FINANCIAL STATEMENTS CONTENTS

STATEMENT BY THE BOARD

IN OUR OPINION,

(a) the consolidated financial statements of Info-communications Development Authority of Singapore (the "Authority") and its subsidiaries (the "Group") as set out on pages 20 to 76 are properly drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Authority as at 31 March 2012, and of the results, changes in equity of the Group and of the Authority and cash flows of the Group for the financial year ended on that date;

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

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

ON BEHALF OF THE BOARD

Yong Ying-I
Chairman

Ronnie Tay
Chief Executive Officer

Singapore
22 June 2012

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE BOARD OF INFO-COMMUNICATIONS DEVELOPMENT AUTHORITY OF SINGAPORE

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated financial statements of the Info-communications Development Authority of Singapore (the "Authority") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Authority as at 31 March 2012; 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 the consolidated statement of cash flows of the Group for the year then ended; and a summary of significant accounting policies and other explanatory notes, as set out on pages 20 to 76.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards ("SB-FRS"), 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, 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 2012, and the results and changes in equity of the Group and of the Authority and cash flows of the Group for the financial year ended on that date.

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.

Auditor's 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 the 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.

Deloitte & Touche LLP

Public Accountants and
Certified Public Accountants
Singapore

22 June 2012

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2012

		THE GROUP		THE AUTHORITY	
	NOTE	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
CAPITAL AND RESERVES					
Share capital	6	11,001	1,001	11,001	1,001
Capital account		356,165	356,165	356,165	356,165
Fair value changes reserve		188	4,055	-	-
Translation reserve		(20)	(23)	-	-
Statutory reserve	6	30	21	-	-
Accumulated surplus		379,414	354,987	371,830	354,598
		746,778	716,206	738,996	711,764
TRUST AND AGENCY FUNDS	7	3,513	3,896	3,513	3,896
Represented by:					
NON-CURRENT ASSETS					
Property, plant and equipment	8	19,015	13,027	14,448	11,555
Intangible assets	9	649	920	550	920
Subsidiaries	10	-	-	264,135	253,535
Deferred expenditure	11	3,560	3,384	3,560	3,384
Available-for-sale investments	12	8,802	14,302	-	-
Derivative financial instruments	13	-	176	-	-
Investments at fair value through profit or loss	14	763,593	783,623	753,634	606,074
		795,619	815,432	1,036,327	875,468
CURRENT ASSETS					
Trade receivables	15	85,591	69,996	84,276	68,158
Due from subsidiaries - Non-trade	5	-	-	4,230	3,150
Other receivables	16	15,621	17,722	14,091	13,995
Grants receivable	17	52,702	90,039	52,702	90,039
Staff loans receivables within one year	18	3	3	3	3
Tax recoverable	19b	323	323	-	-
Derivative financial instruments	13	179	394	-	-
Investments at fair value through profit or loss	14	54,800	52,286	12,143	18,155
Cash and bank balances	20	343,752	225,397	275,973	189,515
		552,971	456,160	443,418	383,015

	NOTE	THE GROUP 2011/2012 $'000	THE GROUP 2010/2011 $'000	THE AUTHORITY 2011/2012 $'000	THE AUTHORITY 2010/2011 $'000
Less:					
CURRENT LIABILITIES					
Deferred income	21	108,767	58,727	106,636	56,847
Trade payables	22	57,305	28,472	56,891	28,244
Other payables	23	237,386	234,661	229,870	229,059
Advances and deposits		552	571	100	133
Income tax payable	19c	231	290	-	-
Provision for pension and medical benefits	24	2,984	3,070	2,984	3,070
Contribution payable to consolidated fund	25	5,319	1,411	5,319	1,411
		412,544	327,202	401,800	318,764
Less:					
NON-CURRENT LIABILITIES					
Due to a subsidiary – Non-trade	26	-	-	150,000	-
Deferred capital grants – Government		308	362	308	362
Deferred income	21	155,070	192,778	154,765	192,556
Provision for pension and medical benefits	24	33,876	35,037	33,876	35,037
Deferred tax liabilities	19d	14	7	-	-
		189,268	228,184	338,949	227,955
NET ASSETS OF THE GROUP/AUTHORITY		746,778	716,206	738,996	711,764
NET ASSETS OF TRUST AND AGENCY FUNDS	7	3,513	3,896	3,513	3,896

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

STATEMENTS OF INCOME AND EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

		THE GROUP		THE AUTHORITY	
	NOTE	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
REVENUE					
Service fees	27	190,978	173,849	180,372	162,034
Standard ICT service fees		163,300	127,718	163,300	127,718
Licence and frequency fees	27	77,550	76,234	77,550	76,234
Interest income	28	3,405	5,657	2,945	3,442
Positive fair value changes on investments at fair value through profit or loss		28,614	2,959	26,099	-
Gain on disposal of available-for-sale investments		2,820	1,366	-	-
Gain on disposal of investments at fair value through profit or loss	33	3,152	-	-	-
Other income	29	10,748	7,452	12,472	7,848
Dividend income		1,037	1,573	577	-
Distributions from fund investments		186	89	-	-
TOTAL REVENUE BEFORE DEVELOPMENT PROJECT INCOME		481,790	396,897	463,315	377,276
Development project income	30	15,016	13,593	15,016	13,593
TOTAL REVENUE		496,806	410,490	478,331	390,869
Less:					
EXPENSES					
Salaries, CPF and other contributions	31	196,574	179,580	186,254	169,928
Professional services		35,881	71,449	32,969	68,421
Regulatory and promotion expenses		5,843	3,580	2,417	3,580
Other expenses	32	15,794	16,795	13,248	15,296
Standard ICT charges		150,056	121,411	150,056	121,411
Rental expenses		17,681	21,435	17,540	21,299
Staff welfare and allowance		5,535	4,944	5,313	4,891
Repairs and maintenance		5,793	4,681	4,585	4,385
Overseas missions and meetings		3,760	3,433	2,682	2,309
Supplies and services		2,725	3,559	2,725	3,559
Staff training		4,994	4,557	4,984	4,392
Depreciation of property, plant and equipment	8	6,395	2,447	5,501	1,993
Amortisation of intangible assets	9	695	971	661	971

	NOTE	THE GROUP 2011/2012 $'000	THE GROUP 2010/2011 $'000	THE AUTHORITY 2011/2012 $'000	THE AUTHORITY 2010/2011 $'000
Provision for pension and medical benefits	24	1,737	565	1,737	565
Property, plant and equipment expensed off		610	481	610	469
Board members' allowance		346	243	259	199
Negative fair value changes on investments at fair value through profit or loss		-	196	-	196
Foreign currency exchange loss (gain)		51	(176)	46	291
Allowance of impairment on trade receivables	15	119	14	119	14
Loss on disposal of property, plant and equipment		85	1,900	85	1,900
Loss on disposal of investments at fair value through profit or loss–net	33	-	194	-	-
Impairment loss of available-for-sale investments		1,230	1,144	-	-
Impairment on investment in a subsidiary	10	-	-	9,400	-
Impairment on infrastructure	8	1,726	-	-	-
Interest expenses		-	3	667	3
TOTAL EXPENSES BEFORE DEVELOPMENT FUND EXPENSES		457,630	443,406	441,858	426,072
Development fund expenses	30	247,336	517,541	252,112	525,781
TOTAL EXPENSES		704,966	960,947	693,970	951,853
DEFICIT BEFORE GOVERNMENT GRANTS		(208,160)	(550,457)	(215,639)	(560,984)
GOVERNMENT GRANTS					
Operating grants		37,154	92,907	37,154	92,907
Development grants		209,570	476,486	209,570	476,486
	17	246,724	569,393	246,724	569,393
Deferred capital grants amortised		205	(110)	205	(110)
		246,929	569,283	246,929	569,283
SURPLUS BEFORE CONTRIBUTION TO CONSOLIDATED FUND AND INCOME TAX		38,769	18,826	31,290	8,299
Contribution to consolidated fund	25	(8,070)	(2,311)	(8,070)	(2,311)
Income tax expense	19a	(275)	(297)	-	-
NET SURPLUS FOR THE YEAR		30,424	16,218	23,220	5,988

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
NET SURPLUS FOR THE YEAR	30,424	16,218	23,220	5,988
OTHER COMPREHENSIVE INCOME				
Reclassification to income and expenditure on disposal of AFS investment	(3,867)	(610)	-	-
Exchange differences on translation of foreign operations	3	(23)	-	-
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(3,864)	(633)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	26,560	15,585	23,220	5,988

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

	THE GROUP							THE AUTHORITY			
	SHARE CAPITAL $'000	CAPITAL ACCOUNT $'000	FAIR VALUE CHANGES RESERVE $'000	ACCUMULATED SURPLUS $'000	TRANSLATION RESERVE $'000	STATUTORY RESERVE $'000	TOTAL $'000	SHARE CAPITAL $'000	CAPITAL ACCOUNT $'000	ACCUMULATED SURPLUS $'000	TOTAL $'000
Balance at 1 April 2010	1	356,165	4,665	350,618	-	-	711,449	1	356,165	360,438	716,604
Total comprehensive income for the year	-	-	(610)	16,218	(23)	-	15,585	-	-	5,988	5,988
Issue of share capital (Note 6)	1,000	-	-	-	-	-	1,000	1,000	-	-	1,000
Transfer to statutory reserve	-	-	-	(21)	-	21	-	-	-	-	-
Dividend paid for the year (Note 35)	-	-	-	(11,828)	-	-	(11,828)	-	-	(11,828)	(11,828)
Balance at 31 March 2011	1,001	356,165	4,055	354,987	(23)	21	716,206	1,001	356,165	354,598	711,764
Total comprehensive income for the year	-	-	(3,867)	30,424	3	-	26,560	-	-	23,220	23,220
Issue of share capital (Note 6)	10,000	-	-	-	-	-	10,000	10,000	-	-	10,000
Transfer to statutory reserve	-	-	-	(9)	-	9	-	-	-	-	-
Dividend paid for the year (Note 35)	-	-	-	(5,988)	-	-	(5,988)	-	-	(5,988)	(5,988)
Balance at 31 March 2012	11,001	356,165	188	379,414	(20)	30	746,778	11,001	356,165	371,830	738,996

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

		THE GROUP	
	NOTE	2011/2012 $'000	2010/2011 $'000
OPERATING ACTIVITIES			
Deficit before government grants		(208,160)	(550,457)
Adjustments for:			
Depreciation of property, plant and equipment	8	6,395	2,447
Impairment loss on infrastructure	8	1,726	-
Amortisation of intangible assets	9	695	971
Amortisation of deferred expenditure	11	520	658
Impairment loss of available-for-sale investments	12	1,230	1,144
Allowance of impairment on trade receivables	15	119	24
Bad debts recovered	15	-	(10)
Provision for pension and medical benefit	24	1,737	565
Interest income	28	(3,405)	(5,657)
Net gain on disposal of available-for-sale investments		(2,820)	(1,366)
Net (gain) loss on disposal of investments at fair value through profit or loss		(3,152)	194
Loss on disposal of property, plant and equipment		85	1,900
Loss on disposal of intangible asset		4	221
Fair value changes on derivative financial instruments (net)		391	(798)
Dividend income		(1,037)	(1,573)
Fair value changes on investments at fair value through profit or loss (net)		(28,614)	(2,763)
Deferred income		(76,810)	(73,424)
Deficit before working capital changes		(311,096)	(627,924)
Add (Deduct) changes in working capital:			
Increase in fees received in advance and deferred income		89,142	111,242
Increase in trade and other payables		35,542	86,730
Decrease in advances and deposits		(19)	(794)
(Increase) Decrease in trade and other receivables		(14,593)	1,990
Net cash used in operations		(201,024)	(428,756)
Add (Deduct) cash flows from:			
Net staff loans received		-	1
Deferred expenditure paid		(696)	(927)
Pension and medical benefit paid	24	(2,984)	(3,070)
Income tax paid	19c	(327)	(378)
Contributions to consolidated fund		(4,162)	(8,639)
Net cash used in operating activities		(209,193)	(441,769)

	NOTE	THE GROUP 2011/2012 $'000	2010/2011 $'000
INVESTING ACTIVITIES			
Net proceed (payments) from sale and purchase of investments at fair value through profit or loss		49,282	(491,599)
Interest income received		4,145	230
Dividend income received		1,277	1,571
Net proceed (payments) from sale and purchase of available-for-sale investments		3,223	(4,022)
Proceeds on disposal of property, plant and equipment		394	676
Purchase of:			
Intangible assets	9	(386)	(854)
Property, plant and equipment		(18,614)	(6,055)
Net cash from (used in) investing activities		39,321	(500,053)
FINANCING ACTIVITIES			
Operating and development grants received	17	284,212	455,530
Decrease in not available for general use fixed deposits		1,247	2,505
Issue of share capital	6	10,000	1,000
Dividends paid	35	(5,988)	(11,828)
Net cash inflow from financing activities		289,471	447,207
Net increase (decrease) in cash and bank balances		119,599	(494,615)
Cash and bank balances at beginning of the financial year		187,290	681,928
Effects of exchange rate changes on the balance of cash held in foreign currencies		3	(23)
CASH AND BANK BALANCES AT END OF THE FINANCIAL YEAR (NOTE A)		306,892	187,290

Note A

	2011/2012 $'000	2010/2011 $'000
Summary of cash and bank balances:		
Cash with AGD	322,566	215,823
Cash at bank	3,369	1,665
Cash with external fund managers	17,817	7,909
	343,752	225,397
Less: Cash at bank not available for general use (Note 20)	(36,860)	(38,107)
	306,892	187,290

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

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2012

1 GENERAL

The 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 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 Information, Communications and The Arts ("MICA"), and is required to follow policy and instructions issued from time to time by MICA and other government ministries and departments such as the Ministry of Finance ("MOF").

The Authority is domiciled in Singapore and has its registered office at 10 Pasir Panjang Road, #10-01, Mapletree Business City, Singapore 117438. The financial statements are expressed in the Singapore dollar.

The principal activities of the Authority are:

(a) to develop and promote the efficiency and international competitiveness of the info-communications industry in Singapore;
(b) to ensure that the telecommunication services are readily accessible and delivered competitively at performance standards that meet the social, industrial and commercial needs of Singapore;
(c) to exercise licensing and regulatory functions in respect of telecommunication systems and services in Singapore;
(d) to promote the use of the internet, broadband and electronic commerce and to establish regulatory frameworks for that purpose;
(e) to plan, promote, develop and implement information and communications technology systems and services for government ministries, departments and agencies; and
(f) to provide consultancy and advisory services concerning info-communications technology.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and statement of financial position, statement of income and expenditure, statement of comprehensive income and statement of changes in equity of the Authority for the financial year ended 31 March 2012 were authorised for issue by the Board on 22 June 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

ADOPTION OF NEW AND REVISED STANDARDS – In the current financial year, the Group has adopted all the new and revised SB-FRSs, INT SB-FRSs and Guidance notes that are relevant to its operations and effective for annual periods beginning on or after 1 April 2011. The adoption of these new/revised SB-FRSs, INT SB-FRSs and Guidance notes does not result in changes to the Group's and the Authority's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below:

SB-FRS 24 (Revised) *Related Party Disclosures*

SB-FRS 24 (Revised) *Related Party Disclosures* has been adopted beginning 1 January 2011 and has been applied retrospectively. The revised Standard clarifies the definition of a related party and the additional disclosures on application of the revised Standard can be found in Note 5.

At the date of authorisation of these financial statements, the following SB-FRSs, INT SB-FRSs and Amendments to SB-FRSs that are relevant to the Group and the Authority were issued but not effective:

Amendments to SB-FRS 1 *Presentation of Financial Statements - Amendments relating to presentation of Items of Other Comprehensive Income ("OCI")*

The amendment on Other Comprehensive Income ("OCI") presentation will require the Group to present in separate groupings, OCI items that might be recycled i.e., reclassified to income or expenditure (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

Changes arising from these amendments to SB-FRS 1 will take effect from financial years beginning on or after 1 July 2012, with full retrospective application.

Amendments to SB-FRS 19 *Employee Benefits*

The amendments to SB-FRS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of SB-FRS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

The amendments to SB-FRS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The Group anticipates that the application of the amendments to SB-FRS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the Group has yet to perform a detailed analysis of the impact of the application of the amendments, and hence has yet to quantify the extent of the impact.

Amendments to SB-FRS 107 *Financial Instruments: Disclosures – Transfers of Financial Assets*

The amendments to SB-FRS 107 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Group does not anticipate that these amendments to SB-FRS 107 will have a significant effect on the Group's disclosures regarding its existing arrangements for transfers of trade receivables. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

SB-FRS 110 *Consolidated Financial Statements* and SB-FRS 27 *Separate Financial Statements*

SB-FRS 110 replaces the control assessment criteria and consolidation requirements currently in SB-FRS 27 *Separate Financial Statements* and INT SB-FRS 12 *Consolidation-Special Purpose Entities.*

NOTES TO FINANCIAL STATEMENTS

31 MARCH 2012

SB-FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under SB-FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. SB-FRS 27 remains as a standard applicable only to separate financial statements.

SB-FRS 110 will take effect from financial years beginning on or after 1 January 2013, with full retrospective application.

The management anticipates that the adoption of SB-FRS 110 will not have a material impact on the financial statements of the Group in the period of the initial adoption.

SB-FRS 112 *Disclosure of Interests in Other Entities*

SB-FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

SB-FRS 112 will take effect from financial years beginning on or after 1 January 2013, and the Group does not expect any material additional disclosure when this standard is adopted.

Amendments to SB-FRS 113 *Fair Value Measurement*

SB-FRS 113 is a single new Standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other Standards, with the exception of measurement dealt with under SB-FRS 102 *Share-based Payment*, SB-FRS 17 *Leases*, net realisable value in SB-FRS 2 *Inventories* and value-in-use in SB-FRS 36 *Impairment of Assets.*

SB-FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other Standards regarding which items should be measured or disclosed at fair value.

SB-FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of SB-FRS 113 in the period of initial adoption and believes the impact would not be material.

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

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

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests which entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SB-FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In the Authority's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in income or expenditure.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

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

Financial assets

Cash and bank balances – Cash and bank balances comprise cash held with the Accountant General's Department ("AGD"), cash on hand and demand deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

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

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

Investments at fair value through profit or loss (FVTPL)

Investments are classified as at FVTPL where the investment is either held for trading or it is designated as at FVTPL on inception.

Investment other than an investment held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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- the investment forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and SB-FRS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Investments at FVTPL are stated at fair value, with any resultant gain or loss recognised in income or expenditure. The net gain or loss is recognised in income or expenditure incorporates any dividend or interest earned on these financial assets. Fair value is determined in the manner described in Note 4(c).

Available-for-sale financial assets

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

Loans and receivables

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

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

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

When an available-for-sale financial asset is considered to be impaired, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to income or expenditure.

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

In respect of available-for-sale equity instruments, impairment losses previously recognised in income or expenditure are not reversed through income or expenditure. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or other financial liabilities.

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

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

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

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

Financial liabilities at FVTPL are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in income or expenditure. The net gain or loss recognised in income or expenditure incorporates any interest paid on the financial liability. Fair value is determined in the manner described in Note 4(c).

Other financial liabilities

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

Derecognition of financial liabilities

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

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.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in income or expenditure immediately.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in income or expenditure. Embedded derivatives which are closely related to the host contract are not treated as separate components of the host contract and accounted for as part of the host. On the other hand, embedded derivatives which are not closely related to the host contract are bifurcated and treated as separate components and measured at fair value with changes in fair value recognised in income or expenditure.

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

The Group as lessee

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

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

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

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

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

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

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

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

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

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

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

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

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

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

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

Operating grants
Government grants and contributions from other organisations to meet current financial year's operating expenditure are recognised as income in the same financial year.

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

Deferred capital grants
Government grants and contributions from other organisations utilised for the purchase of depreciable assets are recorded in the deferred capital grants account (shown as liability in the statement of financial position). Deferred capital grants are recognised in income or expenditure in the periods necessary to match the depreciation of the assets purchased with the related grants. Upon disposal of these assets, the balance of the related deferred capital grants is recognised in income or expenditure to match the net book value of the assets written off.

TRUST AND AGENCY FUNDS – Moneys received from the Government and other organisations where the Authority is not the owner and beneficiary are accounted for as trust and agency funds. The receipts and expenditure in respect of agency funds are taken directly to the funds accounts and the net assets relating to these funds are shown as a separate line item on the statement of financial position. Trust and agency funds are accounted for on an accrual basis.

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

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

Long-term service contracts
Where the outcome of a long-term service contract can be estimated reliably, revenue is recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion of direct labour costs incurred for work performed to date relative to the estimated total direct labour costs, except where this would not be representative of the stage of completion. Variations in contract work and claims are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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Where the outcome of a long-term service contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Licence and related fees

Licence and related fees are recognised on the accrual basis over the validity period, except for certain types of fees that are recognised in the financial year in which they are received, net of goods and services tax, where applicable.

Interest income

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

Dividend income

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in income or expenditure in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Provision for pension and medical benefits for eligible retired employees is estimated by management based on the most recent valuation by professional actuaries. For pension and medical benefits, the cost of providing benefits is determined using the Projected Unit Credit ("PUC") actuarial method, with actuarial valuations being carried out at the end of each reporting period. Under the PUC 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. Any actuarial gain or loss arising from the valuation of pension provision is immediately recognised in income or expenditure under staff costs.

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

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

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

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

The tax currently payable is based on taxable profit of the subsidiaries for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Authority and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from 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 assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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Current and deferred tax are recognised as an expense or income in income or expenditure, except when they relate to items credited or debited outside income or expenditure (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside income or expenditure (either in other comprehensive income or directly in equity, respectively).

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Authority are presented in the Singapore dollar, which is the functional currency of the Authority, and the presentation currency for the consolidated financial statements.

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

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

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in the Singapore dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Critical judgements in determining whether impairment has set in

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.

Available-for-sale investments in unquoted equity and fund management entities with carrying value of $8.802 million (2010/2011 : $14.302 million) as at 31 March 2012 are carried at fair value as set out in Note 12. 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.

During the financial year ended 31 March 2012, impairment losses amounting to $1.230 million (2010/2011 : $1.144 million) were recorded for this category of unquoted available-for-sale investments.

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.

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as discussed below:

(a) Provision for pension and medical benefits

The provision for pension and medical benefits is estimated by the management based on the most recent valuation by professional actuaries. If the discount rate used in the valuation were to increase or decrease by 0.5%, the carrying amount of the provision for pension and medical benefits would be approximately $1.468 million (2010/2011 : $1.518 million) lower or $1.575 million (2010/2011 : $1.629 million) higher respectively.

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(b) Fair valuation of investments and derivatives in the absence of quoted prices in an active market

When an unquoted available-for-sale equity investment ("AFS") 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.

For FVTPL investments, standalone derivatives and derivatives embedded in AFS host contracts which are not closely related and are bifurcated, the Group estimates the fair value of FVTPL investments 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. The fair value of investments and derivatives are disclosed in Notes 12 and 14 to the financial statements.

(c) Current income tax and deferred income tax

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

In determining the amount of income tax expense and the amount of deferred tax assets to be recognised on the unused tax losses which have yet to be agreed by the Inland Revenue Authority of Singapore, management exercises significant judgement in assessing whether the gains are likely to be accepted by the Inland Revenue Authority of Singapore as capital in nature; and in respect of losses, as revenue in nature and the extent of unutilised tax losses which may be used in the future to offset future forecasted income. Management's stance is to exercise the relevant degree of conservatism in the evaluation process. The potential unutilised tax losses as at the year end for which no deferred tax asset has been recorded in the financial statements is set out in Note 19 to the financial statements.

(d) Impairment of investment in subsidiaries

At the end of each reporting period, management reviews the carrying amounts of the investment in subsidiaries to determine whether there is any indication that the investment is impaired. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less cost to sell and value in use. In assessing value in use, management need to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of these investments and has recognised an impairment loss of $9.400 million (2010/2011 : $Nil) in one of its subsidiaries as disclosed in Note 10.

(e) Long-term service contracts

Revenue on long-term contracts is recorded on the percentage-of-completion basis. The percentage of completion is determined by dividing the direct labour costs incurred at the end of the reporting period by the sum of incurred direct labour costs and anticipated direct labour costs for completing a contract. The percentage of completion is then applied to the contract value to determine the cumulative revenue earned. This method of revenue recognition requires management to prepare cost estimates to complete contract in progress, and in making such estimates, judgements are required to evaluate contingencies such as potential variances in labours costs. Management has made adequate provision for all known or anticipated losses.

(f) Recoverable amount of the infrastructure

At the end of each reporting period, management assesses the carrying amount of the Group's assets to determine whether there are any indications of impairment for which an allowance is required. For non-financial assets including infrastructure, management determines the recoverable value of the infrastructure based on the higher of calculated value-in-use and fair value less cost to sell using an independent valuer's services. The review highlighted an impairment indicator on infrastructure for which an impairment loss of $1.726 million (2010/2011 : $Nil) was recognised in income and expenditure during the year. As at 31 March 2012, the carrying amount of the infrastructure after impairment is $4.123 million (2010/2011 : $Nil) as disclosed in Note 8 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Financial risk management policies and objectives*

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 programme seeks to minimise potential adverse effects on its financial performance. The Board provides written principles for overall financial risk management and written policies covering specific areas, such as market risk (including price risk, foreign exchange risk, interest rate risk), credit risk and liquidity risk. Such written policies are reviewed annually by the Board and periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with. Risk management is carried out by the Treasury Department under the policies approved by the Board.

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. As a policy, the Group does not hold or issue derivative financial instruments for speculative purposes. However, when the need arises, the Group may enter into credit derivative swaps to manage the credit exposure of some of the securities in the investment portfolio.

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(b) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of reporting period:

	2011/2012 $'000	2010/2011 $'000
i) The Group		
FINANCIAL ASSETS		
a) Investments at FVTPL, at fair value	818,393	835,909
b) Available-for-sale investments, at fair value	8,802	14,302
c) Derivative financial instruments, at fair value	179	570
d) Loans and receivables, at amortised cost:		
Trade receivables	85,591	69,996
Other receivables	13,757	15,481
Grant receivable	52,702	90,039
Staff loans receivable	3	3
Cash and bank balances	343,752	225,397
Sub-total	495,805	400,916
Total assets	1,323,179	1,251,697
FINANCIAL LIABILITIES		
Amortised cost:		
Trade payables	57,305	28,472
Other payables	228,585	226,171
Advances and deposits	294	571
Provision for pension and medical benefits	36,860	38,107
Contribution payable to consolidated fund	5,319	1,411
Total liabilities	328,363	294,732

	2011/2012 $'000	2010/2011 $'000
ii) The Authority		
FINANCIAL ASSETS		
a) Investments at FVTPL, at fair value	765,777	624,229
b) Loans and receivables, at amortised cost:		
Trade receivables	84,276	68,158
Due from subsidiaries	4,230	2,390
Other receivables	12,589	11,861
Grants receivable	52,702	90,039
Staff loans receivable	3	3
Cash at bank balances	275,973	189,515
Sub-total	429,773	361,966
Total assets	1,195,550	986,195
FINANCIAL LIABILITIES		
Amortised cost:		
Trade payables	56,891	28,244
Other payables	221,733	221,212
Advances and deposits	100	133
Provision for pension and medical benefits	36,860	38,107
Contribution payable to consolidated fund	5,319	1,411
Due to a subsidiary	150,000	-
Total liabilities	470,903	289,107

(c) *Market risk management*

Market risk refers to the risk arising from uncertainty in the future values of the financial instruments, resulting from movements in factors such as market interest rates, foreign exchange rates and equity prices.

The Group's primary exposure to market risk is associated with the future values of its available-for-sale investments, as well as other financial assets carried at FVTPL.

The Group manages the market risk by close monitoring of the investment portfolio and regular review of the performance of the investments.

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Fair value of financial instruments/Equity price risk management

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).

i) Cash and bank balances/Trade and other receivables and payables

The carrying amount approximates the fair value due to the relatively short term maturity of these financial instruments.

ii) Available-for-sale investments, FVTPL investments and derivatives

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

Available-for-sale and FVTPL investments are fair valued in the following manner:

a) For investments quoted investments on the stock exchanges, they are fair valued on at the close of business at the end of the reporting period by reference to the relevant stock exchanges quoted bid prices.

b) Unquoted investments are either fair valued at the:
   i) initial public offering price; or
   ii) transaction price of a new financing round if more than 20% interest acquired by an independent third party; or
   iii) quotes from third parties and in house valuation.

c) For any other unquoted investments not listed in (b) and derivatives whose fair values cannot be reliably measured by alternative valuation methods described above, they are carried at cost less any impairment loss.

Price sensitivity analysis

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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. The management monitors the price risk on a regular basis.

Available-for-sale investments

At 31 March 2012, if prices of equity had been 10% higher with all other variables held constant, the fair value increase of these investments and the corresponding increase in fair value reserves would have been $0.880 million (2010/2011 : $1.430 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 reserves would have decreased by an equal amount.

Investments at FVTPL

At 31 March 2012, if prices of equity and debt securities had been 10% higher with all other variables held constant, the fair value of these financial instruments would have been higher by $14.360 million (2010/2011 : $6.569 million) and $2.040 million (2010/2011 : $2.100 million) respectively. Correspondingly, the surplus for the year would have been higher by $16.400 million (2010/2011 : $8.669 million). Conversely, if prices of equity and debt securities had been 10% lower with all other variables held constant, the fair value of the financial instruments would have been lower by $14.360 million (2010/2011 : $6.569 million) and $2.040 million (2010/2011 : $2.100 million) respectively. Correspondingly, the surplus for the year would have been lower by $16.400 million (2010/2011 : $8.669 million).

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

Foreign exchange risk management

The foreign exchange risk of the Group arises mainly from its investment activities. Certain of the Group's investments originated outside of Singapore, the primary economic environment of the Group, and are denominated in currencies other than Singapore dollar. As a result, there are foreign exchange exposures arising from the periodic fair valuation process, as well as upon settlement of purchases and sales of those investments. The Group holds investments in various foreign currencies, mainly in the United States dollar, Euro and Japanese yen.

The Group uses forward exchange derivative financial instruments, where appropriate, to mitigate this risk. Further details on the forward exchange derivative financial instruments are found in Note 13 to the financial statements.

At the respective reporting dates, the carrying amounts of assets and liabilities which are denominated in currencies other than the Group entities' functional currencies are as follows:

	LIABILITIES		ASSETS	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
THE GROUP				
United States dollar	289	-	412,837	397,407
Euro	-	-	67,602	74,575
Japanese yen	-	-	29,937	22,151
THE AUTHORITY				
United States dollar	-	-	401,827	290,115
Euro	-	-	67,602	55,777
Japanese yen	-	-	29,937	16,614

Foreign currency sensitivity analysis

As highlighted above, the Group is mainly exposed to the United States dollar, Euro and Japanese yen.

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the Singapore dollar, the functional currency of the respective entities within the Group. 5% represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes all outstanding foreign currency denominated monetary items and available-for-sale investments. This translation has been adjusted at the period end for a 5% change in foreign currency rate.

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If the relevant foreign currencies were to weaken by 5% against the Singapore dollar, the functional currency of the Group, the surplus for the year and fair value reserve would have been lower as follows:

	INCOME OR EXPENDITURE		OTHER COMPREHENSIVE INCOME	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
THE GROUP				
United States dollar	20,248	19,428	379	442
Euro	3,380	3,729	-	-
Japanese yen	1,497	1,108	-	-
THE AUTHORITY				
United States dollar	20,091	14,506	-	-
Euro	3,380	2,789	-	-
Japanese yen	1,497	831	-	-

A 5% strengthening of the relevant foreign currencies against the Singapore dollar would have resulted in an equal but opposite effect on income or expenditure and fair value reserve, on the basis that all other variables remain constant.

Interest rate risk management

The Group has exposure to interest rate risks due to its investment in mid to long term external debt securities as well as bank deposits as further disclosed in Notes 14 and 20 to the financial statements.

Interest rate sensitivity analysis

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

i) *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 2012 would increase/decrease by $0.813 million (2010/2011 : $0.540 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 2012 would increase/decrease by $0.645 million (2010/2011 : $0.458 million).

ii) *Investments at FVTPL*

If interest rates had been 100 basis points higher and all other variables were held constant, the fair value of the FVTPL investments and hence the Group's surplus for the year ended 31 March 2012 would decrease by $26.860 million (2010/2011 : $27.440 million). Conversely, a reduction in interest rates by 100 basis points would increase the Group's surplus for the year by $28.760 million (2010/2011 : $28.400 million).

If interest rates had been 100 basis points higher and all other variables were held constant, the fair value of the FVTPL investments and hence the Authority's surplus for the year ended 31 March 2012 would decrease by $26.520 million (2010/2011 : $21.160 million). Conversely, a reduction in interest rates by 100 basis points would increase the Authority's surplus for the year by $28.410 million (2010/2011 : $22.160 million).

Liquidity risk management
The Group monitors and maintains a level of cash and bank balances as well as non-derivative financial assets deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

The Group's financial liabilities as shown on the statements of financial position and in the respective notes to the financial statements are non-interest bearing and repayable on demand or due within one year from the end of the reporting period.

The Group has non-derivative financial assets as shown on the statements of financial position under investments at FVTPL which are substantially managed externally by professional fund managers. The non-derivative financial assets comprise investments in debt securities and equity securities which are mainly quoted (as disclosed in Note 14). The non-derivative financial assets may be liquidated readily when required.

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

The fair value of other classes of financial assets and financial liabilities are disclosed in the respective notes to the financial statements.

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

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of derivative instruments are calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used, based on the applicable yield curve of the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

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 asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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Investments measured at fair value

	TOTAL $'000	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000
THE GROUP				
2011/2012				
Financial assets				
Financial assets at FVTPL	818,393	392,619	423,408	2,366
Derivative financial instruments	179	-	179	-
Available-for-sale investments	8,802	-	-	8,802
Total	827,374	392,619	423,587	11,168
Financial liabilities				
Derivative financial instruments	-	-	-	-
2010/2011				
Financial assets				
Financial assets at FVTPL	835,909	479,405	353,340	3,164
Derivative financial instruments	570	-	570	-
Available-for-sale investments	14,302	-	-	14,302
Total	850,781	479,405	353,910	17,466
Financial liabilities				
Derivative financial instruments	-	-	-	-
THE AUTHORITY				
2011/2012				
Financial assets				
Financial assets at FVTPL	765,777	385,068	380,709	-
Financial liabilities				
Derivative financial instruments	-	-	-	-
THE AUTHORITY				
2010/2011				
Financial assets				
Financial assets at FVTPL	624,229	397,529	226,700	-
Financial liabilities				
Derivative financial instruments	-	-	-	-

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

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
THE GROUP			
2011/2012			
Opening balance	3,164	14,302	17,466
Total gain in income or expenditure	1,302	-	1,302
Impairment loss	-	(1,230)	(1,230)
Disposals during the year	(2,200)	(5,800)	(8,000)
Purchases	100	1,530	1,630
Closing balance	2,366	8,802	11,168
Total impairment loss	-	(1,230)	(1,230)
Total gain for the year included in income or expenditure for assets held at the end of the reporting period	1,302	-	1,302
THE GROUP			
2010/2011			
Opening balance	3,851	10,668	14,519
Total gain in income or expenditure	1,172	-	1,172
Impairment loss	-	(1,144)	(1,144)
Disposals during the year *	(2,104)	-	(2,104)
Total loss in other comprehensive income	-	(610)	(610)
Purchases	245	5,388	5,633
Closing balance	3,164	14,302	17,466
Total loss for the year included in other comprehensive income for assets held at the end of the reporting period	-	(610)	(610)
Total impairment loss	-	(1,144)	(1,144)
Total gain for the year included in income or expenditure for assets held at the end of the reporting period	1,172	-	1,172

* Included in disposal of available-for-sale investments during the year were investments, with no carrying cost (as they were fully impaired), disposed at a gain of $1.366 million.

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Credit risk management

Credit risks, or the risk of counterparties defaulting, are controlled by the application of regular monitoring procedures. The extent of the Group's credit exposure is represented by the aggregate balance of cash and bank balances, receivables and investment in debt and equity securities.

The Group places funds with AGD and reputable financial institutions. It is the policy of the Group to invest only in securities which meet the criteria approved by the Investment Committee.

At the end of the reporting period, the Group has credit derivatives, with negative fair values amounting to $0.790 million (2011 : $1.948 million) to manage the exposure arising from its investment in debt securities. Accordingly, the changes in fair value of these credit derivatives have no significant impact on the Group's surplus for the year.

Capital risk management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of equity as detailed in the statement of changes in equity.

The Group reviews its capital structure at least annually. As part of this review, the Group considers the cost of capital and risks associated with it. There have been no changes to the Group's overall capital policy as compared to 2010/2011.

5 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

The Authority was previously exempted from disclosure of transactions and balances with other state-controlled entities under the previous SB-FRS 24 *Related Party Disclosures*. During the financial year, with the revised Standard, the Authority has to make additional disclosures as set out in Note 5(a) to the financial statements.

(a) Related parties transactions and balances

The Group had the following significant transactions with its supervisory Ministry and other related parties during the year:

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Transactions with:				
Subsidiaries:				
Dividend income	-	-	577	-
Professional service fees	-	-	119	166
Rental income	-	-	824	508
Other income	-	-	738	419
Recovery manpower charges	-	-	234	228
Total	-	-	2,492	1,321
Interest expenses	-	-	(667)	-
Grant expenses	-	-	(4,775)	(8,240)
Total	-	-	(5,442)	(8,240)
Ministries and statutory boards				
Professional service fees	180,192	162,034	180,192	162,034
Standard ICT service fees	163,300	127,718	163,300	127,718
Grants received	284,212	455,530	284,212	455,530
Total	627,704	745,282	627,704	745,283
Contribution to consolidated fund	(8,070)	(2,311)	(8,070)	(2,311)
Balances with:				
Amounts due from subsidiaries	-	-	4,230	3,150
Amounts due to a subsidiary (Note 26)	-	-	(150,000) *	-
Amounts due from ministries and statutory boards (Note 15)	66,688	54,642	66,122	54,076
Contribution payable to consolidated fund (Note 25)	(5,319)	(1,411)	(5,319)	(1,411)
Grants receivable (Note 17)	52,702	90,039	52,702	90,039

The outstanding amounts are unsecured. 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 2011/2012 and 2010/2011 as the credit risk are assessed to be low.

* During the financial year, a subsidiary of the Group transferred its portfolio of investment managed by external fund managers to the Authority at their fair values on transfer date amounting to $151.917 million. See Note 26 for further details.

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(b) ***Compensation of key management personnel***

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

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Short term benefits	7,298	8,287	4,141	5,186
Post employment benefits	192	209	104	118
Total	7,490	8,496	4,245	5,304

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.

6 SHARE CAPITAL/STATUTORY RESERVE

Share capital

	THE GROUP AND AUTHORITY			
	2011/2012 NUMBER OF SHARES	2010/2011 NUMBER OF SHARES	2011/2012 $'000	2010/2011 $'000
Issued and fully paid up:				
At beginning of year	1,001,001	1,000	1,001	1
Issuance of shares	10,000,000	1,000,001	10,000	1,000
At end of year	11,001,001	1,001,001	11,001	1,001

In 2011/2012, the Authority issued an additional 10,000,000 shares (2010/2011 : 1,000,001) to Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183) for $10,000,000 (2010/2011 : $1,000,001). 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.

Statutory reserve

The statutory reserve relates to the subsidiary incorporated in Kingdom of Bahrain (Note 10).

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.

7 TRUST AND AGENCY FUNDS

Trust and agency funds represent moneys received in trust and managed by the Authority as agent on behalf of or under instructions from the principals which comprise the Government and other statutory boards. As the Authority is not the owner and beneficiary of these funds, the receipts and expenditure are taken directly to the fund account which is shown as a separate one-liner on the statements of financial position.

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

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Balance at beginning of financial year	3,896	7,306
Receipts	166,053	189,662
Expenditures	(166,453)	(193,091)
Interest income	17	19
Balance at end of financial year	3,513	3,896
Represented by:		
Fixed deposit	5,530	6,007
Interest receivable	11	51
Trade and other payables	(2,028)	(2,162)
Net assets	3,513	3,896

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8 PROPERTY, PLANT AND EQUIPMENT

	FURNITURE AND FITTINGS $'000	EQUIPMENT $'000	PLANT AND MACHINERY $'000	BUILDINGS $'000	INFRASTRUCTURE $'000	CAPITAL WORK-IN-PROGRESS $'000	TOTAL $'000
The Group							
Cost:							
At 1 April 2010	12,200	15,963	6,334	809	-	214	35,520
Additions	52	1,084	160	-	-	11,236	12,532
Disposals	(74)	(3,949)	(237)	-	-	(3)	(4,263)
Reclassification	-	27	58	-	-	(85)	-
Reclassification to intangible asset	-	-	-	-	-	(540)	(540)
At 31 March 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 asset	-	-	-	-	-	(42)	(42)
At 31 March 2012	15,415	13,951	7,154	809	6,580	1,371	45,280
Accumulated depreciation:							
At 1 April 2010	11,314	11,539	5,800	809	-	-	29,462
Depreciation for the year	673	1,518	256	-	-	-	2,447
Disposals	-	(1,450)	(237)	-	-	-	(1,687)
At 31 March 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)
At 31 March 2012	5,007	11,987	6,005	809	731	-	24,539
Impairment:							
Impairment loss for the year and balance at 31 March 2012(i)	-	-	-	-	(1,726)	-	(1,726)
Carrying amount:							
At 31 March 2012	10,408	1,964	1,149	-	4,123	1,371	19,015
At 31 March 2011	191	1,518	496	-	-	10,822	13,027

(i) During the year, one of the Group's subsidiaries had recognised an impairment loss of $1.726 million on the infrastructure used in the operations as its fair value less costs to sell was lower than the carrying amount of the capitalised infrastructure.

	FURNITURE AND FITTINGS $'000	EQUIPMENT $'000	PLANT AND MACHINERY $'000	BUILDINGS $'000	CAPITAL WORK-IN PROGRESS $'000	TOTAL $'000
The Authority						
Cost:						
At 1 April 2010	12,074	13,913	6,334	809	183	33,313
Additions	51	892	160	-	9,989	11,092
Disposals	(74)	(3,895)	(237)	-	-	(4,206)
Reclassification	-	-	58	-	(58)	-
Reclassification to intangible asset	-	-	-	-	(540)	(540)
At 31 March 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 asset	-	-	-	-	(42)	(42)
At 31 March 2012	15,201	11,489	7,154	809	1,338	35,991
Accumulated depreciation:						
At 1 April 2010	11,272	9,862	5,800	809	-	27,743
Depreciation for the year	629	1,108	256	-	-	1,993
Disposals	-	(1,395)	(237)	-	-	(1,632)
At 31 March 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
Carrying amount:						
At 31 March 2012	10,298	1,663	1,149	-	1,338	14,448
At 31 March 2011	150	1,335	496	-	9,574	11,555

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 (2010/2011 : $3.179 million), and carrying amount of $1 (2010/2011 : $1) as at 31 March 2012. The Authority is holding the land and building in trust for the operations of the Singapore Philatelic Museum on behalf of the National Heritage Board.

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

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9 INTANGIBLE ASSETS

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Cost:				
Balance at beginning of financial year	7,812	6,830	7,812	6,830
Additions	386	854	253	854
Reclassification from capital work-in-progress	42	540	42	540
Disposals	(97)	(412)	(97)	(412)
Balance at end of financial year	8,143	7,812	8,010	7,812
Accumulated amortisation:				
Balance at beginning of financial year	6,892	6,112	6,892	6,112
Amortisation for the financial year	695	971	661	971
Disposals	(93)	(191)	(93)	(191)
Balance at end of financial year	7,494	6,892	7,460	6,892
Carrying amount:				
Balance at end of financial year	649	920	550	920

10 SUBSIDIARIES

		THE AUTHORITY	
		2011/2012 $'000	2010/2011 $'000
(a)	Unquoted shares, at cost	273,535	253,535
	Less: impairment loss	(9,400)	-
		264,135	253,535

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 NAF Programme, an impairment loss of $9.400 million (2010/2011 : $Nil) 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.

(b) Details of the Authority's subsidiaries as at the end of the 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	
		2011/2012 $'000	2010/2011 $'000	2011/2012 %	2010/2011 %
Held by the Authority					
Infocomm Investments Pte Ltd [a]	Investment holding and investment management/ Singapore	237,822	237,822 [1]	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	22,000 [2]	2,000 [2]	100	100
		273,535	253,535		
Held by subsidiary					
IDA International Bahrain Pte Ltd SPC [b]	Provide consultancy services/Kingdom of Bahrain	-	-	100	100

[1] In 2010/2011, the subsidiary underwent a capital reduction exercise by reducing its issued share capital by $53.200 million. The capital reduction was satisfied by the transfer of some of the subsidiary's investments at fair value and cash payment of $9.537 million.

[2] Newly incorporated wholly-owned subsidiary in 2010/2011. In 2011/2012, the Authority subscribed to 20,000,000 ordinary shares for $1 each for cash.

[a] Audited by Deloitte & Touche LLP, Singapore.

[b] Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

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11 DEFERRED EXPENDITURE

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Cost:		
Balance at beginning of financial year	7,921	6,994
Additions	883	1,019
Written-off	(187)	(92)
Balance at end of financial year	8,617	7,921
Accumulated amortisation:		
Balance at beginning of financial year	4,537	3,879
Amortisation for the financial year (Note 32)	520	658
Balance at end of financial year	5,057	4,537
Carrying amount:		
Balance at end of financial year	3,560	3,384

12 AVAILABLE-FOR-SALE INVESTMENTS

		THE GROUP		THE AUTHORITY	
		2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
(a)	Unquoted fund investments, at fair value*	2,512	2,780	-	-
(b)	Unquoted equity shares, at fair value**	6,290	11,522	-	-
(c)	Unquoted equity shares, at cost***	2,832	1,602	-	-
	Less: Impairment loss	(2,832)	(1,602)	-	-
	Net	-	-	-	-
	Total	8,802	14,302	-	-

* Unquoted fund investments at fair value include impairment losses amounting to $9.895 million (2010/2011 : $9.895 million). 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.

** Investments in unquoted equity shares at fair value include impairment losses amounting to $Nil (2010/2011 : $0.431 million).

*** 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 at best 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 varied significantly. Accordingly, these investments are stated at cost less impairment loss.

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

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
(a) Unquoted fund investments, at fair value				
Balance at beginning of the year	9,895	9,182	-	-
Charge to income or expenditure	-	713	-	-
Balance at end of the year	9,895	9,895	-	-
(b) Unquoted equity shares, at fair value				
Balance at beginning of the year	431	-	-	-
Charge to income or expenditure	-	431	-	-
Eliminated on disposal of investments	(431)	-	-	-
Balance at end of the year	-	431	-	-
(c) Unquoted equity shares, at cost			-	-
Balance at beginning of the year	1,602	1,602	-	-
Charge to income or expenditure	1,230	-	-	-
Balance at end of the year	2,832	1,602	-	-

The Group's available-for-sale investments which are not denominated in the functional currency of the respective entities are as follows:

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
United States dollar	7,572	8,836	-	-

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13 DERIVATIVE FINANCIAL INSTRUMENTS

	THE GROUP		THE GROUP	
	ASSETS 2011/2012 $'000	LIABILITIES 2011/2012 $'000	ASSETS 2010/2011 $'000	LIABILITIES 2010/2011 $'000
Forward foreign exchange contracts	179	-	570	-
Classified as				
- Current	179	-	394	-
- Non-current	-	-	176	-
	179	-	570	-

The Group utilises forward foreign exchange contracts to hedge significant future foreign currency transactions and cash flows. The instruments purchased are primarily denominated in the currencies of the Group's principal markets.

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

Foreign Currency Contract Value

	THE GROUP	
	2011/2012 $'000	2010/2011 $'000
Sell United States dollar	1,257	4,000
Buy Singapore dollar	1,759	5,607

14 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

		THE GROUP		THE AUTHORITY	
		2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
(a)	**At fair value**				
	Quoted preference shares	21,046	32,112	-	-
	Quoted equity	134,539	136,846	134,539	102,685
	Quoted debt securities	640,853	647,729	631,238	521,544
	Unquoted debt securities	21,955	19,222	-	-
	Total	818,393	835,909	765,777	624,229
(b)	**Classified as**				
	- Current	54,800	52,286	12,143	18,155
	- Non-current	763,593	783,623	753,634	606,074
	Total	818,393	835,909	765,777	624,229

Investments at FVTPL represent financial assets held by the Group which are designated as FVTPL on inception and/or financial instruments with embedded derivatives that require bifurcation pursuant to SB-FRS 39. These are mainly debt instruments and preference shares that are equity in nature, and which carry a right to demand certain fixed returns upon the trigger of some performance events. 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 FVTPL.

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

ii) 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.

iii) Included in the unquoted debts securities at fair value are instruments amounting to $19.588 million (2010/2011: $18.258 million) which were acquired with embedded credit derivatives. The fair values of the embedded credit derivatives and the unquoted debt securities are based on the average of the prices quoted by the banks, independent external valuers based on their proprietary valuation models and the Group's in-house valuation model.

The Group's investments carried at FVTPL which are not denominated in the functional currencies of the respective entities are as follows:

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
United States dollar	403,066	386,583	401,770	290,001
Euro	67,602	74,575	67,602	55,777
Japanese yen	29,937	22,151	29,937	16,614

15 TRADE RECEIVABLES

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Outside parties	18,903	15,354	18,154	14,082
Ministries and statutory boards	66,688	54,642	66,122	54,076
Total	85,591	69,996	84,276	68,158

The average credit period on sales of services is 30 days (2010/2011 : 30 days). No interest is charged on the overdue trade receivables.

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

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Not past due and not impaired	67,568	61,870	66,253	60,032
Past due but not impaired (i)	18,023	8,126	18,023	8,126
Impaired receivables - individually assessed (ii)	155	36	155	36
Less: Allowance for impairment	(155)	(36)	(155)	(36)
Total trade receivables, net	85,591	69,996	84,276	68,158

Most of the Group's trade receivable balances are from Government Organisations ("GO") whose credit risk are assessed to be low.

Included in the Group's trade receivable balance are debtors with a carrying amount of $18.023 million (2010/2011 : $8.126 million) which are past due at the end of the reporting period for which the Group has not provided an allowance for possible doubtful debts as more than 67% (2010/2011 : 82%) 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 94 days (2010/2011 : 106 days).

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

Movement in the allowance for doubtful debts

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Balance at beginning of the year	36	22
Amounts recovered during the year	-	(10)
Increase in allowance recognised in income or expenditure	119	24
Balance at end of the year	155	36

Trade receivables which are not denominated in the functional currencies of the respective entities in the Group are as follows:

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
United States dollar	586	1,491	-	-

16 OTHER RECEIVABLES

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Sundry debtors	1,350	2,472	742	1,218
Deposits	4,833	4,455	4,833	4,452
Interest receivable	7,297	8,037	7,014	6,191
Prepayment	1,864	2,241	1,502	2,134
Dividend receivable	277	517	-	-
Total	15,621	17,722	14,091	13,995

17 OPERATING AND DEVELOPMENT GRANTS - GOVERNMENT

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Balance at beginning of the financial year	(90,039)	21,367
Operating grants - Government	36,538	83,108
Development grants - Government	247,674	372,422
Net grants received during the financial year	284,212	455,530
Transfer (to) from deferred capital grants	(151)	2,457
Grants receivable	52,702	90,039
Grants recognised in income or expenditure	246,724	569,393

18 STAFF LOANS RECEIVABLES

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Other loans	3	3
Amounts due within one year	(3)	(3)
Amounts due after one year	-	-

Other loans which include loans to employees for purchase of computers and renovation purposes, are repayable by monthly instalments at Nil interest (2010/2011 : Nil interest) and 5% (2010/2011 : 5%) interest per annum respectively, over a period of 2 to 7 years (2010/2011 : 2 to 7 years)

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19 TAX RECOVERABLE AND INCOME TAX PAYABLE

a) The Group's income tax relates wholly to the subsidiaries of the Authority. The Group's income tax is made up as follows:

	THE GROUP	
	2011/2012 $'000	2010/2011 $'000
Current income tax	290	352
Deferred taxation	7	(56)
	297	296
(Over) Under provision in prior financial years	(22)	1
Total	275	297

The income tax (benefit) expense varied from the amount of income tax (benefit) expense determined by applying the Singapore income tax rate of 17% (2010/2011 : 17%) to (loss) profit before income tax of the subsidiaries due to the following factors:

	THE GROUP	
	2011/2012 $'000	2010/2011 $'000
Surplus before contribution to consolidated fund and income tax	38,769	18,826
Add: Dividend from a subsidiary	577	-
Less: Impairment on investment in a subsidiary	(9,400)	-
Less: Surplus of the Authority subject to contribution to consolidated fund	(31,290)	(8,299)
(Loss) Profit before income tax of the subsidiaries	(1,344)	10,527

	THE GROUP	
	2011/2012 $'000	2010/2011 $'000
Income tax (benefit) expense at statutory rate	(228)	1,790
Effect of concessionary tax rate	(84)	(233)
Non-deductible item	293	-
Income not subject to tax	(207)	(329)
Effect of previously unrecognised deferred tax benefits	(731)	(1,116)
(Over) Under provision in prior financial years	(22)	1
Effect of deferred tax benefits not recognised	1,185	108
Foreign tax	61	66
Others	8	10
Net	275	297

A subsidiary of the Group invested in certain debt financial instruments which generate income that are taxed at a concessionary tax rate of 10% (2010/2011 : 10%).

As at 31 March 2012, certain subsidiaries of the Group have unused tax losses amounting to approximately $47.288 million (2010/2011 : $44.635 million) with tax benefit of $8.039 million (2010/2011 : $7.588 million) under the full corporate tax category. In addition, a subsidiary of the Group plans to claim for Productivity and Innovation Credit ("PIC") incentive amounting to approximately $4.800 million (2010/2011 : $Nil).

Utilisation of such tax 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 and unused PIC incentive due to the unpredictability of future profit streams.

b) Movements in tax recoverable

	THE GROUP	
	2011/2012 $'000	2010/2011 $'000
Balance at beginning and end of the financial year	323	323

c) Movements in income tax payable

	THE GROUP	
	2011/2012 $'000	2010/2011 $'000
Balance at beginning of the financial year	290	315
(Over) Under provision in prior financial years	(22)	1
Income tax paid during the year	(327)	(378)
Current year tax provision	290	352
Balance at end of the financial year	231	290

d) Movements in deferred taxation

	THE GROUP	
	2011/2012 $'000	2010/2011 $'000
Balance at beginning of the financial year	7	63
Charged (Credited) to income or expenditure	7	(56)
Balance at end of the financial year	14	7

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20 CASH AND BANK BALANCES

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Cash with AGD	322,566	215,823	257,925	183,015
Cash with external fund managers	17,817	7,909	17,817	6,247
Bank and cash balances	3,369	1,665	231	253
Total	343,752	225,397	275,973	189,515

The cash with AGD is centrally maintained as a consolidated pool. This arrangement sets out a pooling system whereby the cash accounts of the participating Group entities are pooled into one single account to generate higher interest returns. Individual accounts are still maintained for daily transaction purposes and funds are channelled from the main account whenever there are insufficient funds for transactional purposes. The cash with AGD bears effective interest rate of 0.66% (2010/2011 : 0.56%)

Cash and bank balances which are not denominated in the functional currencies of the respective entities within the Group are as follows:

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
United States dollar	1,613	497	57	114

Cash and bank balances of the Group and Authority include an amount of approximately $36.860 million (2010/2011 : $38.107 million) earmarked for payment of pension and medical benefits to pensioners.

21 DEFERRED INCOME

Deferred income comprises mainly licence and related fees that are recognised in income or expenditure over the remaining period of the licence.

22 TRADE PAYABLES

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Outside parties	57,305	28,472	56,891	28,244

The average credit period is 30 days (2010/2011 : 30 days).

All trade payables are denominated in the functional currencies of the respective entities within the Group.

23 OTHER PAYABLES

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Accrual of expenses under development funds	85,384	114,304	85,384	114,304
Accrual for payroll related expenses	57,563	52,421	57,232	52,066
Accrual for operating and other expenses	88,997	58,510	86,797	54,510
Accrual for purchase of fixed assets	5,442	9,426	457	8,179
Total	237,386	234,661	229,870	229,059

Other payables which are not denominated in the functional currencies of the respective entities within the Group are as follows:

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
United States dollar	289	-	-	-

24 PROVISION FOR PENSION AND MEDICAL BENEFITS

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Balance at beginning of the financial year	38,107	40,612
Provision for the financial year	1,737	565
Payments during the financial year	(2,984)	(3,070)
Net	36,860	38,107
Amounts due within one year	(2,984)	(3,070)
Amounts due after one year	33,876	35,037

Amounts recognised in income or expenditure in respect of the defined benefit plan are as follows:

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Interest Cost	420	488
Actuarial loss for the year	1,317	77
Total	1,737	565

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The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 March 2012 and 2011 performed by an independent firm of professional actuaries.

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

	2011/2012	2010/2011
Discount rate	0.6%	1.2%
Mortality age	88 years	88 years
Medical inflation rate	5.0%	5.0%

25 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 (before donations) as follows:

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Surplus of the Authority before donations and contribution to consolidated fund	31,290	8,299
Contribution at 17%* (2010/2011 : 17%*)	5,319	1,411
Additional contribution	2,751	900
Total	8,070	2,311

In 2011/2012, there was an additional contribution to the consolidated fund amounting to $2.751 million (2010/2011 : $0.900 million) which arose from the recovery of upfront service fees from the service provider implementing the Standard Information Communications Technology Operating System.

26 DUE TO A SUBSIDIARY – NON–TRADE

The amount due to a subsidiary arises from the sale of investment in equity and debt securities by the subsidiary to the Authority during the financial year at fair market value. The settlement will be 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.

27 REVENUE

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

(b) Licence fees comprise annual fees, initial fees and fees set aside for development projects. Annual fees are charged to the service providers in Singapore based on either a percentage of their annual gross turnover of the services provided by the service providers or a flat fee, depending on the types of licence issued. Initial fees are one-off fees charged to certain service providers for their long term licences and are recognised over the period of the licences.

(c) Frequency fees are mainly fees charged for the use of radio frequency spectrum for telecommunication, broadcasting and other radio networks. Fees set aside for development projects are recognised on a realisation basis.

28 INTEREST INCOME

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Fixed deposits and bank accounts	1,352	1,650	984	1,105
Debt securities	2,039	4,005	1,959	2,335
Others	14	2	2	2
Total	3,405	5,657	2,945	3,442

29 OTHER INCOME

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Reactivation	4	8	-	-
Other service income	8,537	6,449	10,331	7,480
Others	2,207	995	2,141	368
Total	10,748	7,452	12,472	7,848

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30 NET DEVELOPMENT FUND EXPENSES

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Development fund expenses:				
Cluster Development Fund project	186	410	186	410
Infocomm 21 Fund project	156	2,490	156	2,490
Infocomm Security Masterplan 2	3,046	1,921	3,046	1,921
Youth Olympic Games	995	6,492	995	6,492
E-Lifestyle Marketing project	-	(13)	-	(13)
Wired with Wireless project	3,754	2,990	3,754	2,990
Connected Singapore Blueprint	5,164	6,525	5,164	6,525
iN2015 Masterplan	24,329	28,137	29,105	36,377
Enhanced CITREP: Critical Infocomm Technology Resources Program	6,652	5,995	6,652	5,995
Silver Infocomm Hotspot	28	61	28	61
SGIX Grant: Establishment of the Singapore Internet Exchange	1,655	533	1,655	533
Green ICT Programme	165	42	165	42
Next Generation National Broadband Network	201,087	461,958	201,087	461,958
MICA Core Innovation Fund Project	119	-	119	-
	247,336	517,541	252,112	525,781
Less: Development project income/funding:				
Infocomm 21 Fund project	-	28	-	28
Infocomm Security Masterplan 2	39	-	39	-
Wired with Wireless project	3,754	2,991	3,754	2,991
Connected Singapore Blueprint	316	569	316	569
iN2015 Masterplan	10,907	10,005	10,907	10,005
	15,016	13,593	15,016	13,593
Net development fund expenses	232,320	503,948	237,096	512,188

The development activities relate to project income and fund expenses to develop Singapore Info-communications industry. All development project income and fund expenses are funded mainly by development grants received from the Government, except for expenses incurred for iN2015 Masterplan, E-Lifestyle Marketing Project, Wired with Wireless Project, Connected Singapore Blueprint and Enhanced CITREP which are funded by the Authority itself.

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

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

(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) E-Lifestyle Marketing project
Under this initiative, the Authority undertakes several programmes in phases to target low-income households, different ethnic groups and the late adopters of info-communications technology. These programmes aim to raise the awareness of these target groups on how info-communications technology can enhance their quality of life.

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

(g) 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.

(h) 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.

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(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

31 SALARIES, CPF AND OTHER CONTRIBUTIONS

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Wages and salaries	175,215	158,443	165,945	149,488
Employer's contribution to Central Provident Fund	18,910	18,508	18,207	17,961
Other related staff costs	2,449	2,629	2,102	2,479
Total	196,574	179,580	186,254	169,928

32 OTHER EXPENSES

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
IT promotion and sponsorship	403	415	392	393
Utilities	5,245	3,552	5,245	3,551
Publicity expense	1,020	780	672	712
Telecommunications and internet services	1,515	1,448	1,382	1,389
Irrecoverable GST	1,853	5,078	1,853	5,078
General and administration expense	4,491	4,184	2,495	2,886
Local travelling	747	680	689	629
Amortisation of deferred expenditure (Note 11)	520	658	520	658
Total	15,794	16,795	13,248	15,296

33 GAIN/LOSS ON DISPOSAL OF INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – NET

As part of the risk management process, the management of the Group conducts ongoing review of its financial assets held in the investment portfolio. In prior year, in view of the global financial crisis then, financial assets were divested during the financial year to safeguard the Group's capital assets. In the current year, the management continues to divest certain financial assets as part of its ongoing review.

34 COMMITMENTS

(a) Capital and investment commitments

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

	THE GROUP		THE AUTHORITY	
	2011/2012 $'000	2010/2011 $'000	2011/2012 $'000	2010/2011 $'000
Capital expenditure	50,630	59,437	1,804	6,437
Refurbish of website	77	-	-	-
Total	50,707	59,437	1,804	6,437

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(b) 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:

	THE GROUP AND AUTHORITY	
	2011/2012 $'000	2010/2011 $'000
Not later than one year	36,718	15,140
Later than one year but not later than five years	134,346	61,016
Later than 5 years	260,447	48,540
Total	431,511	124,696

Operating lease payments represent rentals payable by the Group for certain of its office properties and office equipment. Leases are negotiated 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.

(c) Development fund expense commitments

As at the end of the reporting period, the development fund expenses committed amounted to approximately $0.840 billion (2010/2011 : $0.841 billion).

(d) Youth Olympic Games expense commitments

As at the end of the reporting period, the Youth Olympic Games expenses committed amounted to approximately $Nil million (2010/2011 : $0.527 million).

(e) 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 $5.702 million (2010/2011 : $7.099 million).

35 DIVIDENDS

During the financial year ended 31 March 2012, the Authority declared and paid a dividend of $0.5443 per share (total dividend : $5.988 million) on the ordinary shares issued to the Minister for Finance in respect of the financial year ended 31 March 2012. In 2010/2011, the dividend paid was $11.8162 per share (total dividend : $11.828 million).