

ESPLANADE AT A GLANCE

Esplanade's vision is to be a performing arts centre for everyone and our mission is to entertain, engage, educate and inspire. As the primary objectives of Esplanade have to do with social and artistic goals beyond the purely financial, a Balanced Scorecard was designed to measure Esplanade's progress. Four perspectives were identified that taken together would provide a holistic view of our performance, beyond the pure financial numbers.

Nevertheless, there are certain limitations even with the Balanced Scorecard approach. While these key performance indicators measure output, desired outcomes relate to specific changes in behaviour, condition or satisfaction and these are end states or visions which are longer term and cannot be measured in a quarterly or yearly report.

THE NATIONAL PERSPECTIVE

The first aspect is perhaps the most important and overarching reason for Esplanade's existence – its contribution to the social and national good. The objectives here are twofold. The first is Esplanade's contribution to enhancing the sense and celebration of community and belonging in Singapore and the second is its contribution to the vibrancy of Singapore as an international arts city.

Esplanade has established itself as a major arts venue both in Singapore and internationally. Aside from being a presenting venue, Esplanade has developed a diverse calendar of festivals and activities throughout the year for our various communities in Singapore and Esplanade's programmes also encourage audiences to go beyond popular works to a deeper appreciation of the arts.

	FY09/10
A) No. of Activities	
Ticketed	849
Non-Ticketed	1,924
Total No. of Activities – Ticketed & Non-Ticketed	2,773
B) Attendance	
Ticketed	529,167
Non-Ticketed	1,366,365
Total Attendance – Ticketed & Non-Ticketed	1,895,532
C) Outreach	
No. of Activities	555
No. of Participants	15,199
D) Visitorship	7,113,788

The number of activities and attendance is a total of all events at the centre, consisting of both *Esplanade Presents* and hirer shows. The non-ticketed activities and attendance are largely *Esplanade Presents* programmes. Through our free performances, we have made the arts accessible to all and lived up to our mission of being a centre for everyone.

Leveraging on the diverse range of programmes that Esplanade presents, the Corporate Communications & Public Affairs department organises activities and initiatives that engage youths, students, educators, community organisations as well as disadvantaged groups. The core objective of our outreach efforts is to build an affinity for Esplanade and the arts among the different community segments through activities organised around our arts programmes. Through regular engagement with these community groups, we hope to increase their appreciation of the arts, as well as strengthen racial harmony and community ties.

While visitorship has reached a steady state of over seven million, the numbers in FY09/10 have also been adversely impacted by the increasing number of events around Marina Bay, the resulting road closures and the disruption from their setup and teardown activities.

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THE INDUSTRY PERSPECTIVE

The second aspect relates to Esplanade's contribution to the development of the arts industry as a whole. As one of the leading arts institutions in Singapore, Esplanade has an important role to play in this area. In its work with artists and sharing of experience and expertise, Esplanade is contributing to the growth and revitalisation of the nation's arts industry.

	FY09/10
A) No. of New Hirers	36
B) No. of New Sponsors	16
C) Job Opportunities for Artists/Crew	31,751
Casual Staff	47,861
D) No. of Courses Conducted	5
No. of Participants	84
E) No. of Collaboration Performances	148
F) No. of New Works Presented	36

Corporate sponsorship is an area which Esplanade has cultivated over the years by working with like-minded sponsors who share our vision of bringing the arts closer to the community. In cultivating sponsors, we do not approach existing arts sponsors but instead, we reach out to organisations who are new to arts sponsorship. Despite the financial crisis, we still managed to cultivate 16 new sponsors during the year.

Esplanade has grown the industry by providing an increasing number of job opportunities for artists, crew and our casual staff. Esplanade has trained a pool of casuals, mainly for front-of-house operations and production. This pool of staff go through a rigorous training process before they are certified, after which they are still required to attend refresher courses each year to retain their certification. Not only do these casuals work for Esplanade but also for other venues, raising the level of proficiency and professionalism in the sector. A total of 47,861 job opportunities were created for our certified casual pool of 776 staff during the year. In addition, technical training courses are organised for those who are interested in working within the arts industry.

Artists are also developed through collaboration works with Esplanade and international groups. Besides sharing the financial risk, Esplanade also shares expertise especially in the areas of programming, marketing and production. We will continue to work with our local artists to improve the quality of productions and grow collaborations that help spur the industry. Across our programmes, from non-ticketed to ticketed, we will find ways to nurture existing talents to raise their performance standards and build audiences for them.

As the international environment changes rapidly, Asia will play an increasingly important role in many areas, including the arts. We will invest in works that are of Asian significance to reflect the contributions of the region. We will put in more resources to shape new works and invite Asian artists for residencies at Esplanade. We will grow the body of Asian work by commissioning work or co-productions with local/regional companies, increasing current levels while maintaining quality. Positioning ourselves as a centre that nurtures and promotes new works, we will also be able to capitalise on our existing networks with international arts centres to create co-productions, thereby positioning Singapore as a contributor to world culture.

THE CUSTOMER PERSPECTIVE

Delivering the Esplanade Experience remains at the heart of the centre's service ethos, and we constantly strive to improve our services and processes in order to meet and even go beyond expectations. The customer perspective aims to quantify the satisfaction of our customers, who are divided into three main groups – patrons/audience, artists who perform here and hirers who rent our venues. However, for Artists and Hirers we decided not to continue our survey for this group in FY09/10 as they are less responsive to surveys and the small sample makes it highly inaccurate.

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	FY09/10
A) Interruptions to Performance	1
B) Customer Satisfaction Ratings	
(i) Patrons – Ushers & Box Office Officers (Overall Average) ¹	8.42
(ii) Artists (Overall Average) ²	-
(iii) Hirers (Overall Average) ³	-

There was one interruption to a performance due to an artist who sprained his leg during a dance performance and could not continue. The show was cancelled halfway and refunds offered to the patrons.

THE ORGANISATIONAL PERSPECTIVE

These indicators track the performance of Esplanade as a company and measure general aspects of the company's operations, including financial outcomes, cost recovery and other ratios that relate to more specific aspects of its operation and provide an overview of the operational efficiency of the organisation.

	FY09/10
A) Key Financial Indicators	
Income	\$27,222,736
Expenditure	\$65,200,462
Cost Recovery Rate	55.7%
B) Corporate Support	
Sponsorship	\$3,623,807
Number of Sponsors	49
C) Productivity	
Event to staff ratio	13.8
Income to staff ratio	\$119,398
D) Staff Development	
Training (% of Annual Basic Salaries)	2.8%
Staff Turnover (Monthly Average)	1.4%
(National Average)	1.8%

Despite the challenging year of recovery from the financial crisis, income closed at \$27.2m, almost equal to the highest income (\$27.248m) in FY07/08, while expenditure peaked at \$65.2m. While we continue to control expenditure, it is inevitable for costs to increase with inflation, an aging centre and a tight labour market with competition from new performance venues being built and regional job opportunities. Cost Recovery Rate (CRR) essentially measures the income 'recovered' for each dollar of expenditure. CRR of 55.7% is the second highest ever achieved.

Sponsorship is an important source of revenue as it leverages on the activities already at Esplanade and supplements the income generated. However, this is an income stream that is also highly dependent on the economic situation.

Event and income to staff ratios are calculated by taking the total number of activities at the centre and income divided by the average number of full-time staff during the year. Training percentage indicates the amount that we are investing in our staff. Our staff turnover has consistently been below the national average regardless of the buoyancy of the job market.

¹ Rated on friendliness, helpfulness, grooming, competence and ease of ticket purchase

² Rated on production management and technical support, in areas such as professionalism and understanding of event requirements; as well as artist management, in areas such as management of logistics for the artist, helpfulness and competency of the artist liaison officer and the comfort level of accommodation etc; lastly, the likelihood of recommendation

³ Rated Venue & Events officers in areas such as promptness in response, friendliness, helpfulness, communication skills etc; as well as production management and technical support on professionalism, responsiveness, technical competence etc; lastly, the likelihood of recommendation

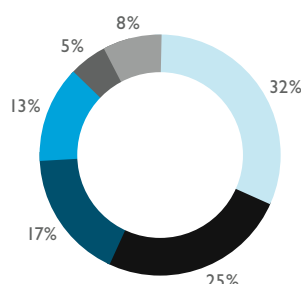
FINANCIAL HIGHLIGHTS

	FY09/10 \$'000	FY08/09 \$'000
TOTAL INCOME	27,223	24,995
TOTAL OPERATING EXPENDITURE	(65,201)	(63,953)
DEFICIT BEFORE GRANTS	(37,978)	(38,958)
SHARE OF PROFITS OF ASSOCIATED COMPANY	303	580
RESULTS AFTER SHARE OF PROFITS OF ASSOCIATED COMPANY	(37,675)	(38,378)
GRANTS FOR THE YEAR	29,542	28,587
GOVERNMENT SUBVENTION – RENTAL OF PROPERTY	12,840	11,813
RESULTS FOR THE YEAR	4,707	2,022
COST RECOVERY RATE	56%	51%
CAPITAL EXPENDITURE	1,742	2,266
TOTAL ASSETS	60,509	55,582

INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

- Venue hire and event services
- Mall and other rentals
- Ticketing
- Sponsorships, donations and specific funds
- Car parking
- Other Income

Total

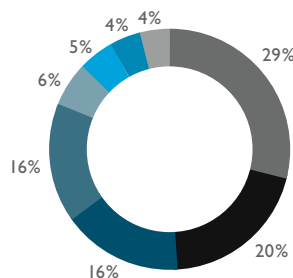


FY09/10 \$'000	%	FY08/09 \$'000	%
8,654	32	6,837	27
6,706	25	6,228	25
4,615	17	5,481	22
3,624	13	3,808	15
1,478	5	1,410	6
2,146	8	1,231	5
27,223	100	24,995	100

EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

- Employee compensation
- Rental of property
- Property maintenance and utilities
- Programming
- Depreciation and amortisation
- Marketing and Communications
- Presentation services and relations
- Others

Total



FY09/10 \$'000	%	FY08/09 \$'000	%
19,110	29	16,114	25
12,840	20	11,813	18
10,690	16	11,277	18
10,214	16	11,759	18
3,519	6	3,291	5
3,243	5	3,306	5
2,745	4	2,843	5
2,840	4	3,550	6
65,201	100	63,953	100

OPERATING & FINANCIAL REVIEW

OPERATING REVIEW

In the midst of the financial crisis, Esplanade stayed on course, holding firmly to our vision to be a performing arts centre for everyone. We steadfastly continued to fulfill our national, social and artistic objectives while maintaining a tight balancing act to achieve a credible financial performance.

Our financial year started on a dismal note on 1 April 2009 with the STI (Straits Times Index) at 1702. The STI crossed the 2000 mark in early May 2009 as the fog began to lift over the global economy but we were hit by the H1N1 virus scare from June to August. The economic outlook took a decisive turn for the better only in the second half of the financial year.

In our core business of programming, we made a deliberate decision to moderate ticket prices to maintain accessibility and attendances at our performances. The strategy worked as our programmes continued to enjoy healthy attendances. While providing accessibility, we also programmed sensitively and avoided committing to high profile events that would not be in keeping with the economic outlook. Thus, there were no high profile events compared to last year, where we presented the Royal Philharmonic Orchestra as well as the Bridge Project, starring Ethan Hawke. As a result, programming cost decreased \$1.5m over last year while ticketing income decreased \$0.9m.

Ticketed attendance declined 13,000 over last year mainly due to the Bridge Project. Although we planned to maintain the number of ticketed activities over last year, we closed the year with 25 activities less than last year, as 14 *Feed Your Imagination* performances were cancelled due to H1N1 and eight *Footwork* workshops were changed to non-ticketed activities for the community as it received interest from corporate sponsors who wanted to participate in it as a Corporate Social Responsibility programme.

As part of fulfilling our commitment to the community, we increased our non-ticketed activities by 322 or 21% over last year at a 12% reduction in cost while attendances increased 7%. We introduced *A Tapestry of Sacred Music*, a new festival of sacred music in May 2009 with mostly non-ticketed performances as we wanted to encourage and uplift spirits during these gloomy times.

Venue rental was boosted by the APEC *Singapore Evening at Esplanade*, which is an episodic event. This resulted in the best performance since the centre opened. The number of hirer performances were maintained from last year while attendances improved.

Mall rental enjoyed the full year impact of the new spaces carved out for lease last year – the car grooming workshop in our basement car park and a mobile bar operating on our roof terrace. The mall was also refreshed during the year with four new tenants that complemented the existing tenant mix and added to the buzz of the centre.

Although sponsorship income declined 5% over last year, we received support from 49 sponsors compared to 47 last year. Our 33 repeat sponsors see value in the Esplanade partnership as they contributed 7% more than last year. Many of our corporate patrons were financial institutions who are still facing questions as to the health and stability of the global financial system. Other companies who cut back on marketing dollars are also reviewing their long-term strategy.

Despite the uncertain economic outlook in the first half year, Esplanade's income reached \$27.2m, almost equivalent to the peak income achieved in FY07/08. Esplanade enjoyed Other Income of \$0.8m from Jobs Credit from the Government, without which, income would have closed at \$26.4m, our second highest ever. It follows that our Cost Recovery Rate (CRR) was also the second highest ever at 55.7% or 54.1% (adjusted for Jobs Credit), compared to 56.7% in FY07/08, and within the 50% envisaged for the long-term.

OPERATING & FINANCIAL REVIEW

Excluding rental of property, expenditure increased \$0.2m or 0.4% over last year. Without the high profile events compared to last year, Programming cost decreased \$1.5m but this was offset by the increase in HR cost as we continue to invest in training to increase the capability of the technical team since we do not have a ready pool of recruits and new performance venues are also recruiting from the same pool of staff. Headcount also increased to fill the vacated positions and to support the growth and development of our core business.

FY09/10 closed with a deficit before grant of \$38.0m compared to \$39.0m last year. Our associate company SISTIC continued to be profitable, contributing \$0.3m to our results, bringing our deficit to \$37.7m which was funded via a grant of \$29.6m and Government subvention of \$12.8m, resulting in a balance of \$4.7m. Government grants continue to be awarded under stricter conditions and increasing emphasis on Esplanade's earned income.

FINANCIAL REVIEW

Esplanade's reserve policy is to maintain an amount equivalent to half of its annual operating expenditure. Our accumulated funds to date stand at \$34.7m or \$32.5m excluding the earnings from our associate company, which is about half of our annual operating expenditure of \$65.2m for FY09/10. As Esplanade's programming activities require commitments to be made in advance and the business operates largely on a cash basis, it is prudent to maintain a certain level of reserves to respond to any contingencies or business interruptions. This reserve will also enable special projects to be undertaken as these would be over and above the normal funding levels. These projects will be approved by Esplanade's Board of Directors.

Esplanade's investment policy allows surplus cash to be placed in fixed deposits with established financial institutions only. Although interest rates are low, the risks are also low. Esplanade has not invested in any financial instruments.

RAP 6 is a Recommended Accounting Practice approved by the ICPAS for charities whose financial year begins on or after 1 January 2006. RAP 6 sets out recommendations on the way in which a charity should account for and report on the resources entrusted to it and the activities that it undertakes. As Esplanade is a company limited by guarantee, it operates very much like a company with the objective of being a performing arts centre for everyone. Esplanade also does not engage in any fund raising activities from the general public. Esplanade has reviewed RAP 6 and the financial statements have complied with RAP 6 where applicable.

GOING FORWARD

Esplanade will continue to focus on our core business of Programming as the momentum of growth built over the last seven years must continue and we will keep nurturing the arts industry. Our programming expenditure will be carefully considered to ensure that all performances are in keeping with our objectives. Our business infrastructure goes through continuous improvement to ensure that the organisation is kept agile and able to respond promptly to any change in operating conditions. We will continue to be prudent with expenditure while still providing the level of quality and service that our customers have come to expect. On the manpower front, we will be watchful over labour cost even as the new performance venues compete with us for specialised talent as they prepare to open their performing spaces.

In good and bad times, our commitment to the arts has never faltered and we will continue to organise and plan, and never leave the outcome to chance.