

Financial Statements

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AUDITOR'S REPORT

On the Financial Statements of Info-communications Development Authority of Singapore

We have audited the financial statements of Info-communications Development Authority of Singapore ("IDA") and the consolidated financial statements of the Group for the year ended 31 March 2003 set out on pages 43 to 63. These financial statements are the responsibility of IDA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of IDA and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of the state of affairs of IDA and of the Group at 31 March 2003, and the results and changes in equity of IDA and of the Group, and the cash flows of the Group for the year ended on that date;
- (b) the accounting and other records required by the Act to be kept by IDA have been properly kept in accordance with the provisions of the Act; and
- (c) the receipt, expenditure and investment of moneys, and the acquisition and disposal of assets by IDA during the year have been in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of IDA are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 207(3) of the Singapore Companies Act (Chapter 50).



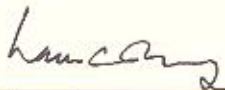
PricewaterhouseCoopers
Certified Public Accountants

Singapore, 29 August 2003

INCOME STATEMENTS

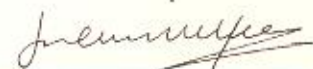
For the Financial Year ended 31 March 2003

	Notes	GROUP		IDA	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Revenue					
Licence and frequency fees	4	74,694	78,566	74,694	78,566
Service fees	4	69,883	67,232	69,883	67,232
Other income		8,474	9,745	6,022	7,603
		153,051	155,543	150,599	153,401
Less:					
Operating expenses					
Assets expensed off		497	1,100	497	1,100
Audit fees		144	212	104	147
Bad debts written off		59	54	-	-
Board members' allowances		120	132	120	132
Depreciation of fixed assets	13	8,564	7,750	8,133	7,677
Entertainment		55	69	55	68
Overseas travelling		2,467	3,219	2,349	3,215
Other expenses		4,914	12,951	4,831	12,604
Professional services		14,452	18,091	14,282	17,778
Provision for doubtful debts		-	44	-	-
Regulatory and promotion expenses		4,149	3,792	4,108	3,770
Repairs and maintenance		1,951	1,209	1,829	1,187
Rental expense		8,140	7,367	8,121	7,311
Salaries, CPF and other contributions	5	97,658	99,052	96,163	97,430
Staff training		4,169	5,153	4,097	5,147
Staff welfare		2,918	1,513	2,885	1,465
Supplies and services		1,960	2,373	1,871	2,337
Operating expenditure before development fund expenses		152,217	164,081	149,445	161,368
Development fund expenses	6	32,683	87,793	32,683	87,793
Total operating expenses		184,900	251,874	182,128	249,161
Operating deficit		(31,849)	(96,331)	(31,529)	(95,760)
Non-operating (deficit)/surplus	7	(14,400)	3,756	1,954	3,444
Deficit before grants		(46,249)	(92,575)	(29,575)	(92,316)
Grants					
Operating and development grants - Government	8	58,088	118,326	58,088	118,326
Deferred capital grants amortised - Government	11	1,171	1,502	1,171	1,502
Surplus before contribution to Consolidated Fund and income tax		13,010	27,253	29,684	27,512
Provision for contribution to Consolidated Fund	22	(6,530)	(6,740)	(6,530)	(6,740)
Income tax	9	11	(6,248)	-	-
Net surplus attributable to IDA		6,491	14,265	23,154	20,772



Lam Chuan Leong
Chairman

29 August 2003

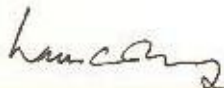


Tan Ching Yee (Mrs)
Chief Executive Officer

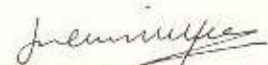
BALANCE SHEETS

As at 31 March 2003

	Notes	GROUP		IDA	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Capital Account		386,572	386,572	356,765	356,765
Accumulated surpluses	10	118,353	111,862	125,801	102,647
		504,925	498,434	482,566	459,412
Deferred capital grants - Government Trust and agency funds	11 12	1,274 4,376	1,529 3,569	1,274 4,376	1,529 3,569
		510,575	503,532	488,216	464,510
Represented by:					
Non-current assets					
Fixed assets	13	5,741	9,621	4,954	9,486
Subsidiaries	14	-	-	255,364	255,364
Non-current investments	15	188,487	199,802	5,975	5,589
Staff loans receivable	16	175	730	175	730
		194,403	210,153	266,468	271,169
Current assets					
Current investments	17	62,240	70,056	-	-
Short term loan to a subsidiary company	14	-	-	300	-
Trade debtors		44,247	22,100	44,186	21,784
Grants receivable	8	528	-	528	-
Due from subsidiaries - non-trade	14	-	-	581	496
Other debtors	18	5,333	5,280	3,117	3,121
Staff loans receivable	16	33	96	33	96
Cash and cash equivalents	19	621,481	685,393	589,661	652,655
		733,862	782,925	638,406	678,152
Less:					
Current liabilities					
Fees received in advance	20	59,983	58,659	59,983	58,659
Trade creditors		6,037	11,458	5,972	11,429
Other creditors	21	40,623	65,442	40,141	64,860
Advances and deposits		1,885	2,124	1,600	1,407
Grants received in advance	8	-	25,641	-	25,641
Provision for income tax	9	27	3,407	-	-
Provision for contribution to Consolidated Fund	22	6,530	8,676	6,530	8,676
		115,085	175,407	114,226	170,672
Net current assets		618,777	607,518	524,180	507,480
Non-current liabilities					
Deferred income	20	(279,005)	(290,702)	(279,005)	(290,702)
Provision for pensions and gratuities	23	(27,803)	(27,006)	(27,803)	(27,006)
Deferred taxation	9	(173)	-	-	-
		(306,981)	(317,708)	(306,808)	(317,708)
Net assets of trust and agency funds	12	4,376	3,569	4,376	3,569
		510,575	503,532	488,216	464,510



Lam Chuan Leong
Chairman
29 August 2003



Tan Ching Yee (Mrs)
Chief Executive Officer

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 31 March 2003

	Capital account \$'000	GROUP Accumulated surpluses \$'000	Total \$'000	Capital account \$'000	IDA Accumulated surpluses \$'000	Total \$'000
Balance at 1 April 2002	386,572	111,862	498,434	356,765	102,647	459,412
Net surplus and total recognised gain for the financial year	-	6,491	6,491	-	23,154	23,154
Balance at 31 March 2003	386,572	118,353	504,925	356,765	125,801	482,566
Balance at 1 April 2001	385,972	97,597	483,569	356,165	81,875	438,040
Net surplus and total recognised gain for the financial year	-	14,265	14,265	-	20,772	20,772
Capital contribution received during the financial year	600	-	600	600	-	600
Balance at 31 March 2002	386,572	111,862	498,434	356,765	102,647	459,412

CONSOLIDATED CASH FLOW STATEMENT

For the Financial Year ended 31 March 2003

	Notes	GROUP	
		2003 \$'000	2002 \$'000
Cash flows from operating activities			
Deficit before grants		(46,249)	(92,575)
Adjustments for:			
Depreciation of fixed assets	13	8,564	7,750
Net loss/(profit) on sale of fixed assets	7	160	(3)
Net provision for diminution in value of non-current investments	7	23,381	6,741
Net profit on sale of current investments	7	(325)	(351)
Provision for pensions and gratuities		3,370	6,535
Dividend income	7	(697)	(348)
Interest income		(11,488)	(15,420)
Deficit before working capital changes		(23,284)	(87,671)
Changes in working capital:			
Trade and other debtors		(21,887)	(12,911)
Trade and other creditors		(30,454)	(16,954)
Advances and deposits		(239)	171
Fees received in advance and deferred income		(10,373)	310,601
Net cash (used in)/generated from operations		(86,237)	193,236
Contribution to Consolidated Fund		(8,676)	(20,468)
Pension and gratuities paid		(2,573)	(2,640)
Income tax paid	9	(3,196)	(6,574)
Repayment of staff loans received		618	140
Net cash (outflow)/inflow from operating activities		(100,064)	163,694
Cash flows from investing activities			
Net cash flows from sale and purchase of non-current investments		(12,066)	(156,849)
Net cash flows from sale and purchase of current investments		8,141	(66,355)
Purchase of fixed assets	13	(4,696)	(3,550)
Proceeds from sale of fixed assets		66	70
Dividends received		697	348
Interest income received		11,175	14,284
Net cash inflow/(outflow) from investing activities		3,317	(212,052)
Cash flows from financing activities			
Repayment of revolving short term loans received		-	2,160
Capital contributions received		-	600
Operating and development grants received	8	32,835	23,051
Net cash inflow from financing activities		32,835	25,811
Net decrease in cash and cash equivalents held		(63,912)	(22,547)
Cash and cash equivalents at 1 April 2002/2001		685,393	707,940
Cash and cash equivalents at 31 March	19	621,481	685,393

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

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 ("Act") 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

The financial statements are prepared in accordance with the historical cost convention.

The financial statements are prepared in accordance with and comply with Singapore Statements of Accounting Standard.

The financial statements are expressed in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2023

(b) 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 exercise control over the operations. 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.

(c) 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 on the accrual basis.

Dividend from investments is recognised when they are received.

Profits and losses on the sale of fixed assets and investments are recognised in the income statements on disposal.

(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. Income 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 2003

(e) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis to write off the cost of fixed assets 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.

(f) Foreign Currencies

Transactions in foreign currencies during the financial year are converted to Singapore dollars at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to the income statements.

(g) Investments

Quoted investments in debt securities, that are intended to be held as current and non-current assets, are stated at market value on a portfolio investment basis.

Quoted investments in equities that are intended to be held long-term are stated at market value on an individual basis.

The unrealised profit or loss on revaluation of investments is taken to the income statements.

Unquoted investments in debt securities and in equities, including the investment in subsidiaries that are intended to be held long-term, are stated at cost and provision is only made in recognition of a diminution in the value of the investments which is other than temporary, determined on an individual investment basis.

Cost is determined on the weighted average method.

(h) Taxation

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. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

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.

(i) Operating Leases

Operating lease payments are charged to the income statements in the year in which they are incurred.

(j) Trade Debtors

Trade debtors are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts by the financial year end. Bad debts are written off when identified.

(k) Cash and Cash Equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise fixed deposits with financial institutions and bank and cash balances.

(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. An accrual 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 Gratuities

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

(o) 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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

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 fixed income securities.

(iii) *Credit Risk*

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.

(p) *Comparatives*

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

4. 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 mainly fees charged for professional services rendered to Government Ministries and Statutory Boards under the Civil Service Computerisation Programme ("CSCP").

5. Staff Costs

	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Wages and salaries	85,345	82,922	84,035	81,528
Employer's contribution to Central Provident Fund	10,464	11,829	10,292	11,613
Other related staff costs	1,849	4,301	1,836	4,289
	97,658	99,052	96,163	97,430

The number of persons employed at the end of the financial year by the Group and IDA are 1,102 (2002: 1,076) and 1,086 (2002: 1,059) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

6. Development Fund Expenses

	GROUP and IDA	
	2003 \$'000	2002 \$'000
Cluster Development Fund project expenses	2,017	6,703
E-Lifestyle Marketing project expenses	2,001	3,387
Infocomm 21 Fund project expenses	21,512	63,864
Singapore-One project expenses	3,703	11,300
Wired with Wireless project expenses	3,450	2,539
	<u>32,683</u>	<u>87,793</u>

(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) 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.

(c) 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.

(d) 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.

(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 2003

7. Non-operating (Deficit)/Surplus

	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Income				
Interest from:				
- Fixed deposits and current account	4,496	10,258	4,334	8,406
- Revolving short-term loans receivable	-	39	-	-
- Quoted debt securities	6,963	5,080	245	245
- Others	29	43	29	43
Dividend income	697	348	-	15
Net profit on sale of current investments	325	351	-	60
Others	835	264	966	352
	13,345	16,383	5,574	9,121
Expenditure				
Net provision for diminution/write-back in value of non-current investments	(23,381)	(6,741)	386	-
Net foreign exchange loss	(358)	(209)	-	-
Net [loss]/profit on sale of fixed assets	(160)	3	(160)	3
Others	(3,846)	(5,680)	(3,846)	(5,680)
	(27,745)	(12,627)	(3,620)	(5,677)
Non-operating (deficit)/surplus	(14,400)	3,756	1,954	3,444

8. Operating and Development Grants - Government

	GROUP and IDA	
	2003 \$'000	2002 \$'000
Balance at 1 April 2002/2001	25,641	122,172
Net grants received during the financial year	32,835	23,651
Transfer to deferred capital grants (Note 11)	(916)	(1,256)
Transfer to capital account	-	(600)
Grants receivable/(received in advance) carried forward	528	(25,641)
Grants recognised in the income statements	58,088	118,326
Total operating and development grants received since establishment	225,765	192,930

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

9. 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	
	2003 \$'000	2002 \$'000
Current income tax	76	286
Deferred taxation	173	(16)
	249	270
(Over)/under provision in the prior financial years - current income tax	(260)	5,978
	(11)	6,248

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	
	2003 \$'000	2002 \$'000
Surplus before income tax after Consolidated Fund IDA's surplus exempted for tax purposes	6,480 (23,154)	20,513 (20,772)
	(16,674)	(259)
Tax calculated at a tax rate of 22% (2002: 24.5%)	(3,668)	(63)
Expenses for income exempt for tax purposes	4,364	680
Expenses not deductible for tax purpose	27	5
Effect of concessionary tax rate	(654)	(515)
Income not subject to tax	(11)	(4)
Deferred tax asset not recognised	191	167
	249	270

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

(b) Movements in Provision for Current Tax

	GROUP	
	2003 \$'000	2002 \$'000
Balance at 1 April 2002/2001	3,407	3,717
Net income tax paid	(3,196)	(6,574)
Current financial year's income tax expense	76	286
(Over)/under provision in prior financial years	(260)	5,978
Balance at 31 March	27	3,407

The underprovision in prior financial years relates mainly to gain on sale of investments in a subsidiary in those years being brought to tax by the Comptroller of Income Tax ("CIT"). The subsidiary has paid but objected to the assessment of \$5,950,000 (2002: \$5,950,000), and is in the process of discussing with CIT on this issue.

(c) Movements in Provision for Deferred Taxation

	GROUP	
	2003 \$'000	2002 \$'000
Balance at 1 April 2002/2001	-	16
Tax charge to income statement	173	(16)
Balance at 31 March	173	-

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

10. Accumulated Surpluses

At the balance sheet date, the accumulated surpluses of IDA are unutilised, as defined under the Uniformity in the Accounting Treatment and Presentation of Financial Statements of Statutory Boards (2nd Edition).

11. Deferred Capital Grants - Government

	GROUP and IDA	
	2003 \$'000	2002 \$'000
Balance at 1 April 2002/2001	1,529	1,775
Transferred from operating and development grants (Note 8)	916	1,256
Released to the income statements	(1,171)	(1,502)
Balance at 31 March	1,274	1,529

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

12. Trust and Agency Funds

Trust and agency funds represent grants and professional fees receivable from the Government and other statutory boards that are held by IDA as agent for purposes relating to the Government Chief Information Office ("GCIO"), and other programmes to promote mainly manpower development in the info-communications industry.

The income and expenditure for the year taken directly to the funds accounts, and the net assets of these funds at the balance sheet date, are as follows:

	GROUP and IDA	
	2003 \$'000	2002 \$'000
Income		
Contributions	44,934	47,659
Professional fee income	16,854	6,842
Interest income	13	119
	<u>61,801</u>	<u>54,620</u>
Expenditure		
Delivery of Electronic Public Services	(20,286)	(33,069)
New Primary Government Data Centre	(13,426)	(9,494)
Public Services Smart Card	(898)	(1,944)
Development of a Public Sector Service-wide Technical Architecture	(1,215)	(910)
Broadband Infrastructure for Government	-	(720)
National IT Literacy Programme	(11,110)	(4,091)
Messaging Platform	-	(629)
Other expenses	(14,059)	(1,264)
	<u>(60,994)</u>	<u>(52,121)</u>
Net surplus for the financial year	807	2,499
Balance at 1 April 2002/2001	3,569	1,070
Balance at 31 March	<u>4,376</u>	<u>3,569</u>
Represented by:		
Fixed deposits with financial institutions	-	2,000
Bank and cash balances	12,664	8,673
Receivables	684	66
Loan payable to Government, with no fixed term of repayment and at interest rate of 6% p.a.	(7,170)	(7,170)
Payables	(1,802)	-
Net assets	<u>4,376</u>	<u>3,569</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

13. Fixed Assets

	Capital Work in-Progress \$'000	Buildings \$'000	Equipment, Furniture & Fittings \$'000	Plant & Machinery \$'000	Other Assets \$'000	Total \$'000
GROUP						
<u>Cost</u>						
At 1 April 2002	569	611	28,208	7,533	581	37,502
Additions	368	-	4,294	248	-	4,910
Disposals	-	(50)	(1,147)	(213)	(193)	(1,603)
Reclassifications	(569)	-	569	-	-	-
At 31 March 2003	368	561	31,924	7,568	388	40,809
<u>Accumulated Depreciation</u>						
At 1 April 2002	-	494	21,041	6,183	163	27,881
Depreciation for the year	-	85	7,333	1,132	14	8,564
Disposal	-	(39)	(1,103)	(180)	(55)	(1,377)
At 31 March 2003	-	540	27,271	7,135	122	35,068
Net Book Value at 31 March 2003	368	21	4,653	433	266	5,741
<u>Net Book Value</u> at 31 March 2002	569	117	7,167	1,350	418	9,621
IDA						
<u>Cost</u>						
At 1 April 2002	519	611	27,780	7,533	581	37,024
Additions	368	-	3,211	248	-	3,827
Disposals	-	(50)	(1,147)	(213)	(193)	(1,603)
Reclassifications	(519)	-	519	-	-	-
At 31 March 2003	368	561	30,363	7,568	388	39,248
<u>Accumulated Depreciation</u>						
At 1 April 2002	-	494	20,698	6,183	163	27,538
Depreciation for the year	-	85	6,902	1,132	14	8,133
Disposal	-	(39)	(1,103)	(180)	(55)	(1,377)
At 31 March 2003	-	540	26,497	7,135	122	34,294
Net Book Value at 31 March 2003	368	21	3,866	433	266	4,954
<u>Net Book Value</u> at 31 March 2002	519	117	7,082	1,350	418	9,486

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

At 31 March 2003, IDA has legal title to the land and building that is presently the Singapore Philatelic Museum ("SPM"), with an original cost amounting to \$3,179,000. 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 2003 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. Subsidiaries

(a)

	IDA	
	2003 \$'000	2002 \$'000
Unquoted shares, at cost	255,364	255,364

(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			
		2003 \$'000	2002 \$'000	IDA 2003 %	2002 %	Subsidiaries 2003 % 2002 %	
Held by IDA:							
Infocomm Investments Pte Ltd	Investment holding	235,364	235,364	81	81	19	19
Singapore Communication Investments Pte Ltd	Dormant	10,000	10,000	100	100	-	-
IT Co-Investment Fund Pte Ltd	Dormant	10,000	10,000	100	100	-	-
Held by Infocomm Investments Pte Ltd:							
Singapore Network Information Centre (SGNIC) Pte Ltd	Registration of internet domain names and provision of related services to subscribers	-	-	-	-	100	100
		255,364	255,364				

- (c) The short term loan to a subsidiary company of \$300,000 (2002: Nil) is unsecured, non-interest bearing and has no fixed term of repayment.
- (d) At 31 March 2003, IT Co-Investment Fund Pte Ltd (a subsidiary of the former National Computer Board) is in the process of being placed into voluntary liquidation. The activities of this company have been absorbed into Infocomm Investments Pte Ltd.
- (e) Subsequent to year end, as part of IDA's Group restructuring exercise, Infocomm Investments Pte Ltd will transfer its wholly owned subsidiary, Singapore Network Information Centre (SGNIC) Pte Ltd, to IDA at net book value. At the date of this report, the transfer has not been carried out.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

15. Non-current Investments

	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Quoted investments, at cost				
Equity shares in companies	1,486	2,000	-	-
Debt securities	161,320	143,533	4,989	4,989
	162,806	145,533	4,989	4,989
Add: Unrealised appreciation in value/ (Provision for diminution in value)	(3,136)	(4,328)	386	-
	159,670	141,205	5,375	4,989
Unquoted investments, at cost				
Equity shares in companies	8,734	16,142	-	-
Debt securities	49,382	53,155	600	600
	58,116	69,297	600	600
Less: Provision for diminution in value	(29,299)	(10,700)	-	-
	28,817	58,597	600	600
	188,487	199,802	5,975	5,589

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

	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Quoted Investments				
Balance at the beginning of the financial year	4,328	1,023	-	-
Movement during the financial year	(741)	3,305	(386)	-
Utilised during the financial year	(451)	-	-	-
Balance at the end of the financial year	3,136	4,328	(386)	-
Unquoted Investments				
Balance at the beginning of the financial year	10,700	10,728	-	-
Movement during the financial year	24,122	3,436	-	-
Utilised during the financial year	(5,523)	(3,464)	-	-
Balance at the end of the financial year	29,299	10,700	-	-
Quoted Investments, at market value				
The aggregate market values of quoted investments are:				
Equity shares in companies	149	576	-	-
Debt securities	159,521	140,629	5,375	4,989
	159,670	141,205	5,375	4,989

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

The non-current investments in quoted debt securities bear interest at rates ranging from 1.35% to 5.55% per annum (2.60% to 4.90% per annum) and have maturity dates falling between April 2004 and June 2008 (2002: April 2003 and June 2008).

16. Staff Loans Receivable

	IDA	
	2003 \$'000	2002 \$'000
Housing loans	114	761
Other loans	94	65
	208	826
Amounts due within one year	(33)	(96)
Amounts due after one year	175	730

The staff loans, with interest charged at 5% per annum (2002: 5% to 5.25% per annum), are repayable by monthly instalments over a maximum period of 30 years for housing loans and 3 to 7 years for other loans.

17. Current Investments

	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
At market value:				
Quoted debt securities	62,240	70,056	-	-

The current investments in quoted debt securities bear interest at rates ranging from 1.30% to 3.19% per annum (2002: 1.60% to 4.50% per annum).

18. Other Debtors

	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Sundry debtors and deposits	2,381	2,535	2,350	2,466
Interest receivable	2,564	2,251	393	161
Prepayments	388	494	374	494
	5,333	5,280	3,117	3,121

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

19. Cash and Cash Equivalents

(a)	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Fixed deposits with financial institutions	605,026	612,089	581,776	581,988
Bank and cash balances	16,455	73,304	7,885	70,667
	621,481	685,393	589,661	652,655

(b) The fixed deposits with financial institutions, and bank and cash balances of the Group and IDA include an amount of \$6 million (2002: \$57 million) relating to grants received in advance from the Government that has been specifically earmarked for future approved development project expenditure.

(c) The fixed deposits with financial institutions, and banks and cash balances of the Group and IDA include an amount of \$28 million (2002: \$27 million) relating to the provision for pensions and gratuities that has been specifically set up for payments of pension and gratuities to pensioners.

20. 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.

21. Other Creditors

	GROUP		IDA	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Accrual of expenses under development funds	8,270	17,275	8,270	17,275
Accrual for operating and other expenses	31,619	37,594	31,137	37,012
Accrual for purchase of fixed assets	734	520	734	520
Grants to be returned to the Government	-	10,053	-	10,053
	40,623	65,442	40,141	64,860

22. Provision for Contribution to Consolidated Fund

Contribution to Consolidated Fund, in accordance with the applicable financial circular issued by the Government, is derived by applying the prevailing corporate tax rate of 22% (2002: 24.5%) on the net surplus of IDA.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

23. Provision for Pensions and Gratuities

	GROUP and IDA	
	2003 \$'000	2002 \$'000
Balance at 1 April 2002/2001	27,006	23,111
Provision for the financial year	3,370	6,535
Payments during the financial year	(2,573)	(2,640)
Balance at 31 March	27,803	27,006

The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 December 2000 which was performed by a firm of professional actuaries.

24. 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	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Capital expenditure contracted for	619	1,626	619	631
Commitment for investments approved but not contracted for	5,522	9,902	-	-

(b) Lease Commitments

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

	GROUP and IDA	
	2003 \$'000	2002 \$'000
Within one year	7,538	8,089
Between one and five years	894	7,931
	8,432	16,020

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 March 2003

(c) Other Commitments

Under the IDA Housing Loan Scheme, IDA has a contractual obligation with a financial institution to:

- (i) 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
- (ii) 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 \$1,646,947 (2002: \$2,523,000). Liabilities arising from the Scheme are accrued for in the financial year in which they are incurred.

25. Net Fair Values

The carrying values of the following financial assets and financial liabilities approximate to their fair values: non-current investments, staff loans receivable, current investments, cash and other debtors and payables.

26. Authorisation of Financial Statements

These financial statements were authorised for issue by the Board of IDA on 29 August 2003.