FINANCIAL STATEMENTS

SINGAPORE TOTALISATOR BOARD
Annual Report 2017/18



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STATEMENT BY THE SINGAPORE TOTALISATOR BOARD

In our opinion:

- (a) the accompanying financial statements of the Singapore Totalisator Board (the "Board") and its subsidiaries (the "Group") as set out on pages 7 to 56 are drawn up so as to present fairly, in all material respects, the state of affairs of the Group and the Board as at March 31, 2018, and the results and changes in capital and reserves of the Group and the Board and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Totalisator Board Act (Chapter 305A, 2012 Revised Edition) and Statutory Board Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Board will be able to pay its debts as and when they fall due.

On behalf of the Board

Moses Lee Chairman

Fong Yong Kian Chief Executive

June 26, 2018

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Singapore Totalisator Board (the "Board") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and statement of financial position of the Board as at March 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in capital and reserves, the consolidated statement of cash flows of the Group and the statement of profit or loss and other comprehensive income, statement of changes in capital and reserves of the Board for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 56.

In our opinion, the accompanying consolidated financial statements of the Group and statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in capital and reserves of the Board are properly drawn up in accordance with the provisions of the Singapore Totalisator Board Act, (Chapter 305A, 2012 Revised Edition) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRSs") so as to present fairly, in all material respects, the state of affairs of the Group and the Board as at March 31, 2018 and the results and changes in capital and reserves of the Group and of the Board and cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement by The Singapore Totalisator Board, as set out on page 1, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards, 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.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Group or for the Group to cease operations.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Board during the year are, in all material respects, in accordance with the provisions of the Act;
- (b) proper accounting and other records have been kept, including records of all assets of the Board whether purchased, donated or otherwise; and
- (c) proper accounting and other records of those subsidiaries incorporated in Singapore of which we are the auditors have been kept in accordance with the Singapore Companies Act, Chapter 50.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Board in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management 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.

SINGAPORE TOTALISATOR BOARD AND ITS SUBSIDIARIES

Auditor's Responsibilities for the Compliance Audit

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.

Public Accountants and Chartered Accountants

Desorte & Tonene Lep.

Singapore

June 26, 2018

STATEMENTS OF FINANCIAL POSITION March 31, 2018

		<u>Grou</u>	 '	<u>Boar</u>	<u>d</u>
	<u>Note</u>	2018	2017	2018	2017
		\$	\$	\$	\$
<u>ASSETS</u>					
Non assument accepts					
Non-current assets	6	504,362,538	541,806,045	343,717,694	375,984,170
Property, plant and equipment Intangible assets	8	94,841,540	99,703,482	58,869	78,492
Investment in subsidiaries	9	54,041,340	99,703,462	152,569,391	152,569,391
Club memberships	10	403,250	381,050	28,800	152,309,391
Total non-current assets	_	599,607,328	641,890,577	496,374,754	528,647,353
Total Hon-current assets	-	399,007,326	041,030,377	490,374,734	320,047,333
Current assets					
Assets classified as held for sale	7	-	_	_	3,139,280
Financial assets at fair value	•				5,255,255
through profit or loss	11	3,436,478,511	3,531,157,772	3,436,478,511	3,531,157,772
Trade and other receivables	12	74,063,729	52,450,635	65,575,610	69,891,061
Cash and cash equivalents	13	1,244,070,642	960,436,619	952,903,225	659,850,848
Total current assets	-	4,754,612,882	4,544,045,026	4,454,957,346	4,264,038,961
	=	, - ,- ,	,- ,,	, - , ,-	, - ,,
Total assets		5,354,220,210	5,185,935,603	4,951,332,100	4,792,686,314
CAPITAL AND RESERVES					
AND LIABILITIES					
Capital and reserves					
Capital account	14	295,075,118	295,075,118	295,075,118	295,075,118
Accumulated surpluses	-	4,501,497,841	4,392,772,876	4,377,881,841	4,234,972,553
Total capital and reserves	_	4,796,572,959	4,687,847,994	4,672,956,959	4,530,047,671
Non-current liabilities					
Deferred tax liabilities	15	8,154,494	9,799,822	-	-
Deferred capital grants	16	188,874,977	199,808,410	188,874,977	199,808,410
Provision for restoration costs	17	4,688,542	4,357,750	4,688,542	4,357,750
Total non-current liabilities	-	201,718,013	213,965,982	193,563,519	204,166,160
	_	, ,	, ,	, ,	, ,
Current liabilities					
Government grant received					
in advance	18	42,018	42,018	42,018	42,018
Trade payables		69,931,024	58,197,749	-	-
Other payables and accruals	19	254,157,818	223,980,097	58,290,323	57,925,628
Provision for restoration costs	17	1,867,031	504,837	1,867,031	504,837
Current tax payable		5,319,097	1,396,926	-	-
Provision for contribution to					
Consolidated Fund	20	24,612,250	-	24,612,250	-
Total current liabilities	_	355,929,238	284,121,627	84,811,622	58,472,483
Total liabilities	_	557,647,251	498,087,609	278,375,141	262,638,643
Tatal assital and second					
Total capital and reserves and liabilities		5,354,220,210	5,185,935,603	4,951,332,100	4,792,686,314
and habilities	-	3,337,220,210	3,103,333,003	7,331,332,100	7,732,000,314

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended March 31, 2018

		Group	<u>)</u>	<u>Board</u>	
	<u>Note</u>	2018	2017	2018	2017
		\$	\$	\$	\$
Income from betting and gaming					
activities	21(a)	679,666,918	716,753,347	725,164,007	763,463,364
Other operating income	21(b)	35,028,777	37,219,537	36,524,593	38,977,021
Total operating income		714,695,695	753,972,884	761,688,600	802,440,385
	_		· · ·		
Staff costs	21(c)	(139,437,377)	(136,408,687)	(68,821,477)	(67,194,167)
Racing and related expenses Depreciation of property,	21(d)	(86,957,741)	(92,961,384)	(86,957,741)	(92,961,384)
plant and equipment	6	(58,587,394)	(63,615,258)	(44,213,057)	(48,485,061)
General administrative expenses	21(e)	(55,589,503)	(57,548,978)	(27,075,960)	(27,706,022)
Office and property related expenses		(17,901,003)	(19,102,021)	(14,933,189)	(16,207,642)
Upkeep of property, plant					
and equipment		(24,774,392)	(22,933,146)	(17,609,119)	(16,117,733)
Information technology expenses		(16,513,497)	(14,469,360)	(15,806,864)	(16,056,883)
Amortisation of intangible assets	8	(9,936,142)	(7,263,706)	(19,623)	(19,623)
Agency fees	5(a)	-	<u>-</u>	(196,552,460)	(196,890,770)
Total operating expenditure	_	(409,697,049)	(414,302,540)	(471,989,490)	(481,639,285)
Operating surplus		304,998,646	339,670,344	289,699,110	320,801,100
Non-operating income/(expenditure)					
	22	156 701 105	285,611,689	165,201,556	201 600 402
Investment income	22	156,791,105	• •	, ,	291,699,482
Casino entry levy		130,896,410	134,350,680	130,896,410	134,350,680
Reversal of/ (Allowance made for) impairment in value of					
club-memberships Amortisation of deferred capital	10	13,500	(130,850)	13,500	-
grants	16	10,933,433	12,284,764	10,933,433	12,284,764
(Loss)/ Gain on disposal of property, plant		,,	,,	_0,200,000	,_ ,, ,
and equipment		(268,609)	32,817	23,392	32,817
Loss on disposal club membership	10	(2,700)	(18,950)	-	-
Gain from sale of betting outlets		· · · · · · -	-	38,890,720	-
Property related expenses		(6,469)	(6,456)	, , , ₋	-
Rental and other income		1,927,834	1,990,026	_	_
Insurance claim proceeds		1,450	-	1,450	_
Others		760,140	-	760,140	-
Total non-operating surplus	_	301,046,094	434,113,720	346,720,601	438,367,743
Total surplus		606,044,740	773,784,064	636,419,711	759,168,843
·		(468,926,549)	(418.089.606)	(468,898,173)	(418,054,532)
Donations	_	(408,920,549)	(418,089,000)	(408,898,173)	(418,054,532)
Surplus before tax and					
contribution to Consolidated Fund		137,118,191	355,694,458	167,521,538	341,114,311
Tax expense	23	(3,780,976)	(4,224,592)	<u> </u>	-
Surplus before contribution					
to Consolidated Fund		133,337,215	351,469,866	167,521,538	341,114,311
Contribution to Consolidated Fund	20 _	(24,612,250)	-	(24,612,250)	-
Surplus for the year,					
representing total comprehensive		400	0.00		
income for the year	_	108,724,965	351,469,866	142,909,288	341,114,311

STATEMENTS OF CHANGES IN CAPITAL AND RESERVES Year ended March 31, 2018

	Capital	Accumulated	
	account	surpluses	Total
	\$	\$	\$
Group			
Balance at April 1, 2016	295,075,118	4,041,303,010	4,336,378,128
Total comprehensive income for the year		351,469,866	351,469,866
Balance at March 31, 2017	295,075,118	4,392,772,876	4,687,847,994
Total comprehensive income for the year		108,724,965	108,724,965
Balance at March 31, 2018	295,075,118	4,501,497,841	4,796,572,959
Board			
Balance at April 1, 2016	295,075,118	3,893,858,242	4,188,933,360
Total comprehensive income for the year		341,114,311	341,114,311
Balance at March 31, 2017	295,075,118	4,234,972,553	4,530,047,671
Total comprehensive income for the year		142,909,288	142,909,288
Balance at March 31, 2018	295,075,118	4,377,881,841	4,672,956,959

CONSOLIDATED STATEMENT OF CASH FLOWS Year ended March 31, 2018

	<u>Note</u>	2018	2017
		\$	\$
Operating activities			
Surplus before tax and contribution to			
Consolidated Fund		137,118,191	355,694,458
Adjustments for:		, ,	, ,
(Reversal of impairment)/Allowance for impairment in			
value of club memberships	10	(13,500)	130,850
Amortisation of deferred capital grants	16	(10,933,433)	(12,284,764)
Amortisation of intangible assets	8	9,936,142	7,263,706
Depreciation of property, plant and equipment	6	58,587,394	63,615,258
Donations		468,926,549	418,089,606
Investment income		(156,791,105)	(285,611,689)
Loss on disposal of club memberships Loss on disposal of property, plant and equipment, net		2,700 268,609	18,950 1,627,094
Operating profit before movements in working capital		507,101,547	548,543,469
Operating profit before movements in working capital		307,101,347	340,343,403
Trade receivables		(17,201,215)	11,470,248
Deposits, prepayments and other receivables		(4,170,604)	5,182,865
Trade payables		11,733,275	4,064,001
Other payable and accruals		34,499,533	2,828,417
Cash generated from operations		531,962,536	572,089,000
,			
Donations paid		(468,926,549)	(418,089,606)
Income taxes paid, net		(1,504,133)	(4,450,225)
Staff loans disbursed, net			(16,000)
Net cash from operating activities		61,531,854	149,533,169
Investing activities			
Disposal of financial assets at fair value			
through profit or loss, net		228,848,765	164,051,042
Acquisition of property, plant and equipment (Note 1)		(29,166,922)	(47,398,184)
Proceeds from disposal of property, plant and equipment		51,398	39,138
Proceeds from disposal of club membership		26,600	10,000
Payment for club membership		(38,000)	, -
Payment for intangible assets		· · · · · · · · ·	(98,115)
Interest received		11,696,844	6,726,104
Dividend received		7,350,930	8,349,613
Management fee rebate received		3,332,554	3,646,782
Net cash from investing activities		222,102,169	135,326,380
Net in a control of a control of the		202 524 622	204 050 540
Net increase in cash and cash equivalents		283,634,023	284,859,549
Cash and cash equivalents at beginning of year	12	960,436,619 1,244,070,642	675,577,070 960,436,619
Cash and cash equivalents at end of year	13	1,244,070,642	900,436,619

Note 1

During the year, the Group acquired property, plant and equipment with an aggregate cost of \$26,538,094 (2017: \$42,991,123) of which \$7,185,316 (2017: \$2,863,502) relates to accruals and \$1,692,986 (2017: \$116,646) relates to payment for restoration costs during the year.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

1 GENERAL

Singapore Totalisator Board (the "Board") was established on January 1, 1988 in the Republic of Singapore under the Singapore Totalisator Board Act (Chapter 305A, 2012 Revised Edition). The office of the Board is located at 210 Middle Road, #06-01, Singapore 188994.

As a statutory board, the Board is subject to the directions of the Ministry of Finance (the "Ministry") and is required to implement policies and policy changes as determined by the Ministry. The principal activities of the Board are those relating to operating totalisators, lotteries and other betting and gaming activities, conducting equine research and carrying on other activities for the improvement of racing generally. These activities are carried out by the Singapore Totalisator Board's two agents, the Singapore Turf Club (proprietary club of the Board) and Singapore Pools (Private) Limited (subsidiary of the Board).

The principal activities of the Board's subsidiaries are set out in Note 9.

The financial statements of the Board encompass the financial statements of the Board, Singapore Turf Club and the agency operations managed by Singapore Pools (Private) Limited.

The consolidated financial statements relate to the Board and its subsidiaries (together referred to as the "Group").

The financial statements of the Group and the Board for the year ended March 31, 2018 were authorised for issue by the Board Members on June 26, 2018.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the provisions of the Singapore Totalisator Board Act (Chapter 305A, 2012 Revised Edition) and the Statutory Board Financial Reporting Standards (SB-FRSs). SB-FRSs includes Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General.

For the purpose of the audit of the Board's compliance with the Act in connection with the receipts, expenditure, investment of moneys and the acquisition and disposal of assets in accordance with Audit Guidance Statement 9 ("AGS 9"), the Singapore Turf Club and the agency operations managed by Singapore Pools (Private) Limited are not within the reporting scope of AGS 9.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SB-FRS 102 Share-based Payments, leasing transactions that are within the scope of SB-FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SB-FRS 2 Inventories or value in use in SB-FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

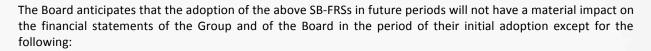
ADOPTION OF NEW AND REVISED STANDARDS – On April 1, 2017, the Group and the Board have adopted all the new and revised SB-FRSs and Interpretations of SB-FRS ("INT SB-FRS") that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs and INT SB-FRSs does not result in changes to the Group and the Board's accounting policies and has no material effects on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following new/revised SB-FRSs that are relevant to the Group and the Board were issued but not effective:

- SB-FRS 109 Financial Instruments (effective January 1, 2018)
- SB-FRS 115 Revenue from Contracts with Customers (effective January 1, 2018)
- SB-FRS 116 Leases (effective January 1, 2019)

Consequential amendments were also made to various standards as a result of these new/revised standards.

NOTES TO FINANCIAL STATEMENTS March 31, 2018



SB-FRS 109 Financial Instruments

SB-FRS 109 was issued in July 2015 to replace SB-FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements for SB-FRS 109 include:

- All recognised financial assets that are within the scope of SB-FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss ("FVTPL"). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income ("FVTOCI"). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under SB-FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, SB-FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under SB-FRS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL is presented in profit or loss.
- In relation to the impairment of financial assets, SB-FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under SB-FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

• The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in SB-FRS 39. Under SB-FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

SB-FRS 109 will take effect from financial years beginning on or after January 1, 2018. Management anticipates that the initial application of the new FRS 109 will result in changes to the accounting policies relating to the impairment provisions of financial assets and liabilities. Management will consider whether a lifetime or 12-month expected credit losses on financial assets and liabilities should be recognised, which is dependent on whether there has been a significant increase in the credit risk of the assets and liabilities from initial recognition to the date of initial application of SB-FRS 109. Additional disclosures will also be made. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as management has yet to complete its detailed assessment. Management does not plan to early adopt the new SB-FRS 109.

SB-FRS 115 Revenue from Contracts with Customers

In July 2015, SB-FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. SB-FRS 115 will supersede the current revenue recognition guidance including SB-FRS 18 *Revenue*, SB-FRS 11 *Construction Contracts* and the related interpretations when it becomes effective. The core principle of SB-FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under SB-FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in SB-FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by SB-FRS 115.15.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

SB-FRS 115 will take effect from financial years beginning on or after January 1, 2018. Management does not expect the adoption of the above FRS to have a material impact on the financial statements of the Group in the period of their initial adoption. However, additional disclosures for trade receivables and revenue may be required including any significant judgement and estimation made. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Group in the period of initial adoption as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SB-FRS 115.

SB-FRS 116 Leases

SB-FRS 116 was issued in June 2016 and will supersede SB-FRS 17 *Leases* and its associated interpretative guidance.

The standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor SB-FRS 17.

SB-FRS 116 will take effect from financial years beginning on or after January 1, 2019. Management expects the adoption of the above SB-FRS to have a material impact on the financial statements of the Group in the period of their initial adoption, in particular on property, plant and equipment, finance lease liabilities and depreciation expenses. It is currently impracticable to disclose any further information on the known or reasonably estimated impact to the financial statements of the Group in the period of initial adoption as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new SB-FRS 116.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Board and entities controlled by the Board (its subsidiaries). Control is achieved when the Board:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Board reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

When the Board has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Board considers all relevant facts and circumstances in assessing whether or not the Board's voting rights in an investee are sufficient to give it power, including:

- The size of the Board's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Board, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Board has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Board obtains control over the subsidiary and ceases when the Board loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Board gains control until the date when the Board ceases to control the subsidiary.

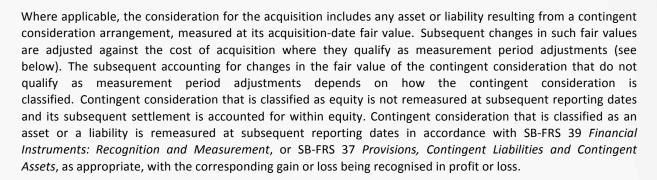
Profit or loss and each component of other comprehensive income are attributed to the owners of the Board and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Board and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

In the Board's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

NOTES TO FINANCIAL STATEMENTS March 31, 2018



Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SB-FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SB-FRS 12 Income Taxes and SB-FRS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in SB-FRS 102 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with SB-FRS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group 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 through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

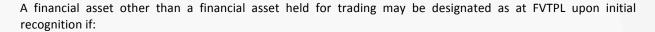
Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling in the near future; or
- On initial recognition, it is part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

NOTES TO FINANCIAL STATEMENTS March 31, 2018



- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and SB-FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets, at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in 'investment income' line in the statement of profit or loss and other comprehensive income. Fair value is determined in the manner described in Note 4.

Loan and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loan and receivables". Loan and 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 effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

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 profit or loss.

For financial assets carried at amortised costs, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collaterialised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group 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 Group after deducting all of the liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO FINANCIAL STATEMENTS March 31, 2018



Trade and other payables 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 Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Board and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

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.

Rentals payable under operating leases are charged to profit or loss 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.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost, less accumulated depreciation and any accumulated impairment loss. The value of leasehold land includes the leasehold land situated at Kranji which was ascribed the same value as that of the freehold land situated at Bukit Timah given up in 1999 during a land exchange.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- The cost of materials and direct labour;
- Any other costs directly attributable to bringing the assets to a working condition for their intended use;
- When the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- Capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Capital work-in-progress is stated at cost, which consists of construction costs incurred during the period of construction, less accumulated impairment losses. No depreciation is provided on capital work-in-progress until the construction is completed and the properties and assets are ready for use.

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

Leasehold land - 20 to 99 years (over remaining lease term)

Buildings - 11 to 74 years Computer and betting equipment - 3 to 5 years

Audio visual, laboratory, cooling

and other equipment/systems - 5 to 15 years

Other assets (Comprise of furniture & fittings, renovations, motor vehicles and track maintenance equipment

and others) - 3 to 10 years

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Other assets include furniture and fittings, mechanical and electrical installations, motor vehicles, livestock, tracks and renovations.

Assets costing less than \$1,000 per unit are charged to profit or loss in the year of purchase.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

NON-CURRENT ASSETS HELD FOR SALE – Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

GOODWILL - Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

INTANGIBLE ASSETS - Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives, on the following basis:

Capitalised software development - 5 to 8 years

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Intangible assets are tested for impairment in accordance with the policy below.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At end of each reporting period, the Group 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 profit or loss.

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 profit or loss.

CLUB MEMBERSHIPS - Club memberships are stated at cost less accumulated impairment losses. Gain or loss on disposal of club membership is determined as the difference between the net disposal proceeds and the carrying amount of the club membership and is accounted for in profit or loss as they arise.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

Where required by the lease agreements to restore the premises to its original condition, an estimate is made for the costs of dismantling and removing an asset and restoring the site which is recognised at the commencement of the lease and amortised over the period of the lease.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. Government grants for the purchase of depreciable property, plant and equipment are taken direct to the deferred capital grants account, and included in non-current liabilities in the statement of financial position.

The deferred capital grants are recognised in profit or loss as non-operating income over the periods necessary to match the depreciation and gain or loss on disposal or write-off of property, plant and equipment purchased with the related grants.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and revenue can be reliably measured.

Totalisator revenue

Revenue from the totalisator is recognised upon the completion of each race.

Games and lotteries

Collections from games and lotteries are recognised as revenue by draw and by match.

Gate admission fees

Revenue is recognised upon the usage of the admission tickets.

Racing management, betting and other revenue

Revenue is recognised on an accrual basis unless collectability is in doubt.

Dividend income

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

Interest income

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

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Casino entry levy

Casino entry levy is recognised when the right to receive payment is established.

DONATIONS - Donations are taken to profit or loss when there is an obligation to disburse.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. 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 Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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.

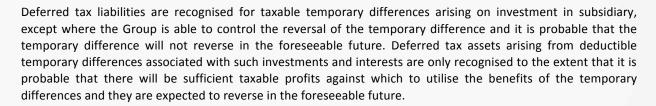
INCOME TAX - The Singapore Totalisator Board is a tax-exempted institution under the provisions of the Income Tax Act (Chapter 134, 2014 Revised Edition). The subsidiaries of the Board are subject to local tax legislation.

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Board and its subsidiaries operate by the end of reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

NOTES TO FINANCIAL STATEMENTS March 31, 2018



The carrying amount of deferred tax assets is reviewed at end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in equity of the Board are presented in Singapore Dollars ("SGD"), which is the functional currency of the Board and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

CASH AND CASH EQUIVALENTS IN STATEMENT OF CASH FLOWS - Cash and cash equivalents comprise cash at bank, cash on hand, short-term bank deposits and cash with Accountant-General's Department (AGD) that are subject to an insignificant risk of changes in value and are readily convertible to a known amount of cash.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, the Board is required to make judgements, estimates and assumptions about the carrying amounts of the 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.

Critical judgements in applying the entity's accounting policies

There are no critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

NOTES TO FINANCIAL STATEMENTS March 31, 2018

(i) <u>Impairment of property, plant and equipment</u>

The Group assesses annually whether property, plant and equipment exhibit any indication of impairment. Where such indications exist, the recoverable amounts of property, plant and equipment will be determined based on value-in-use calculations. These calculations require the use of judgement and estimates. The carrying amounts of the Group's property, plant and equipment are disclosed in Note 6 to the financial statements.

(ii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill is disclosed in Note 8 to the financial statements.

(iii) Impairment and amortisation of software development expenditure

Determining whether any impairment is required on the software development expenditure which are capitalised as intangible assets requires an estimation of the recoverable amount of these intangible assets. Management has evaluated the recoverability of the software development expenditure based on current market environment and the estimated market value of the assets and is confident that no allowance for impairment is necessary.

The Group assesses the remaining useful lives of the software development expenditure to range from 5 to 8 years based on management estimations. The carrying amount of software development expenditure at the end of reporting period is disclosed in Note 8 to the financial statements.

(iv) Impairment of investment in subsidiaries

The Board has carried out a review of the recoverable amount of the investment in subsidiaries, having regard to the existing performance of the subsidiaries and the carrying value of the net assets in these subsidiaries and is confident that no allowance for impairment is necessary. The carrying amount of investments in subsidiaries at the end of reporting period is disclosed in Note 9 to the financial statements.

(v) <u>Taxes</u>

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision of taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

a) Categories of financial instruments

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

	Group		<u>Boa</u>	rd_
	2018	2017	2018	2017
	\$	\$	\$	\$
Financial assets Fair value through profit or loss (FVTPL)				
Loan and receivables (including cash and cash	3,436,478,511	3,531,157,772	3,436,478,511	3,531,157,772
equivalents)	1,300,834,570	998,717,851	1,008,853,164	720,803,533
Financial liabilities				
Payables, at amortised cost	222,077,382	180,642,082	58,290,323	57,925,628

b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group and the Board do not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

c) Financial risk management policies and objectives

The Group's overall financial risk management seeks to minimise potential adverse effects on the financial performance of the entity. These risks include market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

i) Foreign exchange risk management

The Group operates solely in Singapore. The Group's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies. The Group does not engage in speculative foreign exchange transactions. Accordingly, no sensitivity analysis is prepared.

NOTES TO FINANCIAL STATEMENTS March 31, 2018



The Group's exposure to market risk for changes in interest rates relates primarily to the interest bearing debt securities, fixed deposits and cash with Accountant-General's Department ("AGD"). The interest rates for cash with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

The Group does not have any borrowings as at the end of the financial year.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	<u>Group</u>		<u>Board</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Variable rate instruments				
Fixed deposits	172,400,000	161,106,918	-	-
Cash with AGD	890,764,475	587,572,223	890,764,475	587,572,233
	1,063,164,475	748,679,141	890,764,475	587,572,233

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

If interest rates had been 100 basis points higher or lower and all other variables held constant, the Group's and the Board's surplus before tax at the reporting date would increase (decrease) by the amounts shown below.

4001	
<u>100 bp</u>	<u>100 bp</u>
	decrease
\$	\$
10,631,645	(10,631,645)
7,486,791	(7,486,791)
8,907,645	(8,907,645)
, ,	(, , ,
5,875,722	(5,875,722)
	increase \$ 10,631,645 7,486,791 8,907,645

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss as the interest rates of its interest bearing financial instruments are fixed over the contractual period. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO FINANCIAL STATEMENTS March 31, 2018



Surplus funds from the Group's operations are mainly invested in unit trusts managed by professional fund managers. To manage its price risk arising from investments, the Group diversifies its portfolio. The fair value of amount invested as at March 31, 2018 was \$3,436,478,511 (2017: \$3,531,157,772).

The price of the unit trust funds are based on indirect observable inputs in an active market. The market risk associated with these investments is the potential loss in fair value resulting from the decrease in the net asset value of unit trusts.

The Group's investment strategies and policies are determined by the Board's Investment Committee and approved by the Board.

Price risk sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks at the end of the reporting period.

In respect of unquoted unit trusts investments, if the underlying prices had been 5% higher or lower while all other variables were held constant, the surplus before tax would increase (decrease) by the following amount:

	2018	2017
Group and board	\$	\$
Surplus before tax	171,823,926	176,557,889

iv) Credit risk management

Credit risk is defined as the potential loss arising from failure by counterparties to fulfil their obligations as and when they fall due. The Group has policies in place to only deal with counterparties who meet certain credit requirements, and where considered necessary, requires collateral to reduce its risk.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are unit trusts managed by professional fund managers, bank deposits and trade receivables. The Group limits its credit risk exposure in respect of investments by placing its funds only with professional fund managers recommended by an investment consultant or awarded by AGD under the Demand Aggregation II Scheme. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient collateral, where appropriate, to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

The carrying amount of financial assets as at the reporting date is:

	<u>Group</u>		<u>Boar</u>	<u>·d</u>
	2018	2017	2018	2017
	\$	\$	\$	\$
Recognised financial assets - Loan and receivables (Note 12)	56,763,928	38,281,232	55,949,939	60,952,685

In order to manage the Group's credit risk for trade receivables and advances to retailers, the Group obtains bankers' guarantees issued by their customers' banks for most of the customers. These bankers' guarantees are used as a form of security against the outstanding trade receivables. As at the end of the reporting period, the bankers' guarantees amounted to \$24,353,000 (2017:\$24,397,000).

Except for trade receivables, the maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial assets presented in the statement of financial position.

As at the end of the financial year, there is no significant concentration of credit risk on the trade receivables and advances to retailers of the Group.

The maximum exposure to credit risk for trade receivables and advances to retailers at the reporting date by type of counterparty was:

	Group	
	2018	2017
By types of customer	\$	\$
Distributors	2,389,606	2,559,405
Retailers	19,591,109	10,545,571
Others	11,338,385	2,703,750
	33,319,100	15,808,726

The aging of financial assets that were not impaired at the reporting date was:

	<u>Group</u>		<u>Board</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Not past due	54,130,001	36,585,497	55,755,086	60,503,423
Past due less than 3 months	2,602,669	1,561,731	163,796	315,258
Past due over 3 months	31,258	134,004	31,057	134,004
Loans and receivables	56,763,928	38,281,232	55,949,939	60,952,685

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of loans and receivables. These receivables are mainly due from customers that have a good payment record with the Group.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The trade receivables which are neither past due nor impaired are assessed to be recoverable as there has not been a significant change in credit quality. The Group does not hold any collateral over these balances.

Cash and fixed deposits are placed in banks and financial institutions which are regulated. The cash with AGD under Centralised Liquidity Management are placed with regulated financial institutions.

The Group limits its credit risk exposure in respect of investments by only investing in liquid funds that are regulated by the respective regulators of the jurisdictions in which the funds are domiciled.

The Group does not hold any collateral in respect of its financial assets.

v) Liquidity risk management

Liquidity risk is the risk that the Group and the Board are unable to meet its obligations as and when they fall due. The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

All financial assets and financial liabilities are repayable on demand or due within 1 year from the end of the reporting period.

vi) Fair value of financial assets and financial liabilities

The Group and the Board determine fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group and the Board's financial assets that are measured at fair value on recurring basis

Some of the Group's and the Board's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Financial		Fair value	e as at (\$)		Fair value	Valuation
assets/	2018		2017		hierarchy	technique(s)
financial	Assets	Liabilities	Assets	Liabilities		and key
liabilities						input(s)
Financial ass	ets at fair value th	rough profit	t or loss (see Note	11)		
Unit trusts funds at fair value	3,436,478,511	-	3,531,157,772	-	Level 2	The fair value based on bid prices provided by brokers or valuation provided by professional fund managers.

The Board considers that the carrying amounts of cash and cash equivalents, trade and other receivables, trade payables, other payables and accruals approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

There were no transfers between the different levels of the fair value hierarchy in 2018 and 2017.

d) Capital management policies and objectives

The capital structure of the Group comprises capital and accumulated surplus. The Group has a strong capital base and does not need to borrow.

The Group's overall strategy remains unchanged from prior year. The Group is not subject to externally imposed capital requirement.

The Board proactively manages its capital structure to achieve efficiency in its cost of capital. The quantum of minimum and maximum cash reserve, taking into account working capital needs and long-term commitments, is reviewed and approved annually by the Board Members.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

5 RELATED COMPANY AND PARTY TRANSACTIONS

a) Related company transaction

Agency arrangement with subsidiary

The Board incurs an agency fee expense in return for the agency services rendered by the subsidiary.

On July 23, 2015, the Board entered into a revised agency arrangement with the subsidiary which take effect from April 1, 2015. Under the revised agency arrangement, the subsidiary collects revenue and pays betting duties relating to the gaming and lotteries business for and on behalf of the Board. Operating expenses (including depreciation and amortisation) are borne by the subsidiary and brought directly to the subsidiary's financial statements.

Under the previous agency arrangement, the subsidiary collected revenue and paid expenses relating to the gaming and lotteries business for and on behalf of the Board. All such income and expenses (including depreciation and amortisation) were borne by the Board and brought directly to the Board's financial statements.

Consequent to the change in the agency arrangement, agency fee is computed based on a revised rate and composition as agreed by the parties concerned.

b) Related party transactions

The Board is a statutory board established under the Singapore Totalisator Board Act (Chapter 305A, 2012 Revised Edition). As a statutory board, all government ministries, other statutory boards including their companies are deemed related parties to the Group.

During the financial year, the Board engaged in various transactions including donations in the ordinary course of its operations with entities related to the Board at prevailing prices or on customary terms and conditions. These transactions could have been replaced with other parties on similar terms and conditions except for the following:

	<u>Gro</u>	up
	2018	2017
Government-linked companies	\$	\$
Police and security services fee expenses	1,498,993	1,610,065

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Compensation of Board Members, directors and key management personnel

The remuneration of Members of the Board, directors of a subsidiary and other members of key management are as follows:

	Grou	ı <u>p</u>
	2018	2017
	\$	\$
Short-term benefits	8,071,466	7,421,344
Post-employment benefits – contribution to CPF	290,429	220,764
	8,361,895	7,642,108

Included in key management personnel compensation are compensation for:

	Gro	<u>up</u>
	2018	2017
	\$	\$
Members of the Board	177,205	177,205
Directors of a subsidiary	1,310,971	1,240,760
	1,488,176	1,417,965

NOTES TO FINANCIAL STATEMENTS March 31, 2018

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	Leasehold land	Buildings	Computer and betting equipment	Audio visual, laboratory, cooling and other equipment/ systems	Other assets	Capital work- in-progress	Total
	\$	\$	\$	\$	\$	\$	\$
Group							
Cost:							
At April 1, 2016	123,546,569	536,144,427	126,720,112	155,763,101	356,294,584	22,484,577	1,320,953,370
Additions	ı	1,365	324,452	1,905,268	1,920,355	38,839,683	42,991,123
Disposals	ı	(2,300,000)	(13,439,792)	(4,616,548)	(5,399,446)	1	(25,755,786)
Transfers to intangible							
assets (Note 8)	I	1	ı	ı	1	(24,827,089)	(24,827,089)
Reclassifications	ı	3,633,860	13,657,485	3,369,718	7,708,419	(28,369,482)	1
At March 31, 2017	123,546,569	537,479,652	127,262,257	156,421,539	360,523,912	8,127,689	1,313,361,618
Additions	ľ	1	3,911,193	875,262	2,514,015	19,237,624	26,538,094
Disposals	ı	1	(8,083,364)	(2,257,862)	(1,878,463)	ı	(12,219,689)
Transfers to intangible							
assets (Note 8)	ı	1	ı	ı	1	(5,074,200)	(5,074,200)
Reclassifications	1	2,320,037	4,266,899	3,354,653	4,312,136	(14,253,725)	ı
At March 31, 2018	123,546,569	539,799,689	127,356,985	158,393,592	365,471,600	8,037,388	1,322,605,823

NOTES TO FINANCIAL STATEMENTS March 31, 2018

9

PROPERTY, PLANT AND EQUIPMENT							
	Leasehold land	Buildings	Computer and betting equipment	Audio visual, laboratory, cooling and other equipment/ systems	Other assets	Capital work- in-progress	Total
	\$	\$	ب	~	\$	\$	\$
Group							
Accumulated depreciation:							
At April 1, 2016	8,965,766	202,514,120	105,692,088	117,199,841	297,658,056	ı	732,029,871
Depreciation for the year	1,464,404	16,311,168	10,653,819	14,207,359	20,978,508	1	63,615,258
Disposals	1	(1,001,008)	(13,382,946)	(4,602,192)	(5,103,410)	•	(24,089,556)
At March 31, 2017	10,430,170	217,824,280	102,962,961	126,805,008	313,533,154	-	771,555,573
Depreciation for the year	1,455,688	16,393,865	11,732,851	12,488,042	16,516,948	1	58,587,394
Disposals	1	-	(8,082,827)	(2,228,036)	(1,588,819)	-	(11,899,682)
At March 31, 2018	11,885,858	234,218,145	106,612,985	137,065,014	328,461,283	-	818,243,285
Carrying amount:	777	CFC 773 04C	200000	200	946 000 759	007 7 7 7 0	0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0
At March 31, 201/	113,110,399	213,022,372	24,239,230	186,010,62	40,990,738	8,127,089	54 I, 800, 045
At March 31, 2018	111,660,711	305,581,544	20,744,000	21,328,578	37,010,317	8,037,388	504,362,538

As at March 31, 2018, capital work-in-progress includes \$3,738,107 (2017: \$1,129,589) of work-in-progress that will be transferred to intangible assets upon becoming ready for use.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

	Leasehold land	Buildings	Computer and betting equipment	Audio visual, laboratory, cooling and other equipment/ systems	Other assets	Capital work- in-progress	Total
Board	ᠬ	ᠬ	ሱ	ᠬ	ᠬ	ሱ	ጉ
Cost:							
At April 1, 2016 Additions	2,629,701	494,775,914 1 365	79,221,554	155,763,101 1 905 268	296,000,677 1 903 732	8,542,194	1,036,933,141
Disposals	1	(2,300,000)	(11,789,555)	(4,616,548)	(4,872,725)		(23,578,828)
Reclassifications		3,633,860	5,089,253	3,369,718	7,053,198	(19,146,029)	
At March 31, 2017	2,629,701	496,111,139	72,845,704	156,421,539	300,084,882	6,222,673	1,034,315,638
Disposals			(945,072)	(2,257,862)	(943,555)	0,001,232 -	(4,146,489)
Reclassifications	ı	2,320,037	3,381,160	3,354,653	4,193,514	(13,249,364)	
At March 31, 2018	2,629,701	498,431,176	75,925,262	158,393,592	305,155,104	1,634,601	1,042,169,436
Accumulated depreciation:							
At April 1, 2016	1,291,030	185,687,098	66,680,677	117,199,841	260,928,646	1	631,787,292
Depreciation for the year	24,885	15,175,046	5,044,062	14,207,359	14,033,709	1	48,485,061
Disposais Reclassifications		(1,001,008) -	(11,/33,221)	(4,602,192)	(4,604,464)		(21,940,885) -
At March 31, 2017	1,315,915	199,861,136	59,991,518	126,805,008	270,357,891	1	658,331,468
Depreciation for the year	16,170	15,265,839	6,142,647	12,488,042	10,300,359	ı	44,213,057
Disposals	- 00 000	- 10000	(945,072)	(2,228,036)	(919,675)	1	(4,092,783)
At March 31, 2018	1,332,085	215,126,975	65,189,093	13/,065,014	2/9,/38,5/5		698,451,742
Carrying amount:							
At March 31, 2017	1,313,786	296,250,003	12,854,186	29,616,531	29,726,991	6,222,673	375,984,170
At March 31, 2018	1,297,616	283,304,201	10,736,169	21,328,578	25,416,529	1,634,601	343,717,694

NOTES TO FINANCIAL STATEMENTS March 31, 2018

7 ASSETS CLASSIFIED AS HELD FOR SALE

On March 29, 2016, the management of the Board resolved to sell all 21 betting outlets (Buildings) to its wholly-owned subsidiary, Singapore Pools (Private) Ltd. These buildings were expected to be sold within twelve months and hence had been classified as assets held for sale and presented separately in the statement of financial position as at March 31, 2017. There were no liabilities related to the assets classified as held for sale.

The proceeds on disposal were expected to exceed the net carrying amount of the buildings and, accordingly, no impairment loss had been recognised on the classification of these buildings as held for sale.

As the transaction is within the Group, there is no impact on the transfer of these 21 betting outlets at Group level.

The sale of 21 betting outlets to Singapore Pools (Private) Ltd was completed during the current financial year.

8 INTANGIBLE ASSETS

	<u>Gro</u> u	ıp	Boar	<u></u>
	2018	2017	2018	2017
	\$	\$	\$	\$
Software development expenditure	37,272,149	42,134,091	58,869	78,492
Goodwill arising on consolidation	57,569,391	57,569,391	-	-
	94,841,540	99,703,482	58,869	78,492
Software development expenditure				
Cost				
At April 1	80,729,656	55,804,452	101,535	3,420
Additions during the year	-	98,115	-	98,115
Transfer from capital				
work-in-progress (Note 6)	5,074,200	24,827,089	-	-
At March 31	85,803,856	80,729,656	101,535	101,535
Accumulated amortisation				
At April 1	38,595,565	31,331,859	23,043	3,420
Amortisation charged during		, ,	•	ŕ
the year	9,936,142	7,263,706	19,623	19,623
At March 31	48,531,707	38,595,565	42,666	23,043
Carrying amount				
At April 1	42,134,091	24,472,593	78,492	-
At March 31	37,272,149	42,134,091	58,869	78,492

NOTES TO FINANCIAL STATEMENTS March 31, 2018

The intangible assets are amortised on a straight-line basis over the estimated useful life of a range of 5 to 8 years.

Goodwill arising on consolidation

Goodwill arises from the excess of purchase consideration over the fair values of attributable net assets of Singapore Pools (Private) Limited, a wholly-owned subsidiary which is considered as a separate cashgenerating unit (CGU).

Impairment testing of goodwill

The recoverable amounts of the CGU are determined based on value-in-use calculations. The following describes the key assumptions on which management has based its cash flow projection:

- Budgeted gross margins of 7% (2017 : 7%)
- Pre-tax discount rate of 7% (2017 : 7%).
- The cash flow projections are based on actual operating results and management's 3-year financial projection of the operations for the years 2019 to 2021. The financial projection is based on management's past experience and future expectations.

The pre-tax discount rate applied reflects specific risks relating to the relevant business activities.

The recoverable amount is determined to be in excess of the CGU's operating assets carrying value as at March 31, 2018. Management believes that any reasonable possible change in the above key assumptions is not likely to cause the recoverable amount to be materially lower than its carrying amount.

No impairment loss has been recognised for the financial years ended March 31, 2018 and 2017.

9 INVESTMENT IN SUBSIDIARIES

	Boai	<u>rd</u>
	2018	2017
	\$	\$
Unquoted shares, at cost	152,569,391	152,569,391
Movement in investment of subsidiaries		
Balance at beginning and end of year	152,569,391	152,569,391

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Details of the Board's subsidiaries as at the end of the reporting periods were as follows:

Name of subsidiaries Held by the Board	Place of incorporation and business	Effective e held b the Boa 2018 %	у	Principal activity
Singapore Pools (Private) Limited ⁽¹⁾ agent	Singapore	100	100	To operate lotteries and sports betting as an on behalf of the Board
Held by Singapore Pools (Private) Li	mited			
Selegie Management Pte Ltd ⁽¹⁾	Singapore	100	100	To provide services to manage and operate the Livewire operations at the Integrated Resorts premises

Notes on auditors

10 CLUB MEMBERSHIPS

	<u>Gro</u> u	<u>ıp</u>	<u>Boar</u>	<u>d</u>
	2018	2017	2018	2017
	\$	\$	\$	\$
Club memberships, at cost	1,630,000	1,690,000	540,000	540,000
Addition	38,000	-	-	-
Disposal	(150,000)	(60,000)	-	-
	1,518,000	1,630,000	540,000	540,000
Allowance for impairment losses	(1,114,750)	(1,248,950)	(511,200)	(524,700)
	403,250	381,050	28,800	15,300

Audited by Deloitte & Touche LLP, Singapore.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Movements in the allowance for impairment losses:

	<u>Grou</u>	<u>Group</u>		<u>Board</u>	
	2018	2017	2018	2017	
	\$	\$	\$	\$	
At April 1	1,248,950	1,149,150	524,700	524,700	
(Reversal)/Increase in allowance					
recognised in profit or loss	(13,500)	130,850	(13,500)	-	
Sale of club membership	(120,700)	(31,050)	-	-	
At March 31	1,114,750	1,248,950	511,200	524,700	

In 2018, as a result of the increase (2017 : decrease) in the market value of the club memberships, a reversal of impairment loss (2017 : loss) on the Group's and the Board's club memberships amounting to \$13,500 (2017 : \$130,850 and \$nil) was recognised in non-operating expenditure in statement of profit or loss and other comprehensive income.

11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Board		
	2018	2017	
	\$	\$	
Unquoted unit trusts at fair value	3,436,478,511	3,531,157,772	

The fair values of financial assets are based on valuation provided by professional fund managers. The unit trusts are in diversified portfolios of various asset classes managed by professional fund managers recommended by the Board's investment consultant or awarded by Accountant-General's Department (AGD) under the Demand Aggregation II Scheme.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

12 TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES	<u>Group</u>		Boa	r <u>d</u>
	2018	2017	2018	2017
	\$	\$	\$	\$
Trade receivables	28,403,750	11,202,533	606,787	562,457
Amounts due from a subsidiary	-	-	34,262,348	40,097,898
Deposits	1,593,968	1,537,432	282,948	302,425
Dividend receivable	2,807	2,807	2,807	2,807
Interest receivable	5,363,239	5,072,302	5,296,919	5,055,646
Staff loans	46,000	46,000	46,000	46,000
Casino entry levy receivable	11,657,650	11,431,900	11,657,650	11,431,900
Advances to retailers	4,915,350	5,168,650	-	-
Management fee rebate receivables	943,536	759,213	943,536	759,213
Other receivables	3,837,628	3,060,395	2,850,944	2,694,339
Loan and receivables	56,763,928	38,281,232	55,949,939	60,952,685
GST receivable	7,661,014	7,049,287	7,661,014	7,049,287
Prepayments	9,638,787	7,120,116	1,964,657	1,889,089
	74,063,729	52,450,635	65,575,610	69,891,061

Trade and other receivables are principally denominated in Singapore dollar.

The amounts due from a subsidiary, Singapore Pools (Private) Limited, relate to transactions arising from the lottery and betting business on behalf of the Board. The amounts are unsecured, interest-free and denominated in Singapore dollar. There is no allowance for doubtful debt arising from these amounts and their carrying amounts approximate their fair values.

The Group and the Board's exposure to credit risks and impairment loss related to trade and other receivables are disclosed in Note 4.

13 CASH AND CASH EQUIVALENTS

	<u>Grou</u>	<u>Group</u>		<u>Board</u>	
	2018	2017	2018	2017	
	\$	\$	\$	\$	
Short-term bank deposits	172,400,000	161,106,918	-	-	
Cash at bank and in hand	180,906,167	211,757,478	62,138,750	72,278,625	
Cash with AGD	890,764,475	587,572,223	890,764,475	587,572,223	
	1,244,070,642	960,436,619	952,903,225	659,850,848	

NOTES TO FINANCIAL STATEMENTS March 31, 2018

Cash with the Accountant-General's Department ("AGD") refers to cash that are managed by AGD under Centralised Liquidity Management as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

Cash and cash equivalents are principally denominated in Singapore dollar and the carrying amounts approximate their fair values.

Short-term bank deposits at the statement of financial position date have an average maturity of 0.5 month (2017 : 0.7 month) from the end of the financial year with the weighted average effective annual interest rates of 1.09% (2017 : 0.51%) per annum.

The interest rate of cash with AGD, defined as the ratio of the interest earned to the average cash balance, ranged from 1.21% to 1.28% (2017 : 1.24% to 1.49%) per annum.

The Group and the Board's exposure to interest rate risk for financial assets and liabilities are disclosed in Note 4.

14 CAPITAL ACCOUNT

The capital account consists of the value of net assets transferred from the former Singapore Turf Club on the establishment of the Board on January 1, 1988 and a Government grant of \$500,000.

15 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities (prior to offsetting of balances) during the year are as follows:

	Accelerated tax
	depreciation on
	property, plant
	and equipment
	\$
Group	
Balance at April 1, 2016	6,979,806
Charge to profit or loss (Note 23)	2,820,016
Balance at March 31, 2017	9,799,822
Credit to profit or loss (Note 23)	(1,645,328)
Balance at March 31, 2018	8,154,494

Deferred tax liabilities and assets are offset when there is a legally enforceable right to off set current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

16 DEFERRED CAPITAL GRANTS

DELENKED CALITAE GIVARITS			
	Group and Board		
	2018	2017	
	\$	\$	
At April 1	199,808,410	212,093,174	
Amortisation for the year	(10,933,433)	(12,284,764)	
At March 31	188,874,977	199,808,410	

17 PROVISIONS

	Group and Board			
<u>Restoration</u>	<u>costs</u>			
2018	2017			
\$	\$			
4,862,587	5,068,578			
1,692,986	198,837			
-	(315,482)			
-	(89,346)			
6,555,573	4,862,587			
4,688,542	4,357,750			
1,867,031	504,837			
6,555,573	4,862,587			
	Restoration 2018 \$ 4,862,587 1,692,986 6,555,573 4,688,542 1,867,031			

18 GOVERNMENT GRANTS RECEIVED IN ADVANCE

Government grants were received for the development of the Kranji race course and the amount as at March 31, 2018 and 2017 represent the unutilised portion of the grant.



NOTES TO FINANCIAL STATEMENTS March 31, 2018

19 OTHER PAYABLES AND ACCRUALS

	Group		<u>Board</u>				
	2018 2017		2018 2017 2018	2018 2017 2018	2018 2017 2018 201	2018 2017 2018 2	2017
	\$	\$	\$	\$			
Accrued operating expenses	199,616,433	165,275,490	27,401,807	22,749,185			
Advance sales	27,807,753	33,704,796	-	-			
Other payables	26,733,632	24,999,811	30,888,516	35,176,443			
	254,157,818	223,980,097	58,290,323	57,925,628			

Advance sales relate to collections for draws and matches that are held subsequent to the year end.

Other payables and accruals are primary denominated in Singapore dollar and their carrying amounts approximate their fair values.

20 PROVISION FOR CONTRIBUTION TO CONSOLIDATED FUND

The Board contributes to the Consolidated Fund in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A, 2004 Revised Edition). The contribution is based on the Board's net surplus for the financial year, after netting off any prior years' accounting deficit, at the applicable corporation tax rate of 17% (2017: 17%). The Board is allowed to carry forward the prior year's accounting deficit to offset against accounting surplus for the year. The Board utilised the carry forward accounting loss of \$22,743,599 (2017: \$341,114,311) in the current financial year.

Under Section 13 (1) (e) and the First Schedule of the Singapore Income Tax Act (Chapter 134, 2014 Revised Edition), the income of the Board is exempt from income tax.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

21 OPERATING SURPLUS

a) Income from betting and gaming activities

		Lotteries and	
	Totalisator	Sports betting	Total
Curana	\$	\$	\$
Group			
2018			
Turnover^	1,134,185,858	7,402,293,163	8,536,479,021
Dividends or prizes paid	(898,720,765)	(5,032,150,715)	(5,930,871,480)
Betting tax	(62,583,837)	(1,816,253,957)	(1,878,837,794)
Commission	-	(47,102,829)	(47,102,829)
Dividends, prizes and			
other expenses	(961,304,602)	(6,895,507,501)	(7,856,812,103)
Income from betting and gaming activities	172,881,256	506,785,662	679,666,918
2017			
Turnover^	1,224,450,674	7,196,093,610	8,420,544,284
Dividends or prizes paid	(972,518,968)	(4,825,413,938)	(5,797,932,906)
Betting tax	(66,515,027)	(1,790,989,939)	(1,857,504,966)
Commission	-	(48,353,065)	(48,353,065)
Dividends, prizes and			
other expenses	(1,039,033,995)	(6,664,756,942)	(7,703,790,937)
Income from betting and			
gaming activities	185,416,679	531,336,668	716,753,347

NOTES TO FINANCIAL STATEMENTS March 31, 2018

	Lotteries and	
Totalisator	Sports betting	Total
\$	\$	\$
1,134,185,858	7,402,293,163	8,536,479,021
(898,720,765)	(5,032,150,715)	(5,930,871,480)
(62,583,837)	(1,816,253,957)	(1,878,837,794)
(1,605,740)	-	(1,605,740)
(962,910,342)	(6,848,404,672)	(7,811,315,014)
171,275,516	553,888,491	725,164,007
1,224,450,674	7,196,093,610	8,420,544,284
(972,518,968)	(4,825,413,938)	(5,797,932,906)
(66,515,027)	(1,790,989,939)	(1,857,504,966)
(1,643,048)	-	(1,643,048)
(1,040,677,043)	(6,616,403,877)	(7,657,080,920)
183,773,631	579,689,733	763,463,364
	\$ 1,134,185,858 (898,720,765) (62,583,837) (1,605,740) (962,910,342) 171,275,516 1,224,450,674 (972,518,968) (66,515,027) (1,643,048) (1,040,677,043)	Totalisator Sports betting \$ \$ 1,134,185,858 7,402,293,163 (898,720,765) (5,032,150,715) (62,583,837) (1,816,253,957) (1,605,740) - (962,910,342) (6,848,404,672) 171,275,516 553,888,491 (972,518,968) (4,825,413,938) (66,515,027) (1,790,989,939) (1,643,048) - (1,040,677,043) (6,616,403,877)

[^] Turnover represents wagered amounts received in respect of bets placed by customers during the financial year.

NOTES TO FINANCIAL STATEMENTS March 31, 2018

b) Other operating income

	Grou	<u>Group</u>		r <u>d</u>
	2018	2017	2018	2017
	\$	\$	\$	\$
Gate admission fees	11,822,412	10,641,074	11,822,412	10,641,074
Racing management and				
other revenue	14,801,827	15,836,561	14,796,827	15,831,565
Rental income	2,101,664	2,489,809	2,173,291	3,776,352
Members' subscription and				
entrance fees	1,347,832	1,483,964	1,347,832	1,483,964
Government grant – Special				
Employment/Wage Credit	2,258,197	3,942,006	1,112,340	1,615,397
Maternity and childcare leave	272,176	219,353	85,496	152,202
Sundry income	2,424,669	2,606,770	5,186,395	5,476,467
	35,028,777	37,219,537	36,524,593	38,977,021

Racing management, betting and other revenue includes royalty fees collected for the sale of broadcasting rights of Singapore races, equine hospital charges and miscellaneous revenue.

c) Staff costs

	<u>Group</u>		<u>Board</u>	
	2018 2017		2018	2017
	\$	\$	\$	\$
Wages and salaries	120,210,798	116,434,966	59,975,443	57,386,392
Contributions to defined				
contribution scheme	14,716,077	14,963,383	6,503,870	6,927,066
Others	4,510,502	5,010,338	2,342,164	2,880,709
	139,437,377	136,408,687	68,821,477	67,194,167

NOTES TO FINANCIAL STATEMENTS March 31, 2018

d) Racing and related expenses

Of the \$87 million (2017 : \$93 million), \$55.9 million (2017 : \$61.4 million) or 64.3% (2017 : 66%) pertained to prize money paid to horse owners, trainers and jockeys of the winning horses.

e) General administrative expenses

General administrative expenses include the following expenses:

	<u>Group</u>		<u>Board</u>	
	2018 2017		2018 2017	
	\$	\$	\$	\$
Operating lease expenses	20,369,739	22,719,125	10,633,000	11,006,589

22 INVESTMENT INCOME

IIIV LOTIVILIAT IIVCOIVIL				
	<u>Group</u>		<u>Board</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Changes in carrying values				
of investments	133,146,190	264,903,189	133,146,190	264,903,189
Management fee rebate	4,453,636	3,546,328	4,453,636	3,546,328
Interest income	11,938,117	9,270,886	11,872,903	9,025,524
Dividend income derived from				
- Subsidiary	-	-	8,467,460	6,335,233
- Third parties	7,350,930	8,349,613	7,350,930	8,349,613
Investment expenses	(15,508)	(256,247)	(15,508)	(256,247)
Exchange loss	(82,260)	(202,080)	(74,055)	(204,158)
	156.791.105	285.611.689	165,201,556	291.699.482

NOTES TO FINANCIAL STATEMENTS March 31, 2018

23 TAX EXPENSE

The Board is a tax exempt institution under the provision of the Income Tax Act (Chapter 134, 2014 Revised Edition). The subsidiaries of the Board are subject to tax under Singapore income tax legislation.

	Group	Group		
	2018	2017		
	\$	\$		
Current tax expense:				
Current year	5,319,097	1,404,576		
Underprovision in prior years	107,207	-		
Deferred tax expense:				
Reversal and Origination of temporary differences	(1,645,328)	2,820,016		
Tax expense	3,780,976	4,224,592		

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	Group		
	2018	2017		
	\$	\$		
Surplus before tax	137,118,191	355,694,458		
Tax using Singapore tax rate of 17% (2017: 17%)	23,310,092	60,468,058		
Surplus of the Board exempted from tax	(20,503,215)	(56,871,141)		
Non-deductible expenses	902,904	879,868		
Tax exempt income	(36,012)	(252,193)		
Underprovision in prior years	107,207	-		
Tax expense	3,780,976	4,224,592		

24 COMMITMENT

a) Future capital commitments

As at March 31, the capital expenditures approved and contracted but not provided for in the financial statements are as follows:

	<u>Group</u>		<u>Board</u>	
	2018	2017	2018	2017
	\$	\$	\$	\$
Property, plant and equipment	31,628,110	19,316,207	7,189,698	13,288,826

NOTES TO FINANCIAL STATEMENTS March 31, 2018

b) Operating lease commitments – where the Group is a lessee

As at March 31, the commitments for future minimum lease payments in respect of non-cancellable operating leases are as follows:

	<u>Gro</u> u	Group		<u>Board</u>	
	2018	2017	2018	2017	
	\$	\$	\$	\$	
Within 1 year After 1 year but within	17,088,300	20,459,630	11,059,399	10,815,369	
5 years	10,621,230	23,130,227	5,076,023	14,571,677	
	27,709,530	43,589,857	16,135,422	25,387,046	

The Group has various leases for betting outlets and off-course betting centres. These leases typically run for a period of 1 to 10 years with an option to renew the lease after that date. The leases do not include any contingent rentals.

c) Operating lease commitments – where the Group is a lessor

As at March 31, the commitments for future minimum lease payments in respect of non-cancellable operating leases are as follows:

	<u>Grou</u>	<u>Group</u>		<u>d</u>
	2018	2017	2018	2017
	\$	\$	\$	\$
Within 1 year After 1 year but within	3,591,283	3,296,970	1,167,173	927,672
5 years	1,716,466	2,772,464	692,372	239,119
	5,307,749	6,069,434	1,859,545	1,166,791

d) Donations approved and committed but not disbursed

The following donations have not been provided for in the financial statements:

	<u>Group</u>		<u>Board</u>	
	2018 2017		2018 20	2017
	\$	\$	\$	\$
Approved, but not				
recognised in the financial statements	2,458,401,173	2,291,308,989	2,458,082,673	2,290,952,680

NOTES TO FINANCIAL STATEMENTS March 31, 2018

25 CONTINGENT LIABILITIES

There is an unsecured contingent liability in respect of amounts to be paid to certain categories of employees or their dependents in the event of the employee's death or permanent disability. The maximum amount to be paid is approximately \$227,700 (2017:\$317,500).

