

REPORT ON THE AUDIT

OF THE FINANCIAL STATEMENTS OF THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE
FOR THE YEAR ENDED 31 MARCH 2005

The financial statements of the Info-communications Development Authority of Singapore (the "Authority"), set out on pages 35 to 56, have been audited under my direction and in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition). These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on the audit.

The audit was conducted in accordance with the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) and Singapore Standards on Auditing. Those Standards require that the audit be planned and performed in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Authority's management, as well as evaluating the overall financial statements presentation. I believe that the audit provides a reasonable basis for my opinion.

In my opinion,

- (a) the consolidated financial statements of the Group and the financial statements of the Authority are properly drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Authority as at 31 March 2005, and the results and changes in equity of the Group and of the Authority, and the cash flows of the Group for the year ended on that date;
- (b) proper accounting and other records of the Authority have been kept, including records of all assets of the Authority whether purchased, donated or otherwise; and
- (c) receipts, expenditure and investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition).



CHUANG KWONG YONG
Auditor-General

Singapore, 10 June 2005

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	Notes	GROUP		IDA	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue					
Licence and frequency fees	6	72,386	85,812	72,386	85,812
Service fees	6	92,791	70,891	92,791	70,891
Other income		7,505	6,528	5,539	4,696
		172,682	163,231	170,716	161,399
Less:					
Operating expenses					
Salaries, CPF and other contributions	7	97,115	100,351	96,016	98,939
Professional services		21,333	15,379	21,239	15,269
Rental expense		11,718	7,285	11,679	7,285
Other expenses		8,693	6,278	8,628	6,043
Staff welfare		1,753	3,425	1,707	3,405
Regulatory and promotion expenses		3,414	3,785	3,411	3,782
Depreciation of property, plant and equipment	13	3,093	3,757	2,632	3,304
Repairs and maintenance		2,728	2,031	2,430	1,777
Overseas missions and meetings		2,525	2,261	2,368	2,170
Staff training		2,388	2,028	2,360	1,981
Supplies and services		1,407	1,842	1,396	1,790
Assets expensed off		839	517	839	517
Audit fees		182	160	138	123
Board members' allowances		126	144	126	144
Bad debts written off		3	129	3	124
Operating expenditure before development fund expenses		157,317	149,372	154,972	146,653
Operating surplus before development fund expenses		15,365	13,859	15,744	14,746
Development fund expenses	8	(21,897)	(40,672)	(21,897)	(40,672)
Operating deficit		(6,532)	(26,813)	(6,153)	(25,926)
Non-operating surplus/(deficit)	9	7,672	(2,933)	44,627	(13,835)
Surplus/(Deficit) before grants		1,140	(29,746)	38,474	(39,761)
Grants					
Operating grants – Government		33,172	29,590	33,172	29,590
Development grants – Government		18,383	24,889	18,383	24,889
Total operating and development grants – Government	10	51,555	54,479	51,555	54,479
Deferred capital grants amortised – Government		696	772	696	772
Surplus before contribution to Consolidated Fund and income tax		53,391	25,505	90,725	15,490
Contribution to Consolidated Fund	23	(17,345)	(3,071)	(17,345)	(3,071)
Income tax	11a	12	4,495	-	-
Net surplus		36,058	26,929	73,380	12,419



Lam Chuan Leong

Chairman
10 June 2005



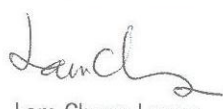
Chan Yeng Kit

Chief Executive Officer

BALANCE SHEETS

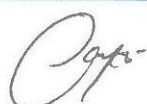
AS AT 31 MARCH 2005

	Notes	GROUP		IDA	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Capital account		356,165	385,972	356,165	356,165
Accumulated surplus		213,287	147,422	213,740	140,360
		569,452	533,394	569,905	496,525
Trust and agency funds	12	7,337	9,005	7,337	9,005
		576,789	542,399	577,242	505,530
Represented by:					
Non-current assets					
Property, plant & equipment	13	3,254	3,776	3,229	3,301
Subsidiaries	14	-	-	294,835	259,008
Non-current investments	15	565,848	178,745	345,376	42,229
Staff loans receivable after one year	16	103	118	103	118
Deferred expenditure	17	4,545	3,670	4,545	3,670
		573,750	186,309	648,088	308,326
Current assets					
Current investments	18	62,149	68,191	-	-
Trade receivables		18,142	45,488	18,142	45,488
Due from subsidiaries – non-trade		-	-	159	344
Other receivables	19	11,802	4,266	9,578	1,964
Staff loans receivable within one year	16	27	26	27	26
Tax recoverable	11b	736	139	-	-
Cash and cash equivalents	20	284,248	635,126	274,602	545,799
		377,104	753,236	302,508	593,621
Less:					
Current liabilities					
Fees received in advance	21	32,159	60,521	32,159	60,521
Trade payables		4,497	6,058	4,497	6,050
Other payables	22	35,126	35,289	34,719	34,730
Advances and deposits		266	460	214	393
Grants received in advance/(receivable)	10	1,761	(56)	1,761	(56)
Provision for income tax	11b	247	-	-	-
Contribution payable to Consolidated Fund	23	17,345	3,071	17,345	3,071
		91,401	105,343	90,695	104,709
Net current assets		285,703	647,893	211,813	488,912
Non-current liabilities					
Deferred capital grants – Government		(1,028)	(1,118)	(1,028)	(1,118)
Deferred income	21	(247,468)	(257,184)	(247,468)	(257,184)
Provision for pensions and medical benefits	24	(41,500)	(42,411)	(41,500)	(42,411)
Deferred taxation	11c	(5)	(95)	-	-
		(290,001)	(300,808)	(289,996)	(300,713)
Net assets of trust and agency funds	12	7,337	9,005	7,337	9,005
		576,789	542,399	577,242	505,530



Lam Chuan Leong

Chairman
10 June 2005



Chan Yeng Kit

Chief Executive Officer

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	Notes	Capital account \$'000	GROUP Accumulated surplus \$'000	Total \$'000	Capital account \$'000	IDA Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2004		385,972	147,422	533,394	356,165	140,360	496,525
Group adjustment	5	(29,807)	29,807	-	-	-	-
Net surplus for the year		-	36,058	36,058	-	73,380	73,380
Balance at 31 March 2005		356,165	213,287	569,452	356,165	213,740	569,905
Balance at 1 April 2003		386,572	118,353	504,925	356,765	125,801	482,566
Credited to income statements		(600)	-	(600)	(600)	-	(600)
Net surplus for the year		-	26,929	26,929	-	12,419	12,419
Change in accounting policy with respect to the capitalisation of scholarship expenditure	4, 17	-	2,140	2,140	-	2,140	2,140
Balance at 31 March 2004		385,972	147,422	533,394	356,165	140,360	496,525

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

	Notes	GROUP	
		2005 \$'000	2004 \$'000
Cash flows from operating activities			
Surplus/(Deficit) before grants		1,140	(29,746)
Adjustments for:			
Depreciation of fixed assets	13	3,093	3,757
Interest income	9	(14,761)	(10,361)
Dividend income	9	(1,825)	(2,036)
Net profit on sale of current investments	9	(3)	(164)
(Write back)/provision for diminution in value of non-current investments		6,400	(249)
Unrealised gain on non-current investment		-	(1,036)
Net loss on sale of fixed assets	9	287	-
Provision for pensions and medical benefits	9,24	2,203	17,788
Amortisation for scholarship	17	268	34
Deficit before working capital changes		(3,198)	(22,013)
Add/(Deduct) changes in working capital:			
Decrease/(Increase) in trade and other receivables		19,810	(174)
Decrease in fees received in advance and deferred income		(38,078)	(21,283)
Decrease in trade and other payables		(1,724)	(5,313)
Decrease in advances and deposits		(194)	(1,425)
Net cash used in operations		(23,384)	(50,208)
Add/(Deduct) cash flows from:			
Contribution to Consolidated Fund		(3,071)	(6,530)
Pension & medical benefits paid	24	(3,114)	(3,180)
Income tax (paid)/refunded	11b	(428)	4,251
Net staff loans received		14	64
Payment for scholarship	17	(1,143)	(1,564)
Net cash outflow from operating activities		(31,126)	(57,167)
Cash flows from investing activities			
Net cash flows from sale and purchase of other non-current investments		(393,503)	11,027
Net cash flows from sale and purchase of current investments		6,045	(5,787)
Purchase of fixed assets		(2,876)	(1,818)
Proceeds from sale of fixed assets		18	26
Interest income received	9	14,761	10,361
Dividend received	9	1,825	2,036
Net cash (outflow)/inflow from investing activities		(378,730)	15,846
Cash flows from financing activities			
Operating and development grants received	10	53,978	54,967
Net cash inflow from financing activities		53,978	54,967
Net (decrease)/increase in cash and cash equivalents held		(350,878)	13,645
Cash and cash equivalents at 1 April		635,126	621,481
Cash and cash equivalents at 31 March	20	284,248	635,126

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Info-communications Development Authority of Singapore ("IDA") is a statutory board established in Singapore under the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) on 1 December 1999.

IDA is domiciled in Singapore and has its principal place of business at:

8 Temasek Boulevard
Suntec Tower Three #14-00
Singapore 038988

2. Principal activities

The principal activities of IDA are:

- (a) to develop and promote the efficiency and international competitiveness of the info-communications industry in Singapore;
- (b) to ensure that the telecommunication services are readily accessible and delivered competitively, at performance standards that meet the social, industrial and commercial needs of Singapore;
- (c) to exercise licensing and regulatory functions in respect of telecommunication systems and services in Singapore;
- (d) to promote the use of the Internet, broadband and electronic commerce and to establish regulatory frameworks for that purpose;
- (e) to plan, promote, develop and implement information and communications technology systems and services for Government ministries, departments and agencies; and
- (f) to provide consultancy and advisory services concerning info-communications technology.

The principal activities of the subsidiaries are disclosed in Note 14.

3. Significant accounting policies

(a) Basis of preparation of financial statements

The financial statements are prepared in accordance with the provisions of the Info-communications Development Authority Act (Cap. 137A, 2000 Revised Edition) and Singapore Financial Reporting Standards (FRS).

These financial statements have been prepared under the historical cost convention. The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

(b) Revenue recognition

Licence and frequency fees are recognised on the accrual basis, except for certain types of fees that are recognised in the financial year in which they are received, net of goods and services tax where applicable.

Services fees are recognised when the services are rendered to customers, net of goods and services tax.

Interest income is recognised as the interest accrues.

Dividends are recognised when the right to receive payment is established.

Profits and losses on the sale of property, plant and equipment and investments are recognised in the income statements on disposal.

(c) Basis of consolidation

The consolidated financial statements include the financial statements of IDA and all its subsidiaries made up to the end of the financial year.

Subsidiaries are those entities in which the Group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with policies adopted by the Group.

(d) Grants and contributions received

All Government grants and contributions from other organisations are accounted for on the accrual basis.

(i) Capital account

Government grants for the establishment of IDA and investments in subsidiaries and in other investments are recorded in the capital account.

(ii) Operating grants

Government grants and contributions from other organisations to meet current financial year's operating expenditure are recognised as income in the same financial year.

(iii) Development grants

Government grants and contributions from other organisations for specific development project expenditure are recognised as income to the extent of the development expenditure incurred during the financial year.

(iv) Deferred capital grants

Government grants and contributions from other organisations utilised for the purchase of depreciable assets are recorded in the deferred capital grants account. Deferred capital grants are recognised in the income statements over the periods necessary to match the depreciation of the assets purchased with the related grants. Upon disposal of these assets, the balance of the related deferred capital grants is recognised in the income statements to match the net book value of the assets written off.

(v) Trust and agency funds

Government grants and contributions from other organisations where IDA is not the owner and beneficiary of the funds are accounted for as trust and agency funds. The receipts and expenditure in respect of agency funds are taken directly to the funds accounts and the net assets relating to these funds are shown as a separate line item in the balance sheets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment to date. Depreciation is calculated on a straight-line basis to write off the cost of property, plant and equipment over their expected useful lives. The expected useful lives are as follows:

	Years
Buildings	50
Equipment, furniture and fittings	3 - 10
Plant and machinery	5 - 7

Other assets comprise entrance fees paid in respect of club memberships. The club membership entrance fees are amortised over the lease period of the land on which the clubs are sited. No depreciation is provided for capital work in progress.

A full year's depreciation is charged in the year of purchase. No depreciation is charged in the year of disposal.

Assets below \$2,000, application software below \$10,000, computer accessories and related professional fees are expensed off in the year of purchase.

Repairs and maintenance are taken to the income statements during the financial period in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and depreciated over the remaining useful life of the asset.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statements.

(f) Investments

Quoted and unquoted debt securities, and quoted equity investments are carried at fair value at the balance sheet date. The unrealised profit or loss on revaluation of investments is taken to the income statements.

Unquoted equity investments and convertible loans to investee corporations held for long-term purpose are stated at cost less any impairment in net recoverable value. Impairment losses are recognised in the income statements.

Cost is determined on the weighted average method.

Investments in subsidiaries are stated at cost less impairment losses in IDA's balance sheet. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of an investment, including subsidiaries, the difference between net disposal proceeds and its carrying amount is taken to the income statements.

(g) Impairment of assets

Property, plant and equipment and other non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income and expenditure statement. The recoverable amount is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

(h) Deferred expenditure

Expenditure incurred in providing scholarships is capitalised and stated at cost less accumulated amortisation. Amortisation is calculated on the straight-line basis to write off the cost over the period of the scholarship bond between 4 and 6 years commencing from the date the scholars commence employment with the Group and is included in other expenses in the income statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2025

(i) Trade receivables

Trade receivables are carried at original invoice amount less allowance made for doubtful receivables based on a review of all outstanding amounts at the year end. An allowance for doubtful receivables is made when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of receivables. Bad debts are written off when identified.

(j) Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(k) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, provisions for pensions and tax losses carried forward. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(l) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(m) Employee benefits

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 balance sheet date.

(n) Provision for pensions and medical benefits

Provision for pensions and medical benefits for eligible retired employees is estimated by management based on the most recent valuation by professional actuaries.

(o) Foreign currency translation

(i) Measurement currency

Items included in the financial statements of each entity in the Group are measured using the currency ("the measurement currency") that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The consolidated financial statements of IDA are presented in Singapore Dollars, being the measurement currency of IDA.

(ii) Transactions and balances

Foreign currency transactions are translated into Singapore Dollars using the exchange rates prevailing at the date of transactions. Foreign currency monetary assets and liabilities are translated into Singapore Dollars at the rates of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

(p) **Cash and cash equivalents**

Cash and cash equivalents are stated in the balance sheet at cost. For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise fixed deposits with financial institutions and bank and cash balances.

(q) **Comparatives**

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

4. Change in accounting policy

During the year, IDA has changed its accounting policy with respect to the treatment of scholarship expenditure to result in a more appropriate presentation in the financial statements. In the past, scholarship expenditure was expensed off in the year of incurrence. The change in the accounting policy has been applied retrospectively, and the impact is an increase in net surplus of \$0.9 million in the current financial year (2004: \$1.5 million).

5. Adjustment to Group's capital account

The adjustment relates to the net accumulated surplus of the subsidiaries of Telecommunication Authority of Singapore and National Computer Board before they were merged to form IDA on 1 December 1999, which has been reclassified from the Group's capital account to the Group's accumulated surplus to better reflect the capital of the Group.

6. Licence and frequency fees and service fees

- (a) Licence fees comprise annual fees, initial fees and fees set aside for development projects. Annual fees are charged to the service providers in Singapore based on either a percentage of their annual gross turnover of the services provided by the service providers or a flat fee, depending on the types of licence issued. Initial fees are one-off fees charged to certain service providers for their long term licences and are recognised over the period of the licences.
- (b) Frequency fees are mainly fees charged for the use of radio frequency spectrum for telecommunication, broadcasting and other radio networks. Fees set aside for development projects are recognised on a realisation basis.
- (c) Service fees are fees charged for professional services and data centre facilities rendered to Government Ministries and Statutory Boards under the Civil Service Computerisation Programme ("CSCP").

7. Salaries, CPF and other contributions

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Wages and salaries	85,520	89,787	84,521	88,562
Employer's contribution to Central Provident Fund	9,598	10,185	9,502	10,041
Other related staff costs	1,997	379	1,993	336
	97,115	100,351	96,016	98,939

The number of persons employed at the end of the financial year by the Group and IDA are 1,025 (2004: 1,115) and 1,015 (2004: 1,105) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

The number of Board members whose remuneration packages fall within the following bands is as follows:

	GROUP & IDA	
	2005	2004
\$250,000 to \$500,000	1	1
Below \$250,000	1	-
	2	1

8. Development fund expenses

	GROUP & IDA	
	2005 \$'000	2004 \$'000
Cluster Development Fund project expenses	32	1,003
Infocomm 21 Fund project expenses	17,773	21,836
Singapore-One project expenses	805	2,050
Development fund expenses funded mainly by development grants from government	18,610	24,889
E-Lifestyle Marketing project expenses	1,661	2,240
Wired with Wireless project expenses	1,626	13,543
	21,897	40,672

The development fund expenses relates to promoting expenses to develop Singapore's Info-communications industry. All development fund expenses are funded mainly by development grants received from Government, except for expenses incurred for E-Lifestyle Marketing Project and Wired with Wireless Project which are funded by IDA itself.

(a) **Cluster Development Fund project expenses**

The Cluster Development Fund was established in 1995 to accelerate the realisation of the IT2000 Masterplan and to nurture a vibrant IT industry. Its objectives are to provide seed funding for IT2000 flagship projects, to encourage industry initiatives by sharing risks, to co-invest in strategic projects and companies, and to support the development of critical IT skills.

(b) **Infocomm 21 Fund project expenses**

The Infocomm 21 Fund was established in 2000 to facilitate the implementation of the Infocomm 21 Strategic Plan to develop Singapore into a premier Infocomm Capital in the Asia-Pacific.

(c) **Singapore-One project expenses**

Singapore-One Development Fund was established to accelerate the growth of broadband multimedia industry in Singapore. It serves to nurture early adoption of broadband technology by both business and consumers in order to jumpstart the broadband multimedia industry in Singapore.

(d) **E-Lifestyle Marketing project expenses**

Under this initiative, IDA will undertake several programmes in phases to target low-income households, different ethnic groups and the late adopters of infocomm technology. These programmes are aimed to raise their awareness about how infocomm technology can enhance their quality of life.

(e) **Wired with Wireless project expenses**

To position Singapore as a living lab and business catalyst for wireless developments in Asia, the "Wired with Wireless" programme promotes the development of mobile infrastructure, products and services. The three main areas of focus are location-based services, mobile commerce and wireless multimedia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

9. Non-operating surplus/(deficit)

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Income				
Interest from:				
– Fixed deposits and current account	3,697	3,303	3,635	3,263
– Debt securities	11,060	7,053	5,059	322
– Others	4	5	3	5
Dividend income	1,825	2,036	4,000	20
Net gain/(loss) on liquidation of subsidiary	-	-	35,827	(157)
Net profit on sale of current investments	3	164	-	-
Others	26	456	198	594
	15,615	13,017	48,722	4,047
Expenditure				
Unrealised (diminution)/appreciation on investments	(6,400)	1,885	(1,442)	(50)
Net foreign exchange loss	-	(3)	-	-
Net loss on sale of property, plant and equipment	(287)	-	(287)	-
Provision for pensions and medical benefits	(2,203)	(17,788)	(2,203)	(17,788)
Others	(53)	(44)	(163)	(44)
	(8,943)	(15,950)	(4,095)	(17,882)
Non-operating surplus/(deficit)	7,672	(2,933)	44,627	(13,835)

10. Operating and development grants – Government

	GROUP & IDA	
	2005 \$'000	2004 \$'000
Balance at 1 April 2004/2003	(56)	(528)
Operating grants – Government	33,172	29,590
Development grants – Government	20,806	25,377
Net grants received during the financial year	53,978	54,967
Transfer from capital account	-	600
Transfer to deferred capital grants	(606)	(616)
Grants (received in advance)/receivable	(1,761)	56
Grants recognised in the income statements	51,555	54,479

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

11. Income tax

- (a) IDA is exempted from paying income tax, except for any dividend income received from its subsidiaries.

The Group's income tax relates wholly to the subsidiaries of IDA. The Group's income tax charge is made up as follows:

	GROUP	
	2005 \$'000	2004 \$'000
Current income tax	246	136
Deferred taxation	(90)	(78)
	156	58
Overprovision in prior financial years – current income tax	(168)	(4,553)
	(12)	(4,495)

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to surplus before taxation due to the following factors:

	GROUP	
	2005 \$'000	2004 \$'000
Surplus before income tax after Consolidated Fund	75,873	20,904
IDA's surplus exempted for tax purposes	(73,380)	(10,889)
	2,493	10,015
Tax calculated at a tax rate of 20%	499	2,003
Expenses exempted for tax purposes	(11)	3
Expenses not deductible for tax purposes	350	2
Effect of concessionary tax rate	(320)	-
Income not subject to tax	(78)	(252)
Utilisation of tax loss previously not recognised	(280)	(1,681)
Effect of change in tax rate	-	(16)
Deferred tax asset not recognised	-	1
Others	(4)	(2)
	156	58

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

(b) Movements in provision for current tax

	GROUP	
	2005 \$'000	2004 \$'000
Balance at 1 April 2004/2003	(139)	27
Net income tax (paid)/refunded	(428)	4,251
Current financial year's income tax expense	246	136
Overprovision in prior financial years	(168)	(4,553)
Balance at 31 March	(489)	(139)

(c) Movements in provision for deferred taxation

	GROUP	
	2005 \$'000	2004 \$'000
Balance at 1 April 2004/2003	95	173
Tax credited to income statements	(90)	(78)
Balance at 31 March	5	95

The deferred tax charge relates to temporary differences recognised for accelerated tax depreciation.

12. Trust and agency funds

Trust and agency funds represent moneys received in trust and managed by IDA as agent on behalf of or under instructions from the principals which comprise of the Government and other statutory boards. The activities carried out in these funds include those relating to IDA's function as the Government Chief Information Office ("GCIO"), and programmes to promote the development of the info-communications industry. The receipts and payments relating to the funds are taken directly to the funds accounts.

The movements and net assets in these funds are as follows:

	GROUP & IDA	
	2005 \$'000	2004 \$'000
Balance at 1 April 2004/2003	9,005	4,376
Receipts	95,717	59,262
Expenditure	(91,964)	(54,633)
Funds transferred to IDA's operations	(5,421)	-
Balance at 31 March	7,337	9,005
Represented by:		
Cash and cash equivalents	7,487	6,377
Receivables	11	3,329
Payables	(161)	(701)
Net Assets	7,337	9,005

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

13. Property, plant and equipment

	Capital work in- progress \$'000	Buildings \$'000	Equipment, furniture and fittings \$'000	Plant and machinery \$'000	Other assets \$'000	Total \$'000
Group						
Cost						
At 1 April 2004	176	809	32,781	7,847	388	42,001
Additions	233	-	1,694	1,244	-	3,171
Disposals	-	-	(3,579)	(565)	(78)	(4,222)
Reclassifications	(295)	-	-	-	-	(295)
At 31 March 2005	114	809	30,896	8,526	310	40,555
Accumulated depreciation						
At 1 April 2004	-	711	30,113	7,266	135	38,225
Depreciation for the year	-	89	2,456	537	11	3,093
Disposal	-	-	(3,328)	(561)	(28)	(3,917)
Reclassifications	-	-	-	-	-	-
At 31 March 2005	-	800	29,241	7,242	118	37,401
Net book value						
at 31 March 2005	114	9	1,655	1,284	192	3,254
Net book value						
at 31 March 2004	176	98	2,668	581	253	3,776
IDA						
Cost						
At 1 April 2004	176	809	31,108	7,847	388	40,328
Additions	233	-	1,684	1,244	-	3,161
Disposals	-	-	(3,384)	(565)	(78)	(4,027)
Reclassifications	(295)	-	-	-	-	(295)
At 31 March 2005	114	809	29,408	8,526	310	39,167
Accumulated depreciation						
At 1 April 2004	-	711	28,915	7,266	135	37,027
Depreciation for the year	-	89	1,995	537	11	2,632
Disposal	-	-	(3,132)	(561)	(28)	(3,721)
Reclassifications	-	-	-	-	-	-
At 31 March 2005	-	800	27,778	7,242	118	35,938
Net book value						
at 31 March 2005	114	9	1,630	1,284	192	3,229
Net book value						
at 31 March 2004	176	98	2,193	581	253	3,301

At 31 March 2005, IDA has legal title to the land and building that is presently the Singapore Philatelic Museum ("SPM"), with an original cost amounting to \$3,179,328. The land and building has been accounted for in the fixed assets of IDA and Group at a written down value of \$1 as at 31 March 2005 as it is not probable that future economic benefits will accrue to IDA and the land and building is, in substance, being held in trust for the operations of the Singapore Philatelic Museum on behalf of the National Heritage Board.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

14. Subsidiaries

(a)

	IDA	
	2005 \$'000	2004 \$'000
Unquoted shares, at cost	294,835	259,008

(b) The subsidiaries, which are all incorporated and carry on businesses in Singapore, are as follows:

Name	Principal activities	Cost of IDA's investment		% of paid up capital held by IDA			
		2005 \$'000	2004 \$'000	2005 %	2004 %	Subsidiaries 2005 %	Subsidiaries 2004 %
Held by IDA:							
Infocomm Investments Pte Ltd	Investment holding and investment management	291,022	245,195	100	84	-	16
Singapore Communication Investments Private Limited	Dormant	-	10,000	-	100	-	-
Singapore Network Information Centre (SGNIC) Pte Ltd	Registry of internet domain names	3,813	3,813	100	100	-	-
Paynet Pte. Ltd.	Dormant	*	*	100	100	-	-
		294,835	259,008				

* Investment cost is less than \$1,000

(c) As at 31 March 2005, Singapore Communication Investments Private Limited is under members' voluntary liquidation. As part of the liquidation process, Singapore Communication Investments Private Limited had distributed, in specie, its investment held in Infocomm Investments Pte Ltd amounting to \$45.827 million, which had been used to offset the IDA's cost of investment in Singapore Communication Investments Private Limited. This has resulted in the recognition of gain on liquidation of subsidiary of \$35.827 million (see Note 9).

(d) The amount due from subsidiaries (non-trade) is unsecured, interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

15. Non-current investments

(a)

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Quoted investments, at cost				
Equity shares	733	733	-	-
Debt securities	212,250	146,981	156,482	41,893
	212,983	147,714	156,482	41,893
Unrealised (diminution)/appreciation in value	(695)	1,069	(754)	336
	212,288	148,783	155,728	42,229
Unquoted investments, at cost				
Equity shares	66,673	9,808	-	-
Debt securities	320,600	51,044	190,600	600
	387,273	60,852	190,600	600
Unrealised (diminution)/appreciation in value	(33,713)	(30,890)	(952)	(600)
	353,560	29,962	189,648	-
	665,848	178,745	345,376	42,229

(b) Included in the debt securities in IDA is an amount of \$340 million (2004: \$37 million), which was managed by a subsidiary on behalf of IDA.

(c) Movements in unrealised (diminution)/appreciation in value are as follows:

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Quoted investments				
Balance at the beginning of the financial year	1,069	(3,522)	336	396
Movement during the financial year	(1,764)	3,350	(1,090)	(50)
Utilised during the financial year	-	1,241	-	-
Balance at the end of the financial year	(695)	1,069	(754)	336
Unquoted investments				
Balance at the beginning of the financial year	(30,890)	(29,293)	(600)	-
Movement during the financial year	(4,623)	(1,591)	(352)	(600)
Utilised during the financial year	1,800	-	-	-
Balance at the end of the financial year	(33,713)	(30,890)	(952)	(600)

Included in the unrealised diminution in value of unquoted investments is an amount of \$600,000 (2004: \$600,000) which was incurred in relation to an investment funded by development grant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

Quoted investments, at fair value

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
The aggregate fair values of quoted investments are:				
Equity shares	157	292	-	-
Debt securities	212,131	148,491	155,728	42,229
	212,288	148,783	155,728	42,229

16. Staff loans receivable

	GROUP & IDA	
	2005 \$'000	2004 \$'000
Housing loans	55	61
Other loans	75	83
	130	144
Amounts due within one year	(27)	(26)
Amounts due after one year	103	118

The housing loans, with interest charged at 5% per annum (2004: 5% per annum), are repayable by monthly instalments over a maximum period of 30 years. Other loans which include computers and renovation, are repayable by monthly instalments over a period of 2 to 7 years at zero interest (2004: 0%) and 5% interest per annum (2004: 5% per annum) respectively.

17. Deferred expenditure

	GROUP & IDA	
	2005 \$'000	2004 \$'000
Cost		
At 1 April 2004/2003	3,704	2,140
Additions	1,143	1,564
Withdrawals	-	-
At 31 March	4,847	3,704
Accumulated amortisation		
At 1 April 2004/2003	34	-
Amortisation for the financial year	268	34
Withdrawals	-	-
At 31 March	302	34
Carrying amount		
At 31 March 2005/2004	4,545	3,670
At 31 March 2004/2003	3,670	2,140

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

18. Current investments

	GROUP	
	2005 \$'000	2004 \$'000
At fair value:		
Quoted debt securities	16,129	17,182
Unquoted debt securities	46,020	51,009
	62,149	68,191

19. Other receivables

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Sundry debtors and deposits	5,247	1,847	5,134	1,476
Interest receivable	4,111	1,961	2,080	30
Prepayments	2,444	458	2,364	458
	11,802	4,266	9,578	1,964

20. Cash and cash equivalents

(a)

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Fixed deposits with financial institutions	55,170	549,346	50,500	541,255
Bank and cash balances	229,078	85,780	224,102	4,544
	284,248	635,126	274,602	545,799

The fixed deposits with financial institutions of the Group and IDA mature on varying dates within 1 to 6 months (2004: 1 month) from the financial year end. The interest rate range of these deposits as at 31 March 2005 was 1.63% to 2.03% (2004: 0.25% to 0.70%).

- (b) Included in cash and cash equivalents in IDA is an amount of \$203 million (2004: \$512 million) which is earmarked for investment in securities managed by a subsidiary on behalf of IDA.
- (c) The cash and cash equivalents in IDA include an amount of approximately \$42 million (2004: \$42 million) relating to the provision for pensions and medical benefits that has been specifically set up for payments of pensions and medical benefits to pensioners.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

21. Fees received in advance and deferred income

Fees received in advance comprise mainly annual licence fees received in advance from licensees and initial licence and frequency fees that are to be recognised in the income statements in the next financial year. Deferred income relates to the initial licence and frequency fees that are to be recognised in the income statements after the next financial year and over the remaining period of the licences.

22. Other payables

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Accrual of expenses under development funds	5,414	4,753	5,414	4,753
Accrual for operating and other expenses	29,402	30,395	28,995	29,836
Accrual for purchase of fixed assets	310	141	310	141
	35,126	35,289	34,719	34,730

23. Contribution payable to Consolidated Fund

Contribution to Consolidated Fund is required under section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). The contribution is computed based on the guidelines specified by the Ministry of Finance.

24. Provision for pensions and medical benefits

	GROUP & IDA	
	2005 \$'000	2004 \$'000
Balance at 1 April 2004/2003	42,411	27,803
Provision for the financial year	2,203	17,788
Payments during the financial year	(3,114)	(3,180)
Balance at 31 March	41,500	42,411

The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 December 2003 performed by an independent firm of professional actuaries.

The principal assumptions used by the professional actuaries in determining the pensions and medical benefits are as follows:

Discount rate:	3.0%
Mortality age:	82 years
Medical inflation rate:	4% reducing to 3% after 5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

25. Commitments

(a) Capital and investment commitments

At the balance sheet date, capital and investment commitments not provided for in the financial statements are as follows:

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Capital expenditure contracted for	438	973	438	973
Commitment for investments approved but not contracted for	1,933	4,228	-	-

(b) Lease commitments

At the balance sheet date, the Group and IDA have non-cancellable operating lease commitments payable as follows:

	GROUP & IDA	
	2005 \$'000	2004 \$'000
Within one year	5,949	6,701
Between one and five years	14,941	22,616
	20,890	29,317

(c) Other commitments

- Under the IDA Housing Loan Scheme, IDA has a contractual obligation with a financial institution to:
 - subsidise the interest payable by IDA's staff on housing loans from the financial institution if the current interest rate exceeds certain prescribed rates under the Scheme; and
 - pay to the financial institution any fire insurance premiums due to the financial institution which cannot be recovered from IDA's staff.

At the balance sheet date, total housing loans under the Scheme amounted to approximately \$567,721 (2004: \$928,663). Liabilities arising from the Scheme are accrued for in the financial year in which they are incurred.

- Under the IDA Scholarship Programme, IDA has an obligation to fund the scholars' educational expenses. At the balance sheet date, the total committed expenditure is estimated at \$2,731,019.

26. Contingent Liabilities

As at 31 March 2005, a banker's guarantee amounted to \$920,450.16 was issued by OCBC Bank in favour of Suntec City Development Pte Ltd for the IDA's office lease at Suntec City. The guarantee is unsecured and effective from 1 June 2004 to 31 March 2008.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

27. Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices and foreign currency exchange rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under policies approved by the Management and the Board of Directors. The Management and the Board provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

(i) Foreign exchange risk

The Group's business is exposed to foreign exchange risk arising from various currency exposures primarily with respect to US Dollars in the form of its operations and investments in private equity. However, as the timing and amounts of these transactions and exposures are dependent upon the incurrence of events and the eventual exit of the private equity investments, which is uncertain in nature, the Group has not undertaken any measure to manage this risk as it is not cost effective to do so.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing assets consist mainly of time deposits and debt securities. The carrying amount and the interest rates of the major classes of time deposits and debt securities held are as follows:

	GROUP		IDA	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Maturing				
Less than one year	166,271	617,537	99,452	541,255
Between one and five years	364,367	78,818	230,939	7,471
More than five years	85,316	44,146	65,485	34,758
Range of effective interest rates	1.48% to 6.47%	0.25% to 3.55%	1.48% to 3.46%	0.44% to 3.08%

(iii) Credit risk

Credit risk is incurred from debtors and financial institutions. The maximum exposure at the end of the financial year, in relation to each class of financial asset is the fair value of those assets in the Balance Sheet.

Cash and fixed deposits are placed with high credit quality financial institutions. Debt securities held for investment are of at least a Standard & Poor's grading of A or its equivalent.

The Group has no significant concentrations of credit risk.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Group's underlying businesses, the Group aims at maintaining flexibility in funding by keeping its liquid assets in a balanced mix of cash, time deposits, short-term notes and marketable debt securities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005

28. Fair values

The carrying values of the following financial assets and financial liabilities approximate to their fair values: staff loans receivable, current investments, non-current investments in debt securities, trade receivables and payables, other receivables and payables, provision for pensions and medical benefits, and cash.

As disclosed in Note 15 to the financial statements, certain non-current investments in equity shares are unquoted. Their fair values are not disclosed as it is not practicable within constraints of timeliness of costs to determine their fair values with sufficient reliability.

29. Authorisation of financial statements

These financial statements were authorised for issue by the Board of IDA on 9 June 2005.