Financial Statements

Statement by the Info-communications Development Authority of Singapore

In our opinion, the consolidated financial statements of the Group and the financial statements of the Info-communications Development Authority of Singapore (the "Authority") as set out on pages 48 to 91 are drawn up 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 2006, 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.

On behalf of the Authority

Lam Chuan Leong
Chairman

Chan Yeng Kit
Chief Executive Officer

Singapore
22 June 2006

Report on the Audit

Of the financial statements of the Info-communications Development Authority of Singapore for the year ended 31 March 2006

The financial statements of the Info-communications Development Authority of Singapore (the "Authority"), set out on pages 48 to 91, have been audited under my direction and in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition). These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on the audit.

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

In my opinion,

(a) the consolidated financial statements of the Group and the financial statements of the Authority are properly drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Authority as at 31 March 2006, and the results and changes in equity of the Group and of the Authority, and the cash flows of the Group for the year ended on that date;

(b) proper accounting and other records of the Authority have been kept, including records of all assets of the Authority whether purchased, donated or otherwise; and

(c) receipts, expenditure and investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition).

KYChuang

CHUANG KWONG YONG
AUDITOR-GENERAL
SINGAPORE
22 June 2006

Income Statements

For the financial year ended 31 March 2006

	Notes	GROUP 2006 $'000	GROUP 2005 (restated) $'000	IDA 2006 $'000	IDA 2005 $'000
Revenue					
Service fees	8	96,354	92,791	96,354	92,791
Licence and frequency fees	8	78,683	72,386	78,683	72,386
Interest income	9	22,433	14,761	15,434	8,697
Other income		8,367	7,223	6,558	5,737
Dividend income		1,733	1,825	-	4,000
Distributions from fund investments		985	-	-	-
Net gain on liquidation of subsidiary		-	-	211	35,827
Net gain/(loss) on sale of property, plant and equipment		33	(249)	33	(249)
Reversal of impairment loss on trade receivables		16	-	16	-
		208,604	188,737	197,289	219,189
Less:					
Expenses					
Salaries, CPF and other contributions	10	97,668	97,115	96,342	96,016
Professional services		21,592	21,333	21,369	21,239
Rental expense		11,202	11,718	11,150	11,679
Other expenses	11	9,317	8,649	9,443	8,694
Fair value changes on financial assets at fair value through profit or loss		7,532	3,020	6,769	1,442
Impairment loss on available-for-sale financial assets	22	823	3,380	-	-
Net loss/(gain) on disposal of available-for-sale financial assets		1,843	(3)	-	-
Repairs and maintenance		3,717	2,728	3,451	2,430
Regulatory and promotion expenses		3,302	3,414	3,291	3,411
Staff welfare and allowance		2,813	2,703	2,795	2,657
Overseas missions and meetings		2,791	2,525	2,696	2,368
Staff training		2,189	2,388	2,177	2,360
Depreciation of property, plant and equipment	16	1,896	2,240	1,870	1,779
Supplies and services		2,167	1,407	2,165	1,396
Provision for pension and medical benefits	29	1,803	2,203	1,803	2,203

	Notes	GROUP 2006 $'000	GROUP 2005 (restated) $'000	IDA 2006 $'000	IDA 2005 $'000
Property, plant and equipment expensed off		399	839	399	839
Audit fees		209	182	163	138
Board members' allowance		130	126	130	126
Foreign currency exchange difference		55	-	45	-
Net loss on sale of other assets		-	38	-	38
Bad debts written off		4	3	30	3
Expenditure before development fund expenses		171,452	166,008	166,088	158,818
Surplus before development fund expenses		**37,152**	**22,729**	**31,201**	**60,371**
Development fund expenses	12	(16,812)	(21,897)	(16,812)	(21,897)
Surplus		**20,340**	**832**	**14,389**	**38,474**
Grants					
Operating grants – Government		28,795	33,172	28,795	33,172
Development grants – Government		14,483	18,383	14,483	18,383
Total operating and development grants – Government	13	43,278	51,555	43,278	51,555
Deferred capital grants amortised – Government		829	696	829	696
Surplus before contribution to Consolidated Fund and income tax		**64,447**	**53,083**	**58,496**	**90,725**
Contribution to Consolidated Fund	30	(11,699)	(17,345)	(11,699)	(17,345)
Income tax	14(a)	(946)	73	-	-
Net surplus		**51,802**	**35,811**	**46,797**	**73,380**

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

Balance Sheets

As At 31 March 2006

	Notes	GROUP 2006 $'000	GROUP 2005 (restated) $'000	IDA 2006 $'000	IDA 2005 $'000
Capital account		356,165	356,165	356,165	356,165
Fair value reserve		1,439	-	-	-
Accumulated surplus		265,246	212,479	260,514	213,740
		622,850	568,644	616,679	569,905
Trust and agency funds	15	2,220	7,337	2,220	7,337
		625,070	575,981	618,899	577,242
Represented by:					
Non-current assets					
Property, plant & equipment	16	3,630	2,519	3,618	2,494
Intangible assets	17	811	543	811	543
Other assets	18	182	192	182	192
Subsidiaries	19	-	-	294,835	294,835
Deferred expenditure	20	4,655	4,545	4,655	4,545
Staff loans receivable after one year	21	82	103	82	103
Available-for-sale financial assets	22	9,084	10,250	-	-
Financial assets at fair value through profit or loss	23	441,706	506,646	244,220	296,424
		460,150	524,798	548,403	599,136
Current assets					
Financial assets at fair value through profit or loss	23	96,620	111,101	46,620	48,952
Trade receivables	24	12,965	18,142	12,965	18,142
Due from subsidiaries – non-trade		-	-	296	159
Other receivables	25	9,166	11,802	7,014	9,578
Staff loans receivable within one year	21	23	27	23	27
Tax recoverable	14(b)	738	736	-	-
Cash and cash equivalents	26	421,041	284,248	377,163	274,602
		540,553	426,056	444,081	351,460

		GROUP		IDA	
	Notes	2006	2005 (restated)	2006	2005
		$'000	$'000	$'000	$'000
Less:					
Current liabilities					
Fees received in advance	27	53,232	34,350	52,359	33,441
Trade payables		3,853	4,497	3,853	4,497
Other payables	28	41,153	35,126	40,586	34,719
Advances and deposits		232	266	116	214
Grants received in advance	13	54	1,761	54	1,761
Provision for income tax	14(c)	57	45	-	-
Provision for pension and medical benefits	29	3,374	3,374	3,374	3,374
Contribution payable to Consolidated Fund	30	11,699	17,345	11,699	17,345
		113,654	96,764	112,041	95,351
Net current assets		**426,899**	**329,292**	**332,040**	**256,109**
Non-current liabilities					
Deferred capital grants – Government		(316)	(1,028)	(316)	(1,028)
Deferred income	27	(226,966)	(246,287)	(226,893)	(246,186)
Provision for pension and medical benefits	29	(36,555)	(38,126)	(36,555)	(38,126)
Deferred taxation	14(d)	(362)	(5)	-	-
		(264,199)	(285,446)	(263,764)	(285,340)
Net assets of trust and agency funds	15	2,220	7,337	2,220	7,337
		625,070	575,981	618,899	577,242

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

Statements of Changes in Equity

For the financial year ended 31 March 2006

	Notes	GROUP Capital account $'000	GROUP Fair value reserve $'000	GROUP Accumulated surplus $'000	GROUP Total $'000	IDA Capital account $'000	IDA Fair value reserve $'000	IDA Accumulated surplus $'000	IDA Total $'000
Balance at 1 April 2005 as restated		356,165	-	212,479	568,644	356,165	-	213,740	569,905
Effect on adoption of FRS39	4(a), 4(b)	-	1,080	530	1,610	-	-	(23)	(23)
Deferred tax assets previously not recognised	14(d)	-	-	435	435	-	-	-	-
As further restated at 1 April 2005		356,165	1,080	213,444	570,689	356,165	-	213,717	569,882
Net surplus for the year		-	-	51,802	51,802	-	-	46,797	46,797
Transfer to income statements due to impairment loss of available-for-sale financial assets	22	-	823	-	823	-	-	-	-
Fair value changes on available-for-sale financial assets		-	(464)	-	(464)	-	-	-	-
Balance at 31 March 2006		356,165	1,439	265,246	622,850	356,165	-	260,514	616,679
Balance at 1 April 2004 as previously stated		385,972	-	147,422	533,394	356,165	-	140,360	496,525
Prior year adjustment	6	-	-	(561)	(561)	-	-	-	-
Balance at 1 April 2004 as restated		385,972	-	146,861	532,833	356,165	-	140,360	496,525
Group adjustment	7	(29,807)	-	29,807	-	-	-	-	-
Net surplus for the year		-	-	36,058	36,058	-	-	73,380	73,380
Prior year adjustment	6	-	-	(247)	(247)	-	-	-	-
Balance at 31 March 2005 as restated		**356,165**	**-**	**212,479**	**568,644**	**356,165**	**-**	**213,740**	**569,905**

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

Consolidated Cash Flow Statement

For the financial year ended 31 March 2006

	Notes	GROUP 2006 $'000	GROUP 2005 (restated) $'000
Cash flows from operating activities			
Surplus before grants		20,340	832
Adjustments for:			
Depreciation of property, plant and equipment	16	1,896	2,240
Net (gain)/loss on sale of property, plant and equipment		(33)	249
Amortisation of intangible assets	11	707	842
Amortisation of other assets	11	10	11
Net loss on sale of other assets		-	38
Amortisation of deferred expenditure	11	561	268
Net loss/(gain) on disposal of available-for-sale financial assets		1,843	(3)
Impairment loss on available-for-sale financial assets		823	3,380
Fair value changes on financial assets at fair value through profit or loss		7,532	3,020
Reversal of impairment loss on trade receivables		(16)	-
Provision for pension and medical benefits	29	1,803	2,203
Interest income	9	(22,433)	(14,761)
Dividend income		(1,733)	(1,825)
Distributions from fund investments		(985)	-
Surplus/(deficit) before working capital changes		10,315	(3,506)
Add/(Deduct) changes in working capital:			
Decrease in trade and other receivables		8,088	19,810
Decrease in fees received in advance and deferred income		(439)	(37,770)
Increase/(Decrease) in trade and other payables		5,383	(1,724)
Decrease in advances and deposits		(34)	(194)
Net cash from/(used in) operations		23,313	(23,384)
Add/(Deduct) cash flows from:			
Contribution to Consolidated Fund		(17,345)	(3,071)
Pension and medical benefits paid	29	(3,374)	(3,114)
Income tax paid		(463)	(428)
Deferred expenditure paid	20	(671)	(1,143)
Net staff loans received		25	14
Net cash inflow/(outflow) from operating activities		1,485	(31,126)

Consolidated Cash Flow Statement (continued)

For the financial year ended 31 March 2006

	Notes	GROUP 2006 $'000	GROUP 2005 (restated) $'000
Cash flows from investing activities			
Net cash flows from/(used in) sale and purchase of financial assets at fair value through profit or loss		68,625	(385,860)
Net cash flows from/(used in) sale and purchase of available-for-sale financial assets		2,288	(1,598)
Purchase of property, plant and equipment		(3,007)	(2,112)
Proceeds from sale of property, plant and equipment		33	6
Purchase of intangible assets		(975)	(764)
Proceeds from sale of other assets		-	12
Interest income received		23,945	14,761
Dividend income received		1,731	1,825
Distributions from fund investments received		985	-
Net cash inflow/(outflow) from investing activities		93,625	(373,730)
Cash flows from financing activities			
Operating and development grants received	13	41,683	53,978
Net cash inflow from financing activities		41,683	53,978
Net increase/(decrease) in cash and cash equivalents held		136,793	(350,878)
Cash and cash equivalents at 1 April		284,248	635,126
Cash and cash equivalents at 31 March	26	421,041	284,248

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

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 19.

3. Significant accounting policies

3.1 Basis of preparation of financial statements

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

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 5.

3.1.1 Adoption of new or revised FRS

In the financial year ended 31 March 2006, the Group and IDA adopted the new or revised FRS and Interpretations of FRS ("INT FRS") that are applicable in the current financial year. The 2006 financial statements have been amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The adoption of these new or revised FRS and INT FRS did not result in significant changes to the Group and IDA's accounting policies except as disclosed in Note 4.

3.1.2 Early adoption of Amendments to FRS 39: The Fair Value Option

The Group and IDA early adopted the amendment to FRS 39: The Fair Value Option during the financial year. A group of investments have been designated as financial assets at fair value through profit or loss because it is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about this group of investments is provided internally on that basis to the Group and IDA's key management personnel.

3.1.3 FRS and Interpretations of FRS ("INT FRS") not yet effective

Certain new FRS and Interpretations of FRS ("INT FRS") have been issued for accounting periods beginning on or after 1 January 2006. 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.

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. All intercompany transactions, balances and unrealised gains on transactions between the Group 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.

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

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.

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.

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.

3.8 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 date 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.

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. 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.

3.11.2 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.

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.

3.13.2 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. 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. Where the Group and IDA expect 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.

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.

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.

3.17 Foreign currency translation

3.17.1 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Singapore dollars, which is IDA's functional and presentation currency.

3.17.2 Transactions and balances

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

4. Effect on financial statements on adoption of new or revised FRS

FRS 39 Financial Instruments: Recognition and Measurement and FRS 32 Financial Instruments: Disclosure and Presentation

(a) Classification and consequential accounting for financial assets and financial liabilities

(i) Previously, the Group's unquoted equity investments, fund investments and convertible loans in investee corporations are stated at cost less any impairment in net recoverable value. Impairment losses are recognised in the income statements.

Under FRS 39, these assets except for convertible loans in investee corporations, are classified as "available-for-sale financial assets" and are initially recognised at fair value and subsequently measured at fair value at the balance sheet date with all gains and losses other than impairment loss taken to fair value reserve. Impairment losses are charged against income in the period they arise. On disposal, gains and losses previously taken to fair value reserve are included in the income statements.

Convertible loans in investee corporations are now classified in the "financial assets at fair value through profit or loss" category and are initially recognised at fair value and subsequently measured at fair value at the balance sheet date with all gains and losses recognised in the income statements in the period which the fair value arises.

The change was effected prospectively from 1 April 2005 and consequently affected the following balance sheet items as at 1 April 2005:

	GROUP $'000
Increase/(Decrease) in:	
Available-for-sale financial assets	1,354
Financial assets at fair value through profit or loss	714
Fair value reserve	1,080
Accumulated surplus	553
Deferred tax liability	435

The effect of adoption of FRS 39 for the current financial year is reflected by the movements in the fair value reserve as disclosed in the statements of changes in equity and resultant tax effect as disclosed in Note 14(d).

(ii) Previously, the Group and IDA's staff loan, due from subsidiaries, trade and other receivables, trade and other payables were stated at cost. These financial assets and liabilities are not held for trading and have not been designated as fair value through profit or loss at inception on adoption of FRS 39. In accordance with FRS 39, they are initially recognised at fair value less transaction costs and subsequently accounted for at amortised cost using the effective interest method.

This change did not materially affect the financial statements for the year ended 31 March 2006.

(b) Impairment and uncollectibility of financial assets

Previously, trade and other receivables are carried at original invoice amount less allowance made for doubtful receivables based on a review of all outstanding amounts at the year end. An allowance for doubtful debts is made when there is objective evidence that the Group and IDA will not be able to collect all amounts due according to original terms of receivables.

Under FRS 39, impairment of trade and other receivables is assessed based on whether objective evidence of impairment exists individually for trade and other receivables that are individually significant, and individually or collectively for those that are not individually significant. If no objective evidence of impairment exists for an individually assessed trade and other receivables, it is included in a group with similar credit risk characteristics and collectively assessed for impairment.

The change was effected prospectively from 1 April 2005 and consequently affected the following balance sheet items as at 1 April 2005:

	GROUP and IDA $'000
Increase/(Decrease) in:	
Impairment of trade receivables	(23)
Accumulated surplus	(23)

This change did not materially affect the financial statements for the year ended 31 March 2006.

(c) Fair value of financial assets and liabilities

Previously, the Group and IDA used last transacted bid or mid prices of quoted financial assets or liabilities as the market values. Fair value of unquoted financial assets and liabilities were measured based on last transacted prices of recent arm's length transactions.

Fair value estimation is now carried out in accordance with guidance set out in FRS 39 (refer to Note 3.11.5).

This change did not materially affect the financial statements for the year ended 31 March 2006.

5. 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 $1.507 million lower or $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 22 and 23.

(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, impairment losses for the financial year amounting to $823,400 (2005: $3,380,000) have been recognised in the income statements.

6. Prior year adjustment

During the financial year, a subsidiary, Singapore Network Information Centre (SGNIC) Pte Ltd revised its accounting policy on recognition of registration fee and renewal fee for internet domain names.

Previously, they were recognised as income on receipt basis. To better reflect the nature of the fees which were paid for by the registrants for the use of the facility for a period of one to two years, the subsidiary now recognises the registration and renewal fee over the registration period which is the period during which the registrars are entitled to use the facility.

The change in accounting policy resulted in a lower revenue in financial year 2005 and a higher amount in current year.

	GROUP 2005 As previously reported/ reclassed $'000	GROUP 2005 Restatement $'000	GROUP 2005 As restated $'000
Balance sheet			
Fees received in advance (Note 35)	33,441	909	34,350
Deferred income (Note 35)	246,186	101	246,287
Provision for income tax	247	(202)	45
Accumulated surplus as at 1 April 2004	147,422	(561)	146,861
Accumulated surplus as at 1 April 2005	213,287	(808)	212,479
Income statement			
Other income (Note 35)	7,531	(308)	7,223
Surplus before contribution to consolidated fund and income tax	53,391	(308)	53,083
Income tax	12	61	73
Net surplus	36,058	(247)	35,811

The change in revenue recognition policy during the financial year has the impact of increasing the revenue and income tax for the financial year by $64,208 and $12,842 respectively.

7. Adjustment to Group's capital account

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

8. 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.

9. Interest income

	GROUP 2006 $'000	GROUP 2005 $'000	IDA 2006 $'000	IDA 2005 $'000
Fixed deposits and bank accounts	**7,405**	3,697	**7,120**	3,635
Debt securities	**15,025**	11,060	**8,311**	5,059
Others	**3**	4	**3**	3
	22,433	14,761	**15,434**	8,697

10. Salaries, CPF and other contributions

	GROUP 2006 $'000	GROUP 2005 $'000	IDA 2006 $'000	IDA 2005 $'000
Wages and salaries	**84,474**	85,520	**83,239**	84,521
Employer's contribution to Central Provident Fund	**8,784**	9,598	**8,698**	9,502
Other related staff costs	**4,410**	1,997	**4,405**	1,993
	97,668	97,115	**96,342**	96,016

11. Other expenses

	Notes	GROUP 2006 $'000	GROUP 2005 $'000	IDA 2006 $'000	IDA 2005 $'000
IT promotion and sponsorship		**1,865**	1,458	**1,865**	1,458
Utilities		**1,377**	1,176	**1,377**	1,176
Publicity expense		**1,348**	1,217	**1,348**	1,217
Telecommunications and internet services		**987**	1,117	**982**	1,113
Irrecoverable GST		**925**	1,021	**925**	1,021
General and administration expense		**902**	879	**1,034**	931
Amortisation of intangible assets	17	**707**	842	**707**	842
Local travelling		**635**	660	**634**	657
Amortisation of deferred expenditure	20	**561**	268	**561**	268
Amortisation of other assets	18	**10**	11	**10**	11
		9,317	8,649	**9,443**	8,694

12. Development fund expenses

	GROUP and IDA	
	2006	2005
	$'000	$'000
Cluster Development Fund project expenses	**345**	32
Infocomm 21 Fund project expenses	**14,167**	17,773
Singapore-One project expenses	**146**	805
Development fund expenses funded mainly by development grants from government	**14,658**	18,610
E-Lifestyle Marketing project expenses	**844**	1,661
Wired with Wireless project expenses	**1,310**	1,626
	16,812	21,897

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 and Wired with Wireless Project which are funded by IDA itself.

(a) Cluster Development Fund project expenses

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

(b) Infocomm 21 Fund project expenses

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

(c) Singapore-One project expenses

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

(d) E-Lifestyle Marketing project expenses

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

(e) Wired with Wireless project expenses

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

13. Operating and development grants – Government

	GROUP and IDA 2006 $'000	GROUP and IDA 2005 $'000
Balance at beginning of the financial year	**1,761**	(56)
Operating grants – Government	**28,795**	33,172
Development grants – Government	**12,888**	20,806
Net grants received during the financial year	**41,683**	53,978
Transfer to deferred capital grants	**(112)**	(606)
Grants received in advance	**(54)**	(1,761)
Grants recognised in the income statements	**43,278**	51,555

14. 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 2006 $'000	GROUP 2005 (restated) $'000
Current income tax	**469**	185
Deferred taxation	**473**	(90)
	942	95
Under/(Over) provision in prior financial years		
– current income tax	**4**	(168)
	946	(73)

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.

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 20% (2005: 20%) to surplus before taxation due to the following factors:

	GROUP	
	2006	2005 (restated)
	$'000	$'000
Surplus before contribution to Consolidated Fund and income tax	**64,447**	53,083
Surplus subject to contribution to Consolidated Fund	**(58,310)**	(50,898)
	6,137	2,185
Income tax expense at statutory rate	**1,227**	437
Expenses exempted for tax purposes	**(11)**	(11)
Expenses not deductible for tax purposes	**850**	350
Effect of concessionary tax rate	**(307)**	(320)
Income not subject to tax	**(2)**	(78)
Utilisation of tax loss previously not recognised	**(815)**	(279)
Under/(Over) provision in the prior financial year	**4**	(168)
Others	**-**	(4)
	946	(73)

One subsidiary invested in certain financial instruments which generate income that is taxed at a concessionary tax rate of 10% (2005: 10%).

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

	GROUP	
	2006	2005
	$'000	$'000
Amount at beginning of the financial year	**-**	1,397
Adjustments to prior year balance carried forward	**6,251**	-
Amount utilised to offset opening adjustment to fair value reserve	**(2,177)**	-
Amount utilised in the current financial year	**(4,074)**	(1,397)
Amount at end of the financial year	**-**	-
Deferred tax benefit on above not recorded	**-**	-

(b) Movements in tax recoverable

	GROUP	
	2006 $'000	2005 $'000
Balance at beginning of the financial year	736	431
Tax refund received	(132)	-
Under provision in respect of prior years	-	(15)
Tax deducted at source	134	320
Balance at 31 March	738	736

(c) Movements in provision for income tax

	GROUP	
	2006 $'000	2005 (restated) $'000
Balance at beginning of the financial year	45	151
Under/(Over) provision in respect of prior years	4	(183)
Income tax paid during the year	(461)	(108)
Current year tax provision	469	185
Balance at 31 March	57	45

(d) Movements in deferred taxation

	GROUP	
	2006 $'000	2005 $'000
Balance at beginning of the financial year	5	95
Tax effect on adoption of FRS 39	435	-
Recognition of deferred tax assets previously not recognised	(435)	-
Balance at beginning of the financial year as restated	5	95
Tax charged/(credited) to income statements	473	(90)
Tax effect of movement in fair value reserve	(116)	-
Balance at 31 March	362	5

15. 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.

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

	GROUP and IDA	
	2006	2005
	$'000	$'000
Balance at beginning of financial year	**7,337**	9,005
Receipts	**35,907**	95,717
Expenditure	**(39,668)**	(91,964)
Funds returned to principals	**(1,356)**	-
Funds transferred to IDA's operations	**-**	(5,421)
Balance at 31 March	**2,220**	7,337

Represented by:

Cash and cash equivalents	**2,392**	7,487
Receivables	**-**	11
Payables	**(172)**	(161)
Net Assets	**2,220**	7,337

16. Property, plant and equipment

2006	Capital work in-progress $'000	Buildings $'000	Equipment, furniture and fittings $'000	Plant and machinery $'000	Total $'000
Group					
Cost					
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
Accumulated depreciation					
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
Net book value					
At 31 March 2006	**29**	**2**	**920**	**2,679**	**3,630**
IDA					
Cost					
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
Accumulated depreciation					
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
Net book value					
At 31 March 2006	**29**	**2**	**908**	**2,679**	**3,618**

2005	Capital work in-progress $'000	Buildings $'000	Equipment, furniture and fittings (reclassed) $'000	Plant and machinery $'000	Total (reclassed) $'000
Group					
Cost					
At 1 April 2004	176	809	26,212	7,847	35,044
Additions	233	-	930	1,244	2,407
Disposals	-	-	(3,170)	(565)	(3,735)
Reclassifications	(295)	-	-	-	(295)
At 31 March 2005	114	809	23,972	8,526	33,421
Accumulated depreciation					
At 1 April 2004	-	711	24,165	7,266	32,142
Depreciation for the year	-	89	1,614	537	2,240
Disposals	-	-	(2,919)	(561)	(3,480)
At 31 March 2005	-	800	22,860	7,242	30,902
Net book value					
At 31 March 2005	114	9	1,112	1,284	2,519
IDA					
Cost					
At 1 April 2004	176	809	24,539	7,847	33,371
Additions	233	-	920	1,244	2,397
Disposals	-	-	(2,975)	(565)	(3,540)
Reclassifications	(295)	-	-	-	(295)
At 31 March 2005	114	809	22,484	8,526	31,933
Accumulated depreciation					
At 1 April 2004	-	711	22,967	7,266	30,944
Depreciation for the year	-	89	1,153	537	1,779
Disposals	-	-	(2,723)	(561)	(3,284)
At 31 March 2005	-	800	21,397	7,242	29,439
Net book value					
At 31 March 2005	114	9	1,087	1,284	2,494

At 31 March 2006, 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 2006 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.

17. Intangible assets

	GROUP and IDA	
	2006	2005 (reclassed)
	$'000	$'000
Cost		
At beginning of the financial year	**6,924**	6,569
Additions	**975**	764
Disposals	**-**	(409)
At 31 March	**7,899**	6,924
Accumulated Amortisation		
At beginning of the financial year	**6,381**	5,948
Amortisation for the financial year (Note 11)	**707**	842
Disposals	**-**	(409)
At 31 March	**7,088**	6,381
Carrying amount		
At 31 March	**811**	543

Intangible assets were previously included in property, plant and equipment. Its presentation in the financial statements has been amended in 2006 to reflect more appropriately the nature of the asset.

18. Other assets

	GROUP and IDA	
	2006	2005 (reclassed)
	$'000	$'000
Cost		
At beginning of the financial year	**310**	388
Disposals	**-**	(78)
At 31 March	**310**	310
Accumulated Amortisation		
At beginning of the financial year	**118**	135
Amortisation for the financial year (Note 11)	**10**	11
Disposals	**-**	(28)
At 31 March	**128**	118
Carrying amount		
At 31 March	**182**	192

Other assets refer to a club membership which was previously included in property, plant and equipment. Its presentation in the financial statements has been amended in 2006 to reflect more appropriately the nature of the asset.

19. Subsidiaries

(a)

	IDA	
	2006	2005
	$'000	$'000
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 2006 $'000	Cost of IDA's investment 2005 $'000	% of paid up capital held by IDA 2006 %	% of paid up capital held by IDA 2005 %
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
Paynet Pte. Ltd.	Dormant	*	*	**100**	100
Singapore Communication Investments Private Limited	Dormant	-	-	-	100
		294,835	294,835		

* Investment cost is less than $1,000

(c) The liquidation process of a former subsidiary, Singapore Communication Investments Private Limited which was under members' voluntary liquidation, had been completed during the year. As a result, the net asset in the form of bank balances amounted to $220,968 (2005: distribution in the form of investment in Infocomm Investments Pte Ltd of $45,826,528) was transferred to IDA and recognised as gain on liquidation of subsidiary.

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

(e) All subsidiaries of the Group are audited by Deloitte & Touche, Singapore.

20. Deferred expenditure

	GROUP and IDA	
	2006	2005
	$'000	$'000
Cost		
At beginning of the financial year	**4,847**	3,704
Additions	**671**	1,143
At 31 March	**5,518**	4,847
Accumulated Amortisation		
At beginning of the financial year	**302**	34
Amortisation for the financial year (Note 11)	**561**	268
At 31 March	**863**	302
Carrying amount		
At 31 March	**4,655**	4,545

21. Staff loans receivable

	GROUP and IDA	
	2006	2005
	$'000	$'000
Housing loans	**49**	55
Other loans	**56**	75
	105	130
Amounts due within one year	**(23)**	(27)
Amounts due after one year	**82**	103

The housing loans, with interest charged at 5% per annum (2005: 5% per annum), are repayable by monthly instalments over a maximum period of 30 years. Other loans which include computers and renovation, are repayable by monthly instalments over a period of 2 to 7 years at 0% interest (2005: 0%) and 5% interest per annum (2005: 5% per annum) respectively.

22. Available-for-sale financial assets

2006

	GROUP $'000	
(a) Fund investments, at fair value	6,988	

	GROUP $'000	IDA $'000
(b) Unquoted equity shares, at cost	21,747	600
Less: Impairment loss	(19,651)	(600)
Net	2,096	-
Total	9,084	-

Fund investments at fair value include impairment losses amounting to $8,661,849.

2005

	GROUP At cost less impairment $'000	GROUP At fair value $'000
(a) Fund investments, at cost	14,223	
Less: Impairment loss	(8,974)	
Net	5,249	7,628

	GROUP At cost less impairment $'000	IDA At cost less impairment $'000
(b) Unquoted equity shares, at cost	23,478	600
Less: Impairment loss	(18,477)	(600)
Net	5,001	-
Total	10,250	-

In accordance with the provisions in FRS 39, the adoption of FRS 39 is applied prospectively and the 2005 comparatives have not been restated.

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.

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

	GROUP	
	2006	2005
	$'000	$'000
Fund investments		
At beginning of financial year	**8,974**	6,594
Effect on adoption of FRS 39	**(312)**	-
At beginning of financial year as restated	**8,662**	6,594
Charge to income statement	**-**	2,380
At 31 March	**8,662**	8,974

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Unquoted equity shares				
At beginning of financial year	**18,477**	19,277	**600**	600
Effect on adoption of FRS 39	**514**	-	**-**	-
At beginning of financial year as restated	**18,991**	19,277	**600**	600
Charge to income statement	**823**	1,000	**-**	-
Reversal of impairment loss through fair value reserve	**(163)**	-	**-**	-
Write-off against cost during the year	**-**	(1,800)	**-**	-
At 31 March	**19,651**	18,477	**600**	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	
	2006	2005
	$'000	$'000
United States dollars	**5,611**	5,076

23. Financial assets at fair value through profit or loss

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
(a) At fair value				
Quoted investments				
- Equity shares	**2,359**	157	**-**	-
- Preference shares	**35,580**	32,550	**-**	-
- Debt securities	**135,256**	195,711	**125,380**	155,728
	173,195	228,418	**125,380**	155,728
Unquoted investments				
- Convertible loans in investee corporations	**-**	4,381	**-**	-
- Debt securities	**342,970**	365,073	**165,460**	189,648
	516,165	597,872	**290,840**	345,376
(b) At cost less impairment loss				
Unquoted debt securities, at cost	**22,944**	25,191	**-**	-
Less: Impairment loss	**(783)**	(5,316)	**-**	-
Net	**22,161**	19,875	**-**	-
Total	**538,326**	617,747	**290,840**	345,376

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Classified as:				
- Current	**96,620**	111,101	**46,620**	48,952
- Non-current	**441,706**	506,646	**244,220**	296,424
	538,326	617,747	**290,840**	345,376
Designated as fair value through profit or loss on initial recognition	**538,326**		**290,840**	

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

	GROUP	
	2006	2005
	$'000	$'000
Unquoted debt securities, at cost		
At beginning of the financial year	**5,316**	5,020
Charge to income statements	**-**	296
Write-back on disposal	**(4,533)**	-
At 31 March	**783**	5,316

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 $292.970 million (2005: $319.053 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.

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 relating to a debt security issued by an entity in which a senior management of the Group is the chairman. The Group holds 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	
	2006	2005
	$'000	$'000
United States dollars	**21,160**	16,128
Malaysian ringgit	**238**	157
Total	**21,398**	16,285

Included in the debt securities in IDA is an amount of $290.840 million (2005: $340.329 million) which was managed by a subsidiary (Note 19) on behalf of IDA.

24. Trade receivables

	GROUP and IDA	
	2006	2005
	$'000	$'000
As at 31 March	**12,965**	18,142

With the adoption of FRS 39, the impairment of trade receivables as at 1 April 2005 was assessed to be $23,028 and the adjustment was effected prospectively on 1 April 2005 (see note 4(b)).

As at 31 March 2006, there was no objective evidence that impairment of trade receivables exists. The reversal of previous impairment loss was recognised in the income statements.

25. Other receivables

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Sundry debtors and deposits	**4,036**	5,247	**3,760**	5,134
Interest receivable	**3,853**	4,111	**2,574**	2,080
Dividend receivable	**532**	-	**-**	-
Prepayments	**745**	2,444	**680**	2,364
	9,166	11,802	**7,014**	9,578

26. Cash and cash equivalents

(a)

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Fixed deposits with financial institutions	**114,535**	55,170	**109,000**	50,500
Bank and cash balances	**306,506**	229,078	**268,163**	224,102
	421,041	284,248	**377,163**	274,602

The fixed deposits with financial institutions of the Group and IDA mature on varying dates within 1 month to 9 months (2005: 1 to 6 months) from the financial year end. The interest rate range of these deposits as at 31 March 2006 was 2.13% to 3.38% (2005: 1.63% to 2.03%).

Cash and cash equivalents are denominated in the following currencies:

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Singapore dollar	**420,943**	284,138	**377,071**	274,498
United States dollar	**35**	31	**29**	25
Others	**63**	79	**63**	79
	421,041	284,248	**377,163**	274,602

(b) Included in cash and cash equivalents in IDA is an amount of $258.883 million (2005: $203.065 million) which is earmarked for investment in securities managed by a subsidiary (Note 19) on behalf of IDA.

(c) The cash and cash equivalents in IDA include an amount of approximately $39.929 million (2005: $41.500 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.

27. 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.

28. Other payables

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Accrual of expenses under development funds	**6,835**	5,414	**6,835**	5,414
Accrual for operating and other expenses	**33,881**	29,402	**33,314**	28,995
Accrual for purchase of fixed assets	**437**	310	**437**	310
	41,153	35,126	**40,586**	34,719

29. Provision for pension and medical benefits

	GROUP and IDA	
	2006	2005
	$'000	$'000
Balance at beginning of the financial year	**41,500**	42,411
Provision for the financial year	**1,803**	2,203
Payments during the financial year	**(3,374)**	(3,114)
	39,929	41,500
Amounts due within one year	**(3,374)**	(3,374)
Amounts due after one year	**36,555**	38,126

The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 March 2006 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:

	2006	2005
Discount rate:	**3.0%**	3.0%
Mortality age:	**83 years**	82 years
Medical inflation rate:	**3.0%**	4.0% reducing to 3.0% after 5 years

30. 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.

31. 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	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Capital expenditure	**601**	438	**601**	438
Investments	**1,433**	1,933	**-**	-

(b) Lease commitments

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

	GROUP and IDA	
	2006 $'000	2005 $'000
Not later than one year	**5,606**	5,949
Later than one year but not later than five years	**9,761**	14,941
	15,367	20,890

(c) Other commitments

1. Under 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 $113,154 (2005: $567,721). Liabilities arising from the Scheme are accrued for in the financial year in which they are incurred.

2. 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 $615,188 (2005: $2,731,019).

32. Contingent liabilities

As at 31 March 2006, a banker's guarantee amounting to $920,450 (2005: $920,450) was issued by OCBC Bank in favour of Suntec City Development Pte Ltd for IDA's office lease at Suntec City. The guarantee is unsecured and effective from 1 June 2004 to 31 March 2009.

As at 31 March 2006, 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 (2005: Nil).

33. 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	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Maturing				
Less than one year	**211,155**	166,271	**155,620**	99,452
Between one and five years	**323,225**	364,367	**205,065**	230,939
More than five years	**58,381**	85,316	**39,155**	65,485
Range of effective interest rates	**1.56% to 4.80%**	1.48% to 6.47%	**1.56% to 3.50%**	1.48% to 3.46%

(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.

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.

34. Related party transactions

Related parties in these financial statements include IDA's supervisory ministry, other government ministries, statutory boards and IDA's subsidiaries.

(a) Transactions with government ministries and statutory boards

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 are deemed related parties to IDA. The more significant transactions between IDA and the other government ministries and statutory boards, other than those disclosed elsewhere in the notes to the financial statements, include:

(i) the provision of IT-related services for its role as the Government Chief Information Office. The fees collected amounting to $96.708 million (2005: $94.841 million) are included under service fees and other income in the income statements;

(ii) the funding of Singapore Philatelic Museum's annual operating deficit for the financial year ended 31 March 2006 of $1 million (2005: $ Nil) is included in other expenses in the income statements.

(b) Balances due from/to government ministries and statutory boards

(i) The trade receivables include the amount of $8.965 million (2005: $12.495 million) due from government ministries and statutory boards for services rendered and management of IT-projects.

(ii) The other payables include the amount of $1.371 million (2005: $1.371 million) due to government ministries for the co-funding of Cyberthreat Information Unit project.

(c) Subsidiaries

Transactions between IDA and its subsidiaries during the financial year, other than those disclosed elsewhere in the notes to the financial statements, include:

	IDA	
	2006	2005
	$'000	$'000
Rental income	**133**	118
Management fee income	**38**	53
Fund management fee expense	**163**	110

(d) Key management personnel compensation

	GROUP		IDA	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Salaries and other short-term employee benefits	**2,866**	2,899	**2,561**	2,595
Employer's contribution to Central Provident Fund	**69**	95	**57**	83
Other long-term related staff cost	**-**	17	**-**	17

35. Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements and following the Group and IDA's adoption of the FRS that became effective during the year. As a result, certain line items have been amended on the face of the balance sheets, income statements and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	GROUP		IDA	
	After reclassification 2005 $'000	Previously reported 2005 $'000	After reclassification 2005 $'000	Previously reported 2005 $'000
BALANCE SHEET				
Non-current assets				
Property, plant & equiment	2,519	3,254	2,494	3,229
Intangible assets	543	-	543	-
Other assets	192	-	192	-
	3,254	3,254	3,229	3,229
Non-current assets				
Non-current investments	-	565,848	-	345,376
Financial assets at fair value through profit or loss	506,646	-	296,424	-
Available-for-sale financal assets	10,250	-	-	-
Current assets				
Current investments	-	62,149	-	-
Financial assets at fair value through profit or loss	111,101	-	48,952	-
	627,997	627,997	345,376	345,376
Current Liabilities				
Fees received in advance (Note 6)	33,441	32,159	33,441	32,159
Non-current liabilities				
Deferred income (Note 6)	246,186	247,468	246,186	247,468
	279,627	279,627	279,627	279,627
Current Liabilities				
Provision for pension and medical benefits	3,374	-	3,374	-
Non-current liabilities				
Provision for pension and medical benefits	38,126	41,500	38,126	41,500
	41,500	41,500	41,500	41,500

	GROUP		IDA	
	After reclassification 2005 $'000	Previously reported 2005 $'000	After reclassification 2005 $'000	Previously reported 2005 $'000
INCOME STATEMENTS				
Other income (Note 6)	7,531	7,505	5,737	5,539
Non-operating income – Others	-	26	-	198
Net profit on sale of current investments	-	3	-	-
Gain on disposal of available-for-sale financial assets	3	-	-	-
Net loss on sale of property, plant and equipment	249	287	249	287
Other expenses	8,649	8,693	8,694	8,628
Fair value changes on financial assets at fair value through profit or loss	3,020	-	1,442	-
Unrealised diminution on investments	-	6,400	-	1,442
Impairment loss on avaliable-for-sale financial assets	3,380	-	-	-
Staff welfare and allowance	2,703	1,753	2,657	1,707
Non-operating expenditure – Others	-	53	-	163
Depreciation of property, plant and equipment	2,240	3,093	1,779	2,632
Net loss on sale of other assets	38	-	38	-
	27,813	27,813	20,596	20,596

36. Authorisation of financial statements

These financial statements were authorised for issue by the Board of IDA on 22 June 2006.