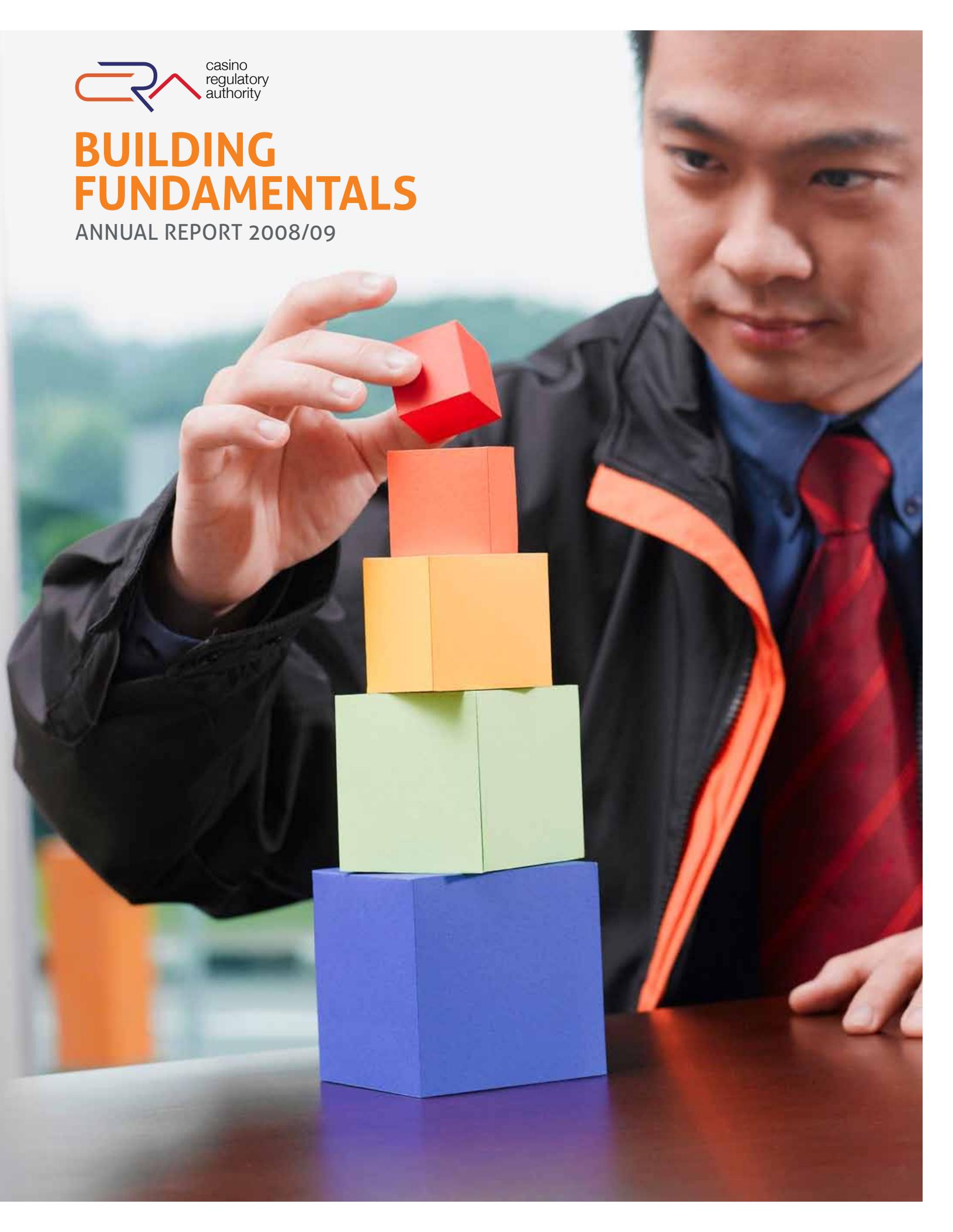




BUILDING FUNDAMENTALS

ANNUAL REPORT 2008/09



MISSION

Ensuring that the management and operation of a casino is and remains free from criminal influence or exploitation

Ensuring that gaming in a casino is conducted honestly

Containing and controlling the potential of a casino to cause harm to minors, vulnerable persons and society at large

VISION

To be the referenced casino regulator that fosters a self-regulating casino industry

VALUES

Integrity Openness Agility Insightfulness Respect



“We are a serious regulator and are clear of the outcomes we intend to achieve with respect to our law and order, and social and economic policies.”

FOREWORD BY CHAIRMAN

This inaugural annual report traces the beginnings of the Casino Regulatory Authority (CRA) and captures, in brief, a recent narrative in our nation's economic and social development in allowing the opening of two integrated resorts with casinos.

CHALLENGES

Deputy Prime Minister and Minister for Home Affairs, Mr Wong Kan Seng reiterated well the challenges at the CRA's inaugural Workplan Seminar held on 17 April 2009 – the impact of the casinos on the moral tone of our society and the need to balance the competing economic, law and order, and social imperatives. Unlike other gaming jurisdictions in which most regulators are under economic or revenue units, the Casino Control Act and CRA is under the responsibility of the Ministry of Home Affairs (MHA). This is right for Singapore.

We had, however, to learn the business of regulating casinos fairly quickly and to build up the right level and mix of capacity and competencies. We referenced ourselves against the well-established and recognised gaming jurisdictions in the world. Industry, expert and inter-agency consultations became our working norm as we developed our infrastructure, expertise and resources. In-situ learning and field exposures of our core

officers to other gaming jurisdictions enabled us to attain the necessary skills in various aspects of compliance and enforcement. Chief Executive (CE) CRA's position on the Steering Committee of the International Association of Gaming Regulators (IAGR) gave us the lead-in to the unwritten nuances of casino governance. Members of the CRA Board also undertook study visits to the Macau and Genting Highlands casino jurisdictions. With their varied experience, the Board Members have contributed significantly to the regulatory infrastructure and needs.

It was incumbent too, as Chairman, that I had to understand the casino business and industry well, and the manner in which other gaming jurisdictions regulated their casinos. I had also set out to understand their web of relationships with other state actors, as well as their successes and failures. The 2008 IAGR Annual Conference in Rome and the Global Gaming Expo 2008 (G2E) in Las Vegas afforded me the opportunity to dialogue with members of various international gaming regulators, industry players, policy makers, bankers and gaming lawyers from the United States, the United Kingdom, Western and Eastern Europe, Africa, the Caribbean and Macau. I also had closer discussions with our counterparts in Nevada, New Jersey, Victoria, Macau, the

Federal Bureau of Investigation Las Vegas office and a new industry player in New Jersey. Separately, I have also met up with the top management of the two Singapore Integrated Resort operators and went on-site to view the developments.

CLEAR GOALS

Singapore is rapidly emerging as a creditable land-based gaming jurisdiction that will be frequented by international patrons. We are a serious regulator and are clear of the outcomes we intend to achieve with respect to our law and order, and social and economic policies. We are confident that we can implement the regulatory processes across the continuum of casino operations, from probity investigation to licensing, and from compliance to enforcement, in a consistent, well-structured, calibrated, strict and yet fair manner. We had, in fact, already set the culture and tone earlier in 2005 when we conducted strict probity checks on the bidders for the Request for Proposals. We are keen to ensure that our regulatory governance model was right from the start, as our entire infrastructure hinges on it.

The Casino Control Act adequately provides the legislative power for CRA to undertake these challenges. The Act is based on the

Government Protection Model with some value add-ons from the Gambler Protection Model. In other words, the Act aims to protect the industry by ensuring that gaming in the casinos is conducted honestly and is free from crime. It also tries to protect Singaporeans from gambling beyond their means. The objectives and policy goals of the Act have been clearly enunciated by Deputy Prime Minister and Minister for Home Affairs, Mr Wong Kan Seng, in the 2nd Reading Speech of the Casino Control Bill. We should not take this for granted as there are jurisdictions that have been changing their governance modalities, and this had caused difficulties to the industry.

THE CRA BOARD

The Board comprises outstanding and experienced Singaporeans who are keen that we get it right the first time. Board Meetings consider in very close scrutiny, policy issues and operational matters. Strategic directions are established. Sound corporate governance, resources and capacity frameworks are put in place. The Board is ably supported by a competent and hardworking group of CRA officers led by CE CRA. Each subject or regulation is a culmination of our officers' research, learning and understanding

from our overseas counterparts, and consultation with and feedback from the industry stakeholders. Our officers would give the matter very careful thought and sensible examination to ensure that the recommendations and regulations, policies and practices are relevant and applicable to our local context, and meet our objectives.

ACHIEVEMENTS OF CRA

CRA has come a long way since its formation as a division under the MHA in June 2005. 2 April 2008 saw the successful establishment of CRA as a statutory board under MHA. The Casino Control Act became fully operational on 1 July 2008. Under the Act, CRA and its officers are empowered to investigate the background of casino operators, license key employees, conduct inspections and surveillance checks as well as investigate offences typically committed in casinos. Adequate criminal sanctions are provided for in the Act. CRA is also mandated to take disciplinary action against casino operators, key employees and other parties for any statutory or regulatory breaches.

It is noteworthy that CE CRA was elected to the Steering Committee of the IAGR, even though we are an emerging gaming jurisdiction. The international gaming

community recognised our intention and commitment to be a serious regulator. This view took root from our probing, detailed study and quick appreciation of their gaming policies and processes, many a time led by CE CRA.

We are already ahead of some of the other gaming jurisdictions in several areas. One such example is our collaboration with the Home Team and other agencies. This has made it easier for us to meet the law and order challenges.

We have also developed the Casino Licensing Application System (CLAS), the first of its kind to be used by a casino regulator and in Asia-Pacific. CLAS is a pro-business initiative which uses technology to minimise the hassle and tedium of filling out the voluminous Personal History Declaration Form to achieve efficiency for both the regulator and operator.

In January 2009, CRA finalised the Technical Standards for Electronic Gaming Machines (EGMs). The Technical Standards ensure that the EGMs deployed in our casinos are fair, secure, reliable and auditable.

MOVING FORWARD

The CRA has achieved much in its first year. We are now ready for the opening of the two casinos. However, we must continue to remain alert to the rapidly changing regulatory landscape, best practices and innovations in other jurisdictions and constantly review our own processes and frameworks. We must also stay rooted to the Home Team mission of maintaining safety and security in Singapore.

A handwritten signature in black ink, appearing to read 'Richard Magnus', with a long horizontal flourish extending to the right.

Richard Magnus

Chairman

Lastly, allow me to commend the commitment of our CRA staff. We are able to achieve the current state of readiness because of the personal sacrifices, hard work, perseverance and dedication of our officers, senior management and the Board. I have no doubt that they will maintain the high standards, pace of work and commitment in the coming year to meet the challenges that the opening of the new casinos will bring.



“The theme for our inaugural annual report is aptly named ‘Building Fundamentals’, which was what we had to do from the start.”

CHIEF EXECUTIVE'S MESSAGE

This annual report represents yet another milestone in the Casino Regulatory Authority's (CRA) journey as a new regulator and statutory board.

I recall the early days when we started out in June 2005 as a small team with only three officers. Back then, we were located within the Ministry of Home Affairs Headquarters (MHA) and were under pressure to learn about a whole new industry in the shortest possible time. I am proud to see how far we have progressed since then. We have not only grown in numbers, but more importantly, also in gaining knowledge of the industry and in strengthening our ties and standing with our fellow regulators overseas. The theme for our inaugural annual report is aptly titled "Building Fundamentals", which was what we had to do from the start. It was important that we got our basics right, as the development of CRA and Singapore's regulatory framework hinged on it.

LEARNING THE ROPES

One of the key fundamentals was to get up to speed on learning the business. Being a new jurisdiction, we had to fast track our acquisition of domain knowledge in casino operations and gaming. These included learning about the regulation and control of casinos, understanding the technology

behind the gaming machines and keeping up-to-date with the latest developments and research in the industry.

When we first began, it was against a context of a lack of local knowledge and expertise in the area of casino regulation. It was thus important that we learnt the ropes from our more experienced counterparts in respected overseas jurisdictions such as Nevada, New Jersey, New South Wales and Victoria through studying their regulatory practices. We made it a priority to forge close working relationships with our counterparts in the various leading casino jurisdictions to allow us to tap into a plethora of knowledge and experience as we worked out our own policies and regulations. I must thank my regulatory counterparts from Nevada, New Jersey, New South Wales, Victoria, Queensland and the United Kingdom in particular, for welcoming us into the regulatory fraternity, for sharing their knowledge and experience, and for making training opportunities available to us. We have also established good working links with our counterparts in Macau and Malaysia.

This international network has enabled CRA to send its officers on study visits and training attachments to the United States, the United Kingdom, Australia and Macau to secure hands-on experience in the regulation

of casinos. It has been our key priority to equip our officers with the necessary technical skills and knowledge of casino operations and the conduct of gaming in casinos before the opening of the casinos by early 2010. In this regard, we organised our first Workplan Seminar in April 2009, which was graced by Deputy Prime Minister and Minister for Home Affairs, Mr Wong Kan Seng.

We are also setting up an International Advisory Panel whose members possess vast experience in regulating casinos overseas. This would allow the CRA Board and management to tap on renowned experts with rich practical experience in their respective domains to advise CRA on current casino and regulatory issues and trends, as well as to keep CRA firmly plugged into industry thinking and developments.

STRENGTHENING COLLABORATIONS

Besides learning from our experienced counterparts, it was also essential for CRA to forge and strengthen collaborations with our key strategic partners in Singapore right from the beginning. We discerned the need for a close collaboration with our local agencies by learning from the experiences of other jurisdictions, where the lack of teamwork has resulted in various downstream problems, such as poor coordination between agencies,

resulting in law and order being impacted. Thus far, we have successfully worked with various local enforcement agencies such as the Corrupt Practices Investigation Bureau, and other Ministries and agencies such as the Ministry of Community Development, Youth and Sports, National Council on Problem Gambling, Ministry of Finance, Inland Revenue Authority of Singapore, Ministry of Trade and Industry, Singapore Tourism Board and Sentosa Development Corporation.

CRA has also leveraged on local strategic partners in the community. We have formed a Technology Advisory Committee to provide strategic direction to CRA in the area of technology and to leverage on the knowledge of the committee members to make technology a key enabler for CRA. We have also formed an Inter-Agency Information and Coordination Committee to enable us to be apprised of key social and crime trends in our policy-making. In addition, CRA intends to forge strategic alliances with tertiary institutions to leverage on their knowledge and expertise and will be signing Memorandums of Understanding (MOUs) with them over the next year.

CRA'S MISSION, VISION AND VALUES

As a new fledgling organisation, CRA has to establish strong foundations upon

which it has to grow. We have collectively developed CRA's Mission, Vision and Values, which are key pillars that will guide the organisation and our officers in their work. Integrity, Openness, Agility, Insightfulness and Respect – these are the values that each CRA officer will hold dear and actualise. CRA has to remain steeped in living its Mission, Vision and Values. This is vital because the Mission, Vision and Values form the CRA spirit and ethos that are fundamental to the organisation's success. As CRA continues to grow in strength by recruiting officers with diversified backgrounds, we will need to stand guided by our values - both internally and in our interaction with the various stakeholders.

PIONEERING SPIRIT

The core of CRA is our team of dedicated officers. Those who have joined us are keen to be groundbreakers and pioneers in charting new paths. Whether it is formulating policies, drawing up regulations, or setting technical standards, they thrive on the challenge of being part of this exciting industry. I am heartened to see their commitment and drive in executing their multiple tasks and meeting challenges head-on. Nonetheless, it is realistic to bear in

mind that our team, though eager and ready, would need the actual experience when the casinos are up and running.

CRA's key challenge in the short term is to prepare for the opening of the casinos. But we have good officers and supervisors in place who have the will to learn and excel. We have been well supported by a strong and highly capable and supportive Chairman and Board, by MHA Headquarters, the Home Team Departments, and the other Ministries and agencies. I am confident that with these factors in place, CRA will forge forward to get the job done and realise our vision of being the referenced casino gaming regulator.



T. Raja Kumar
Chief Executive

BOARD MEMBERS



MR RICHARD MAGNUS
Chairman



MR ALAN CHAN
Chief Executive Officer
Singapore Press Holdings Ltd



MR BENEDICT CHEONG
Chief Executive Officer
Temasek Foundation CLG Ltd



MS CHUA SOCK KOONG
Group Chief Executive Officer
SingTel



MR KHOO BOON HUI
Commissioner of Police
Singapore Police Force



MR LEO MUN WAI
Executive Director/
Banking Supervision
Monetary Authority of Singapore



MR LIM HOCK CHUAN
Deputy Secretary/Policy
Ministry of Home Affairs



MR LIM LEE MENG
Senior Partner
Chio Lim Stone Forest



DR LOO CHOON YONG
Executive Chairman/Co-founder
Raffles Medical Group



MR GERALD SINGHAM
Partner
Rodyk & Davidson LLP



MR DAVID WONG
Chairman
Ascendas Funds Management (S) Ltd



MR ERNEST WONG
Member
Temasek Advisory Panel



MR JEFFREY WONG
Divisional Director/
Manpower Planning & Policy
Ministry of Manpower

SENIOR MANAGEMENT



From left to right

MR EE KIAM KEONG
Director
Gaming Technology & ICT Systems

MS FLORENCE CHUA
Director
Licensing & Investigations

MS JEANNE LEE
General Counsel
Legal



From left to right

MR T. RAJA KUMAR

Chief Executive

MR ONG CHUN KIAT

Director

Planning & Policy

MS YEO PIA JEE

Director

Inspection & Compliance

MS PAULINE YEE

Deputy Director

Group Business Resources



ESTABLISHING A
PIONEERING SPIRIT



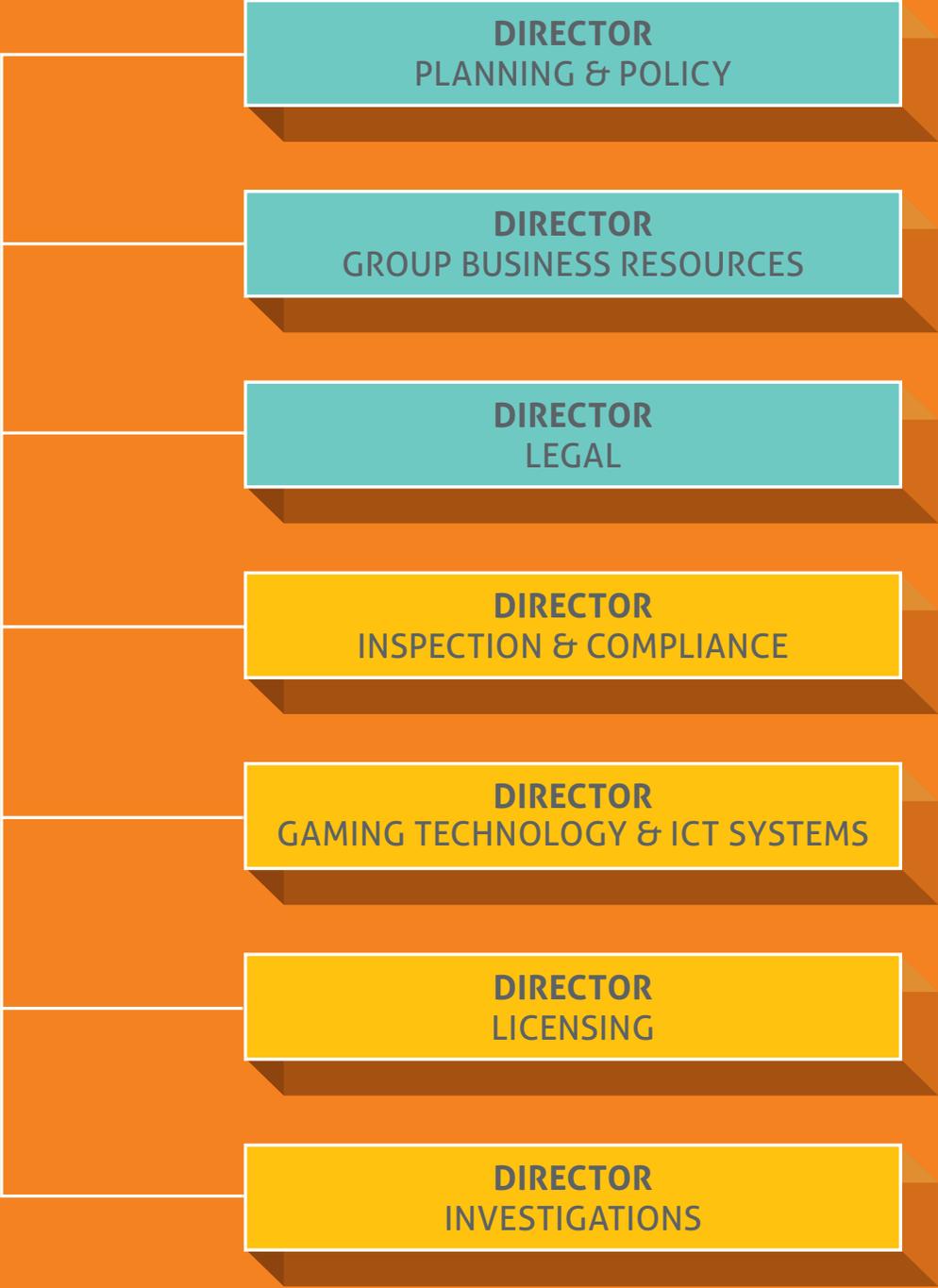
Being open to new ideas and approaches ensures that we continue to move forward.

ORGANISATION STRUCTURE

CHIEF EXECUTIVE

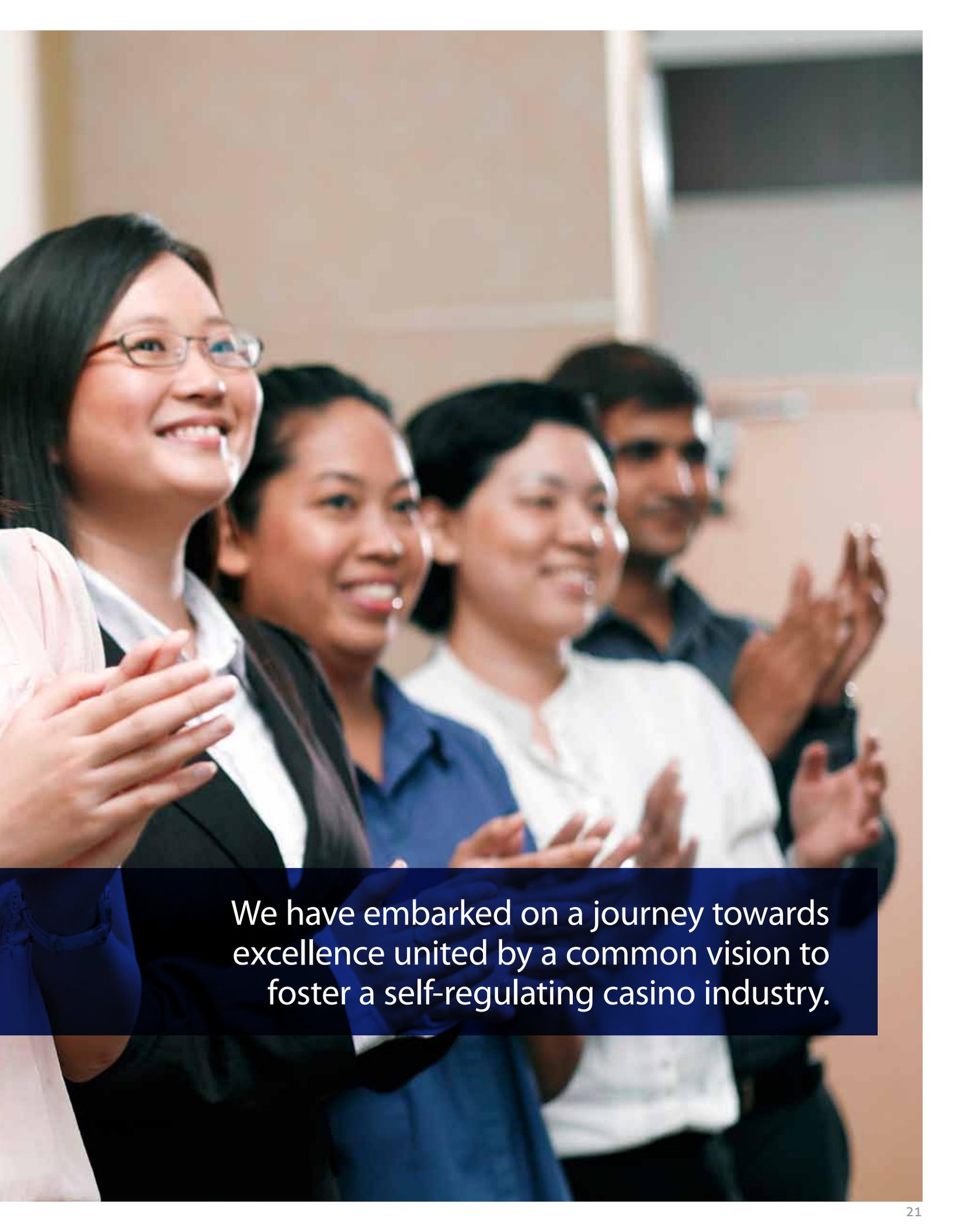
There are seven divisions in the CRA:

- a) **The Planning and Policy Division** is responsible for policy development, strategic planning, research and corporate communications.
- b) **The Group Business Resources Division** is responsible for the formulation, review and implementation of policies relating to CRA's Human Resource, Finance and Administration functions so as to support the operational divisions in achieving CRA's overall mission.
- c) **The Legal Division** provides legal advice and support to the CRA in the performance of statutory functions and duties.
- d) **The Inspection and Compliance Division** is responsible for setting the internal control standards of the licensees and supervising them to ensure compliance with regulations and internal control standards. It is also responsible for the arbitration of gaming patron disputes with the casino operators.
- e) **The Gaming Technology and ICT Systems Division** leverages on technology and infrastructure as strategic enablers to meet the CRA's mission.
- f) **The Licensing Division** administers the licensing regime for casino operators, casino employees and junket promoters as well as the approval listing of gaming machine manufacturers and suppliers. In addition, the Licensing Division oversees the controlled contracts regime.
- g) **The Investigations Division** conducts due diligence checks on licence applicants and investigates all breaches of the Casino Control Act, regulations and licensing conditions.



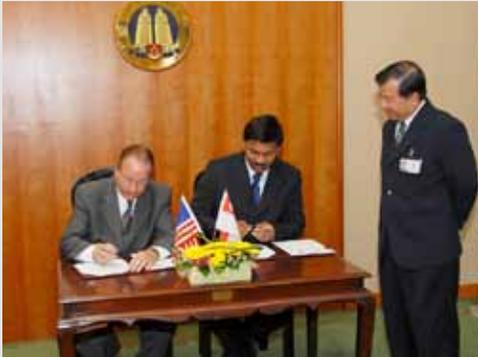


EMBRACING A SPIRIT OF
EXCELLENCE



We have embarked on a journey towards excellence united by a common vision to foster a self-regulating casino industry.

MILESTONES AND ACHIEVEMENTS



Signing of the Statement of Cooperation between NGCB and CRD.



Group photo of NGCB and Singapore officials at the signing of the Statement of Cooperation.



Group photo of IAGR Steering Committee at the Mid-Year Meeting in Singapore.

18 April 2005

The Singapore Government announced its decision to invite proposals to develop two Integrated Resorts with casinos at Marina Bayfront and Sentosa.

27 June 2005

The Casino Regulation Division (CRD) was formed under the Ministry of Home Affairs (MHA) to prepare for the regulation of casinos in Singapore. Mr T. Raja Kumar was appointed Director of the Division.

15 November 2005

The Request for Proposals for Marina Bayfront was launched.

14 February 2006

The Casino Control Bill was passed in Parliament.

1 March 2006

The Casino Control Act was assented to by the President.

28 April 2006

The Request for Proposals for Sentosa was launched.

26 May 2006

The Marina Bayfront Integrated Resort project was awarded to Las Vegas Sands Corporation.

26 October 2006

Mr T. Raja Kumar was elected to the Steering Committee of the International Association of Gaming Regulators (IAGR) as the first and only Asian representative. Involvement in the IAGR allows us to share knowledge with and tap on the experience of other established regulators.



Signing of the Letter of Acceptance to award the CLAS tender.



CRD officers at the 2007 MHA 3-I Convention.

8 December 2006

The Sentosa Integrated Resort project was awarded to Infinity@The Bay Pte Ltd, Joint Venture Company between Genting International and Star Cruises.

29 January 2007

CRD received the Home Team Achievement Award for the role it played in the drafting of the Casino Control Act and the conduct of probity checks on the bidders for the Marina Bayfront and Sentosa RFPs.

13 April 2007

The IAGR 2007 Mid-Year Steering Committee Meeting was held in Singapore. CRD signed a Statement of Cooperation with the Nevada Gaming Control Board (NGCB).

11 June 2007

The official Letter of Acceptance (LOA) signing ceremony to award the tender for the milestone Casino Licensing Application System (CLAS) was held. CLAS is the first of its kind to be used by a casino regulator in Asia-Pacific.

27 August 2007

Phase I of CLAS was awarded the First Prize for Outstanding Improvement Project Award at the MHA 3-I Convention.

2 April 2008

The Casino Regulatory Authority (CRA) was successfully formed as a new statutory board under the MHA to administer and enforce the Casino Control Act. Mr Richard Magnus was appointed Chairman of the CRA Board, which comprises 12 other members who



CE CRA addressing participants at the CRA Technology Forum.



Foreign participants at the CRA Technology Forum.



CRA officers speaking at the CRA Technology Forum.

have distinguished themselves in the areas of accounting, regulation, policy development, media, legal, banking, telecommunications and law enforcement.

10 April 2008

Mr T. Raja Kumar was appointed CRA's first Chief Executive (CE). Under the leadership of the CRA Board and CE, CRA ramped up its work to draw up the legal framework for regulating the casinos and in building up expertise on casino policies and operations.

5 June 2008

CRA implemented its own Human Resource Scheme of Service. This was to help CRA attract

and retain talent, and provide CRA with a critical mass of staff to anchor it to go forward. CRA had 11 Senior Officers and five junior officers on its scheme.

1 July 2008

The Casino Control Act became fully operational.

5 December 2008

The Casino Licensing Application System (CLAS) was operationalised.

15 December 2008

The Margaret Drive School was named CRA's adopted charity as part of CRA's Corporate Social Responsibility efforts.



DPM Wong with the Board at the inaugural Workplan Seminar.



DPM Wong signing the commemorative plaque at the Workplan Seminar.

8 January 2009

The inaugural CRA Technology Forum was held. Over 20 representatives from major manufacturers and independent test labs from around the world, and from the two casino operators, as well as guests from the Singapore Accreditation Council were present. The forum would serve as an annual platform for discussion on matters regarding the regulation of gaming technology.

15 January 2009

The Technical Standards for Electronic Gaming Machines and the Slot Management System were finalised and published on the CRA website.

28 January 2009

The Application Guide for the Singapore Recognised Testing Laboratories Scheme was finalised and published on the CRA website.

16 April 2009

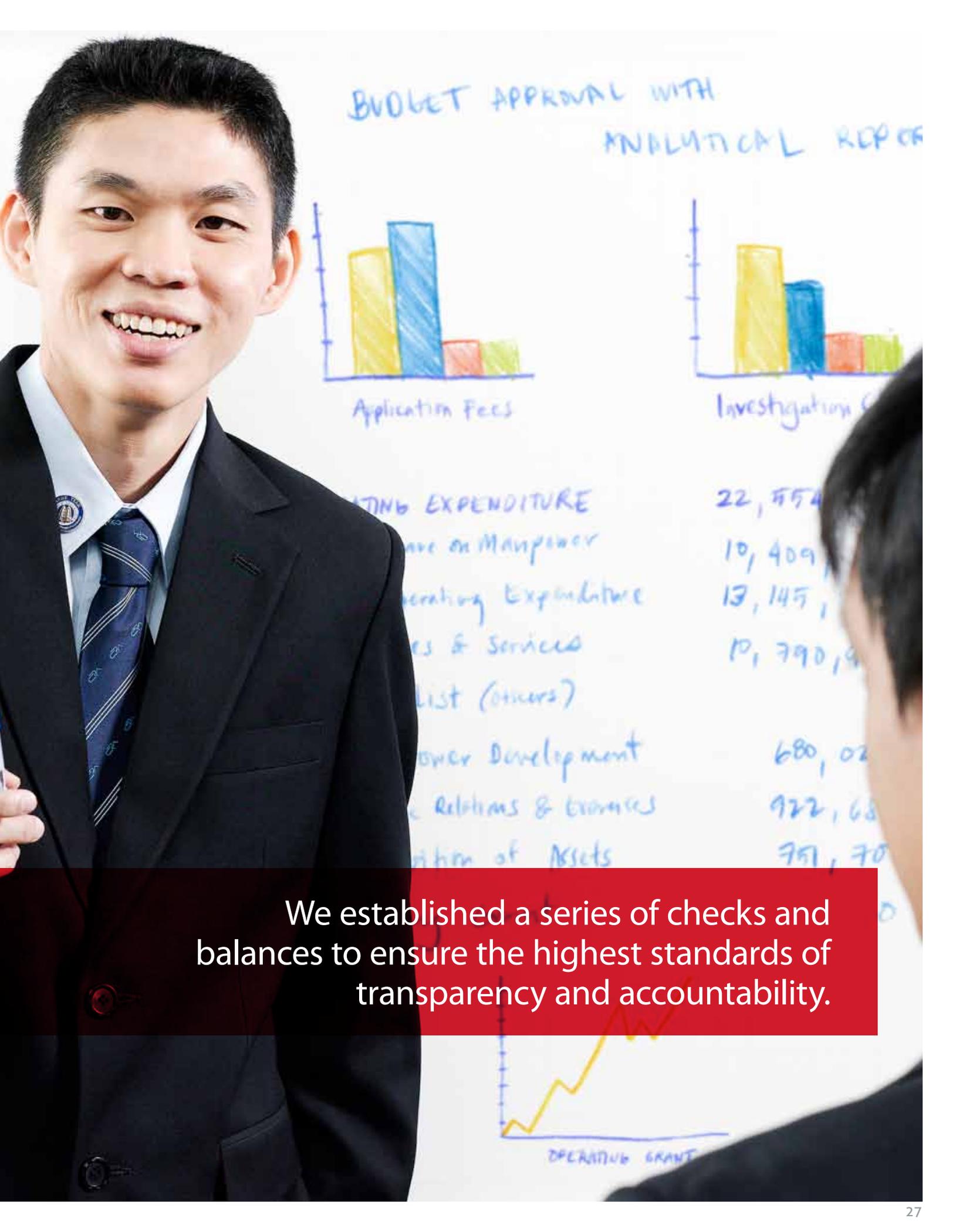
The Technical Standards for Progressives were finalised and published on the CRA website.

17 April 2009

The inaugural CRA Workplan Seminar was held to mark CRA's first anniversary, and to officially launch CRA's Mission, Vision and Values. Deputy Prime Minister and Minister for Home Affairs, Mr Wong Kan Seng was the Guest-of-Honour for the event. The Seminar was attended by some 150 people who are CRA's strategic partners from the various government agencies. The event was well covered by both local print and broadcast media. The Seminar was also useful in helping officers to consolidate what they had learnt in CRA's first year as a statutory board.



CREATING A CULTURE OF
ACCOUNTABILITY



BUDGET APPROVAL WITH ANALYTICAL REPORT



Category	Value
OPERATING EXPENDITURE	22,554
Manpower	10,409
Operating Expenditure	13,145
Services	10,790
Others	
Power Development	680,02
Relations & Expenses	922,68
Position of Assets	751,70

We established a series of checks and balances to ensure the highest standards of transparency and accountability.



Casino Regulatory Authority of Singapore

AUDITED FINANCIAL STATEMENTS

2 APRIL 2008 (DATE OF FORMATION) TO 31 MARCH 2009

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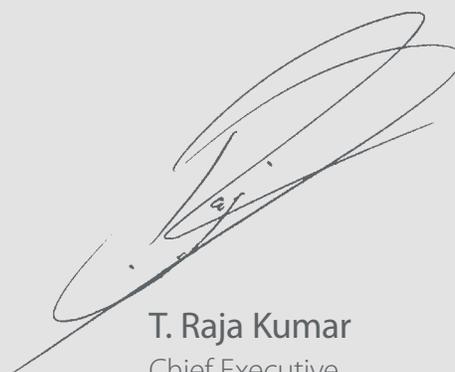
STATEMENT BY THE CASINO REGULATORY AUTHORITY OF SINGAPORE

In our opinion, the accompanying financial statements of the Casino Regulatory Authority of Singapore (the "Authority") as set out on pages 32 to 54 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2009 and of the results, changes in equity and cash flows of the Authority for the financial period from 2 April 2008 (date of formation) to 31 March 2009.

On Behalf of the Authority



Richard Magnus
Chairman



T. Raja Kumar
Chief Executive

Singapore,
22 July 2009

**INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL PERIOD FROM 2 APRIL 2008 (DATE OF FORMATION) TO 31 MARCH 2009
TO CASINO REGULATORY AUTHORITY OF SINGAPORE**

We have audited the accompanying financial statements of Casino Regulatory Authority of Singapore (the "Authority") set out on pages 32 to 54, which comprise the balance sheet of the Authority as at 31 March 2009, the income and expenditure statement, the statement of changes in equity and cash flow statement of the Authority for the financial period from 2 April 2008 (date of formation) to 31 March 2009, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

The Authority's management are responsible for the preparation and fair presentation of these financial statements in accordance with the Casino Control Act (Cap. 33A) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS"). This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL PERIOD FROM 2 APRIL 2008 (DATE OF FORMATION) TO 31 MARCH 2009
TO CASINO REGULATORY AUTHORITY OF SINGAPORE

Opinion

In our opinion,

- (i) the financial statements of the Authority are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2009 and the results, changes in equity and cash flows of the Authority for the financial period from 2 April 2008 (date of formation) to 31 March 2009 and
- (ii) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

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 Authority during the year have not been in accordance with the provisions of the Act.

A handwritten signature in black ink, appearing to read 'Ernst & Young' followed by a stylized 'UY' monogram.

Ernst & Young LLP

Public Accountants and Certified Public Accountants

Singapore

22 July 2009

BALANCE SHEET AS AT 31 MARCH 2009

	Note	2008/2009 \$
Equity		
Capital account	3	20,102,365
Accumulated deficit		(9,795,779)
Total equity		10,306,586
Represented by:		
Non-current assets		
Plant and equipment	4	4,214,496
Intangible assets	5	1,003,350
		5,217,846
Current assets		
Other receivables		290
Prepaid expenses		46,001
Deposits		502,424
Cash and cash equivalents	6	6,119,123
		6,667,838
Current liability		
Other payables and accruals	7	608,560
Prepayment	8	450,000
Amount due to parent ministry	9	343,096
		1,401,656
Net current assets		5,266,182
Non-current liability		
Provision for retention bonus	10	(177,442)
Net assets		10,306,586

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

INCOME AND EXPENDITURE STATEMENT FOR THE FINANCIAL PERIOD FROM
2 APRIL 2008 (DATE OF FORMATION) TO 31 MARCH 2009

	Note	2.4.2008 to 31.3.2009 \$
Income		
Application fees		542
Expenditure		
Expenditure on Manpower	11	(4,945,621)
Staff welfare and development		(339,351)
Rental of premises and others		(1,547,213)
Maintenance		(86,466)
Depreciation of plant and equipment	4	(890,754)
Amortisation of intangible assets	5	(102,214)
Utilities		(180,427)
Communications		(263,737)
Management and professional services		(1,061,273)
Financial expenses	12	(5,640)
Other operating expenses		(373,625)
		(9,796,321)
Deficit before statutory contribution to consolidated fund	13	(9,795,779)
Statutory contribution to consolidated fund	14	-
Deficit for the period		(9,795,779)

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

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD FROM
2 APRIL 2008 (DATE OF FORMATION) TO 31 MARCH 2009

	Note	Capital account \$	Accumulated deficit \$	Total \$
Balance as at 2 April 2008 (date of formation)		–	–	–
Issue of shares to Minister for Finance	3	20,102,365	–	20,102,365
Deficit for the period		–	(9,795,779)	(9,795,779)
Balance as at 31 March 2009		20,102,365	(9,795,779)	10,306,586

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

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD FROM
2 APRIL 2008 (DATE OF FORMATION) TO 31 MARCH 2009

	Note	2.4.2008 to 31.3.2009 \$
Cash flows from operating activities:		
Deficit before statutory contribution to consolidated fund		(9,795,779)
Adjustments for:		
Depreciation of plant and equipment	4	890,754
Amortisation of intangible assets	5	102,214
Interest expense	12	5,640
Plant and equipment expensed off	13	75,504
Deficit before working capital changes		(8,721,667)
Operating cash flows before working capital changes:		
Increase in trade and other receivables		(290)
Increase in prepaid expenses		(46,001)
Increase in deposits		(502,424)
Increase in other payables and accruals		608,560
Increase in prepayment		450,000
Increase in amount due to parent ministry		343,096
Increase in provision for retention bonus		177,442
Net cash used in operating activities		(7,691,284)

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

CASH FLOW STATEMENT FOR THE FINANCIAL PERIOD FROM
2 APRIL 2008 (DATE OF FORMATION) TO 31 MARCH 2009

	Note	2.4.2008 to 31.3.2009 \$
Cash flows from investing activities:		
Purchase of plant and equipment		(5,180,754)
Purchase of intangibles		(1,105,564)
Net cash used in investing activities		(6,286,318)
Cash flows from financing activities:		
Proceeds from issue of shares to Minister for Finance	3	20,102,365
Bridging loan obtained from the Government of the Republic of Singapore		2,000,000
Repayment of bridging loan from the Government of the Republic of Singapore		(2,000,000)
Interest paid		(5,640)
Net cash from financing activities		20,096,725
Net increase in cash and cash equivalents		6,119,123
Cash and cash equivalents at date of formation		–
Cash and cash equivalents at end of the period	6	6,119,123

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

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

1. General

The Casino Regulatory Authority of Singapore (“the Authority”) was established under Casino Control Act (Cap. 33A) (“the Act”) on 2 April 2008 as a statutory board.

The Authority has its registered office at 460 Alexandra Road, PSA Building, #01-01 Singapore 119963.

The objects of the Authority are to maintain and administer systems for the licensing, supervision and control of casinos, for the purpose of -

- (a) ensuring that the management and operation of a casino is and remains free from criminal influence or exploitation;
- (b) ensuring that gaming in a casino is conducted honestly; and
- (c) containing and controlling the potential of a casino to cause harm to minors, vulnerable persons and the society at large.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Authority for the financial period ended 31 March 2009, have been drawn up in accordance with the provisions of the Act and the Statutory Board Financial Reporting Standards (“SB-FRS”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$).

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

2. Summary of significant accounting policies (continued)**2.2 SB-FRS and INT SB-FRS not yet effective**

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

No.	Title	Effective date (annual periods beginning on or after)
INT SB-FRS 113	Customer Loyalty Programmes	1 July 2008
SB-FRS 1	Presentation of Financial Statements – Revised presentation	1 January 2009
	Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
SB-FRS 23	Borrowing Costs	1 January 2009
SB-FRS 32	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
SB-FRS 102	Share-based payment – Vesting conditions and cancellations	1 January 2009
SB-FRS 108	Operating Segments	1 January 2009

The Authority expects that the adoption of the above pronouncements will not have a significant impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

2. Summary of significant accounting policies (continued)**2.3 Significant accounting estimates and judgements**

The preparation of the Authority's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions 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 are discussed below.

Useful lives of plant and equipment and intangible assets

The cost of plant and equipment and intangible assets for the operations of the Authority is depreciated and amortised on a straight-line basis over the useful lives. Management estimates the useful lives of these plant and equipment and intangibles to be within 3 to 10 years and within 3 to 5 years respectively. These are common life expectancies applied to these plant and equipment and intangible assets. The carrying amount of the Authority's plant and equipment and intangible assets at 31 March 2009 was \$4,214,496 and \$1,003,350 respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised.

Impairment of non-financial assets

The Authority assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of loans and receivables

The Authority assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Authority considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

2. Summary of significant accounting policies (continued)**2.3 Significant accounting estimates and judgements (continued)**

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Authority's loans and receivable at the balance sheet date is disclosed in Note 17 to the financial statements.

2.4 Functional and foreign currency*Foreign currency transactions*

Transactions in foreign currencies are measured in SGD, the functional currency of the Authority and are recorded on initial recognition in SGD 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.

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

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Plant and equipment costing less than \$2,000 each, are charged to the income and expenditure statement in the year of purchase as plant and equipment expensed off disclosed in Note 13.

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 assets as follows:

Plant & machinery	10 years
Renovation	Over the remaining lease period
Furniture, fittings, tools & equipments	3 to 8 years
Heritage	No depreciation

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009**2. Summary of significant accounting policies (continued)****2.5 Plant and equipment (continued)**

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

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

The residual value, 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 plant and equipment.

An item of 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.

Fully depreciated assets still in use are retained in the financial statements.

2.6 Intangible assets

Intangible assets acquired, which comprise of computer software development costs, are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Assets classified as work-in-progress included in intangible assets are not amortised as these assets are not yet available for use.

Amortisation of intangibles is calculated on the straight-line method to write-off the costs over their estimated useful lives of 3 to 5 years. The amortisation expense on intangible assets is recognised in the income and expenditure statement through the 'amortisation of intangible assets' line item.

The carrying value of intangibles is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

2. Summary of significant accounting policies (continued)**2.7 Impairment of non-financial assets**

The Authority 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 is required, the Authority 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 expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset 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. 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.

2.8 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the income and expenditure statement.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009**2. Summary of significant accounting policies (continued)****2.8 Financial assets (continued)**

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Authority commits to purchase or sell 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.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income and expenditure statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Authority classifies the following financial assets as loans and receivables:

- (a) Cash and cash equivalents
- (b) Other receivables
- (c) Deposits

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash held with banks and with Accountant-General's Department ("AGD"), that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents carried in the balance sheet are classified and accounted for as loans and receivables under SB-FRS 39. The accounting policy is stated in Note 2.8.

2.10 Other receivables

Other receivables are classified and accounted for as loans and receivables under SB-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 Authority 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 2.11 below.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

2. Summary of significant accounting policies (continued)**2.11 Impairment of financial assets**

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

Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows 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.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Authority considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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.

2.12 Financial liabilities

Financial liabilities are recognised on the balance sheet when, and only when, the Authority becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009**2. Summary of significant accounting policies (continued)****2.13 Provisions**

Provisions are recognised when the Authority 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. If it is no longer probable that an outflow of resources embodying benefits will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted to its net present value.

2.14 Employee benefits**(a) Defined contribution plans**

Defined contribution plans are post-employment benefits plans under which the Authority pays fixed contributions into separate entities such as the Central Provident Fund Board on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid. The Authority's contributions are recognized in the Income and Expenditure Statement when they are due.

(b) Employee leave entitlement

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

2.15 Borrowing costs

Borrowing costs are generally expensed as incurred.

2.16 Leases*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.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

2. Summary of significant accounting policies (continued)**2.17 Income recognition**

Income is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the income can be reliably measured. Income is measured at fair value of the consideration received or receivable.

Income is recognised as follows:

(a) Casino Licence Fees

Licence Fees are recognised on a receipt basis that pertains to the respective accounting period. Fees received, which pertain to future accounting period are recognised as income received in advance included under other payables.

(b) Application Fees and Investigation Charges

Fees and Charges are recognised upon rendering such services, which generally coincides with raising of invoices.

2.18 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

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

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

2.19 Capital

Proceeds from issuance of shares are recognised as capital in equity.

3. Capital account

	2008/2009 Number of shares	2008/2009 \$
Issued and paid up:		
At 2 April 2008 (date of formation)	–	–
Issued during the year	20,102,365	20,102,365
At 31 March	20,102,365	20,102,365

The capital account consists of shares issued to the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Cap.183) for equity injection.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

4. Plant and equipment

	Plant & machinery	Renovation	Furniture, fittings, tools & equipments	Heritage	Work-in- progress	Total
	\$	\$	\$	\$	\$	\$

Cost:

At 2 April 2008	–	–	–	–	–	–
Additions	619,636	1,174,941	2,907,905	130,964	271,804	5,105,250
Transfer from work-in- progress	–	–	271,804	–	(271,804)	–
At 31 March 2009	619,636	1,174,941	3,179,709	130,964	–	5,105,250

Accumulated
depreciation:

At 2 April 2008	–	–	–	–	–	–
Depreciation for the period	61,532	198,581	630,641	–	–	890,754
At 31 March 2009	61,532	198,581	630,641	–	–	890,754

Carrying
amount:

At 31 March 2009	558,104	976,360	2,549,068	130,964	–	4,214,496
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NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

5. Intangible assets

	Computer software \$	Work-in- Progress \$	Total \$
Cost:			
At 2 April 2008	–	–	–
Additions	930,435	175,129	1,105,564
Transfer from work-in-progress	175,129	(175,129)	–
At 31 March 2009	1,105,564	–	1,105,564
Accumulated amortisation:			
At 2 April 2008	–	–	–
Amortisation for the year	102,214	–	102,214
At 31 March 2009	102,214	–	102,214
Carrying amount:			
At 31 March 2009	1,003,350	–	1,003,350

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

6. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise the following as at 31 March 2009:

	2008/2009
	\$
Cash at banks	3,159,308
Cash balance with Accountant-General's Department ("AGD")	2,959,815
	6,119,123

The cash pool deposits placed with AGD is unsecured and interest free.

7. Other payables and accruals

	2008/2009
	\$
Other payables	145,212
Accrued operating expenses	175,699
Provision for unutilised leave	287,649
	608,560

8. Prepayment

The prepayment amount pertains to probity investigation charges which cannot be ascertained at the time of collection. Upon rendering of probity investigation services, the prepayment is recognised as revenue and the remaining balance (if any) will be refunded to the applicants after the completion of the probity investigation in accordance with the accounting policy as set out in Note 2.17 (b).

9. Amount due to parent ministry

Amount due to parent ministry is unsecured, interest free and repayable on demand. The amount was subsequently fully repaid in May 2009.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

10. Provision for retention bonus

The retention bonus due to employees is determined based on the expected payout to be made by the Authority in respect of services rendered by these employees up to the balance sheet date.

11. Expenditure on manpower

	2.4.2008 to 31.3.2009
	\$
Employee benefits expense (including key management personnel):	
Salaries, allowances and bonuses	4,090,382
Defined contribution plans	603,492
Other employee benefits	251,747
	4,945,621
Compensation of key management personnel	
Salaries, bonuses and others	802,953
Defined contribution plans	80,324
Total compensation paid to key management personnel	883,277

Key management refers to employees designated as Directors and above who have the authority and responsibility for planning, directing and controlling the activities of the Authority

12. Financial expenses

Financial expense pertains to interest expense on three-month bridging loan from the Government of the Republic of Singapore which was repaid during the current financial period.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

13. Deficit before statutory contribution to consolidated fund

The following item has been included in arriving at deficit before statutory contribution to consolidated funds:

	2.4.2008 to 31.3.2009
	\$
Plant and equipment expensed off	75,504

14. Statutory 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 Authority is exempt from income tax.

In lieu of income tax, the Authority is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) and in accordance with the Financial Circular Minute No M5/2005.

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

15. Commitments and contingencies***Operating lease commitments – as lessee***

The Authority has entered into operating leases for rental of premises. The non-cancellable leases have a tenure of 6 years. Operating lease payments recognised in the income and expenditure statement during the year amounted to \$1,533,041.

Future minimum lease payments payable under these operating leases as at 31 March 2009 are as follows:

	2008/2009
	\$
Not later than one year	1,502,760
Later than one year but not later than five years	6,815,066
	8,317,826

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

16. Financial risk management objectives and policies

The Authority's principal financial instruments comprise of cash and deposits. The main purpose of these financial instruments is to finance the Authority's operations. The Authority has various other financial assets and liabilities such as other receivables, other payables and accruals, and related party payables, which arise directly from its operations. The Authority does not hold or issue derivative financial instruments for trading purposes.

The main risks arising from the Authority's financial instruments are credit risk and liquidity risk. The Authority reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Authority's credit risk is primarily attributable to its cash and cash equivalents and other receivables.

The Authority has no significant concentration of credit risk as there are policies that limit the amount of exposure.

The maximum credit risk that the Authority is exposed to is represented by carrying amounts of its financial assets as stated in the balance sheet.

(b) Liquidity risk

The Authority monitors and maintains sufficient cash and cash equivalents to finance its operations.

17. Fair value of financial instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, other receivables, deposits, other payables and accruals, amount due to parent ministry

The carrying amounts approximate fair values due to the relatively short-term maturity of these instruments.

Provision for retention bonus

The carrying amount approximates fair value as the expected future cash outflow is discounted to its net present value.

Set out below is a comparison by category of carrying amounts of all the Authority's financial instruments that are carried in the financial statements:

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

17. Fair value of financial instruments (continued)

Classification of financial instruments

	Loans and receivables \$	Liabilities at amortised cost \$	Non-financial assets/ liabilities \$	Total \$
31.3.2009				
Assets				
Plant and equipment	–	–	4,214,496	4,214,496
Intangible assets	–	–	1,003,350	1,003,350
Other receivables	290	–	–	290
Prepayment	–	–	46,001	46,001
Deposits	502,424	–	–	502,424
Cash and cash equivalents	6,119,123	–	–	6,119,123
	6,621,837	–	5,263,847	11,885,684
31.3.2009				
Liabilities				
Other payables and accruals	–	320,911	287,649	608,560
Prepayment	–	–	450,000	450,000
Amount due to parent ministry	–	343,096	–	343,096
Provision for retention bonus	–	177,442	–	177,442
	–	841,449	737,649	1,579,098

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2009

18. Capital management

The capital structure of the Authority consists of capital account and accumulated deficit. The Authority's objective when managing capital is to safeguard its ability as a going concern by monitoring and maintaining sufficient of cash flow.

19. Comparative figures

The financial statements cover the financial period from 2 April 2008 (date of formation) to 31 March 2009. This being the first set of financial statements, there are no comparative figures.

20. Authorisation of financial statements

The financial statements of the Authority for the period ended 31 March 2009 were authorised for issue by the members of its Board on 22 July 2009.



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