer & Philanthropy Centre Board and the advisory board of schools such as Nanyang Polytechnic (Health Sciences Advisory Committee) and the Singapore Management University (School of Information Systems).

Ms Saw Phaik Hwa

Appointed to Board on 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 and Tan Tock Seng Hospital Community Charity Fund. She is also a Resource Panel Member on the Government Parliamentary Committee (Transport).

Mr Frank Wong Kwong Shing

Appointed to the Board on 30 June 2005.

Mr Wong is the Vice Chairman for DBS Bank Ltd and Chairman for DBS Bank (Hong Kong) Limited. 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 Limited, and is a member of the University Court of The University of Hong Kong.

CORPORATE GOVERNANCE REPORT



I stand in the centre of a world of opportunities.

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 judgment 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 ended 31 March 2006 is set out in **Table 1**.

TABLE 1: DIRECTORS' ATTENDANCE AT BOARD MEETINGS

Name of Director	SCHEDULED 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	6	6	1	1
Ms Chan Lai Fung	6	4	1	1
Mr Huang Cheng Eng	6	4	1	1
Mr Liak Teng Lit	6	6	1	1
Ms Saw Phaik Hwa	6	5	1	1
Mr Scott Blume*	6	4	1	1
Ms Chong Saik Ching*	6	4	1	0
Mr Lucas Chow Wing Keung*	6	3	1	0
Mr Philip Antony Jeyaretnam*	6	4	1	1
Mr Frank Wong Kwong Shing*	6	4	1	1

*Newly-appointed Directors to the Board wef 30 Jun 2005 were scheduled to attend four meetings in total.

Board Members are given access to the STB's records and information, 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 ended 31 March 2006 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							2	2
Mr Lim Neo Chian	3	3					2	2
Mr Frank Allan Brown	3	3			1	0		
Ms Chan Lai Fung			3	3			2	2
Mr Huang Cheng Eng			3	2				
Mr Liak Teng Lit			3	2				
Ms Saw Phaik Hwa	3	1					2	1
Mr Scott Blume	3	2			1	1		
Ms Chong Saik Ching	3	2						
Mr Lucas Chow Wing Keung					1	1		
Mr Philip Antony Jeyaretnam					1	1		
Mr Frank Wong Kwong Shing							2	1

*The Governance Committee and the Human Resource Management Committee were established only in the 2nd half of the financial year when the STB increased the number of its Board members from seven to 12.

AUDIT AND ACCOUNTABILITY

AUDIT COMMITTEE

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

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; and 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 the 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 were determined materially by the purpose of the audit and the scope of work 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 to provide reasonable assurance on the effectiveness of control and governance processes in managing risks and achieving objectives.

KEY HIGHLIGHTS



In the heart of a royal enclave, I was crowned
'Queen of Shopping'.



Photo of Marina Bay Sands, courtesy of Las Vegas Sands Corp.

April05 INTEGRATED RESORTS ATTRACT THE WORLD

In April, the Singapore Government approved the development of two Integrated Resorts (IRs) - one at Marina Bay and the other at Sentosa. The strategic objective in developing the IRs was to broaden Singapore's leisure and entertainment options to enhance its reputation as a premium "must-visit" destination for leisure and business visitors. The IRs will boost Singapore's attractiveness as a tourist destination and generate significant economic benefits. It was estimated then that the two IRs will increase annual Gross Domestic Product by S\$1.5 billion and create a total of 30,000 jobs throughout the economy.

April05 MY PASSPORT TO UNIQUELY SINGAPORE

For the second year running, the STB encouraged Singaporeans to rediscover Singapore's unique attractions with "My Uniquely Singapore Passport 2005". This programme was part of the STB's efforts to encourage Singapore residents to rediscover the island's many unique offerings and products. The Passport offered holders, both Singapore residents and visitors, discounts at 40 Singapore establishments including tourist attractions, F&B outlets as well as a family-oriented spa. A total of 1.5 million passports were distributed island-wide over nine months.

April05 THE MAGIC OF GASTRONOMY AT THE WORLD GOURMET SUMMIT 2005

Singapore hosted 11 internationally acclaimed star chefs and 10 winemakers from prestigious wineries at the World Gourmet Summit 2005. This event presented the diverse cultures of the world on a platter. This year's line-up of gourmet activities focused on the three key elements of gastronomy - Fine Cuisine, Great Wines and Unique Dining experiences. The World Gourmet Summit 2005 was an opportunity to showcase unique local dining establishments, as well as a platform to strengthen Singapore's reputation as a food paradise. It was also a chance for food lovers to get up close and personal with some of the world's premier master chefs and winemakers.



May05 THE GREATEST SINGAPORE SALE YET

The Great Singapore Sale 2005 was the biggest ever held. From fashion and accessories to electronics and gifts, bargains offering discounts of up to 70 per cent or more could be found from the central shopping belt of Orchard Road and Marina Bay, to suburban neighbourhoods such as Marine Parade and Toa Payoh, and to shopping websites. This year's event also witnessed several "firsts" - Late Night Shopping @Marina Bay, the Singapore Showcase of more than 90 Uniquely Singapore lifestyle products and gift ideas as well as the Shopping and Eating Transit Programme. The event attracted over 1.6 million visitors who spent about \$650 million on shopping during the Sale.



May05 THE SEASON OF BRILLIANCE AT THE SINGAPORE ARTS FESTIVAL

The world's most brilliant gems in the arts were once again on display with the return of the annual Singapore Arts Festival. The international arts festival with a distinctive Asian flavour featured some 4,400 artists from 27 countries in 22 main productions and over 400 free performances, exhibitions and special events, offering something for everyone. In total, the Festival reached out to an audience of about 600,000 people in its celebration of the best in the arts. With a mix of mainstream and classical productions, contemporary and cutting-edge programmes, the Festival has built a strong identity as a bold, progressive Festival that presents original and innovative works, promotes international collaborations, as well as introduces emerging talents that are catching attention around the world.

June05 SINGAPORE AND INDIA JOIN HANDS

Singapore and India signed the Comprehensive Economic Cooperation Agreement (CECA). This signified the intent to strengthen trade, economic and tourism engagement between the two countries. As part of the activities under the CECA, both the STB and the Indian Ministry of Tourism and Culture embarked on joint efforts in Australia in 2005 to promote Singapore and India as one seamless, attractive package. Arising from the CECA, India and Singapore concluded a round of air services consultations in August, where the air services between both countries will be expanded. With this new expansion, carriers from both countries will be able to add capacity to their existing flights between the Indian metropolitan cities of Kolkata, Bangalore and Hyderabad, and Singapore.

June05 DRIVING INTO SINGAPORE GETS MORE ATTRACTIVE

To encourage more Malaysian visitors to cross the Causeway, the STB and Land Transport Authority introduced a new scheme on 1 June that offered 10 Vehicle Entry Permit (VEP)-free days. Under the scheme, all foreign-registered cars and motorcycles can drive into Singapore without paying VEP fees for a maximum of 10 VEP-payable days in a calendar year. VEP operating hours on weekdays during the Singapore June and December school holidays were also reduced, ending at 12 noon, instead of 5 pm. As part of a promotional launch, families driving from Malaysia enjoyed special accommodation packages and discounts from attractions in Singapore.



Courtesy of the National Arts Council.

July 05

117TH SESSION OF THE INTERNATIONAL OLYMPIC COMMITTEE

Singapore boosted its reputation as a premier destination for Meetings, Incentive Travel, Conventions and Exhibitions (MICE) when it hosted the 117th Session of the International Olympic Committee (IOC). Attended by 2,100 registered foreign delegates, the IOC Session attracted over 1,100 international media personnel representing nearly 330 media organisations from over 35 countries. The IOC garnered a worldwide broadcast audience of one billion people and reaped about S\$40 million in economic spin-offs.

July 05

SINGAPORE FOOD FESTIVAL BRINGS BACK MAKAN MANIA OF THE 60s

The 12th Singapore Food Festival kicked off with Makan Mania of the 60s where diners had a delicious time sampling Singapore's local gastronomic cuisine from 35 stalls, set up along the "streets" of Parco Bugis Junction. The Festival, an annual lifestyle feature on the city's buzzing events calendar, positioned Singapore as a food paradise with a distinctive food culture and colourful food heritage. This year's Festival boasted 39 events held at more than 30 venues island-wide. It was also organised in conjunction with the Singapore Arts Festival and the Great Singapore Sale in July. The record number of visitors in July could be attributed, in part, to these events.

August 05

CELEBRATE SINGAPORE GETS SIZZLING HOT

August was truly a month to party! Celebrate Singapore made Singapore's 40th birthday an occasion for Singapore residents and visitors to celebrate all things Uniquely Singapore. Loads of exciting events and irresistible promotions were lined up for the month-long event. Many took advantage of the Red Hot Deals as well as the Malls at Marina Bay promotions. The bay also came alive with free concerts and fireworks displays. The National Day celebrations were also extended to the Padang, where it was the focal point for the National Day parade and into the heartlands.

September 05

SINGAPORE MEDICINE GETS TOGETHER

The inaugural SingaporeMedicine Industry Forum was organised and attended by six of the largest Healthcare Groups in Singapore, as well as healthcare-related partners in the transportation industry and medical travel industry. The quarterly industry meeting provided industry partners with a platform to be updated on current projects, new initiatives and the direction of SingaporeMedicine. The exchange with industry partners led to the introduction of basic language courses (such as Bahasa Indonesia) to help healthcare providers operate in their target markets.



August 05

ROADSHOW TRAVERSES NINE CITIES

A Uniquely Singapore-On-The-Move Roadshow hit nine cities across Indonesia in August and September. Strongly supported by both trade partners and consumers, the programme heightened interest in Uniquely Singapore as a destination in these cities. It also strengthened relationships with airlines and travel agents on both sides. In 2005, Indonesia was Singapore's top visitor-generating market with an estimated 1.8 million visitors.



July 05

MICE ASIA 2005

Singapore hosted the inaugural MICE Asia Executive Congress - the first business-to-business tradeshow in Asia to bring together top corporate decision-makers with global MICE industry players like Hotels and Resorts, Congress Centres, Convention Bureaus, Destination Management Companies and event software companies. Over 200 senior executives from top Asian and global multinational corporations attended the event to network with some of the world's best MICE industry players.

August 05

PROJECT POSTCARD IS BACK

Project Postcard returned for the third consecutive year - this time with bigger and better prizes worth more than S\$60,000. Singaporeans who wrote to their overseas friends and family on just about anything stood a chance of winning these attractive prizes. In total, residents and visitors in Singapore wrote and sent out more than 272,000 "Uniquely Singapore" Postcards to their friends and relatives all over the world. This was an increase of more than 30,000 postcards over the previous year. Many of the writers took the opportunity to share information about Singapore and its unique attractions, urging their friends and relatives to visit Singapore.

September 05

SAFEGUARDING INTERNATIONAL STUDENTS' INTERESTS

The CaseTrust for Education Scheme was fully implemented to protect international students' interests and welfare. With effect from 1 September, only Private Education Organizations (PEOs) that had attained this trustmark can continue enrolling new international students. This scheme was undertaken by CASE as part of the overall effort to strengthen the Singapore Education brand through consolidating the private education industry and raising the regulatory standards here.

September 05

SINGAPORE FLYER TAKES OFF

The groundbreaking ceremony for the Singapore Flyer was held on 27 September. The Singapore Flyer - a giant observation wheel - is set to become Singapore's very own iconic attraction. It will transform the visual landscape and add vibrancy to the Marina Bay area. Now under construction, the Singapore Flyer aims to attract 2.5 million visitors in the first year with more than half of them from overseas when completed in 2008. Visitors will be treated to a breathtaking, unobstructed panoramic view of Singapore. The Singapore Flyer will offer an array of public facilities including a central atrium with a recreated Asian rainforest, an outdoor amphitheatre and an alfresco dining promenade running along the seafloor, as well as high accessibility by train, bus, car and even boat.



October05 ITMA ASIA 2005

Singapore hosted the Asian version of the world's most established textile machinery exhibition, ITMA. Considered the 'Olympics' of textile machinery exhibitions, ITMA has displayed the latest in machinery and software for every single work process of textile making for over 50 years. 26,000 trade visitors attended ITMA Asia 2005, generating about S\$63 million in tourism receipts.



November05 THE TROPICS CELEBRATES ITS BIGGEST AND BRIGHTEST CHRISTMAS YET

Singapore celebrated its biggest and brightest Christmas in the Tropics with an irresistible line-up of fun-filled activities and exciting entertainment, as well as a light-up stretching from Tanglin Road, Scotts Road, and Orchard Road to the Marina Bay area. The myriad of Christmas celebrations for both visitors and residents included mega concerts, internationally acclaimed performances, art exhibitions, special programmes at Singapore's attractions, countdown parties, attractive shopping promotions and tantalising culinary treats.

November05 LAUNCH OF THE REQUEST FOR PROPOSALS FOR THE IR AT MARINA BAY

The launch of the Request for Proposals (RFP) for the IR at Marina Bay marked another milestone in the development of the IRs in Singapore. The IR at Marina Bay will be a large-scale iconic destination with a compelling mix of convention and exhibition facilities, attractions, entertainment venues, retail and fine dining outlets, and casino gaming. The IR will enhance Singapore's position as a leading destination for Meetings, Incentives, Conventions and Exhibitions (MICE).

October05 GEMS STARTS TWINKLING

The nationwide Go-the-Extra-Mile-for Service (GEMS) Movement was launched to encourage all Singaporeans to take the initiative to improve service levels and work towards achieving an excellent service culture in Singapore. The success of this movement will help to enhance Singapore's attractiveness to visitors, stimulate the performance of the tourism sector and in turn, create more jobs and brighter business prospects for the tourism industry. It also contributes towards a more gracious society, where Singaporeans will learn to appreciate the service provided by service workers, who in turn will take pride in delivering excellent service.

September05 BOLLYWOOD COMES TO SINGAPORE

Krrish made celluloid history as the first mega Indian movie to be filmed in Singapore, under the Film in Singapore! Scheme. This incentive scheme aims to assist international filmmakers and broadcasters in the filming, production and post-production of quality movies and television programmes in Singapore. Helmed by renowned director Rakesh Roshan, *Krrish* was a milestone movie for Indian cinema. About 60 per cent of *Krrish*'s scenes were shot on location at various distinctive landmarks in Singapore, such as Singapore Zoo, Chinatown and Esplanade - Theatres on the Bay.



October05 HOME AWAY FROM HOME

The first ever Singapore Education Services Centre was opened, reaffirming the STB's commitment to provide a holistic experience to international students in Singapore. The centre, located at Orchard Road, is a one-stop resource centre for international students, providing them with all the information they need about studying and living in Singapore. The centre also caters to the students' welfare beyond the classroom by helping them to assimilate to life in Singapore.

November05 THE JEWEL BOX SPARKLES AT MOUNT FABER

Mount Faber was transformed into an upscale and unique tourist attraction with the unveiling of The Jewel Box. An eye-catching architectural structure, the Jewel Box was a result of the revamp of the 31-year old cable car station on Mount Faber. Visitors can wine and dine, shop or even take up some of the exclusive lifestyle classes such as Hatha yoga, jewellery, art and creative workshops. Visitors will also be enthralled by the breathtaking panoramic view of Singapore's harbourfront and skyline.

December05 SINGAPORE'S EXHIBITIONS INDUSTRY CLINCHES TWO MAJOR SHOWS

Singapore's exhibitions industry received a boost when it secured two major tradeshows. Singapore will host the Japan International Apparel Machinery (JIAM) exhibition, one of the three largest apparel machinery tradeshows in the world, in May 2008. This is the first time that JIAM will be staged outside Japan. Singapore will also host the Tax Free World Association (TFWA) Asia Pacific exhibition in 2007 and 2008, with an option for 2009. TFWA Asia Pacific is a leading exhibition for the region's duty-free and travel retail industry. With their business potential, prestige and the number and quality of buyers and sellers, these tradeshows will strengthen Singapore's position as the leading Convention and Exhibitions city in Asia.

December 05

24-HOUR ENTERTAINMENT ZONE AT CLARKE QUAY
Singapore upped its appeal with the introduction of two international entertainment brands at Clarke Quay, a 24-hour entertainment precinct. In December 2005, it opened its doors to the Ministry of Sound (MoS), UK's legendary dance club, and Crazy Horse Paris, the world-renowned French revue. Besides being home to MoS' largest venue globally, Singapore is also the first city in Asia to stage Crazy Horse Paris in the largest Crazy Horse venue worldwide. Both venues add to the vibrancy and diversity of Singapore's nightlife scene, catering to leisure and business travellers as well as locals.



February 06

STB AND MTV MOVE IN STEP

The STB announced its four-year alliance with MTV Networks Asia, which will see signature MTV and Nickelodeon events being staged in Singapore between 2006 and 2009. This deal is expected to inject an estimated \$550 million of business spending into the economy over the next four years and is projected to create about 3,400 seasonal jobs, attract an additional 150,000 foreign visitors, and generate nearly S\$100 million in tourism receipts over the event periods. The Alliance will usher in a wide array of activities that focus on fun and everything hip and entertaining. MTV awards shows will showcase Singapore as a hub for music, entertainment and pop culture, while Nickelodeon events aimed to further profile the city as the leading family destination in Asia.

March 06

NEW STARS OF TOURISM SHINE

45 outstanding individuals and organisations were honoured at the STB's 20th Tourism Awards for their significant contributions in enhancing Singapore's image as a premier destination. All the finalists and winners had demonstrated their ability to deliver high service standards to ensure visitors have a memorable experience in Singapore. This year, five new award categories were added to make up a total of thirty. A greater emphasis was also placed on innovation, creativity and experiential factors.

January 06

FINDING THE PULSE OF ARAB HEALTH

SingaporeMedicine took part in the key healthcare event in the Middle East, Dubai - Arab Health 2006. The multi-agency contingent comprised the STB, International Enterprise Singapore and the Infocomm Development Authority of Singapore, as well as nine healthcare solution providers. The event enabled SingaporeMedicine to establish business contacts and develop relationships with the medical community in the Middle East, which is one of the priority markets for Singapore for healthcare services.

January 06

PAINTING THE TOWN RED DURING CHUN JIE

Singapore ushered in the Year of the Dog with a kaleidoscope of festive activities lasting five weeks. The celebrations were anchored by three key events - Chinatown Chinese New Year Celebrations, Singapore River Hongbao and Chingay Parade of DreamS - and peppered with various fringe events held throughout the island. In Chinatown, close to 500 stalls were set up, selling New Year goodies like mandarin oranges, waxed ducks and ornaments. At the Singapore River Hongbao celebrations, nightly fireworks displays dazzled the skies with throngs of people soaking in the New Year cheer. The highly anticipated Chingay Parade was held over two days with the brightly decorated floats making an extended run through housing estates such as Ang Mo Kio, Aljunied, Hougang and Jurong.



March 06

NEW ADVERTISING CAMPAIGN FOR GREATER CHINA

Marketing efforts were stepped up to entice Chinese visitors to visit Singapore. A new advertising campaign tagline - "Endless Fun. Beyond Words" - was chosen. A new summer campaign, '100 Summers Singapore', was also launched and a popular Singapore artiste Li Junjie (JJ) appointed as the new Tourism Ambassador. A fast-rising star in Asia, JJ will help portray Singapore as a fun and vibrant destination. He appeared in the STB's new television commercials, print advertisements and various promotional activities.

January 06

CLIPPER RACE SAILS INTO OPEN ARMS

Singapore put up a rousing welcome for the boats and crew in the Clipper Round the World Yacht Race. The main highlight of the Clipper Race Singapore stopover was the three-day Singapore Festival Village at Sentosa Cove. Amongst the many activities lined up were sailing demonstrations and exchanges, try-outs on the first sailing simulator and the Sentosa Cove Sail Boat Race. Singapore was represented by 21 crew members from all walks of life on board the Uniquely Singapore yacht. The team served as roving tourism ambassadors at the various ports of call.



February 06

OVER 4,000 UNIQUE2ME PHOTOS RECEIVED

Over 4,000 stunning Unique2Me photos were received at the close of this national competition. Entries came from participants across all age groups, from more than 24 countries. A wide variety of themes and subjects were explored. Some of the main themes included unique representations of Singapore as a multiracial, cosmopolitan city. Shortlisted entries of the contest submissions were uploaded on the contest website for online voting by the public. The winning entries were used by the STB as visuals for its marketing materials to promote Singapore as a unique destination.



ACCOLADES

Top Convention City in Asia awarded by the Union of International Associations.



2005 was a stellar year for Singapore's tourism sector, with the tourism industry and the STB winning the following awards:

- *Second Top Convention City in the World* awarded by the International Congress & Convention Association Global Rankings (Singapore has won this award for two consecutive years)
- *Top Convention City in Asia* awarded by the International Congress & Convention Association Global Rankings (Singapore won this award for the seventh time)
- *Top Convention City in Asia* awarded by the Union of International Associations (Singapore has won this award for 22 consecutive years)
- *Favourite Business City* awarded by TIME Readers' Travel Choice (Singapore has won this award for five consecutive years)
- *Best Business City in the World* awarded by Business Traveller Asia Pacific Magazine (Singapore has won this award for five consecutive years)
- *Best Airport in the World* awarded to Singapore Changi Airport by Business Traveller Asia Pacific Magazine
- *Two Royal Institute of British Architects (RIBA) Worldwide Awards* awarded to The Esplanade - Theatres on the Bay
- *One of the Top Outstanding Leisure Hotels (Asia & Indian Subcontinent)* awarded to The Fullerton Hotel, Singapore by Condè Nast Traveller (UK) Readers' Travel Awards 2005
- *Best Hotel in Asia* awarded to The Ritz-Carlton, Millenia Singapore by Asiamoney
- National University of Singapore ranked 22nd and the Nanyang Technological University ranked 48th in the world by Times Higher Education Supplement World University Rankings 2005
- *Best Customer Service* awarded to The Singapore General Hospital by the Asian Hospital Management Awards 2005
- *Most Affordable Shopping Destination in Asia Pacific* awarded by the Euromonitor International
- Eight awards, including six golds awarded to the World Gourmet Summit at the Pinnacle Awards by the International Festival and Events Association
- *Outstanding Achievement in the 'Reinvention of a Cultural Heritage Center'* awarded to Sentosa Images of Singapore Experience Center by the Themed Entertainment Association
- The best National Tourism Organisation in Asia Pacific awarded to the STB by the Conferences Exhibitions Incentives Asia Pacific's 2006 Annual Industry Survey
- The STB is renewed as a *People Developer Organisation* from December 2005

FINANCIAL STATEMENTS

A world-renowned financial centre with a sound regulatory framework, Singapore is home to more than 600 international financial institutions.



We have audited the accompanying financial statements of Singapore Tourism Board (the "Board"), set out on pages 2 to 32, for the financial year ended 31 March 2006. These financial statements are the responsibility of the Board's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

(a) the accompanying financial statements of the Board are properly drawn up in accordance with the provisions of the Singapore Tourism Board Act, Chapter 305B (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 2006, and of the results, changes in equity and cash flows of the Board for the financial year ended on that date and;

(b) 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
14 July 2006

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	Notes	2005/2006 S\$'000	2004/2005 S\$'000		Notes	2005/2006 S\$'000	2004/2005 S\$'000
Equity							
Accumulated surplus		227,056	242,198	Operating revenue	17	154,724	134,283
Fair value adjustment reserve	23	11,614	-	Other operating income	18	10,279	3,818
Total Equity		238,670	242,198			165,003	138,101
Non-current assets				Promotional and development expenses	19	(140,644)	(127,059)
Property, plant and equipment	3	67,298	69,537	Depreciation of property, plant and equipment	3	(5,742)	(5,550)
Investment on a finance lease	4	20,953	-	Staff costs	20	(34,476)	(31,710)
Investment in an associated company	5	-	-	Other expenses		(16,206)	(14,968)
Investment securities	6	17,692	6,237	Operating deficit		(32,065)	(41,186)
Intangible assets	7	159	-	Non-operating surplus, net	21	16,923	9,935
Staff loans	8	8	13				
Other loans	9	26,399	26,399	Deficit before contribution to consolidated fund		(15,142)	(31,251)
		<u>132,509</u>	<u>102,186</u>	Contribution to consolidated fund	22	-	-
Current assets				Net deficit		<u>(15,142)</u>	<u>(31,251)</u>
Trade receivables		6,794	9,203				
Other receivables	10	13,742	6,592				
Prepayments		1,946	2,072				
Financial assets with fund managers	11	979,941	1,279,923				
Fixed deposits	12	26,595	4,962				
Cash and bank balances	12	11,557	34,627				
		<u>158,575</u>	<u>185,379</u>				
Current liabilities							
Advances and deposits received	13	8,708	11,857				
Trade payables and accruals		36,870	29,382				
Other payables	14	3,582	778				
Provision for employee benefits	15	1,680	1,659				
		<u>50,840</u>	<u>43,676</u>				
Net current assets		107,735	141,703				
		240,244	243,889				
Non-current liability							
Deferred long-term lease surplus	16	(1,574)	(1,691)				
Net assets		238,670	242,198				

Chairman


Chief Executive


14 July 2006
Singapore

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

	Accumulated surplus S\$'000	Fair value adjustment reserve S\$'000	Total S\$'000
At 31 March 2004	273,449	-	273,449
Net deficit	(31,251)	-	(31,251)
At 31 March 2004, as previously reported	242,198	-	242,198
Effect of adopting FRS 39 (Note 2.2)	-	9,894	9,894
At 1 April 2005 restated	242,198	9,894	252,092
Net change in fair value reserve (Note 2.3)	-	1,720	1,720
Net deficit	(15,142)	-	(15,142)
At 31 March 2006	227,056	11,614	238,670

2005/2006
S\$'000

2004/2005
S\$'000

Cash flows from operating activities:

Deficit before contribution to consolidated fund
Adjustments for:
Depreciation of property, plant and equipment
Gain on disposal of property, plant and equipment
Dividend income
Interest income
Deferred long-term lease income
(Write-back) allowance for doubtful debts
Gain on revaluation of marketable investments
Lease income

Operating cash flows before working capital changes

(Increase)/decrease in trade and other receivables
Decrease/(increase) in prepayments
Increase in trade payables and accruals
Increase/(decrease) in other payables
Increase in provision for employee benefits

Cash used in operations

Net cash flows used in operating activities

Cash flows from investing activities:

Purchase of property, plant and equipment
Proceeds from disposal of property, plant and equipment
Investment in a finance lease
Dividends received
Decrease in funds under management
Capital distributions received from an investment security

Net cash flows from investing activities

Cash flows from financing activities :

Repayment of staff loans, net
Advance of loans to third parties
Repayment of loan from a third party

Net cash flows from/(used in) financing activities

Net (decrease)/increase in cash and cash equivalents

Cash and cash equivalents at beginning of year
(Note 12)

Cash and cash equivalents at end of year (Note 12)

(15,142)	(31,251)	
5,742	5,550	
(3)	(10)	
(10,412)	(1,520)	
(2,675)	(3,818)	
(117)	(117)	
(5)	(497)	
(932)	(2,291)	
(953)	-	
(24,497)	(32,960)	
(4,741)	11,697	
126	(792)	
(3,149)	5,854	
7,488	2,109	
2,804	(228)	
21	179	
(21,948)	(13,641)	
2,675	3,818	
(19,273)	(9,823)	
(3,510)	(7472)	
10	11	
(200,000)	-	
10,412	1,520	
30,914	66,993	
-	3,870	
17,826	64,922	
5	103	
-	(26,899)	
5	3	
10	(26,793)	
(1,437)	28,306	
39,589	11,283	
38,152	39,589	

1. General

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

- (a) develop and promote Singapore as a travel and tourist destination;
- (b) advise the Government on matters relating to travel and tourism;
- (c) enhance the travel and tourism sector's contribution to the Singapore economy; and
- (d) 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 on a historical cost basis and in accordance with the provisions of the Singapore Tourism Board Act, Chapter 305B and the Singapore Financial Reporting Standards.

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 Change in accounting policies

The accounting policies have been consistently applied by the Board and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below:

(a) Adoption of new and revised FRS

On 1 January 2005, the Board adopted the following accounting standards mandatory for annual financial periods beginning on or after 1 January 2005 :

- FRS 39, Financial Instruments: Recognition and Measurement

The Board had adopted FRS 39 prospectively on 1 April 2005. At that date, financial assets within the scope of FRS 39 were 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 that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method.

At 1 April 2005, financial liabilities (other than derivative financial instruments) within the scope of FRS 39 were measured at amortised costs using the effective interest rate method.

According to FRS 39, all derivative financial instruments held by the Board were recognised as assets or liabilities in the balance sheets and classified as financial assets or financial liabilities at fair value through profit or loss.

At 1 April 2005, the Board has investments in securities which management classifies as available-for-sale financial assets. Upon adoption of FRS 39, the Board measured these securities at their fair value and the differences between the carrying values and fair values were recognised in the fair value adjustment reserve.

Under the transitional provisions of FRS 39, the change in accounting policy on 1 April 2005 resulted in a credit adjustment to the Board's fair value adjustment reserve of S\$9394,457 at that date.

2.2 Change in accounting policies (Cont'd)

(b) Adoption of revised FRS

The Board adopted the following revised accounting standards mandatory for financial periods beginning on or after 1 January 2005. The adoption of these revised standards did not result in any significant change on accounting policies:

FRS 1 (revised)	–	Presentation of Financial Statements
FRS 8 (revised)	–	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised)	–	Events after the Balance Sheet Date
FRS 16 (revised)	–	Property, Plant and Equipment
FRS 17 (revised)	–	Leases
FRS 21 (revised)	–	The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised)	–	Related Party Disclosures
FRS 27 (rev ised)	–	Consolidated and Separate Financial Statements
FRS 28 (revised)	–	Investments in Associates
FRS 32 (revised)	–	Financial Instruments: Disclosure and Presentation
FRS 36 (revised)	–	Impairment of Assets
FRS 38 (revised)	–	Intangible Assets

(c) FRS and Interpretation of Financial Reporting Standard ("INT FRS") not yet effective

The Board has not applied the following new and revised FRS and INT FRS that have been issued but are only effective for annual financial periods beginning on or after 1 January 2006, unless otherwise stated:

FRS 19 (revised)	–	Employee Benefits
FRS 107	–	Financial Instruments: Disclosure (effective for annual financial periods beginning on or after 1 January 2007)
INT FRS 107	–	Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies (effective for annual financial periods beginning on or after 1 March 2006)

The Board expects that the adoption of the pronouncements listed above will have no material impact on the financial statements in the period of initial application.

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 have 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. Management 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 2006 was S\$67298000 (2005: S\$69537000). 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 management 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 cashflow.

24 *Functional and foreign currency*

(a) *Functional currency*

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

(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 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.

25 *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.

26 *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.

26 *Property, plant and equipment*

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.

27 *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.

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.

28 *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.

2.8 Financial assets (Cont'd)

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 arms 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 assets' 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.

2.13 Impairment of financial assets

(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.

215 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.

216 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.

217 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.

218 Leases

(a) As lessee

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.

(b) As lessor

Leases where the Board retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. 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 bases as rental income (Note 220).

219 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.

220 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.

221 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.

222 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

Cost	Leasehold land S\$'000	Buildings S\$'000	Property modifications S\$'000	Furniture, fittings and equipment S\$'000	Motor vehicles S\$'000	Electrical installation and air-conditioners S\$'000	Capital work-in-progress S\$'000	Total S\$'000
At 1 April 2004	26,381	65,984	2,343	21,853	1,112	886	123	118,682
Additions	-	-	5,536	1,046	104	38	-	7,472
Disposals	-	-	(57)	(1,420)	(33)	-	-	(1,510)
Transfers	-	-	91	-	-	-	(91)	-
At 31 March 2005 and 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)	(561)	-	(9)	-	(654)
Transfers	-	-	98	128	-	-	(226)	-
At 31 March 2006	26,381	65,984	8,403	22,135	1,421	1,355	1,821	127,500
Accumulated depreciation								
At 1 April 2004	3,898	23,786	1,536	20,556	718	572	-	51,066
Depreciation for the year	274	2,639	1,343	1,070	161	63	-	5,550
Disposals	-	-	(57)	(1,420)	(32)	-	-	(1,509)
At 31 March 2005 and 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	4,446	29,064	4,170	20,754	1,018	750	-	60,202
Net carrying amounts								
At 31 March 2005	22,209	39,559	5,091	1,273	336	289	780	69,537
At 31 March 2006	21,935	36,920	4,233	1,381	403	605	1,821	67,298

4. Investment in a finance lease

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

The lease is payable by quarterly instalments amounting to S\$456,334, commencing from 1 July 2008. The average discount rate implicit in the lease is 6.4% (2004/2005 : Nil) 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 2005/2006 S\$'000	Present value of receivables 2005/2006 S\$'000	Minimum lease receivables 2004/2005 S\$'000	Present value of receivables 2004/2005 S\$'000
Not later than one year	-	-	-	-
Later than one year but not later than five years	5,476	4,379	-	-
Later than five years	43,808	16,574	-	-
Total minimum lease receivables	49,284	20,953	-	-
Less : Amount representing finance income	(29,284)	(953)	-	-
Present value of minimum lease receivables	20,000	20,000	-	-
Lease income receivables	953	953	-	-
	20,953	20,953	-	-

5. Investment in an associated company

	2005/2006 S\$'000	2004/2005 S\$'000
Unquoted shares, at cost	125	125
Less : Impairment loss	(125)	(125)
Carrying amount of investment	—	—
Details of the associated company are:		
Name of company	Equity interest held by the Board	Principal activities
International Hotel Management School Pte Ltd	2005/2006 25% 2004/2005 25%	Facilitate the setup 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 :

	2005/2006 S\$'000	2004/2005 S\$'000
<i>Income and expenditure statement</i>		
Operating income	165,003	138,101
Operating expenditure	(197,068)	(179,287)
Non-operating surplus	(32,065)	(41,186)
	16,923	9,935
Share of loss of associated company	(15,142)	(31,251)
	(2)	(2)
Surplus before contribution to consolidated fund	(15,144)	(31,253)
Contribution to consolidated fund	—	—
Net deficit	(15,144)	(31,253)
<i>Balance sheet</i>		
Accumulated surplus of the Board	227,056	242,198
Less : Loss retained in associated company	(119)	(117)
	226,937	242,081

6. Investment securities

	2005/2006 S\$'000	2004/2005 S\$'000
<i>Available-for-sale financial assets</i>		
Quoted shares*	15,692	4,078
Unquoted shares#	2,076	2,076
Less : Impairment loss	(76)	(76)
Club memberships†	2,000	2,000
	—	159
Carrying amounts of investments	17,692	6,237

* In 2004/2005, quoted investments were carried at cost. The market value of these investments as at 31 March 2005 was S\$13,973,000.
These investments are carried at cost, less impairment loss, as their fair values cannot be reliably measured.
† Reclassified to intangible assets on 1 April 2005 (Note 7).5

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 2006.

In the previous financial year, investments in club membership was classified as financial assets (Note 6).

8. Staff loans

Staff loans	11	17
Less : Amount due within 12 months (Note 10)	(3)	(4)
Amount due after 12 months	8	13

These loans are unsecured, bear interest at 4.5% to 6.5% (2004/2005 : 4.5% to 6.5%), per annum 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, at cost :		
Loan A	492	497
Less : Allowance for doubtful debts	(492)	(497)
Loan B	—	—
	26,399	26,399
	26,399	26,399

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\$5,000 (2004/2005 : S\$3,000) had been repaid during the current financial year.

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 management 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.

	2005/2006 S\$'000	2004/2005 S\$'000
10. Other receivables		
Advances	10,191	97
Deposits	1,889	1,716
Other receivables	1,659	4,775
Staff loans (Note 8)	3	4
	13,742	6,592

Included in advances is an amount of S\$ 10,098,202 (US\$5 million and S\$1.8 million) 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.

11. Financial assets with fund managers

	2005/2006 S\$'000	2004/2005 S\$'000
Funds under management :		
Marketable investments, at market value		
- Equities	16,910	25,808
- Fixed income bonds/investments	52,155	59,292
- Units trusts	27,822	15,847
- Derivative financial instruments [Note 27(d)]	10	—
Add/(less) :	96,897	100,947
- Cash balances	436	5,517
- Fixed deposits	—	23,679
- Other receivables	674	1,401
- Other payables	(66)	(3,621)
	97,941	127,923
12. Cash and cash equivalents		
Fixed deposits	26,595	4,962
Cash and bank balances	11,557	34,627
	38,152	39,589

Cash and bank balances at the end of the year include balances with banks of S\$7,018,000 (2004/2005 : S\$10,621,000), which can only be disbursed for approved expenditure on certain leasehold land and designated government projects (refer Note 13).

Cash at banks earn interest at floating rates based on daily bank deposit rates which ranged from 0.563% to 3.2896% (2004/2005 : 0.0013% to 1.4545%) per annum.

Short-term deposits are made for varying periods of between one day to five months (2004/2005: one day to six months) depending on the immediate cash requirements of the Board, and earn interest at the respective short-term deposit rates which ranged from 1.5% to 3.3% (2004/2005: 0.375% to 1.78%) per annum.

13. Advances and deposits received

Included in the advances and deposits received account are the following :

- S\$3,729,000 (2004/2005 : S\$3,531,000) received from lessees of the Board's leasehold land, which are to be disbursed for approved capital and promotional expenditure in connection with the Board's leasehold land.
- S\$3,289,000 (2004/2005 : S\$7,090,000) 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\$527,000 (2004/2005 : S\$3,045,000) 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 :

	2005/2006 S\$'000	2004/2005 S\$'000
As at 1 April		
Funds received from MTI	3,045	(145)
Amount disbursed	3,750	12,031
	(6,268)	(8,841)
As at 31 March	527	3,045

14. Other payables

Amounts due to staff	428	333
Others	3,154	445
	3,582	778

15. Provision for employee benefits

Liability for short-term accumulating compensated absences :		
At 1 April	1,659	1,480
Provision utilised during the year	(361)	(530)
Provision made during the year (Note 20)	382	709
At 31 March	1,680	1,659

16. Deferred long-term lease surplus

	2005/2006 S\$'000	2004/2005 S\$'000
At 1 April	1,691	1,808
Amount accrued to income and expenditure statement (Note 18)	(117)	(117)
At 31 March	1,574	1,691

17. Operating revenue

Cess on hotel rooms and suites	134,480	11,548
Cess on food and drink establishments	22,119	19,866
Funding from Government	119,125	102,869
	<u>154,724</u>	<u>134,283</u>

18. Other operating income

Lease and rental	1,151	1,147
Deferred long-term lease surplus (Note 16)	117	117
Licence fees and charges	72	49
Events revenue	2,091	1,853
Lease income (Note 4)	953	—
Refund of grant	5,000	—
Others	895	652
	<u>10,279</u>	<u>3,818</u>

19. Promotion and development expenses

Overseas publicity and promotion	103,019	83,449
Local publicity, promotion and exhibitions	7109	10,054
Exchange loss, net	340	52
Overseas administrative and personnel expenses	14,571	13,533
Operating lease expenses on overseas office premises	2,559	2,356
Tourism business	2,107	1,783
Tourism services, research and development	7,535	5,571
Expenditure on development projects	2,760	4,011
Grants and contributions	644	6,250
	<u>140,644</u>	<u>127,059</u>

20. Staff costs

	2005/2006	2004/2005
	S\$'000	S\$'000
Salaries, allowances and other contributions	30,824	27,824
Contributions to defined contribution plans	3,270	3,177
Increase in liability for short-term accumulating compensated absences (Note 15)	382	709
	<u>34,476</u>	<u>31,710</u>

21. Non-operating surplus, net

Gross dividend income	10,442	1,520
Interest income	2,675	3,818
Gain on disposal of property, plant and equipment	3	10
Property, plant and equipment written-off	(5)	(1)
Gain on revaluation of marketable investments	932	2,291
Exchange (loss)/gain on marketable investments	(271)	1,866
Gain on sale of marketable investments	3,367	1,238
Gain on sale of leasehold property*	57	—
Expenses on funds under management	(252)	(310)
Allowance for doubtful debts	5	(497)
	<u>16,923</u>	<u>9,935</u>

* During the financial year, the Board granted the lease of a property to a company incorporated in Singapore for a period of 100 years from 1 January 1967, less one day. The Board also granted the same company the right to operate and manage the property as a budget hotel and also appointed the company to carry out retrofitting and other works required to fit out and structurally adapt the building for use as a budget hotel.

In connection with the above, the Board applied to and was granted by the Housing and Development Board ("HDB") the lease of a property owned by HDB for the purpose of developing a budget hotel. The lease period is 100 years from 1 January 1967. The Board also applied and received an approval from the President of the Republic of Singapore so that the property might be used for budget hotel development.

The Board recognised a gain of S\$56,703 arising from the above transaction, being the difference between the lease premium received of S\$15,284,274, and the total cost of purchase that amounted to S\$15,227,571.

22. 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.

23. 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.

	2005/2006	2004/2005
	S\$'000	S\$'000
At 1 April as previously reported	—	—
Effects of adopting FRS 39 (Note 2.2)	9,894	—
At 1 April as restated	9,894	—
Net change in the reserve	1,720	—
At 31 March	11,614	—
Net change in the reserve arises from :		
- Net gain on fair value changes during the year	1,720	—

24. 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\$3,044,000 (2004/2005: S\$3,255,000).

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

Not later than one year	3,064	3,044
Later than one year but not later than five years	2,018	3,164
Later than five years	7	—
	5,089	6,208

(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 :

	2005/2006	2004/2005
	S\$'000	S\$'000
Not later than one year	878	1,140
Later than one year but not later than five years	584	1,307
Later than five years	1,318	1,473
	2,780	3,920

(c) Capital commitments

Commitments for capital expenditure contracted but not provided for in the financial statements

	6,065	2,079
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(d) Commitment under TDAs and sponsorship

During the financial year, the Board offered a grant under the Tourism Development Assistance Scheme ("TDAS") and/or sponsorship to a company incorporated in the Cayman Islands for a total amount up to a maximum of S\$14,000,000. The grant and/or sponsorship is for the production of events and projects over a 4-year period starting 2006. The yearly maximum grants and/or sponsorships are as follows:

Qualifying period	S\$'000
1 January to 31 December 2006	3,524
1 January to 31 December 2007	5,621
1 January to 31 December 2008	3,733
1 January to 31 December 2009	1,122
	14,000

The disbursement of the grant and/or sponsorship is subject to the company's ability to fulfill all deliverables, qualifying items and provision of supporting documentation as required by the Board. As at 31 March 2006, an amount of S\$11,762,000 has been disbursed to the company under TDAS.

25. 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.

(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 :

	2005/2006	2004/2005
	S\$'000	S\$'000
Purchase of land	20,000	—
Purchase of services	3,930	2,494

(b) Compensation of key management personnel

Board members' allowance
Short-term employee benefits
Pension and post-employment medical benefits

Total compensation paid to key management personnel	5,600	5,353
Comprise amounts paid to :		
- Members of the Board	75	93
- Other key management personnel	5,525	5,260
	5,600	5,353

26. 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.

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 by management 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.

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

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.

27. 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 arms' 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

Management 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 management 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.

(c) Interest rate risk

Within one year	2005/2006 S\$'000	2004/2005 S\$'000
<i>Floating rates</i>		
Fixed deposits	26,595	4,962
Cash and bank balances	11,557	34,627
<i>Fixed rates</i>		
Fixed income bonds/investments	52,155	59,292

(d) Derivative financial instruments

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

Forward currency contracts	10	—
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28. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2006 were authorised for issue by the Members of the Board on 14 July 2006.