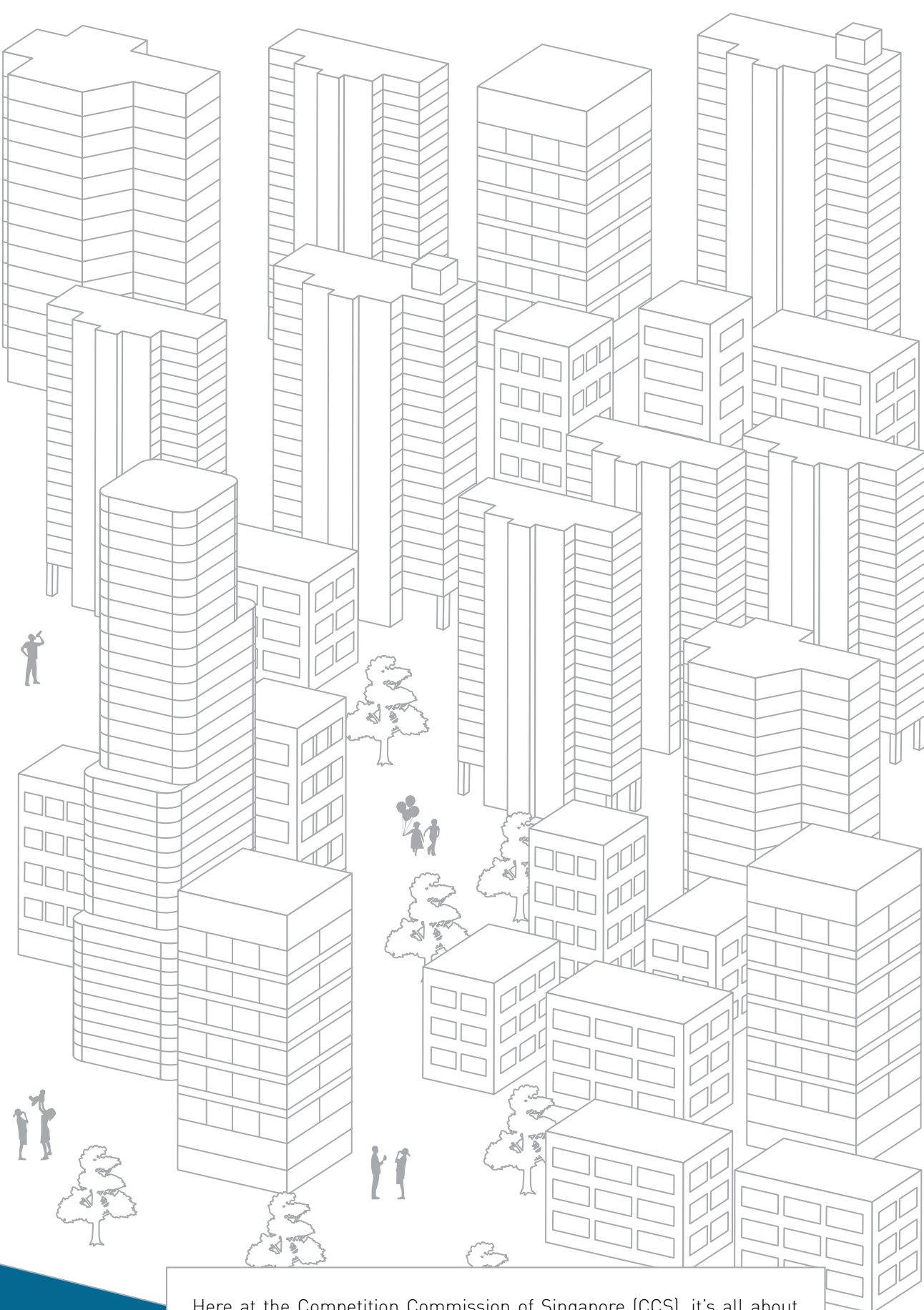




UNLOCKING A VIBRANT MARKETPLACE

Competition Commission of Singapore Annual Report 2012/2013



Here at the Competition Commission of Singapore (CCS), it's all about unlocking a vibrant marketplace by championing competition. Competition spurs businesses to be more innovative to consumer needs, leading to more choices for consumers and greater opportunities for enterprises big and small – and ultimately, to economic growth for the benefit of all.

Simply put, competition is the key to a vibrant marketplace.



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MISSION

Championing competition for growth and choice

VISION

A vibrant economy with competitive markets and innovative businesses

A leading competition authority known for its professionalism

CORE VALUES

Professionalism, Integrity, Passion

CORPORATE COLOURS

Teal represents authority and professionalism in the way CCS carries out its work, while orange reflects a fresh outlook to encourage business confidence and a vibrant business environment.

ABOUT CCS

The Competition Commission of Singapore ("Commission") is a statutory body that was established under the Competition Act (Chapter 50B) on 1 January 2005. Its core function is to administer and enforce the Act, and it comes under the purview of the Ministry of Trade and Industry.

Today's competition landscape is getting tougher. As businesses develop and grow, they search for new methods to give themselves the competitive edge. As they do so, CCS's role is to ensure businesses compete on a level playing field. In this regard, CCS has two areas of focus – enforcement and advocacy.

CCS enforces the Competition Law by taking action against anti-competitive practices. It also advocates the importance of competition and explains the benefits of competition in the market place through innovative communications.

CHAIRMAN'S MESSAGE



CCS has had another busy and successful year. We continued to enforce a pro-active and business-friendly competition regime, whilst promoting a culture of competition compliance at all levels. ”



Key Achievements

During the year in review, we concluded 14 investigations and completed a total of 37 cases, which includes anti-competitive agreements, abuse of dominance, mergers, competition advisories and market studies. In particular, the volume of investigations launched as well as competition advisories issued doubled.

Even as we saw a year-on-year increase of almost 40% in terms of casework, this upward trend reflects a growing awareness of competition issues on the ground from both public and private sectors. Though much remains to be done, this underscores the fact that our education and outreach efforts over the past seven years have seen results. Looking forward, CCS will continue

to review and fine-tune its existing performance management frameworks and work processes to ensure optimal utilisation of resources vis-à-vis enforcement priorities.

We first made headlines in July 2012 when we issued the Infringement Decision on two ferry operators for the exchange of sensitive and confidential price information in the sale of ferry tickets between Singapore and Batam. In a concentrated market like the duopoly in the present case, the exchange and provision of sensitive and confidential price information is particularly restrictive of competition. This marked the first case involving unlawful exchange of price information. Such behaviour can reduce the incentive to set independent pricing decisions competitively.

Following that, CCS issued its second infringement decision in March 2013 against 12 motor vehicle traders for participating in bid-rigging activities at public auctions. Investigations showed that collusion amongst the traders resulted in artificially-suppressed bids and generated lower vehicle sale proceeds as well as commission fees. Reinforcing the need to ensure competitiveness in all public transactions, CCS conducts extensive outreach and advocacy efforts with government agencies to ensure that public transactions results abide by existing competition regulations for transparent and fair outcomes.

Even though the pace of competition regulation and enforcement in Singapore has picked up, CCS maintains a clear focus on reaching robust decisions. A clear example can be found in the Competition Appeals Board's (CAB) ruling on SISTIC's appeal on the decision that it had abused its dominant position via a series of exclusive agreements. In June 2012, the findings of liability by CCS were upheld in a landmark decision by the CAB on the first abuse of dominance case under the Act in Singapore. As the first contravention of Section 47, it is indeed significant that CAB has found CCS to have successfully interpreted and applied the right economic and legal tests for the first case of its kind in Singapore.

Helping businesses to reach sound corporate governance in Singapore remains an ongoing focus. This requires long-term and sustained engagement with both businesses and competition practitioners alike. In this vein, the second run of the CCS-SAL Law Conference held in July 2012, incorporated a business-centric segment to enable business leaders and corporate counsel develop competition compliance strategy. CCS is grateful for the support and assistance of the Singapore Business Federation in this.

On a regular basis, CCS also reached out to industry players through ongoing contributions of competition articles to corporate newsletters as well as conducting briefing sessions to trade and business associations. Notably, NATAS and the travel sector was an example of this. We hope to expand our advocacy efforts in this way going forward.

Looking Ahead

After being signed into law in 2006, the Competition Act continues to keep businesses and markets competitive and vibrant, whilst consumers enjoy the benefits of fair competition. Moving forward, we expect that the current momentum of cases will continue and we will maintain a robust and effective approach towards regulating the local competition landscape.

In the context of today's borderless nature of global trade as well as the emerging jurisdictions in the region, CCS will also look towards strengthening its enforcement regime through developing and deepening partnerships with fellow competition authorities – regionally and abroad.

As part of broad horizon scanning, CCS will also seek to understand the structure and competitive dynamics of certain markets and business sectors through conducting in-depth market studies.

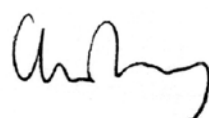
Acknowledgements

I thank my fellow Commission members for their views and contributions which have helped to steer the direction and policy formulation of CCS. Their invaluable time and rich industry experience has helped to provide soundness and depth to the quality of decisions.

I also laud the excellent management team and staff of CCS for their dedication and commitment to the cause of CCS. They have shown their true grit and readiness to perform over and beyond their jobs and to deliver outstanding results each time.

Last but not least, my appreciation to our competition agencies and practitioners, key partners and stakeholders. Your support is crucial to mission success and we are grateful.

I look forward to another year of exciting challenges in an evolving competition landscape.



MR LAM CHUAN LEONG
Chairman



CHIEF EXECUTIVE'S MESSAGE

It is important for Singapore to operate a robust and enlightened competition regime that forms the enabling framework to grow a vibrant economy with competitive markets and innovative businesses. This strengthens the ability of domestic companies to compete in the international market. It will also attract fair-dealing foreign businesses to enter the Singapore market because they know that they will compete on a level playing field.

CCS strives to promote the growth of healthy markets in a fair business environment. We have a mandate to maintain and enhance efficient market conduct and promote overall productivity, innovation and competitiveness of markets in Singapore. We enforce the Competition Act by taking firm action against anti-competitive agreements, abuse of dominance, and mergers that substantially lessen competition. We also advocate the importance of competition in the marketplace and explain the benefits of competition to consumers. We aim to help businesses to understand what they should and should not do to comply with competition legislation in order to achieve high levels of voluntary compliance. Last but not least, we advise Government agencies on policies in respect of competition matters, to raise awareness of the need to protect and preserve competition in markets in Singapore.

CCS has made good progress on a broad front and our programmes and activities are focused on achieving the four key outcomes we have identified for CCS. They represent the **4E Way to SuCCS** for CCS and allow us to concentrate our resources in a disciplined and deliberate manner to achieve these desired outcomes.

Enlightened Competition Legislation

CCS continuously monitors trends and developments in competition policy and law with a view to ensuring that the body of law and regulations in Singapore is in line with international best practices. We improved our merger regime and provided a new avenue for companies to seek confidential advice from us, at the stage when merger parties would be concerned to preserve the confidentiality of their transaction. We undertook to reply within 14 working days upon the receipt of all required information. This initiative has been well received

by the business community as it facilitates the planning and consideration of potential deals.

CCS is currently reviewing the Competition Act and subsidiary legislation to ensure their currency and relevance, and will undertake public consultation at the appropriate time.

Effective Enforcement

CCS is committed to operating an enforcement regime that is clear, credible and relevant. We strive to ensure that the process of detection, investigation, decision and enforcement of decision is fair, thorough, robust and timely.

We issued two infringement decisions for violations to Section 34 of the Competition Act – one case involved the unlawful sharing of information and the other involved bid-rigging at public auctions. CCS showed flexibility in working with investigated parties to arrive at good outcomes. We investigated Coca-Cola Singapore Beverages (CCSB) in connection with the restrictive provisions in their supply agreements with on-premise retailers. As CCSB voluntarily amended its supply agreements to remove potentially anti-competitive provisions and gave an undertaking to CCS, we decided to cease our investigation after reviewing the facts and circumstances of the case. Hence, cooperation from CCSB allowed the matter to be resolved in a productive and effective way.

In another case involving a proposed alliance between Emirates and Qantas Airways Limited, CCS cleared the notification for decision after the parties provided CCS with a voluntary undertaking to increase seat capacity for passengers flying to and from Singapore on the routes involving Singapore-Melbourne and Singapore-Brisbane. With the undertaking, it was assessed that the proposed alliance would result in net economic benefit to Singapore.

CCS is working on improvements to its surveillance capabilities to detect anti-competitive conduct in the economy, and to take timely action to stop such conduct. We will also strengthen cross-border enforcement collaboration with international competition authorities to bring about more effective enforcement.



Enhanced voluntary compliance

CCS has an active engagement strategy to raise competition awareness in the business community so that businesses voluntarily comply with competition laws and regulations. We developed a set of competition compliance guidelines to help businesses, which was launched at the CCS-SAL conference in July 2012. We received positive feedback on this initiative. We continued to be very active in outreach efforts, partnering with trade associations, professional bodies, and education institutions to reach out to the relevant stakeholders. In October 2012, we partnered the Singapore Association of the Institute of Chartered Secretaries and Administrators to conduct an outreach session at the Start-Up Enterprise Conference 2012 to about 400 participants. Many other programmes and activities were organised and CCS remains open to invitations from the business community to speak with their members.

Educated Stakeholders

CCS would like all stakeholders to be informed about the competition regime and to correctly understand CCS's role and responsibilities. To this end, we focused on developing targeted and innovative collaterals that would reach different stakeholder groups effectively. We developed an e-learning module for the business community

to better understand competition law and the importance of having compliance programmes. We were featured in two episodes of Money Mind on Channel NewsAsia that saw good viewership. On the regional front, we led the AEGC Working Group on Developing Strategy and Tools for Regional Advocacy. One initiative was a web portal that would contain information on the competition regimes of the 10 ASEAN member states. This would be a valuable source of reference for businesses as they expand into the region.

Way Ahead

Much has been achieved in FY2012/2013 but much more remains to be done. We hope to continue to work closely with our partners and stakeholders to grow a vibrant Singapore economy with competitive markets and innovative businesses.

MS YENA LIM
Chief Executive



COMMISSION MEMBERS



CHAIRMAN

MR LAM CHUAN LEONG

Chairman of Human Resource Committee
Ambassador-at-Large
Ministry of Foreign Affairs



CHIEF EXECUTIVE

MS YENA LIM

Member of Human Resource Committee



MS CHIA AILEEN

Member of Human Resource Committee
Deputy Director-General
(Telecoms & Post)
Infocomm Development Authority



MR BOBBY CHIN YOKE CHOONG

Commission Member and Chairman of Audit Committee
(until 31 December 2012)
Chairman
Tote Board



DR ANDREW KHOO CHENG HOE

Member of Audit Committee
Assistant Managing Director
(Market and Investment Group)
Monetary Authority of Singapore



PROF PHANG SOCK YONG
Member of Audit Committee
Professor
School of Economics
Singapore Management University



PROF TAN CHENG HAN, S.C.
Professor
Faculty of Law
National University of Singapore



MRS TAN CHING YEE
Permanent Secretary
Ministry of Health



MR WONG YEW MENG
Chairman of Audit Committee
(from 1 January 2013)
Former Audit Partner
PricewaterhouseCoopers



MR LIONEL YEE WOON CHIN, S.C.
Commission Member
(until 15 February 2013)
Second Solicitor-General and Director-General
International Affairs Division Attorney General's Chambers

SENIOR MANAGEMENT



MS YENA LIM
Chief Executive



I thank my CCS team for their unstinting commitment and hard work. They have delivered excellent results and risen to new challenges and demands. May CCS always be able to count on their strong team spirit and cheerful good humour!



MR TOH HAN LI
Assistant Chief
Executive
Legal & Enforcement



Competition law recognises the need for the right and appropriate intervention so as to make markets work better for all.



MR HERBERT FUNG
Director
Business & Economics



We love our job, not only because we can apply our knowledge from school on intellectually challenging matters, but also because we are contributing to our society in a meaningful way.





MR LEE JWEE NGUAN
Director
Legal & Enforcement



Captains of justice policing the corridors of enterprise.



MR TEO WEE GUAN
Director
Strategic Planning



Our role in a nutshell: charting future path + creating impactful messaging + deepening international engagements.



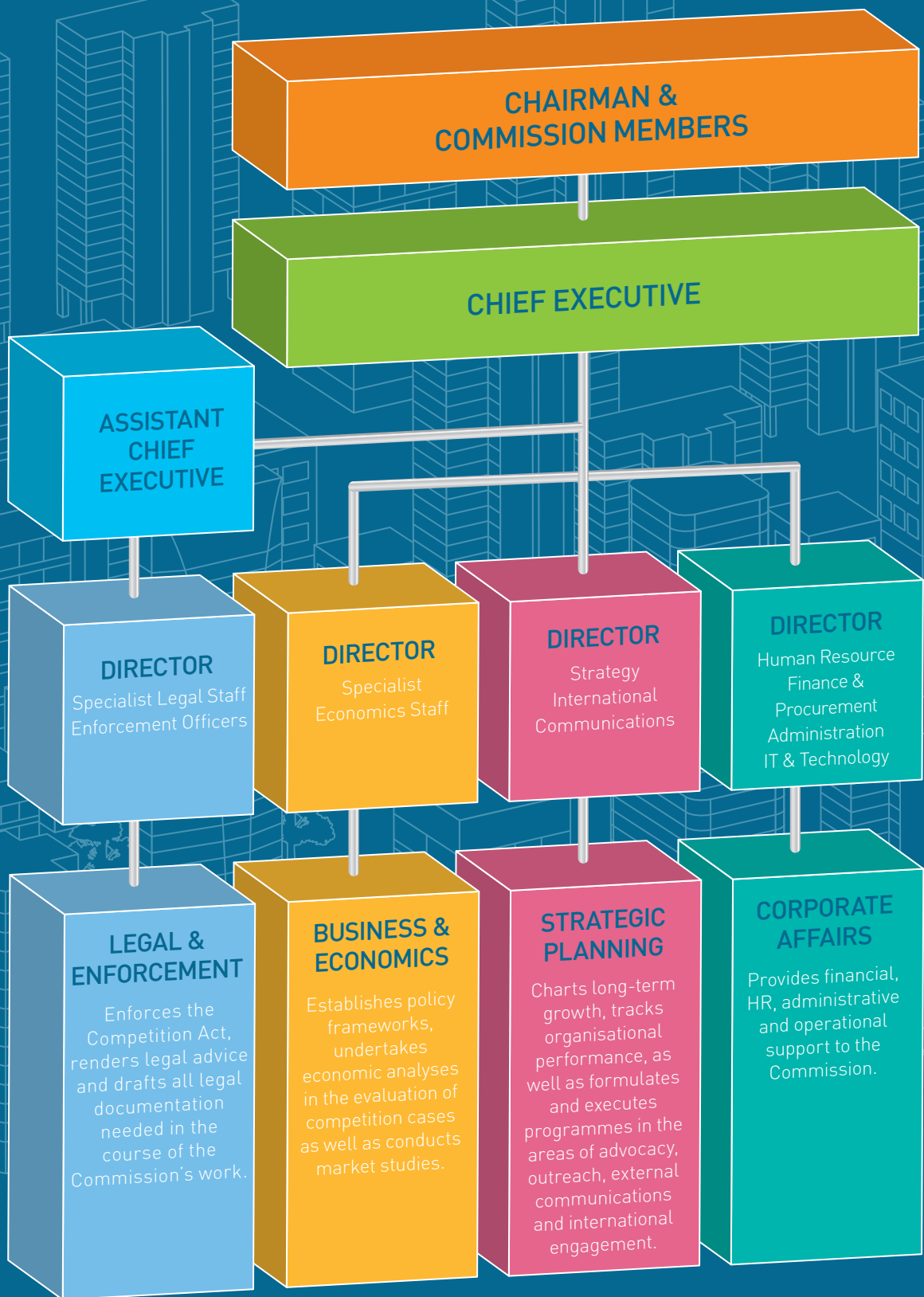
MR GOH AIK HON
Director
Corporate Affairs



We handle our human resources with passion, manage our financial resources with integrity and exploit our IT resources with professionalism.



ORGANISATION CHART



CORPORATE GOVERNANCE

Chairman & Commission Members

This Commission oversees the key activities and strategies of CCS. It comprises the Chairman and nine Commission Members. The Commission Members bring with them expertise in legal, economic and financial domains from the public, and private sectors. They were appointed by the Minister for Trade and Industry for a three-year term from 1 January 2011 to 31 December 2013.

Human Resource (HR) Committee

The CCS HR Committee was set up in August 2007. It is chaired by Mr Lam Chuan Leong, with Mr Lionel Yee, Ms Chia Aileen and Ms Yena Lim as members. The HR Committee advises the Commission on the formulation and implementation of appropriate HR policies, as part of its continuous effort to ensure that CCS is a choice employer. It also oversees staff performance appraisals to ensure that staff are being objectively appraised and rewarded.

Business & Ethical Conduct

All CCS officers are subject to the provisions of the Official Secrets Act as well as the Statutory Bodies and Government Companies (Protection of Secrecy) Act. In addition, the Competition Act contains provisions governing the disclosure of information by CCS staff. CCS officers are also bound by CCS's code of conduct and are obliged to adhere to internal policies regarding the avoidance of conflicts of interest.

Audit Committee

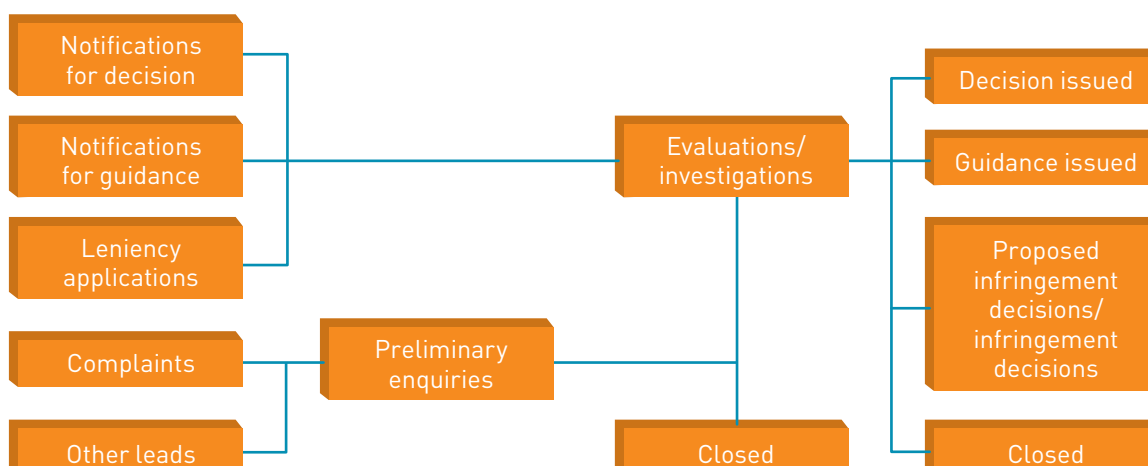
The Audit Committee was chaired by Mr Bobby Chin, with Professor Phang Sock Yong, Dr Andrew Khoo, and Mr Wong Yew Meng as members. With effect 31 December 2012, Mr Bobby Chin stepped down and Chairmanship was taken over by Mr Wong Yew Meng (with effect 1 January 2013).

The Audit Committee's main responsibilities are to assist the Commission in carrying out its responsibilities in areas relating to internal controls, auditing, financial and accounting matters, regulatory compliance, and risk management. In addition, the Audit Committee reviews the audited annual financial statements and the adequacy of CCS's accounting and internal control systems with the management, external auditors and internal auditors.

External Audit Functions

Deloitte & Touche LLP has been appointed by the Minister for Trade and Industry in consultation with the Auditor-General to audit the accounts of CCS. The audited accounts are duly approved by the Commission and the Minister for Trade and Industry. The Auditor-General is also kept informed of these Audit reports.

CCS Case Management Workflow



ENFORCEMENT

Safeguarding Competition, Levelling the Playing Field

At CCS, the main goal is to promote a strong competitive culture in the Singapore economy. In a two-pronged approach, CCS takes action against anti-competitive practices and also spreads the message of competition and compliance on the ground.

In Financial Year ("FY") 2012, CCS completed 37 cases, up from FY 2011's 27. Out of 14 Preliminary Enquiries and Investigations, CCS issued two Infringement Decisions pertaining to the unlawful exchange of information by ferry operators and bid-rigging at public auctions by motor vehicle traders. CCS also assessed a number of mergers with complex considerations and spanning across different industries.

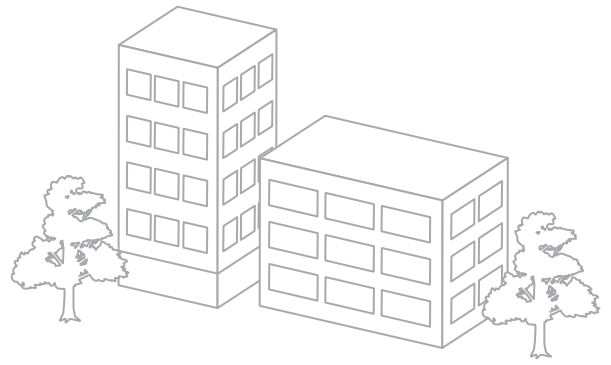
Summary of Completed Cases

STATUS AS AT 31 MAR 2013	ACTIVE CASES	COMPLETED CASES		
		FY2012	FY2011	SINCE CCS STARTED
Complaints	35	84	179	748
Preliminary Enquiries / Investigations	5	14	8	83
Notifications for Guidance or Decision	7	3	4	16
Merger Notifications	0	7	8	36
Leniency (Leniency Applications)	7 (18)	1 -	1 -	7 -
Appeals	2	2	0	5
Competition Advisories	1	8	4	33
Market Studies	4	2	2	11
Total (excluding complaints)	26	37	27	191



FY2012 (APR - MAR)

Completed Cases



84 Complaints



14

Preliminary
Enquiries /
Investigations



Notifications
for Guidance
or Decision



Merger
Notifications



Leniency



Market Studies



Appeals



8 Competition Advisories



Total no. of completed cases

37

(excluding complaints)



2 FERRY OPERATORS PENALISED FOR UNLAWFUL SHARING OF PRICE INFORMATION



The infringing conduct which involves the exchange of commercially-sensitive information is particularly damaging in this case as it restricts competition in a market which was already very concentrated (i.e. a duopoly). ■■

What might appear to be a casual exchange of commercial information during a business meeting or an innocuous exchange of emails between businesses might turn out to be an anti-competitive act. This was the case for two ferry operators travelling the same route between Batam and Singapore.

Two businesses exchanging confidential information. One bad deal for Singapore.

The two ferry operators in question — Batam Fast Ferry Pte Ltd and Penguin Ferry Services Pte Ltd — were found to have exchanged and provided each other with sensitive and confidential price information in relation to ferry tickets sold to corporate clients and travel agents. These were for routes between HarbourFront (Singapore) and Sekupang in Batam, and the route between HarbourFront (Singapore) and Batam Centre.

What made it worse? A duopoly setting.

The two previously mentioned routes were served only by these two ferry operators at the time of the violation, making the affected market a duopoly. This made the infringing conduct particularly damaging as it restricted competition in a market which was already concentrated. It eliminated any



chance of getting a fair deal for the passengers in these routes. The impact was obvious — when competitors made a quoted price to corporate clients known to each other (these were not over-the-counter prices), they could adjust or coordinate their prices accordingly to maximise profits. Such exchange of price information further aggravated the already limited competition in a market with only two competitors.

How businesses can stay on the right side of the law?

Businesses are free to determine the price of their goods and services, but they must do so independently. This ensures that competition between businesses will not be unduly restricted, and consumers will benefit with more competitive pricing, better product quality and/or more product choices in the marketplace. If a business finds itself engaged in anti-competitive practices (e.g. such as exchange of commercially sensitive information or discussion of pricing matters), they should immediately distance themselves, and report the matter to CCS immediately. Businesses that are involved in anti-competitive activities can also seek financial immunity under CCS's leniency programme or consult CCS if they are unsure as to whether their conduct infringes the Competition Act.

A \$280,000 lesson

CCS issued an Infringement Decision to both ferry operators on 18 July 2012. Both operators were fined with a total penalty amounting to over \$280,000. What might have appeared to be casual exchanges of information between two business competitors had in fact violated Section 34 of the Competition Act, which prohibits, amongst other things, concerted practices which have as their object the prevention, restriction or distortion of competition within Singapore.

Both ferry operators did not file any appeal against CCS's decision. Exchanging of commercially sensitive information between competitors — this is one route these two companies will avoid travelling down again.

➔ CASE TEAM MEMBERS



CASE Team Members:

from left to right –
Yvette Yoong,
Senior Assistant
Director (Strategic
Planning)

Serene Seet,
Assistant Director
(Legal & Enforcement)

BID SUPPRESSION CREATED FALSE IMPRESSION OF COMPETITIVE BIDDING



➔ CASE TEAM MEMBERS



CASE Team Members:

from left to right –
Serene Seet,
Assistant Director
(Legal & Enforcement)

Terence Seah,
Assistant Director
(Business & Economics)

COCA COLA SINGAPORE BEVERAGES CHANGES ITS BUSINESS PRACTICES IN SINGAPORE'S SOFT DRINKS MARKET FOLLOWING ENQUIRY BY CCS



Coca Cola Singapore Beverages ("CCSB") voluntarily amended its supply agreements to remove potentially anti-competitive provisions and also provided an undertaking to CCS. This came after CCS's investigation following a complaint received in March 2012.

CCS commenced investigation in the local soft drinks market after receiving the complaint that CCSB had incorporated restrictive provisions in its supply agreements with on-premise retailers, such as exclusivity conditions and conditional rebates.

Having thoroughly reviewed the facts and circumstances of the case, CCS ceased its investigation into CCSB but will continue to closely monitor market practices in the local soft drinks market.

Undertaking by CCSB

- (i) Not to impose any exclusivity restrictions on its on-premise retailers for CCSB brands of non-alcoholic beverages, except in limited circumstances;

- (ii) Not to require its on-premise retailers who wish to sell other brands of beverages to first negotiate with CCSB;
- (iii) Not to grant loyalty-inducing rebates that have an effect of inducing on-premise retailers to purchase exclusively or almost exclusively from CCSB; and
- (iv) To allow its on-premise retailers to use up to 20% of the space in coolers provided by CCSB to store other brands of beverages, where these retailers have no access to alternative cooling equipment on their premises.



The CCS's willingness to cease investigations following a voluntary amendment by Coca-Cola of its supply agreements demonstrates that it is willing to consider voluntary commitments by investigated parties. This is a welcome move by the CCS which shows that its focus is on fostering competitive markets and not merely penalising infringements of the Competition Act. ■■

– Lim Chong Kin, Drew & Napier, Singapore (cited in "Singapore Shuts Down Coca Cola Probe", Global Competition Review, 15 January 2013)

➔ CASE TEAM MEMBERS



CASE Team Members:

from left to right –
Koh Yiling,
Competition Analyst
(Business & Economics)

Kenneth Yeow,
Senior Assistant
Director (Business &
Economics)

Candice Lee,
Assistant Director
(Legal & Enforcement)

APPEAL DECISION ISSUED FOR MODELLING AGENCIES' PRICE-FIXING CASE



"Companies should remain alert to avoid illegal anti-competitive practices, and train their staff to comply with competition law. Trade and industry associations should take care not to allow themselves to be used as a front for their members to engage in price-fixing or other anti-competitive practices. It is important for all parties to clearly and publicly dissociate themselves from any price-fixing discussions and to report such conduct to CCS immediately."

– CCS Assistant Chief Executive, Mr Toh Han Li

Eleven modelling agencies were found to have had characterised their actions as price guidelines issued by a trade association known as the Association of Modelling Industry Professionals ("AMIP"). But CCS found that the

AMIP was essentially a 'front' for its individual members (namely the agencies) to coordinate on, and collectively raise, rates for modelling services in Singapore. The agencies had fixed rates on a wide variety of modelling services, including editorials, advertorials, fashion shows and media loading usage. Customers who were impacted included publishers, photographers, show choreographers, show organisers and fashion labels. On 23 November 2011, the Competition Commission of Singapore issued an infringement decision to 11 modelling agencies which had engaged in illegal price-fixing activities.

In 2012, five of the 11 modelling agencies put forward a number of grounds of appeal to the Competition Appeal Board (CAB) to ask for a substantial penalty reduction, whilst not disputing that they had infringed the Competition Act. The CAB, after hearing the appeals, dismissed most of their grounds of appeal save in two instances. In its decision, the CAB took into account that a large part of the turnover of the modelling agencies was paid to the models and consequently they received a low margin. It also decided not to impose an additional penalty for the involvement of senior management based on the facts of the case. In its decision, the CAB ordered that the penalties of the modelling agencies be adjusted from \$291,067 to \$243,077 in view of these considerations and for the parties to bear their own legal costs.

➔ CASE TEAM MEMBERS



CASE Team Members:

from left to right –
Candice Lee,
Assistant Director
(Legal & Enforcement)

Lau Shi Ern,
Competition Analyst
(Business & Economics)

QANTAS AIRWAYS LIMITED AND EMIRATES COORDINATION AGREEMENT



CCS cleared the application for decision concerning the proposed alliance (the "Proposed Alliance") between Emirates and Qantas Airways Limited (the "Parties"), after the Parties have provided CCS with a voluntary undertaking (the "Undertaking") to increase seat capacity for passengers flying to and from Singapore along on the routes involving Singapore-Melbourne and Singapore-Brisbane. With the undertaking, CCS concluded that the Proposed Alliance will result in Net Economic Benefits to Singapore.

The Alliance

In the proposed alliance, the Parties will coordinate their network, scheduling, pricing, marketing, purchasing, customer service,

frequent flyer programs and resourcing decisions in their passenger and freight operations globally for an initial term of 10 years.

The Undertaking

Pursuant to the Undertaking (with effect from 1 April 2013), Qantas Airways and Emirates together will provide 8,246 seats weekly on each of the Relevant Routes. In addition, CCS may require the Parties to increase the seat capacities if the Parties' load factors and route profitability cross a certain threshold for any given 12 month period. CCS has assessed that the undertaking will preserve the state of competition on the two routes by alleviating any concern that the proposed alliance may reduce seat capacities.

➔ CASE TEAM MEMBERS



CASE Team Members:

on the left –
Koh Yiling,
Competition Analyst
(Business & Economics)

Alan Yap,
Assistant Director
(Business & Economics)
(not in picture)

JOINT VENTURE BETWEEN SINGAPORE AIRLINES LIMITED AND SCANDINAVIAN AIRLINES SYSTEM



Singapore Airlines Limited ("SIA") and Scandinavian Airlines System Denmark – Norway – Sweden ("SAS") applied to CCS for clearance of their proposed joint venture on 29 June 2012. This concerned an alliance between SIA and SAS involving international air passenger transport services between Singapore and the Scandinavian countries of Denmark, Norway, Sweden and Finland.

CCS had to assess if the proposed joint venture would prevent, restrict or distort competition within Singapore and hence infringe the prohibition under Section 34 of the Competition Act. The assessment

was based on submissions and information provided by the parties and from relevant third parties.

After careful consideration, CCS found that the proposed joint venture is unlikely to raise significant competition concerns on the Singapore-Scandinavian origin and destination city-pair routes. On the contrary, it is likely to bring about benefits to Singapore by creating additional routes and thereby widening passengers' choices on top of strengthening Singapore's position as an air hub. A clearance decision was issued to the parties on 7 November 2012.

➔ CASE TEAM MEMBERS



CASE Team Members:

on the left –
Koh Yiling,
Competition Analyst
(Business & Economics)

MERGER NOTIFICATIONS

Not all mergers give rise to competition issues. In fact, many mergers are either pro-competitive or competitively neutral. Even though it is not mandatory for companies to notify CCS of a proposed merger, it is recommended that they file a notification with CCS if they are unsure before undertaking the expensive and arduous task of merging. CCS will assess whether the merger leads to a substantial lessening of competition, e.g. resulting in an increase in prices above the prevailing level, lower quality, and/or less choices of products and services for consumers.

In FY 2012, CCS received and cleared a total of seven merger notifications.

DATE OF NOTIFICATION	NOTIFIED MERGERS OR ANTICIPATED MERGERS	STATUS
10 July 2012	Acquisition by United Parcel Service, Inc. of TNT Express N.V.	Cleared on 21 August 2012
20 September 2012	Acquisition by Accenture Pte Ltd of NewsPage Pte Ltd	Cleared on 31 October 2012
25 September 2012	Acquisition by Heineken International B.V. of Asia Pacific Breweries Limited	Cleared on 5 November 2012
7 November 2012	Acquisition by Oiltanking GmbH of Chemoil Storage Limited	Cleared on 14 December 2012
16 November 2012	Acquisition by Asia Renal Care (SEA) Pte Ltd of Orthe Pte Ltd	Cleared on 26 December 2012
16 January 2013	Acquisition by Fincantieri – Cantieri Navali S.P.A. of STX OSV Holdings Limited	Cleared on 28 February 2013
30 November 2012	Acquisition by Micron Technology, Inc. of Elpida Memory, Inc.	Cleared on 30 January 2013



ACQUISITION BY UNITED PARCEL SERVICE, INC. OF TNT EXPRESS N.V.



When two logistics service providers decided to pair up, CCS looked into whether this merger would adversely impact competition in the relevant market. In this case, United Parcel Service, Inc. ("UPS") was looking to acquire TNT Express N.V. ("TNT") and both companies filed a joint notification for a merger decision by CCS.

CCS noted that in Singapore, UPS and TNT overlap in their product offerings for small package services, cargo transport, freight forwarding and contract logistics. CCS considered that the merger transaction was a global one and

merger notifications had been filed in overseas jurisdictions such as Australia, Brazil, China, the European Union, Israel, Japan, Russia, South Africa, South Korea, Turkey and Ukraine.

In its merger assessment, CCS contacted 10 competitors and 21 customers about the impact of the merger. At the end of the consultation process and after evaluating all available evidence, CCS concluded that the merger would not infringe Section 54 of the Competition Act and gave the acquisition a clean bill of competition health on 21 August 2012.

➔ CASE TEAM MEMBERS



CASE Team Members:

from left to right –
Kong Weng Loong,
Assistant Director
(Business & Economics)

Priscilla Yee,
Competition Analyst
(Business & Economics)

Cindy Chang,
Legal Counsel
(Legal & Enforcement)

ACQUISITION BY ACCENTURE PTE LTD OF NEWSPAGE PTE LTD



On 31 October 2012, CCS issued the go-ahead to Accenture Pte Ltd ("Accenture") for the proposed acquisition of NewsPage Pte Ltd ("NewsPage").

Accenture, based in Singapore, provides management consulting services, as well as technology and outsourcing services. NewsPage is a provider of software products and services to manage and facilitate the automation of systems and processes of consumer packaged goods ("CPG") companies, using mobile technology platforms and devices such as smartphones.

In the evaluation process, CCS considered whether the merger would lead to coordinated or non-coordinated effects that would substantially

lessen competition within any markets in Singapore. Because of the parties' low market shares, the presence of strong countervailing buyer power and the presence of numerous competitors, the acquisition is unlikely to result in non-coordinated effects. Also, CCS found that while the acquisition reduces the number of market participants, it would be difficult for them to align their behaviour in the market to make coordination possible.

At the end of the consultation process and after evaluating all the evidence provided to CCS, CCS concluded that the merger between Accenture and NewsPage would not infringe Section 54 of the Competition Act.

➔ CASE TEAM MEMBERS



Case Team Members:

from left to right –
Winnie Ching,
Senior Assistant
Director (Legal &
Enforcement)

Lim Wei Lu,
Competition Analyst
(Business & Economics)

Soh Yan Wei,
Competition Analyst
(Business & Economics)

ACQUISITION BY HEINEKEN INTERNATIONAL B.V. OF ASIA PACIFIC BREWERIES LTD



When the acquisition of Asia Pacific Breweries by Heineken was brewing, CCS taste-tested the resultant brew to ensure that there would be no negative impact on the beer market. Both parties manufactured and carried well-known beer brands, such as Heineken and Tiger, and Heineken was taking over APB by acquiring the shares of its joint venture partner, Fraser & Neave ("F&N").

In assessing the merger, CCS had to take into account the bid of Thai Beverage Plc (producer of Chang Beer, amongst others) to take over F&N. CCS assessed that without Heineken's acquisition, Heineken would have continued in the joint venture of APB with F&N (with Thai Beverage Plc as the

largest shareholder or controlling shareholder). The question CCS had to ask was whether the acquisition would lead to substantially less competition in the beer market as compared to the scenario with Thai Beverage in the picture.

CCS concluded that there would be no competition concerns arising from the acquisition in both the duty paid market and the duty free market because there would be no discernible change in competition in the former and the presence of customer bargaining power, amongst other things, in the latter. With the merger given formal approval to proceed, the acquisition was cleared by CCS on 5 November 2012.

➔ CASE TEAM MEMBERS



Case Team Members:

from left to right –
Priscilla Yee,
Competition Analyst
(Business & Economics)

Terence Seah,
Assistant Director
(Business & Economics)

ACQUISITION BY OILTANKING GMBH OF CHEMOIL STORAGE LTD



26

When two fuel oil storage providers in Singapore decided to pair up, CCS had to look into whether this merger would adversely affect competition in the market. Oiltanking GmbH was looking to acquire Chemoil Storage Limited and the two parties filed a joint notification for a merger decision by CCS.

CCS considered the relevant market affected by the merger to be the provision of fuel oil storage in Singapore. Although CCS found the barriers to entry and expansion to be considerably high, at least in the short term, due to the lack of available land for fuel oil storage coupled with high demand, the proposed acquisition was unlikely

to give rise to substantial competition concerns. CCS considered, amongst others, the existence of strong competitors, low incremental market share of the merged entity, use of negotiated contracts with customers as well as product differentiation among competitors.

CCS also contacted six competitors and seven customers about the impact of the merger, as part of its public consultation exercise. At the end of the consultation process and after evaluating all the evidence, CCS concluded that the merger will not result in a substantial lessening of competition in the market and hence, cleared the merger on 14 December 2012.

➔ CASE TEAM MEMBERS



CASE Team Members:

from left to right –
Adam Nakhoda,
Deputy Director
(Legal & Enforcement)

Kong Weng Loong,
Senior Assistant
Director (Business &
Economics)

ACQUISITION BY ASIA RENAL CARE (SEA) PTE LTD OF ORTHE PTE LTD



On 16 November 2012, CCS was notified of the proposed acquisition by Asia Renal Care (SEA) Pte Ltd ("ARC SEA") of 70% of the shares in Orthe Pte Ltd ("Orthe"). The acquisition would enable ARC SEA to achieve sole control of Orthe, as the former already owned 30% of Orthe.

In its assessment, CCS found the relevant market to be the provision of haemodialysis ("HD" or what is more commonly known as blood dialysis) treatment services to non-subsidised patients in Singapore. The providers of such services comprise of dialysis centres operated by restructured hospitals and private sector service providers in Singapore, including joint ventures between restructured hospitals and private operators.

Although the merged entity's market share would significantly exceed 40%, CCS found that

that the proposed acquisition would not give rise to significant adverse impact on competition. In its assessment, CCS considered, amongst others, that the barriers to entry and expansion are not high, that there is limited differentiation of treatment services across providers, patients can switch dialysis centres, and the locations of competing dialysis centres.

CCS took into consideration the views of 11 third parties, arising from a public consultation exercise. None of these parties objected to the proposed acquisition.

After evaluating all evidence including feedback given by third parties, CCS decided that the proposed acquisition would not infringe Section 54 of the Competition Act and hence, issued a clearance decision on 26 December 2012.

➔ CASE TEAM MEMBERS



Case Team Members:

from left to right –
Tan Hi Lin,
Deputy Director
(Business & Economics)

Poh Lip Hang,
Assistant Director
(Business & Economics)

Soh Yan Wei,
Competition Analyst
(Business & Economics)

ACQUISITION BY FINCANTIERI CANTIERI NEVALI S.P.A OF STX OSV HOLDINGS LTD



28

Unlocking a Vibrant Marketplace

In the market for commercial shipbuilding, ship repair and ship conversion, both Fincantieri Cantieri Nevali S.p.A ("Fincantieri") and STX OSV Holdings Ltd ("STX OSV") were active in constructing commercial ships such as cruise ships, offshore vessels and Liquefied Petroleum Gas ("LPG") vessels.

Both parties filed a joint notification to CCS on 16 January 2013 to seek a decision whether the acquisition by Fincantieri of STX OSV would result in a substantial lessening of competition in any market in Singapore. This transaction was a global

acquisition and had been notified in Turkey and Romania. CCS noted that this notification was not a merger control proceeding, but was solely for national security scrutiny due to local legislation.

Having considered the submissions from the notifying parties and feedback from relevant third parties, CCS concluded that the proposed merger is unlikely to have a significant impact on competition in any Singapore market related to commercial shipbuilding, ship repair and ship conversion services. CCS issued the clearance decision to the parties on 28 February 2013.

➔ CASE TEAM MEMBERS



CASE Team Members:

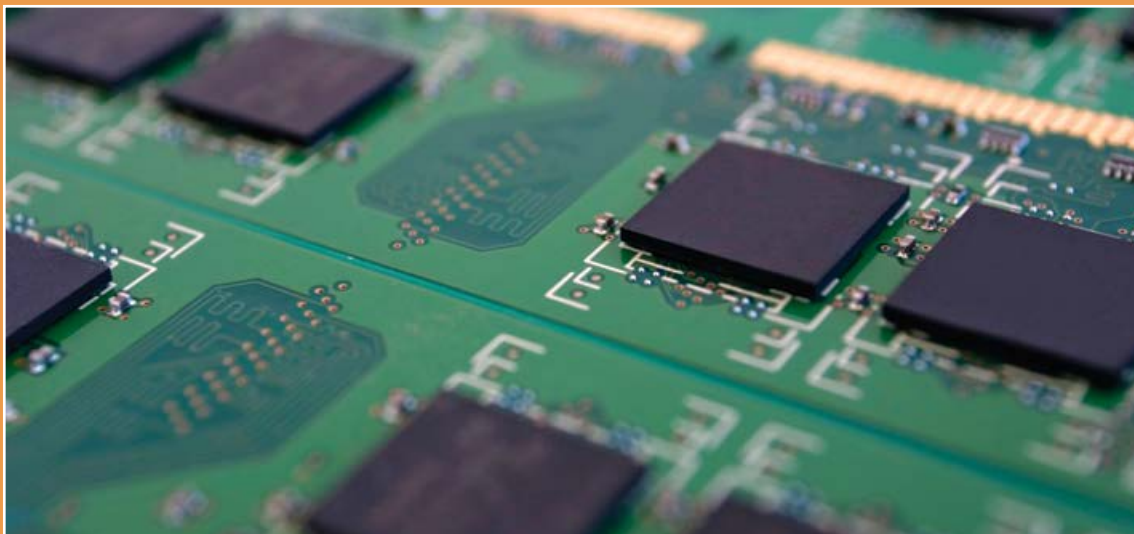
from left to right –
Jayme Leong,
Competition Analyst
(Business & Economics)

Nimisha Tailor,
Senior Assistant Director
(Legal & Enforcement)

Priscilla Yee,
Competition Analyst
(Business & Economics)

Adam Nakhoda,
Deputy Director
(Legal & Enforcement)

ACQUISITION BY MICRON TECHNOLOGY, INC. OF ELPIDA MEMORY, INC.



Micron Technology, Inc ("Micron") and Elpida Memory, Inc ("Elpida") filed for a joint notification for a merger decision by CCS on 30 November 2012.

For purposes for its assessment, CCS considered the relevant market to be the worldwide DRAM market. CCS noted that entry barriers for the market could be high due to high capital investment costs as well as considerable lead time required for new entrants. However, CCS has considered other factors which led to it concluding that the proposed acquisition would not be likely to raise substantial competition concerns. The other factors which

were considered included the following: the industry was facing a downturn and there was excess capacity in the market, significant buyer power, presence of multiple alternative suppliers, differentiated services as well as individually-negotiated contract terms.

CCS's assessment also took account of feedback by third parties on the likely competition impact of the proposed acquisition arising from its public consultation exercise. Having considered all the evidence and feedback given, CCS concluded that the proposed acquisition would not infringe Section 54 of the Competition Act.

➔ CASE TEAM MEMBERS



Case Team Members:

on the right –
Kenneth Yeow,
Senior Assistant
Director (Business &
Economics)

Melissa Kwek,
Competition Analyst
(Business & Economics)
(not in picture)

ADVOCACY

Launch of the CCS Blog



With the aim to encourage and bring about a congruence of thoughts and perspectives on competition-related issues, the inaugural CCS blog was launched at the Competition Law Conference in July 2012. Conference speakers, panellist and moderators were invited to share their knowledge relating to competition issues on the blog. After the conference, the blog continues to serve as a platform to build up a body of knowledge on competition and to engage competition authorities and practitioners worldwide. Visit the blog at: www.ccsblog.sg

Beyond the Inaugural Animation Contest



To convey the message on the importance and benefits of competition to stakeholders, CCS showcased the winning entries from the inaugural CCS Animation Contest in a series of collaterals in the last quarter of 2012. Apart from incorporating characters from the animation videos into animated e-greeting cards, hardcopy greeting cards and a 2013 desktop calendar were also produced to spread the competition message to our stakeholders.

For each month of the calendar, a different animation video is featured and tagged with a unique competition message. Enabling our video content to be more accessible, a QR code that brings one straight to the featured animation video to allow easy access on any mobile smartphone.

CCS Animation Contest – 2nd Edition



The 2nd edition of the CCS Animation Contest was launched in February 2013, once again with the support of Nanyang Polytechnic's School of Interactive & Digital Media. The contest attempts to involve the community in CCS's outreach efforts. Participants are challenged to create stories

about issues related to competition law through animation videos, to help spread competition messages to the masses from a cinematic, creative point of view.

This time round, a new category was introduced for the first time – the Pre-tertiary Category to allow students at the primary school level to take part. In addition, the most popular animation videos of each of the three categories also stand a chance to win the Viewers' Choice Award. This award is independent of the scoring by an expert panel of judges, as the most popular videos determined by voters online will win. The contest ran for a period of three months and winners were announced on 11 June 2013.

CCS on Channel NewsAsia's Money Mind



Mr Chan Chong Beng, President of the Association of Small & Medium Enterprises ("ASME"): "As more and more Singaporeans are going abroad, ... it is important for the SMEs to understand the competition environment and the culture of the countries that they go to."



Mr Seah Seng Choon, Executive Director of Consumers Association of Singapore ("CASE"): "Competition is important to consumers. Competition provides choices... consumers would be able to shop around for better prices and better quality of services."

CCS collaborated with Channel NewsAsia ("CNA") to produce segments on the Money Mind programme focused on competition law and relevant cases and issues. The objective was to spread greater awareness and understanding of competition law and issues amongst the general public and the business community. The aim was also to educate businesses on anti-competitiveness conduct and promote voluntary competition law compliance.

These segments provided an overview of the Competition Act as well as the evolution of Singapore's competition regime, through interviews with key practitioners, as well as relevant past cases. The segments were aired over two episodes on 27 January 2013 and 03 February 2013, and reached out to approximately 153,000 viewers (aged 15+ and above) of which roughly 25,000 were PMEBs.

ADVOCACY

Enhancing Voluntary Compliance

Although SMEs generally agree that competition law brings benefits to the economy, they do not understand how the law applies to them specifically and what adjustments they need to make to comply with the law. This poses a challenge in terms of voluntary compliance with competition law and regulations among businesses. To this end, CCS undertook two new initiatives to help SMEs comply with the Competition Act as well as demonstrate how they can benefit from it.



e-learning tool “Competing on Merit: Getting to Know the Competition Act”

The aim is to help businesses understand the essentials of the Singapore Competition Act. This one-stop interactive learning tool provides a clear overview of the Do’s and Don’ts for businesses and introduces ways in which businesses can develop a competition compliance strategy. Users can choose to role-play as a Chief Executive Officer, a procurement manager or an in-house Legal Counsel; role-playing these different scenarios will enable them to understand competition compliance from different perspectives.



Handbook titled “Better Business with Competition Compliance Programme”

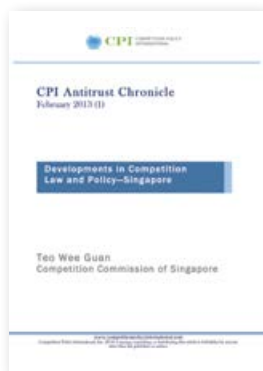
CCS developed this handbook to help businesses comply with the Competition Act and to highlight how competition compliance can help them compete on a level playing field and expand their footprints beyond the local markets. In addition, it also helps encourage competition compliance among businesses and to entrench competition compliance as part of good corporate governance (a ‘must-do’ rather than a ‘good to have’). In order to reach out to a greater audience, the handbook has also been published in Chinese.

CCS in International Publications

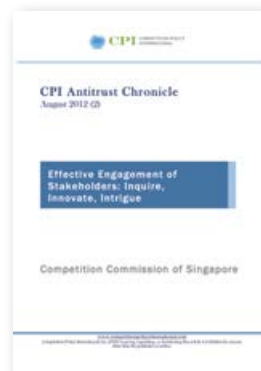
Beyond our shores, CCS also takes on an active advocacy approach. Not taking a back seat in the contribution to competition literature, CCS has been featured regularly in international publications. The articles not only promote CCS's enforcement and advocacy work; they also provide insights into Singapore's competition regime for the international audience.



'A Robust Competition Regime is a Critical Success Factor' by Yena Lim, Chief Executive, CCS in Global Competition Review ("GCR")'s Asia-Pacific Antitrust Review 2013



'Developments in Competition Law and Policy – Singapore' by Teo Wee Guan, Director (Strategic Planning), CCS in Competition Policy International ("CPI") Antitrust Chronicle February 2013 Pacific Rim Special Issue



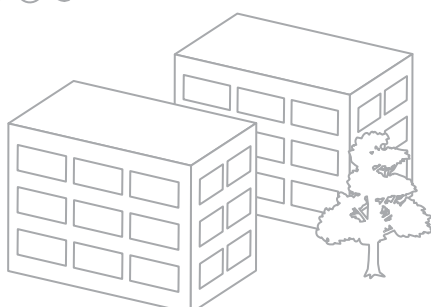
'Effective Engagement of Stakeholders: Inquire, Innovate, Intrigue' by CCS in CPI Antitrust Chronicle (August 2012)



'Yena Lim, The Competition Commission of Singapore: A leading enforcer in a small economy' – an interview with CCS Chief Executive in the Concurrences Competition Law Journal (Issue 3, 2012)



'An Interview with Yena Lim' by GCR in Country Survey: Singapore



INDUSTRY OUTREACH

Outreach to the Container Depot Association (15 June 2012)

CCS organised a special workshop for the association and members of the transport industry in Singapore. 25 participants who attended were informed of the basic principles of the Competition Act and were presented with relevant case studies that help to illustrate the dos and don'ts of the Act.



Outreach at the Enterprise Development Centre at Singapore Malay Chamber of Commerce (20 June & 30 July 2012)

Two networking events were organised with the objective of providing SMEs with the basic information about Competition Law in Singapore and how it affects their business. In one of the events titled "Keep Your Competitive Edge : Understand how Competition Law can Help you", Ms Nimisha Tailor, Senior Assistant Director (Business & Economics) explained how companies can proactively take steps to comply with the provisions of the Competition Act by having an effective competition compliance program in place.



Outreach to the General Insurance Association of Singapore (12 July 2012)

Thirty-three representatives from the General Insurance Association of Singapore ("GIA")'s member companies and two staff from GIA's secretariat, including its Executive Director, attended the talk titled "Competition Law and the Insurance Industry" by Mr Herbert Fung, Director (Business & Economics). Of GIA's 36 member companies, 17 of them were represented at the session. Interest from the audience was focused on whether various industry-specific practices would potentially give rise to competition concerns under the section 34 prohibition.

Outreach at the Enterprise Development Centre at Singapore Indian Chamber of Commerce (24 August 2012)

The networking session was attended by over 30 members and consisted participants from the financial, health and services sector. Participants learnt about the three main prohibitions of the Competition Act and the various cases that CCS handled over the past few years.



Outreach at the Singapore Healthcare Supply Chain Management Congress 2012 (29 August 2012)

Ms Elaine Tan, Senior Assistant Director (Legal & Enforcement), gave a presentation titled “Competition Law – How it Helps Businesses” at the Singapore Healthcare Supply Chain Management Congress 2012. The session was attended by approximately 60 healthcare supply chain professionals from Singapore and the region. In addition to a general introduction about the Competition Act and the work of CCS, the negative effects of bid-rigging were also explained, with details on how bid-rigging cartels can be detected and the steps businesses can take to minimise falling victim to a bid-rigging cartel.

Presentation to NATAS: Businesses’ Duties and Liabilities under the Competition Act (20 September 2012)



Mr Alan Yap, Assistant Director (Business & Economics) conducted a presentation to the National Association of Travel Agents Singapore (“NATAS”) at the Tourism Management Institute of Singapore to an audience of about 70 travel agents and representatives of Airlines. The objective of this outreach was to inform business duties and liabilities under the Competition Act, share CCS’s enforcement philosophy, and provide relevant case studies that may be helpful for the travel industry to better understand the Competition Act. The session also allowed CCS to raise awareness of the possible recourses such as leniency programmes to ensure compliance with the competition regime in Singapore.

Competition Advocacy to Businesses (January – March 2013)

CCS continued to actively engage the business community and push out information to raise awareness of competition law, as well as to advocate for companies to voluntarily adopt competition law compliance programs, through collaboration with various trade and business associations.

CCS has leveraged on newsletters and industry channels to push out the message of competition compliance, and have contributed articles to the following platforms:

- On competition law compliance in the newsletter for members of NATAS
- On franchising, intellectual property and the interface with competition law in the newsletter for the Franchising and Licensing Association (“FLA”)
- On the amendments to the merger regime for the Association of Small and Medium Enterprises’ (“ASME”) bimonthly *Entrepreneurs’ Digest*



Although CCS is primarily a law enforcement agency, thorough and robust economic analysis is a necessary ingredient for sound decision-making. One of the key initiatives of the Business and Economics ("BE") Division is to look closely into the marketplace, understand and assess its competitiveness across different industries in Singapore.

Market Study into the Industrial Property Market

Completed: 8 April 2013



The period of study was from 2002 to the 1st quarter of 2012 and covered the following areas:

- Industrial rents and prices
- Industrial space
- Contractual practices
- Acquisition of assets

CCS did not find any evidence (as of date of completion of study) that there was any single dominant player, or group of collectively dominant players in the industrial property market. Neither did CCS find that the acquisitions of JTC assets by private players resulted in a substantial lessening of competition in the industrial property market in Singapore.

CCS analysed the structure, regulations and commercial practices of the industrial property market which covers industrial property types like flatted factories, warehouses and business parks, and reviewed industry practices or regulations that may hamper or distort competition.

Colliers International was the consultant engaged by CCS to produce an independent market report based on industry knowledge, interviews and market data. In the course of the consultancy study, inputs were also sought from the relevant government bodies.

Market Study into the Taxi Industry

Completed: 9 November 2012

CCS completed a market study on the taxi industry which aimed to understand the taxi market, the degree of competitiveness in the market and to identify any possible impediments to effective competition in the industry. The findings were submitted to the Ministry of Transport and the Land Transport Authority for their consideration.

STEPPING UP

UNLEASHING POTENTIAL

Advancing Knowledge

Given the dynamism of the business operating environment and its increasing complexity, CCS continues to stay ahead of the changes by ensuring that our officers are equipped with the skills and resources essential to advancing their domain knowledge and career development.

Some of the key study trips, overseas conferences and training programmes that our officers have attended are:

23 – 24 May 2012

Study Visit to Kazakhstan

18 – 22 June 2012

Course for Competition Authority Economists, New York organised by the Fordham Competition Law Institute

9 – 13 July 2012

Legal & Economic Issues Course for Experienced Competition Authority Officials & Judges, New York organised by the Fordham Competition Law Institute

1 – 5 October 2012

AEGC Study Trip to Germany organised by the ASEAN Secretariat

25 – 25 October 2012

Competition Law Masterclass in Sydney organised by Thomson Reuters

7 – 8 November 2012

AEGC Capacity Building Workshop "Impact and Benefit of Competition Policy and Law on Businesses in ASEAN" in Brunei organised by the ASEAN Secretariat

28 February – 4 March 2013

2013 Paris OECD Global Forum on Competition and Visit to Portugal Competition Authority

13 – 16 March 2013

Barcelona GSE Intensive Course on Competition Economics: Abuse of Dominance (2013 Edition) organised by the Barcelona Graduate School of Economics

Charting Directions

As part of CCS's corporate planning cycle, the Workplan Seminar ("WPS"), held on 14 January 2013 at Mount Faber SAFRA, built on the CCS retreat held in September 2012.

While the CCS retreat marked the start of the corporate planning cycle, the WPS concluded the entire process with the sharing of divisional workplans and a staff dialogue session. This provided CCS with a clear direction as we charted our way into the new Financial Year ("FY").

The WPS might sound like all work and no play, but a mini CCS bowling tournament was held to reward everyone for their enthusiastic participation in the entire corporate planning process.

Stepping into the new FY, CCS continues to remain steadfast in our value proposition – provide a



robust and enlightened competition regime that forms the enabling framework to grow a vibrant economy with competitive markets and innovative businesses. We believe that this will strengthen the ability of domestic companies to compete in the international market and also attract fair-dealing foreign businesses to enter the Singapore market.

DEEPENING ENGAGEMENT

Beyond internal processes and trainings, CCS seeks to foster synergistic collaborations with external parties to jointly promote a sound pro-competition framework in both the local and international markets. This year, participation in various international exchange programmes has enabled CCS officers to gain a broader perspective on competition issues, thereby leading to better enforcement of the Competition Act.



27 March 2013

Presentation to Mr. Abdulla Ameen, State Minister for Economic Development, Maldives, on Singapore's competition regime



30 January 2013

Senior officials' visit from the Office of the Comptroller and Auditor General of India



18 to 19 September 2012

Engagements with Korea Fair Trade Commission (KFTC)



August to November 2012
Staff attachment to the Policy and Research Division, SACC



26 to 27 July 2012
CCS-Singapore Academy of Law (SAL) Competition Conference



24 to 25 July 2012
1st International Competition Network (ICN) Unilateral Conduct Regional Workshop in Singapore



11 May 2012
Visit by H.E. Mr Alisher A. Kurmanov, Ambassador of the Republic of Uzbekistan



2 to 3 May 2012
7th East Asia Conference on Competition Law and Policy (EAC) and 8th East Asia Top Level Officials' Meeting on Competition Policy (EATOP)



24 May 2012
Internship at CCS: Mr Francis Lebon (2nd from right), Seychelles Fair Trading Commission



April to July 2012
Staff attachment to the Mergers Investigations Branch, Mergers and Adjudication Group, ACCC

CCS MILESTONES

JANUARY 2005: Established as a statutory board under the Ministry of Trade and Industry

AUGUST 2005: CCS was officially launched by the Minister for Trade & Industry

DECEMBER 2005: CCS issued a set of guidelines which provides guidance to businesses on how CCS will enforce the Competition Act

JANUARY 2008: 1st Infringement Decision (Collusive Tendering by Pest Control Companies)

MARCH 2008 – MARCH 2009: Inaugural Chairman of ASEAN Experts Group on Competition (AEGC)

2005

2006

2007

2008

2009

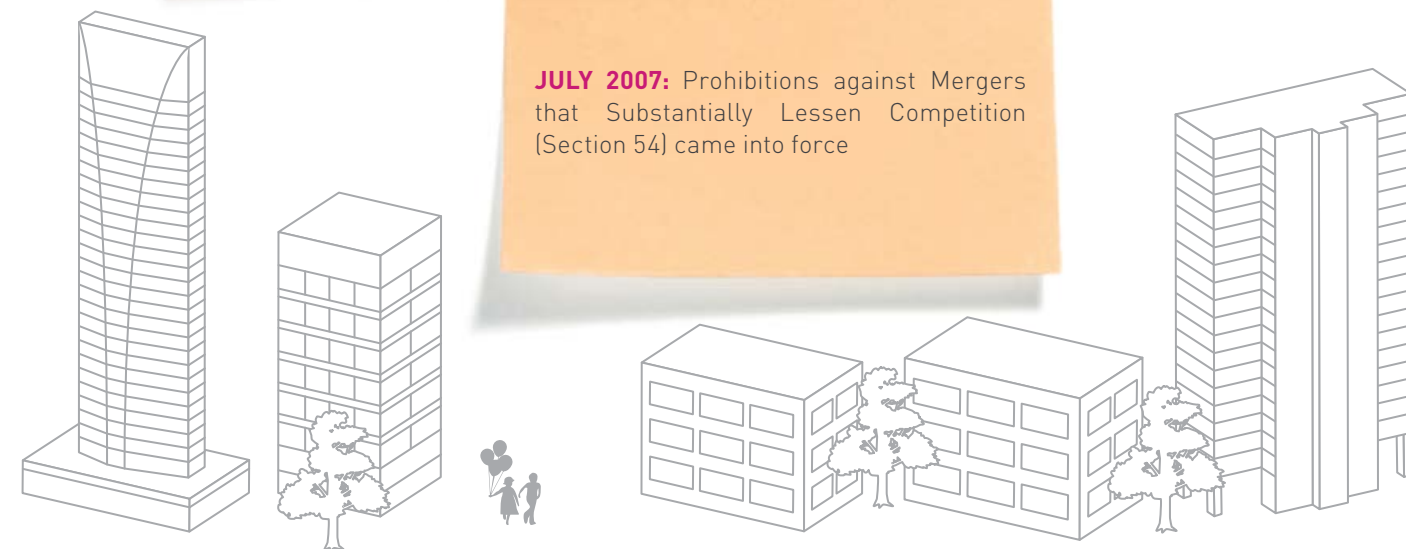
JANUARY 2006: Prohibitions against Anti-Competitive Agreements (Section 34) and Abuse of Dominance (Section 47) came into force

OCTOBER 2006: Public consultation exercise on the proposed merger regime

MARCH 2009 – FEBRUARY 2010: Chairman of AEGC Regional Guidelines Working Group

NOVEMBER 2009: 2nd Infringement Decision (Price-fixing by Express Bus Operators)

JULY 2007: Prohibitions against Mergers that Substantially Lessen Competition (Section 54) came into force



JUNE 2010: 3rd Infringement Decision (Abuse of Dominance by a Ticketing Service Provider)

JUNE 2010: 4th Infringement Decision (Collusive Tendering by Electrical and Building Works Companies)

AUGUST 2010: Issued Decision against Medical Association's Guidelines of Fees

NOVEMBER 2010: Unveiling of the Handbook on Competition Policy and Law in ASEAN for Businesses, and the ASEAN Regional Guidelines on Competition Policy at the inaugural AEGC Business Forum in Singapore

JUNE 2012: CCS published revised Merger Procedures Guidelines

JUNE 2012: CAB upheld CCS's decision against Ticketing Service Provider for Abusing its Dominance

JULY 2012: 7th Infringement Decision (Unlawful Sharing of Price Information by Ferry Operators)

2010

2011

2012

2013

MARCH 2011: First ruling by the Competition Appeal Board (CAB) against appeals on Price-fixing by Express Bus Operators. CAB upheld CCS's finding on liability

SEPTEMBER 2011: 5th Infringement Decision (Price-fixing by Employment Agencies)

NOVEMBER 2011: 6th Infringement Decision (Price-fixing by Modelling Agencies)

MARCH 2013: 8th Infringement Decision (Bid-rigging at Public Auctions by Motor Vehicle Traders)

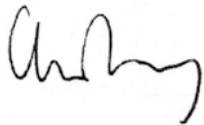


STATEMENT BY COMPETITION COMMISSION OF SINGAPORE

In our opinion,

- (a) the accompanying financial statements of the Competition Commission of Singapore (the "Commission"), set out on pages 45 to 62 are properly drawn up in accordance with the provisions of the Competition Act, Chapter 50B (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS") so as to give a true and fair view of the state of affairs of the Commission as at 31 March 2013, and of the results, changes in equity and cash flows for the financial year ended on that date;
- (b) the receipts, expenditure, investments of moneys and the acquisition and disposal of assets by the Commission during the financial year are in accordance with the provisions of the Act; and
- (c) proper accounting and other records have been kept, including records of all assets of the Commission whether purchased, donated or otherwise.

On behalf of the Commission



Lam Chuan Leong

Chairman



Yena Lim

Chief Executive

Singapore
12 Jun 2013

INDEPENDENT AUDITORS' REPORT TO THE COMMISSION MEMBERS OF COMPETITION COMMISSION OF SINGAPORE

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Competition Commission of Singapore (the "Commission") which comprise the statement of financial position of the Commission as at 31 March 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 45 to 62.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Competition Act, Chapter 50B (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2013 and the results, changes in equity and cash flows for the year ended on that date.

INDEPENDENT AUDITORS' REPORT TO THE COMMISSION MEMBERS OF COMPETITION COMMISSION OF SINGAPORE

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

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

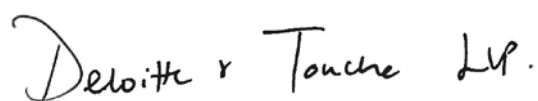
Opinion

In our opinion:

- a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the year are, in all material respects, in accordance with the provisions of the Act; and
- b) proper accounting and other records have been kept, including records of all assets of the Commission whether purchased, donated or otherwise.

Other Matters

The financial statements of the Commission for the year ended 31 March 2012 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 13 June 2012.



**Public Accountants and
Certified Public Accountants**

Singapore
12 Jun 2013

STATEMENT OF FINANCIAL POSITION

31 March 2013

	NOTE	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	19,720,797	17,213,267
Other receivables	7	51,614	78,102
Prepayments		99,787	135,208
Total current assets		19,872,198	17,426,577
Non-current assets			
Plant and equipment	8	2,875,004	2,811,475
Intangible assets	9	113,572	149,560
Total non-current assets		2,988,576	2,961,035
TOTAL ASSETS		22,860,774	20,387,612
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	1,856,021	1,703,640
Provision for contribution to consolidated fund	11	329,720	83,313
Total current liabilities		2,185,741	1,786,953
Non-current liabilities			
Deferred capital grants	12	940,923	476,356
Equity			
Share capital	13	2,097,892	2,097,892
Accumulated surplus		17,636,218	16,026,411
Total equity		19,734,110	18,124,303
TOTAL LIABILITIES AND EQUITY		22,860,774	20,387,612

See accompanying notes to financial statements.

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	NOTE	2013 \$	2012 \$
Revenue	14	703,405	569,848
Interest income		83,499	89,831
Application fee income		381,000	440,000
Other operating income		238,906	40,017
Expenditure		(12,658,572)	(12,078,559)
Depreciation of plant and equipment	8	(510,181)	(416,075)
Amortisation of intangible assets	9	(45,618)	(52,569)
Salaries, wages and staff benefits		(7,759,273)	(7,994,540)
Staff training and development costs		(396,700)	(275,939)
Information Technology expenses		(991,582)	(896,473)
Operating lease expenses		(973,221)	(964,392)
Other operating expenses		(1,981,997)	(1,478,571)
Deficit before government grants		(11,955,167)	(11,508,711)
Government grants		13,894,694	13,700,835
Operating grants	16	13,775,921	13,642,156
Deferred capital grant amortised	12	118,773	58,679
Surplus before contribution to consolidated fund	15	1,939,527	2,192,124
Contribution to consolidated fund	11	(329,720)	(83,313)
Net surplus, representing total comprehensive income for the year		1,609,807	2,108,811

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2013

	SHARE CAPITAL	ACCUMULATED SURPLUS	TOTAL
	\$	\$	\$
Balance as at 1 April 2011	1,993,992	13,917,600	15,911,592
Issue of share capital ordinary shares representing total transactions with the Ministry of Finance (Note 13)	103,900	-	103,900
Net surplus for the year, representing total comprehensive income for the year	-	2,108,811	2,108,811
Balance as at 31 March 2012	2,097,892	16,026,411	18,124,303
Net surplus for the year, representing total comprehensive income for the year	-	1,609,807	1,609,807
Balance as at 31 March 2013	2,097,892	17,636,218	19,734,110

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	2013 \$	2012 \$
Operating activities		
Surplus for the year	1,609,807	2,108,811
Adjustments for:		
Depreciation of plant and equipment	510,181	416,075
Amortisation of intangible assets	45,618	52,569
Loss on disposal of plant and equipment	-	86
Loss on disposal of intangible assets	-	3,424
Contribution to consolidated fund	329,720	83,313
Government grants	(13,775,921)	(13,642,156)
Deferred capital grant amortised	(118,773)	(58,679)
Interest income	(83,499)	(89,831)
Operating cash flows before working capital changes	(11,482,867)	(11,126,388)
Changes in working capital:		
Other receivables	(10,487)	49,934
Prepayments	35,421	52,236
Trade and other payables	152,381	(1,269,488)
Net cash used in operating activities	(11,305,552)	(12,293,706)
Contribution to consolidated fund	(83,313)	-
Net cash flows used in operating activities	(11,388,865)	(12,293,706)
Investing activities		
Purchase of plant and equipment	(573,710)	(740,010)
Acquisition of intangible assets	(9,630)	(29,723)
Interest received	87,535	97,024
Net cash flows used in investing activities	(495,805)	(672,709)
Financing activities		
Government grants received	14,392,200	14,060,700
Proceeds from issue of shares	-	103,900
Net cash flows from financing activities	14,392,200	14,164,600
Net increase in cash and cash equivalents	2,507,530	1,198,185
Cash and cash equivalents at the beginning of the financial year	17,213,267	16,015,082
Cash and cash equivalents at the end of the financial year	19,720,797	17,213,267

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

1 GENERAL

The Competition Commission of Singapore (the "Commission") was established as a statutory board in Singapore under the provisions of the Competition Act, Chapter 50B (the "Act"). The principal place of business is located at 45 Maxwell Road #09-01, The URA Centre, Singapore 069118. The financial statements are expressed in Singapore dollars, which is the functional currency of the Commission and the presentation currency for the financial statements.

The Commission's functions and duties are principally to:

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

The financial statements of the Commission for the financial year ended 31 March 2013 were authorised for issue by members of the Board on 12 June 2013.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Act and the Singapore Statutory Board Financial Reporting Standards ("SB-FRS"), including INT SB-FRS and Guidance Notes.
- (b) **ADOPTION OF NEW AND REVISED STANDARDS** - On 1 April 2012, the Commission adopted all the new/revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes do not result in changes to the Commission's accounting policies and has no material effect on the amounts reported for the current or prior years.

Management has considered and is of the view that the adoption of the new/revised SB-FRSs, INT SB-FRSs and amendments to SB-FRS that are issued as at the date of authorisation of these financial statements but effective only in future periods will have no material impact on the financial statements of the Commission in the period of their initial adoption.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (c) **FINANCIAL INSTRUMENTS** - Financial assets and financial liabilities are recognised on the Commission's statement of financial position when the Commission becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Other receivables

Other receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in income or expenditure.

Derecognition of financial assets

The Commission derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Commission neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Commission recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Commission retains substantially all the risks and rewards of ownership of a transferred financial asset, the Commission continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Commission are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Commission after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of significant direct issue costs.

Pursuant to the Financial Circular Minute ("FCM") No. 26/2008 on Capital Management Framework ("CMF"), equity injection from the Government is recorded as share capital.

Other financial liabilities

Trade and other payables and amount are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Commission derecognises financial liabilities when, and only when, the Commission's obligations are discharged, cancelled or they expire.

- (d) **LEASES** - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Commission as lessee

Rentals payable under operating leases are charged to income or expenditure on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

- (e) **PLANT AND EQUIPMENT** - These are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of plant and equipment, over their estimated useful lives, using the straight-line method, on the following bases:

Furniture, fixtures and equipment	- 8 years
Office equipment	- 5 to 10 years
Computer equipment	- 3 to 5 years

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The estimated useful lives, residual values and depreciation method of plant and equipment are reviewed at the end of each reporting period with the effect of any changes in estimates accounted for on a prospective basis. Development work-in-progress is not depreciated.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset is recognised in income or expenditure.

- (f) **INTANGIBLE ASSETS** - The acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in income and expenditure on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are from 3 to 5 years. Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

- (g) **IMPAIRMENT OF NON-FINANCIAL ASSETS** - At the end of each reporting period, the Commission reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Commission estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income or expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income or expenditure.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (h) **PROVISIONS** - Provisions are recognised when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that the Commission will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

- (i) **GOVERNMENT GRANTS** - Government grants are recognised when there is a reasonable assurance that the Commission will comply with the conditions attached to them, and that the grants will be received.

Government grants for the purchase of depreciable assets are taken to the Deferred Capital Grants account. Deferred capital grants are recognised in the statement of comprehensive income over the periods necessary to match the depreciation of the assets financed with the related grants. On disposal of the assets, the balance of the related grants is recognised in the statement of comprehensive income to match the net book value of assets disposed.

Other government grants are recognised as income over the periods necessary to match the expenditure for which they are intended to compensate, on a systematic basis.

- (j) **REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable.

Application fees

Application fees income is recognised when the service is provided.

Interest income

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

- (k) **FINANCIAL PENALTIES** - Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. The financial penalties collected are transferred to the Consolidated Fund upon receipt and are not included in the financial statements of the Commission.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- (l) **RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Commission's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.
- (m) **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 as a result of services rendered by employees up to the end of the reporting period.
- (n) **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 Commission is exempted from income tax.

In lieu of income tax, the Commission is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A. The provision is based on the guidelines specified by the Ministry of Finance. It is computed based on the net surplus of the Commission for each of the financial year at the prevailing corporate tax rate for the Year of Assessment. Contribution to consolidated fund is provided for on an accrual basis.

- (o) **CASH AND CASH EQUIVALENTS** - Cash and cash equivalents comprise cash balances, bank deposits and deposits placed with the Accountant-General's Department.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Commission's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management is of the opinion that there are no critical judgments or significant estimates that would have a significant effect on the amounts recognised in the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:

	2013	2012
	\$	\$
Financial assets		
Loans and receivables:		
Cash and cash equivalents	19,720,797	17,213,267
Other receivables	51,614	78,102
Total	19,772,411	17,291,369
Financial liabilities		
At amortised cost:		
Trade and other payables	1,568,720	1,416,339

(b) FINANCIAL RISK MANAGEMENT POLICIES AND OBJECTIVES

The Commission is exposed to financial risk arising from its operations which include interest rate risk, credit risk and liquidity risk. The Commission has policies and guidelines, which set out its general risk management framework as discussed below.

There has been no change to the Commission's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) *Interest rate risk management*

Surplus funds in the Commission are placed with Accountant-General's Department as disclosed in Note 6. Interest rate sensitivity analysis has not been presented as management do not expect any reasonable possible changes in interest rates to have a significant impact on the Commission's operations and cash flows.

(ii) *Credit risk management*

Credit risk, or the risk of counterparties defaulting are controlled by the application of regular monitoring procedures. The extent of the Commission's credit exposure is represented by the aggregate balance of cash and bank balances and receivables.

(iii) *Liquidity risk management*

Liquidity risk arises in the general funding of the Commission's operating activities. It includes the risks of not being able to fund operating activities in a timely manner. To manage liquidity risk, the Commission places surplus funds with the Accountant-General's Department which are readily available where required.

(iv) *Fair values of financial assets and financial liabilities*

The carrying amounts of financial assets and financial liabilities as reported in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

(v) *Capital risk management policies and objectives*

The Commission manages its capital base in consideration of current economic conditions and its plan for the year in concern. The request for grants from the Ministry of Trade and Industry ("MTI") is made through the annual budget exercise. The Commission is not exposed to any external capital requirements. However, it is required to comply with FCM No. 26/2008 under the Capital Management Framework for Statutory Boards.

The capital structure of the Commission consist of accumulated surplus and share capital. The Commission's capital structure remains unchanged since 31 March 2012.

5 RELATED PARTY TRANSACTIONS

Some of the Commission's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Nature and amount of individually significant transactions

During the year, the Commission leases an office premise from Urban Redevelopment Authority ("URA"). In addition, the Commission obtains information technology services from Infocomm Development Authority of Singapore ("IDA") since prior year.

	2013 \$	2012 \$
<i>Ministries and Statutory Boards</i>		
Grants received from government	14,392,200	14,060,700
Contribution to Consolidated Fund	329,720	83,313
Computer and IT related expenses	394,999	412,744
Minimum lease payments under operating leases recognised as an expense	957,671	957,671

Compensation of key management personnel

The remuneration of key management personnel during the financial year were as follows:

	2013 \$	2012 \$
Short-term benefits and salaries	2,694,649	2,852,994
Allowances paid to non-executive Commission members	68,220	69,063
Honorarium for services rendered by a Commission member	-	15,000
	2,762,869	2,937,057

6 CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Cash with Accountant-General's Department ("AGD")	16,387,423	14,632,626
Deposits with AGD	3,333,374	2,580,641
	19,720,797	17,213,267

Cash and cash equivalents are denominated in Singapore dollars. The weighted average effective interest rates range between 0.55% to 0.63% (2012 : 0.55% - 0.73%) per annum.

With effect from April 2010, cash is placed with AGD under the Centralised Liquidity Management ("CLM") scheme. This scheme involves placing funds directly with the AGD for cost efficiency and better credit risk management.

7 OTHER RECEIVABLES

	2013	2012
	\$	\$
Government grant receivable	-	32,939
Interest receivable	38,699	42,735
Other receivables	12,915	2,428
	51,614	78,102

NOTES TO FINANCIAL STATEMENTS

31 March 2013

8 PLANT AND EQUIPMENT

	FURNITURE, FIXTURES AND EQUIPMENT \$	OFFICE EQUIPMENT \$	COMPUTER EQUIPMENT \$	DEVELOPMENT WORK-IN- PROGRESS \$	TOTAL \$
Cost:					
At 1 April 2011	1,330,411	760,649	390,595	273,729	2,755,384
Additions	14,777	35,656	689,577	-	740,010
Disposals	(462)	-	(11,108)	-	(11,570)
Transfers	-	23,236	250,493	(273,729)	-
At 31 March 2012	1,344,726	819,541	1,319,557	-	3,483,824
Additions	5,018	69,463	1,822	497,407	573,710
Disposals	-	-	(4,409)	-	(4,409)
At 31 March 2013	1,349,744	889,004	1,316,970	497,407	4,053,125
Accumulated depreciation:					
At 1 April 2011	79,949	66,337	121,472	-	267,758
Depreciation	170,203	87,160	158,712	-	416,075
Disposals	(376)	-	(11,108)	-	(11,484)
At 31 March 2012	249,776	153,497	269,076	-	672,349
Depreciation	171,651	89,563	248,967	-	510,181
Disposals	-	-	(4,409)	-	(4,409)
At 31 March 2013	421,427	243,060	513,634	-	1,178,121
Carrying amount:					
At 31 March 2013	928,317	645,944	803,336	497,407	2,875,004
At 31 March 2012	1,094,950	666,044	1,050,481	-	2,811,475

Included in additions during the year are plant and equipment funded via deferred capital grants received from Ministry of Trade and Industry, amounting to \$573,710 (2012 : \$451,483). In the previous year, there were additions to plant and equipment funded via equity financing received from the Ministry of Finance in its capacity as a shareholder, under the capital management framework for statutory boards amounting to \$14,798.

Development work-in-progress relates to computer systems VM Ware and Knowledge Management, and a human resource information system.

9 INTANGIBLE ASSETS

	ACQUIRED COMPUTER SOFTWARE LICENSES	DEVELOPMENT WORK-IN- PROGRESS	TOTAL
	\$	\$	\$
Cost:			
At 1 April 2011	115,611	134,820	250,431
Additions	29,723	-	29,723
Disposals	(30,458)	-	(30,458)
Transfers	134,820	(134,820)	-
At 31 March 2012	249,696	-	249,696
Additions	9,630	-	9,630
At 31 March 2013	259,326	-	259,326
Accumulated depreciation:			
At 1 April 2011	74,601	-	74,601
Amortisation	52,569	-	52,569
Disposals	(27,034)	-	(27,034)
At 31 March 2012	100,136	-	100,136
Amortisation	45,618	-	45,618
At 31 March 2013	145,754	-	145,754
Carrying amount:			
At 31 March 2013	113,572	-	113,572
At 31 March 2012	149,560	-	149,560

10 TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
Trade payables	128,530	3,999
Accrued staff costs	980,472	1,101,693
Accrued operating expenses	459,718	310,647
Provision for reinstatement costs	287,301	287,301
	1,856,021	1,703,640

The average credit period is 30 days (2012: 30 days). No interest is charged on outstanding balances.

NOTES TO FINANCIAL STATEMENTS

31 March 2013

11 CONTRIBUTION TO CONSOLIDATED FUND

The Commission is required to make contributions to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. 5/2005 with effect from 2004/2005. The amount to be contributed is based on 17% (2012 : 17%) of the net surplus of the Commission, after netting off the prior year's accounting deficit.

12 DEFERRED CAPITAL GRANTS

	2013 \$	2012 \$
At the beginning of financial year	476,356	83,552
Transfer from operating grants (Note 16)	583,340	451,483
Transfer to statement of comprehensive income	(118,773)	(58,679)
At the end of financial year	940,923	476,356

13 SHARE CAPITAL

	2013 NUMBER OF SHARES	2012 NUMBER OF SHARES	2013 \$	2012 \$
Issued and fully paid up:				
Balance at beginning of financial year	2,097,892	1,993,992	2,097,892	1,993,992
Equity injection ⁽¹⁾	-	103,900	-	103,900
Balance at end of financial year	2,097,892	2,097,892	2,097,892	2,097,892

⁽¹⁾ Injection of capital during the year is part of the Capital Management Framework for Statutory Boards under FCM No. 26/2008. The shares have been fully paid for and are held by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183). The holder of these shares, which has no par value, is entitled to receive dividends from the Commission.

14 REVENUE

	2013	2012
	\$	\$
Interest income on cash and bank balances placed with the Accountant-General's Department	83,499	89,831
Application fee income	381,000	440,000
Other operating income	238,906	40,017
	703,405	569,848

Included in other operating income is an amount of \$218,531 (2012 : \$Nil) relating to recovery of legal costs incurred in the previous year.

15 SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND

Surplus for the year has been arrived at after charging:

	2013	2012
	\$	\$
Operating lease expenses	973,221	964,392
Wages and salaries	7,017,062	7,130,157
Contribution to defined contribution plans, included in salaries, wages and staff benefits	609,925	608,693

16 OPERATING GRANTS

	2013	2012
	\$	\$
Grants received from government during the year	14,392,200	14,060,700
Transfer to deferred capital grants (Note 12)	(583,340)	(451,483)
Others	(32,939)	32,939
	13,775,921	13,642,156

NOTES TO FINANCIAL STATEMENTS

31 March 2013

17 FINANCIAL PENALTIES

All financial penalties collected by the Commission are paid into the Consolidated Fund in accordance with Section 13(2) of the Competition Act, Chapter 50B. The following financial penalties collected during the financial year are not included in the financial statements of the Commission.

	2013	2012
	\$	\$
Financial penalties	<u>1,167,951</u>	<u>579,889</u>

18 CAPITAL COMMITMENTS

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements is as follows:

	2013	2012
	\$	\$
Capital commitments in respect of computer systems	<u>381,634</u>	<u>-</u>

Operating lease commitments

Minimum lease payments under operating leases recognised as an expense

	<u>973,221</u>	<u>964,392</u>
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At the end of the reporting period, the Commission has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2013	2012
	\$	\$
Not later than one year	<u>494,386</u>	<u>973,221</u>
Later than one year but not later than five years	<u>39,929</u>	<u>534,315</u>
	<u>534,315</u>	<u>1,507,536</u>

Operating lease payments represent rentals payable by the Commission for its office premises and office equipment under operating leases. Leases are negotiated and rentals are fixed for an average of 1 to 5 years with renewal options included in the contracts.

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The Competition Commission of Singapore

45 Maxwell Road, #09-01, The URA Centre, Singapore 069118

Tel: 6325 8200 Fax: 6224 6929 Hotline: 1800 325 8282

www.ccs.gov.sg