FINANCIAL STATEMENTS

STATEMENT BY THE BOARD

In our opinion,

(a) the accompanying consolidated financial statements of Info-communications Development Authority of Singapore (the "Authority") and its subsidiaries (the "Group") are properly drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) (the "Act") and Singapore Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Authority as at 31 March 2009, and of the results, changes in equity of the Group and the Authority and cash flows of the Group for the financial year ended on that date;

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

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

ON BEHALF OF THE BOARD

Yong Ying-I
Chairman

Ronnie Tay
Chief Executive Officer

Singapore
23 June 2009

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 balance sheets of the Group and the Authority as at 31 March 2009, the income and expenditure statements and statements of changes in equity of the Group and the Authority, and the cash flow statement of the Group for the year then ended; and a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 58.

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

(a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

Opinion
In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet, income and expenditure statement and statement of changes in equity of the Authority are properly drawn up in accordance with the provisions of the Act and SB-FRS so as to give a true and fair view of the state of affairs of the Group and of the Authority as at 31 March 2009, and of the result 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; and

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

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

Deloitte & Touche LLP

Public Accountants and Certified Public Accountants

Singapore
23 June 2009

BALANCE SHEETS

As at 31 March 2009

	Note	The Group 2008/2009 $'000	The Group 2007/2008 $'000	The Authority 2008/2009 $'000	The Authority 2007/2008 $'000
Capital and reserves					
Share capital	6	1	-	1	-
Capital account		356,165	356,165	356,165	356,165
Fair value changes reserve		3,630	3,173	-	-
Accumulated surplus		323,820	352,857	333,068	326,060
		683,616	712,195	689,234	682,225
Trust and agency funds	7	5,375	3,090	5,375	3,090
Represented by:					
Non-current assets					
Property, plant and equipment	8	4,866	2,976	4,134	2,950
Intangible assets	9	225	212	225	212
Subsidiaries	10	-	-	302,835	294,835
Deferred expenditure	11	3,118	3,653	3,118	3,653
Staff loans receivable after one year	12	1	5	1	5
Available-for-sale investments	13	8,144	9,045	-	-
Investments at fair value through profit or loss	14	173,120	392,622	34,966	123,255
		189,474	408,513	345,279	424,910
Current assets					
Trade receivables	15	33,563	22,606	33,311	22,606
Due from subsidiaries - Non-trade		-	-	1,341	329
Other receivables	16	7,625	9,041	6,440	6,167
Staff loans receivable within one year	12	6	11	6	11
Tax recoverable	17b	1,171	936	-	-
Investments at fair value through profit or loss	14	29,790	83,053	17,881	83,053
Cash and bank balances	18	826,533	593,812	685,251	546,582
		898,688	709,459	744,230	658,748

	Note	The Group 2008/2009 $'000	The Group 2007/2008 $'000	The Authority 2008/2009 $'000	The Authority 2007/2008 $'000
Less:					
Current liabilities					
Fees received in advance	19	47,233	66,329	45,698	64,840
Trade payables	20	20,191	10,685	20,116	10,685
Other payables	21	80,203	74,420	78,311	73,906
Advances and deposits		461	351	102	102
Grants received in advance	22	12,765	8,486	12,765	8,486
Income tax payable	17c	107	882	-	-
Provision for pension and medical benefits	23	3,236	3,300	3,236	3,300
Contribution payable to consolidated fund	24	3,287	6,109	3,287	6,109
		167,483	170,562	163,515	167,428
Less:					
Non-current liabilities					
Deferred capital grants					
- Government		245	329	246	329
Deferred income	19	198,040	193,156	197,860	193,006
Provision for pension and medical benefits	23	38,654	40,670	38,654	40,670
Deferred tax liabilities	17d	124	1,060	-	-
		237,063	235,215	236,760	234,005
Net assets of the Authority		683,616	712,195	689,234	682,225
Net assets of trust and agency funds	7	5,375	3,090	5,375	3,090

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

INCOME AND EXPENDITURE STATEMENTS

For the financial year ended 31 March 2009

	Note	The Group		The Authority	
		2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Revenue					
Service fees	25	134,763	112,413	132,050	112,413
Licence and frequency fees	25	69,856	90,589	69,856	90,589
Interest income	26	19,134	24,519	12,174	17,115
Positive fair value changes on investments at fair value through profit or loss		1,063	91	-	3,010
Gain on disposal of available-for-sale investments		21	492	-	-
Other income	27	8,563	11,066	8,925	9,164
Standard ICT service fees		19,633	-	19,633	-
Dividend income		1,550	1,518	-	-
Distributions from fund investments		-	1,854	-	-
		254,583	242,542	242,638	232,291
Less:					
Expenses					
Salaries, CPF and other contributions	28	135,599	121,346	131,454	120,202
Professional services		41,504	33,994	41,052	33,713
Regulatory and promotion expenses		3,736	5,082	3,735	5,058
Other expenses	29	10,851	12,177	10,649	12,050
Standard ICT transition charges		20,266	-	20,266	-
Rental expenses		14,601	12,428	14,339	12,263
Staff welfare and allowance		5,132	4,341	5,035	4,306
Repairs and maintenance		4,575	4,039	4,306	3,714
Overseas missions and meetings		3,188	3,122	2,453	3,045
Supplies and services		2,547	2,023	2,429	2,016
Staff training		3,305	3,189	3,289	3,183
Depreciation of property, plant and equipment	8	2,344	1,515	1,963	1,492
Provision for pension and medical benefits	23	1,156	9,285	1,156	9,285
Property, plant and equipment expensed off		267	298	265	292

	Note	The Group 2008/2009 $'000	The Group 2007/2008 $'000	The Authority 2008/2009 $'000	The Authority 2007/2008 $'000
Board members' allowance		253	183	193	183
Negative fair value changes on investments at fair value through profit or loss		32,566	-	1,568	-
Loss on disposal of available-for-sale investments-net		690	-	-	-
Foreign currency exchange difference		214	27	222	14
Allowance of impairment on trade receivables		15	10	15	9
Property, plant and equipment written off		10	-	10	-
Loss on disposal of investments at fair value through profit or loss–net	30	13,842	-	3,820	-
Impairment loss of available-for-sale investments		729	-	-	-
Expenditure before development fund expenses		297,390	213,059	248,219	210,825
(Deficit) Surplus before development fund expenses		(42,807)	29,483	(5,581)	21,466
Development fund expenses	31	(37,944)	(37,540)	(37,944)	(37,540)
Deficit before government grants		(80,751)	(8,057)	(43,525)	(16,074)
Government grants					
Operating grants		34,175	31,552	34,175	31,552
Development grants		27,521	18,341	27,521	18,341
	22	61,696	49,893	61,696	49,893
Deferred capital grants amortised		88	118	88	118
		61,784	50,011	61,784	50,011
(Deficit) Surplus before contribution to consolidated fund and income tax		(18,967)	41,954	18,259	33,937
Contribution to consolidated fund	24	(3,287)	(6,109)	(3,287)	(6,109)
Income tax recoverable (expense)	17a	1,181	(4,476)	-	-
Net (deficit) surplus for the year		(21,073)	31,369	14,972	27,828

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 March 2009

	The Group					The Authority			
	Share capital $'000	Capital account $'000	Fair value changes reserve $'000	Accumulated surplus $'000	Total $'000	Share capital $'000	Capital account $'000	Accumulated surplus $'000	Total $'000
Balance at 1 April 2007	-	356,165	4,821	321,488	682,474	-	356,165	298,232	654,397
Net fair value changes on available-for-sale investments, representing net income recognised directly in equity	-	-	(1,648)	-	(1,648)	-	-	-	-
Net surplus for the year	-	-	-	31,369	31,369	-	-	27,828	27,828
Total recognised income and expenditure for the year	-	-	(1,648)	31,369	29,721	-	-	27,828	27,828
Balance at 31 March 2008	-	356,165	3,173	352,857	712,195	-	356,165	326,060	682,225
Provision for deferred tax liability arising from fair value changes in prior years no longer required	-	-	531	-	531	-	-	-	-
Net fair value changes on available-for-sale investments, representing net income recognised directly in equity	-	-	(74)	-	(74)	-	-	-	-
Net (deficit) surplus for the year	-	-	-	(21,073)	(21,073)	-	-	14,972	14,972
Total recognised income and expenditure for the year	-	-	457	(21,073)	(20,616)	-	-	14,972	14,972
Issue of share capital (Note 6)	1	-	-	-	1	1	-	-	1
Dividend paid for the year (Note 33)	-	-	-	(7,964)	(7,964)	-	-	(7,964)	(7,964)
Balance at 31 March 2009	1	356,165	3,630	323,820	683,616	1	356,165	333,068	689,234

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 March 2009

	Note	The Group 2008/2009 $'000	The Group 2007/2008 $'000
Operating activities			
Deficit before government grants		(80,751)	(8,057)
Adjustments for:			
Depreciation of property, plant and equipment	8	2,344	1,515
Amortisation of deferred expenditure	29	731	936
Amortisation of intangible assets	29	338	454
Impairment loss on available-for-sale investments	13	729	-
Net loss on disposal of available-for-sale investments		669	(492)
Net loss on disposal of investments at fair value through profit or loss		13,842	-
Allowance of impairment on trade receivables		15	10
Bad debts recovered		(5)	-
Property, plant and equipment written off		10	-
Provision for pension and medical benefit	23	1,156	9,285
Distributions from fund investments		-	(1,854)
Dividend income		(1,550)	(1,518)
Fair value changes on investments at fair value through profit or loss		31,503	(91)
Interest income	26	(19,134)	(24,519)
Deficit before working capital changes		(50,103)	(24,331)
Add (Deduct) changes in working capital:			
Decrease in fees received in advance and deferred income		(14,211)	(39,316)
Increase in trade and other payables		13,775	20,334
Increase in advance and deposits		109	114
(Increase) Decrease in trade and other receivables		(10,882)	2,176
Net cash used in operations		(61,312)	(41,023)
Add (Deduct) cash flows from:			
Net staff loans received		10	64
Deferred expenditure paid		(194)	(386)
Pension and medical benefit paid	23	(3,236)	(3,334)
Income tax paid		(234)	(4,547)
Contributions to consolidated fund		(6,109)	(9,428)
Net cash used in operating activities		(71,075)	(58,654)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

For the financial year ended 31 March 2009

	Note	The Group 2008/2009 $'000	The Group 2007/2008 $'000
Investing activities			
Net proceeds (payments) from sale and purchase of investments at fair value through profit or loss		227,198	(9,320)
Interest income received		20,386	24,088
Dividend income received		1,629	1,518
Net (payments) proceeds from sale and purchase of available-for-sale investments		(348)	2,351
Distributions from fund investments received		-	1,854
Proceeds from sale of property, plant and equipment		-	2
Proceeds from disposal of intangible assets		-	22
Purchase of:			
Intangible assets	9	(351)	(176)
Property, plant and equipment	8	(2,730)	(863)
Net cash inflow from investing activities		245,784	19,476
Financing activities			
Operating and development grants received	22	65,975	46,791
Decrease in not available for general use fixed deposits		2,080	-
Issue of capital	6	1	-
Dividends paid	33	(7,964)	-
Net cash inflow from financing activities		60,092	46,791
Net increase in cash and cash equivalents		234,801	7,613
Cash and cash equivalents at beginning of the financial year		549,842	542,229
Cash and cash equivalents at end of the financial year (Note A)		784,643	549,842

Note A

	2008/2009 $'000	2007/2008 $'000
Summary of cash and cash equivalents:		
Cash at bank	71,179	48,057
Fixed deposits	755,354	545,755
	826,533	593,812
Less: Cash at bank not available for general use (Note 18c)	(41,890)	(43,970)
	784,643	549,842

NOTES TO FINANCIAL STATEMENTS

31 March 2009

1. GENERAL

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

As a statutory board, the Authority is subjected to the control of its supervisory ministry, Ministry of Information, Communications and The Arts (MICA), and is required to follow policy and instructions issued from time to time by MICA and other government ministries and departments such as the Ministry of Finance (MOF).

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

The principal activities of the Authority are:

(a) to develop and promote the efficiency and international competitiveness of the info-communications industry in Singapore;

(b) to ensure that the telecommunication services are readily accessible and delivered competitively at performance standards that meet the social, industrial and commercial needs of Singapore;

(c) to exercise licensing and regulatory functions in respect of telecommunication systems and services in Singapore;

(d) to promote the use of the internet, broadband and electronic commerce and to establish regulatory frameworks for that purpose;

(e) to plan, promote, develop and implement information and communications technology systems and services for government ministries, departments and agencies; and

(f) to provide consultancy and advisory services concerning info-communications technology.

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

The consolidated financial statements of the Group and balance sheet, income and expenditure statement and statement of changes in equity of the Authority for the financial year ended 31 March 2009 were authorised for issue by the Board on 23 June 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Group have been prepared under the historical cost convention, except as disclosed in accounting policies below, and are drawn up in accordance with the provisions of the Info-communications Development Authority of Singapore Act (Cap. 137A, 2000 Revised Edition) and SB-FRS.

In the current financial year, the Group has adopted all the new and revised SB-FRSs, INT SB-FRS and Guidance notes that are relevant to its operations and effective for annual periods beginning on or after 1 April 2008. 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 and in the notes to the financial statements:

SB-FRS 107 – Financial Instruments: Disclosures and amendments to SB-FRS 1 Presentation of Financial Statements relating to capital disclosures

The Group has adopted SB-FRS 107 with effect from 1 April 2008. The new standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's financial instruments. The Group has also presented information regarding its objectives, policies and processes for managing capital (see Note 4) as required by the amendments to SB-FRS 1 which are effective from 1 April 2008.

At the date of authorisation of these financial statements, the following SB-FRS that is relevant to the group was issued but not effective:

SB-FRS 1 – Presentation of Financial Statements (Revised)

SB-FRS 1 (Revised) will be effective for annual periods beginning on or after 1 April 2009, and will change the basis for presentation and structure of the financial statements. It does not change the recognition, measurement or disclosure of specific transactions and other events required by other SB-FRSs.

Consequential amendments were also made to various standards as a result of these new/revised standards.

Management anticipates that the adoption of the other SB-FRSs, INT SB-FRSs and amendments to SB-FRS that were issued but effective only in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

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

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

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

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

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

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

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

Financial assets

Investments are recognised and de-recognised on settlement 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. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

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

<u>Effective interest method</u>

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 is recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

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

Financial assets are classified as at FVTPL where the financial asset is designated as FVTPL on inception.

A financial asset may be designated as at FVTPL upon initial recognition if:

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

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in income and expenditure statement. The net gain or loss recognised in income and expenditure statement incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 4(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 the fair value changes reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in income and expenditure statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value changes reserve is included in income and expenditure statement for the period. Dividends on available-for-sale equity instruments are recognised in the income and expenditure statement when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in the income and expenditure statement, and other changes are recognised in equity. Where the fair value of an available-for-sale instrument cannot be easily determined, they are measured at cost less impairment.

Loans and receivables

Cash and bank balances, 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 fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

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

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

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

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities are classified as either financial liabilities "at fair value through profit or loss" or other financial liabilities.

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

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

A financial liability other than a financial liability held for trading may be designated as 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 FVTPL.

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in the income and expenditure statement. The net gain or loss recognised in the income and expenditure statement 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

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 each balance sheet date. The resulting gain or loss is recognised in the income and expenditure statement 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 the income and expenditure statement.

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

The Group as lessee

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

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

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

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

IMPAIRMENT OF NON FINANCIAL ASSETS - At each balance sheet date, 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.

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

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

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

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

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

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

Capital account

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

Operating grants

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

Development grants

Government grants and contributions from other organisations for specific development project expenditure are recognised as deferred income on the balance sheet and transferred to income and expenditure statement to 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 balance sheet). Deferred capital grants are recognised in the income and expenditure statement in the periods necessary to match the depreciation of the assets purchased with the related grants. Upon disposal of these assets, the balance of the related deferred capital grants is recognised in the income and expenditure statement to match the net book value of the assets written off.

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

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

Service fees

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

Licence and frequency fees

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

Interest income

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

Dividend income

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

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

Provision for pension and medical benefits for eligible retired employees is estimated by management based on the most recent valuation by professional actuaries. 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 each balance sheet date. 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 the income and expenditure statement under staff costs.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

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

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

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

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

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

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

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

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

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

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

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

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

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

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments in applying the Group's accounting policies

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

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

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 significant judgement and the use of estimates by management. The Group evaluates, among other factors, the duration and 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.

As a result of the current economic crisis and the lacklustre capital markets performance globally, the Group's strategic investment portfolio has suffered a decline on an overall basis. Due to the drop in fair values, management has determined, based on judgement, that a few investments in the strategic investment portfolio have been impaired, and has accordingly recorded the amount of decline below the original costs of these investments to the income and expenditure statement in the current financial year. There are other investments with similar decline in fair values but no impairment loss has been recognised given their healthy balance sheet, persistent revenue growth and strong financial performance.

Certain available-for-sale investment in unquoted equity and fund management with carrying value of $8.144 million (2007/2008 : $9.045 million) as at 31 March 2009 are carried at cost less impairment. Management regularly monitors these investments for indicators of impairment, including deteriorating financial performance, disorderly change in top management, key product failure, lost 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 2009, impairment losses amounting to $0.729 million (2007/2008 : $Nil) were recorded for this category of unquoted available-for-sale investments.

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

Key sources of estimation uncertainty

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

(a) Provision for pension and medical benefits

The provision for pension and medical benefits is estimated by the management based on the most recent valuation by professional actuaries. If the discount rate used in the valuation increased or decreased by 0.5%, the carrying amount of the provision for pension and medical benefits would be approximately $1.766 million (2007/2008 : $1.863 million) lower or $1.902 million (2007/2008 : $2.008 million) higher respectively.

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

When an unquoted available-for-sale equity investment has progressed to a sufficiently matured stage of its business life cycle, the Group will endeavour to determine its fair value using valuation techniques. The Group uses valuation methodology which involves the formulation of assumptions and estimates. Such assumptions and estimates are based on market conditions existing at the balance sheet date. The valuation methodology involves references to multiple financial ratios, e.g. price-earning 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 by market participants deviate from the assumptions and estimates made by the management at balance sheet date, there exists the risk that the recorded value derived using the said methodology will not be reflective of the fair value. As at 31 March 2009, the carrying amount of investments for which fair values have been determined on the above basis was $3.323 million (2007/2008 : $1.850 million), with net contribution to fair value reserves amounting to $1.972 million (2007/2008 : $0.428 million).

For FVTPL investments, the Group estimates the fair value of investments 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. Unquoted investments whose fair value cannot be reliably measured are carried at cost less any impairment loss. Fair values of investments are disclosed in Notes 13 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. Management's stance is to exercise the relevant degree of conservatism in the evaluation process. The potential unused 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 17 to the financial statements.

(d) Impairment of investment in subsidiaries

Determining whether investment in subsidiaries is impaired requires an estimation of the value in use of the investments. The process requires the Authority 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 those investments based on such estimates and concluded that no impairment loss need to be recorded.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK 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.

The Group does not hold or issue derivative financial instruments for speculative purposes.

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, except that in the face of the current global economic crisis and capital market downturn, management has taken a more cautious approach towards analysing new investment opportunities and invitations to step-up capital injections into existing investments or divesting some of the investments in the existing portfolio. Where necessary, management enters into credit derivative swaps to manage the credit exposure of some of the investment in the investment portfolio.

(b) Categories of financial instruments

The following table sets out the financial instruments as at the balance sheet date:

	2008/2009 $'000	2007/2008 $'000
The Group		
Financial Assets		
Investments at fair value through profit or loss	201,096	475,675
Credit derivatives at fair value through profit or loss	1,814	-
Loans and receivables (including cash and bank balances)	866,315	624,374
Available-for-sale investments	8,144	9,045
	1,077,369	1,109,094
Financial Liabilities		
Amortised cost	145,911	135,535
The Authority		
Financial Assets		
Investments at fair value through profit or loss	52,847	206,308
Loans and receivables (including cash and bank balances)	725,065	574,642
	777,912	780,950
Financial Liabilities		
Amortised cost	143,706	134,772

(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 investments at fair value through profit or loss.

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

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 and investments at fair value through profit or loss

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

Available-for-sale investments and investments at fair value through profit or loss are fair valued in the following manner:

(a) For investments quoted on the stock exchanges, they are fair valued at the close of business on balance sheet date by reference to the quoted bid price of the relevant stock exchange.

(b) Unquoted investments are either fair valued at the:

(i) initial public offering price; or

(ii) transaction price of a new financing round if there is 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 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 market price risk arising from its investments in certain debt and equity securities. The management monitors the market risk on a regular basis.

At 31 March 2009, if market prices had been 10% higher with all other variables held constant, the increase in fair value of available-for-sale investments, and the corresponding increase in fair value reserves, would have been $0.814 million (2007/2008 : $0.905 million), and the fair value of the investments at fair value through profit or loss, and the corresponding decrease in loss before tax, would be $3.548 million (2007/2008 : profit would have been higher by $5.075 million). If market prices had been 10% lower with all other variables held constant, the fair value would have decreased by an equal amount.

The estimated change in fair values above is based on an increase or decrease of 10% for instruments at the reporting date, with all other variables remaining constant. 10% represents management's assessment of the possible change in market prices. The sensitivity analysis is for illustrative purposes only. In practice, market rates rarely change in isolation and are likely to be interdependent.

Foreign exchange risk management

The foreign exchange risk of the Group mainly arises from its investing 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 dollars. 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 dollars.

At the respective reporting dates, the carrying amounts of assets and liabilities, including monetary items and available-for-sale equity instruments that are denominated in currencies other than the Group entities' functional currencies are as follows:

	Liabilities		Assets	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
The Group				
United States dollars	838	-	12,237	21,419
Pound Sterling	15	-	-	-
Swiss Franc	426	-	-	-
Chinese Renminbi	-	-	87	42
Malaysian Ringgit	-	-	-	117
Qatari	-	-	43	25
Indian Rupee	-	-	57	38
The Authority				
United States dollars	639	-	37	2,328
Pound Sterling	15	-	-	-
Swiss Franc	426	-	-	-
Chinese Renminbi	-	-	30	42
Qatari	-	-	43	25
Indian Rupee	-	-	57	38

The Group does not hedge its foreign currency exposure using derivative financial instruments. It manages foreign exchange risk by close monitoring of the timing of inception and settlement of the transactions.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% change in the relevant foreign currencies against the Singapore dollar, which is 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. Their translation has been adjusted at the period end for a 5% change in foreign currency rates.

If the relevant foreign currencies were to weaken by 5% against Singapore dollar, the (deficit) surplus for the year and fair value reserve will decrease (increase) by the following amounts:

	Income and expenditure		Fair value reserve	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
The Group				
United States dollars	372	793	198	278
Pound Sterling	(1)	-	-	-
Swiss Franc	(21)	-	-	-
Chinese Renminbi	4	2	-	-
Malaysian Ringgit	-	6	-	-
Qatari	2	1	-	-
Indian Rupee	3	2	-	-
The Authority				
United States dollars	(30)	116	-	-
Pound Sterling	(1)	-	-	-
Swiss Franc	(21)	-	-	-
Chinese Renminbi	1	2	-	-
Malaysian Ringgit	-	-	-	-
Qatari	2	1	-	-
Indian Rupee	3	2	-	-

A 5% strengthening of the relevant foreign currencies against Singapore dollar would have resulted in an equal but opposite effect on the income and expenditure statement 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 18 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 balance sheet date. 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 deficit for the year ended 31 March 2009 would decrease/increase by $1.888 million (2007/2008 : surplus for the year would increase/decrease by $1.364 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 2009 would increase/decrease by $1.579 million (2007/2008 : surplus for the year would increase/decrease by $1.292 million).

(ii) Debt securities

If interest rates had been 100 basis points higher and all other variables were held constant, the Group's deficit for the year ended 31 March 2009 would increase by $2.983 million (2007/2008 : surplus for the year would decrease by $9.480 million). A reduction in interest rates by 100 basis points would decrease the Group's deficit for the year by $2.774 million (2007/2008 : surplus for the year would increase by $9.917 million).

If interest rates had been 100 basis points higher and all other variables were held constant, the Authority's surplus for the year ended 31 March 2009 would decrease by $0.644 million (2007/2008 : $3.245 million). A reduction in interest rates by 100 basis points would increase the Authority's surplus for the year by $0.658 million (2007/2008 : $3.687 million).

The Group holds certain unquoted equity investments that carry embedded debt derivatives at fixed rates. The fair values of those derivatives would accordingly be impacted by any changes in interest rates. However, as the embedded derivatives are not capable of being separated from the host equity instruments, the fair values thereof cannot be reliably derived.

Liquidity risk management

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows. There are no external borrowings, and the current liabilities of the Group are not significant in relation to the current assets level.

Non-derivative financial assets

The following table details the expected maturity for non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
The Group						
2008/2009						
Non-interest bearing	-	110,975	7,747	9,145	-	127,867
Fixed interest rate instruments	0.68% - 3.91%	775,934	192,166	12,225	(32,637)	947,688
		886,909	199,913	21,370	(32,637)	1,075,555
2007/2008						
Non-interest bearing	-	79,454	10,098	11,973	-	101,525
Fixed interest rate instruments	1.67% - 3.67%	646,910	393,145	22,756	(55,242)	1,007,569
		726,364	403,243	34,729	(55,242)	1,109,094
The Authority						
2008/2009						
Non-interest bearing	-	93,593	-	-	-	93,593
Fixed interest rate instruments	0.76% - 4.24%	636,148	56,617	-	(8,446)	684,319
		729,741	56,617	-	(8,446)	777,912
2007/2008						
Non-interest bearing	-	57,676	-	-	-	57,676
Fixed interest rate instruments	1.66% - 3.22%	607,805	132,837	-	(17,368)	723,274
		665,481	132,837	-	(17,368)	780,950

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Authority can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the balance sheet.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$'000	$'000	$'000	$'000	$'000
The Group						
2008/2009						
Non-interest bearing	-	145,911	-	-	-	145,911
2007/2008						
Non-interest bearing	-	135,535	-	-	-	135,535
The Authority						
2008/2009						
Non-interest bearing	-	143,706	-	-	-	143,706
2007/2008						
Non-interest bearing	-	134,772	-	-	-	134,772

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 securities.

The Group places surplus funds with reputable financial institutions. It is the policy of the Group to invest only in securities with a credit rating of at least investment grade by Standard & Poor's or its equivalent.

Where deemed necessary, the Group purchased credit derivative swaps to manage the credit exposure arising from its investment in debt securities.

The Group

At 31 March 2009, if credit swaps points had been 100 basis points higher with all other variables were held constant, the fair value of the investments at fair value through profit or loss would decrease, and the corresponding increase in deficit for the year, would be $2.464 million (2007/2008 : surplus for the year would have been lower by $9.480 million). If credit swaps points had been 100 basis points lower with all other variables held constant, the investments at fair value through profit or loss would increase, and the corresponding decrease in deficit for the year, would be $2.006 million (2007/2008 : surplus for the year would have been higher by $9.917 million).

The Authority

At 31 March 2009, if credit swaps points had been 100 basis points higher with all other variables were held constant, the fair value of the investments at fair value through profit or loss would decrease, and the corresponding decrease in surplus for the year, would be $0.644 million (2007/2008 : surplus for the year would have been lower by $3.245 million). If credit swaps points had been 100 basis points lower with all other variables held constant, the investments at fair value through profit or loss would increase, and the corresponding increase in surplus for the year, would be $0.658 million (2007/2008 : surplus for the year would have been higher by $3.687 million).

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 share capital, capital account, fair value reserve and accumulated surplus.

The Group reviews the capital structure at least annually. As a part of this review, the Group considers the cost and risks associated with it.

The Group's overall strategy remains unchanged from 2007/2008.

5. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

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

Compensation of key management personnel

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

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Short term benefits	6,458	4,122	4,786	3,947
Post employment benefits	173	114	121	109
Other long-term benefits	-	2	-	2
Total	6,631	4,238	4,907	4,058

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

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

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

	Amounts owed by related parties		Amounts owed to related parties	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Non-state owned entities	18	8	55	259

6. SHARE CAPITAL

	The Group and Authority			
	2008/2009	2007/2008	2008/2009	2007/2008
	Number of shares		$'000	$'000
Issued and paid up:				
Issued during the year and balance at end of the year	1,000	-	1	-

During the financial year, the Authority issued 1,000 shares at $1.00 each as part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008. The shares have been fully paid for and are held by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183).

The holders of these shares are entitled to receive dividends as and when declared by the Authority. The shares carry neither voting rights nor par value.

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. The activities carried out in these funds include those relating to the Authority's function as the Government Chief Information Office ("GCIO"), and programmes to promote the development of the info-communications industry. The receipts and expenditure relating to the funds are taken directly to the funds accounts.

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

	The Group and Authority	
	2008/2009 $'000	2007/2008 $'000
Balance at beginning of financial year	3,090	2,176
Receipts	123,044	136,906
Expenditure	(120,759)	(135,984)
Funds returned to principals	-	(8)
Balance at end of financial year	5,375	3,090
Represented by:		
Cash and cash equivalents	5,815	4,269
Payables	(440)	(1,179)
Net assets	5,375	3,090

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

8. PROPERTY, PLANT AND EQUIPMENT

	Equipment, furniture and fittings $'000	Plant and machinery $'000	Buildings $'000	Capital work-in progress $'000	Total $'000
The Group					
Cost:					
At 1 April 2007	23,231	6,213	809	-	30,253
Additions	395	399	-	164	958
Disposals	(1,431)	(642)	-	-	(2,073)
At 31 March 2008	22,195	5,970	809	164	29,138
Additions	3,074	182	-	988	4,244
Disposals	(2,060)	(28)	-	-	(2,088)
At 31 March 2009	23,209	6,124	809	1,152	31,294
Accumulated depreciation:					
At 1 April 2007	21,813	4,096	809	-	26,718
Depreciation for the year	656	859	-	-	1,515
Disposals	(1,429)	(642)	-	-	(2,071)
At 31 March 2008	21,040	4,313	809	-	26,162
Depreciation for the year	1,459	885	-	-	2,344
Disposals	(2,050)	(28)	-	-	(2,078)
At 31 March 2009	20,449	5,170	809	-	26,428
Carrying amount:					
At 31 March 2009	2,760	954	-	1,152	4,866
At 31 March 2008	1,155	1,657	-	164	2,976
The Authority					
Cost:					
At 1 April 2007	21,735	6,213	809	-	28,757
Additions	373	399	-	164	936
Disposals	(1,424)	(642)	-	-	(2,066)
At 31 March 2008	20,684	5,970	809	164	27,627
Additions	1,988	181	-	988	3,157
Disposals	(1,519)	(28)	-	-	(1,547)
At 31 March 2009	21,153	6,123	809	1,152	29,237
Accumulated depreciation:					
At 1 April 2007	20,343	4,096	809	-	25,248
Depreciation for the year	633	859	-	-	1,492
Disposals	(1,421)	(642)	-	-	(2,063)
At 31 March 2008	19,555	4,313	809	-	24,677
Depreciation for the year	1,078	885	-	-	1,963
Disposals	(1,509)	(28)	-	-	(1,537)
At 31 March 2009	19,124	5,170	809	-	25,103
Carrying amount:					
At 31 March 2009	2,029	953	-	1,152	4,134
At 31 March 2008	1,129	1,657	-	164	2,950

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 (2007/2008 : $3.179 million). The land and building have been accounted for in the property, plant and equipment of the Group and the Authority at a written down value of $1 (2007/2008 : $1) as at 31 March 2009 as it is not probable that future economic benefits will accrue to the Authority and the land and building are, in substance, being held in trust for the operations of the Singapore Philatelic Museum on behalf of the National Heritage Board.

Capital work-in-progress represents equipment installation in progress, which upon completion, will be reclassed to the relevant asset categories.

9. INTANGIBLE ASSETS

	The Group and Authority	
	2008/2009	2007/2008
	$'000	$'000
Cost:		
Balance at beginning of financial year	6,299	7,092
Additions	351	176
Disposals	(1,075)	(969)
Balance at end of financial year	5,575	6,299
Accumulated amortisation:		
Balance at beginning of financial year	6,087	6,581
Amortisation for the financial year (Note 29)	338	454
Disposals	(1,075)	(948)
Balance at end of financial year	5,350	6,087
Carrying amount:		
Balance at end of financial year	225	212

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

10. SUBSIDIARIES

	The Authority 2008/2009 $'000	The Authority 2007/2008 $'000
(a) Unquoted shares, at cost	302,835	294,835

(b) The subsidiaries, which are all incorporated in Singapore, are as follows:

Name	Principal activities	Cost of investment 2008/2009 $'000	Cost of investment 2007/2008 $'000	Proportion of ownership interest and voting power held 2008/2009 %	Proportion of ownership interest and voting power held 2007/2008 %
Infocomm Investments Pte Ltd	Investment holding and investment management	291,022	291,022	100	100
Singapore Network Information Centre (SGNIC) Pte Ltd	Registry of internet domain names	3,813	3,813	100	100
IDA International Pte Ltd	Providing of consultancy services to foreign governments	8,000**	*	100	100
		302,835	294,835		

* Investment cost was less than $1,000

** During the financial year, the Authority subscribed to 8,000,000 ordinary shares for $1 each for cash.

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

11. DEFERRED EXPENDITURE

	The Group and Authority 2008/2009 $'000	The Group and Authority 2007/2008 $'000
Cost:		
Balance at beginning of financial year	6,232	5,846
Additions	498	701
Written-off	(302)	(315)
Balance at end of financial year	6,428	6,232
Accumulated amortisation:		
Balance at beginning of financial year	2,579	1,643
Amortisation for the financial year (Note 29)	731	936
Written-off	-	-
Balance at end of financial year	3,310	2,579
Carrying amount:		
Balance at end of financial year	3,118	3,653

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

12. STAFF LOANS RECEIVABLES

	The Group and Authority	
	2008/2009 $'000	2007/2008 $'000
Other loans	7	16
Amounts due within one year	(6)	(11)
Amounts due after one year	1	5

Other loans which include computers and renovation, are repayable by monthly instalments over a period of 2 to 7 years at 0% interest (2008 : 0%) and 5% interest per annum (2008 : 5% per annum) respectively.

13. AVAILABLE-FOR-SALE INVESTMENTS

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
(a) Fund investments, at fair value	3,975	5,651	-	-
(b) Unquoted equity shares, at fair value	846	1,544	-	-
(c) Unquoted equity shares, at cost	5,092	16,218	-	-
Less: Impairment loss	(1,769)	(14,368)	-	-
Net	3,323	1,850	-	-
Total	8,144	9,045	-	-

Fund investments at fair value include impairment losses amounting to $9.182 million (2007/2008 : $8.976 million). The fair values of the underlying funds held by the portfolio fund are based on the unaudited net asset values of the underlying funds provided by the administrator of those funds. When the audit of the underlying fund is completed, the value may change.

Investments in unquoted equity shares represent equity interest in companies that are involved in start up activities in the information and communication technologies sectors. The fair value estimates of these investments generated by the various valuation models cannot be reliably estimated as the range of fair values varied significantly. Accordingly, these investments are stated at cost less impairment loss.

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

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Fund investments				
At beginning of financial year	8,976	8,976	-	-
Disposal	(523)	-	-	-
Charged to income and expenditure statement	729	-	-	-
At end of the financial year	9,182	8,976	-	-

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Unquoted equity shares				
At beginning of financial year	14,368	14,344	-	-
(Reversal) Increase of impairment loss through fair value reserve	(1,879)	24	-	-
Eliminated on disposal or write-off of investments	(10,720)	-	-	-
At end of the financial year	1,769	14,368	-	-

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

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
United States dollar	3,962	5,562	-	-

14. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
(a) At fair value				
Quoted -Equity shares (i)	-	117	-	-
Quoted -Preference shares (i)	26,715	36,885	-	-
Quoted -Debt securities	141,420	238,543	52,847	106,968
Unquoted -Debt securities (ii)	29,800	193,529	-	99,340
Total	197,935	469,074	52,847	206,308
(b) At cost less impairment loss				
Unquoted debt securities, at cost	7,491	10,616	-	-
Less: Impairment loss	(2,516)	(4,015)	-	-
Net	4,975	6,601	-	-
Total	202,910	475,675	52,847	206,308
Classified as:				
- Current	29,790	83,053	17,881	83,053
- Non-current	173,120	392,622	34,966	123,255
Total	202,910	475,675	52,847	206,308

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

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

	The Group		The Authority	
	2008/2009	2007/2008	2008/2009	2007/2008
	$'000	$'000	$'000	$'000
Unquoted debt securities, at cost				
At beginning of the financial year	4,015	783	-	-
Charged to profit and loss	1,401	3,232	-	-
Write-back on disposal	(2,900)	-	-	-
At end of the financial year	2,516	4,015	-	-

Investments at fair value through profit or loss (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 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 are based on the quoted closing market prices (bid prices) on the last day of the financial year.

(ii) Included in the unquoted debts securities at fair value are instruments amounting to $26.015 million (2007/2008 : $87.045 million) which were acquired with embedded credit derivatives. The fair values of these embedded credit derivatives and the unquoted debt securities are based on the average of the prices quoted by the banks, independent external valuer based on their proprietary valuation models and the Group's in-house valuation model. The fair values of these embedded credit derivatives and the unquoted debt securities in 2007/2008 were based on the price quotes provided by the issuing banks based on their proprietary valuation models.

(iii) The unquoted debt securities carried at cost less impairment loss allow the Group to convert the debt instruments into equity shares of the issuing companies at the Group's discretion.

The fair value estimates of the unquoted debt securities and the embedded conversion options could not be reliably measured as the estimates generated by the various valuation models vary significantly. Accordingly, they are stated at cost less impairment.

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

The quoted and unquoted debt securities with principal amounts of $128 million (2007/2008 : $220 million) bear interest at fixed rates. They have effective interest rates ranging from 3.19% to 5.50% (2007/2008 : 2.89% to 5.50%) per annum and have maturity dates ranging from June 2009 to September 2019 (2007/2008 : May 2009 to September 2019).

Investments at fair value through profit or loss which are not denominated in the functional currencies of the respective entities are as follows:

	The Group		The Authority	
	2008/2009	2007/2008	2008/2009	2007/2008
	$'000	$'000	$'000	$'000
United States dollar	8,035	13,523	-	-
Malaysian ringgit	-	117	-	-
Total	8,035	13,640	-	-

15. TRADE RECEIVABLES

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Outside parties	33,563	22,606	33,311	22,606

The average credit period is 30 days (2007/2008 : 30 days). No interest is charged on the overdue trade receivables.

The table below is an analysis of trade receivables as at 31 March:

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Not past due and not impaired	30,105	22,010	29,853	22,010
Past due but not impaired (i)	3,458	596	3,458	596
Impaired receivables				
- collectively assessed (ii)	-	8	-	8
Less: Provision for impairment	-	(8)	-	(8)
Impaired receivables				
- individually assessed (ii), (iii)	18	-	18	-
Less: Provision for impairment	(18)	-	(18)	-
Total trade receivables, net	33,563	22,606	33,311	22,606

(i) Included in the Group's trade receivable balance are debtors with a carrying amount of $3.458 million (2007/2008 : $0.596 million) which are past due at the reporting date for which the Group has not provided as more than 90% of the balance belongs to Government Organisations ("GO") and the amounts are still considered recoverable as the risk of default of receivables from GOs is low. The Group does not hold any collateral over these balances. The average age of these receivables are 44 days (2007/2008 : 36 days).

(ii) These amounts are stated before any deduction for impairment losses.

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

Movement in the allowance for doubtful debts

	The Group	
	2008/2009 $'000	2007/2008 $'000
Balance at beginning of the year	8	6
Amounts recovered during the year	(5)	(6)
Increase in allowance recognised in income and expenditure statement	15	8
Balance at end of the year	18	8

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

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Denominated in:				
United States dollars	195	2,319	-	2,319
Chinese Renminbi	57	-	-	-

16. OTHER RECEIVABLES

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Sundry debtors and deposit	2,311	2,641	2,236	1,742
Interest receivables	3,524	4,776	2,919	3,367
Dividend receivables	444	523	-	-
Prepayment	1,346	1,101	1,285	1,058
Total	7,625	9,041	6,440	6,167

17. TAX RECOVERABLE, INCOME TAX PAYABLE AND INCOME TAX EXPENSE

(a) The Authority is exempted from paying income tax, except for any dividend income received from its subsidiaries.

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

	The Group	
	2008/2009 $'000	2007/2008 $'000
Current income tax	90	252
Deferred taxation	(936)	(2)
	(846)	250
(Over) Under provision in prior financial years		
- current income tax	(335)	4,226
Total	(1,181)	4,476

The income tax (benefit) expense varied from the amount of income tax (benefit) expense determined by applying the Singapore income tax rate of 17% (2007/2008 : 18%) to (loss) profit before income tax of the subsidiaries due to the following factors:

	The Group	
	2008/2009 $'000	2007/2008 $'000
(Deficit) Surplus before contribution to consolidated fund and income tax	(18,967)	41,954
Surplus of the Authority subject to contribution to consolidated fund	(18,259)	(33,937)
(Loss) Profit before income tax of the subsidiaries	(37,226)	8,017
Income tax (benefit) expense at statutory rate	(6,328)	1,443
Expenses exempted for tax purposes	(26)	(28)
Effect of concessionary tax rate	2,175	(458)
Non-taxable item	25	-
Income not subject to tax	(263)	(393)
Tax benefits on current year losses not recorded	4,079	(314)
Deferred tax assets not recognised	(508)	-
(Over) Under provision in the prior financial years	(335)	4,226
Net	(1,181)	4,476

A subsidiary of the Group invested in certain financial instruments which generate income that is taxed at a concessionary tax rate of 10% (2007/2008 : 10%).

During the current financial year, a subsidiary of the Group received a revised tax assessment from Inland Revenue Authority of Singapore ("IRAS") for $1.090 million in respect of the Year of Assessment 2002, bringing to tax certain gain on disposal of investments. IRAS has agreed to a stand over on this revised assessment till the resolution of the dispute last year against IRAS bringing to tax, a gain on disposal of investment in Year of Assessment 2001 amounting to $4.234 million in 2007/2008.

As at 31 March 2009, the subsidiary has unused tax losses with tax benefits amounting to approximately $3.240 million (2007/2008 : $0.133 million) under the 10% concessionary tax category and tax benefit of $2.116 million (2007/2008 : $1.212 million) under the full corporate tax category. The subsidiary has not recognised any deferred tax asset in respect of such tax losses which may be available for off-setting against profits as there is no certainty that the tax losses will be realised in the foreseeable future.

		The Group	
		2008/2009 $'000	2007/2008 $'000
(b)	Movements in tax recoverable		
	Balance at beginning of the financial year	936	1,088
	Tax refund received	-	(140)
	Reclassified to deferred tax liability	-	(520)
	Tax deducted at source	235	508
	Balance at end of the financial year	1,171	936
(c)	Movements in income tax payable		
	Balance at beginning of the financial year	882	747
	(Over) Under provision in respect of prior financial years	(335)	4,226
	Income tax paid during the year	(234)	(4,687)
	Current year tax provision	90	252
	Reclassified to tax recoverable	(296)	344
	Balance at end of the financial year	107	882

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

	The Group	
	2008/2009 $'000	2007/2008 $'000
(d) Movements in deferred taxation		
Balance at beginning of the financial year	1,060	1,921
Tax charge (credit) to income and expenditure statement	120	(520)
Write back of deferred tax no longer required	(525)	-
Provision for deferred tax liability arising from fair value changes in prior years no longer required	(531)	(341)
Balance at end of the financial year	124	1,060

18. CASH AND BANK BALANCES

(a)

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Fixed deposits with financial institutions	755,354	545,755	631,471	516,966
Bank and cash balances	71,179	48,057	53,780	29,616
Total	826,533	593,812	685,251	546,582

The fixed deposits with financial institutions mature within 1 to 12 months (2007/2008 : 1 to 8 months) from the financial year end.

The effective interest rate range of these deposits as at 31 March 2009 was 0.28 % to 0.76 % (2007/2008 : 0.98% to 2.58%) per annum.

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

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
United States dollar	45	14	37	9
Chinese Renminbi	30	42	30	42
Qatari	43	25	43	25
Indian Rupee	57	38	57	38

(b) Included in cash and bank balances of the Group and Authority is an amount of $236.36 million (2007/2008 : $380.08 million) which is earmarked for investment in securities.

(c) Cash and bank balances of the Group and Authority include an amount of approximately $41.89 million (2007/2008 : $43.97 million) earmarked for payment of pension and medical benefits to pensioners.

19. FEES RECEIVED IN ADVANCE AND DEFERRED INCOME

Fees received in advance comprise mainly annual licence fees received in advance from licensees and initial licence and frequency fees that are to be recognised in the income and expenditure statement in the following financial year. Deferred income relates to the initial licence and frequency fees that are to be recognised in the income and expenditure statement after the following financial year and over the remaining period of the licence.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

20. TRADE PAYABLES

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Outside parties	20,191	10,685	20,116	10,685

The average credit period is 30 days (2007/2008 : 30 days).

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

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Pound Sterling	15	-	15	-
Swiss Franc	426	-	426	-
United States	838	-	639	-

21. OTHER PAYABLES

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Accrual of expenses under development funds	15,125	21,736	15,125	21,902
Accrual for operating and other expenses	63,564	52,589	61,672	51,909
Accrual for purchase of fixed assets	1,514	95	1,514	95
Total	80,203	74,420	78,311	73,906

22. OPERATING AND DEVELOPMENT GRANTS – GOVERNMENT

	The Group and Authority	
	2008/2009 $'000	2007/2008 $'000
Balance at beginning of the financial year	8,486	11,591
Operating grants - Government	33,262	35,310
Development grants - Government	32,713	11,481
Net grants received during the financial year	65,975	46,791
Transfer to deferred capital grants	-	(3)
Grants received in advance	(12,765)	(8,486)
Grants recognised in the income and expenditure statements	61,696	49,893

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

23. PROVISION FOR PENSION AND MEDICAL BENEFITS

	The Group and Authority	
	2008/2009	2007/2008
	$'000	$'000
Balance at beginning of the financial year	43,970	38,019
Provision for the financial year	1,156	9,285
Payments during the financial year	(3,236)	(3,334)
Net	41,890	43,970
Amounts due within one year	(3,236)	(3,300)
Amounts due after one year	38,654	40,670

Amounts recognised in income and expenditures in respect of the defined benefit plan are as follows:

	The Group and Authority	
	2008/2009	2007/2008
	$'000	$'000
Interest cost	815	1,074
Actuarial loss for the year	341	8,211
	1,156	9,285

The provision has been estimated by management based on the latest valuation of the pension scheme as at 31 March 2009 and 2008 performed by an independent firm of professional actuaries.

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

	The Group and Authority	
	2008/2009	2007/2008
Discount rate	1.5%	2.0%
Mortality age	88 years	87 years
Medical inflation rate	5.0%	5.0%

24. 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	
	2008/2009	2007/2008
	$'000	$'000
Surplus of the Authority before donations and contribution to consolidated fund	18,259	33,937
Contribution at 18%* (2007/2008 : 18%*)	3,287	6,109

25. REVENUE

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

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

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

26. INTEREST INCOME

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Fixed deposits and bank accounts	6,628	12,515	6,323	10,841
Debt securities	12,505	12,003	5,850	6,273
Others	1	1	1	1
Total	19,134	24,519	12,174	17,115

27. OTHER INCOME

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Allocation fee	100	32	-	-
Reactivation	3	2	-	-
Registered accreditation fees	37	16	-	-
Other service income	7,680	10,126	7,680	8,074
Others	743	890	1,245	1,090
Total	8,563	11,066	8,925	9,164

28. SALARIES, CPF AND OTHER CONTRIBUTIONS

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Wages and salaries	122,258	108,314	118,467	107,289
Employer's contribution to Central Provident Fund	10,062	11,891	9,876	11,781
Other related staff costs	3,279	1,141	3,111	1,132
Total	135,599	121,346	131,454	120,202

29. OTHER EXPENSES

	The Group		The Authority	
	2008/2009	2007/2008	2008/2009	2007/2008
	$'000	$'000	$'000	$'000
IT promotion and sponsorship	511	1,013	511	1,013
Utilities	2,402	2,126	2,402	2,125
Publicity expense	926	2,516	919	2,514
Telecommunications and internet services	1,432	1,297	1,429	1,295
Irrecoverable GST	2,513	2,082	2,498	2,072
General and administration expense	1,430	1,361	1,255	1,252
Amortisation of intangible assets (Note 9)	338	454	338	454
Local travelling	568	392	566	389
Amortisation of deferred expenditure (Note 11)	731	936	731	936
Total	10,851	12,177	10,649	12,050

30. 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 reviews of its financial assets held in the investment portfolio. In view of the global financial crisis, financial assets were divested during the financial year to safeguard the Group's capital assets.

31. DEVELOPMENT FUND EXPENSES

	The Group and Authority	
	2008/2009	2007/2008
	$'000	$'000
Cluster Development Fund project	1,495	4,199
Infocomm 21 Fund project	11,338	14,344
MICA's Funding Relief	16,150	-
Development fund expenses funded mainly by development grants from government	28,983	18,543
E-Lifestyle Marketing project	62	2,093
Wired with Wireless project	1,672	12,586
Connected Singapore Blueprint	1,295	2,433
iN2015 Masterplan	5,932	1,885
Total	37,944	37,540

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

(d) 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.

(e) 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.

(f) Singapore-One project

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

(g) E-Lifestyle Marketing project

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

(h) 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.

(i) 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.

(j) iN2015 Masterplan

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

32. COMMITMENTS

(a) Capital and investment commitments

At the balance sheet date, capital and investment commitments not provided for in the financial statements are as follows:

	The Group		The Authority	
	2008/2009 $'000	2007/2008 $'000	2008/2009 $'000	2007/2008 $'000
Capital expenditure	1,167	399	1,110	399
Investments	-	408	-	-
Total	1,167	807	1,110	399

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 March 2009

(b) Lease commitments

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

	The Group and Authority	
	2008/2009 $'000	2007/2008 $'000
Not later than one year	13,291	9,904
Later than one year but not later than five years	44,340	17,189
Later than 5 years	8,563	10,656
Total	66,194	37,749

Operating lease payments represents rentals payable by the Group for certain of its office properties and office equipments. Leases are negotiated for an average term of 2 to 15 years and rentals are fixed for an average of 2 years except for the lease of data centre facilities whereby the lease payment is based on the actual number of units used.

(c) Development fund expenses commitments

As at balance sheet date, the development fund expenses committed amounted to approximately $197.400 million (2007/2008 : $78.200 million).

(d) Other commitments

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

   (i) subsidise the interest payable by the Authority's staff on housing loans from the financial institution if the current interest rate exceeds certain prescribed rates under the Scheme; and

   (ii) pay to the financial institution any fire insurance premiums due to the financial institution which cannot be recovered from the Authority's staff.

   At the balance sheet date, total housing loans under the Scheme amounted to approximately $0.074 million (2007/2008 : $0.088 million). Liabilities arising from the Scheme are accrued for in the financial year in which they are incurred.

2. Under the Scholarship Programme, the Authority has an obligation to fund the scholars' educational expenses. At the balance sheet date, the total committed expenditure is estimated at $3.346 million (2007/2008 : $4.165 million).

33. DIVIDENDS

During the financial year ended 31 March 2009, the Authority declared and paid a dividend of $7.964 million on the ordinary shares issued to the Minister for Finance in respect of the financial year ended 31 March 2009.