

# FINANCIAL STATEMENTS

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# INDEPENDENT AUDITOR'S REPORT TO THE PUBLIC UTILITIES BOARD

We have audited the accompanying financial statements of the Public Utilities Board (the "Board") and its subsidiaries (the "Group") set out on pages 47 to 80, which comprise the balance sheet of the Board and of the Group as at 31 March 2007, and the consolidated income and expenditure statement, consolidated statement of changes in reserves and consolidated cash flow statement of the Group for the period from 1 January 2006 to 31 March 2007, and a summary of significant accounting policies and other explanatory notes.

## MEMBERS OF THE BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The members of the Board are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Public Utilities Act ("the Act") and Singapore Financial Reporting Standards. This responsibility includes oversight of the 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITOR'S 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 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 members of the Board, 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 balance sheet of the Board and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Public Utilities Act ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Board and the Group as at 31 March 2007, and the results, changes in reserves and cash flows of the Board for the financial period from 1 January 2006 to 31 March 2007; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Board have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investments of monies and the acquisition and disposal of assets by the Board during the financial period have not been in accordance with the provisions of the Act.



**PRICEWATERHOUSECOOPERS**  
CERTIFIED PUBLIC ACCOUNTANTS

Singapore  
16 July 2007

# STATEMENTS OF INCOME AND EXPENDITURE

For the Financial Period from 1 January 2006 to 31 March 2007

	Notes	GROUP		BOARD	
		2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Operating Income	4	1,082,006	703,517	1,078,856	701,494
Operating Expenses	5	(813,956)	(565,931)	(810,837)	(562,790)
Operating Surplus		268,050	137,586	268,019	138,704
Non-Operating Income	6	62,376	39,570	61,417	39,535
Surplus before Operating Grants		330,426	177,156	329,436	178,239
Operating Grants	20.1	99,774	119,882	99,774	119,882
Surplus before Financing Expenses		430,200	297,038	429,210	298,121
Financing Expenses	7	(55,637)	(3,538)	(55,637)	(3,538)
Surplus before Contribution to Government Consolidated Fund and Taxation		374,563	293,500	373,573	294,583
Contribution to Government Consolidated Fund and Taxation	8	(74,841)	(58,916)	(74,715)	(58,916)
Surplus after Contribution to Government Consolidated Fund and Taxation		299,722	234,584	298,858	235,667



**TAN GEE PAW**  
CHAIRMAN



**KHOO TENG CHYE**  
CHIEF EXECUTIVE

16 July 2007

## BALANCE SHEETS

As at 31 March 2007

	Notes	GROUP		BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
<b>EQUITY</b>					
Accumulated Surplus		571,072	794,190	575,178	799,160
Capital Reserve	9	2,867,633	2,344,793	2,867,633	2,344,793
Asset Revaluation Reserve	10	136,900	136,900	136,900	136,900
Insurance and Other Funds	11	15,299	15,299	15,299	15,299
		<b>3,590,904</b>	<b>3,291,182</b>	<b>3,595,010</b>	<b>3,296,152</b>
Represented by:					
Current Assets					
Cash and cash equivalents	12	517,189	528,235	514,871	525,562
Trade and other receivables	13	111,762	111,779	110,630	113,303
Inventories	14	31,480	30,212	31,480	30,212
Other current assets	15	1,000,683	445	1,000,597	373
Derivative financial instruments	16	23	-	23	-
		<b>1,661,137</b>	<b>670,671</b>	<b>1,657,601</b>	<b>669,450</b>
Non-Current Assets					
Derivative financial instruments	16	14	-	14	-
Financial assets at fair value through profit or loss	17	74,578	77,510	74,578	77,510
Investment in subsidiaries	18.1	-	-	10,718	10,718
Investment in joint venture	18.2	-	1,718	-	-
Property, plant and equipment	19	3,868,956	3,780,999	3,865,549	3,777,404
Other receivables	13.5	1,046	1,534	1,046	1,534
		<b>3,944,594</b>	<b>3,861,761</b>	<b>3,951,905</b>	<b>3,867,166</b>
<b>Total Assets</b>		<b>5,605,731</b>	<b>4,532,432</b>	<b>5,609,506</b>	<b>4,536,616</b>
Current Liabilities					
Trade and other payables	20	(279,006)	(314,275)	(278,765)	(313,489)
Provision for contribution to Government Consolidated Fund and Taxation	21	(74,805)	(126,824)	(74,715)	(126,824)
Finance lease payables	22	(7,912)	(5,299)	(7,912)	(5,299)
		<b>(361,723)</b>	<b>(446,398)</b>	<b>(361,392)</b>	<b>(445,612)</b>
Non-Current Liabilities					
Finance lease payables	22	(285,780)	(223,548)	(285,780)	(223,548)
Borrowings	23	(1,200,000)	(400,000)	(1,200,000)	(400,000)
Deferred income	24	(167,324)	(171,304)	(167,324)	(171,304)
		<b>(1,653,104)</b>	<b>(794,852)</b>	<b>(1,653,104)</b>	<b>(794,852)</b>
<b>Total Liabilities</b>		<b>(2,014,827)</b>	<b>(1,241,250)</b>	<b>(2,014,496)</b>	<b>(1,240,464)</b>
<b>NET ASSETS</b>		<b>3,590,904</b>	<b>3,291,182</b>	<b>3,595,010</b>	<b>3,296,152</b>

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

# STATEMENTS OF CHANGES IN RESERVES

For the Financial Period from 1 January 2006 to 31 March 2007

	GROUP				
	Accumulated Surplus S\$'000	Capital Reserve S\$'000	Asset Revaluation Reserve S\$'000	Insurance and Other Funds S\$'000	Total S\$'000
<b>2006</b>					
Balance as at 1 January 2006	794,190	2,344,793	136,900	15,299	3,291,182
Surplus for the period	299,722	-	-	-	299,722
Appropriation to Capital Reserve	(522,840)	522,840	-	-	-
Balance as at 31 March 2007	571,072	2,867,633	136,900	15,299	3,590,904
<b>2005</b>					
Balance as at 1 January 2005	1,295,273	2,109,126	136,900	15,299	3,556,598
Contribution to Government Consolidated Fund <sup>(1)</sup>	(500,000)	-	-	-	(500,000)
Surplus for the year	234,584	-	-	-	234,584
	1,029,857	2,109,126	136,900	15,299	3,291,182
Appropriation to Capital Reserve	(235,667)	235,667	-	-	-
Balance as at 31 December 2005	794,190	2,344,793	136,900	15,299	3,291,182

	BOARD				
	Accumulated Surplus S\$'000	Capital Reserve S\$'000	Asset Revaluation Reserve S\$'000	Insurance and Other Funds S\$'000	Total S\$'000
<b>2006</b>					
Balance as at 1 January 2006	799,160	2,344,793	136,900	15,299	3,296,152
Surplus for the period	298,858	-	-	-	298,858
Appropriation to Capital Reserve	(522,840)	522,840	-	-	-
Balance as at 31 March 2007	575,178	2,867,633	136,900	15,299	3,595,010
<b>2005</b>					
Balance as at 1 January 2005	1,299,160	2,109,126	136,900	15,299	3,560,485
Contribution to Government Consolidated Fund <sup>(1)</sup>	(500,000)	-	-	-	(500,000)
Surplus for the year	235,667	-	-	-	235,667
	1,034,827	2,109,126	136,900	15,299	3,296,152
Appropriation to Capital Reserve	(235,667)	235,667	-	-	-
Balance as at 31 December 2005	799,160	2,344,793	136,900	15,299	3,296,152

(1) The Board contributed S\$500 million to the Government Consolidated Fund on 30 June 2005.

# CASH FLOW STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

	2006 15 months ended 31-03-2007 S\$'000	GROUP 2005 12 months ended 31-12-2005 S\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
- Surplus before Grants and Contribution to Government Consolidated Fund and Taxation	274,789	173,618
- Operating Grants Received from Government	110,753	109,347
<b>Adjustments for Non-Cash and Non-Operating Items:</b>		
- Doubtful Customer Debts Provided/Written Off	3,664	6,989
- Depreciation of Property, Plant and Equipment ("PPE")	166,124	95,259
- Provision for Pension	2,001	1,114
- Provision for Employee Benefits	9,289	19,342
- Unrealised Investment (Gain)/Loss	(40)	3,620
- Gain on Disposal of PPE	(1,295)	(434)
- (Gain)/Loss on Disposal of Investments	(814)	5,889
- Amortisation of Deferred Income	(8,908)	(7,092)
- Financing Expense	55,637	3,538
- Amortisation of Investment (Discount)/Premium	(19)	15
- Interest and Investment Income	(33,226)	(32,945)
- Unrealised Foreign Exchange Gain	(15)	(154)
<b>Operating Surplus before Working Capital Changes</b>	<b>577,940</b>	<b>378,106</b>
- Changes in Inventories	(1,268)	4,286
- Changes in Trade and Other Receivables	(10,546)	(36,469)
- Changes in Trade and Other Payables	(35,038)	5,078
- Changes in Other Current Assets	(238)	244
- Payment to Government Consolidated Fund	(126,860)	(61,584)
<b>Net Cash from Operating Activities</b>	<b>403,990</b>	<b>289,661</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Acquisition of PPE	(178,106)	(1,292,150)
- Acquisition of PPE Belonging to Government	(812,846)	(836,734)
- Proceeds from Disposal of PPE	1,338	513
- Proceeds from Redemption/Sale of Financial Assets at Fair Value through Profit or Loss	3,000	342,376
- Interest and Investment Income Received	32,982	36,360
- Prepayment for Purchase of Changi Water Reclamation Plant	(1,000,000)	-
- Recovery of Development Expenditure	4,928	3,919
<b>Net Cash Used in Investing Activities</b>	<b>(1,948,704)</b>	<b>(1,745,716)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Proceeds from Issuance of Bonds	800,000	400,000
- Contribution to Government Consolidated Fund	-	(500,000)
- Development Grant Received from Government	733,668	796,140
<b>Net Cash from Financing Activities</b>	<b>1,533,668</b>	<b>696,140</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(11,046)</b>	<b>(759,915)</b>
Cash and Cash Equivalents as at beginning of period/year	528,235	1,288,150
Cash and Cash Equivalents as at end of period/year	517,189	528,235

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

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Period from 1 January 2006 to 31 March 2007

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1 GENERAL

The Public Utilities Board ("Board") is domiciled in Singapore and its principal place of business is 40 Scotts Road, #22-01, Environment Building, Singapore 228231.

The principal activities of the Board established under the Public Utilities Act 2002 are to supply water to the public and to provide the public with sewerage and drainage facilities.

The principal activities of its subsidiaries are set out in Note 18.1 to the financial statements.

### 2 CHANGE IN FINANCIAL YEAR

To align with the Government financial period, the group has changed its financial year to begin on 1 April and end on 31 March. These financial statements for Financial Year 2006 are therefore for the financial period from 1 January 2006 to 31 March 2007. The comparative amounts for Financial Year 2005 cover the period from 1 January 2005 to 31 December 2005.

Accordingly, the Income and Expenditure Statements, Statements of Changes in Reserves, Cash Flow Statements and related notes to the financial statements are not entirely comparable.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The Board is required under Section 14 of the Public Utilities Act 2002 to exercise its powers and perform its functions to ensure that its total revenues are sufficient, taking one financial year with another, to meet its total expenditure properly chargeable to revenue account, including depreciation, interest on capital and to meet a reasonable proportion of its capital expenditure.

In determining the significant accounting policies and the format of the accounts to be adopted, the Board has taken into consideration the special nature of its objectives and activities.

The significant policies which have been adopted in the preparation of these financial statements are detailed below:

#### 3.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). This is in compliance with all Finance Circular Minutes on Accounting Standards for Statutory Boards issued by the Ministry of Finance since 31 October 2003.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. For the financial period ended 31 March 2007, there are no critical accounting estimates and assumptions used in the preparation of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.1 Basis of Preparation (cont'd)

On 1 January 2006, the Group adopted the new or revised FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS. The following are the FRS that are relevant to the Group:

FRS 19 (Amendment) Employee Benefits  
FRS 21 (Amendment) The Effects of Changes in Foreign Exchange Rates  
FRS 32 (Amendment) Financial Instruments: Disclosures and Presentation  
FRS 39 (Amendment) Financial Guarantee Contracts

The adoption of the above FRS did not result in any substantial changes to the Group's accounting policies.

The financial statements have been prepared on the historical cost basis, except for the Board's share of a building on leasehold land, which is recorded at valuation and certain financial assets and financial liabilities that are stated at fair value or amortised costs using effective interest method.

### 3.2 Foreign Currency Translation

#### (a) Functional and Presentation Currency

Items included in the financial statements of each entity in the Group which are mainly denominated in Singapore Dollars (S\$) are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in S\$, which is the Board's functional and presentation currency.

#### (b) Transactions and Balances

Foreign currency transactions during the financial period are translated into the functional currency using the exchange rates prevailing at transaction dates. At the balance sheet date, foreign currency monetary assets and liabilities are translated into the functional currency at exchange rates closely approximate to those prevailing at the balance sheet date. All resultant exchange differences are taken to the Income and Expenditure Statements.

Currency translation differences on non-monetary items, such as equity investments held at fair value through profit or loss, are reported in the Income and Expenditure Statements as part of the fair value gain or loss.

### 3.3 Revenue Recognition

- (a) Water and used water revenue are recognised upon billing and consultancy fees are recognised as revenue upon provision of services. Used water revenue comprises sanitary appliance fees, waterborne fees and trade effluent fees.
- (b) Rentals received in advance in respect of a long-term land lease are recognised as income on a straight-line basis over the period of the lease.
- (c) Interest and dividend income are recognised on an accrual basis.
- (d) Profit and loss on disposal of property, plant and equipment is recognised on receipt of sale proceeds.
- (e) Development expenditure recovered for capital outlay of utility facilities that are completed after 1997 is recognised as income on a straight-line basis over the estimated life of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.4 Group Accounting

#### (a) Basis of Consolidation

In the consolidated financial statements, subsidiaries are accounted for using the purchase method. The consolidated financial statements include the financial statements of the Board and its subsidiaries made up to the end of the financial period.

No equity accounting was undertaken for the investment in joint venture as Singapore Utilities International Pte Ltd is a wholly-owned subsidiary. Equity accounting for joint venture was not undertaken by the Group in 2005 as the results of the joint venture were not material to the Group. The joint venture is divested in 2006.

Significant inter-company balances, transactions and resulting unrealised profit or loss are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

#### (b) Investment in Subsidiaries and Joint Venture

Subsidiaries are entities over which the Board has power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights or has the power to appoint or remove the majority of the members of the board of directors or body that governs and controls that entity.

Investment in subsidiaries held for long-term are stated at cost less accumulated impairment losses in the Board's Balance Sheet.

Joint venture is an entity in which the Group has an interest of not more than 50 percent of the equity and has contractual arrangement to jointly share the control over the economic activities of the entity with one or more parties.

Investment in joint venture is stated at cost less impairment losses. Where an indication of impairment exists, the carrying amount is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries and joint ventures, the difference between net disposal proceeds and the carrying amount of the investment is taken to the Income and Expenditure Statements.

### 3.5 Insurance and Other Funds

These funds are reviewed periodically by the Board for adequacy of cover and additional contribution or refund will be made to or from the funds as appropriate.

Net income from assets belonging to these funds are allocated and refunded to the Departments that contribute to the funds.

These funds are mainly invested in fixed deposits, bonds and unit trusts. The bonds and unit trusts are held as financial assets at fair value through profit or loss and are stated at fair value.

Assets and liabilities of these funds are pooled with those of the Board in the Balance Sheet.

These funds are accounted for on an accrual basis.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.6 Property, Plant and Equipment

#### (a) Owned Assets

On 1 May 1963, with the establishment of the Board, property, plant and equipment of the former City Council were vested in the Board at net book values.

Property, plant and equipment are initially recorded at cost. A leasehold building is subsequently shown at market value, based on valuation by Jones Lang Wootton on 1 October 1995, less subsequent accumulated depreciation. All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Any increase in the carrying value arising from the revaluation of individual properties is credited to the revaluation reserve unless it offsets a previous decrease in carrying value recognised in the Income and Expenditure Statements. A decrease in carrying value is recognised in the Income and Expenditure Statements where it exceeds the increase previously recognised in the revaluation reserve. All other decreases in carrying amounts are charged to the Income and Expenditure Statements. Upon disposal, any related revaluation surplus is transferred from the revaluation reserve to accumulated surplus and is not taken into account in arriving at the gain or loss on disposal.

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Professional fees relating to the acquisition of assets are also included in the costs of the assets.

#### (b) Leased Assets

Included in property, plant and equipment as at 31 March 2007 are:

- (i) Desalination plant and equipment that are designed-built-owned and operated by SingSpring Private Limited ("SingSpring") under a Water Purchase Agreement ("WPA") to supply desalinated water to the Board. The desalination plant was commissioned on 16 December 2005; and
- (ii) Ulu Pandan NEWater Plant that is designed-built-owned and operated by Keppel Seghers NEWater Development Co Pte Ltd under a Water Purchase Agreement ("WPA") to supply NEWater to the Board. The NEWater Plant was commissioned on 28 March 2007.

In line with international practices for such arrangements, the ownership and operational risks lie with the operator. The WPAs have been recognised as leasing agreements in accordance with INT FRS 104 – Determining whether an Arrangement Contains a Lease and was classified as finance lease in accordance with FRS 17 (Revised) – Leases.

Property, plant and equipment recognised as finance lease is capitalised at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less subsequent accumulated depreciation and impairment losses. Lease payments are allocated between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are taken to the Income and Expenditure Statement. Capitalised leased assets are depreciated over the shorter of the economic useful life of the asset and the lease term. Depreciation of leased assets follows the depreciation policy as set out in Note 3.6 (c).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.6 Property, Plant and Equipment (cont'd)

#### (c) Depreciation

Depreciation of property, plant and equipment is charged from the year immediately following the year of acquisition of the asset or upon completed works being put into operation and is calculated on the straight-line method to allocate the depreciable amounts over their estimated useful lives. No depreciation is provided on freehold land and leasehold land with remaining lease period exceeding 99 years. The useful lives are reviewed from time to time.

The estimated useful lives of depreciable property, plant and equipment are as follows:

	Years
Properties	
– Leasehold land with remaining lease period not exceeding 99 years	Remaining lease period
– Land development and buildings	30 – 100
Plant and Equipment	5 – 25
Mains	50 – 70
Others (mainly meters, vehicles and computer systems)	4 – 15

The Group regularly reviews its assets. Arising from such reviews, property, plant and equipment which are obsolete, unserviceable, unreliable or unidentifiable are written off.

### 3.7 Investments in Financial Assets

#### (a) Classification

The Group classifies its investments in financial assets into the following categories: financial assets at fair value through profit or loss or loans and receivables. The classification is based on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

#### (i) Financial Assets at Fair Value through Profit or Loss

A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives held for trading are classified in this category unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

As at 31 March 2007, the Group's financial assets at fair value through profit or loss include investment in fixed rate corporate and statutory board bonds and unit trusts.

#### (ii) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They comprise mainly the trade debtors for goods or services rendered to customers with no intention of trading the receivables. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as other receivables. Loans and receivables are included in trade and other receivables on the balance sheet.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.7 Investments in Financial Assets (cont'd)

#### (b) Initial Measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

#### (c) Subsequent Measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the Income and Expenditure Statements in the period in which they arise.

Financial assets are de-recognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

#### (d) Impairment

The Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired at each balance sheet date. A provision for impairment of loans and receivables is established when there is an objective evidence that the Group will not be able to collect all amounts due to the original terms of the receivables. The amount of provision is the difference between the carrying amount of the asset and the present value of its estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Income and Expenditure Statements.

### 3.8 Impairment of Property, Plant and Equipment and Investments in Subsidiaries and Joint Venture

Property, plant and equipment and investments in subsidiaries and joint venture are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual assets basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the assets (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the Income and Expenditure Statements unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount of the assets since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the Income and Expenditure Statements, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.9 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on the weighted average method. Inventory which is considered obsolete, deteriorated or damaged are written off.

### 3.10 Development Grants

Development Grants are provided by the Government for construction of assets belonging to the Government. Before October 2005, grants are received quarterly in advance and thereafter, grants are received monthly in advance. The grants received are accounted for separately under a fund. All transactions pertaining to activities supported by the grants are taken directly to the fund. Annual surplus or deficit in the fund after disbursing all development expenditure for the Government financial year ending 31 March will be refunded to or recovered from the Government accordingly.

The surplus or deficit in the fund is shown respectively as a liability or as an asset in the Balance Sheet. The fund is accounted for on an accrual basis.

### 3.11 Operating Grants

Operating grants received from the Government are for the maintenance and supervision of construction of Government assets. They are recognised as income in the Income and Expenditure Statements on a systematic basis over the periods necessary to match them with the related operating expenses. The grants are recognised on an accrual basis.

### 3.12 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the Income and Expenditure Statements over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than 12 months. Other borrowings due to be settled more than 12 months after the balance sheet date are included in non-current borrowings in the Balance Sheet.

### 3.13 Trade and Other Payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method.

### 3.14 Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events that it is probable an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.15 Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price. The fair values of forward currency contracts are determined using actively quoted forward currency rates at the balance sheet date.

The carrying amount of current receivables and payables are assumed to approximate their fair value.

### 3.16 Research Costs

Research costs are recognised as an expense when incurred.

### 3.17 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

### 3.18 Operating Leases (When Group is the Lessee)

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the Income and Expenditure Statements on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

### 3.19 Pension Obligations

The Board, apart from the legally required social security schemes such as the Central Provident Fund, operates defined benefit plans for pensionable employees transferred from the Ministry of Environment and Water Resources. The Board's obligation is from 1 April 2001 to the day of retirement of these employees. The provision for pension is recognised based on the hypothetical gratuity for each pensionable employee accrued from 1 April 2001 up to 31 March 2007. The hypothetical gratuity for each pensionable officer and Board's share of the gratuity is computed based on existing guidelines found in the Pension Act and circulars issued by the Public Service Division.

This accounting policy does not depart from the basic principles outlined by the applicable provisions of the FRS 19 – Employee Benefits.

### 3.20 Employee Benefits

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

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 3.21 Derivative Financial Instruments

The Group has entered into forward currency contracts to hedge against foreign currency payments due to its vendors. Such derivative instruments are recognised at fair value on the date the contract is entered into and is subsequently carried at its fair value. Fair value changes for these derivative instruments are included in the Income and Expenditure Statements in the financial period when the changes arise. The full fair value of the derivatives is presented as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months.

### 3.22 Income Taxes

Current income tax liabilities for current and prior periods are recognised at the amounts expected to be paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax assets/liabilities are recognised for all deductible/taxable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax assets/liabilities arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss.

Deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are measured at:

- (i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date; and
- (ii) the tax consequence that would follow from the manner in which the Board's subsidiaries expect, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expenses in the income statement for the period, except to the extent that the tax arises from a transaction which is recognised directly in equity.

## 4 OPERATING INCOME

	Note	GROUP		BOARD	
		2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Water sales		710,184	554,833	710,184	554,833
Sanitary appliance fees	4.1	125,120	49,445	125,120	49,445
Trade effluent fees	4.1	6,427	2,726	6,427	2,726
Waterborne fees	4.1	237,125	94,490	237,125	94,490
Consultancy fees		3,150	2,023	-	-
		<b>1,082,006</b>	<b>703,517</b>	<b>1,078,856</b>	<b>701,494</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 4 OPERATING INCOME (cont'd)

- 4.1 Used water operating income comprising sanitary appliance fees, waterborne fees and trade effluent fees are accrued to the Board upon purchase of operating used water assets from the Government on 1 July 2005.

## 5 OPERATING EXPENSES

	Notes	GROUP		BOARD	
		2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Direct Operating Expenses					
Electricity costs		87,443	54,694	87,443	54,694
Manpower		186,136	146,443	180,525	142,304
Depreciation		161,074	91,142	159,687	90,112
Plant rental		61,482	25,869	61,482	25,869
Property tax		24,922	18,589	24,922	18,589
Maintenance and others	5.1	181,094	139,971	184,973	141,999
Indirect Operating Expenses					
Service departments' costs	5.2	111,805	89,223	111,805	89,223
	5.3	813,956	565,931	810,837	562,790

- 5.1 Included in maintenance and other expenses are expenses related to the purchase of raw water from the Government of the State of Johor. Price for the purchase of raw water from and treated water sold to the Government of the State of Johor are based on the current rate of 3 sen and 50 sen per thousand gallons respectively, as provided for in the 1961 and 1962 Water Agreements. The Johor Government has sought a review of the price of raw water. The Singapore Government's position is that Malaysia has lost the right of review. However, the Singapore Government has proposed that the issue whether there is still a right of review as well as the quantum of the price revision can both be resolved through the legal process of arbitration provided for in the two Water Agreements. To date, Malaysia has not taken any steps towards arbitration.
- 5.2 Service Departments' costs comprise manpower, depreciation, maintenance, administrative and other expenses.
- 5.3 Included in the expenses for arriving at the Surplus before Contribution to Government Consolidated Fund and Taxation are:

	GROUP		BOARD	
	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Board members' allowance	119	90	119	90
Salaries, overtime and allowances	212,329	165,096	207,260	161,198
Employee benefits –				
Central/Employee Provident Fund	19,649	15,849	19,334	15,608
Provision for pension	2,001	1,114	2,001	1,114
Staff welfare	8,698	7,137	8,696	7,137
Foreign exchange gain (net)	(183)	(949)	(165)	(946)
Research and development	531	654	1,288	2,742

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 5 OPERATING EXPENSES (cont'd)

5.4 The compensation of key management is as follows:

	GROUP		BOARD	
	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Short term benefits	8,642	6,553	6,589	4,971
Post-employment benefits	52	509	-	466
	<b>8,694</b>	<b>7,062</b>	<b>6,589</b>	<b>5,437</b>

## 6 NON-OPERATING INCOME

	Notes	GROUP		BOARD	
		2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Net investment income from Financial Assets					
at Fair Value through Profit or Loss	6.1	3,415	(1,841)	3,415	(1,841)
Other non-operating surplus	6.2	58,961	41,411	58,002	41,376
		<b>62,376</b>	<b>39,570</b>	<b>61,417</b>	<b>39,535</b>

### 6.1 Net Investment Income from Financial Assets at Fair Value through Profit or Loss

Following are net income from financial assets at fair value through profit or loss:

	GROUP & BOARD	
	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Dividends from quoted equities	278	853
Interest on deposits, bonds and treasury bills	3,821	7,502
Loss on sale of investments	(9)	(5,889)
Fair value loss	(627)	(3,787)
	<b>3,463</b>	<b>(1,321)</b>
Fund management and other fees	(48)	(520)
	<b>3,415</b>	<b>(1,841)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 6 NON-OPERATING INCOME (cont'd)

### 6.2 Other Non-Operating Surplus

	Note	GROUP		BOARD	
		2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Rental income		4,764	3,495	4,764	3,495
Rental of fire hydrants		1,292	1,023	1,292	1,023
Reminder fees		1,747	1,387	1,747	1,387
Amortisation of deferred income	24	8,908	7,092	8,908	7,092
Net income from fixed deposits		28,735	24,256	28,656	24,229
Profit on disposal of property, plant and equipment		1,296	434	1,295	427
Late payment charges		5,145	-	5,145	-
Others		7,074	3,724	6,195	3,723
		<b>58,961</b>	<b>41,411</b>	<b>58,002</b>	<b>41,376</b>

## 7 FINANCING EXPENSES

	GROUP & BOARD	
	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Finance charge <sup>(a)</sup>	21,397	753
Interest expense on bonds	34,240	2,785
	<b>55,637</b>	<b>3,538</b>

(a) Finance charge is relating to the finance lease payables set out in Note 22.

## 8 GOVERNMENT CONSOLIDATED FUND AND TAXATION

8.1 The Board is required under the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) to contribute to the Government Consolidated Fund ("GCF").

	GROUP		BOARD	
	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Contribution to GCF and taxation is made up of the following:				
GCF	74,715	58,916	74,715	58,916
Foreign withholding tax	126	-	-	-
	<b>74,841</b>	<b>58,916</b>	<b>74,715</b>	<b>58,916</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 8 GOVERNMENT CONSOLIDATED FUND AND TAXATION (cont'd)

8.2 The contribution to GCF and taxation on the surplus of the Board and the Group differs from the amount that would arise using the Singapore standard rate of income tax as follows:

	GROUP		BOARD	
	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000	2006 15 months ended 31-03-2007 S\$'000	2005 12 months ended 31-12-2005 S\$'000
Surplus before GCF and taxation	374,563	293,500	373,573	294,583
GCF and tax at 20% (2005:20%)	74,913	58,700	74,715	58,916
Effects of:				
Different tax rate of SUI at 18% (2005: 20%)	(20)	-	-	-
Expenses not deductible for tax purpose	3	7	-	-
Income not subjected to tax	(148)	-	-	-
Utilisation of previously unrecognised deferred tax assets	(33)	-	-	-
Deferred tax assets not recognised	-	209	-	-
Foreign withholding tax	126	-	-	-
	74,841	58,916	74,715	58,916

Included in the foreign withholding tax expense was a provision of withholding tax of S\$90,000 payable to the tax authority of People's Republic of China (the "PRC") for gains on disposal of investment in the joint venture by SUI (Note 18.2).

## 9 CAPITAL RESERVE

Section 14 of the Public Utilities Act 2002 requires the Board to finance a reasonable proportion of its capital expenditure from internal sources. The Capital Reserve has been utilised to account for the transfer of the surplus each year to finance the Board's property, plant and equipment. The Capital Reserve comprises the accumulated transfers from revenue account and amounts paid by Government bodies and private developers towards the capital outlay for the provision of utility facilities completed before 1998.

## 10 ASSET REVALUATION RESERVE

The asset revaluation reserve represents the surplus of open market value of a building on leasehold land for existing use over its net book value on 1 October 1995.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 11 INSURANCE AND OTHER FUNDS

11.1 Details of the funds are as follows:

	Notes	GROUP & BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
As at beginning of period/year		15,299	15,299
Dividend income		133	68
Investment income		157	180
Interest income		205	56
Fair value gain		617	179
Miscellaneous expenses		(2)	-
Claims paid		(20)	(4)
Net income		1,090	479
		16,389	15,778
Net income refunded to the Board		(1,090)	(479)
As at end of period/year	11.2 & 11.3	15,299	15,299

11.2 The funds are represented by:

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Financial assets at fair value through profit or loss		
Quoted investments		
Statutory board bonds	1,019	1,006
Corporate bonds	3,627	3,606
Unit trusts	4,670	4,014
	9,316	8,626
Sundry debtors	49	18
Fixed deposits	8,300	8,100
Bank balance	203	25
	17,868	16,769
Sundry creditors	(2,569)	(1,470)
	15,299	15,299

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 11 INSURANCE AND OTHER FUNDS (cont'd)

### 11.3 Insurance and Other Funds comprise:

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
General Insurance Fund <sup>(a)</sup>	9,500	9,500
Workmen's Compensation Fund <sup>(b)</sup>	799	799
Water Conservation Fund <sup>(c)</sup>	5,000	5,000
	<b>15,299</b>	<b>15,299</b>

(a) General Insurance Fund provides insurance cover for the deductibles under the external insurance policies.

(b) Workmen's Compensation Fund provides for claims from the Board's employees, injured during their employment under the Workmen's Compensation Act (Chapter 354).

(c) Water Conservation Fund is to encourage companies to invest in water recycling and treatment facilities through co-funding.

## 12 CASH AND CASH EQUIVALENTS

	GROUP		BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Fixed and ACU deposits				
Singapore Dollar	425,064	503,029	423,300	501,100
Euro	716	-	716	-
Cash and bank balances				
Singapore Dollar	90,160	23,358	89,606	22,614
Malaysian Ringgit	1,249	1,848	1,249	1,848
	<b>517,189</b>	<b>528,235</b>	<b>514,871</b>	<b>525,562</b>

Cash and cash equivalents consist of cash on hand and balances with banks, Asian Currency Unit ("ACU") and term deposits with banks. The carrying amounts of cash and cash equivalents approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 13 TRADE AND OTHER RECEIVABLES

	Notes	GROUP		BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Customer debts	13.1	71,289	72,998	71,289	72,998
Amount due from subsidiary	13.3	-	-	2,661	2,276
Sundry debtors	13.4	32,463	26,227	28,670	25,475
Other receivables	13.5	3,410	2,332	3,410	2,332
Development Grant	20.2	4,600	-	4,600	-
Amount due from Government	20.1	-	10,222	-	10,222
		<b>111,762</b>	<b>111,779</b>	<b>110,630</b>	<b>113,303</b>

The carrying amounts of trade and other receivables approximate their fair values.

### 13.1 Customer Debts

	Note	GROUP & BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Customer debts		89,733	88,967
Allowance for impairment	13.2	(18,444)	(15,969)
		<b>71,289</b>	<b>72,998</b>

### 13.2 Allowance for Impairment

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Balance as at beginning of period/year	(15,969)	(13,708)
Additions during the period/year	(2,475)	(2,261)
Balance as at end of period/year	<b>(18,444)</b>	<b>(15,969)</b>

Customer debts represent receivables from customers with respect to water and used water services.

### 13.3 Amount Owning by Subsidiary

	BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Advance made to finance the investment in joint venture	1,929	1,929
Amount due from subsidiary (Non-trade)	732	347
	<b>2,661</b>	<b>2,276</b>

The amount due from subsidiary is unsecured, interest free and has no fixed repayment term.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 13 TRADE AND OTHER RECEIVABLES (cont'd)

### 13.4 Sundry Debtors

	GROUP		BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Sundry debtors	32,479	26,374	28,686	25,622
Allowance for impairment	(16)	(147)	(16)	(147)
	<b>32,463</b>	<b>26,227</b>	<b>28,670</b>	<b>25,475</b>

### 13.5 Other Receivables

Other receivables include the following loans to employees:

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Housing loans	688	987
Vehicle loans	382	601
Renovation loans	611	712
Other loans and advances	2,775	1,566
	<b>4,456</b>	<b>3,866</b>
Receivable within 12 months	(3,410)	(2,332)
Receivable after 12 months	1,046	1,534

The remaining repayment periods for housing, vehicle, renovation and other loans to employee ranges from 1 month to 10 years (2005: 1 month to 14 years). Interest is charged at rates ranging from 3.25% to 5% (2005: 3.25% to 5%) per annum on a monthly rest basis.

## 14 INVENTORIES

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Pipes and fittings	550	927
Chemicals	400	448
Spare parts and accessories	25,798	28,032
Fuel and lubricants	4,079	2,371
Sundries and others	653	765
Provision for stock impairment	-	(2,331)
	<b>31,480</b>	<b>30,212</b>

There is no provision for impairment as at 31 March 2007 as the obsolete stock has been fully disposed during the period. (Provision for impairment for 2005: S\$2.331 million).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 15 OTHER CURRENT ASSETS

	Note	GROUP		BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Deposits		66	67	21	22
Prepayments	15.1	1,000,617	378	1,000,576	351
		<b>1,000,683</b>	<b>445</b>	<b>1,000,597</b>	<b>373</b>

- 15.1 During the period, the Board made a prepayment of S\$1 billion to Ministry of Finance for purchase of the Changi Water Reclamation Plant ("WRP"). The ownership of the WRP is expected to be transferred to the Board upon the completion of the purchase in 2008.

## 16 DERIVATIVE FINANCIAL INSTRUMENTS

	GROUP & BOARD			
	2006 as at 31-03-2007		2005 as at 31-12-2005	
Currency Forwards	Contract Amount S\$'000	Assets Fair Value S\$'000	Contract Amount S\$'000	Assets Fair Value S\$'000
Current portion	1,420	23	-	-
Non-current portion	1,648	14	-	-
	<b>3,068</b>	<b>37</b>	<b>-</b>	<b>-</b>

The currency forwards were transacted to hedge against foreign currency payments due to vendors.

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	GROUP & BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Balance as at beginning of period/year		77,510	429,396
Changes during the period/year (net)		(2,935)	(348,266)
Fair value gain/(loss)		3	(3,620)
Balance as at end of period/year	17.1	<b>74,578</b>	<b>77,510</b>

The financial assets are designated at fair value on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (cont'd)

### 17.1 Financial assets at fair value through profit or loss comprises:

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Quoted Investments		
Unit trusts	4,670	4,014
Loan stock and bonds	69,888	73,493
Equities	20	3
	<b>74,578</b>	<b>77,510</b>

## 18 INVESTMENT IN SUBSIDIARIES AND JOINT VENTURE

### 18.1 Investment in Subsidiaries

Held by the Board

Subsidiary	Country of Business	Carrying Value of Investments		Equity Holding	
		2006 as at 31-03-2007 S\$	2005 as at 31-12-2005 S\$	2006 as at 31-03-2007 %	2005 as at 31-12-2005 %
Singapore Utilities International Pte Ltd ("SUI")	Singapore	10,718,100	10,718,100	100	100

The principal activity of SUI is to provide a comprehensive international water supply business through acquisition of infrastructures and build-own-operate concessions in water supply, wastewater treatment and disposal, water reclamation and recycling. SUI is also engaged in applied research, development and pilot testing of new water technologies for commercialisation through its Centre for Advanced Water Technology ("CAWT"), a division of the Company.

Held by SUI

Subsidiary	Country of Business	Carrying Value of Investments		Equity Holding	
		2006 as at 31-03-2007 S\$	2005 as at 31-12-2005 S\$	2006 as at 31-03-2007 %	2005 as at 31-12-2005 %
CAWT Pte Ltd	Singapore	1	-	100	-

CAWT Pte Ltd has not commenced operations since its incorporation on 21 July 2006.

### 18.2 Investment in Joint Venture

Investment in joint venture represents a 20% stake in NANJING SEMBCORP SUIWU COMPANY LIMITED, which will develop a wastewater treatment plant in Nanjing, People's Republic of China on a build-own-operate basis to serve the Nanjing Chemical Industrial Park. This investment is held by SUI.

SUI had divested its entire shares in the joint venture following the Board of Directors' approval on 23 January 2006 for a consideration of S\$2,539,000. The net proceeds of S\$2,449,000 after payment of withholding tax of S\$90,000 to the tax authority of People's Republic of China were received on 9 April 2007.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 19 PROPERTY, PLANT AND EQUIPMENT

19.1 Movement of property, plant and equipment are as follows:

	Notes	GROUP 2006				As at 31-03-2007 S\$'000
		As at 01-01-2006 S\$'000	Additions S\$'000	Transfers S\$'000	Disposals S\$'000	
<b>At Cost / Valuation</b>						
Properties – Cost	19.3	1,913,403	1,185	40,246	(44)	1,954,790
Property – Valuation	19.4	142,659	–	–	–	142,659
Plant and Equipment	19.5	1,398,539	72,769	56,968	(1,420)	1,526,856
Mains		1,143,350	–	120,323	(78)	1,263,595
Others		105,340	1,432	195	(2,698)	104,269
Assets under Construction		180,983	179,202	(217,732)	–	142,453
		<b>4,884,274</b>	<b>254,588</b>	<b>–</b>	<b>(4,240)</b>	<b>5,134,622</b>
<b>Accumulated Depreciation</b>						
Properties – Cost		374,924	55,318	–	(11)	430,231
Property – Valuation		18,057	2,258	–	–	20,315
Plant and Equipment		286,496	77,949	1	(1,034)	363,412
Mains		353,026	21,249	–	–	374,275
Others		70,772	9,350	(1)	(2,688)	77,433
		<b>1,103,275</b>	<b>166,124</b>	<b>–</b>	<b>(3,733)</b>	<b>1,265,666</b>
<b>GROUP 2005</b>						
	Notes	As at 01-01-2005 S\$'000	Additions S\$'000	Transfers S\$'000	Disposals S\$'000	As at 31-12-2005 S\$'000
<b>At Cost / Valuation</b>						
Properties – Cost	19.3	1,274,513	632,572	6,678	(360)	1,913,403
Property – Valuation	19.4	142,659	–	–	–	142,659
Plant and Equipment	19.5	683,339	709,325	10,038	(4,163)	1,398,539
Mains		1,020,347	66,043	56,960	–	1,143,350
Others		107,513	1,030	196	(3,399)	105,340
Assets under Construction		143,082	112,903	(73,855)	(1,147)	180,983
		<b>3,371,453</b>	<b>1,521,873</b>	<b>17</b>	<b>(9,069)</b>	<b>4,884,274</b>
<b>Accumulated Depreciation</b>						
Properties – Cost		342,941	32,323	–	(340)	374,924
Property – Valuation		16,252	1,805	–	–	18,057
Plant and Equipment		252,265	38,378	(3)	(4,144)	286,496
Mains		338,481	14,545	–	–	353,026
Others		65,767	8,208	143	(3,346)	70,772
		<b>1,015,706</b>	<b>95,259</b>	<b>140</b>	<b>(7,830)</b>	<b>1,103,275</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 19 PROPERTY, PLANT AND EQUIPMENT (cont'd)

19.1 Movement of property, plant and equipment are as follows (cont'd):

	Notes	BOARD 2006				As at 31-03-2007 S\$'000
		As at 01-01-2006 S\$'000	Additions S\$'000	Transfers S\$'000	Disposals S\$'000	
<b>At Cost / Valuation</b>						
Properties – Cost	19.3	1,913,403	1,185	40,246	(44)	1,954,790
Property – Valuation	19.4	142,659	–	–	–	142,659
Plant and Equipment	19.5	1,390,160	73,207	56,968	(1,321)	1,519,014
Mains		1,143,350	–	120,323	(78)	1,263,595
Others		105,041	1,371	195	(2,653)	103,954
Assets under Construction		180,770	177,508	(217,732)	–	140,546
		<b>4,875,383</b>	<b>253,271</b>	<b>–</b>	<b>(4,096)</b>	<b>5,124,558</b>
<b>Accumulated Depreciation</b>						
Properties – Cost		374,924	55,318	–	(11)	430,231
Property – Valuation		18,057	2,258	–	–	20,315
Plant and Equipment		281,415	76,533	1	(967)	356,982
Mains		353,026	21,249	–	–	374,275
Others		70,557	9,293	(1)	(2,643)	77,206
		<b>1,097,979</b>	<b>164,651</b>	<b>–</b>	<b>(3,621)</b>	<b>1,259,009</b>
<b>BOARD 2005</b>						
	Notes	As at 01-01-2005 S\$'000	Additions S\$'000	Transfers S\$'000	Disposals S\$'000	As at 31-12-2005 S\$'000
<b>At Cost / Valuation</b>						
Properties – Cost	19.3	1,274,513	632,572	6,678	(360)	1,913,403
Property – Valuation	19.4	142,659	–	–	–	142,659
Plant and Equipment	19.5	676,205	708,283	9,793	(4,121)	1,390,160
Mains		1,020,347	66,043	56,960	–	1,143,350
Others		107,181	1,023	196	(3,359)	105,041
Assets under Construction		141,935	112,445	(73,610)	–	180,770
		<b>3,362,840</b>	<b>1,520,366</b>	<b>17</b>	<b>(7,840)</b>	<b>4,875,383</b>
<b>Accumulated Depreciation</b>						
Properties – Cost		342,941	32,323	–	(340)	374,924
Property – Valuation		16,252	1,805	–	–	18,057
Plant and Equipment		248,146	37,393	(3)	(4,121)	281,415
Mains		338,481	14,545	–	–	353,026
Others		65,595	8,139	143	(3,320)	70,557
		<b>1,011,415</b>	<b>94,205</b>	<b>140</b>	<b>(7,781)</b>	<b>1,097,979</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 19 PROPERTY, PLANT AND EQUIPMENT (cont'd)

19.2 The net book value of property, plant and equipment is as follows:

	Note	GROUP		BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
<b>Net Book Value</b>					
Properties		1,646,903	1,663,081	1,646,903	1,663,081
Plant and Equipment	19.5	1,163,444	1,112,043	1,162,032	1,108,745
Mains		889,320	790,324	889,320	790,324
Others		26,836	34,568	26,748	34,484
Assets under Construction		142,453	180,983	140,546	180,770
As at end of year		3,868,956	3,780,999	3,865,549	3,777,404

19.3 Properties as at 31 March 2007 include freehold land with a total cost of S\$0.854 million (As at 31 December 2005: S\$0.854 million).

19.4 The property shown at valuation pertains to the Board's share of a building on leasehold land. This property had been revalued by Jones Lang Wootton on 1 October 1995. The valuation was based on open market value for existing use. The surplus of the open market value over its net book value is accounted for in the Asset Revaluation Reserve. If this property has been stated at cost less accumulated depreciation in the financial statements, its net book value as at 31 March 2007 would have been S\$1.279 million (As at 31 December 2005: S\$1.776 million).

19.5 Plant and equipment as at 31 March 2007 include assets under lease as set out in Note 3.6(b).

## 20 TRADE AND OTHER PAYABLES

	Notes	GROUP		BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Amount due to Government	20.1	633	-	633	-
Sundry creditors and accruals		228,891	193,413	226,887	191,401
Amount due to subsidiary		-	-	1,786	1,299
Customer deposits		44,784	43,067	44,761	42,994
Development grants	20.2	-	74,578	-	74,578
Provision for pension	20.3	4,698	3,217	4,698	3,217
		279,006	314,275	278,765	313,489

The carrying amounts of trade and other payables approximate their fair values.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 20 TRADE AND OTHER PAYABLES (cont'd)

### 20.1 Amount Due to Government

	Note	GROUP & BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Operating Grant			
Receivable as at beginning of period/year		11,629	1,094
Grant utilised		99,774	119,882
Grant received		(110,753)	(109,347)
Receivable as at end of period/year		650	11,629
Revenue collected on behalf of Government		(1,283)	(1,407)
Amount (due to)/due from Government	13	(633)	10,222
Total operating grants received since 1 April 2001		855,409	744,656

### 20.2 Development Grants

Development grants are advances from Government for construction of assets belonging to the Government. The grants are accounted for as follows:

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Balance as at beginning of period/year	74,578	115,172
<b>RECEIPTS</b>		
Grant received	745,726	796,140
Interest income	2,331	3,701
Liquidated damages	1,660	298
Recovery of development expenditure	28	1,047
	749,745	801,186
Amount returned to Government	(16,077)	(5,046)
	808,246	911,312
<b>EXPENDITURE</b>		
Development expenditure	(774,750)	(797,364)
Goods and services tax	(38,096)	(39,370)
	(812,846)	(836,734)
Balance as at end of period/year	(4,600)	74,578

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 20 TRADE AND OTHER PAYABLES (cont'd)

### 20.2 Development Grants (cont'd)

	Note	GROUP & BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Represented by:			
<b>ASSETS</b>			
Fixed deposits		-	87,000
Cash at bank		77,929	9,836
		77,929	96,836
<b>LIABILITIES</b>			
Sundry creditors and others		(80,969)	(20,398)
Tender deposits		(1,560)	(1,860)
		(82,529)	(22,258)
Amount (due from)/due to Government	13	(4,600)	74,578
Total development grants received since 1 April 2001		4,475,556	3,729,830

### 20.3 Provision for Pension

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
As at beginning of period/year	3,217	3,414
Provision for the period/year	2,001	1,114
Amount paid	(520)	(1,311)
As at end of period/year	4,698	3,217

## 21 PROVISION FOR CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND AND TAXATION

	GROUP		BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
As at beginning of period/year	126,824	129,492	126,824	129,492
Provision for the period/year	74,841	58,916	74,715	58,916
Amount paid	(126,860)	(61,584)	(126,824)	(61,584)
As at end of period/year	74,805	126,824	74,715	126,824

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 22 FINANCE LEASE PAYABLES

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Minimum lease payables due:		
Not later than one year	26,948	22,463
Later than one year but not later than five years	113,573	89,912
Later than five years	398,216	336,201
	538,737	448,576
Less future finance charges	(245,045)	(219,729)
Present value of finance lease payables	293,692	228,847

Present value of the finance lease payables may be analysed as follows:

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Not later than one year	7,912	5,299
Later than one year but not later than five years	37,452	25,500
Later than five years	248,328	198,048
	285,780	223,548
	293,692	228,847

The finance lease payables pertain to plant and equipment on lease as set out in Note 3.6(b).

## 23 BORROWINGS

						GROUP & BOARD	
						2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Currency	Tenor Years	Interest Rate %	Issue Date	Maturity Date			
S\$	5	3.595	31-08-2006	31-08-2011	400,000	–	
S\$	10	3.180	26-10-2005	26-10-2015	100,000	100,000	
S\$	12	3.900	31-08-2006	31-08-2018	400,000	–	
S\$	15	3.520	26-10-2005	26-10-2020	300,000	300,000	
					1,200,000	400,000	

### (a) Interest rate risk

The weighted average interest rate for the borrowings as at 31 March 2007 is 3.643% per annum (As at 31 December 2005: 3.435% per annum).

### (b) Carrying amounts and fair values

The carrying amount of the borrowings approximates their fair values.

### (c) Security Granted

The bonds issued are unsecured.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 24 DEFERRED INCOME

Deferred income pertains to rental received in advance in respect of a 30-year and 22-year land lease and amounts received from Government bodies and private developers towards the capital outlay for the provision of utility facilities that were completed after 31 December 1997.

	Note	GROUP & BOARD	
		2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
As at beginning of period/year		171,304	174,477
Recovery of development expenditure		4,928	3,919
		176,232	178,396
Amortisation of lease income		(6,648)	(5,280)
Amortisation of recovery of development expenditure		(2,260)	(1,812)
	6.2	(8,908)	(7,092)
As at end of period/year		167,324	171,304

The current portion of the deferred income as at 31 March 2007 is S\$8.512 million (As at 31 December 2005: S\$7.131 million).

## 25 FINANCIAL RISK MANAGEMENT

The main risk arising from the Board's investment activities and operations are foreign exchange, cash flow and fair value interest rate, credit and liquidity risks. The Board's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Board.

The policies for managing each of these risks are summarised below:

### (a) Foreign Exchange Risk

The Board's exposure to foreign exchange risk arises from its foreign currency contracts and operations in Malaysia. The Board hedges its major foreign currency payments due to vendors.

### (b) Cashflow and Fair Value Interest Rate Risk

Cashflow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Board's operating income and cashflow except for investment in fixed deposits and financial assets at fair value through profit or loss and borrowings, are substantially independent of changes in market interest rates. The Board manages its exposure to market risk by diversifying its investments and adopting a medium to long term investment horizon.

Included in the borrowings are fixed rates bonds amounting to S\$1.2 billion. The maturity and interest rates of these bonds issued are set out in Note 23.

The tables below set out the Board's exposure to interest rate risk relating to its investment in fixed deposits and financial assets at fair value through profit or loss, categorised by the earlier of contractual repricing or maturity dates.

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 25 FINANCIAL RISK MANAGEMENT (cont'd)

### (b) Cashflow and Fair Value Interest Rate Risk (cont'd)

	BOARD				Total S\$'000	Effective Rate % per annum
	< 1 Year S\$'000	1-5 years S\$'000	> 5 years S\$'000	Non-Interest Bearing S\$'000		
<b>As at 31-03-2007</b>						
Financial Assets at Fair Value through Profit or Loss	-	68,869	1,019	4,670	74,558	3.56 to 5.07
Fixed deposits	424,016	-	-	-	424,016	2.67 to 3.71
<b>As at 31-12-2005</b>						
Financial assets at Fair Value through Profit or Loss	3,006	65,874	4,612	4,014	77,506	3.23 to 5.07
Fixed deposits	501,100	-	-	-	-	3.13 to 3.25

Effective Interest Rates of the Outstanding Singapore Dollar and Foreign Currency Deposits as at end of period/year:

	As at 31-03-2007 % per annum	As at 31-12-2005 % per annum
S\$	2.67 to 2.90	3.13 to 3.25
EURO	3.71	-

### (c) Credit Risk

The Board transacts with banks licensed under the Singapore Banking Act for deposit placements. The internally managed portfolio of fixed income securities includes Statutory Boards' papers and securities issued by Temasek-linked companies. In respect of account receivables, the Board has policies in place to ensure that customers maintain sufficient deposits with its billing agent.

The maximum exposure at the end of the financial period, in relation to each class of financial asset is the fair value of those assets in the Balance Sheet.

### (d) Liquidity Risk

The Board's exposure to liquidity risk is minimal. It adopts prudent liquidity risk management by maintaining sufficient cash, placing a substantial amount of surplus funds in short term deposits and holding marketable securities. It has in place adequate short term credit facilities (Note 25 b).

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 26 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Board is a statutory board established under the Public Utilities Act. As a statutory board, the Organs of State and Government Ministries including statutory boards under their purview are deemed related parties to the Board.

In addition to information disclosed elsewhere in the financial statements, the significant transactions between the Board and its related parties for goods and services provided are set out in Notes 26.1 and 26.2.

		<b>GROUP &amp; BOARD</b>	
		<b>2006</b>	<b>2005</b>
		<b>15 months</b>	<b>12 months</b>
		<b>ended</b>	<b>ended</b>
		<b>31-03-2007</b>	<b>31-12-2005</b>
		<b>S\$'000</b>	<b>S\$'000</b>
<b>26.1</b>	Board's Transactions with:		
<b>(a)</b>	<b>Subsidiary</b>		
	(i) Consultancy services	7,916	5,542
<b>(b)</b>	<b>Government Ministries</b>		
	Goods and services supplied by/(to) the Board:		
	(i) Water supply and used water services	51,569	40,357
	(ii) Rental of plants and office	(71,035)	(27,934)
<b>(c)</b>	<b>Statutory Boards</b>		
	Goods and services supplied by/(to) the Board:		
	(i) Water supply and used water services	16,725	12,132
	(ii) Maintenance services	(602)	(508)
	(iii) Staff training	(397)	(267)
	(iv) Cadastral survey and alienation of land	(26,099)	(76)
	(v) Other miscellaneous services	(983)	(529)

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 26 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

### 26.2 Balances due from/(due to) Government Ministries and Statutory Boards

The balances due from/(due to) the Government Ministries and Statutory Boards in relation to the transactions set out in note 26.1 (b) and 26.1 (c) are listed below:

	GROUP & BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
<b>(a) Government Ministries</b>		
(i) Water supply and used water services	819	713
<b>(b) Statutory Boards</b>		
(i) Water supply and used water services	2,959	2,668
(ii) Maintenance services	(2)	-
(iii) Staff training	(18)	(39)
(iv) Other miscellaneous services	(61)	(21)

## 27 CAPITAL AND OTHER COMMITMENTS

### (a) Operating Lease Commitments

Commitments in relation to operating leases contracted for but not recognised as liabilities as at end of period/year:

	GROUP		BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Not later than one financial year	54,074	49,993	54,037	49,903
Between two to five years	29,042	74,854	29,011	74,854
	83,116	124,847	83,048	124,757

### (b) Capital Commitments

The Group and the Board have the following commitments for capital expenditure as at end of period/year:

	GROUP		BOARD	
	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000	2006 as at 31-03-2007 S\$'000	2005 as at 31-12-2005 S\$'000
Property, Plant and Equipment	368,741	140,648	367,763	140,420

# NOTES TO THE FINANCIAL STATEMENTS

For the Financial Period from 1 January 2006 to 31 March 2007

## 27 CAPITAL AND OTHER COMMITMENTS (cont'd)

### (c) Investment Commitments

SUI has two agreements with three other parties to form joint venture companies with an intention to develop and operate water resources infrastructure and to treat and distribute water to meet the local requirements of Pulau Bintan. The SUI's share of investment in these joint venture companies is expected to amount to S\$153.4 million (US\$101.1 million) [As at 31 December 2005 : S\$168.5 million (US\$101.1 million)]. As at 31 March 2007, these commitments are still outstanding.

## 28 SEGMENT INFORMATION

The Group's principal business segment is in the provision of water and related facilities for the public and majority of its activities are located in Singapore. Accordingly, no segment information has been presented.

## 29 COMPARATIVE FIGURES

Certain comparative figures, where appropriate, have been reclassified to conform to the current year's presentation.

## 30 NEW ACCOUNTING STANDARDS AND FRS IMPLEMENTATIONS

Certain new accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006. Adoption of these accounting standards or interpretations does not have a material impact on the Group's financial statements.

## 31 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Board on 16 July 2007.