FINANCIAL STATEMENTS

STATEMENT BY THE BOARD

In our opinion,

(a) the accompanying consolidated financial statements of Info-communications Development Authority of Singapore (the "Authority") and its subsidiaries (the "Group") are properly drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Authority as at 31 March 2008, and of the results, changes in equity of the Group and the Authority and cash flows of the Group for the financial year ended on that date;

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

(c) the receipt, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Act.

ON BEHALF OF THE BOARD

Yong Ying-I
Chairman

Ronnie Tay
Chief Executive Officer

Singapore
23 June 2008

INDEPENDENT AUDITORS' REPORT

TO THE INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE

Report on the Financial Statements
We have audited the consolidated financial statements of the Info-communications Development Authority of Singapore (the "Authority") and its subsidiaries (the "Group") which comprise the balance sheets of the Group and the Authority as at 31 March 2008 and the income and expenditure statements and statements of changes in equity of the Group and the Authority, and the cash flow statement of the Group for the year then ended; and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 84.

The financial statements for the year ended 31 March 2007 were audited by the Auditor-General whose report dated 22 June 2007 expressed an unqualified opinion on those financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"). This responsibility includes:

(a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
(b) selecting and applying appropriate accounting policies; and
(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Opinion
In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet, income and expenditure statement and statement of changes in equity of the Authority are properly drawn up in accordance with the provisions of the Act and SB-FRS 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 2008, and of the results, changes in equity of the Group and of the Authority and cash flows of the Group for the financial year ended on that date; and
(b) the accounting and other records required by the Act to be kept by the Authority have been properly kept in accordance with the provisions of the Act.

Report on Other Legal and Regulatory Requirements
During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of moneys and the acquisition and disposals of assets by the Authority during the financial year have not been in accordance with the provisions of the Act.

Deloitte & Touche LLP

Public Accountants and Certified Public Accountants

Singapore
23 June 2008

BALANCE SHEETS

As at 31 March 2008

	Note	The Group 2008 $'000	The Group 2007 $'000	The Authority 2008 $'000	The Authority 2007 $'000
Capital and reserves					
Capital account		356,165	356,165	356,165	356,165
Fair value reserve		3,173	4,821	-	-
Accumulated surplus		352,857	321,488	326,060	298,232
		712,195	682,474	682,225	654,397
Trust and agency funds	6	3,090	2,176	3,090	2,176
Represented by:					
Non-current assets					
Property, plant and equipment	7	2,976	3,535	2,950	3,509
Intangible assets	8	212	511	212	511
Other assets	9	-	-	-	-
Subsidiaries	10	-	-	294,835	294,835
Deferred expenditure	11	3,653	4,203	3,653	4,203
Staff loans receivable after one year	12	5	20	5	20
Available-for-sale financial assets	13	9,045	11,887	-	-
Financial assets at fair value through profit or loss	14	392,622	316,730	123,255	205,371
		408,513	336,886	424,910	508,449
Current assets					
Trade receivables	15	22,606	21,859	22,606	21,859
Due from subsidiaries - Non-trade		-	-	329	155
Other receivables	16	9,041	11,061	6,167	7,879
Staff loans receivable within one year	12	11	60	11	60
Tax recoverable	17b	936	1,088	-	-
Financial assets at fair value through profit or loss	14	83,053	151,185	83,053	22,395
Cash and cash equivalents	18	593,812	580,248	546,582	509,015
		709,459	765,501	658,748	561,363

	Note	The Group 2008 $'000	The Group 2007 $'000	The Authority 2008 $'000	The Authority 2007 $'000
Less:					
Current liabilities					
Fees received in advance	19	66,329	76,721	64,840	75,473
Trade payables	20	10,685	6,860	10,685	6,860
Other payables	21	74,420	51,865	73,906	51,538
Advances and deposits		351	237	102	102
Grants received in advance	22	8,486	11,591	8,486	11,591
Income tax payable	17c	882	747	-	-
Provision for pension and medical benefits	23	3,300	3,252	3,300	3,252
Contribution payable to consolidated fund	24	6,109	9,428	6,109	9,428
		170,562	160,701	167,428	158,244
Less:					
Non-current liabilities					
Deferred capital grants					
- Government		329	444	329	444
Deferred income	19	193,156	222,080	193,006	221,960
Provision for pension and medical benefits	23	40,670	34,767	40,670	34,767
Deferred taxation	17d	1,060	1,921	-	-
		235,215	259,212	234,005	257,171
Net assets of the Authority		712,195	682,474	682,225	654,397
Net assets of trust and agency funds	6	3,090	2,176	3,090	2,176

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

INCOME AND EXPENDITURE STATEMENTS

For the financial year ended 31 March 2008

	Note	The Group 2008 $'000	The Group 2007 $'000	The Authority 2008 $'000	The Authority 2007 $'000
Revenue					
Service fees	25	112,413	100,297	112,413	100,297
Licence and frequency fees	25	90,589	73,433	90,589	73,433
Interest income	26	24,519	26,676	17,115	19,167
Positive fair value changes on financial assets at fair value through profit or loss		91	16,018	3,010	4,982
Gain on disposal of available-for-sale financial assets		492	-	-	-
Other income		11,066	6,184	9,164	4,836
Dividend income		1,518	1,777	-	-
Distributions from fund investments		1,854	330	-	-
Net gain on sale of property, plant and equipment		-	7	-	7
		242,542	224,722	232,291	202,722
Less:					
Expenses					
Salaries, CPF and other contributions	27	121,346	100,953	120,202	100,622
Professional services		33,994	27,982	33,713	27,873
Regulatory and promotion expenses		5,082	12,174	5,058	12,083
Other expenses	28	11,948	11,459	11,894	11,493
Rental expenses		12,428	10,987	12,263	10,947
Staff welfare and allowance		4,341	4,706	4,306	4,691
Repairs and maintenance		4,039	3,202	3,714	2,905
Overseas missions and meetings		3,122	2,620	3,045	2,577
Supplies and services		2,023	2,256	2,016	2,245
Staff training		3,189	2,148	3,183	2,136
Depreciation of property, plant and equipment	7	1,515	1,883	1,492	1,864
Provision for pension and medical benefits	23	9,285	1,342	9,285	1,342
Property, plant and equipment expensed off		298	316	292	316

	Note	The Group		The Authority	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
Impairment loss on available-for-sale financial assets	13	–	314	–	–
Audit fees		229	255	156	176
Board members' allowance		183	141	183	141
Loss on disposal of available-for-sale financial assets		–	133	–	–
Foreign currency exchange difference		27	62	14	30
Allowance of impairment on trade receivables		10	5	9	5
Expenditure before development fund expenses		213,059	182,938	210,825	181,446
Surplus before development fund expenses		29,483	41,784	21,466	21,276
Development fund expenses	29	(37,540)	(22,911)	(37,540)	(22,911)
(Deficit) Surplus before government grants		(8,057)	18,873	(16,074)	(1,635)
Government grants					
Operating grants		31,552	28,095	31,552	28,095
Development grants		18,341	20,087	18,341	20,087
	22	49,893	48,182	49,893	48,182
Deferred capital grants amortised		118	595	118	595
Surplus before contribution to consolidated fund and income tax		41,954	67,650	33,937	47,142
Contribution to consolidated fund	24	(6,109)	(9,424)	(6,109)	(9,424)
Income tax	17a	(4,476)	(1,984)	–	–
Net surplus for the year		31,369	56,242	27,828	37,718

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2008

	The Group				The Authority			
	Capital account $'000	Fair value reserve $'000	Accumulated surplus $'000	Total $'000	Capital account $'000	Fair value reserve $'000	Accumulated surplus $'000	Total $'000
Balance at 1 April 2006	356,165	1,439	265,246	622,850	356,165	–	260,514	616,679
Fair value changes on available-for-sale financial assets, representing net income recognised directly in equity	–	3,382	–	3,382	–	–	–	–
Net surplus for the year	–	–	56,242	56,242	–	–	37,718	37,718
Total recognised income and expenditure for the year	–	3,382	56,242	59,624	–	–	37,718	37,718
Balance at 31 March 2007	356,165	4,821	321,488	682,474	356,165	–	298,232	654,397
Fair value changes on available-for-sale financial assets, representing net income recognised directly in equity	–	(1,648)	–	(1,648)	–	–	–	–
Net surplus for the year	–	–	31,369	31,369	–	–	27,828	27,828
Total recognised income and expenditure for the year	–	(1,648)	31,369	29,721	–	–	27,828	27,828
Balance at 31 March 2008	356,165	3,173	352,857	712,195	356,165	–	326,060	682,225

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2008

	Note	The Group 2008 $'000	2007 $'000
Operating activities			
(Deficit) Surplus before grants		(8,057)	18,873
Adjustments for:			
Depreciation of property, plant and equipment	7	1,515	1,883
Amortisation of:			
Deferred expenditure		936	829
Intangible assets		454	588
Other assets	28	-	10
Impairment loss on available-for-sale financial assets	13	-	314
Impairment of other assets		-	172
Net (gain) loss on disposal of available-for-sale financial assets		(492)	133
Allowance of impairment on trade receivables		10	5
Net gain on sale of property, plant and equipment		-	(7)
Distributions from fund investments		(1,854)	(330)
Dividend income		(1,518)	(1,777)
Fair value changes on financial assets at fair value through profit or loss		(91)	(16,018)
Interest income	26	(24,519)	(26,676)
Deficit before working capital changes		(33,616)	(22,001)
Add (Deduct) changes in working capital:			
(Decrease) Increase in fees received in advance and deferred income		(39,316)	18,603
Increase in trade and other payables		26,380	13,719
Increase in advance and deposits		114	5
Decrease (Increase) in trade and other receivables		2,176	(10,440)
Net cash used in operations		(44,262)	(114)
Add (Deduct) cash flows from:			
Net staff loans received		64	25
Deferred expenditure paid		(386)	(377)
Income tax paid		(4,547)	(596)
Contributions to consolidated fund		(9,428)	(11,695)
Net cash outflow from operating activities		(58,559)	(12,757)

For the financial year ended 31 March 2008

	Note	The Group 2008 $'000	The Group 2007 $'000
Investing activities			
Net (payments) proceeds from sale and purchase of financial assets at fair value through profit or loss		(9,320)	84,666
Interest income received		24,088	28,084
Dividend income received		1,518	1,777
Net proceeds from sale and purchase of available-for-sale financial assets		2,351	644
Distributions from fund investments received		1,854	330
Proceeds from sale of property, plant and equipment		2	14
Proceeds from disposal of intangible assets		22	-
Purchase of:			
Intangible assets		(176)	(259)
Property, plant and equipment		(958)	(1,824)
Net cash inflow from investing activities		19,381	113,432
Financing activity			
Operating and development grants received	22	46,791	60,442
Net cash inflow from financing activity		46,791	60,442
Net increase in cash and cash equivalents held		7,613	161,117
Cash and cash equivalents at beginning of the financial year		542,229	381,112
Cash and cash equivalents at end of the financial year (Note A)	18c	549,842	542,229

Note A

Summary of cash and cash equivalents:

	2008 $'000	2007 $'000
Cash at bank	48,057	153,105
Fixed deposits	545,755	427,143
	593,812	580,248
Less: Cash at bank not available for general use (Note 18c)	(43,970)	(38,019)
	549,842	542,229

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

1 GENERAL

The Info-communications Development Authority of Singapore (the "Authority") 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, the Authority 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).

The Authority is domiciled in Singapore and has its registered office at 8 Temasek Boulevard, #14-00 Suntec Tower Three, Singapore 038988. The financial statements are expressed in Singapore dollars.

The principal activities of the Authority 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 10 to the financial statements

The consolidated financial statements of the Group and balance sheet, income and expenditure statement and statement of changes in equity of the Authority for the financial year ended 31 March 2008 were authorised for issue by the Board on 23 June 2008.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND ADOPTION OF NEW AND REVISED STANDARDS - The financial statements have been prepared under the historical cost convention, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) and the Singapore Statutory Board Financial Reporting Standards ("SB-FRS").

ADOPTION OF NEW AND REVISED STANDARDS - Pursuant to the Accounting Standards Act which was introduced and came into effect on 1 November 2007 and the Circular Number 1/2008 issued by the Accountant-General on 11 March 2008, Singapore Statutory Boards are required to prepare and present their financial statements in accordance with SB-FRS including related interpretations ("INT SB-FRS") and Guidance Notes promulgated by the Accountant-General. These financial statements are the first set of financial statements to be prepared in accordance with SB-FRS.

Previously, the financial statements were prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). The adoption of SB-FRS does not have any material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 March 2007 except that under FRS 24 – Related Party Disclosures, there is no exemption for disclosing transactions with other state – controlled entities whereas under SB-FRS 24, Statutory Boards need not comply with certain disclosure requirements with respect to disclosure of transactions and balances with other state – controlled entities.

Management anticipates that the adoption of the SB-FRS and INT SB-FRSs that were issued at the date of authorisation of these financial statements but not effective until future periods will have no material impact on the financial statements in the period of their initial adoption.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Authority and all the entities (including special purpose entities) controlled by the Authority (its subsidiaries). Control is achieved where the Authority has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of the subsidiary acquired or disposed of during the year are included in the consolidated income and expenditure statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of a consolidated subsidiary are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the Authority's financial statements, investment in subsidiary is carried at cost less any impairment in net recoverable value that has been recognised in the income and expenditure statement.

FINANCIAL INSTRUMENT - Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

<u>Effective interest rate method</u>

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SB-FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in income and expenditure statement. The net gain or loss recognised in income and expenditure statement incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4 (e).

Available-for-sale financial assets

Certain equity and debt securities held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4 (e). Gains and losses arising from changes in fair value are recognised directly in the fair value reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in income and expenditure statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in income and expenditure statement for the period. Dividends on available-for-sale equity instruments are recognised in income and expenditure statement when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in income and expenditure statement, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest rate method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income and expenditure statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income and expenditure statement to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in income and expenditure statement.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group as lessee

Rentals payable under operating leases are charged to income and expenditure statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT - These are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than capital work-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

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

No depreciation is provided for capital work-in-progress.

Assets below $2,000 are expensed off in the year of purchase.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset is recognised in income and expenditure statement.

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

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 accumulated impairment losses. Amortisation is calculated on a straight-line basis to write off the cost of application software over their expected useful life of 3 years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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 (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in income and expenditure statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in income and expenditure statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

PROVISIONS - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS AND CONTRIBUTION RECEIVED - All government grants and contributions from other organisations are accounted for on the accrual basis.

Capital account

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

Operating grants

Government grants and contributions from other organisations to meet current financial year's operating expenditure are recognised as income in the same financial year. Grants given for specific projects are recognised as deferred income on the balance sheet and transferred to income and expenditure statement to the extent of the project expenditure incurred during the financial year.

Development grants

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (shown as liability in the balance sheet). Deferred capital grants are recognised in the income and expenditure statement in 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 and expenditure statement to match the net book value of the assets written off.

TRUST AND AGENCY FUNDS - Moneys received from the Government and other organisations where the Authority 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 on the balance sheet.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Service fees

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

Licence and frequency fees

Licence and frequency fees are recognised on the accrual basis over the validity period, 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

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Interest income is recognised when the shareholder's right to receive payment has been established.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

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 expense relating to termination benefits as a result of an offer made due to voluntary redundancy.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONTRIBUTION TO CONSOLIDATED FUND - The Authority is required to make contribution to the Consolidated Fund based on a percentage of the net surplus of the Authority (before donation) for each of financial year. The percentage of contribution is determined by the Ministry of Finance.

INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit of the subsidiaries for the year. Taxable profit differs from profit as reported in the income and expenditure statement 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 (and tax laws) that have been enacted or substantively enacted in countries where the company and the subsidiaries operate by the balance sheet date.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases 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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income and expenditure statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in income and expenditure statement, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity.

FOREIGN CURRENCY TRANSACTIONS - The individual financial statements of each entity in the Group are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which the Authority and its subsidiaries operate (functional currency) and the presentation currency of the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying the Group's accounting policies

In the application of the Group's accounting policies, which are described in Note 2, management is required to exercise judgements, make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management is of the opinion that there are no critical judgments involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

(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 approximately $1.863 million (2007 : $1.401 million) lower or $2.008 million (2007 : $1.500 million) higher respectively.

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

The Group estimates the fair value of investments that do not have an active market by making references to quotes from dealer banks or it uses 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 Notes 13 and 14.

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

At each balance sheet date, the Group assesses whether there is any objective evidence that available-for-sale financial assets are impaired, as evidenced by the occurrence of one or more loss events. Based on the Group's best estimate of the future cash flows of each investment and taking into consideration all credit exposures, adequate impairment losses have been recognised in the income and expenditure statement (see Note 13).

(d) Current Income Tax and Deferred Income Tax

One of the subsidiaries is subject to Singapore income tax on gains on disposal of investments which are deemed to be of a revenue in nature. Conversely, the subsidiary is not subject to Singapore income tax on gains which are deemed to be of a capital in nature. The decision as to whether the gain on disposal of investment is of a capital in nature is dependent on many factors duly supported by relevant documents and the concurrence of the Inland Revenue Tax Authority of Singapore.

In determining the amount of income tax expense and the amount of deferred tax assets to be recognised on the unused tax losses which have yet to be agreed by the Inland Revenue Authority of Singapore, management exercises significant judgement in assessing whether the gains are likely to be accepted by the Inland Revenue Authority of Singapore as capital in nature; and in respect of losses, as revenue in nature. The Subsidiary's stance is to exercise the relevant degree of conservatism in the evaluation process. The potential unused tax losses as at year end for which no deferred tax asset has been recorded in the financial statements is set out in Note 17 to the financial statements.

4 FINANCIAL RISKS AND 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 exchanges 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 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 measures to manage this risk as it is not cost effective to do so.

(b) Interest rate risk

The Group 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 other investments held are as follows:

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Maturing				
Less than one year	620,019	578,328	600,019	443,115
Between one and five years	322,685	245,231	123,255	205,371
More than five year	56,075	20,153	-	-
Range of effective interest rates	0.98% to 5.50%	1.92% to 4.80%	0.98% to 3.50%	1.92% to 3.50%

(c) Credit risk

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

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 concentration 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.

4 FINANCIAL RISKS AND MANAGEMENT (continued)

(e) Fair value of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, provisions and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

1) Fair valuation of financial instruments traded in active market

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 the Authority is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

2) Fair valuation of financial instruments that are not traded in active market

The fair value of financial instruments that are not traded in an active market is determined by references to quotations from banks and the use of 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.

3) 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.

The financial statements include holdings of unquoted equity investments that are measured at cost less accumulated impairment losses because their fair values cannot be measured reliably. These instruments represent instruments in venture capital funds.

5 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Some of the Authority's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Under SB-FRS 24 - Related Party Disclosures, the Authority is exempted from disclosure of transactions and balances with other state-controlled entities. Accordingly, transactions and balances with government ministries, statutory boards and government-linked companies have not been disclosed in these financial statements.

5 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Short term benefits	4,122	3,047	3,947	2,847
Post employment benefits	114	64	109	60
Other long-term benefits	2	-	2	-
Total	4,238	3,111	4,058	2,907

The Group adopts the guidelines set by Public Service Division (PSD) and takes into consideration the reporting officers' assessment of individual officers in determining the remuneration of key management.

During the year, the key management personnel entered into the following trading transactions with related parties:

	Amounts owed by related parties $'000	Amounts owed to related parties $'000
Non-state owned entities	8	259

6 TRUST AND AGENCY FUNDS

Trust and agency funds represent moneys received in trust and managed by the Authority 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 the Authority'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:

	The Group and Authority	
	2008 $'000	2007 $'000
Balance at beginning of financial year	2,176	2,220
Receipts	136,906	74,931
Expenditure	(135,984)	(74,314)
Funds returned to principals	(8)	(661)
Balance at end of financial year	3,090	2,176
Represented by:		
Cash and cash equivalents	4,269	2,377
Receivables	-	42
Payables	(1,179)	(243)
Net assets	3,090	2,176

7 PROPERTY, PLANT AND EQUIPMENT

	Equipment, furniture and fittings $'000	Plant and machinery $'000	Buildings $'000	Capital work-in progress $'000	Total $'000
The Group					
Cost:					
At 1 April 2006	24,370	6,419	809	29	31,627
Additions	1,815	9	-	-	1,824
Disposals	(2,954)	(215)	-	-	(3,169)
Reclassifications	-	-	-	(29)	(29)
At 31 March 2007	23,231	6,213	809	-	30,253
Additions	395	399	-	164	958
Disposals	(1,431)	(642)	-	-	(2,073)
At 31 March 2008	22,195	5,970	809	164	29,138
Accumulated depreciation:					
At 1 April 2006	23,450	3,740	807	-	27,997
Depreciation for the year	1,310	571	2	-	1,883
Disposals	(2,947)	(215)	-	-	(3,162)
At 31 March 2007	21,813	4,096	809	-	26,718
Depreciation for the year	656	859	-	-	1,515
Disposals	(1,429)	(642)	-	-	(2,071)
At 31 March 2008	21,040	4,313	809	-	26,162
Carrying amount:					
At 31 March 2008	1,155	1,657	-	164	2,976
At 31 March 2007	1,418	2,117	-	-	3,535
The Authority					
Cost:					
At 1 April 2006	22,908	6,419	809	29	30,165
Additions	1,781	9	-	-	1,790
Disposals	(2,954)	(215)	-	-	(3,169)
Reclassifications	-	-	-	(29)	(29)
At 31 March 2007	21,735	6,213	809	-	28,757
Additions	373	399	-	164	936
Disposals	(1,424)	(642)	-	-	(2,066)
At 31 March 2008	20,684	5,970	809	164	27,627
Accumulated depreciation:					
At 1 April 2006	22,000	3,740	807	-	26,547
Depreciation for the year	1,291	571	2	-	1,864
Disposals	(2,948)	(215)	-	-	(3,163)
At 31 March 2007	20,343	4,096	809	-	25,248
Depreciation for the year	633	859	-	-	1,492
Disposals	(1,421)	(642)	-	-	(2,063)
At 31 March 2008	19,555	4,313	809	-	24,677
Carrying amount:					
At 31 March 2008	1,129	1,657	-	164	2,950
At 31 March 2007	1,392	2,117	-	-	3,509

As at 31 March 2008, the Authority 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 have been accounted for in the property, plant and equipment of the Group and the Authority at a written down value of $1 as at 31 March 2008 as it is not probable that future economic benefits will accrue to the Authority and the land and building are, in substance, being held in trust for the operations of the Singapore Philatelic Museum on behalf of the National Heritage Board.

8 INTANGIBLE ASSETS

	The Group and Authority	
	2008	2007
	$'000	$'000
Cost:		
Balance at beginning of financial year	7,092	7,899
Additions	176	259
Disposals	(969)	(1,095)
Reclassifications	-	29
Balance at end of financial year	6,299	7,092
Accumulated amortisation:		
Balance at beginning of financial year	6,581	7,088
Amortisation for the financial year (Note 28)	454	588
Disposals	(948)	(1,095)
Balance at end of financial year	6,087	6,581
Carrying amount:		
Balance at end of financial year	212	511

9 OTHER ASSETS

	The Group and Authority	
	2008	2007
	$'000	$'000
Cost:		
Balance at beginning of financial year	310	310
Write off	(310)	-
Balance at end of financial year	-	310
Accumulated amortisation and impairment loss:		
Balance at beginning of financial year	310	128
Amortisation for the financial year (Note 28)	-	10
Allowance for impairment loss (Note 28)	-	172
Write off	(310)	-
Balance at end of financial year	-	310
Carrying amount:		
Balance at end of financial year	-	-

10 SUBSIDIARIES

	The Authority 2008 $'000	The Authority 2007 $'000
(a) Unquoted shares, at cost	294,835	294,835

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

Name	Principal activities	Cost of investment 2008 $'000	Cost of investment 2007 $'000	Proportion of ownership interest and voting power held 2008 %	Proportion of ownership interest and voting power held 2007 %
Infocomm Investments Pte Ltd	Investment holding and investment management	291,022	291,022	100	100
Singapore Network Information Centre (SGNIC) Pte Ltd	Registry of internet domain names	3,813	3,813	100	100
IDA International Pte Ltd (Formerly Known as Paynet Pte. Ltd.)	Dormant	*	*	100	100
		294,835	294,835		

* Investment cost is less than $1,000

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

11 DEFERRED EXPENDITURE

	The Group and Authority 2008 $'000	The Group and Authority 2007 $'000
Cost:		
Balance at beginning of financial year	5,846	5,518
Additions	701	834
Written-off	(315)	(506)
Balance at end of financial year	6,232	5,846
Accumulated amortisation:		
Balance at beginning of financial year	1,643	863
Amortisation for the financial year (Note 28)	936	829
Written-off	-	(49)
Balance at end of financial year	2,579	1,643
Carrying amount:		
Balance at end of financial year	3,653	4,203

12 STAFF LOANS RECEIVABLES

	The Group and Authority	
	2008 $'000	2007 $'000
Housing loans	-	43
Other loans	16	37
Total	16	80
Amounts due within one year	(11)	(60)
Amounts due after one year	5	20

The housing loans, with interest charged at 5% per annum (2007 : 5% per annum), are repayable by monthly instalments over next 12 months. Other loans which include computers and renovation, are repayable by monthly instalments over a period of 2 to 7 years at 0% interest (2007 : 0%) and 5% interest per annum (2007 : 5% per annum) respectively.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
(a) Fund investments, at fair value	5,651	9,869	-	-
(b) Unquoted equity shares, at cost	16,359	16,962	-	600
Less impairment loss	(12,965)	(14,344)	-	-
Less: Write-off	-	(600)	-	(600)
Net	3,394	2,018	-	-
Total	9,045	11,887	-	-

Fund investments at fair value include impairment losses amounting to $8,975,629(2007 : $8,975,629).

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.

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

	The Group	
	2008 $'000	2007 $'000
Fund investments		
At beginning of financial year	8,976	8,662
Charged to income and expenditure statement	-	314
Balance at end of the financial year	8,976	8,976

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

	The Group 2008 $'000	The Group 2007 $'000	The Authority 2008 $'000	The Authority 2007 $'000
Unquoted equity shares				
At beginning of financial year	14,344	19,651	-	600
Reversal of impairment loss through fair value reserve	(1,379)	(382)	-	(600)
Eliminated on disposal/Write-off of investments	-	(4,925)	-	-
Balance at end of the financial year	12,965	14,344	-	-

The impairment loss in the Authority 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 which are not denominated in the entities' functional currency are as follows:

	The Group 2008 $'000	The Group 2007 $'000
United States dollar	5,562	7,486

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group 2008 $'000	The Group 2007 $'000	The Authority 2008 $'000	The Authority 2007 $'000
(a) At fair value				
Quoted investments				
- Equity shares	117	148	-	-
- Preference shares	36,885	38,837	-	-
- Debt securities	238,543	119,865	106,968	109,556
	275,545	158,850	106,968	109,556
Unquoted investments				
- Debt securities	193,529	296,704	99,340	118,210
	469,074	455,554	206,308	227,766
(b) At cost less impairment loss				
Unquoted debt securities, at cost	10,616	13,144	-	-
Less: Impairment loss	(4,015)	(783)	-	-
Net	6,601	12,361	-	-
Total	475,675	467,915	206,308	227,766
Classified as:				
- Current	83,053	151,185	83,053	22,395
- Non-current	392,622	316,730	123,255	205,371
Total	475,675	467,915	206,308	227,766
Designated as fair value through profit or loss on initial recognition	475,675	467,915	206,308	227,766

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

	The Group		The Authority	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Unquoted debt securities, at cost				
At beginning of the financial year	783	783	-	-
Charged to profit and loss	3,232	-	-	-
Write-back on disposal	-	-	-	-
Balance at end of the financial year	4,015	783	-	-

Investments in quoted equity shares and quoted preference shares offer the Group the opportunity for return 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 $186,385,000 (2007 : $246,704,000) 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 a 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 $5,033,000 (2007 : $5,033,000) relating to a debt security issued by an entity in which a director of the subsidiary is also the director of the entity. The Group holds 17% (2007 : 17%) of the outstanding debt instruments issued by this entity which may be convertible into equity shares of the entity at the subsidiary's 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 which are not denominated in the entities' functional currency are as follows:

	The Group		The Authority	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
United States dollar	13,523	11,410	-	-
Malaysian ringgit	117	148	-	-
Total	13,640	11,558	-	-

15 TRADE RECEIVABLES

	The Group and Authority	
	2008	2007
	$'000	$'000
Outside parties	22,606	21,859

The average credit period is 30 days (2007 : 30 days).

The trade receivables balance as at year end are stated after allowance for impairment of trade receivables of $7,850 (2007 : $5,759). The impairment loss was recognised in the income and expenditure statement.

16 OTHER RECEIVABLES

	The Group		The Authority	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Sundry debtors and deposit	2,641	4,787	1,742	3,499
Interest receivables	4,776	4,207	3,367	2,883
Dividend receivables	523	532	-	-
Prepayment	1,101	1,535	1,058	1,497
Total	9,041	11,061	6,167	7,879

17 TAX RECOVERABLE, INCOME TAX PAYABLE AND INCOME TAX EXPENSE

(a) The Authority 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 the Authority. The Group's income tax expense is made up as follows:

	The Group	
	2008	2007
	$'000	$'000
Current income tax	252	1,091
Deferred taxation	(2)	838
	250	1,929
Underprovision in prior financial years - current income tax	4,226	55
Total	4,476	1,984

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 1 June 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 standards rate of income tax of 18% (2007 : 18%) to surplus before taxation due to the following factors:

	The Group	
	2008	2007
	$'000	$'000
Surplus before contribution to consolidated fund and income tax	41,954	67,650
Surplus subject to contribution to consolidated fund	(33,937)	(47,142)
	8,017	20,508
Income tax expense at statutory rate	1,443	3,691
Expenses exempted for tax purposes	(28)	(27)
Non-taxable items	-	(734)
Effect of concessionary tax rate	(458)	(483)
Income not subject to tax	(393)	(11)
Utilisation of prior years' tax losses carryforwards	(314)	(507)
Underprovision in the prior financial years	4,226	55
Net	4,476	1,984

One subsidiary invested in certain financial instruments which generate income that is taxed at a concessionary tax rate of 10% (2007 : 10%).

17 TAX RECOVERABLE, INCOME TAX PAYABLE AND INCOME TAX EXPENSE (continued)

(b) Movements in tax recoverable

	The Group	
	2008 $'000	2007 $'000
Balance at beginning of the financial year	1,088	738
Tax refund received	(140)	-
Reclassified from provision for income tax	-	140
Reclassified (to) from deferred tax liability	(520)	210
Tax deducted at source	508	-
Balance at end of the financial year	936	1,088

(c) Movements in income tax payable

	2008 $'000	2007 $'000
Balance at beginning of the financial year	747	57
Under provision in respect of prior financial years	4,226	55
Income tax paid during the year	(4,687)	(596)
Current year tax provision	252	1,091
Reclassified to tax recoverable	344	140
Balance at end of the financial year	882	747

(d) Movements in deferred taxation

	2008 $'000	2007 $'000
Balance at beginning of the financial year	1,921	362
Effect of changes in tax rate	-	(28)
Reclassified to tax recoverable	-	210
Tax (credit) charge to income and expenditure statement	(520)	838
Tax effect of movement in fair value reserve	(341)	539
Balance at end of the financial year	1,060	1,921

Unutilised tax losses which have yet to be agreed with IRAS due to factors indicated below, are not included in the amounts disclosed above.

During the current financial year, a subsidiary received a revised tax assessment from the Inland Revenue Authority of Singapore ("IRAS") for $4,233,800 in respect of the Year of Assessment 2001 wherein IRAS has subjected to tax, a gain on disposal of an investment in that year. The subsidiary has raised letters of objection with the IRAS and is currently working with the tax agents to provide the necessary supporting documents to IRAS. The issue at dispute with IRAS relates to whether the subsidiary's investment was held for revenue or capital gain which in turn determines whether the gain arising from the disposal of the investment is subject to income tax. The subsidiary strongly believes that the gain should be a capital gain and not a revenue gain due to the strategic nature of the investment which resulted in the gain. As the outcome of the matter is currently uncertain and on the grounds of prudence, the subsidiary has recorded the additional tax paid as an income tax expense for the year rather than as a tax recoverable as at the year end.

In addition to the above, during the current financial year, the subsidiary sought approval from SPRING Singapore, to revoke the Venture Capital Tax Incentive with effect from the incentive commencement date of 1 June 2000 as the subsidiary was not able to fulfil all the conditions required under the tax incentive. Under the Venture Capital Tax Incentive (hereafter referred to as Section 13H), all qualifying income would be exempted from income tax. Conversely, all losses would not be available for offset against the subsidiary's taxable income. As at the year end date, the subsidiary has approximately $13 million of losses under Section 13H.

Arising from the revocation of the Venture Capital Tax Incentive which was approved by SPRING Singapore, the tax losses arising from such activities may be available for offsetting against the subsidiary's taxable profits generated after 1 June 2000, subject to the agreement of IRAS. The subsidiary has not recognised any deferred tax asset in respect of such tax losses which may be available for offsetting against profits made after 1 June 2000 nor has the subsidiary reversed out the total tax provision of approximately $2.5 million which were provided on profits made during the relevant years after 1 June 2000 when Section 13H tax incentive was not revoked, as the tax losses under the Section 13 H is still subject to agreement by IRAS for the losses to be available for set off against the subsidiary's taxable income.

18 CASH AND CASH EQUIVALENTS

(a)

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Fixed deposits with financial institutions	545,755	427,143	516,966	420,720
Bank and cash balances	48,057	153,105	29,616	88,295
Total	593,812	580,248	546,582	509,015

The fixed deposits with financial institutions of the Group and the Authority mature on varying dates within 1 to 8 months (2007 : 1 to 8 months) from the financial year end.

The effective interest rate range of these deposits as at 31 March 2008 was 0.98% to 2.58% (2007 : 1.92% to 3.42%).

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Singapore dollar	593,692	580,152	546,467	508,924
United States dollar	14	22	9	17
Others	106	74	106	74
Total	593,812	580,248	546,582	509,015

(b) Included in cash and cash equivalents in the Authority is an amount of $380.08 million (2007 : $341.85 million) which is earmarked for investment in securities.

(c) The cash and cash equivalents in the Authority include an amount of approximately $43.97 million (2007 : $38.02 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.

19 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 and expenditure statement in the following financial year. Deferred income relates to the initial licence and frequency fees that are to be recognised in the income and expenditure statement after the following financial year and over the remaining period of the licence.

20 TRADE PAYABLES

	The Group and Authority	
	2008 $'000	2007 $'000
Outside parties	10,685	6,860

The average credit period is 30 days (2007 : 30 days).

21 OTHER PAYABLES

	The Group		The Authority	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Accrual of expenses under development funds	21,736	8,111	21,902	8,111
Accrual for operating and other expenses	52,589	43,723	51,909	43,396
Accrual for purchase of fixed assets	95	31	95	31
Total	74,420	51,865	73,906	51,538

22 OPERATING AND DEVELOPMENT GRANTS – GOVERNMENT

	The Group and Authority	
	2008	2007
	$'000	$'000
Balance at beginning of the financial year	11,591	54
Operating grants – Government	35,310	32,729
Development grants – Government	11,481	27,713
Net grants received during the financial year	46,791	60,442
Transfer to deferred capital grants	(3)	(723)
Grants received in advance	(8,486)	(11,591)
Grants recognised in the income statements	49,893	48,182

23 PROVISION FOR PENSION AND MEDICAL BENEFITS

	The Group and Authority	
	2008	2007
	$'000	$'000
Balance at beginning of the financial year	38,019	39,929
Provision for the financial year	9,285	1,342
Payments during the financial year	(3,334)	(3,252)
Net	43,970	38,019
Amounts due within one year	(3,300)	(3,252)
Amounts due after one year	40,670	34,767

The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 March 2008 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:

	2008	2007
Discount rate	2.0%	3.0%
Mortality age	87 years	84 years
Medical inflation rate	5.0%	3.0%

24 CONTRIBUTION PAYABLE TO CONSOLIDATED FUND

The Authority is required to make contribution to the Consolidated Fund based on a percentage of the net surplus of the Authority (before donation) for each of financial year. The percentage of contribution is determined by the Ministry of Finance.

25 REVENUE

(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.

26 INTEREST INCOME

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Fixed deposits and bank accounts	12,515	13,097	10,841	11,985
Debt securities	12,003	13,577	6,273	7,180
Others	1	2	1	2
Total	24,519	26,676	17,115	19,167

27 SALARIES, CPF AND OTHER CONTRIBUTIONS

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Wages and salaries	108,314	90,733	107,289	90,457
Employer's contribution to Central Provident Fund	11,891	8,472	11,781	8,419
Other related staff costs	1,141	1,748	1,132	1,746
Total	121,346	100,953	120,202	100,622

28 OTHER EXPENSES

	The Group 2008 $'000	The Group 2007 $'000	The Authority 2008 $'000	The Authority 2007 $'000
IT promotion and sponsorship	1,013	1,211	1,013	1,211
Utilities	2,126	1,799	2,125	1,799
Publicity expense	2,516	3,330	2,514	3,330
Telecommunications and internet services	1,297	1,095	1,295	1,094
Irrecoverable GST	2,082	1,258	2,072	1,258
General and administration expense	1,132	749	1,096	784
Amortisation of intangible assets (Note 8)	454	588	454	588
Local travelling	392	418	389	418
Amortisation of deferred expenditure (Note 11)	936	829	936	829
Amortisation of other assets (Note 9)	-	10	-	10
Impairment of other assets (Note 9)	-	172	-	172
Total	11,948	11,459	11,894	11,493

29 DEVELOPMENT FUND EXPENSES

	The Group and Authority 2008 $'000	The Group and Authority 2007 $'000
Cluster Development Fund project	4,199	267
Infocomm 21 Fund project	14,344	20,475
Singapore-One project	-	(419)
Development fund expenses funded mainly by development grants from government	18,543	20,323
E-Lifestyle Marketing project	2,093	581
Wired with Wireless project	12,586	1,154
Connected Singapore Blueprint	2,433	853
iN2015 Masterplan	1,885	-
Total	37,540	22,911

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

(a) Cluster Development Fund project

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

(b) Infocomm 21 Fund project

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

29 DEVELOPMENT FUND EXPENSES (continued)

(c) Singapore-One project

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

(d) E-Lifestyle Marketing project

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

(e) Wired with Wireless project

To position Singapore as a living lab and business catalyst for wireless development 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.

(f) Connected Singapore Blueprint

The blueprint aims to develop a vibrant info-communications industry, create advanced Info-communications users in all sectors, and create a conducive environment.

(g) iN2015 Masterplan

The Intelligent Nation 2015 (iN2015) Masterplan is Singapore's next long-term strategic info-communications master plan to further enhance quality of life and create new national competitive advantage through info-communications. The plan seeks to enrich the lives of the people, enhance Singapore's economic competitiveness and increase the growth of the info-communications industry.

30 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:

	The Group		The Authority	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Capital expenditure	399	850	399	800
Investments	408	813	-	-
Total	807	1,663	399	800

30 COMMITMENTS (continued)

(b) Lease commitments

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

	The Group and Authority	
	2008 $'000	2007 $'000
Not later than one year	9,904	10,302
Later than one year but not later than five years	17,189	21,735
Later than 5 years	10,656	14,671
Total	37,749	46,708

(c) Development fund expenses commitments

As at balance sheet date, the development fund expenses committed amounted to approximately $78,200,000 (2007 : $73,190,000).

(d) Other commitments

1. Under the Housing Loan Scheme, the Authority has a contractual obligation with a financial institution to:

    (i) subsidise the interest payable by the Authority'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 the Authority's staff.

    At the balance sheet date, total housing loans under the Scheme amounted to approximately $87,857 (2007 : $103,876). Liabilities arising from the Scheme are accrued for in the financial year in which they are incurred.

2. Under the Scholarship Programme, the Authority has an obligation to fund the scholars' educational expenses. At the balance sheet date, the total committed expenditure is estimated at $4,165,392 (2007 : $1,281,717).

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