



SPURRING INNOVATIONS, REALISING POSSIBILITIES

VISION

Singapore: An Intelligent
Nation, A Global City,
Powered By Infocomm

MISSION

To develop the infocomm cluster as a major engine of
growth and to leverage infocomm for economic and
social development

CONTENTS

02 CHAIRMAN'S
MESSAGE

04 INFOCOMM
STATISTICS

06 HIGHLIGHTS

08 BOARD OF
DIRECTORS

10 SENIOR
LEADERSHIP
TEAM

12 MEMBERS OF
IDA BOARD
COMMITTEES

13 SUBSIDIARIES

17 FINANCIAL
STATEMENTS

 **LIVING THE INTELLIGENT NATION 2015 VISION BY:**

**Building a Globally
Competitive
Infocomm Industry**



**Developing a Highly Skilled
Infocomm Workforce**



**Spearheading the
Transformation of Key
Economic Sectors,
Government and Society**



**Establishing Ultra-fast
and Pervasive Connectivity**





CHAIRMAN'S MESSAGE



Singapore's infocomm industry achieved strong growth in 2012, reporting a 22.8 per cent increase in revenue over the previous year to reach \$102.46 billion. Of this, 75.96 per cent or \$77.83 billion came from exports, attesting to the industry's success in extending its market reach beyond Singapore. Helping to drive this growth is a strong pool of employed infocomm professionals, which grew 1 per cent to reach 144,300.

We have done well indeed, guided by the Intelligent Nation 2015 (iN2015) and eGov2015 masterplans. Besides having a globally competitive infocomm industry and highly skilled workforce, we are now a nation with pervasive connectivity and technology-enabled sectors. With this success, greater things are expected of us moving ahead.

Addressing rising expectations

Pervasive connectivity, the rise of social media networks and the explosion in user-generated content are having a great impact on how organisations operate and engage with their customers.

We see this in the public sector, where citizens want a responsive government that engages its citizens to solve national issues. Increasingly, the government is expected to anticipate and predict possible issues before they actually occur or are highlighted by citizens. Citizens also want greater integration, where data is shared and responses are coordinated across agencies.

The private sector faces similar challenges as well. Consumers are making their views heard on social media networks and businesses have to listen to these conversations in order to remain relevant and competitive. People are demanding customised experiences and a higher standard of living, and have a lower tolerance for error.

IDA is committed to championing response to these challenges. Innovation is key in this. IDA is focused on harnessing infocomm to drive sectoral innovation, in order to transform public service delivery, enhance the competitiveness of various vertical sectors and increase the productivity of our small and medium enterprises (SMEs).

Innovating to transform business, government and society

For businesses and organisations to strengthen their capacity for innovation, they need to be able to make sense of information to generate insights upon which to act. This explains why we are deepening our focus on data and analytics. For example, we are collaborating closely with industry to bring Business Analytics Shared Services to companies in the retail and wholesale sectors via cloud technology. This will help businesses to uncover market trends and better understand customer sentiments, so that they can innovate and respond quickly to customer needs. In another IDA initiative, a Mobile Positioning and Analytics Services platform has been developed to offer accurate, easily accessible and competitively-priced location positioning and analytics services to the tourism, hospitality and retail sectors.

In the area of public service delivery, next-generation technologies are helping to transform agencies into one integrated government, for and with the people. For example, integrating customer data across agencies enables customers to be better and more efficiently served, both because agencies collectively will have a better understanding of the customer's concerns and because the customer need not resubmit the same data again to different agencies. Big data analytics is being harnessed to uncover new patterns in economic and human activity, equipping agencies with predictive capabilities to meet the challenges of the future. Under data.gov.sg and various crowdsourcing initiatives, many agencies are also opening up their data sets to the public, spurring co-creation efforts and driving community participation in service delivery. The data.gov.sg site now provides access to more than 8,200 datasets from 61 public agencies. So far,

over 110 applications have been created with the datasets and we anticipate many more to come.

SMEs will also receive help to transform their business models for greater productivity and innovation, with Software-as-a-Service solutions being developed for sectors where many SMEs are still largely manual in their operations. Under this initiative, we expect to support the adoption of such solutions by more than 3,000 enterprises, of which many would be SMEs.

Underpinning all these developments is the robust, secure and affordable high-speed digital infrastructure that we have put in place. More than 95 per cent of homes and businesses can now enjoy ultra-fast connectivity with the successful deployment of the Next Gen Nationwide Broadband Network. In addition, free WIFI is widely available via Wireless@SG to users on-the-go, who can look forward to increased speeds of up to 2 Mbps and new user-friendly login capabilities. Singapore should be a leading nation for always-on, available-anywhere connectivity to the world. Besides developing the physical infrastructure, we continue to strengthen the competitive environment to allow businesses to flourish while ensuring that consumer interests were protected. For example, regulations were revised to reduce business costs for telecommunication equipment dealers and a Personal Data Protection Act was enacted to protect individuals' personal data against misuse.

These achievements are recognised on the international front, as we continue to be lauded for our success in harnessing technology for economic and social development. For the fourth year running, we placed second in the Global Information Technology Report compiled by INSEAD and the World Economic Forum. We also topped the Waseda University International e-Government Ranking for the fifth straight year.

Continuing on the iN2015 journey

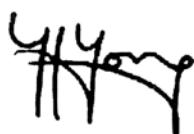
To build on our success, we are keeping a close watch on new developments in infocomm and assessing their impact. Through the Infocomm Technology Roadmap that IDA released last year, we are charting the vision, trends and future developments of the technology landscape in Singapore. We need to better position ourselves for the high-growth area of data analytics by driving the implementation of wireless sensor networks and finding better ways to analyse and exploit the data that we harvest to solve

the challenges of urban living. We also need to step up our efforts to facilitate data sharing across domains and organisations in order to optimise resource allocation, better understand social issues, identify patterns and trends, and deliver more personalised services. We will bring together players across the infocomm technology innovation eco-system such as university scientists, teams in research institutes, incubators and accelerators, venture capitalists and innovative enterprises, so that innovations can flourish.

IDA can play a valuable role in supporting innovations by organising test-beds for new ideas to be tried out. A good example of this is the launch earlier this year of a multi-agency Call for Collaboration to pilot cutting-edge technologies and innovative solutions for the Jurong Lake District. As a test bed for smart solutions to urban challenges, the immediate aim is to build a connected, sustainable district that leverages ready access to real-time data to optimise the use of our national resources and enhance Singapore's liveability. We hope to accelerate our learning and more rapidly develop new capabilities and services that can be exported.

We have an exciting year ahead of us, but I know that we are in good company as we continue on our iN2015 journey. I would like to thank our Board members who have been selfless in sharing their knowledge and experiences with IDA, helping us to fine-tune our programmes and identify new opportunities and challenges on the horizon. I would also like to thank the IDA management and staff who have been steadfast in their dedication, commitment and perseverance in their work, and also our industry partners who have been staunchly behind us in our initiatives.

I look forward to your continued support and would like to extend my best wishes to all of you for another successful year ahead.



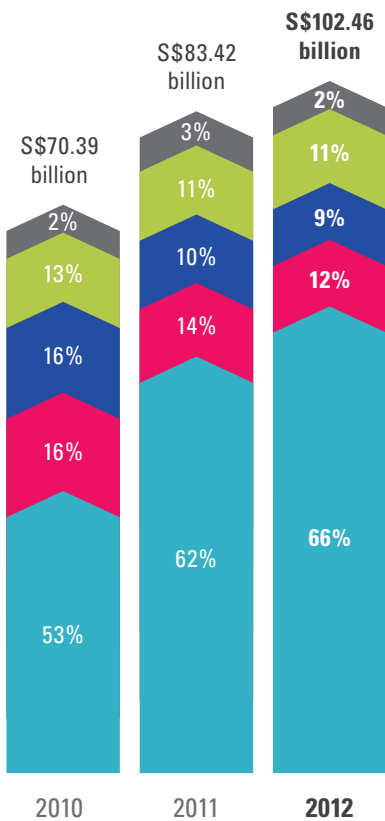
YONG Ying-I
Chairman, IDA

INFOCOMM STATISTICS

INFOCOMM INDUSTRY

The infocomm industry revenue grew by 22.8 per cent to reach **S\$102.46 billion**.

TOTAL INFOCOMM INDUSTRY REVENUE BY MARKET SEGMENT (2010-2012)



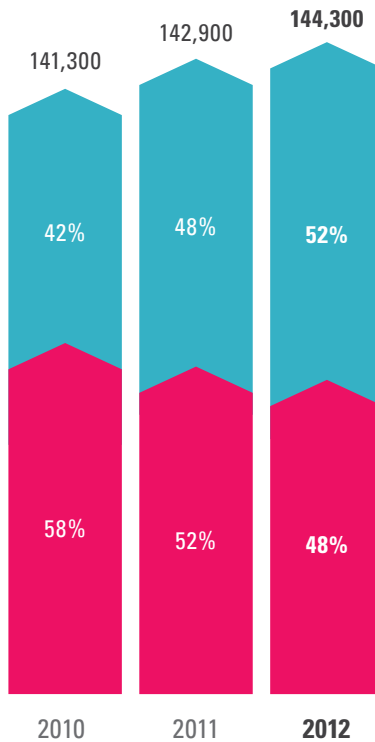
- Hardware
- Software
- Telecommunication Services
- IT Services
- Content Services

Source: Annual Survey on Infocomm Industry

INFOCOMM MANPOWER

The employed infocomm manpower reached **144,300**, which is a 1 per cent increase over the previous year.

NUMBER OF EMPLOYED INFOCOMM MANPOWER (2010-2012)



- Infocomm Organisations
- End-user Organisations

Source: Annual Survey on Infocomm Manpower

INFOCOMM USAGE

85% of households had access to a computer while **84%** had access to the Internet.

INFOCOMM ACCESS IN RESIDENT HOUSEHOLDS* (2010-2012)



- Computer Access
- Internet Access
- Broadband Access

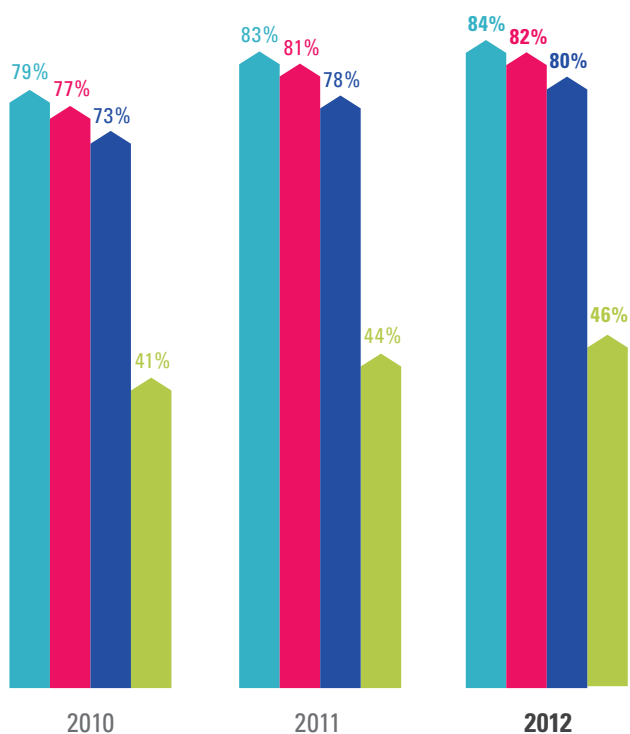
*Resident Households refer to households with at least one Singapore Citizen or Permanent Resident.

Source: Annual Survey on Infocomm Access in Households and by Individuals

INFOCOMM USAGE

84% of enterprises used computers, while 82% used the Internet.

INFOCOMM USAGE BY ENTERPRISES (2010-2012)



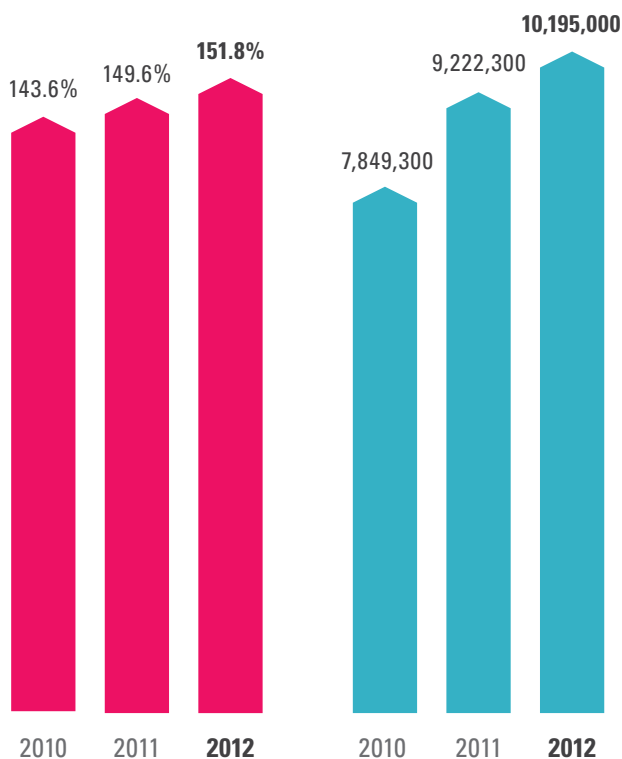
- Computer usage
- Internet usage
- Broadband usage
- Web presence

Source: Annual Survey on Infocomm Usage by Enterprises

TELECOMMUNICATIONS

The mobile phone penetration rate rose to 151.8%, or three subscriptions for every two persons. The number of broadband subscriptions rose 10.5% to reach 10,195,000.

STATISTICS ON TELECOM SERVICES (2010-2012)[#]



- Mobile Phone Penetration Rate
- Number of Broadband Subscriptions

[#]As of December of each year

Source: Statistics on Telecom Services



HIGHLIGHTS

2012

1 April Improving mobile service experience

Enhanced Quality of Service (QoS) standards for 3G mobile services took effect to ensure a better consumer experience, especially in outdoor areas and new tunnels.



4 April Streamlining equipment registration processes

Regulations were revised to reduce business costs for equipment dealers, such as the use of electronic compliance labels and a simplified online system for faster renewal of equipment registration.

26 April Reducing energy usage in data centres

To reduce energy usage in data centres, four consortiums were selected to pilot Green ICT solutions to improve the energy efficiency, such as by redesigning servers and the use of ambient air to cool servers.

19 June Spurring the development of sector-specific SaaS

IDA launched a CFC to develop Software-as-a-Service (SaaS) solutions for sectors where many SMEs are largely manual in their operations, providing businesses with easy-to-adopt ICT options to transform business models for greater productivity and innovation.

21 June Driving the adoption of mobility solutions

Twenty-eight Mobility Solutions projects were rolled out, benefitting over 150 user companies in the Retail, F&B, Hotels and Attractions sector and resulting in projected ICT expenditure of \$12 million.

25 June Gaining global recognition for citizen participation

In the United Nations e-Government Survey 2012, Singapore clinched second spot in the global e-participation ranking for leveraging ICT to deliver online services and engage citizens.

29 June Enhancing the Postal QoS framework

To maintain high standards in basic letter delivery, IDA announced QoS enhancements that included the requirement for SingPost to appoint an independent assessor for its services.



19 September Strengthening availability and adoption of analytics

IDA and A*STAR partnered to launch the Business Analytics Translational Centre, which helps organisations use cutting-edge analytics tools to mine and manage big data, so as to gain business insights for innovation and productivity.

15 October Introducing Singapore ICT startups to the China market

Under IDA's iSTART@Shanghai and Beijing programmes, 12 ICT startups learnt about China's business environment and were introduced to potential customers and business partners.

22 October Strengthening ICT collaboration between Singapore and Bhutan

IDA and the Bhutan Ministry of Information and Communications signed a Memorandum of Understanding to develop ICT manpower and expertise in Bhutan with the participation of IDA International and Temasek Foundation.

2013

2 January Safeguarding personal data

The Personal Data Protection Act was established to safeguard personal data against misuse and aims to enhance Singapore's competitiveness and position as a trusted business hub. The Personal Data Protection Commission is established to administer and enforce the Act, with the advice of the Data Protection Advisory Committee.

16 January Paving the way for 4G

Following a public consultation, IDA set out the parameters for allocating the 1800 MHz and 2.5 GHz spectrum for nationwide 4G services, facilitating mobile operators in their plans for 4G deployment.

22 February Guiding talent development

The National Infocomm Competency Framework (NICF) Readiness Kit was launched to help companies develop and manage ICT manpower skills and competencies in line with the NICF.



27 April**Raising productivity in the people sector**

The People Sector Infocomm Resource Centre was jointly set up by IDA, Nanyang Polytechnic and the National Council of Social Service to enhance the public outreach efforts and productivity of people sector organisations.

**15 May****Deploying a private Government cloud**

The tender award was announced for G-Cloud, which will provide Government agencies with efficient, scalable and resilient cloud computing resources that meet different levels of security and governance requirements.

31 May**Developing ready-to-use analytics**

Under a Call for Collaboration (CFC), service providers will partner users to create Business Analytics Shared Services for the retail and wholesale sectors, lowering the cost of adopting analytics for customer insights and competitive advantage.

11 July**Raising cyber security awareness**

In the second Cyber Security Awareness Day, the number of pledges received from public, private and people sectors to secure their online identity, computers, and mobile and wireless devices more than doubled to 630,000.

3 August**Deploying the NFC infrastructure**

A nationwide interoperable Near Field Communication (NFC) infrastructure for mobile payment services was rolled out, enabling businesses to offer secured NFC services without the need for duplicated technical infrastructure.

**17 August****Charting the technology landscape**

The Infocomm Technology Roadmap was unveiled to chart the trends and future development of the global technology landscape, highlighting nine key technology themes and outlining the opportunities and challenges.

23 October**Honouring ICT innovation at National Infocomm Awards 2012**

Fourteen organisations from the public and private sectors were selected from 266 nominees for the Awards, which recognise innovative ICT solutions that raise productivity and enhance customer service delivery.

**26 October****Winning an accolade for digital inclusion efforts**

The Intergenerational IT Bootcamp won the International Innovations Award presented by the Commonwealth Association for Public Administration and Management, highlighting IDA's contributions to improving citizen engagement and dialogue.

27 November**Catalysing the use of next-generation technologies in schools**

Under the FutureSchools@Singapore programme, two proposals were selected to enhance inquiry-based learning using next-generation technologies such as intelligent chat bots and a scaffolded algorithmic learning system.

8 March**Bringing Wireless@SG to the next level**

The programme will continue to offer free public Wi-Fi till March 2017, providing Singapore with a high-performance wireless infrastructure with enhanced login and faster access speeds.

8 March**Piloting home-based work initiatives**

Two proposals were awarded to conduct pilot in home-based work in industries such as telecommunications, healthcare and education, to achieve better work-life balance and encourage greater labour force participation.

28 March**Spearheading the development of location services**

The Mobile Positioning and Analytics Services CFC was awarded to develop new interactive experiences for consumers and retail businesses using location positioning and analytics.

28 March**Piloting cutting-edge technologies in Jurong Lake District**

A CFC was launched to pilot cutting-edge technologies and innovative solutions to address urban challenges, by leveraging ICT connectivity and ready access to real-time data to create a smart and sustainable district with improved liveability.

BOARD OF DIRECTORS

From left to right:

- 1 **Eddie CHAU**, Executive Director, iSentia Brandtology Pte Ltd
- 2 **Mary YEO**, Vice President, Supply Chain Operations, South Asia Pacific, United Parcel Service Singapore Pte Ltd
- 3 **Dr. Bruno LANVIN**, Executive Director, eLab, INSEAD
- 4 **NG Cher Pong**, Deputy Secretary (Policy), Ministry of Education
- 5 **LEE Eng Beng**, Managing Partner, Rajah & Tann LLP
- 6 **Jacqueline POH**, Managing Director, Infocomm Development Authority of Singapore (From 10 Jun 2013)
- 7 **YONG Ying-I, *Chairman***, Permanent Secretary (Public Service Division) (National Research and Development)
- 8 **Jeremy TAN**, Chief Executive Officer, Korvac Holdings Pte Ltd



From left to right:

- 9 **Alexander KLEINBERG**, Vice President and General Manager, Asia Pacific/Japan, MoPub Inc
- 10 **Prof. TAN Eng Chye**, Deputy President, (Academic Affairs) & Provost, National University of Singapore
- 11 **Steve LEONARD**, Executive Deputy Chairman, Infocomm Development Authority of Singapore
- 12 **Asad JUMABHOY**, Director, Tangerine Time Pte Ltd
- 13 **KOH Lin-Net**, Chief Executive Officer, Media Development Authority of Singapore (From 1 Nov 2012)
- 14 **Jimmy PHOON**, Executive Director & Chief Executive Officer, SeaTown Holdings International Pte Ltd
- 15 **Muthukrishnan RAMASWAMI**, President, Singapore Exchange Limited
- 16 **Janet YOUNG**, Managing Director & Regional Head, MNCs, Asia, Bank of America Merrill Lynch
- 17 **James TONG**, Chief Executive Officer, Movitech



Until 31 Oct 2012

Aubeck KAM, Former Chief Executive Officer, *Media Development Authority of Singapore*

Until 10 Jun 2013

Ronnie TAY, Former Chief Executive Officer, *Infocomm Development Authority of Singapore*

SENIOR LEADERSHIP TEAM

Andrew KHAW
Senior Director,
Industry Development
Group



Philip HEAH
Senior Director,
Next Generation
Infrastructure
Group



ONG Seok Leng
Senior Director,
e-Government Group



James KANG
Assistant Chief Executive,
Government Chief
Information Office



Ronnie TAY
Chief Executive Officer
(Until 10 Jun 2013)



Jacqueline POH
Managing Director
(From 10 Jun 2013)

LIM Bee Kwan

Senior Director,
Government Infrastructure
& Services Group



LEONG Mun Yuen

Chief Technology
Officer & Senior
Director,
Technology &
Planning Group



TAN Eng Pheng

Senior Director,
Cluster Development
Group & Industry
Cluster Group



Aileen CHIA

Deputy Director-General,
Telecoms & Post



Steve LEONARD

Executive Deputy Chairman
(From 10 Jun 2013)



LEONG Keng Thai

Deputy Chief Executive
& Director-General,
Telecoms & Post



KHOONG Hock Yun

Assistant Chief Executive,
Infrastructure & Services
Development Group

MEMBERS OF IDA BOARD COMMITTEES

AUDIT & RISK COMMITTEE

Mary YEO
Chairman

LEE Eng Beng

**Muthukrishnan
RAMASWAMI**

Colin SAMPSON
(Co-opted member)

BUDGET & PROJECTS REVIEW COMMITTEE

NG Cher Pong
Chairman

Eddie CHAU

**Alexander
KLEINBERG**

KOH Lin-Net
(From 1 Nov 2012)

**Dr. Bruno
LANVIN**

Prof. TAN Eng Chye

Aubeck KAM
(Until 1 Oct 2012)

Steve LEONARD
(Until 9 Jun 2013)

HUMAN RESOURCE & REMUNERATION COMMITTEE

YONG Ying-I
Chairman

Steve LEONARD
(From 10 Jun 2013)

NG Cher Pong

Mary YEO

Ronnie TAY
(Until 10 Jun 2013)

INVESTMENT COMMITTEE

Jimmy PHOON
Chairman

Madeleine LEE
(Co-opted member)

Jacqueline POH
(From 10 Jun 2013)

Jeremy TAN

Janet YOUNG

Ronnie TAY
(Until 10 Jun 2013)

SUBSIDIARIES

IDA INTERNATIONAL PTE LTD

IDA international is a wholly-owned subsidiary of the Infocomm Development Authority of Singapore (IDA) and serves as the execution arm for collaborations on public service infocomm between Singapore and countries around the world. IDA International helps public agencies in other countries deliver better socio-economic outcomes through infocomm by providing services such as eGovernment

consultancy, national masterplanning, industry and cluster development, and management of public service infocomm programmes. This includes working with Singapore companies to export and deliver such solutions. It also assists its foreign government counterparts to better understand and benefit from Singapore's unique experience and know-how through knowledge transfer - enabling them to implement their programmes successfully.

IDA INTERNATIONAL BOARD MEMBERS



Asad JUMABHOY

Chairman
Director
Tangerine Time Pte Ltd



WU Choy Peng

Deputy Chairman
Group Chief
Information Officer
Singapore Telecommunications Ltd



James KANG

Assistant Chief Executive
Government Chief
Information Office
Infocomm Development Authority of Singapore
(From 1 Aug 2012)



Steve LEONARD

Executive Deputy
Chairman
Infocomm Development Authority of Singapore
(From 15 Sep 2012)



LIM Pek Suat

Group Chief
Financial Officer
PSA International Pte Ltd



Jimmy PHOON

Executive Director &
Chief Executive Officer
SeaTown Holdings International Pte Ltd



Anthony TAN

Special Assistant to
Mr Lee Kuan Yew &
Deputy Secretary (Policy)
Ministry of Health
(From 15 Sep 2012)



TAN Li San

Senior Director
Strategic Policy Office
Public Service Division
(From 15 Sep 2012)



Vincent WONG

Chief Executive Officer
IDA International Pte Ltd
(From 10 Dec 2012)

| | |
|--------------------------|--|
| Until 31 Jul 2012 | YONG Ying-I, Permanent Secretary (<i>Public Service Division</i>) (<i>National Research and Development</i>) |
| Until 14 Sep 2012 | CHAN Heng Kee, Permanent Secretary, <i>Ministry of Social and Family Development</i> |
| Until 1 Jan 2013 | Umej Singh BHATIA, Singapore's Ambassador to the United Arab Emirates |
| Until 1 Mar 2013 | SEAH Chin Siong, Deputy Chief Executive Officer, <i>Singapore Pools Pte Ltd</i> |
| Until 9 Jun 2013 | Ronnie TAY, Former Chief Executive Officer, <i>Infocomm Development Authority of Singapore</i> |

INFOCOMM INVESTMENTS PTE LTD

Infocomm Investments Pte Ltd (IIPL) invests alongside leading venture capitalists in growth-stage infocomm enterprises and helps startups around the world expand to Asian markets by leveraging Singapore's top-class business infrastructure. Through its work, it aims to build

up a vibrant pool of technology entrepreneurs and startups in Singapore. More than 100 venture-funded infocomm startups from overseas, in segments such as interactive digital media, mobile, enterprise solutions and cloud computing, have committed to establishing engineering centres in Singapore.

IIPL BOARD MEMBERS



ONG Peng Tsin

Chairman
Infocomm Investments Pte Ltd



Andrew KHAW

Senior Director
Industry Development Group
Infocomm Development Authority of Singapore



LEE Kheng Nam

Deputy Chairman & Director
Vertex Venture Holdings Ltd



Steve LEONARD

Executive Deputy Chairman
Infocomm Development Authority of Singapore
(From 10 Jun 2013)



SAW Ken Wye

Vice President
Public Sector Asia
Microsoft Operations Pte Ltd



Selwyn Sean SCHARNHORST

Director
Industry Division
Ministry of Communications and Information



Jeremy TAN

Chief Executive Officer
Korvac Holdings Pte Ltd



James TONG

Chief Executive Officer
Movitech

Until 10 Jun 2013 Ronnie TAY, Former Chief Executive Officer, *Infocomm Development Authority of Singapore*

SINGAPORE NETWORK INFORMATION CENTRE (SGNIC) PTE LTD

As the national registry for “.sg” domain names, the Singapore Network Information Centre (SGNIC) Pte Ltd administers the Internet domain name space in Singapore, formulating policies pertaining to “.sg” registrations and administering the registration of second-level and third-level domain names through its accredited registrars. There are more than 145,000 domain names under SGNIC’s management, which include Internationalised Domain Names that end with “.新加坡” and “.சிங்கப்பூர்”, the Chinese and Tamil equivalents of “.sg” respectively. SGNIC also provides consultancy services in setting up a country-code top level domain registry and fosters closer collaboration amongst the global Internet community through hosting regional conferences.

SGNIC BOARD MEMBERS



LEONG Keng Thai

Chairman
Deputy Chief Executive &
Director-General
Telecoms & Post
*Infocomm Development
Authority of Singapore*



Aileen CHIA

Deputy Director-General
Telecoms & Post
*Infocomm Development
Authority of Singapore*

ASSURITY TRUSTED SOLUTIONS PTE LTD

Assurity Trusted Solutions Pte Ltd (“Assurity”) is a wholly-owned subsidiary of the Infocomm Development Authority of Singapore (“IDA”). It was incorporated to operate the National Authentication Framework (NAF), a project to improve the security of consumers performing online transactions. It is supported by the Monetary Authority of Singapore and various regulators such as the Ministry of Finance and the Ministry of Health. NAF is part of IDA’s Intelligent Nation 2015 vision, which includes developing a secure and trusted infocomm infrastructure. As one of the key initiatives of the Infocomm Security Masterplan and the National Trust Framework, NAF will facilitate the delivery of safe online services offered by the public and private sectors.

ASSURITY BOARD MEMBERS



LIM Hup Seng

Executive Chairman
*Assurity Trusted
Solutions Pte Ltd*



Eddie CHAU

Executive Director
iSentia Brandtology Pte Ltd



CHONG See Lee

Former Head
Internal Audit Department
MINDEF



CHUA Foo Yong

Former Vice Chairman
*Singapore Media
Academy*



Bruce LIANG

Chief Information Officer
*Ministry of Health and
MOH Holdings Pte Ltd
(From 4 Mar 2013)*



Jacqueline POH

Managing Director
*Infocomm Development
Authority of Singapore
(From 1 Jul 2013)*



Selwyn Sean SCHARNHORST

Director
Industry Division
*Ministry of
Communications and
Information*

Until 23 Jun 2013 KHOONG Hock Yun, Assistant Chief Executive, Infrastructure & Services Development Group, *Infocomm Development Authority of Singapore*



FINANCIAL STATEMENTS CONTENTS

- 17** Statement by the Board
- 18** Independent Auditors' Report
- 20** Statements of Financial Position
- 22** Statements of Income and Expenditure
- 24** Statements of Comprehensive Income
- 25** Consolidated Statement of Changes in Equity
- 27** Statement of Changes in Equity
- 28** Consolidated Statement of Cash Flows
- 30** Notes to Financial Statements



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

IN OUR OPINION:

- (a) the accompanying financial statements of Info-Communications Development Authority of Singapore (the "Authority") and its subsidiaries (the "Group") as set out on pages FS1 to FS65 are drawn up in accordance with the provisions of the Info-Communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) (the "Act") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and of the Authority as at 31 March 2013, the results and changes in equity of the Group and of the Authority, and cash flows of the Group for the year ended on the date; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise; and
- (c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year have been in accordance with the provisions of the Act.

The Board of the Info-Communications Development Authority of Singapore has, on the date of this statement, authorised these financial statements for issue.

ON BEHALF OF THE BOARD

Yong Ying-l
Chairman

Ronnie Tay
Chief Executive Officer

9 June 2013



INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE AUTHORITY

INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Info-Communications Development Authority of Singapore (the "Authority") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Authority as at 31 March 2013, the statements of income and expenditure, the statements of comprehensive income and statements of changes in equity of the Group and of the Authority and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS65.

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 Statutory Board Financial Reporting Standards ("SB-FRS"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, the consolidated financial statements of the Group and the statement of financial position, statement of income and expenditure, statement of comprehensive income 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 present fairly, in all material respects, the state of affairs of the Group and of the Authority as at 31 March 2013 and the results and changes in equity of the Group and of the Authority and cash flows of the Group for the year ended on that date.

Other matter

The consolidated financial statements of the Group and the statement of financial position, statement of income and expenditure, statement of comprehensive income and statement of changes in equity of the Authority as at and for the year ended 31 March 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 22 June 2012.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's responsibility for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditors' responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority, whether purchased, donated or otherwise.
- (c) the accounting and other records of those subsidiaries incorporated in Singapore of which we are the auditors have seem properly kept in accordance with the Singapore Companies Act, Chapter 50.



KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore

9 June 2013



STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2013

| | | GROUP | | AUTHORITY | |
|--|------|---------------------|---------------------|---------------------|---------------------|
| | NOTE | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| NON-CURRENT ASSETS | | | | | |
| Property, plant and equipment | 4 | 17,080 | 19,015 | 13,792 | 14,448 |
| Intangible assets | 5 | 862 | 649 | 789 | 550 |
| Subsidiaries | 6 | - | - | 270,575 | 264,135 |
| Deferred expenditure | 7 | 3,711 | 3,560 | 3,711 | 3,560 |
| Available-for-sale investments | 8 | 11,732 | 8,802 | - | - |
| Investments at fair value through profit or loss | 10 | 809,781 | 763,593 | 802,736 | 753,634 |
| | | 843,166 | 795,619 | 1,091,603 | 1,036,327 |
| CURRENT ASSETS | | | | | |
| Trade receivables | 11 | 112,364 | 85,591 | 111,506 | 84,276 |
| Due from subsidiaries – non-trade | | - | - | 1,788 | 4,230 |
| Other receivables | 12 | 13,035 | 15,621 | 10,424 | 14,091 |
| Grants receivable | 13 | - | 52,588 | - | 52,588 |
| Staff loans receivables | 14 | 3 | 3 | 3 | 3 |
| Tax recoverable | | 323 | 323 | - | - |
| Derivative financial instruments | 9 | - | 179 | - | - |
| Investments at fair value through profit or loss | 10 | 42,398 | 54,800 | 38,974 | 12,143 |
| Cash and bank balances | 16 | 247,155 | 343,752 | 177,443 | 275,973 |
| | | 415,278 | 552,857 | 340,138 | 443,304 |
| TOTAL ASSETS | | 1,258,444 | 1,348,476 | 1,431,741 | 1,479,631 |

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

| | NOTE | GROUP | | AUTHORITY | |
|---|------|---------------------|---------------------|---------------------|---------------------|
| | | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| EQUITY | | | | | |
| Share capital | 17 | 18,001 | 11,001 | 18,001 | 11,001 |
| Capital account | 17 | 356,165 | 356,165 | 356,165 | 356,165 |
| Fair value reserve | 17 | 6 | 188 | - | - |
| Translation reserve | 17 | (21) | (20) | - | - |
| Statutory reserve | 17 | 30 | 30 | - | - |
| Accumulated surplus | | 414,553 | 379,414 | 407,185 | 371,830 |
| TOTAL EQUITY | | 788,734 | 746,778 | 781,351 | 738,996 |
| CURRENT LIABILITIES | | | | | |
| Deferred income | 18 | 108,824 | 108,653 | 106,509 | 106,522 |
| Trade payables | 19 | 30,758 | 57,305 | 28,249 | 56,891 |
| Other payables | 20 | 138,448 | 237,386 | 134,523 | 229,870 |
| Advances and deposits | | 127 | 552 | 127 | 100 |
| Grants received in advance | 13 | 25,744 | - | 25,744 | - |
| Income tax payable | | 232 | 231 | - | - |
| Provision for pension and medical benefits | 21 | 2,947 | 2,984 | 2,947 | 2,984 |
| Contribution payable to consolidated fund | 22 | 8,917 | 5,319 | 8,917 | 5,319 |
| | | 315,997 | 412,430 | 307,016 | 401,686 |
| NON-CURRENT LIABILITIES | | | | | |
| Deferred income | 18 | 119,566 | 155,070 | 119,247 | 154,765 |
| Due to a subsidiary – non-trade | 23 | - | - | 190,000 | 150,000 |
| Deferred capital grants – Government | | 379 | 308 | 379 | 308 |
| Provision for pension and medical benefits | 21 | 33,748 | 33,876 | 33,748 | 33,876 |
| Deferred tax liabilities | 15b | 20 | 14 | - | - |
| | | 153,713 | 189,268 | 343,374 | 338,949 |
| TOTAL LIABILITIES | | 469,710 | 601,698 | 650,390 | 740,635 |
| TOTAL EQUITY AND TOTAL LIABILITIES | | 1,258,444 | 1,348,476 | 1,431,741 | 1,479,631 |
| NET ASSETS OF TRUST AND AGENCY FUNDS | 25 | 6,519 | 3,513 | 6,519 | 3,513 |

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



STATEMENTS OF INCOME AND EXPENDITURE

YEAR ENDED 31 MARCH 2013

| | NOTE | GROUP | | AUTHORITY | |
|---|------|---------------------|---------------------|---------------------|---------------------|
| | | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| INCOME | | | | | |
| Service fees | | 192,755 | 190,978 | 182,126 | 180,372 |
| Standard ICT service fees | | 226,941 | 163,300 | 226,941 | 163,300 |
| Licence and frequency fees | | 77,411 | 77,550 | 77,411 | 77,550 |
| Interest income | 26 | 18,495 | 12,712 | 18,137 | 12,252 |
| Positive fair value changes on investments at fair value through profit or loss | | 15,802 | 19,307 | 15,802 | 16,792 |
| Gain on disposal of available-for-sale investments | | 2,183 | 2,820 | - | - |
| Gain on disposal of investments at fair value through profit or loss | | 18,409 | 3,152 | 18,249 | - |
| Other income | 27 | 8,357 | 10,748 | 9,263 | 12,472 |
| Dividend income | | 672 | 1,037 | 2,777 | 577 |
| Distributions from fund | | - | 186 | - | - |
| TOTAL INCOME BEFORE DEVELOPMENT PROJECT INCOME | | 561,025 | 481,790 | 550,706 | 463,315 |
| Development project income | 28 | 10,430 | 15,016 | 10,430 | 15,016 |
| TOTAL INCOME | | 571,455 | 496,806 | 561,136 | 478,331 |
| EXPENDITURE | | | | | |
| Salaries, CPF and other contributions | 29 | 230,743 | 196,574 | 220,505 | 186,254 |
| Professional services | | 34,299 | 35,881 | 29,115 | 32,969 |
| Regulatory and promotion | | 3,872 | 5,843 | 1,888 | 2,417 |
| Other expenses | 30 | 17,172 | 15,794 | 15,237 | 13,248 |
| Standard ICT charges | | 206,146 | 150,056 | 206,146 | 150,056 |
| Rental expenses | | 39,698 | 17,681 | 39,418 | 17,540 |
| Staff welfare and allowance | | 5,122 | 5,535 | 4,865 | 5,313 |
| Repairs and maintenance | | 3,949 | 5,793 | 3,636 | 4,585 |
| Overseas missions and meetings | | 3,785 | 3,760 | 2,776 | 2,682 |
| Supplies and services | | 2,099 | 2,725 | 2,099 | 2,725 |
| Staff training | | 5,396 | 4,994 | 5,352 | 4,984 |
| Depreciation of property, plant and equipment | 4 | 7,947 | 6,395 | 5,516 | 5,501 |
| Amortisation of intangible assets | 5 | 668 | 695 | 612 | 661 |
| Provision for pension and medical benefits | 21 | 2,782 | 1,737 | 2,782 | 1,737 |
| Property, plant and equipment expensed off | | 426 | 610 | 426 | 610 |
| Board members' allowance | | 338 | 346 | 283 | 259 |
| Negative fair value changes on investments at fair value through profit or loss | | 614 | - | 146 | - |
| Foreign currency exchange (gain) loss - net | | 53 | 51 | 21 | 46 |
| Balance brought forward | | 565,109 | 454,470 | 540,823 | 431,587 |

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

| | NOTE | GROUP | | AUTHORITY | |
|--|------|---------------------|---------------------|---------------------|---------------------|
| | | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Balance carried forward | | 565,109 | 454,470 | 540,823 | 431,587 |
| Allowance for impairment on trade receivables | 11 | 161 | 119 | 161 | 119 |
| Loss on disposal of property, plant and equipment | | 6 | 85 | 3 | 85 |
| Impairment loss of available-for-sale investments | | - | 1,230 | - | - |
| Impairment on investment in a subsidiary | 6 | - | - | 7,560 | 9,400 |
| Impairment on infrastructure | 4 | - | 1,726 | - | - |
| Interest expenses | | - | - | 3,367 | 667 |
| TOTAL EXPENSES BEFORE DEVELOPMENT EXPENSES | | 565,276 | 457,630 | 551,914 | 441,858 |
| Development expenses | 28 | 113,572 | 247,336 | 116,680 | 252,112 |
| TOTAL EXPENSES | | 678,848 | 704,966 | 668,594 | 693,970 |
| DEFICIT BEFORE GOVERNMENT GRANTS | | (107,393) | (208,160) | (107,458) | (215,639) |
| GOVERNMENT GRANTS | | | | | |
| Operating grants | | 70,677 | 37,154 | 70,677 | 37,154 |
| Development grants | | 89,048 | 209,570 | 89,048 | 209,570 |
| | 13 | 159,725 | 246,724 | 159,725 | 246,724 |
| Deferred capital grants amortised | | 188 | 205 | 188 | 205 |
| | | 159,913 | 246,929 | 159,913 | 246,929 |
| SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND INCOME TAX | | 52,520 | 38,769 | 52,455 | 31,290 |
| Contribution to consolidated fund | 22 | (9,567) | (8,070) | (9,567) | (8,070) |
| Income tax expense | 15a | (281) | (275) | - | - |
| NET SURPLUS FOR THE YEAR | | 42,672 | 30,424 | 42,888 | 23,220 |

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



STATEMENTS OF COMPREHENSIVE INCOME

YEAR ENDED 31 MARCH 2013

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| NET SURPLUS FOR THE YEAR | 42,672 | 30,424 | 42,888 | 23,220 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Net change in fair value of available-for-sale financial investments | (182) | (1,327) | - | - |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | - | (2,540) | - | - |
| Foreign currency translation differences – foreign operations | (1) | 3 | - | - |
| OTHER COMPREHENSIVE LOSS FOR THE YEAR | (183) | (3,864) | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 42,489 | 26,560 | 42,888 | 23,220 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2013

| GROUP | NOTE | SHARE CAPITAL \$'000 | CAPITAL ACCOUNT \$'000 | FAIR VALUE RESERVE \$'000 | TRANSLATION RESERVE \$'000 | STATUTORY RESERVE \$'000 | ACCUMULATED SURPLUS \$'000 | TOTAL \$'000 |
|---|------|-------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------|
| At 1 April 2011 | | 1,001 | 356,165 | 4,055 | (23) | 21 | 354,987 | 716,206 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | | | | | | |
| Profit for the year | | - | - | - | - | - | 30,424 | - |
| OTHER COMPREHENSIVE INCOME | | | | | | | | |
| Net change in fair value of available-for-sale financial investments | | - | - | (1,327) | - | - | - | (1,327) |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | | - | - | (2,540) | - | - | - | (2,540) |
| Foreign currency translation difference | | - | - | - | 3 | - | - | 3 |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | | | (3,867) | 3 | | | (3,864) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | | | (3,867) | 3 | | 30,424 | 26,560 |
| TRANSACTIONS WITH OWNERS, RECOGNISED DIRECTLY IN EQUITY CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS | | | | | | | | |
| Issue of share capital | 17 | 10,000 | - | - | - | - | - | 10,000 |
| Dividend paid for the year | 33 | - | - | - | - | - | (5,988) | (5,988) |
| TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS | | 10,000 | | | | | (5,988) | 4,012 |
| Transfer to statutory reserve | | - | - | - | - | 9 | (9) | - |
| At 31 March 2012 | | 11,001 | 356,165 | 188 | (20) | 30 | 379,414 | 746,778 |



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2013

| GROUP | NOTE | SHARE CAPITAL \$'000 | CAPITAL ACCOUNT \$'000 | FAIR VALUE RESERVE \$'000 | TRANSLATION RESERVE \$'000 | STATUTORY RESERVE \$'000 | ACCUMULATED SURPLUS \$'000 | TOTAL \$'000 |
|---|------|-------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------|
| At 1 April 2012 | | 11,001 | 356,165 | 188 | (20) | 30 | 379,414 | 746,778 |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | - | - | - | - | 42,672 | 42,672 |
| Profit for the year | | - | - | - | - | - | 42,672 | 42,672 |
| OTHER COMPREHENSIVE INCOME | | | | | | | | |
| Net change in fair value of available-for-sale financial investments | | - | - | (182) | - | - | - | (182) |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | | - | - | - | - | - | - | - |
| Foreign currency translation difference | | - | - | - | (1) | - | - | (1) |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR | | - | - | (182) | (1) | - | - | (183) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | - | (182) | (1) | - | 42,672 | 42,489 |
| TRANSACTIONS WITH OWNERS, RECOGNISED DIRECTLY IN EQUITY CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS | | | | | | | | |
| Issue of share capital | 17 | 7,000 | - | - | - | - | - | 7,000 |
| Dividend paid for the year | 33 | - | - | - | - | - | (7,533) | (7,533) |
| TOTAL CONTRIBUTIONS BY AND DISTRIBUTIONS TO OWNERS | | 7,000 | - | - | - | - | (7,533) | (533) |
| At 31 March 2013 | | 18,001 | 356,165 | 6 | (21) | 30 | 414,553 | 788,734 |

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 MARCH 2013

| | NOTE | SHARE CAPITAL \$'000 | CAPITAL ACCOUNT \$'000 | ACCUMULATED SURPLUS \$'000 | TOTAL \$'000 |
|---|------|----------------------------|------------------------------|----------------------------------|-----------------|
| AUTHORITY | | | | | |
| At 1 April 2011 | | 1,001 | 356,165 | 354,598 | 711,764 |
| Total surplus and comprehensive income for the year | | - | - | 23,220 | 23,220 |
| Issue of share capital | 17 | 10,000 | - | - | 10,000 |
| Dividend paid for the year | 33 | - | - | (5,988) | (5,988) |
| At 31 March 2012 | | 11,001 | 356,165 | 371,830 | 738,996 |
| At 1 April 2012 | | 11,001 | 356,165 | 371,830 | 738,996 |
| Total surplus and comprehensive income for the year | | - | - | 42,888 | 42,888 |
| Issue of share capital | 17 | 7,000 | - | - | 7,000 |
| Dividend paid for the year | 33 | - | - | (7,533) | (7,533) |
| At 31 March 2013 | | 18,001 | 356,165 | 407,185 | 781,351 |



CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 MARCH 2013

| | GROUP | |
|--|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Deficit before government grants | (107,393) | (208,160) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 7,947 | 6,395 |
| Impairment loss on infrastructure | - | 1,726 |
| Amortisation of intangible assets | 668 | 695 |
| Amortisation of deferred expenditure | 716 | 520 |
| Impairment loss on available-for-sale investments | - | 1,230 |
| Allowance of impairment on trade receivables | 161 | 119 |
| Provision for pension and medical benefit | 2,782 | 1,737 |
| Interest income | (18,495) | (12,712) |
| Net gain on disposal of available-for-sale investments | (2,183) | (2,820) |
| Net gain on disposal of investments at fair value through profit or loss | (18,409) | (3,152) |
| Loss on disposal of property, plant and equipment | 6 | 85 |
| Loss on disposal of intangible assets | 19 | 4 |
| Fair value changes on derivative financial instruments (net) | - | 391 |
| Dividend income | (672) | (1,037) |
| Fair value changes on investments at fair value through profit or loss (net) | (15,188) | (19,307) |
| Recognition of deferred income in the income and expenditure | (78,011) | (76,810) |
| | (228,052) | (311,096) |
| Changes in working capital: | | |
| Increase in deferred income | 42,678 | 89,142 |
| (Decrease) Increase in trade and other payables | (125,485) | 35,542 |
| Decrease in advances and deposits | (425) | (19) |
| Increase in trade and other receivables | (23,516) | (14,593) |
| Cash used in operations | (334,800) | (201,024) |
| Deferred expenditure paid | (867) | (696) |
| Pension and medical benefit paid | (2,947) | (2,984) |
| Income tax paid | (274) | (327) |
| Contributions to consolidated fund | (5,969) | (4,162) |
| NET CASH USED IN OPERATING ACTIVITIES | (344,857) | (209,193) |

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

| | GROUP | |
|--|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net proceeds (payments) from sale and purchase of investments at fair value through profit or loss | (11) | 49,282 |
| Interest income received | 18,010 | 4,145 |
| Dividend income received | 949 | 1,277 |
| Net proceeds (payments) from sale and purchase of available-for-sale investments | (1,553) | 3,223 |
| Proceeds on disposal of property, plant and equipment | 30 | 394 |
| Purchase of intangible assets | (657) | (386) |
| Purchase of property, plant and equipment | (6,291) | (18,614) |
| NET CASH FROM INVESTING ACTIVITIES | 10,477 | 39,321 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Operating and development grants received | 238,317 | 284,212 |
| Decrease in cash earmarked for payment of pension and medical benefits | 165 | 1,247 |
| Decrease (Increase) in cash set aside for specific development project expenses | 35,597 | (65,381) |
| Issue of share capital | 7,000 | 10,000 |
| Dividends paid | (7,533) | (5,988) |
| NET CASH FROM FINANCING ACTIVITIES | 273,546 | 224,090 |
| NET (DECREASE) INCREASE IN CASH AND BANK BALANCES | (60,834) | 54,218 |
| Cash and cash equivalents at the beginning of year | 130,208 | 75,987 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (1) | 3 |
| CASH AND BANK BALANCES AT THE END OF YEAR (NOTE A) | 69,373 | 130,208 |
| <u>Note A</u> | | |
| Cash and bank balances: | | |
| Cash with AGD | 242,976 | 322,566 |
| Cash at bank | 1,525 | 3,369 |
| Cash with external fund managers | 2,654 | 17,817 |
| | 247,155 | 343,752 |
| Less: | | |
| Cash earmarked for payment of pension and medical benefits (Note 16) | (36,695) | (36,860) |
| Cash set aside for specific development project expenses (Note 16) | (141,087) | (176,684) |
| | 69,373 | 130,208 |

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



NOTES TO THE FINANCIAL STATEMENTS

THESE NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS.

THE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE BY THE BOARD ON 9 JUNE 2013.

1 DOMICILE AND ACTIVITIES

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

As a statutory board, the Authority is subjected to the control of its supervisory ministry, Ministry of Communications and Information ("MCI"), and is required to follow the policies and instructions issued from time to time by MCI 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 10 Pasir Panjang Road, #10-01, Mapletree Business City, Singapore 117438.

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 consolidated financial statements of the Group as at and for the year ended 31 March 2013 comprise the Authority and its subsidiaries (together referred to as the "Group" and individually as the "Group entities"). The principal activities of the subsidiaries are as stated in note 6.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provision of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been presented on the historical cost basis except for certain financial assets and liabilities which are measured at fair value as stated in the respective accounting policies detailed below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the functional currency of the Authority. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as follows:

- *Classification of available-for-sale investments and investments at fair value through profit or loss*

The Group designated investments at fair value through profit or loss in the following circumstances:

- The investments forms a part of a group of financial assets or financial instruments 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;
- The designation eliminated or significantly reduced an accounting mismatch, which would otherwise have arisen; or
- The asset contained an embedded derivative that significantly modified the cash flows that would otherwise have been required to be bifurcated. Where the embedded derivatives are not capable of being measured separately from the host contracts, either at inception or at subsequent reporting periods, the entire contract is designated as investments at fair value through profit or loss.

The Group designated available-for-sale investments in the following circumstances:

- Long term investments in companies that are involved in start up activities in the information and communication technologies sectors with an expected investment period of 3 – 5 years; and
- Any other investment that is not designated as investments at fair value through profit or loss or loans and receivables.

- *Impairment of available-for-sale investments*

The Group follows the guidance of SB-FRS 39 in determining when an available-for-sale investment is impaired as opposed to a temporary aberration. This determination process requires the exercising of significant judgement and the use of estimates by management. The Group evaluates, among other factors, the duration or the extent to which the fair value of an investment falls short of its carrying amount; the financial health and near term business outlook of the investee entity, including factors such as changes in technology, overall industry and sector performance; as well as operational and financial cash flows historically generated and forecasted to be generated by the investee entity.

Management regularly monitors these investments for indicators of impairment, including deteriorating financial performance, disorderly change in top management, key product failure, loss of major customers and other adverse news and reports on the investee entities. Management exercises judgement to determine whether impairment has set in based on all relevant information available, and where accessible, interviews conducted with management team of the investee entities. If the impairment is determined to have set in, the quantum of impairment loss is estimated based on internal guidelines.



NOTES TO THE FINANCIAL STATEMENTS

- *Service fees*

The Group applies judgment and consideration of all relevant facts and circumstances in determining whether the Group is acting as a principal or as an agent in any revenue generating arrangement. The Group would be determined to be acting as a principal when the Group have risks and rewards associated with rendering of services.

- *OneKey security devices*

In order to achieve pervasive adoption of strong authentication by public facing online services, OneKey security devices will be distributed free to all Singaporeans and Permanent Residents within the first five years of the roll-out of the National Authentication Framework (“NAF”) Programme. In making this judgement, management has assessed that these devices will be expensed off upon purchase as it reflects the underlying economic substance at the current implementation phase of the NAF project.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- *Impairment loss on property, plant and equipment*

The Group assesses the carrying amounts of its property, plant and equipment against their recoverable amounts at each reporting date to determine whether there is any indication of impairment.

Estimates of recoverable amounts were based on the higher of calculated value-in-use and fair value less cost to sell as determined by an independent professional valuer. The fair value are based on estimated amounts obtainable for the sale of the asset on an arm’s length transaction between knowledgeable, willing parties, less the cost of disposal, utilising an open market value and replacement costs basis for separately identifiable components of the asset.

Indications of impairment could appear and the recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the fair values.

- *Impairment loss on subsidiaries*

Management reviews the carrying amounts of the investment in subsidiaries at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated.

Estimates of recoverable amounts were based on the higher of calculated value-in-use and fair value less cost to sell. In assessing value-in-use, management need to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate to calculate the present value of future cash flows.

Differences between the actual performance of the subsidiaries and management’s annual impairment review would affect the results of the period in which such differences are determined. An increase in impairment losses would increase impairment on investment in a subsidiary expense and decrease non-current assets.

- *Valuation of investments*

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in Note 24. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

- *Provision for medical and pension benefits*
Provision for medical and pension benefits is estimated by management based on the most recent valuation by professional actuaries. Changes to assumptions and estimates used in the valuation would result in change to the provision for medical and pension benefits amounts estimated.
- *Utilisation of tax losses*
Certain subsidiaries of the Company have unused tax losses at the end of the reporting period. Utilisation of such losses is subjected to the agreement of the Inland Revenue Authority of Singapore and the retention of majority shareholders as defined. These subsidiaries have not recognised any deferred tax benefits in respect of such tax losses which may be available for offsetting against profits due to the unpredictability of future profit streams.
- *Long-term service contracts*
Revenue and profit recognition on long-term service contracts are dependent on estimating the eventual outcome of the contracts, as well as work done to date. Actual outcome in terms of total costs or revenue may be higher or lower than estimated at the reporting date, which would affect the revenue and profit recognised in future years. As at the reporting date, the management considered that all costs to complete and revenue can be reliably estimated.

3 SIGNIFICANT ACCOUNTING POLICIES

The Group has adopted all the new and revised SB-FRSs, INT SB-FRSs and Guidance notes which became effective during the year. The initial adoption of these SB-FRSs, INT SB-FRSs and Guidance notes did not have a material impact on these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Authority has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expense arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(iii) Subsidiaries in the separate financial statements

Investment in subsidiaries is stated in the Authority's statement of financial position at cost less accumulated impairment losses.



NOTES TO THE FINANCIAL STATEMENTS

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes: the cost of materials and direct labour; any other costs directly attributable to bringing the assets to a working condition for their intended use; when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net in profit or loss.

(ii) **Subsequent costs**

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

| | |
|------------------------|--------------|
| Infrastructure | 3 years |
| Equipment | 3 to 5 years |
| Furniture and fittings | 10 years |
| Plant and machinery | 5 to 7 years |
| Buildings | 50 years |

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

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



NOTES TO THE FINANCIAL STATEMENTS

3.4 Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated based on the cost of the asset, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The estimated useful lives for the current and comparative years are as follows:

| | |
|----------------------|---------|
| Application software | 3 years |
|----------------------|---------|

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

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

3.5 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.

3.6 Government grants and contribution received

Government grants and contributions from other organisations are recognised initially at their fair value where there is reasonable assurance that the grants and contributions will be received and the Group will comply with the conditions associated with the grants and contributions.

(i) Operating grants

Government grants and contributions from other organisations that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

(ii) Development grants

Government grants and contributions from other organisations for specific development project expenditure are recognised as grants received in advance on the statement of financial position, upon receipt and are recognised in profit or loss on a systematic basis in the same periods in which the development expenses are recognised.

(iii) Capital grants

Capital grants are recognised in profit or loss on a systematic basis over the useful life of the asset. Government grants and contributions from other organisations utilised for the purchase of depreciable assets are initially recorded as "deferred capital grants" on the statement of financial position of the Group. Deferred capital grants are then recognised in the statement of income and expenditure over the periods necessary to match the depreciation of the assets purchased, with the related grants. Upon the disposal of the asset, the balance of the related deferred capital grants is recognised in the statement of income and expenditure to match the net book value of the assets written off.

3.7 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages and evaluates the performance of the assets on fair value basis in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity and debt securities that otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and bank balances, trade receivables, due from subsidiaries (non-trade), other receivables, grants receivables and staff loans receivables. Cash and bank balances comprised cash held with Accountant General's Department ("AGD"), cash held with external fund managers, cash on hand and short-term deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value. For the purpose of the statement of cash flows, cash and bank balances earmarked for payment of pension and medical benefits to pensioners are excluded.



NOTES TO THE FINANCIAL STATEMENTS

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

Available-for-sale financial assets comprise equity securities and fund investments.

(ii) *Non-derivative financial liabilities*

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade payables, other payables, advances and deposits, amount to subsidiaries (non-trade), grants received in advance and contribution payable to consolidated fund.

(iii) *Share capital*

Shares are classified as equity. Incremental costs directly attributable to the issue of shares are recognised as a deduction from equity, net of tax effects.

(iv) *Derivative financial instruments*

The Group enters into credit derivative swaps and other derivative financial instruments, when deemed necessary, to manage its exposure to credit risk and other risks.

Embedded derivatives are separate from the host contract and accounted for separately if the economic characteristics and risk of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

In cases where the embedded derivative cannot be separated from its host contract because the Group is unable to measure the embedded derivative separately either at acquisition or at a subsequent financial reporting date, it shall designate the entire hybrid (combined) contract as at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.8 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating future benefit that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield of a government bond rate that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. Under the method, a "projected accrued benefit" is calculated for each benefit. For all active members of the scheme, the "projected accrual benefit" is based on the scheme's accrual formula and upon service as of the valuation date, but using the employee's scheme salary, projected to the age at which the employee is assumed to leave active service. For inactive members, it is the total benefit. The defined benefit obligation/project benefit obligation/plan liability is the discounted present value of the "projected accrued benefits". The service cost is the corresponding value of benefits earned by active members over the year as a result of one more year of service.

The Group recognises all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed when the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.



NOTES TO THE FINANCIAL STATEMENTS

3.11 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 statement of financial position. Trust and agency funds are accounted for on an accrual basis.

3.12 Income

Income is recognised to the extent that it is probable that the economic benefits will flow to the Group and the income can be reliably measured. Income is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

(i) Service fees

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

(ii) 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 year in which they are received, net of goods and services tax.

(iii) Long-term service contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome can be estimated reliably, contract revenue is recognised in income and expenditure in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is measured by the proportion of direct labour costs incurred for work performed to date relative to the estimated total direct labour costs. Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

When contract costs incurred to date plus recognised profits less recognised losses exceed gross billings, the surplus representing amounts due from customer is included in other receivables.

(iv) Dividend income

Dividend income is recognised in statement of income and expenditure on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(v) Development project income

Development income is recognised in statement of income and expenditure on a systematic basis in the same periods in which the development expense is recognised.

(vi) Interest income

Interest income is recognised as it accrues in statement of income and expenditure, using the effective interest method.

3.13 Interest expenses

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of income and expenditure using the effective interest method.

3.14 Leases

Operating lease

When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease payments made. Leased assets are not recognised in the Group's statement of financial position.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.



NOTES TO THE FINANCIAL STATEMENTS

3.15 Tax

The Authority is a tax-exempted institution under the provisions of the Income Tax Act (Cap.134, 2004 Revised Edition). The subsidiaries of the Authority are subject to local income tax regulation.

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in statement of income and expenditure except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.16 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning 1 January 2013, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations are not expected to have a significant effect on the financial statements of the Group and the Authority in future financial periods and which the Group does not plan to early adopt.

4 PROPERTY, PLANT AND EQUIPMENT

| GROUP | FURNITURE AND FITTINGS \$'000 | EQUIPMENT \$'000 | PLANT AND MACHINERY \$'000 | BUILDING \$'000 | INFRASTRUCTURE \$'000 | CAPITAL WORK- IN-PROGRESS \$'000 | TOTAL \$'000 |
|---|-------------------------------------|---------------------|----------------------------------|--------------------|--------------------------|--|-----------------|
| COST | | | | | | | |
| At 1 April 2011 | 12,178 | 13,125 | 6,315 | 809 | - | 10,822 | 43,249 |
| Additions | 5,722 | 1,897 | 722 | - | 5,333 | 956 | 14,630 |
| Disposals | (10,588) | (1,453) | (170) | - | - | (346) | (12,557) |
| Reclassification | 8,103 | 382 | 287 | - | 1,247 | (10,019) | - |
| Reclassification to intangible assets | - | - | - | - | - | (42) | (42) |
| At 31 March 2012 | 15,415 | 13,951 | 7,154 | 809 | 6,580 | 1,371 | 45,280 |
| Additions | 647 | 2,486 | 45 | - | 193 | 2,920 | 6,291 |
| Disposals | (152) | (1,066) | (2) | - | - | (34) | (1,254) |
| Reclassification | 334 | 412 | 270 | - | - | (1,016) | - |
| Reclassification to intangible assets | - | - | - | - | - | (243) | (243) |
| At 31 March 2013 | 16,244 | 15,783 | 7,467 | 809 | 6,773 | 2,998 | 50,074 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSS | | | | | | | |
| At 1 April 2011 | 11,987 | 11,607 | 5,819 | 809 | - | - | 30,222 |
| Depreciation for the year | 3,495 | 1,833 | 336 | - | 731 | - | 6,395 |
| Disposals | (10,475) | (1,453) | (150) | - | - | - | (12,078) |
| Impairment loss | - | - | - | - | 1,726 | - | 1,726 |
| At 31 March 2012 | 5,007 | 11,987 | 6,005 | 809 | 2,457 | - | 26,265 |
| Depreciation for the year | 3,953 | 1,430 | 355 | - | 2,209 | - | 7,947 |
| Disposals | (148) | (1,068) | (2) | - | - | - | (1,218) |
| At 31 March 2013 | 8,812 | 12,349 | 6,358 | 809 | 4,666 | - | 32,994 |
| CARRYING AMOUNTS | | | | | | | |
| At 1 April 2011 | 191 | 1,518 | 496 | - | - | 10,822 | 13,027 |
| At 31 March 2012 | 10,408 | 1,964 | 1,149 | - | 4,123 | 1,371 | 19,015 |
| At 31 March 2013 | 7,432 | 3,434 | 1,109 | - | 2,107 | 2,998 | 17,080 |



NOTES TO THE FINANCIAL STATEMENTS

| | FURNITURE AND FITTINGS \$'000 | EQUIPMENT \$'000 | PLANT AND MACHINERY \$'000 | BUILDING \$'000 | CAPITAL WORK- IN-PROGRESS \$'000 | TOTAL \$'000 |
|---------------------------------------|-------------------------------------|---------------------|----------------------------------|--------------------|--|-----------------|
| AUTHORITY | | | | | | |
| COST | | | | | | |
| At 1 April 2011 | 12,051 | 10,910 | 6,315 | 809 | 9,574 | 39,659 |
| Additions | 5,615 | 1,638 | 722 | - | 925 | 8,900 |
| Disposals | (10,568) | (1,441) | (170) | - | (347) | (12,526) |
| Reclassification | 8,103 | 382 | 287 | - | (8,772) | - |
| Reclassification to intangible assets | - | - | - | - | (42) | (42) |
| At 31 March 2012 | 15,201 | 11,489 | 7,154 | 809 | 1,338 | 35,991 |
| Additions | 621 | 2,355 | 45 | - | 2,089 | 5,110 |
| Disposals | (58) | (1,066) | (2) | - | (4) | (1,130) |
| Reclassification | 334 | 412 | 270 | - | (1,016) | - |
| Reclassification to intangible assets | - | - | - | - | (243) | (243) |
| At 31 March 2013 | 16,098 | 13,190 | 7,467 | 809 | 2,164 | 39,728 |
| ACCUMULATED DEPRECIATION | | | | | | |
| At 1 April 2011 | 11,901 | 9,575 | 5,819 | 809 | - | 28,104 |
| Depreciation for the year | 3,473 | 1,692 | 336 | - | - | 5,501 |
| Disposals | (10,471) | (1,441) | (150) | - | - | (12,062) |
| At 31 March 2012 | 4,903 | 9,826 | 6,005 | 809 | - | 21,543 |
| Depreciation for the year | 3,935 | 1,226 | 355 | - | - | 5,516 |
| Disposals | (55) | (1,066) | (2) | - | - | (1,123) |
| At 31 March 2013 | 8,783 | 9,986 | 6,358 | 809 | - | 25,936 |
| CARRYING AMOUNTS | | | | | | |
| At 1 April 2011 | 150 | 1,335 | 496 | - | 9,574 | 11,555 |
| At 31 March 2012 | 10,298 | 1,663 | 1,149 | - | 1,338 | 14,448 |
| At 31 March 2013 | 7,315 | 3,204 | 1,109 | - | 2,164 | 13,792 |

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 million (2011/2012: \$3.179 million), and carrying amount of \$1 (2011/2012: \$1) as at 31 March 2013.

Capital work-in-progress represents installation of equipment, furniture and fittings in progress, which upon completion, will be reclassified to the relevant asset categories.

Impairment loss

The estimates of recoverable amounts of the Group’s infrastructure (based on fair value less cost to sell) as at 31 March 2013 and 2012 are based on valuation reports, dated 26 April 2013 and 30 April 2012 respectively, obtained from an independent professional valuer. The fair values of the infrastructure determined by the independent professional valuer are based on estimated amounts obtainable from the sale of the infrastructure on an arm’s length transaction between knowledgeable, willing parties, less the cost of disposal, utilising on open market value and replacement costs basis, for the hardware and software components of the infrastructure respectively.

Based on the assessment, an impairment loss of \$1.726 million was recognised in income and expenditure in the previous financial year.

5 INTANGIBLE ASSETS

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| COST | | | | |
| At 1 April | 8,143 | 7,812 | 8,010 | 7,812 |
| Additions | 657 | 386 | 627 | 253 |
| Disposals | (505) | (97) | (505) | (97) |
| Reclassification from capital work-in-progress | 243 | 42 | 243 | 42 |
| At 31 March | 8,538 | 8,143 | 8,375 | 8,010 |
| ACCUMULATED AMORTISATION | | | | |
| At 1 April | 7,494 | 6,892 | 7,460 | 6,892 |
| Amortisation for the year | 668 | 695 | 612 | 661 |
| Disposals | (486) | (93) | (486) | (93) |
| At 31 March | 7,676 | 7,494 | 7,586 | 7,460 |
| CARRYING AMOUNTS | | | | |
| At 31 March | 862 | 649 | 789 | 550 |

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES

| | AUTHORITY | |
|--------------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Unquoted shares, at cost | 287,535 | 273,535 |
| Less: Impairment loss | (16,960) | (9,400) |
| | 270,575 | 264,135 |

Details of the Authority's subsidiaries at the end of reporting period are as follows:

| NAME OF SUBSIDIARY | PRINCIPAL ACTIVITIES/ COUNTRY OF INCORPORATION AND OPERATION | COST OF INVESTMENT BY THE AUTHORITY | | PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD | |
|---|---|--|---------------------|---|----------------|
| | | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 % | 2011/2012 % |
| | | | | | |
| HELD BY THE AUTHORITY | | | | | |
| Infocomm Investments Pte Ltd ^a | Investment holding and investment management/ Singapore | 237,822 | 237,822 | 100 | 100 |
| Singapore Network Information Centre (SGNIC) Pte Ltd ^a | Registry of internet domain names/Singapore | 3,813 | 3,813 | 100 | 100 |
| IDA International Pte Ltd ^a | Provide consultancy services to foreign governments and public agencies as part of its overall charter to develop, collaborate and promote the Singapore local infocomm enterprises overseas/ Singapore | 9,900 | 9,900 | 100 | 100 |
| Assurity Trusted Solutions Pte Ltd ^a | Provide information security services including second factor authorisation services/ Singapore | 36,000 | 22,000 | 100 | 100 |
| HELD BY SUBSIDIARY | | | | | |
| IDA International Bahrain Pte Ltd SPC ^b | Provide consultancy services/ Kingdom of Bahrain | - | - | 100 | 100 |

^a Audited by KPMG LLP, Singapore.

^b Audited by other member firms of KPMG International.

Impairment loss

At the end of each reporting period, management reviews the carrying amounts of the investment in subsidiaries to determine whether there are any indications that the investment is impaired.

Taking into consideration of the nationwide distribution of the oneKey security devices to all Singaporeans and Permanent Residents within the first five years of the National Authentication Framework ("NAF") Programme from 2011/2012, an impairment loss of \$7.560 million (2011/2012: \$9.400 million) was recognised on the investment in that subsidiary as a matter of prudence. The recoverable amount is determined based on the net tangible assets of that subsidiary at the end of the reporting period as it is determined to approximate its fair value.

7 DEFERRED EXPENDITURE

| | GROUP AND AUTHORITY | |
|---------------------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| COST | | |
| At 1 April | 8,617 | 7,921 |
| Additions | 1,122 | 883 |
| Written-off | (255) | (187) |
| At 31 March | 9,484 | 8,617 |
| ACCUMULATED AMORTISATION | | |
| At 1 April | 5,057 | 4,537 |
| Amortisation for the year | 716 | 520 |
| At 31 March | 5,773 | 5,057 |
| CARRYING AMOUNT | | |
| At 31 March | 3,711 | 3,560 |

NOTES TO THE FINANCIAL STATEMENTS

8 AVAILABLE-FOR-SALE INVESTMENTS

| | NOTE | GROUP | | AUTHORITY | |
|--|------|---------------------|---------------------|---------------------|---------------------|
| | | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Unquoted fund investments, at fair value | (i) | 1,625 | 2,512 | - | - |
| Unquoted equity shares, at fair value | | 8,363 | 4,533 | - | - |
| Unquoted equity shares, at cost | (ii) | 4,576 | 4,589 | - | - |
| Less: impairment loss | | (2,832) | (2,832) | - | - |
| | | 1,744 | 1,757 | - | - |
| Total | | 11,732 | 8,802 | - | - |

- (i) Unquoted fund investments at fair value include impairment losses amounting to \$9.895 million (2011/2012: \$9.895 million).
- (ii) Investments in unquoted equity shares, at cost, represent equity interest in companies that are involved in start-up activities in the information and communication technologies sectors which have a gestation period of approximately 3 to 5 years. 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 | | AUTHORITY | |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Unquoted equity shares, at fair value | | | | |
| At 1 April | - | 431 | - | - |
| Disposals | - | (431) | - | - |
| At 31 March | - | - | - | - |
| Unquoted equity shares, at cost | | | | |
| At 1 April | 2,832 | 1,602 | - | - |
| Impairment loss | - | 1,230 | - | - |
| At 31 March | 2,832 | 2,832 | - | - |

9 DERIVATIVE FINANCIAL INSTRUMENTS

| | GROUP | | AUTHORITY | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Forward foreign exchange contracts | - | 179 | - | - |

At the end of the reporting period, the notional amount of outstanding foreign exchange contracts to which the Group has committed are as follows:

| | GROUP | |
|------------------------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Forward foreign exchange contracts | - | 1,759 |

10 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | GROUP | | AUTHORITY | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| AT FAIR VALUE | | | | |
| Quoted preference shares | - | 21,046 | - | - |
| Quoted equity | 144,913 | 134,539 | 144,913 | 134,539 |
| Quoted debt securities | 704,184 | 640,853 | 696,797 | 631,238 |
| Unquoted debt securities | 970 | 20,658 | - | - |
| Unquoted equity securities | 2,112 | 1,297 | - | - |
| Total | 852,179 | 818,393 | 841,710 | 765,777 |
| CLASSIFIED AS | | | | |
| - Current | 42,398 | 54,800 | 38,974 | 12,143 |
| - Non-current | 809,781 | 763,593 | 802,736 | 753,634 |
| Total | 852,179 | 818,393 | 841,710 | 765,777 |

The Group's and the Authority's investments at fair value through profit or loss represent financial assets designated as fair value through profit or loss on inception. The Authority's investments at fair value through profit or loss are substantially managed externally by professional fund managers within discretion of the investment guidelines mandated by the Authority as set out in the fund management agreements. The Authority manages and evaluates the performance of such investments on a fair value basis in accordance with the Authority's investment policy and strategies. As at the end of the reporting period, the Authority does not intend to liquidate the investments at fair value through profit or loss within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

11 TRADE RECEIVABLES

| | GROUP | | AUTHORITY | |
|---------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Third parties | 27,207 | 18,903 | 26,349 | 18,154 |
| Ministries and statutory boards | 85,157 | 66,688 | 85,157 | 66,122 |
| Total | 112,364 | 85,591 | 111,506 | 84,276 |

The average credit period on sales of services is 30 days (2011/2012: 30 days). No interest is charged on the overdue trade receivables.

The table below is an analysis of trade receivables as at the end of the reporting period:

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Not past due and not impaired | 112,235 | 67,568 | 111,377 | 66,253 |
| Past due but not impaired | 129 | 18,023 | 129 | 18,023 |
| Impaired receivables – individually assessed | 289 | 155 | 289 | 155 |
| Less : Allowance for impairment | (289) | (155) | (289) | (155) |
| Total trade receivables, net | 112,364 | 85,591 | 111,506 | 84,276 |

Most of the Group's trade receivable balances are from Government Organisations ("GO") whose credit risks are assessed to be low. There is no concentration of customer risk at both the Group and Authority levels.

Included in the Group's trade receivables balance are debtors with a carrying amount of \$0.129 million (2011/2012: \$18.023 million) which are past due at the end of reporting period for which the Group has not provided an allowance for possible doubtful debts as more than 70% (2011/2012: 67%) of the balance are due from GO and the risk of default of receivables from GO is low. The Group does not hold any collateral over these balances. The average age of these receivables are 57 days (2011/2012: 59 days).

These receivables are not secured by any collateral or credit enhancements.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

| | GROUP AND AUTHORITY | |
|-----------------------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| At 1 April | 155 | 36 |
| Amounts recovered during the year | (9) | - |
| Impairment loss recognised | 161 | 119 |
| Amount written off | (18) | - |
| At 31 March | 289 | 155 |

12 OTHER RECEIVABLES

| | GROUP | | AUTHORITY | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Sundry debtors | 3,052 | 1,350 | 1,120 | 742 |
| Deposits | 425 | 4,833 | 422 | 4,833 |
| Interest receivable | 7,782 | 7,297 | 7,519 | 7,014 |
| Dividend receivable | - | 277 | - | - |
| | 11,259 | 13,757 | 9,061 | 12,589 |
| Prepayments | 1,776 | 1,864 | 1,363 | 1,502 |
| Total | 13,035 | 15,621 | 10,424 | 14,091 |

Other receivables amounts are not past due and not impaired.

13 GRANTS RECEIVED IN ADVANCE (RECEIVABLE) – GOVERNMENT

| | GROUP AND AUTHORITY | |
|--|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| At 1 April | (52,588) | (90,039) |
| Operating grants – Government | 72,013 | 36,652 |
| Development grants – Government | 166,304 | 247,674 |
| Net grants received during the year | 238,317 | 284,326 |
| Transfer to deferred capital grants | (260) | (151) |
| Grants recognised in income or expenditure | (159,725) | (246,724) |
| At 31 March | 25,744 | (52,588) |
| CLASSIFIED AS | | |
| - Operating | 5,232 | 3,896 |
| - Development | 20,512 | (56,484) |
| Total | 25,744 | (52,588) |

NOTES TO THE FINANCIAL STATEMENTS

14 STAFF LOANS RECEIVABLES

| | GROUP AND AUTHORITY | |
|-----------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Other loans – current | 3 | 3 |

Other loans which include loans to employees for purchase of computers and renovation purposes, are repayable by monthly instalments at Nil% interest (2011/2012: Nil%) and 5% (2011/2012: 5%) interest per annum respectively, over a period of 2 to 7 years (2011/2012: 2 to 7 years).

15 INCOME TAX EXPENSE

- (a) The Authority is a tax exempted institution under the provision of the Income Tax Act (Cap.134, 2004 Revised Edition). The subsidiaries of the Authority are subject to tax under Singapore income tax legislation.

| | GROUP | |
|---|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| CURRENT TAX EXPENSE | | |
| Current year | 288 | 290 |
| Over provision in prior years | (13) | (22) |
| | 275 | 268 |
| DEFERRED TAX EXPENSE | | |
| Deferred taxation | 6 | 7 |
| Total tax expense | 281 | 275 |
| Surplus before contribution to consolidated fund and income tax | 52,520 | 38,769 |
| Add: Dividend from subsidiaries | 2,777 | 577 |
| Less: Impairment on investment in subsidiary | (7,560) | (9,400) |
| Less: Surplus of the Authority subject to contribution to consolidated fund | (52,455) | (31,290) |
| (Loss) Profit before income tax of the subsidiaries | (4,718) | (1,344) |
| Income tax expense (benefit) at Singapore tax rate of 17% (2011/2012: 17%) | (802) | (228) |
| Effect of concessionary tax rate | (229) | (84) |
| Non-deductible item | 378 | 293 |
| Tax incentive | (37) | (42) |
| Income not subject to tax | (136) | (207) |
| Effect of previously unrecognised deferred tax benefits | (83) | (689) |
| Over provision in prior years | (13) | (22) |
| Effect of deferred tax benefits not recognised | 1,172 | 1,185 |
| Others | 31 | 69 |
| | 281 | 275 |

A subsidiary of the Group invested in certain debt financial instruments which generate income that are taxed at a concessionary tax rate of 10% (2011/2012: 10%).

As at 31 March 2013, certain subsidiaries of the Group have unutilised tax losses amounting to approximately \$56.038 million (2011/2012: \$49.629 million) with tax benefit of \$9.526 million (2011/2012: \$8.437 million) under the full corporate tax category.

Utilisation of such tax losses is subjected to the agreement of the Inland Revenue Authority of Singapore and the retention of majority shareholder as defined. These subsidiaries have not recognised any deferred tax benefits in respect of such tax losses which may be available for offsetting against profits due to the unpredictability of future profit streams.

(b) Movements in deferred taxation

| | GROUP | |
|---|------------------|------------------|
| | 2012/2013 | 2011/2012 |
| | \$'000 | \$'000 |
| At 1 April | 14 | 7 |
| Charged (Credited) to income or expenditure | 6 | 7 |
| At 31 March | 20 | 14 |

Deferred tax liabilities are attributable to property, plant and equipment.

16 CASH AND BANK BALANCES

| | GROUP | | AUTHORITY | |
|------------------------|------------------|------------------|------------------|------------------|
| | 2012/2013 | 2011/2012 | 2012/2013 | 2011/2012 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash with the AGD | 242,976 | 322,566 | 174,622 | 257,925 |
| Cash with custodian | 2,654 | 17,817 | 2,654 | 17,817 |
| Bank and cash balances | 1,525 | 3,369 | 167 | 231 |
| Total | 247,155 | 343,752 | 177,443 | 275,973 |

The Group participates in the Accountant-General Department's Centralised Liquidity Management Scheme ("CLM") whereby the Group's cash is pooled together and managed centrally by Accountant-General Department ("AGD"), a related party, in fixed deposits. This does not affect the daily liquidity of the Group. AGD pays interest on the Group's cash balances participating in AGD's CLM. For the reporting year, the effective rates was 0.59% (2011/2012: 0.66%)

Cash and bank balances of the Group and Authority include an amount of approximately \$36.695 million (2011/2012: \$36.860 million) earmarked for payment of pension and medical benefits to pensioners and \$141.087 million (2011/2012: \$176.684 millions) set aside for specific development project purposes.

NOTES TO THE FINANCIAL STATEMENTS

17 EQUITY

| | GROUP AND AUTHORITY | | | |
|----------------------------------|----------------------------|----------------------------|---------------------|---------------------|
| | 2012/2013 No. of shares | 2011/2012 No. of shares | 2012/2013 \$'000 | 2011/2012 \$'000 |
| ISSUED AND FULLY PAID UP: | | | | |
| At beginning of year | 11,001,001 | 1,001,001 | 11,001 | 1,001 |
| Issuance of shares | 7,000,000 | 10,000,000 | 7,000 | 10,000 |
| At end of year | 18,001,001 | 11,001,001 | 18,001 | 11,001 |

In 2012/2013, the Authority issued an additional 7,000,000 shares (2011/2012: 10,000,000) shares to Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183) for \$7,000,000 (2011/2012: \$10,000,000). The additional fully paid up shares rank pari passu in all respect with the existing shares.

The holders of these shares are entitled to receive dividends as and when declared by the Authority. The shares carry no voting rights nor have a par value.

Capital account

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

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

Translation reserve

The translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

Statutory reserve

The statutory reserve relates to the subsidiary incorporated in Kingdom of Bahrain (note 6).

In accordance with the Bahrain Commercial Companies Law and the subsidiary's Articles of Association, 10% of the subsidiary's profit for the year is required to be transferred to a statutory reserve until it reaches 50% of the issued share capital. The subsidiary may resolve to discontinue such annual transfers when the reserve equals 50% of the issued share capital. The reserve is not available for distribution, except in the circumstances stipulated in the Bahrain Commercial Companies Law.

18 DEFERRED INCOME

Deferred income mainly comprises licence and related fees that will be recognised in income or expenditure over the remaining period of the licence, which occurs subsequent to the year end.

19 TRADE PAYABLES

| | GROUP | | AUTHORITY | |
|---------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Third parties | 30,758 | 57,305 | 28,249 | 56,891 |

20 OTHER PAYABLES

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Accrual for expenses under development funds | 24,789 | 85,384 | 24,789 | 85,384 |
| Accrual for payroll related expenses | 62,012 | 57,563 | 60,675 | 57,232 |
| Accrual for operating and other expenses | 50,196 | 88,997 | 47,608 | 86,797 |
| Accrual for purchase of fixed assets | 1,451 | 5,442 | 1,451 | 457 |
| Total | 138,448 | 237,386 | 134,523 | 229,870 |

21 PROVISION FOR PENSION AND MEDICAL BENEFITS

| | GROUP AND AUTHORITY | |
|--|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Present value of obligations , representing total employee benefit liabilities | 36,695 | 36,860 |

The Group makes contributions to two defined benefit plans that provide pension and medical benefits for employees upon retirement.

NOTES TO THE FINANCIAL STATEMENTS

| | GROUP AND AUTHORITY | |
|---|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| MOVEMENT IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATIONS | | |
| Defined benefit obligations at 1 April | 36,860 | 38,107 |
| Benefits paid by the plan | (2,947) | (2,984) |
| Interest Cost | 204 | 420 |
| Actuarial loss | 2,578 | 1,317 |
| Defined benefit obligations at 31 March | 36,695 | 36,860 |
| CLASSIFIED AS | | |
| Amount due within one year | 2,947 | 2,984 |
| Amounts due after one year | 33,748 | 33,876 |
| | 36,695 | 36,860 |
| EXPENSE RECOGNISED IN INCOME AND EXPENDITURE | | |
| Interest cost | 204 | 420 |
| Actuarial loss for the year | 2,578 | 1,317 |
| Total | 2,782 | 1,737 |

The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 March 2013 and 2012 performed by an independent firm of professional actuaries.

Actuarial assumptions

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

| | GROUP AND AUTHORITY | |
|---------------------------|---------------------|-----------|
| | 2012/2013 | 2011/2012 |
| Discount rate at 31 March | 0.6% | 0.6% |
| Mortality age | 88 years | 88 years |
| Medical cost trend rate | 5.0% | 5.0% |

Assumed healthcare cost trend rates have a significant effect on the amount recognised in income and expenditure statement. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

| GROUP AND AUTHORITY | One percentage point increase | One percentage point decrease |
|---------------------------------------|--|--|
| | \$'000 | \$'000 |
| 2012/2013 | | |
| Effect on the aggregate interest cost | 4 | (3) |
| Effect on defined benefit obligation | 631 | (560) |

Historical information

| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2010/2011 \$'000 | 2009/2010 \$'000 | 2008/2009 \$'000 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Present value of the defined benefit obligation | 36,695 | 36,860 | 38,107 | 40,612 | 41,549 |
| Experience adjustments rising on plan liabilities | (28) | 1,274 | 77 | 1,256 | (617) |

As at 31 March 2013, the Group expects \$3.025 million (2011/2012: \$2.951 million) in contributions to be paid to its defined benefit plans in 2013/2014.

22 CONTRIBUTION PAYABLE TO CONSOLIDATED FUND

The Authority is required to make contributions to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. M5/2005 with effect from 2004/2005. The contribution is based on a percentage, as decided by Ministry of Finance, of the net surplus of the Authority (before donations) for the financial year.

The total contribution for the year can be reconciled to the net surplus as follows:

| | GROUP AND AUTHORITY | |
|---|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Surplus of the Authority before contribution to consolidated fund | 52,455 | 31,290 |
| Contribution payable at 17% (2011/2012: 17%) | 8,917 | 5,319 |
| Additional contribution paid during the financial year | 650 | 2,751 |
| Total | 9,567 | 8,070 |

In 2012/2013, there was an additional contribution to the consolidated fund amounting to \$0.650 million (2011/2012: \$2.751 million) which arose from the recovery of upfront services fees from the service provider implementing the Standard Information Communications Technology Operating System.

23 DUE TO A SUBSIDIARY – NON-TRADE

The amount due to subsidiaries comprise of (i) deferred payment arrangement with a subsidiary, and (ii) fixed deposit arrangements with two subsidiaries. The deferred payment arrangement arose from a sale of investment in equity and debt securities by a subsidiary to the Authority in FY2011/2012 at fair market value on the date of sale. The settlement is made via a deferred payment arrangement whereby the outstanding payment will be repaid at amounts to be determined by the subsidiary over a period of up to 5 years.

The outstanding amount is unsecured and bears interest at a fixed rate of 2.2% per annum. As at the end of the reporting period, the outstanding payment is not expected to be made within the next 12 months.

The Authority enters into fixed deposit arrangements with two of its subsidiaries in FY2012/2013. Under the fixed deposit arrangements, the Authority manages the subsidiaries' funds by investing in debt securities on a pooled basis for up to 3 years and pays a fixed rate interest of 1% per annum to the subsidiaries. The amounts due to subsidiaries are unsecured and are not expected to be withdrawn within the next 12 months.



NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS

(a) Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group has documented financial risk management policies. These policies set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management objective seeks to minimise potential adverse effects on its financial performance. It is the Group's policy not to hold derivative financial instruments for speculative purposes although such instruments may be used for hedging exposure. The Board provides written principles for overall financial risk management, which covers specifically on market risk (including price risk, foreign exchange risk, and interest rate risk), credit risk and liquidity risk. Such written policies are reviewed periodically by the Board and periodic reviews are undertaken to ensure that the Group's policy are relevant and complied with.

The Group monitors its risk exposure regularly. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

The Authority has established a governance, risk and compliance framework which sets out, amongst other things, the governance oversight, risk measurement and monitoring processes, to enhance its overall risk management for the investments at fair value through profit or loss. As part of the risk management process, the management of the Group also conducts ongoing review of its financial assets held in the investment portfolio.

(b) Market risk

Market risk refers to the risk arising from uncertainty in the future values of the financial instruments, resulting from movements in factors such as as equity prices, foreign exchange rates and market interest rates. The Group and the Authority's exposure to each of these factors are presented in the following paragraphs.

(i) Price risk

Risk management policy

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in market prices (other than those arising from interest rate risk or currency risk, which are further discussed below), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The Group is exposed to price risk arising from its investments in equity and debt securities, and fund investments comprised within available-for-sale investments and the investments at fair value through profit or loss. The Group's equity securities comprised both quoted and unquoted equity securities. The Group's debt securities comprised unquoted debt securities that are exposed to price risk. The management monitors the price fluctuations of the investments and assessed the valuation regularly.

The Authority is exposed to price risk arising from its investments in quoted equity securities comprised within the investments at fair value through profit or loss. The management monitors the price fluctuations of the investments and assessed the valuation on a daily basis. In accordance with its governance, risk and compliance framework, the management will report significant price movements to the Investment Committee.

Sensitivity analysis

Available-for-sale investments

At 31 March 2013, if prices of equity and fund investments had been 10% higher with all other variables held constant, the fair value increase of these investments and the corresponding increase in fair value changes reserves would have been \$1.173 million (2011/2012: \$0.880 million). Correspondingly, if prices of equity had been 10% lower with all other variables held constant, the fair value of these investments and the fair value changes reserves would have decreased by an equal amount.

The Authority does not hold any available-for-sale investments.

Investments at fair value through profit or loss

Group

At 31 March 2013, if prices of equity and debt securities had been 10% higher with all other variables held constant, the Group's fair value of these financial instruments would have been higher by \$14.871 million (2011/2012: \$14.360 million) and \$0.097 million (2011/2012: \$2.040 million) respectively. Correspondingly, the Group's surplus for the year would have been higher by \$14.968 million (2011/2012: \$16.400 million).

Conversely, if prices of equity and debt securities had been 10% lower with all other variables held constant, the Group's fair value of the financial instruments would have been lower by \$14.871 million (2011/2012: \$14.360 million) and \$0.097 million (2011/2012: \$2.040 million) respectively. Correspondingly, the Group's surplus for the year would have been lower by \$14.968 million (2011/2012: \$16.400 million).

Authority

At 31 March 2013, if prices of equity had been 10% higher with all other variables held constant, the Authority's fair value of these financial instruments would have been higher by \$14.660 million (2011/2012: \$13.630 million). Correspondingly, the increase in the Authority's surplus for the year would have been \$14.660 million (2011/2012: \$13.630 million).

Conversely, if prices of equity had been 10% lower with all other variables held constant, the Authority's fair value of the financial instruments would have been lower by \$14.660 million (2011/2012: \$13.630 million). Correspondingly, the decrease in the Authority's surplus for the year would have been \$14.660 million (2011/2012: \$13.630 million).

The 10% represents management's assessment of the possible change in market prices. The sensitivity analysis is for illustrative purposes only. In reality, prices rarely change in isolation and are likely to be interdependent with other market variables.

NOTES TO THE FINANCIAL STATEMENTS

(ii) Foreign currency risk

Risk management policy

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in the exchange rate between the foreign currencies and the Singapore dollar.

The foreign currency risk of the Group and the Authority arise from its investments in equity and debt securities which are denominated in currencies other than Singapore dollar. As a result, these investments expose the Group and the Authority to foreign currency fluctuations. The Group and the Authority use forward exchange derivative financial instruments, where appropriate, to mitigate the risk exposure.

Exposure to foreign currency risk

As at 31 March, the major foreign currencies of the Group and the Authority are the United States dollar ("USD"), Euro ("EUR") and Japanese Yen ("JPY"). The quantitative exposure to these foreign currencies of the Group and the Authority are as presented below:

| | 2012/2013 | | | 2011/2012 | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | USD \$'000 | EUR \$'000 | JPY \$'000 | USD \$'000 | EUR \$'000 | JPY \$'000 |
| GROUP | | | | | | |
| Available-for-sale investments | 10,948 | - | - | 7,572 | - | - |
| Investments at fair value through profit or loss | 69,552 | 469 | 395 | 79,686 | 1,466 | 208 |
| Trade and other receivables | 1,574 | - | - | 586 | - | - |
| Cash and bank balances | 887 | - | - | 1,613 | - | - |
| Other payables | (121) | - | - | (289) | - | - |
| | 82,840 | 469 | 395 | 89,168 | 1,466 | 208 |

| | 2012/2013 | | | 2011/2012 | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| | USD \$'000 | EUR \$'000 | JPY \$'000 | USD \$'000 | EUR \$'000 | JPY \$'000 |
| AUTHORITY | | | | | | |
| Investments at fair value through profit or loss | 67,441 | 469 | 395 | 70,817 | 1,466 | 208 |
| Cash and bank | 64 | - | - | 57 | - | - |
| | 67,505 | 469 | 395 | 70,874 | 1,466 | 208 |

Sensitivity analysis

A 5% strengthening of the above foreign currencies against the Singapore dollar at 31 March would have increased other comprehensive income and surplus for the year as shown below. Conversely, a 5% weakening of foreign currencies against the Singapore dollar as at 31 March would result in an equal but opposite effect on other comprehensive income and surplus for the year.

5% represents management's assessment of the possible change in foreign currency exchange rates. The analysis assumes that all other variables remain constant. In reality, foreign currency exchange rates rarely change in isolation and are likely to be interdependent.

| | GROUP | | AUTHORITY | |
|------------------|----------------------|----------------------------|----------------------|----------------------------|
| | Surplus for the year | Other comprehensive income | Surplus for the year | Other comprehensive income |
| 2012/2013 | | | | |
| USD | 3,595 | 547 | 3,375 | - |
| EUR | 23 | - | 23 | - |
| JPY | 20 | - | 20 | - |
| 2011/2012 | | | | |
| USD | 4,080 | 379 | 3,544 | - |
| EUR | 73 | - | 73 | - |
| JPY | 10 | - | 10 | - |

(iii) **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in interest rates.

The Group and the Authority have exposure to interest rate risks arising from investments in debt securities as well as cash deposits, including the cash participation in AGD's CLM. The Group deploy duration positioning, where appropriate, to mitigate interest rate risk on debt securities. In addition, management monitors the fair value of the investments daily. In accordance with its governance, risk and compliance framework, the management will report significant fair value movements to the Investment Committee. Interest rate risks on cash deposits are managed through AGD's cash scheme.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for debt securities and cash and bank balances at the end of the reporting period. A 100 basis points for debt securities and 25 basis points increase or decrease for cash and bank balances represent management's assessment of the possible change in interest rates.

Cash and bank balances

If interest rates had been 25 basis points higher or lower and all other variables were held constant, the Group's surplus for the year ended 31 March 2013 would increase or decrease by \$0.618 million (2011/2012: \$0.859 million).

If interest rates had been 25 basis points higher or lower and all other variables were held constant, the Authority's surplus for the year ended 31 March 2013 would increase or decrease by \$0.444 million (2011/2012: \$0.690 million).



NOTES TO THE FINANCIAL STATEMENTS

Investment at fair value through profit or loss

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's fair value of the investments at fair value through profit or loss and surplus for the year ended 31 March 2013 would decrease by \$28.260 million (2011/2012: \$26.860 million). Conversely, a reduction in interest rates by 100 basis points would increase the Group's fair value of the investments at fair value through profit or loss and surplus for the year by \$30.400 million (2011/2012: \$28.760 million).

If interest rates had been 100 basis points higher and all other variables were held constant, the Authority's fair value of the investments at fair value through profit or loss and surplus for the year ended 31 March 2013 would decrease by \$27.630 million (2011/2012: \$26.520 million). Conversely, a reduction in interest rates by 100 basis points would increase the Authority's fair value of the investments at fair value through profit or loss and surplus for the year by \$29.750 million (2011/2012: \$28.410 million).

(c) **Credit risk**

Credit risk is the risk of default of counterparties which will affect the fair value or future cash flows of a financial instrument.

The Group and the Authority's exposure to credit risk arise from its financial assets. The carrying amounts of financial assets in the statement of financial position represent the maximum exposure to credit risk, before taking into account any collateral held. As at the end of reporting period, the Group and the Authority do not hold any collateral in respect of its financial assets.

The Group and the Authority mitigate credit risk exposure through regular monitoring of the recoverability of the financial assets. In respect of its investments in debt securities, it is the policy of the Group and the Authority to invest only in securities which meet the credit criteria approved by its Investment Committee. As at the end of the reporting period, the Group's and the Authority's investments in debt securities are not impaired. The carrying amounts of these debt securities as comprised within investments at fair value through profit or loss represent the fair value of these investments.

(d) **Liquidity risk**

Liquidity risk is the risk of not being able to meet financial obligations arising from fluctuations in cashflow of financial assets.

The Group and the Authority are not subject to regulatory requirement to maintain minimum cash level. It is the policy of the Group and the Authority to maintain a level of cash deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

The financial liabilities of the Group and the Authority are presented in the statement of financial position. The current liabilities are non-interest bearing and repayable within one year from the end of the reporting period. The financial assets of the Group and the Authority are able to meet these financial obligations.

The undiscounted cash flow of the Group's and Authority's financial liabilities (including trade payables, other payables, advances and deposits, grants received in advance and contribution payable to consolidated fund) at the reporting date approximate the carrying amounts and are expected to be settled within the next 12 months and are classified as other financial liabilities.

The following is the contractual maturities of the Authority's non-trade amount due to a subsidiary, including estimated interest payments and excluding the impact of netting agreements:

| | CARRYING AMOUNT \$'000 | CONTRACTUAL CASH FLOWS \$'000 | WITHIN 1 YEAR \$'000 | WITHIN 2 TO 5 YEARS \$'000 |
|---------------------------------|------------------------------|-------------------------------------|----------------------------|----------------------------------|
| AUTHORITY | | | | |
| 2012/13 | | | | |
| Due to a subsidiary – non-trade | 190,000 | 196,974 | 3,600 | 193,374 |
| 2011/12 | | | | |
| Due to a subsidiary – non-trade | 150,000 | 165,840 | 3,300 | 162,540 |

The maturity analyses show the contractual undiscounted cash flows of the Authority's financial liabilities on the basis of their earliest possible contractual maturity.

(e) **Capital management**

The Group and the Authority manages its capital to ensure that the Group and the Authority will continue as going concern.

The capital structure of the Group and the Authority comprise only equity as reflected in the statement of changes in equity. The Group and the Authority are not subject to regulatory capital requirement.

The Group and the Authority reviews its capital structure periodically. As part of this review, the cost of capital and associated risks are considered. There have been no changes to the Group's overall capital policy as compared to 2011/2012. The Authority is not subject to any regulatory capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

(f) Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities (except for available-for-sale investments, at cost less impairment and due to a subsidiary – non-trade, whose valuation technique is disclosed at page 67), together with the carrying amounts shown in the statement of financial position, are as follows:

| | NOTE | GROUP | | AUTHORITY | |
|---|------|---------------------|---------------------|---------------------|---------------------|
| | | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| FINANCIAL ASSETS | | | | | |
| Investments at FVTPL, at fair value | 10 | 852,179 | 818,393 | 841,710 | 765,777 |
| Available-for-sale investments, at cost less impairment | 8 | 1,744 | 1,757 | - | - |
| Available-for-sale investments, at fair value | 8 | 9,988 | 7,045 | - | - |
| Derivative financial instruments, at fair value | 9 | - | 179 | - | - |
| Loans and receivables, at amortised cost: | | | | | |
| Trade receivables | 11 | 112,364 | 85,591 | 111,506 | 84,276 |
| Due from subsidiaries | | - | - | 1,788 | 4,230 |
| Other receivables | 12 | 11,259 | 13,757 | 9,061 | 12,589 |
| Grant receivable | 13 | - | 52,588 | - | 52,588 |
| Staff loans receivable | 14 | 3 | 3 | 3 | 3 |
| Cash and bank balances | 16 | 247,155 | 343,752 | 177,443 | 275,973 |
| | | 370,781 | 495,691 | 299,801 | 429,659 |
| | | 1,234,692 | 1,323,065 | 1,141,511 | 1,195,436 |
| FINANCIAL LIABILITIES | | | | | |
| Other financial liabilities, at amortised cost: | | | | | |
| Trade payables | 19 | 30,758 | 57,305 | 28,249 | 56,891 |
| Other payables | 20 | 129,628 | 237,386 | 125,153 | 229,870 |
| Advances and deposits | | 127 | 552 | 127 | 100 |
| Grant received in advance | 13 | 25,744 | - | 25,744 | - |
| Contribution payable to consolidated fund | 22 | 8,917 | 5,319 | 8,917 | 5,319 |
| Due to a subsidiary | 23 | - | - | 190,000 | 150,000 |
| | | 195,174 | 300,562 | 378,190 | 442,180 |

Fair value is defined as the amount at which a financial instrument could be exchanged between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are made to estimate the fair value of each class of financial instruments (where it is practicable to estimate that value).

The carrying amounts of trade receivables, due from subsidiaries, other receivables, grant receivable, staff loan receivables, cash and bank balances, trade payables, other payables, advances and deposits, grant received in advance and contribution payable to a consolidated fund approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair values of the amount due to subsidiaries – non-trade cannot be reliably estimated as there are no repayment terms and it is not possible to estimate the timing of future cash flows. The carrying amounts of the amount due to subsidiaries – non-trade are carried at cost.

Available-for-sale investments, investments at fair value through profit or loss and derivatives are stated on the statement of financial position at their fair values, except that certain available-for-sale investments are carried at cost less allowance for impairment loss as their values cannot be reliably measured by alternative valuation methods.

Investments at fair value through profit or loss

The fair value of the quoted equity securities is based on the quoted closing market prices (bid prices) on the last day of the financial year.

The fair value of the quoted debts securities are based on the quotes readily and regularly available from an exchange, dealers, brokers, industry group, pricing service or regulatory agency on the last day of the financial year.

The fair values of the embedded credit derivatives, the unquoted debt securities and the unquoted equity securities are based on the prices quoted by the banks, independent external valuers based on their proprietary valuation models and the Group's in-house valuation model.

For investments at fair value through profit or loss, standalone derivatives and derivatives embedded in available-for-sale host contracts which are not closely related and are bifurcated, the Group estimates the fair value of investments at fair value through profit or loss and derivatives that do not have an active market by using suitable valuation techniques and/or obtain price quotes from third parties. 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.

Available-for-sale investments

The fair value of the funds is based on the latest available unaudited net asset values of the underlying funds provided by the administrator of those funds. The unaudited net asset values may differ from the audited net asset values when the audit of the underlying fund is completed.



NOTES TO THE FINANCIAL STATEMENTS

The fair values of the unquoted equity investments are based on the prices computed by independent external valuers based on their proprietary valuation models and the Group's in-house valuation model. The valuation models 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.

When an unquoted available-for-sale equity investment has progressed to a sufficiently matured stage of its business life cycle, the Group will endeavour to determine its fair value using valuation techniques. The Group uses valuation methodology which involves the formulation of assumptions and estimates. Such assumptions and estimates are based on market conditions existing at the end of the reporting period. The valuation methodology involves references to multiple financial ratios, e.g. price-earnings ratio, book-to-price ratio, of comparable companies that operate in similar industries as the investee entities, with adjustments when deemed appropriate and necessary by management for any difference in operational scale and other disparities. There is an inherent limitation to this valuation technique as no two enterprises are identical in size, product mix, stage of business life cycle, management team, to name a few. To the extent that the actual considerations taken into by market participants deviate from the assumptions and estimates made by the management at end of the reporting period, there exists the risk that the recorded value derived using the said methodology will not be reflective of the fair value.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Derivative financial instruments

The Group uses widely recognised valuation models for determining the fair value of financial instruments such as forward foreign exchange contracts, that use only observable market data and require little management judgement and estimation. Observable price and model inputs are usually available in the market for listed debt and equity securities, exchange trade derivatives and simple over the counter derivatives like forward foreign exchange contracts. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determination of fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the assets or liability that are not based on observable market data (unobservable inputs) (Level 3).

| | TOTAL \$'000 | LEVEL 1 \$'000 | LEVEL 2 \$'000 | LEVEL 3 \$'000 |
|---|-----------------|-------------------|-------------------|-------------------|
| GROUP | | | | |
| 2012/13 | | | | |
| Financial assets at fair value through profit or loss | 852,179 | 396,668 | 452,430 | 3,081 |
| Available-for-sale investments | 9,988 | - | - | 9,988 |
| Total | 862,167 | 396,668 | 452,430 | 13,069 |

2011/2012

| | | | | |
|---|----------------|----------------|----------------|--------------|
| Financial assets at fair value through profit or loss | 818,393 | 392,619 | 423,408 | 2,366 |
| Derivative financial instruments | 179 | - | 179 | - |
| Available-for-sale investments | 7,045 | - | - | 7,045 |
| Total | 825,617 | 392,619 | 423,587 | 9,411 |

AUTHORITY

2012/2013

| | | | | |
|---|---------|---------|---------|---|
| Financial assets at fair value through profit or loss | 841,710 | 391,298 | 450,412 | - |
|---|---------|---------|---------|---|

2011/2012

| | | | | |
|---|---------|---------|---------|---|
| Financial assets at fair value through profit or loss | 765,777 | 385,068 | 380,709 | - |
|---|---------|---------|---------|---|

Financial instruments measured at fair value classified as Level 3

| | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS \$'000 | AVAILABLE- FOR-SALE INVESTMENTS \$'000 | TOTAL \$'000 |
|---|--|---|-----------------|
| GROUP | | | |
| 2012/13 | | | |
| Opening balance | 2,366 | 7,045 | 9,411 |
| Total gain (loss) in income and expenditure | (283) | 2,183 | 1,900 |
| Total gain (loss) in other comprehensive income | - | (168) | (168) |
| Disposals during the year | - | (3,162) | (3,162) |
| Purchases | 998 | 4,090 | 5,088 |
| Closing balance | 3,081 | 9,988 | 13,069 |
| Total impairment loss | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

| | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS \$'000 | AVAILABLE- FOR-SALE INVESTMENTS \$'000 | TOTAL \$'000 |
|---|--|---|-----------------|
| GROUP | | | |
| 2011/2012 | | | |
| Opening balance | 3,164 | 12,840 | 16,004 |
| Total gain in income and expenditure | 1,302 | 2,820 | 4,122 |
| Impairment loss | - | (1,230) | (1,230) |
| Total gain (loss) in other comprehensive income | - | (3,863) | (3,863) |
| Disposals during the year | (2,200) | (5,613) | (7,813) |
| Purchases | 100 | 2,091 | 2,191 |
| Closing balance | 2,366 | 7,045 | 9,411 |
| Total impairment loss | - | (1,230) | (1,230) |

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

For fair value measurements of an investment in Level 3, measured using the dividend discount model, changing the market risk premium by $\pm 10\%$ would have the following effect:

| | INCOME AND EXPENDITURE | | OTHER COMPREHENSIVE INCOME | |
|----------------------------|------------------------|----------------------|-------------------------------|----------------------|
| | FAVOURABLE \$ | (UNFAVOURABLE) \$ | FAVOURABLE \$ | (UNFAVOURABLE) \$ |
| Unquoted equity securities | 92 | (79) | - | - |

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values using alternative estimates of risk adjusted discount rates that might reasonably have been considered by a market participant for the purpose of pricing the instruments at the reporting date.

The fair value of the investment is calculated by using expected dividends and risk-adjusted discount rates.

Key inputs and assumptions used in the models at 31 March 2013 include:

Discount rate

The discount rate applied is based on the risk free rate for the 10 year bonds issued by the government in the relevant markets, adjusted for a risk premium to reflect the increased risks of investing in equities.

Dividends

The dividend applied is the average of the past three year's actual dividend that is expected to grow at zero percent.

25 NET ASSETS OF TRUST AND AGENCY FUNDS

Details of the trust and agency funds are set out below and have been prepared from the records of these funds and reflect only transactions handled by the Group and the Authority:

| | GROUP AND AUTHORITY | |
|------------------------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Receipts | 187,319 | 166,053 |
| Interest income | 92 | 17 |
| Expenditures | (184,405) | (166,453) |
| Net surplus (deficit) for the year | 3,006 | (383) |
| Accumulated surplus at 1 April | 3,513 | 3,896 |
| Accumulated surplus at 31 March | 6,519 | 3,513 |
| Represented by: | | |
| Fixed deposit | 8,157 | 5,530 |
| Interest receivable | 49 | 11 |
| Trade and other payables | (1,687) | (2,028) |
| Net assets | 6,519 | 3,513 |

26 INTEREST INCOME

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Cash and bank balances | 1,025 | 1,352 | 707 | 984 |
| Interest income on financial asset designated at fair value through profit or loss | 17,470 | 11,346 | 17,430 | 11,266 |
| Others | - | 14 | - | 2 |
| Total | 18,495 | 12,712 | 18,137 | 12,252 |

27 OTHER INCOME

| | GROUP | | AUTHORITY | |
|----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Reactivation fees | 5 | 4 | - | - |
| Other service income | 3,416 | 8,537 | 4,405 | 10,331 |
| Others | 4,936 | 2,207 | 4,858 | 2,141 |
| Total | 8,357 | 10,748 | 9,263 | 12,472 |

NOTES TO THE FINANCIAL STATEMENTS

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| NET GAINS (LOSSES) | | | | |
| Investments at fair value through profit or loss | 51,739 | 34,842 | 51,335 | 28,058 |
| Available-for-sale investments | 2,183 | 1,776 | - | - |
| Loans and receivables | 864 | 1,233 | 546 | 865 |
| Financial liabilities measured at amortised cost | - | - | (3,367) | (667) |
| Total | 54,786 | 37,851 | 48,514 | 28,256 |

28 NET DEVELOPMENT EXPENSES

| | GROUP | | AUTHORITY | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Development expenses: | | | | |
| Cluster Development Fund project | - | 186 | - | 186 |
| Infocomm 21 Fund project | (40) | 156 | (40) | 156 |
| Infocomm Security Masterplan 2 | 2,296 | 3,046 | 2,296 | 3,046 |
| Youth Olympic Games | - | 995 | - | 995 |
| Wired with Wireless project | 223 | 3,754 | 223 | 3,754 |
| Connected Singapore Blueprint | 2,784 | 5,164 | 2,784 | 5,164 |
| iN2015 Masterplan | 23,826 | 24,329 | 26,934 | 29,105 |
| Enhanced CITREP: Critical Infocomm Technology Resources Program | (694) | 6,652 | (694) | 6,652 |
| Silver Infocomm Hotspot | 117 | 28 | 117 | 28 |
| SGIX Grant: Establishment of the Singapore Internet Exchange | 567 | 1,655 | 567 | 1,655 |
| Green ICT Programme | 481 | 165 | 481 | 165 |
| Next Generation National Broadband Network | 83,661 | 201,087 | 83,661 | 201,087 |
| MICA Core Innovation Fund project | 144 | 119 | 144 | 119 |
| i-Singapore@work | 130 | - | 130 | - |
| i-Best | 77 | - | 77 | - |
| Total | 113,572 | 247,336 | 116,680 | 252,112 |

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Less: Development project income/funding | | | | |
| Infocomm Security Masterplan 2 | - | 39 | - | 39 |
| Wire with Wireless project | 223 | 3,754 | 223 | 3,754 |
| Connected Singapore Blueprint | 197 | 316 | 197 | 316 |
| iN2015 Masterplan | 9,995 | 10,907 | 9,995 | 10,907 |
| MICA Core Innovation Fund | 15 | - | 15 | - |
| | 10,430 | 15,016 | 10,430 | 15,016 |
| Net development fund expenses | 103,142 | 232,320 | 106,250 | 237,096 |

The development activities relate to project income and expenses to develop Singapore Info-communications industry.

(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.

(c) **Infocomm Security Masterplan 2**

The Infocomm Security Masterplan 2 aims to ensure the high resilience and availability of Singapore's national infocomm infrastructure and entrench the nation's reputation as a secure and trusted hub so as to attract high value-added and critical business operations into Singapore.

(d) **Youth Olympic Games ("YOG")**

Under this initiative, the Authority developed a virtual world to engage youth around the world to form virtual communities and interact with one another. The Youth Olympic Village, key YOG sports venues were modelled in the virtual world. The Authority also established new media platform for participants, youths and spectators through mobile and online channels to reach out to the large YOG community.

(e) **Wire 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.



NOTES TO THE FINANCIAL STATEMENTS

(g) **iN2015 Masterplan**

The Intelligent Nation 2015 (“iN2015”) Masterplan is Singapore’s 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.

(h) **Enhanced CITREP: Critical Infocomm Technology Resources Program**

Critical Infocomm Technology Resources Program (“CITREP”) is a training incentive programme to equip Singapore Infocomm professionals with critical and emerging skills, thus enabling them to enhance their employability and to improve their organisations’ competitive edge.

(i) **Silver Infocomm Hotspots**

The Silver Infocomm Initiative aims to bridge the digital divide among senior citizens aged 50 and above through addressing their differences in educational background, language and infocomm competencies. Senior citizens can obtain training in digital lifestyle skills and get engaged in the digital age.

(j) **SGIX Grant: Establishment of the Singapore Internet Exchange**

SGIX seeks to promote efficient interconnectivity for the Internet in Singapore by being a central point of traffic exchange. It will also seek to improve connectivity to Singapore by attracting regional and international carriers to use Singapore as a hub for Internet traffic. Additionally, SGIX aims to increase content hosting by encouraging content providers to host their content in Singapore and hence encourage the growth of data centres.

(k) **Green ICT Programme**

The Green ICT Programme aims to create more awareness of the positive impact info-communications technology can make in reducing the carbon footprint and energy costs of organisations.

(l) **Next Generation National Broadband Network**

The Next Generation National Broadband Network (“Next Gen NBN”) is a next generation national digital communication network. The Next Gen NBN will entrench Singapore’s Infocomm hub status and open the doors to new economic opportunities, business growth and social vibrancy for the country. The Next Gen NBN will offer pervasive, competitively priced, ultra-high broadband speeds of 1 Gbps and beyond.

(m) **MICA Core Innovation Fund Project**

MICA Core Innovation Fund (“CIF”) aims to develop new products or services that would improve public service delivery through the creation and implementation of innovation.

(n) **i-Singapore @work**

Image of Singapore (“i-Singapore”) aims to encourage companies to develop and adopt enterprise geospatial applications to create new business opportunities, improve workforce productivity and enable better decision-making, using public and private sector data.

(o) **Infocomm Business & Engineering Start-up Programme**

Infocomm Business & Engineering Start-up Programme (“iBEST”) is to promote Singapore as a key entrepreneurial and innovation hub for global VC-backed infocomm start-ups, as well as a launch pad for them to gain market traction in Asia.

29 SALARIES, CPF AND OTHER CONTRIBUTIONS

| | GROUP | | AUTHORITY | |
|---|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Wages and salaries | 198,509 | 175,215 | 189,429 | 165,945 |
| Employer's contribution to Central Provident Fund | 19,273 | 18,910 | 18,534 | 18,207 |
| Other related staff costs | 12,961 | 2,449 | 12,542 | 2,102 |
| Total | 230,743 | 196,574 | 220,505 | 186,254 |

30 OTHER EXPENSES

| | GROUP | | AUTHORITY | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| IT promotion and sponsorship | 224 | 403 | 224 | 392 |
| Utilities | 4,915 | 5,245 | 4,901 | 5,245 |
| Publicity expense | 607 | 1,020 | 607 | 672 |
| Telecommunications and internet services | 715 | 1,515 | 469 | 1,382 |
| Irrecoverable GST | 2,170 | 1,853 | 2,170 | 1,853 |
| General and administrative expense | 7,071 | 4,491 | 5,447 | 2,495 |
| Local travelling | 754 | 747 | 703 | 689 |
| Amortisation of deferred expenditure | 716 | 520 | 716 | 520 |
| Total | 17,172 | 15,794 | 15,237 | 13,248 |

31 COMMITMENTS

Capital and investment commitments

At the end of the reporting period, capital commitments not provided for in the financial statements are as follows:

| | GROUP | | AUTHORITY | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Capital expenditure | 37,180 | 50,707 | 6,137 | 1,804 |

Lease commitments

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

| | GROUP AND AUTHORITY | |
|---|---------------------|-----------------|
| | 2012/2013 \$ | 2011/2012 \$ |
| Not later than one year | 34,782 | 36,718 |
| Later than one year but not later than five years | 132,615 | 134,346 |
| Later than 5 years | 230,028 | 260,447 |
| Total | 397,425 | 431,511 |

NOTES TO THE FINANCIAL STATEMENTS

Operating lease payments represent rentals payable by the Group for certain of its office properties and office equipment. Leases are recognised for an average terms of 1 to 10 years and rentals are fixed for the duration of the lease except for the lease payments of data centre facilities which are based on the actual number of units used.

Development expense commitments

As at the end of the reporting period, the development expenses committed amounted to approximately \$0.496 billion (2011/2012: \$0.840 billion).

Other commitments

Under the Scholarship Programme, the Authority has an obligation to fund the scholars' educational expenses. At the end of the reporting period, the total committed expenditure is estimated to be \$5.226 million (2011/2012: \$5.702 million).

32 RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Authority if the Authority has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Authority and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. In accordance with SB-FRS paragraph 27A, the Group and the Authority is exempted from disclosing transactions with government-related entities other than Ministries, Organs of State and other Statutory Boards, unless there are circumstances to indicate that these transactions are unusual and their disclosure would be of interest to readers of the financial statements.

Key management personnel compensation comprises:

| | GROUP | | AUTHORITY | |
|--------------------------|---------------------|---------------------|---------------------|---------------------|
| | 2012/2013 \$'000 | 2011/2012 \$'000 | 2012/2013 \$'000 | 2011/2012 \$'000 |
| Short term benefits | 8,277 | 7,298 | 4,909 | 4,141 |
| Post employment benefits | 231 | 192 | 122 | 104 |
| Total | 8,508 | 7,490 | 5,031 | 4,245 |

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 financial year, other than as disclosed elsewhere in the financial statements, the significant transactions with related parties which were carried out in the normal course of business are as follows:

(a) **Transactions with Subsidiaries**

| | AUTHORITY | |
|---------------------------|------------------|------------------|
| | 2012/2013 | 2011/2012 |
| | \$'000 | \$'000 |
| Dividend income | 2,777 | 577 |
| Professional service fees | 244 | 119 |
| Rental income | 816 | 824 |
| Other income | 629 | 738 |
| Recovery manpower charges | 210 | 234 |
| Total | 4,676 | 2,492 |
| Interest expenses | (3,367) | (667) |
| Grant expenses | (3,108) | (4,775) |
| Total | (6,475) | (5,442) |

(b) **Transactions with Ministries and Statutory Board**

| | AUTHORITY | |
|-----------------------------------|------------------|------------------|
| | 2012/2013 | 2011/2012 |
| | \$'000 | \$'000 |
| Professional service fees | 181,775 | 178,711 |
| Standard ICT service fees | 226,941 | 163,300 |
| Grant received | 238,317 | 284,212 |
| Total | 647,033 | 626,223 |
| Contribution to consolidated fund | (9,567) | (8,070) |

The outstanding amounts are unsecured, interest-free and repayable on demand unless otherwise stated. No guarantees have been provided or received in respect of the related party balances. The Group has not made any allowance for impairment relating to amounts owed by related parties in 2012/2013 and 2011/2012 as the credit risk are assessed to be low.



NOTES TO THE FINANCIAL STATEMENTS

33 DIVIDENDS

During the financial year ended 31 March 2013, the Authority declared and paid a dividend of \$0.4185 per share (total dividend: \$7.533 million) on the ordinary shares issued to the Minister for Finance in respect of the financial year ended 31 March 2013. In 2011/2012, the dividend paid was \$0.5443 per share (total dividend: \$5.988 million).

34 COMPARATIVE INFORMATION

The comparative information presented as comparative financial statements were audited by another auditor.



The Infocomm Development Authority of Singapore (IDA) is committed to growing Singapore into a dynamic global infocomm hub. IDA uses an integrated approach to developing info-communications in Singapore. This involves nurturing a competitive telecoms market as well as a conducive business environment with programmes and schemes for both local and international companies.



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