

**INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF  
SINGAPORE AND ITS SUBSIDIARIES**

**FINANCIAL STATEMENTS**

For the financial year ended 31 March 2007

**Contents**

- 53 Statement by the Info-communications  
Development Authority of Singapore Board
- 54 Report on the Audit
- 56 Income Statements
- 58 Balance Sheets
- 60 Statements of Changes in Equity
- 61 Consolidated Cash Flow Statement
- 63 Notes to the Financial Statements

## STATEMENT BY THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE BOARD

In our opinion, the accompanying balance sheets of the Group and the Info-communications Development Authority of Singapore (IDA) as at 31 March 2007, income statements and statements of changes in equity of the Group and the IDA and the cash flow statement of the Group for the year ended, and a summary of significant accounting policies and other explanatory notes as set up on pages 56 to 94 are drawn up so as to give a true and fair view of the state of affairs of the Group and the IDA as at 31 March 2007, the results and changes in equity of the Group and of the IDA, and the cash flows of the Group for the year ended on that date.

On behalf of the IDA Board



**Lam Chuan Leong**  
Chairman



**Chan Yeng Kit**  
Chief Executive Officer

Singapore  
22 June 2007

### REPORT ON THE AUDIT

#### OF THE FINANCIAL STATEMENTS OF THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE FOR THE YEAR ENDED 31 MARCH 2007

The accompanying financial statements of the Info-communications Development Authority of Singapore ("the Authority") and its subsidiaries, set out on pages 56 to 94, have been audited under my directions and in accordance with the provisions of the Info-communications Development Authority of Singapore Act [Cap 137A, 2000 Revised Edition] ["the Act"]. These financial statements comprise the balance sheets of the Group and the Authority as at 31 March 2007, the income statements and statements of changes in equity of the Group and the Authority, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Board Members' responsibility for the financial statements*

The Board Members are responsible for the preparation and fair presentation of these financial statements in accordance with the Act and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's responsibility*

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with the Act and Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

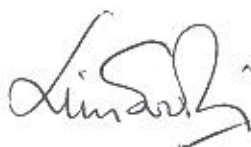
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion,

- a) the financial statements are properly drawn up in accordance with the provisions of the Act 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 2007, 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 have been kept, including records of all assets of the Authority whether purchased, donated or otherwise; and
- c) the 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 Act.



**LIM SOO PING**  
AUDITOR-GENERAL  
SINGAPORE  
22 June 2007



## FINANCIAL STATEMENTS

### INCOME STATEMENTS

For the financial year ended 31 March 2007

		GROUP		IDA	
	Notes	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Revenue</b>					
Service fees	5	100,297	96,354	100,297	96,354
Licence and frequency fees	5	73,433	78,683	73,433	78,683
Interest income	6	26,676	22,433	19,167	15,434
Positive/(negative) fair value changes on financial assets at fair value through profit or loss		16,018	(7,532)	4,982	(6,769)
Other income		6,184	8,367	4,836	6,558
Dividend income		1,777	1,733	-	-
Distributions from fund investments		330	985	-	-
Net gain on sale of property, plant and equipment	7	-	33	7	33
Net gain on liquidation of a subsidiary		-	-	-	211
		224,722	201,056	202,722	190,504

#### Less:

#### Expenses

Salaries, CPF and other contributions	7	100,953	97,668	100,622	96,342
Professional services		27,982	21,592	27,873	21,369
Regulatory and promotion expenses		12,174	3,302	12,083	3,291
Other expenses	8	11,459	9,317	11,493	9,443
Rental expense		10,987	11,202	10,947	11,150
Staff welfare and allowance		4,706	2,813	4,691	2,795
Repairs and maintenance		3,202	3,717	2,905	3,451
Overseas missions and meetings		2,620	2,791	2,577	2,696
Supplies and services		2,256	2,167	2,245	2,165
Staff training		2,148	2,189	2,136	2,177
Depreciation of property, plant and equipment	13	1,883	1,896	1,864	1,870
Provision for pension and medical benefits	26	1,342	1,803	1,342	1,803
Property, plant and equipment expensed off		316	399	316	399
Impairment loss on available-for-sale financial assets	19	314	823	-	-
Audit fees		255	209	176	163
Board members' allowance		141	130	141	130
Net loss on disposal of available-for-sale financial assets		133	1,843	-	-
Foreign currency exchange difference		62	55	30	45

	Notes	GROUP		IDA	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Allowance/(reversal) of impairment on trade receivables		5	(16)	5	(16)
Bad debts written off		-	4	-	30
Expenditure before development fund expenses		182,938	163,904	181,446	159,303
<b>Surplus before development fund expenses</b>		<b>41,784</b>	<b>37,152</b>	<b>21,276</b>	<b>31,201</b>
Development fund expenses	9	(22,911)	(16,812)	(22,911)	(16,812)
<b>Surplus/(deficit)</b>		<b>18,873</b>	<b>20,340</b>	<b>(1,635)</b>	<b>14,389</b>
<b>Grants</b>					
Operating grants - Government		28,095	28,795	28,095	28,795
Development grants - Government		20,087	14,483	20,087	14,483
Total operating and development grants - Government	10	48,182	43,278	48,182	43,278
Deferred capital grants amortised - Government		595	829	595	829
<b>Surplus before contribution to Consolidated Fund and income tax</b>		<b>67,650</b>	<b>64,447</b>	<b>47,142</b>	<b>58,496</b>
Contribution to Consolidated Fund	27	(9,424)	(11,699)	(9,424)	(11,699)
Income tax	11	(1,984)	(946)	-	-
<b>Net surplus</b>		<b>56,242</b>	<b>51,802</b>	<b>37,718</b>	<b>46,797</b>

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

# FINANCIAL STATEMENTS

## BALANCE SHEETS

As at 31 March 2007

	Notes	GROUP		IDA	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Capital account		356,165	356,165	356,165	356,165
Fair value reserve		4,821	1,439	-	-
Accumulated surplus		321,488	265,246	298,232	260,514
		682,474	622,850	654,397	616,679
Trust and agency funds	12	2,176	2,220	2,176	2,220
		684,650	625,070	656,573	618,899

### Represented by:

#### Non-current assets

Property, plant & equipment	13	3,535	3,630	3,509	3,618
Intangible assets	14	511	811	511	811
Other assets	15	-	182	-	182
Subsidiaries	16	-	-	294,835	294,835
Deferred expenditure	17	4,203	4,655	4,203	4,655
Staff loans receivable after one year	18	20	82	20	82
Available-for-sale financial assets	19	11,887	9,084	-	-
Financial assets at fair value through profit or loss	20	316,730	441,706	205,371	244,220
		336,886	460,150	508,449	548,403

#### Current assets

Trade receivables	21	21,859	12,965	21,859	12,965
Due from subsidiaries – non-trade		-	-	155	296
Other receivables	22	11,061	9,166	7,879	7,014
Staff loans receivable within one year	18	60	23	60	23
Tax recoverable	11b	1,088	738	-	-
Financial assets at fair value through profit or loss	20	151,185	96,620	22,395	46,620
Cash and cash equivalents	23	580,248	421,041	509,015	377,163
		765,501	540,553	561,363	444,081

		GROUP		IDA	
	Notes	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Less:</b>					
<b>Current liabilities</b>					
Fees received in advance	24	76,721	53,232	75,473	52,359
Trade payables		6,860	3,853	6,860	3,853
Other payables	25	51,865	41,153	51,538	40,586
Advances and deposits		237	232	102	116
Grants received in advance	10	11,591	54	11,591	54
Provision for income tax	11c	747	57	-	-
Provision for pension and medical benefits	26	3,252	3,374	3,252	3,374
Contribution payable to Consolidated Fund	27	9,428	11,699	9,428	11,699
		<u>160,701</u>	<u>113,654</u>	<u>158,244</u>	<u>112,041</u>
<b>Net current assets</b>		<u>604,800</u>	<u>426,899</u>	<u>403,119</u>	<u>332,040</u>
<b>Non-current liabilities</b>					
Deferred capital grants – Government		[444]	(316)	[444]	(316)
Deferred income	24	(222,080)	(226,966)	(221,960)	(226,893)
Provision for pension and medical benefits	26	(34,767)	(36,555)	(34,767)	(36,555)
Deferred taxation	11d	(1,921)	(362)	-	-
		<u>(259,212)</u>	<u>(264,199)</u>	<u>(257,171)</u>	<u>(263,764)</u>
<b>Net assets of trust and agency funds</b>	12	<u>2,176</u>	<u>2,220</u>	<u>2,176</u>	<u>2,220</u>
		<u>684,650</u>	<u>625,070</u>	<u>656,573</u>	<u>618,899</u>

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



## FINANCIAL STATEMENTS

### STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2007

	GROUP				IDA			
	Capital account \$'000	Fair value reserve \$'000	Accumulated surplus \$'000	Total \$'000	Capital account \$'000	Fair value reserve \$'000	Accumulated surplus \$'000	Total \$'000
Balance at 1 April 2006	356,165	1,439	265,246	622,850	356,165	-	260,514	616,679
Fair value changes on available-for-sale financial assets	-	3,382	-	3,382	-	-	-	-
Net surplus for the year	-	-	56,242	56,242	-	-	37,718	37,718
Balance at 31 March 2007	356,165	4,821	321,488	682,474	356,165	-	298,232	654,397
Balance at 1 April 2005	356,165	1,080	213,444	570,689	356,165	-	213,717	569,882
Transfer to income statements due to impairment loss of available-for-sale financial assets	-	823	-	823	-	-	-	-
Fair value changes on available-for-sale financial assets	-	[464]	-	[464]	-	-	-	-
Net surplus for the year	-	-	51,802	51,802	-	-	46,797	46,797
Balance at 31 March 2006	356,165	1,439	265,246	622,850	356,165	-	260,514	616,679

The accompanying notes form an integral part of these financial statements

# CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2007

	Notes	GROUP	
		2007 \$'000	2006 \$'000
<b>Cash flows from operating activities</b>			
Surplus before grants		18,873	20,340
Adjustments for:			
Depreciation of property, plant and equipment	13	1,883	1,896
Provision for pension & medical benefits	26	1,342	1,803
Amortisation of deferred expenditure	8	829	561
Amortisation of intangible assets	8	588	707
Impairment loss on available-for-sale financial assets	19	314	823
Impairment of other assets	8	172	-
Net loss on disposal of available-for-sale financial assets		133	1,843
Amortisation of other assets	8	10	10
Allowance/(reversal) of impairment on trade receivables		5	(16)
Net gain on sale of property, plant and equipment		(7)	(33)
Distributions from fund investments		(330)	(985)
Dividend income		(1,777)	(1,733)
Fair value changes on financial assets at fair value through profit or loss		(16,018)	7,532
Interest income	6	(26,676)	(22,433)
(Deficit)/Surplus before working capital changes		(20,659)	10,315
Add/(deduct) changes in working capital :			
Increase/(decrease) in fees received in advance and deferred income		18,603	(439)
Increase in trade and other payables		13,719	5,383
Increase/(decrease) in advances and deposits		5	(34)
(Increase)/decrease in trade and other receivables		(10,440)	8,088
Net cash from operations		1,228	23,313
Add/(deduct) cash flows from:			
Net staff loans received		25	25
Deferred expenditure paid		(377)	(671)
Income tax paid		(596)	(463)
Pension & medical benefits paid	26	(3,252)	(3,374)
Contribution to Consolidated Fund		(11,695)	(17,345)
Net cash (outflow)/inflow from operating activities		(14,667)	1,485

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

## FINANCIAL STATEMENTS

### CONSOLIDATED CASH FLOW STATEMENT (continued)

For the financial year ended 31 March 2007

	Notes	GROUP 2007 \$'000	2006 \$'000
<b>Cash flows from investing activities</b>			
Net proceeds from sale and purchase of financial assets at fair value through profit or loss		84,666	68,625
Interest income received		28,084	23,945
Dividend income received		1,777	1,731
Net proceeds from sale and purchase of available-for-sale financial assets		644	2,288
Distributions from fund investments received		330	985
Proceeds from sale of property, plant and equipment		14	33
Purchase of intangible assets		[259]	(975)
Purchase of property, plant and equipment		[1,824]	(3,007)
Net cash inflow from investing activities		<u>113,432</u>	<u>93,625</u>
<b>Cash flows from financing activities</b>			
Operating and development grants received	10	60,442	41,683
Net cash inflow from financing activities		<u>60,442</u>	<u>41,683</u>
Net increase in cash and cash equivalents held		159,207	136,793
Cash and cash equivalents at beginning of the financial year		421,041	284,248
Cash and cash equivalents at end of the financial year	23	<u>580,248</u>	<u>421,041</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

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.

As a statutory board, IDA is subjected to the control of its supervisory ministry, Ministry of Information, Communications and The Arts (MICA), and is required to follow policy and instructions issued from time to time by MICA and other government ministries and departments such as the Ministry of Finance (MOF).

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 16.



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2007*

#### 3. Significant accounting policies

##### 3.1 Basis of preparation of financial statements

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

The financial statements are presented in Singapore dollar (\$) and all values are rounded to the nearest thousand (\$'000) except where otherwise indicated.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below. 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. Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 4.

##### 3.2 Revenue recognition

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

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.

Interest income is recognised on a time-proportion basis using the effective interest method.

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

##### 3.3 Basis of consolidation

The consolidated financial statements include the financial statements of IDA and all its subsidiaries 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. In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions within the Group are eliminated; unrealised losses are also eliminated but only to the extent that there is no evidence of impairment. Where necessary, accounting policies for subsidiaries are changed to ensure consistency with policies adopted by the Group.

The Group's accounting policy on investments in subsidiaries is disclosed in Note 3.8.

### 3. Significant accounting policies (continued)

#### 3.4 Grants and contributions received

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

##### 3.4.1 Capital account

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

##### 3.4.2 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. Grants given for specific projects are recognised as income to the extent of the project expenditure incurred during the financial year.

##### 3.4.3 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.

##### 3.4.4 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.

##### 3.4.5 Trust and agency funds

Moneys received from the Government and other organisations where IDA is not the owner and beneficiary 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.

#### 3.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses 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

No depreciation is provided for capital work in progress.



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2007*

#### 3. Significant accounting policies (continued)

##### 3.5 Property, plant and equipment (continued)

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 are expensed off in the year of purchase.

Subsequent expenditure relating to asset that has already been recognised 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 IDA, and the cost can be reliably measured. All other repairs and maintenance are taken to the income statements during the financial period in which they are incurred.

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.

##### 3.6 Intangible assets

Application software including software development costs are capitalised on the basis of the costs incurred to bring to use or develop the specific software. Direct expenditure which enhances or extends the performance of application software beyond its specifications and which can be reliably measured is recognised as a capital improvement and added to the original cost of the software.

Application software is stated at cost less accumulated amortisation and impairment losses to date. Amortisation is calculated on a straight-line basis to write off the cost of application software over their expected useful life of 3 years.

A full year amortisation is charged in the year of purchase and no amortisation is charged in the year of disposal.

Application software below \$10,000 is expensed off in the year of purchase.

##### 3.7 Other assets

Other assets comprise entrance fees paid in respect of club memberships. The club memberships are stated at cost less accumulated amortisation and impairment losses to date. Amortisation is calculated on a straight-line basis to write off the cost of club memberships over a period of 30 years.

### 3. Significant accounting policies (continued)

#### 3.8 Subsidiaries

Investments in subsidiaries are stated at cost less accumulated 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 in subsidiaries, the difference between net disposal proceeds and its carrying amount is taken to the income statements.

#### 3.9 Deferred expenditure

Expenditure incurred in providing scholarships is capitalised and stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to write off the cost over the period of the scholarship bond from 4 to 6 years commencing from the year that the scholars commence employment with the Group and IDA.

#### 3.10 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 statements. The recoverable amount is the higher of an asset's fair value less cost to sell 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.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statements.

#### 3.11 Financial assets and liabilities

##### 3.11.1 Investments

Investments are classified as "financial assets at fair value through profit or loss" and "available-for-sale financial assets". The classification depends on the purpose for which the assets were acquired. Management determines the classification at initial recognition and re-evaluates the designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 3. Significant accounting policies (continued)

##### 3.11 Financial assets and liabilities (continued)

###### 3.11.1.1 Classification

- (a) **Financial assets at fair value through profit or loss** are either acquired for the purpose of selling in the short term or designated by management on initial recognition, because such financial assets are managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about these investments is provided internally to the Group and IDA's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.
- (b) **Available-for-sale financial assets** are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the assets within 12 months after the balance sheet date.

###### 3.11.1.2 Recognition and derecognition

Purchases and sales of investments are recognised on settlement date – the date that an asset is delivered to or by the Group and IDA. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and IDA have transferred substantially all risks and rewards of ownership.

###### 3.11.1.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

###### 3.11.1.4 Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the income statements in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the income statements.

### 3. Significant accounting policies (continued)

#### 3.11 Financial assets and liabilities (continued)

##### 3.11.2 Staff loan, Due from subsidiaries, Trade and Other receivables

Staff loan, due from subsidiaries, trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

##### 3.11.3 Cash and cash equivalents

Cash and cash equivalents are stated in the balance sheet at cost and comprise fixed deposits with financial institutions; and bank and cash balances. They are subject to an insignificant risk of changes in value.

##### 3.11.4 Trade and other payables

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

##### 3.11.5 Determination of fair value

###### (a) Fair valuation of financial instruments traded in active markets

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group and IDA is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

###### (b) Fair valuation of financial instruments that are not traded in an active market

The fair value of financial instruments that are not traded in an active market is determined by using suitable valuation techniques. The valuation techniques attempt to establish what the transaction price would have been on the measurement date for which the financial instruments could be exchanged or settled between knowledgeable, willing parties in an arm's length transaction. Unquoted investments whose fair values cannot be reliably measured are carried at cost less any impairment loss.

###### (c) Fair valuation of other financial assets and liabilities

The carrying amount of staff loan, due from subsidiaries, trade and other receivables, cash and cash equivalents and trade and other payables are assumed to approximate their fair values given their short duration.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

*For the financial year ended 31 March 2007*

#### 3. Significant accounting policies (continued)

##### 3.11 Financial assets and liabilities (continued)

###### 3.11.6 Impairment

The Group and IDA assess, at each balance sheet date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

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 is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately in the income statements.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statements.

##### 3.12 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.

##### 3.13 Income taxes

###### 3.13.1 Current tax

The tax currently payable is based on the subsidiaries' taxable profit for the year. Taxable profit differs from profit as reported in the income statements 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 that have been enacted or substantively enacted by the balance sheet date.



### 3. Significant accounting policies (continued)

#### 3.13 Income taxes (continued)

##### 3.13.2 Deferred taxation

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 the tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### 3.14 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, taking into consideration the time value of money.

#### 3.15 Employee benefits

##### 3.15.1 Defined contribution plans

Defined contribution plans are post-employment benefits plans under which the Group and IDA pay fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group and IDA's contribution to defined contribution plans are recognised in the financial year to which they relate.

##### 3.15.2 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 result of services rendered by employees up to the balance sheet date.



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 3. Significant accounting policies (continued)

##### 3.15 Employee benefits (continued)

###### 3.15.3 Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits as a result of an offer made due to voluntary redundancy.

###### 3.16 Provision for pension and medical benefits

Provision for pension and medical benefits for eligible retired employees is estimated by management based on the most recent valuation by professional actuaries. Any actuarial gain or loss arising from the valuation of pension provision is immediately recognised in the income statements.

###### 3.17 Foreign currency transactions

The financial statements of the Group and IDA are presented in Singapore dollars, the currency of the primary economic environment in which the Group and IDA operate (its functional currency).

In preparing the financial statements of the Group and IDA, transactions in currencies other than in Singapore dollars are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. 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.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the income statements for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value through profit or loss are included in the income statement 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 equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

#### 4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Those estimates and judgements 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:

(a) Provision for pension and medical benefits

The provision for pension and medical benefits is estimated by the management based on the most recent valuation by professional actuaries. If the discount rate used in the valuation increased or decreased by 0.5%, the carrying amount of the provision for pension and medical benefits would be an estimate \$1,401 million (2006: \$1,507 million) lower or \$1,500 million (2006: \$1,617 million) higher respectively.

(b) Fair valuation of investments in the absence of quotes prices in an active market

The Group estimates the fair value of investments that do not have an active market by using suitable valuation techniques. The valuation techniques attempt to establish what the transaction price would have been on the measurement date for which the financial instruments could be exchanged or settled between knowledgeable, willing parties in an arm's length transaction. Unquoted investments whose fair value cannot be reliably measured are carried at cost less any impairment loss. Fair valuation of investments is disclosed in Note 19 and 20.

(c) Impairment of available-for-sale financial assets

At each balance sheet date, the Group assesses whether there is any objective evidence that available-for-sale financial assets are impaired, as evidenced by the occurrence of one or more loss events. Based on the Group's best estimate of the future cash flows of each investment and taking into consideration all credit exposures, adequate impairment losses have been recognised in the income statements (see Note 19).

#### 5. Service fees and licence and frequency fees

(a) Service fees are fees charged for professional services and data centre facilities rendered mainly to government ministries and statutory boards.

(b) 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.

(c) 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.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 6. Interest income

	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fixed deposits and bank accounts	13,097	7,405	11,985	7,120
Debt securities	13,577	15,025	7,180	8,311
Others	2	3	2	3
	<b>26,676</b>	<b>22,433</b>	<b>19,167</b>	<b>15,434</b>

#### 7. Salaries, CPF and other contributions

	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Wages and salaries	90,733	84,474	90,457	83,239
Employer's contribution to Central Provident Fund	8,472	8,784	8,419	8,698
Other related staff costs	1,748	4,410	1,746	4,405
	<b>100,953</b>	<b>97,668</b>	<b>100,622</b>	<b>96,342</b>

#### 8. Other expenses

	Notes	GROUP		IDA	
		2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
IT promotion and sponsorship		1,211	1,865	1,211	1,865
Utilities		1,799	1,377	1,799	1,377
Publicity expense		3,330	1,348	3,330	1,348
Telecommunications and internet services		1,095	987	1,094	982
Irrecoverable GST		1,258	925	1,258	925
General and administration expense		749	902	784	1,034
Amortisation of intangible assets	14	588	707	588	707
Local travelling		418	635	418	634
Amortisation of deferred expenditure	17	829	561	829	561
Amortisation of other assets	15	10	10	10	10
Impairment of other assets	15	172	-	172	-
		<b>11,459</b>	<b>9,317</b>	<b>11,493</b>	<b>9,443</b>



## 9. Development fund expenses

	<b>GROUP and IDA</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Cluster Development Fund project	267	345
Infocomm 21 Fund project	20,475	14,167
Singapore-One project	(419)	146
Development fund expenses funded mainly by development grants from government	20,323	14,658
E-Lifestyle Marketing project	581	844
Wired with Wireless project	1,154	1,310
Connected Singapore Blueprint	853	-
	<b>22,911</b>	<b>16,812</b>

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

### (a) Cluster Development Fund project

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

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

### (c) Singapore-One project

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 businesses and consumers in order to jumpstart the broadband multimedia industry in Singapore.

### (d) E-Lifestyle Marketing project

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

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.



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 9. Development fund expenses (continued)

- (f) Connected Singapore Blueprint

The blueprint aims to develop a vibrant infocomm industry, create advanced Infocomm users in all sectors, and create a conducive environment.

#### 10. Operating and development grants – Government

	GROUP and IDA	
	2007	2006
	\$'000	\$'000
Balance at beginning of the financial year	54	1,761
Operating grants – Government	32,729	28,795
Development grants – Government	27,713	12,888
Net grants received during the financial year	60,442	41,683
Transfer to deferred capital grants	(723)	(112)
Grants received in advance	(11,591)	(54)
Grants recognised in the income statements	48,182	43,278

#### 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	
	2007	2006
	\$'000	\$'000
Current income tax	1,091	469
Deferred taxation	838	473
	1,929	942
Under provision in prior financial years – current income tax	55	4
	1,984	946

One of the subsidiaries has been granted tax exemption under Section 13H of the Income Tax Act, Cap. 134 for its venture capital investment activities. By virtue of this tax incentive, the subsidiary's profits arising from such activities are tax-exempt for a period of 10 years from June 1, 2000. Notwithstanding the tax exemptions, the subsidiary is liable to tax on income generated from non-qualifying activities.

## 11. Income tax (continued)

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 of 18% [2006: 20%] to surplus before taxation due to the following factors:

	GROUP	
	2007	2006
	\$'000	\$'000
Surplus before contribution to Consolidated Fund and income tax	67,650	64,447
Surplus subject to contribution to Consolidated Fund	(47,142)	(58,310)
	<u>20,508</u>	<u>6,137</u>
Income tax expense at statutory rate	3,691	1,227
Expenses exempted for tax purposes	(27)	(11)
Non-taxable/deductible items	(734)	850
Effect of concessionary tax rate	(483)	(307)
Income not subject to tax	(11)	(2)
Utilisation of prior years' tax losses carry forwards	(507)	(815)
Under provision in the prior financial years	55	4
	<u>1,984</u>	<u>946</u>

One subsidiary invested in certain financial instruments which generate income that is taxed at a concessionary tax rate of 10% [2006: 10%].

As at balance sheet dates, one subsidiary has the following tax loss carried forward:

	GROUP	
	2007	2006
	\$'000	\$'000
Amount at beginning of the financial year	-	-
Adjustments to prior year balance carried forward	2,814	6,251
Amount utilised to offset opening adjustment to fair value reserve	-	(2,177)
Amount utilised in the current financial year	(2,814)	(4,074)
Amount at end of the financial year	<u>-</u>	<u>-</u>
Deferred tax benefit on above not recorded	-	-

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 11. Income tax (continued)

##### (b) Movements in tax recoverable

	GROUP	
	2007	2006
	\$'000	\$'000
Balance at beginning of the financial year	738	736
Tax refund received	-	(132)
Reclassified from provision for income tax	140	-
Reclassified from deferred taxation	210	-
Tax deducted at source	-	134
Balance at end of the financial year	1,088	738

##### (c) Movements in provision for income tax

	GROUP	
	2007	2006
	\$'000	\$'000
Balance at beginning of the financial year	57	45
Under provision in respect of prior financial years	55	4
Income tax paid during the year	(596)	(461)
Current year tax provision	1,091	469
Reclassified to tax recoverable	140	-
Balance at end of the financial year	747	57

##### (d) Movements in deferred taxation

	GROUP	
	2007	2006
	\$'000	\$'000
Balance at beginning of the financial year	362	5
Effect of changes in tax rate	(28)	-
Reclassified to tax recoverable	210	-
Tax charged to income statements	838	473
Tax effect of movement in fair value reserve	539	(116)
Balance at end of the financial year	1,921	362

#### 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 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 expenditure relating to the funds are taken directly to the funds accounts.



## 12. Trust and agency funds (continued)

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

	<b>GROUP and IDA</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning of financial year	2,220	7,337
Receipts	74,931	35,907
Expenditure	(74,314)	(39,668)
Funds returned to principals	(661)	(1,356)
Balance at end of the financial year	<u>2,176</u>	<u>2,220</u>
Represented by:		
Cash and cash equivalents	2,377	2,392
Receivables	42	-
Payables	(243)	(172)
Net Assets	<u>2,176</u>	<u>2,220</u>

## 13. Property, plant and equipment

<b>2007</b>	<b>Capital work in- progress \$'000</b>	<b>Buildings \$'000</b>	<b>Equipment, furniture and fittings \$'000</b>	<b>Plant and machinery \$'000</b>	<b>Total \$'000</b>
<b>GROUP</b>					
<b>Cost</b>					
At 1 April 2006	29	809	24,370	6,419	31,627
Additions	-	-	1,815	9	1,824
Disposals	-	-	(2,954)	(215)	(3,169)
Reclassifications	(29)	-	-	-	(29)
At 31 March 2007	<u>-</u>	<u>809</u>	<u>23,231</u>	<u>6,213</u>	<u>30,253</u>
<b>Accumulated depreciation</b>					
At 1 April 2006	-	807	23,450	3,740	27,997
Depreciation for the year	-	2	1,310	571	1,883
Disposals	-	-	(2,947)	(215)	(3,162)
At 31 March 2007	<u>-</u>	<u>809</u>	<u>21,813</u>	<u>4,096</u>	<u>26,718</u>
<b>Net book value</b>					
At 31 March 2007	<u>-</u>	<u>-</u>	<u>1,418</u>	<u>2,117</u>	<u>3,535</u>

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 13. Property, plant and equipment (continued)

2007	Capital work in- progress \$'000	Buildings \$'000	Equipment, furniture and fittings \$'000	Plant and machinery \$'000	Total \$'000
<b>IDA</b>					
<b>Cost</b>					
At 1 April 2006	29	809	22,908	6,419	30,165
Additions	-	-	1,781	9	1,790
Disposals	-	-	(2,954)	(215)	(3,169)
Reclassifications	(29)	-	-	-	(29)
At 31 March 2007	-	809	21,735	6,213	28,757
<b>Accumulated depreciation</b>					
At 1 April 2006	-	807	22,000	3,740	26,547
Depreciation for the year	-	2	1,291	571	1,864
Disposals	-	-	(2,948)	(215)	(3,163)
At 31 March 2007	-	809	20,343	4,096	25,248
<b>Net book value</b>					
At 31 March 2007	-	-	1,392	2,117	3,509

2006	Capital work in- progress \$'000	Buildings \$'000	Equipment, furniture and fittings \$'000	Plant and machinery \$'000	Total \$'000
<b>GROUP</b>					
<b>Cost</b>					
At 1 April 2005	114	809	23,972	8,526	33,421
Additions	2,413	-	615	2,477	5,505
Disposals	-	-	(217)	(4,584)	(4,801)
Reclassifications	(2,498)	-	-	-	(2,498)
At 31 March 2006	29	809	24,370	6,419	31,627
<b>Accumulated depreciation</b>					
At 1 April 2005	-	800	22,860	7,242	30,902
Depreciation for the year	-	7	807	1,082	1,896
Disposals	-	-	(217)	(4,584)	(4,801)
At 31 March 2006	-	807	23,450	3,740	27,997
<b>Net book value</b>					
At 31 March 2006	29	2	920	2,679	3,630

### 13. Property, plant and equipment (continued)

2006	Capital work in- progress \$'000	Buildings \$'000	Equipment, furniture and fittings \$'000	Plant and machinery \$'000	Total \$'000
<b>IDA</b>					
<b>Cost</b>					
At 1 April 2005	114	809	22,484	8,526	31,933
Additions	2,413	-	602	2,477	5,492
Disposals	-	-	(178)	(4,584)	(4,762)
Reclassifications	(2,498)	-	-	-	(2,498)
At 31 March 2006	29	809	22,908	6,419	30,165
<b>Accumulated depreciation</b>					
At 1 April 2005	-	800	21,397	7,242	29,439
Depreciation for the year	-	7	781	1,082	1,870
Disposals	-	-	(178)	(4,584)	(4,762)
At 31 March 2006	-	807	22,000	3,740	26,547
<b>Net book value</b>					
At 31 March 2006	29	2	908	2,679	3,618

At 31 March 2007, 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 2007 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.

### 14. Intangible assets

	<b>GROUP and IDA</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>		
At beginning of the financial year	7,899	6,924
Additions	259	975
Disposals	(1,095)	-
Reclassifications	29	-
Balance at end of the financial year	7,092	7,899
<b>Accumulated amortisation</b>		
At beginning of the financial year	7,088	6,381
Amortisation for the financial year (Note 8)	588	707
Disposals	(1,095)	-
Balance at end of the financial year	6,581	7,088
<b>Carrying amount</b>		
At 31 March	511	811



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 15. Other assets

	GROUP and IDA	
	2007 \$'000	2006 \$'000
<b>Cost</b>		
At beginning and at end of the financial year	310	310
<b>Accumulated amortisation and impairment loss</b>		
At beginning of the financial year	128	118
Amortisation for the financial year (Note 8)	10	10
Allowance for Impairment loss (Note 8)	172	-
Balance at end of the financial year	310	128
<b>Carrying amount</b>		
Balance at end of the financial year	-	182

The impairment represents the write-down of club membership [see Note 32].

#### 16. Subsidiaries

	IDA	
	2007 \$'000	2006 \$'000
(a) Unquoted shares, at cost	294,835	294,835

(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	
		2007 \$'000	2006 \$'000	2007 %	2006 %
Held by IDA:					
Infocomm Investments Pte Ltd	Investment holding and investment management	291,022	291,022	100	100
Singapore Network Information Centre (SGNIC) Pte Ltd	Registry of internet domain names	3,813	3,813	100	100
IDA International Pte Ltd (Formerly known as Paynet Pte. Ltd.)	Dormant	*	*	100	100
		294,835	294,835		

\* Investment cost is less than \$1,000

## 16. Subsidiaries (continued)

- (c) The amount due from subsidiaries (non-trade) is unsecured, interest free and repayable on demand.
- (d) All subsidiaries of the Group are audited by Deloitte & Touche, Singapore.

## 17. Deferred expenditure

	<b>GROUP and IDA</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cost</b>		
At beginning of the financial year	5,518	4,847
Additions	834	671
Withdrawal	(506)	-
Balance at end of the financial year	5,846	5,518
<b>Accumulated amortisation</b>		
At beginning of the financial year	863	302
Amortisation for the financial year (Note 8)	829	561
Withdrawal	(49)	-
Balance at end of the financial year	1,643	863
<b>Carrying amount</b>		
At 31 March	4,203	4,655

## 18. Staff loans receivable

	<b>GROUP and IDA</b>	
	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Housing loans	43	49
Other loans	37	56
	80	105
Amounts due within one year	(60)	(23)
Amounts due after one year	20	82

The housing loans, with interest charged at 5% per annum (2006: 5% per annum), are repayable by monthly instalments over next 12 months. Other loans which include computers and renovation, are repayable by monthly instalments over a period of 2 to 7 years at 0% interest (2006: 0%) and 5% interest per annum (2006: 5% per annum) respectively.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 19. Available-for-sale financial assets

	GROUP			
	2007 \$'000	2006 \$'000		
(a) Fund investments, at fair value	9,869	6,988		
	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
(b) Unquoted equity shares, at cost	16,962	21,747	600	600
Less: Impairment loss	(14,344)	(19,651)	-	(600)
Less: Write-off	(600)	-	(600)	-
Net	2,018	2,096	-	-
Total	11,887	9,084	-	-

Fund investments at fair value include impairment losses amounting to \$8,975,629 (2006: \$8,661,849).

Investments in unquoted equity shares represent equity interest in companies that are involved in start up activities in the information and communication technologies sectors. The fair value estimates of these investments generated by the various valuation models cannot be reliably estimated as the range of fair values vary significantly. Accordingly, these investments are stated at cost less impairment loss.



## 19. Available-for-sale financial assets (continued)

Movements in allowance for impairment loss during the year are as follows:

	GROUP			
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Fund investments</b>				
At beginning of financial year	8,662	8,662		
Charged to income statements	314	-		
Balance at end of the financial year	8,976	8,662		
	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Unquoted equity shares</b>				
At beginning of financial year	19,651	18,991	600	600
Charged to income statements	-	823	-	-
Reversal of impairment loss through fair value reserve	(382)	(163)	-	-
Eliminated on disposal/write-off of investments	(4,925)	-	(600)	-
Balance at end of the financial year	14,344	19,651	-	600

The impairment loss in IDA was incurred in relation to an investment funded by development grant and the amount had been charged off against the capital account.

The available-for-sale financial assets that are not denominated in the Group's functional currency are as follows:

	GROUP	
	2007 \$'000	2006 \$'000
United States dollars	7,486	5,611

## 20. Financial assets at fair value through profit or loss

(a)	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>At fair value</b>				
Quoted investments				
- Equity shares	148	2,359	-	-
- Preference shares	38,837	35,580	-	-
- Debt securities	119,865	135,256	109,556	125,380
	158,850	173,195	109,556	125,380
Unquoted investments				
- Debt securities	296,704	342,970	118,210	165,460
	455,554	516,165	227,766	290,840

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 20. Financial assets at fair value through profit or loss (continued)

[b]	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>At cost less impairment loss</b>				
Unquoted debt securities, at cost	13,144	22,944	-	-
Less: Impairment loss	(783)	(783)	-	-
Net	12,361	22,161	-	-
<b>Total</b>	<b>467,915</b>	<b>538,326</b>	<b>227,766</b>	<b>290,840</b>

	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Classified as:				
- Current	151,185	96,620	22,395	46,620
- Non-current	316,730	441,706	205,371	244,220
	467,915	538,326	227,766	290,840

Designated as fair value through profit or loss on initial recognition	467,915	538,326	227,766	290,840
--	---------	---------	---------	---------

Movements in allowance for impairment loss during the year are as follows:

	GROUP	
	2007 \$'000	2006 \$'000
<b>Unquoted debt securities, at cost</b>		
At beginning of the financial year	783	5,316
Write-back on disposal	-	(4,533)
Balance at end of the financial year	783	783

Investments in quoted equity shares and quoted preference shares offer the Group the opportunity for returns through dividend income and fair value gains. They have no fixed maturity or coupon rates. The fair values of these instruments are based on the quoted closing market prices (bid prices) on the last day of the financial year.

Included in the unquoted debt securities at fair value are instruments amounting to \$246.704 million (2006: \$292.970 million) that were acquired with embedded credit derivatives. The fair values of these embedded credit derivatives and the host in unquoted debt securities are provided by the issuing banks based on their proprietary valuation model.

## 20. Financial assets at fair value through profit or loss (continued)

The unquoted debt securities carried at cost less impairment held by one subsidiary allow the Group to convert the debt instruments into equity shares in the issuing companies at the Group's discretion. Included in this balance is an amount of \$5.033 million (2006: \$5.033 million) relating to a debt security issued by an entity in which a senior management of the Group is the chairman. The Group holds 17% (2006: 35%) of the outstanding debt instruments issued by this entity which may be convertible into equity shares at its option. The fair value estimates of the unquoted debt securities and the embedded conversion options could not be reliably measured as the estimates generated by the various valuation models vary significantly. Accordingly, these are stated at cost less impairment.

Financial assets at fair value through profit or loss that are not denominated in the Group's functional currency are as follows:

	GROUP	
	2007 \$'000	2006 \$'000
United States dollars	11,410	21,160
Malaysian ringgit	148	238
Total	<u>11,558</u>	<u>21,398</u>

## 21. Trade receivables

	GROUP and IDA	
	2007 \$'000	2006 \$'000
As at 31 March	<u>21,859</u>	<u>12,965</u>

The trade receivables balance as at year end are stated after allowance for impairment of trade receivables of \$5,759 (2006: \$Nil). The impairment loss was recognised in the income statements.

## 22. Other receivables

	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Sundry debtors and deposits	4,787	4,036	3,499	3,760
Interest receivable	4,207	3,853	2,883	2,574
Dividend receivable	532	532	-	-
Prepayments	1,535	745	1,497	680
	<u>11,061</u>	<u>9,166</u>	<u>7,879</u>	<u>7,014</u>



## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 23. Cash and cash equivalents

(a)	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Fixed deposits with financial institutions	427,143	114,535	420,720	109,000
Bank and cash balances	153,105	306,506	88,295	268,163
	<b>580,248</b>	<b>421,041</b>	<b>509,015</b>	<b>377,163</b>

The fixed deposits with financial institutions of the Group and IDA mature on varying dates within 1 to 8 months (2006: 1 to 9 months) from the financial year end.

The effective interest rate range of these deposits as at 31 March 2007 was 2.48% to 3.42% (2006: 2.13% to 3.38%).

Cash and cash equivalents are denominated in the following currencies:

	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Singapore dollar	580,152	420,943	508,924	377,071
United States dollar	22	35	17	29
Others	74	63	74	63
	<b>580,248</b>	<b>421,041</b>	<b>509,015</b>	<b>377,163</b>

(b) Included in cash and cash equivalents in IDA is an amount of \$341.850 million (2006: \$258.883 million) which is earmarked for investment in securities.

(c) The cash and cash equivalents in IDA include an amount of approximately \$38.019 million (2006: \$39.929 million) relating to the provision for pension and medical benefits that has been specifically set up for payments of pension and medical benefits to pensioners.

#### 24. 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.

## 25. Other payables

	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Accrual of expenses under development funds	8,111	6,835	8,111	6,835
Accrual for operating and other expenses	43,723	33,881	43,396	33,314
Accrual for purchase of fixed assets	31	437	31	437
	<b>51,865</b>	<b>41,153</b>	<b>51,538</b>	<b>40,586</b>

## 26. Provision for pension and medical benefits

	GROUP and IDA	
	2007 \$'000	2006 \$'000
Balance at beginning of the financial year	39,929	41,500
Provision for the financial year	1,342	1,803
Payments during the financial year	(3,252)	(3,374)
	<b>38,019</b>	<b>39,929</b>
Amounts due within one year	(3,252)	(3,374)
Amounts due after one year	<b>34,767</b>	<b>36,555</b>

The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 March 2007 performed by an independent firm of professional actuaries.

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

	2007	2006
Discount rate:	3.0%	3.0%
Mortality age:	84 years	83 years
Medical inflation rate:	3.0%	3.0%

## 27. 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.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 28. 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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Capital expenditure	850	601	800	601
Investments	813	1,433	850	-

##### (b) Lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases for office premises, facilities and equipment contracted for at the reporting date but not recognised as liabilities are as follows:

	GROUP and IDA	
	2007 \$'000	2006 \$'000
Not later than one year	10,302	9,420
Later than one year but not later than five years	21,735	25,018
Later than 5 years	14,671	17,800
	<u>46,708</u>	<u>52,238</u>

##### (c) Development fund expenses commitments

As at balance sheet date, the development fund expenses committed amounted to approximately \$73.190 million (2006: \$42.546 million)

##### (d) Other commitments

- Under 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 \$103,876 (2006: \$113,154). Liabilities arising from the Scheme are accrued for in the financial year in which they are incurred.

- Under 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 \$1,281,717 (2006: \$615,188).



## 29. Contingent Liabilities

As at 31 March 2007, there is a litigation pertaining to a dispute on a claim by a former staff on compensation upon termination of his employment amounting to \$193,468 [2006: \$193,468].

## 30. Financial risk management

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. 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 liquidity risk.

### (a) 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.

### (b) 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	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
<b>Maturing</b>				
Less than one year	578,328	211,155	443,115	155,620
Between one and five years	245,231	323,225	205,371	205,065
More than five years	20,153	58,381	-	39,155
Range of effective interest rates	1.92% to 4.80%	1.56% to 4.80%	1.92% to 3.50%	1.56% to 3.50%

### (c) 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 Sheets.

## FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

#### 30. Financial risk management (continued)

##### (c) Credit risk (continued)

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

The Group has no significant concentrations of credit risk.

##### (d) 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.

#### 31. Significant related party transactions

Significant related party transactions and balances other than those disclosed elsewhere in the notes to the financial statements are as follows :

##### (a) Significant transactions with government ministries, statutory boards and government-linked companies

IDA is a statutory board established under the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition). As a statutory board, all government ministries including statutory boards under their purview and government-linked companies are deemed related parties to IDA. The more significant transactions between IDA and these organisations during the financial year include:

	IDA	
	2007 \$'000	2006 \$'000
<b>Revenue</b>		
Service fees	99,863	94,243
Licence and frequency fees	53,003	56,135
Other income	2,572	3,664
<b>Expenditure</b>		
Professional services	13,728	8,858
Development fund expenses	5,969	8,187
Rental expense	4,703	4,832
Other expenses	4,614	3,269
Repairs and maintenance	1,073	598
Supplies and services	680	519
Staff training	429	603
Regulatory and promotion expenses	182	226

### 31. Significant related party transactions [continued]

#### (b) Significant balances with government ministries, statutory boards and government-linked companies

The more significant balances between IDA and these organisations during the financial year are as follows:

	IDA	
	2007 \$'000	2006 \$'000
Trade receivables	21,076	11,976
Other receivables	1,643	1,136
Trade payables	2,694	673
Other payables	3,747	3,003

#### (c) Subsidiaries

Transactions between IDA and its subsidiaries during the financial year include:

	IDA	
	2007 \$'000	2006 \$'000
Rental income	134	133
Management fee income	148	38
Fund management fee expense	42	163

#### (d) Key management personnel compensation

	GROUP		IDA	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Salaries and other short-term employee benefits	3,047	2,866	2,847	2,561
Employer's contribution to Central Provident Fund	64	69	60	57

### 32. Post Balance Sheet Event

In the subsequent year, IDA has written off the other asset – Club Membership (Note 15) as there is no knowledgeable willing buyer and it is not economical to continue payment of the monthly fee subscription.



## **FINANCIAL STATEMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 March 2007*

#### **33. New Accounting Standards and FRS Interpretations**

Certain new FRS and Interpretations of FRS ("INT FRS") have been issued for accounting periods beginning on or after 1 January 2007. The Group and IDA have assessed those FRS and INT FRS. The initial application of those FRS and INT FRS is not expected to have any material impact on the Group and IDA's financial statements.

#### **34. Authorisation of financial statements**

These financial statements were authorised for issue by the Board of IDA on 22 June 2007.