

UNIQUE MOMENTS IN A UNIQUE YEAR

SINGAPORE TOURISM BOARD ANNUAL REPORT 2004/2005



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CONTENTS

CHAIRMAN'S MESSAGE 02

TOURISM SECTOR PERFORMANCE 04

KEY HIGHLIGHTS 06

FINANCIAL STATEMENTS 15



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**

CHAIRMAN'S MESSAGE

Singapore's tourism sector performed well in 2004, welcoming a record 8.3 million visitors and close to 10 billion in tourism receipts. The results surpassed the targets set for the year and restored the tourism performance to pre-SARS levels. That this performance was achieved on the back of the year where the industry was struck by the SARS crisis made the achievement even more remarkable. It demonstrates the resilience of Singapore's tourism industry.

TOURISM SECTOR PERFORMANCE

In 2004 Singapore received a record high of 8.3 million visitors, outstripping the STB's target of 7.6 million visitors by about 10 per cent. This was a 36 per cent improvement over 2003's arrivals and 10 per cent over 2002's arrivals. At the same time, the tourism industry generated a total of S\$9.8 billion in tourism receipts. This is a 41 per cent increase over 2003's receipts of S\$6.9 billion and 11 per cent over 2002's takings of S\$8.8 billion.

The strong performance in 2004 was largely driven by buoyant growths in key markets like P R China, India and Indonesia. More than 6 million visitors, or over 73 per cent of the total visitor arrivals in 2004, were from Asia. Indonesia remained the top visitor-generating market with an estimated 1.8 million visitors, followed by P R China (880,000), Japan (599,000), Australia (561,000) and Malaysia (537,000). These five countries accounted for more than half of the total visitor arrivals in 2004.

Among the top 12 visitor-generating markets, visitor arrivals from Indonesia, P R China, Australia, India, Thailand and the Philippines were the highest in record, with strong double-digit growth in visitor arrivals from Indonesia, P R China, India, Thailand and the Philippines.

Hotel room revenue in 2004 reached an estimated S\$1 billion, registering a one per cent growth over 2002 and a 34 per cent jump over 2003. Hotels also enjoyed an improved average occupancy rate of 81 per cent in 2004, an increase of 14 per cent over 2003 and 6.3 per cent over 2002.

MOVING AHEAD

While 2004's performance demonstrates that the tourism industry is moving on the right track, more can and must be done if the sector is to achieve sustainable growth over the long term and ensure that it remains a key contributor to Singapore's economy.

Tourism in the Asia Pacific is booming, driven by the rising middle-class in the powerhouse economies of P R China and India. There are also growing demands for healthcare and education-based travel in the region. The emergence of low cost carriers also contributes to growth in intra-regional travel as airfares and travel packages become more affordable to a wider segment of people. Singapore is in an excellent position to benefit from this development.

However, we must also recognise that Singapore's share of the tourism pie in Asia Pacific has declined over the past decade. Singapore is facing intense competition from regional cities for the tourist dollar. As such, we must act swiftly and decisively to accelerate the development of Singapore's tourism sector to maintain our share of the tourism pie.

Tourism 2015 (T2015), launched in January 2005 by Minister for Trade and Industry, Mr Lim Hng Kiang, signalled our strong intent to transform the tourism sector into a key economic driver for Singapore and reverse the decline in our market share. Ambitious targets have been set for T2015. We aim to triple our tourism receipts to S\$30 billion, double visitor arrivals to 17 million and create 100,000 more tourism-related jobs in the process. In support of T2015, a S\$2 billion Tourism Development Fund has also been set up to seed the development of new tourism products, attract major business and leisure events and build up the necessary capabilities and infrastructure, in partnership with the private sector.

To achieve these targets, we have to adopt a holistic and developmental approach to tourism.

This will mean:

- focusing on key customer segments and gaining deeper customer insights in our overseas market development activities and local product development initiatives
- developing tourism products and services to strengthen Singapore's appeal as a must-visit destination
- enhancing service standards to create truly memorable experiences for visitors
- improving our tourism infrastructure to support a vibrant and robust tourism sector
- nurturing strong industry players and building a competent and professional workforce

ACKNOWLEDGEMENTS

A key success factor to achieving the T2015 targets will be strong collaboration between the public and private sectors. The STB and the industry must work closely together to identify and undertake bold and “wow” developmental projects that can re-define Singapore's tourism landscape. In this regard, I am heartened to see the unwavering commitment and support of the industry members, which have helped Singapore achieve record visitor arrivals in 2004.

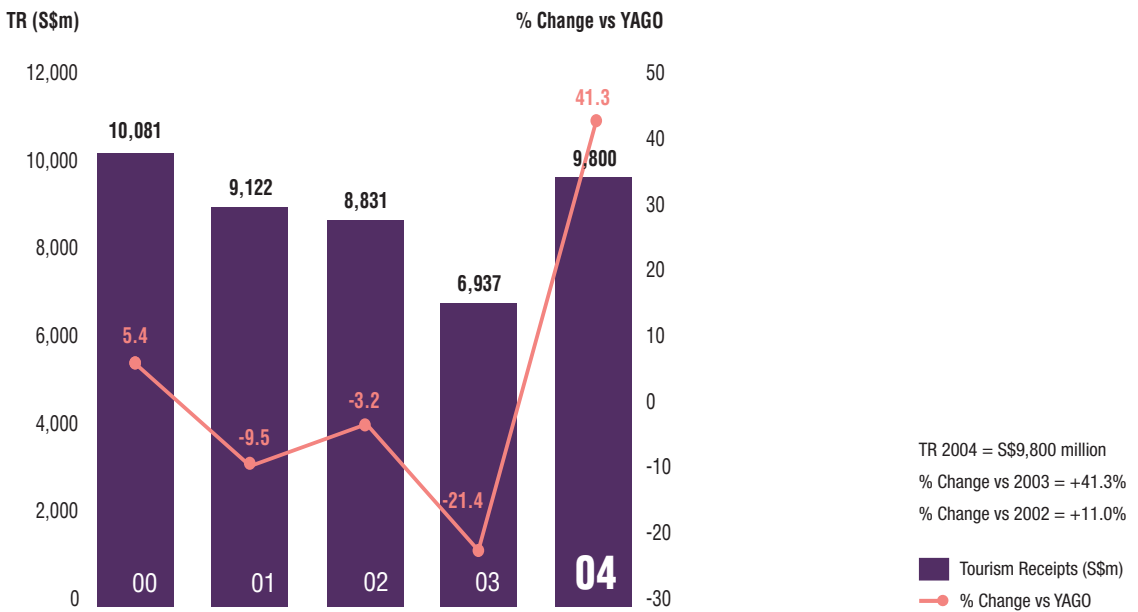
My special appreciation goes out to Wee Ee-chao for his contribution as Chairman to the Board from 2002 to 2004, as well as ex-Board members, Mustaq Ahmad, Janet Ang, Ho Kwon Ping and Edmund Tie for their invaluable counsel.



SIMON ISRAEL
Chairman

TOURISM SECTOR PERFORMANCE

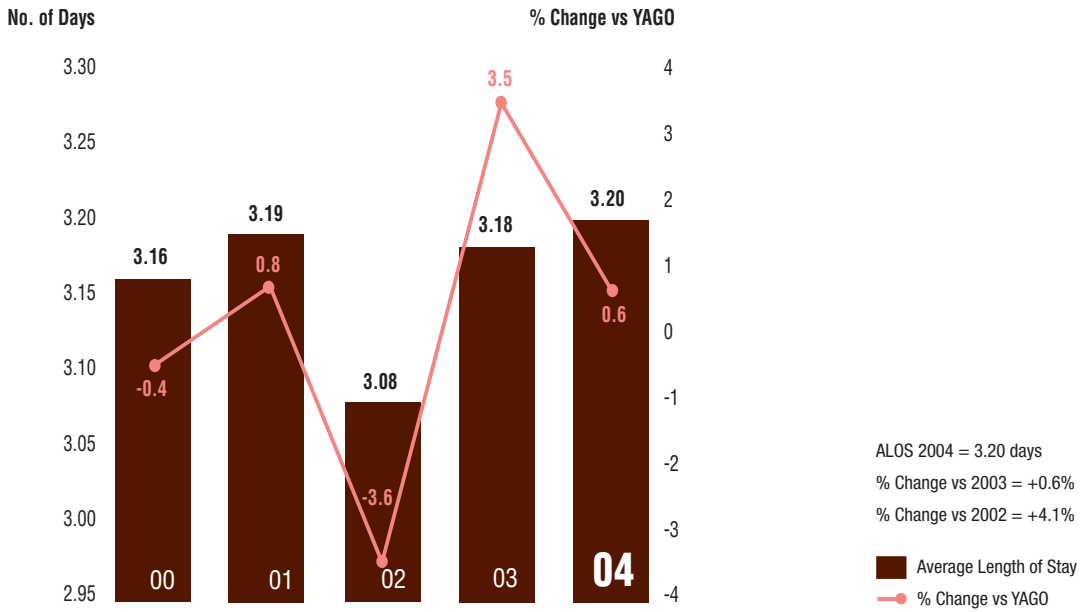
TOURISM RECEIPTS, 2000 – 2004



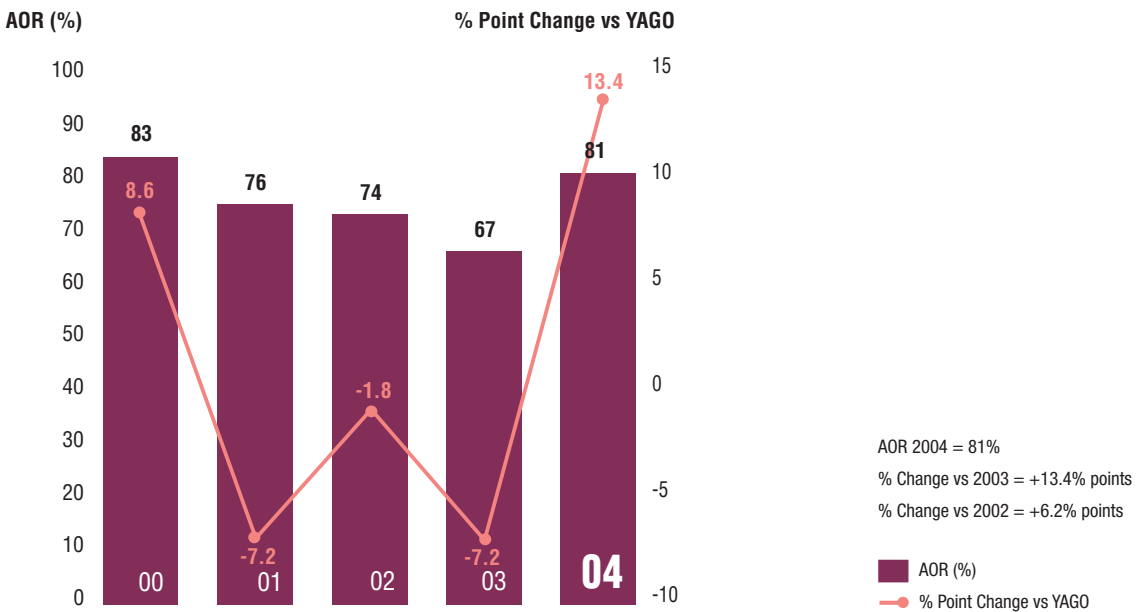
VISITOR ARRIVALS, 2000 – 2004



VISITORS' AVERAGE LENGTH OF STAY, 2000 – 2004



HOTEL AVERAGE OCCUPANCY RATE, 2000 – 2004



KEY HIGHLIGHTS



April 04

EPICUREAN EXCELLENCE AT WORLD GOURMET SUMMIT

Whetting the appetite was the return of the signature gastronomy event, *World Gourmet Summit*, with its outstanding cast of internationally acclaimed master chefs and winemakers. The event showcased Singapore as a destination for the discerning epicure and provided an excellent platform for local culinary experts to interact and network with their overseas counterparts.

UNIQUELY SINGAPORE BRAND CAMPAIGN ROLLS OUT GLOBALLY

After its global launch in March 2004 at Internationale Tourismus Bourse (ITB), the *Uniquely Singapore* destination brand campaign was customised for and rolled out in different key markets. In April 2004, the brand was launched in P R China as "Fei Chang Xin Jia Po" (), with singer A Do, who is popular in the Chinese market, appointed as the celebrity ambassador. This was followed by the launch of the *Uniquely Singapore* brand campaign for India in August 2004.

FILM IN SINGAPORE! SCHEME

The STB announced a S\$10 million *Film in Singapore!* incentive scheme to encourage leading international filmmakers and broadcasters to shoot and produce quality movies and television programmes in Singapore. The objective is to heighten awareness of Singapore as a compelling destination through showcasing the varied sights and sounds of Singapore which offer interesting choices for location shoots.

SINGAPOREMEDICINE GOES ON THE ROAD

Reaching out to healthcare professionals and consumers alike, the *SingaporeMedicine* roadshows generated much awareness about Singapore's healthcare services. The roadshows started in the Middle East with stops in Dubai, Abu Dhabi and Bahrain, before covering five cities in Malaysia, six in Indonesia, as well as Dhaka in Bangladesh and Karachi in Pakistan.

EXTENDING STB'S OVERSEAS NETWORK

The STB opened its sixth regional office in ASEAN in Manila, the Philippines, as part of its efforts to establish its presence in key markets to reach customers more effectively, provide better information delivery to end consumers and develop stronger trade links. This was followed by the opening of its third regional office in India in New Delhi in March 2005. There are now 21 STB offices worldwide. In addition, Singapore Visitors Centres were established in Shanghai, Bangkok and Johor Bahru to offer pre-arrival information about Singapore to potential visitors.

EXPRESS VISA FACILITY FOR 13 CHINESE CITIES

To make it easier for visitors from P R China to come to Singapore, the new Express Visa () facility was launched for 13 major Chinese cities. With this visa facility, travellers from Beijing, Shanghai, Guangzhou, Shenzhen, Xiamen, Chengdu, Kunming, Hangzhou, Nanjing, Suzhou, Shenyang, Dalian and Fuzhou could submit their visa applications in person or through 68 appointed Chinese travel agents – and obtain their visas within just one working day.

May 04

SINGAPORE SIZZLES WITH INTERNATIONAL INDIAN FILM ACADEMY WEEKEND

Over 400 luminaries and stalwarts of the Indian film industry gathered in Singapore for the annual *International Indian Film Academy (IIFA) Weekend*. The main highlight of the three-day extravaganza was the star-studded and prestigious *Samsung IIFA Awards*, which captured the attention of global audiences. The *IIFA Weekend* testified to Singapore's versatility, capabilities and attractiveness in hosting mega events.



June 04

EIGHT INDULGENT WEEKS OF THE GREAT SINGAPORE SALE

Simply irresistible were the eight glorious weeks of bargains and deals at the *Great Singapore Sale (GSS)*, delighting locals and visitors alike. Transit passengers enjoyed perks too, with the Sale extending to the Changi International Airport. Promotions offered by designer labels, which were held concurrently, provided upmarket alternatives for high-spending shoppers. During the two months of the *GSS* in June and July 2004, visitor arrivals to Singapore increased by 32 per cent compared to the same period in 2002.



KEY HIGHLIGHTS

June 04

GLOBAL TELEVISION ADVERTISING CAMPAIGN

The STB launched a global television advertising campaign, entitled “*Singapore. What Will You Bring Home?*”. The campaign emphasised how visitors were enriched by the experiences they enjoyed in Singapore and showcased distinctive tourism products in a bold, humorous and sophisticated way. From June 2004 to March 2005, the advertisements were broadcast during prime-time slots on international channels, including CNN, National Geographic Channel, Star Movies, Discovery Channel and Discovery Travel & Living.

CERTIFICATION TESTING FOR INTERNATIONAL STUDENTS

To cater to foreign students seeking admission to Singapore’s public schools, the STB’s Education Services jointly developed a one-stop centralised testing concept with Principals Academy Inc. A trial test was conducted in June 2004 while the main test in November 2004 attracted 1,077 students, most of whom were from Indonesia and P R China. By January 2005, 40 per cent of the students who sat for the test secured places in public schools.

July 04

SINGAPORE FOOD FESTIVAL EXCITES WITH RETURN OF GLUTTONS SQUARE

The 11th *Singapore Food Festival* tantalised the palates of food lovers with over 60 culinary events featuring local flavours. Highlights included magnificent banquets inspired by traditions and cultures, and the new *Uniquely Singapore Shop & Eat Tours*. Also, for the first time, every visitor to Singapore had a chance to enjoy one of Singapore’s best-loved dish – chilli crab for free! The temporary revival of the “Gluttons Square” offered a nostalgic experience of sampling Singapore’s best hawker fare in the heart of modern Orchard Road. It enjoyed such a huge following that operations were extended by another seven months!

August 04

CELEBRATE SINGAPORE SOARS TO NEW HEIGHTS

More Singaporeans and visitors joined in the celebration of Singapore’s 39th National Day with the inaugural *Celebrate Singapore*, a month-long calendar of activities spanning the island. Marina Bay bustled with pop concerts and a carnival, as well as the first-ever *Fireworks Festival* held over three Sundays. Singapore skies opened for the first *Samsung Skydive Festival*, a two-day sporting extravaganza featuring aerial stunts by professionals and tandem jumps for the public.



NEW ATTRACTIONS FOR A UNIQUELY SINGAPORE EXPERIENCE

The Lory Loft, featuring the world's largest Lory flight aviary, opened at the Jurong BirdPark. Visitors can feed the birds by hand at the two-tiered central feeding tower and get up close to the birds, thanks to the elevated boardwalk and swinging suspension bridges that offer a 360-degree elevated view. Since August 2004, the colourful HiPPotours has been offering a hop-on hop-off sightseeing option on open-top double-decker buses, taking visitors through the Civic District, Singapore River, Orchard Road, Little India, Kampong Gelam, Chinatown, Boat Quay and Sentosa.



NIGHT MARKET REJUVENATES CHINATOWN

Chinatown was enlivened with the opening of the night market along three main streets, offering an eclectic retail mix ranging from fashion to handicrafts. The development of Ann Siang Hill Park also provided a seamless and unique park connector perfect for visitors to uncover the co-existence of some of Singapore's religious places of interest such as the Thian Hock Keng Temple, Nagore Durgha Shrine, Al Abrar Mosque and Sri Mariamman Temple. Together with the addition of 33 heritage markers and enhancements to the landscape, these marked the completion of phase one of the Chinatown Experience Guide Plan.



MY TOURISM PASSPORT & PROJECT POSTCARD

Two domestic tourism programmes, "My Tourism Passport" and "Project Postcard", were launched in August 2004, in conjunction with *Celebrate Singapore*. The objectives of these initiatives were to encourage Singapore residents to experience Singapore's unique tourism products and be advocates of *Uniquely Singapore*, by inviting overseas friends and relatives to Singapore.

KEY HIGHLIGHTS

September 04

LEADING LUXURY WATCH EVENTS DAZZLE

Raising the luxury quotient of Singapore's shopping scene were four stellar watch events, which reinforced Singapore's position as the watch hub of the region. *Tempus – The Great Watchscapade* by The Hour Glass, *Jewellery Time* by Cortina Watch and *Celebration of Time* by Sincere Watch impressed collectors and consumers with their exquisite collections of stunning timepieces by internationally renowned watchmakers worth over S\$190 million. At the inaugural *Singapore International Watch Auction 2004* by Bezel, The Watch Collectors Guild, collectible timepieces valued at S\$1.2 million were auctioned off.

FORMATION OF MANPOWER TOURISM TASKFORCE

The STB, Ministry of Manpower and Singapore Workforce Development Agency formed the Manpower Tourism Taskforce to chart an integrated manpower plan to drive the industry's long-term capability developments. The completion of the first Tourism Manpower Audit in 2004 also provided a comprehensive overview of the manpower situation to aid future planning.

ACTION ASIA CHALLENGE IN URBAN SINGAPORE

Singapore held its premier adventure race as part of the widely publicised *Action Asia Challenge 2004/2005* series. Some 300 daredevils from Asia, Middle East, Europe and Oceania abseiled down the Sheares Bridge and trod through the Bukit Timah Nature Reserve, amongst other thrilling multi-disciplinary activities. The event highlighted Singapore's urban landscape as a unique setting for adventure racing and extreme sports.

AMWAY INDIA INCENTIVE GROUP BOOSTS MICE CALENDAR

Singapore was the preferred incentive destination for direct sales conglomerate, Amway Corporation. A 1,400-strong Amway India incentive group arrived in November 2004, making it one of the largest incentive groups Singapore has ever hosted. This added to Singapore's vibrant calendar of MICE events, which included the high-profile *Global Brand Forum*, *Food & Hotel Asia 2004*, *CommunicAsia 2004* and *BroadcastAsia 2004*. In January 2005, pharmaceutical company AstraZeneca China sent 1,200 of its employees to Singapore for a 7 days 6 nights meeting/incentive programme. This was the largest, longest staying corporate group known to the STB, generating a total of about 7,200 Visitor Nights.

December 04

FIRST ASEAN-INDIA CAR RALLY ARRIVES IN SINGAPORE

About 300 people from nine ASEAN countries and India stopped in Singapore en route the first *ASEAN-India Car Rally*. Starting from Guwahati, Assam, India, through six ASEAN countries before entering Singapore, the convoy of 60 cars was greeted at the Welcome Carnival at the Padang, with Senior Minister Goh Chok Tong as the guest of honour. The Singapore contingent which participated in the rally included three cars with about 30 drivers from the Singapore Motoring Sports Association and the Automobile Association of Singapore.



October 04

FUN BREAKS FOR INTRA-REGIONAL TRAVELLERS

The *Uniquely Singapore* Fun Breaks marketing initiative was launched to capitalise on the opportunities presented by the advent of low cost carriers in the region. Promoting Singapore as an accessible and affordable destination that offers year-round lifestyle experiences, this initiative aimed to entrench Singapore as a top-of-mind getaway for regional visitors.

GLITTERING SPECTACLE AT LIGHT-UP FESTIVALS

Celebrating Singapore's vibrant multi-cultural diversity was a series of signature festival light-ups. The *Deepavali Light-Up Festival* featured *Arts at Tekka* and *Little India Utsav* to turn the spotlight on Indian arts and culture this year. For the first time during the *Hari Raya Light-Up Festival*, festivities were extended to include Kampong Gelam and the Malay Heritage Centre. *Christmas in the Tropics* took centrestage at Orchard and Marina Bay for 50 days, enchanting visitors with Singapore's tallest Christmas tree at 100 feet, a Christmas street parade along Orchard Road, mega concerts, shopping promotions and countdown parties. The festivities culminated in the *Chinatown Light-Up*, where glittering light trails and bursts of live firecrackers rang in the Lunar New Year celebrations.

SAFEGUARDING INTERNATIONAL STUDENTS' INTERESTS

In an effort to uphold Singapore's reputation as an education hub for international students, the STB collaborated with multiple agencies to introduce CASETrust for Education, an important code of practice for the industry. The Student Protection Scheme was launched to safeguard the interests of international students studying in Singapore. Stage two of the CASETrust scheme will promote fair industry practices and offer proper processes for resolving complaints.

OFFERING VALUE-ADDED SERVICES TO TRANSIT PASSENGERS

To serve transit passengers and visitors more effectively, the STB opened three new Singapore Visitors Centres at Changi International Airport. These one-stop centres offer greater convenience to visitors. They provide up-to-date tourist information, multilingual brochures and value-added services such as bookings for hotels and attractions. In addition, transit passengers can also explore the quintessential sights of Singapore beyond the airport by joining the transit tours. Transit passengers could also discover Singapore on a "*Uniquely Singapore* Transit Adventure" using a free Tourist Day Pass.



KEY HIGHLIGHTS

December 04

APPOINTMENT OF ASSISTANT CHIEF EXECUTIVES

The STB appointed Mr Aloysius Arlando as its Acting Assistant Chief Executive (ACE) of Business Travel & MICE on 1 December 2004. This was followed by the appointment of Mr Ken Low as the Acting ACE of Brand & Communications on 1 January 2005. A month later, Dr Chan Tat Hon was re-designated as ACE (Leisure) and ACE (Planning), and Mr Kevin Leong was named Acting ACE (International).

January 05

TOURISM 2015

In January 2005, the Minister for Trade and Industry, Mr Lim Hng Kiang, unveiled Tourism 2015, a tourism blueprint which sets out the tourism sector's vision and targets for 2015. The targets of tripling tourism receipts to S\$30 billion, doubling visitor arrivals to 17 million and creating 100,000 additional tourism-related jobs were set to ensure tourism remains a key economic driver for Singapore. Mr Lim also announced the setting up of a S\$2 billion Tourism Development Fund to support and drive initiatives in infrastructure development, capability development, product development and anchoring iconic or major events.

FIRST ASIAN MEMBER OF TOP INTERNATIONAL CONVENTION BUREAUX

Singapore was the first Asian city to become a member of BestCities.net alliance, a prestigious global alliance of convention bureaux that looks at developing best practices through innovation, professional development and knowledge exchange in the meetings industry. As a member, Singapore can leverage the alliance's global network and market intelligence while MICE partners can be assured of the country's capabilities.

March 05

HONOURING THE INDUSTRY'S FINEST

The 19th *Tourism Awards 2004*, held Oscars-style this year, honoured exceptional individuals and organisations that have demonstrated service excellence, innovation and commitment in creating unique experiences for visitors. This year, the number of finalists was increased to five so that more deserving nominees would be recognised and rewarded.





February 05

“MAKE IT SINGAPORE” EXTENDED

The *Make It Singapore* campaign, launched in November 2003 to entice MICE decision-makers to make Singapore their choice destination, successfully generated some S\$50 million in tourism receipts from 40 events. These events included the *Nortel Network Sales and Training Rally*, *Asia Pacific Low Cost Airline Symposium* and *Singapore International Tropical Garden Show*. Building on the positive response, the campaign was extended for a year and renamed *Make It Singapore Plus*. With a revised set of criteria, the extended campaign is expected to rake in some S\$100 million in tourism receipts.

MORE REASONS TO DRIVE INTO SINGAPORE

From February 2005 onwards, Vehicle Entry Permit (VEP) operating hours were shortened to allow vehicles from across the Causeway to enter Singapore for free after 5pm on weekdays. This followed the bundle of measures implemented in December 2004 when the STB and the Land Transport Authority announced the reduction of VEP fees from S\$30 to S\$20 and Fixed Electronic Road Pricing (ERP) charges from S\$10 to S\$5 for foreign-registered vehicles. The objectives of these initiatives were to minimise travel costs and entice Malaysian visitors to venture across the Causeway to Singapore on weekends and for events.



SINGAPORE SHOWCASE AT WORLD EXPO

Singapore participated in the *2005 World Exposition (World Expo)* held in Aichi, Japan, which was expected to attract more than 15 million global visitors. Through the Singapore Pavilion at the *World Expo*, the STB aimed to position Singapore as a choice destination for business and leisure travel, investments, education and healthcare services, as well as an ideal place to live, work and play in.

KEY HIGHLIGHTS

ACCOLADES

FY04/05 was a stellar year for Singapore's tourism sector, with the STB and Singapore winning the following awards:

ORGANISATION

- Top 5 in Pro-Enterprise Ranking commissioned by the Action Community for Entrepreneurship
- Pacific Asia Travel Association (PATA) Award for Best Stand at Internationale Tourismus Bourse (ITB)
- Vasco da Gamma Award (PATA) for Best National Tourist Organisation in Europe
- GO Asia – Best National Tourist Organisation Award
- STB Frankfurt voted Second Best National Tourism Organisation (NTO) by readers of "Travel Talk", one of Germany's major consumer travel magazines
- STB London won "Best Overseas Convention Bureau" under the Meeting category in the 2005 Meetings & Incentive Travel Industry Awards, organised by Meetings & Incentive Travel magazine

DESTINATION

- Third among 145 countries in terms of ease of doing business, in World Bank's Doing Business 2005 report
- Best Overseas City in Conde Nast Traveller UK's Readers' Travel Awards
- Best International MICE Destination by Financial Express Business Traveller Magazine
- Best Business City in the World by Business Traveller Asia-Pacific
- Favourite Business City in Asia by TIME Readers' Travel Choice Awards Survey
- Favourite Meeting/Convention/Exhibition Facilities by TIME Readers' Travel Choice Awards Survey





FINANCIAL STATEMENTS



CONTENTS

AUDITORS' REPORT 17

BALANCE SHEET 18

INCOME AND EXPENDITURE STATEMENT 19

STATEMENT OF CHANGES IN ACCUMULATED FUND 20

CASH FLOWS STATEMENT 21

NOTES TO THE FINANCIAL STATEMENTS 22

AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE TOURISM BOARD

We have audited the financial statements of Singapore Tourism Board (the "Board") as set out on pages 18 to 36 for the financial year ended 31 March 2005. These financial statements are the responsibility of the Board's members. 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 financial statements 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 as stipulated in the Financial Circular in relation to accounting standards for Statutory Boards issued by the Ministry of Finance in February 2005 so as to present fairly, in all material aspects, the state of affairs of the Board as at 31 March 2005, and of the results, changes in accumulated fund and cash flows of the Board for the year ended on that date;
- (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; and
- (c) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Board during the year have been in accordance with the provisions of the Act.



ERNST & YOUNG
Certified Public Accountants

Singapore
8 July 2005

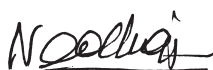
BALANCE SHEET

AS AT 31 MARCH 2005

	Notes	2004/2005 S\$'000	2003/2004 S\$'000
Tourism fund		242,198	273,449
Represented by:			
Non-current assets			
Property, plant and equipment	3	69,537	67,616
Investment in an associated company	4	–	–
Financial assets	5	6,237	10,107
Staff loans	6	13	95
Other loans	7	26,399	–
		102,186	77,818
Current assets			
Trade receivables		9,203	25,407
Other receivables, deposits and prepayments	8	8,664	3,886
Financial assets	5	127,923	192,625
Fixed deposits	9	4,962	1,070
Cash and bank balances	9	34,627	10,213
		185,379	233,201
Less: Current liabilities			
Advances and deposits received	10	11,857	6,003
Trade payables and accruals		29,382	27,273
Other payables	11	778	1,006
Provision for employee benefits	12	1,659	1,480
		43,676	35,762
Net current assets		141,703	197,439
		243,889	275,257
Non-current liability			
Deferred long-term lease surplus	14	(1,691)	(1,808)
Net assets		242,198	273,449



Chairman
8 July 2005
Singapore



Chief Executive

The accounting policies and explanatory notes on pages 22 to 36 form an integral part of the financial statements.

INCOME AND EXPENDITURE STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	Notes	2004/2005 S\$'000	2003/2004 S\$'000
Operating revenue	15	134,283	122,466
Other operating income	16	3,818	3,456
		138,101	125,922
Promotion and development expenses	17	(127,059)	(123,752)
Depreciation of property, plant and equipment	3	(5,550)	(4,768)
Staff costs	18	(31,710)	(27,735)
Other expenses	19	(14,968)	(12,155)
Operating deficit		(41,186)	(42,488)
Non-operating surplus	20	9,935	14,074
Deficit before contribution to consolidated fund		(31,251)	(28,414)
Contribution to consolidated fund	21	–	–
Net deficit		(31,251)	(28,414)

The accounting policies and explanatory notes on pages 22 to 36 form an integral part of the financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUND

FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2005

	2004/2005	2003/2004
	S\$'000	S\$'000
Tourism fund		
Balance at beginning of year	273,449	301,863
Net deficit	(31,251)	(28,414)
Balance at end of year	242,198	273,449

The accounting policies and explanatory notes on pages 22 to 36 form an integral part of the financial statements.

CASH FLOWS STATEMENT

FOR THE FINANCIAL YEAR
ENDED 31 MARCH 2005

	2004/2005 S\$'000	2003/2004 S\$'000
Cash flows from operating activities:		
Deficit before contribution to consolidated fund	(31,251)	(28,414)
Adjustments for:		
Depreciation of property, plant and equipment	5,550	4,768
Gain on disposal of property, plant and equipment	(10)	(10)
Dividend income	(1,520)	(989)
Interest income	(3,818)	(4,003)
Deferred long-term lease income	(117)	(117)
Impairment loss of investment	–	125
Allowance for doubtful debts	497	–
Gain on revaluation of marketable investments	(2,291)	(7,220)
Operating cash flows before working capital changes	(32,960)	(35,860)
Decrease/(increase) in trade and other receivables	11,405	(19,274)
Increase/(decrease) in advances and deposits received	5,854	(11,086)
Increase/(decrease) in trade payables and accruals	2,109	(1,452)
Decrease in other payables	(228)	(327)
Increase/(decrease) in accrued employee benefits	179	(60)
Cash used in operations	(13,641)	(68,059)
Payment of consolidated fund contribution	–	(2,193)
Net staff loans repaid	103	113
Payments of other loans	(26,899)	–
Repayment of other loans	3	–
Interest received	3,818	4,148
Cash flows used in operating activities	(36,616)	(65,991)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(7,472)	(2,710)
Proceeds from disposal of property, plant and equipment	11	37
Dividends received	1,520	989
Decrease/(increase) in funds under management	66,993	(84,125)
Investment in an associated company	–	(125)
Capital distributions received from investment	3,870	–
Cash flows from/(used in) investing activities	64,922	(85,934)
Net increase/(decrease) in cash and cash equivalents	28,306	(151,925)
Cash and cash equivalents at beginning of year (Note 9)	11,283	163,208
Cash and cash equivalents at end of year (Note 9)	39,589	11,283

The accounting policies and explanatory notes on pages 22 to 36 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

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 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.

The Board had 524 (2003/04: 462) employees as of 31 March 2005.

2. Summary of significant accounting policies

(a) *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 and the Singapore Financial Reporting Standards as stipulated in the Financial Circular issued by the Ministry of Finance in February 2005 in relation to accounting standards for Statutory Boards.

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

The financial statements are presented in Singapore Dollars (“S\$”).

(b) *Foreign currency translation*

Transactions in foreign currencies are measured in S\$ and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates. All resultant exchange differences are recognised in the Income and Expenditure Statement.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. All items of property, plant and equipment are initially recorded at cost.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the profit and loss account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold land	–	over the lease period
Building	–	25 years
Property modifications	–	5 years
Furniture, fittings and equipment	–	3 and 5 years
Motor vehicles	–	5 years
Electrical installation and air-conditioners	–	7 years

A full year's depreciation is charged for assets placed into use during the year. No depreciation is provided on work-in-progress until completion of implementation.

The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

(d) Investment in associated company

An associated company is an entity, not being a subsidiary, in which the Board has a long-term interest of not less than 20% nor more than 50% of the equity and in whose financial and operating policy decisions the Board exercises significant influence.

The Board's share of the results of associated company and its share of the post acquisition reserves are disclosed in Note 4 to 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 4 to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

(e) *Financial assets*

Investments

Equity investments and club memberships which are held on a long-term basis, are accounted for at cost less impairment losses.

Funds under management

Marketable investments that are managed by fund managers, which consist of shares, bonds and unit trusts, are stated at market value. Increases or decreases in the carrying amount of the marketable investments are recognised as income or expenses in the accounting period in which they arise.

Foreign exchange forward contracts outstanding at the balance sheet date are valued at the forward rates applicable to the remaining period to maturity of the contracts. Gains or losses arising there from are included in the Income and Expenditure Statement.

(f) *Trade and other receivables*

Trade receivables, which generally have been granted on between 30 days credit terms, are recognised and carried at original invoice amount less provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at bank and fixed deposits (exclude fixed deposits held under funds under management).

(h) *Impairment of assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(i) *Trade and other payables*

Liabilities for trade and other amounts payable, which are normally settled on 30-90 day terms, are carried at cost.

(j) 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(k) 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.

(l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group 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 recognised on a time proportion 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 on a time proportion basis (taking into account the effective yield on the asset) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

(m) 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.

(n) Employee benefits

Pensions and other post employment benefits

The Board participates in national pension schemes as defined by the laws of the countries in which it has offices. 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.

Employee leave entitlement

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

3. Property, plant and equipment

	Leasehold land S\$'000	Building S\$'000	Property modifications S\$'000	Furniture, fittings and equipment S\$'000	Motor vehicles S\$'000	Electrical installation and air- conditioners S\$'000	Work-in- progress S\$'000	Total S\$'000
Cost								
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	748	7,472
Disposals	–	–	(57)	(1,420)	(33)	–	–	(1,510)
Transfers	–	–	91	–	–	–	(91)	–
At 31 March 2005	26,381	65,984	7,913	21,479	1,183	924	780	124,644
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	4,172	26,425	2,822	20,206	847	635	–	55,107
Depreciation charge for 2003/2004	274	2,639	319	1,287	186	63	–	4,768
Net book value								
At 31 March 2005	22,209	39,559	5,091	1,273	336	289	780	69,537
At 31 March 2004	22,483	42,198	807	1,297	394	314	123	67,616

4. Investment in an associated company

	2004/2005 S\$'000	2003/2004 S\$'000
Unlisted shares, at cost	125	125
Less: Impairment loss	(125)	(125)
	-	-

Details of the associated company are:

Name of company	Equity interest held by the Board		Principal activities	Accounting year-end
	2004/2005	2003/2004		
International Hotel Management School Pte Ltd	25%	25%	Facilitate the set-up of a graduate hotel school	31 December

The associated company is incorporated in Singapore.

The results of the associated company are based on the audited financial statements for the year ended 31 December 2004. 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:

	2004/2005 S\$'000	2003/2004 S\$'000
<i>Income and expenditure statement</i>		
Operating income	138,101	125,922
Operating expenditure	(179,287)	(168,410)
	(41,186)	(42,488)
Non-operating surplus	9,935	14,074
	(31,251)	(28,414)
Share of loss of associated company	(2)	(83)
Surplus before contribution to consolidated fund	(31,253)	(28,497)
Contribution to consolidated fund	-	-
Net deficit	(31,253)	(28,497)

Balance sheet

Tourism fund of the Board	242,198	273,449
Less: Loss retained in associated company	(117)	(115)
	242,081	273,334

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

5. Financial assets

	2004/2005 S\$'000	2003/2004 S\$'000
(a) Non-current financial assets		
Quoted equity investment, at cost *	4,078	7,948
Unquoted equity investments, at cost	2,076	2,076
Club memberships, at cost	159	159
	6,313	10,183
Less: Impairment loss	(76)	(76)
	6,237	10,107
Market value of quoted equity investments	13,973	13,758
<p>* On 23 April 2004, the investee company obtained the approval of the Singapore High Court on its proposed one-off capital reduction exercise to reduce the par value of each share from S\$0.50 to S\$0.32. The Board received a payment of S\$3,869,000 in relation to the capital reduction.</p>		
(b) Current financial assets		
Funds under management:		
Marketable investments, at market value		
– Equities	25,808	21,890
– Fixed income bonds/investments	59,292	87,960
– Units trusts	15,847	14,146
	100,947	123,996
Add/(less):		
– Cash balances	5,517	935
– Fixed deposits	23,679	66,660
– Other receivables	1,401	1,077
– Other payables	(3,621)	(43)
	127,923	192,625

6. Staff loans

Housing loans	–	91
Other loans	17	29
	17	120
Less: Amount due within 12 months (Note 8)	(4)	(25)
Amount due after 12 months	13	95

Staff loans are repayable with interest at 4.5% to 6.5% per annum (2003/2004: 4.5% to 6.5% per annum) by equal monthly instalments over periods of up to 25 years for housing loans and up to seven years for other loans. The amount repayable within 12 months is included in other receivables account.

7. Other loans

	2004/2005 S\$'000	2003/2004 S\$'000
Loans to third parties:		
Loan A	497	–
Less: Allowance for doubtful debts (Note 20)	(497)	–
	–	–
Loan B	26,399	–
	26,399	–

During the financial year, the Board extended loans to two external parties amounting to S\$500,000 (Loan A) and S\$26,399,000 (Loan B) respectively.

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\$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 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.

8. Other receivables, deposits and prepayments

Deposits	1,716	1,549
Prepayments	2,072	1,780
Staff loans (Note 6)	4	25
Advances	97	113
Amount due from an associated company	–	9
Other receivables	4,775	410
	8,664	3,886

The amount due from an associated company is unsecured, interest free and is expected to be repaid within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

9. Cash and cash equivalents

	2004/2005 S\$'000	2003/2004 S\$'000
Fixed deposits	4,962	1,070
Cash and bank balances	34,627	10,213
	39,589	11,283

Cash and bank balances at the end of the year include balances with banks of S\$10,621,000 (2003/2004: S\$4,662,000), which can only be disbursed for approved expenditure on certain leasehold land and designated government projects (refer note 10).

Cash at banks earn interest at floating rates based on daily bank deposit rates which ranged from 0.0013% to 1.4545% (2003/2004: 0.008% to 0.1989%) per annum.

Short-term deposits are made for varying periods of between one day to six months (2003/2004: one day to twelve months) depending on the immediate cash requirements of the Board, and earn interest at the respective short-term deposit rates which ranged from 0.375% to 1.78% (2003/2004: 0.3125% to 1.1875%) per annum.

10. Advances and deposits received

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

- (a) S\$3,531,000 (2003/2004: S\$2,513,000) 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.
- (b) S\$7,090,000 (2003/2004: S\$2,149,000) 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\$3,045,000 (2003/2004 : S\$145,000) under the Tourism Development Assistance Scheme (TDAS) which is a financial assistance programme that aims to encourage companies to further develop Singapore's tourism sector. The movement in advances for TDAS is as follows:

As at 1 April	(145)	2,958
Funds received from MTI	12,031	6,783
Amount disbursed	(8,841)	(9,886)
As at 31 March	3,045	(145)

11. Other payables

Amounts due to staff	333	241
Others	445	765
	778	1,006

12. Provision for employee benefits

	2004/2005	2003/2004
	S\$'000	S\$'000
Liability for short term accumulating compensated absences:		
At 1 April	1,480	1,540
Provision made during the year (Note 18)	709	514
Provision utilised during the year	(530)	(574)
At 31 March	1,659	1,480

13. Provision for consolidated fund contribution

At 1 April	–	2,193
Payment during the year	–	(2,193)
At 31 March	–	–

14. Deferred long-term lease surplus

At 1 April	1,808	1,925
Amount accreted to income and expenditure statement (Note 16)	(117)	(117)
At 31 March	1,691	1,808

15. Operating revenue

Cess on hotel rooms and suites	11,548	2,646
Cess on food and drink establishments	19,866	4,939
Funding from Government	102,869	114,881
	134,283	122,466

Funding from Government

The cess rate was reduced from 4% to 1% with effect from 1 April 1994, with the introduction of the 3% Goods and Services Tax. An arrangement was then made with the supervisory ministry to reimburse the Board with effect from 1 April 1994 to 31 March 2003 for the amount of cess foregone as a result of the reduction in the cess rate. The Board's funding from supervisory ministry was at a percentage of Tourism Receipts.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

16. Other operating income

	2004/2005	2003/2004
	S\$'000	S\$'000
Lease and rental	1,147	1,170
Deferred long-term lease income (Note 14)	117	117
Licence fees and charges	49	113
Events revenue	1,853	1,137
Others	652	919
	3,818	3,456

During the financial year, the Board made an application to the Singapore Land Authority ("SLA") to secure the lease of a parcel of land to build a Chinese Buddhist cultural complex. The Board was granted by the SLA a 30-year lease over a parcel of land commencing from 14 January 2005 at a premium of S\$8,300,000 and based on certain conditions which include, inter alia, a condition that the land would be used for Civic and Community Institution purposes.

On the same day, the Board entered into an agreement with a society registered in Singapore ("Lessee") to lease the same parcel of land at a consideration equal to the land premium determined by the SLA and based on the condition that the land would be used for Civic and Community Institution purposes. The term of the lease is 30 years less one day commencing from 14 January 2005. The land premium of S\$8,300,000 was paid directly by the Lessee to the SLA.

There was no gain or loss to the Board from the above transaction.

17. Promotion and development expenses

Overseas publicity and promotion	83,449	71,421
Exchange loss/(gain), net	52	(126)
Overseas administrative and personnel expenses	13,533	12,971
Operating lease expenses	2,356	2,279
Local publicity, promotion and exhibitions	10,054	5,832
Tourism business	4,291	7,161
Tourism services, research and development	5,571	6,394
Expenditure on development projects	1,503	1,465
Grants and contributions	6,250	16,355
	127,059	123,752

18. Staff costs

Salaries, allowances and other contributions	27,824	24,082
Contributions to defined contribution plans	3,177	3,139
Increase in liability for short-term accumulating compensated absences (Note 12)	709	514
	31,710	27,735

19. Other expenses

	2004/2005	2003/2004
	S\$'000	S\$'000
Board members' allowances	93	95
Others	14,875	12,060
	14,968	12,155

20. Non-operating surplus

Gross dividend income	1,520	989
Interest income	3,818	4,003
Gain on disposal of property, plant and equipment	10	10
Property, plant and equipment written-off	(1)	–
Gain on revaluation of marketable investments	2,291	7,220
Exchange gain on marketable investments	1,866	1,464
Impairment loss on investments	–	(125)
Gain on sale of marketable investments	1,238	815
Expenses on funds under management	(310)	(302)
Allowance for doubtful debts (Note 7)	(497)	–
	9,935	14,074

21. 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

22. Commitments

(a) Lease commitments

Future minimum lease payments under operating leases are as follows:

	2004/2005	2003/2004
	S\$'000	S\$'000
Payable:		
Not later than one year	3,044	3,255
Later than one year but not later than five years	3,164	3,362
	<u>6,208</u>	<u>6,617</u>

These commitments refer mainly to lease of premises in respect of overseas offices.

(b) Capital commitments

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

2,079	128
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(c) Forward foreign exchange contracts commitments

As at 31 March 2005, the Board has outstanding forward foreign exchange contracts entered into by the fund managers amounting to S\$16,240,000 (2003/2004: S\$4,159,000).

23. Financial instruments

The Board, in its normal course of operations, is exposed to market risk, 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.

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

23. Financial instruments (continued)

Interest rate risk

The Board's exposure to changes in interest rates relates primarily to investments in fixed income instruments and fixed deposits.

The Board does not have borrowings as at the balance sheet date.

Where appropriate, the Board may hedge these risks as they arise.

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.

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.

Fair values

Financial instruments of the Board consist of investments, funds under management, trade and other receivables, trade and other payables and cash and cash equivalents. Except for the market values as disclosed in Note 5 and below, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

It is not practicable to determine, with sufficient reliability, the fair value of a loan extended to a third party amounting to S\$497,000 as at 31 March 2005 (Note 7) as there is no appropriate market discount factor or other methods that could reasonably estimate the fair values readily available.

It is not practicable to determine, with sufficient reliability without incurring excessive costs, the fair value of a loan extended to a Statutory Board amounting to S\$26,399,000 as at 31 March 2005 (Note 7) due to the absence of an agreed repayment term between the parties involved.

The fair value of foreign exchange forward contracts is estimated based on the difference between the applicable forward rates prevailing at the balance sheet date and the contracted forward rates, multiplied by the notional amount and discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2005

23. Financial instruments (continued)

	2004/2005		2003/2004	
	Notional amount	Estimated positive	Notional amount	Estimated positive
		fair value		fair value
	S\$'000	S\$'000	S\$'000	S\$'000
Forward foreign exchange contracts	16,240	23	4,159	28

24. Post balance sheet event

On 5 July 2005, 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. The Board has an option to renew the lease for a subsequent 15 years upon the expiry of the initial term.

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 requires the land to be used for the development, construction and operation of a Giant Observation Wheel. The rent for the whole duration of the term is payable by way of an instalment of S\$456,000 per quarter commencing from 1 July 2008.

25. Authorisation of financial statements

The financial statements for the year ended 31 March 2005 were authorised for issue by the Members of the Board on 8 July 2005.