STATEMENT BY MEDIA DEVELOPMENT AUTHORITY

For the financial year ended 31 March 2012

In the opinion of Media Development Authority (the "Authority"),

(a) the financial statements as set out on pages 94 to 171 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2012 and of the results, changes in capital, funds and accumulated surplus of the Authority and cash flows of the Authority for the financial year then ended; and

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

(c) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Media Development Authority Act (Chapter 172) (the "Act").

On behalf of the Authority

Niam Chiang Meng
Chairman

Aubeck Kam Tse Tsuen
Chief Executive Officer

29 June 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIA DEVELOPMENT AUTHORITY

Report on the Financial Statements

We have audited the accompanying financial statements of Media Development Authority (the "Authority"), set out on pages 94 to 171, which comprise the balance sheet as at 31 March 2012, and the statement of comprehensive income, statement of changes in capital, funds and accumulated surplus and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

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 Media Development Authority Act, Chapter 72 (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDIA DEVELOPMENT AUTHORITY (CONT'D)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Board as at 31 March 2012 and of the results, changes in equity and cash flows of the Board for the year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act; and

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 29 June 2012

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2012

	Note	2012 General Fund $'000	2012 Restricted Funds $'000	2012 Total $'000	2011 General Fund $'000	2011 Restricted Funds $'000	2011 Total $'000
Income							
Radio and television licence fees		-	-	-	103,815	-	103,815
Broadcast licence fees		**19,793**	-	**19,793**	18,101	-	18,101
Film and video fees		**5,725**	-	**5,725**	6,660	-	6,660
Revenue from completed films		**1,220**	-	**1,220**	1,228	-	1,228
		26,738	-	**26,738**	129,804	-	129,804
Other income	5	**4,847**	-	**4,847**	1,307	-	1,307
Net income from bank deposits, derivative financial instruments and financial assets, at fair value through profit and loss	4	**2,670**	-	**2,670**	19,731	-	19,731
Expenses							
Public service broadcast expenses		**(110,089)**	-	**(110,089)**	(102,929)	-	(102,929)
Employee compensation	6	**(29,138)**	-	**(29,138)**	(29,253)	-	(29,253)
Licensing expenses		**(5,189)**	-	**(5,189)**	(8,441)	-	(8,441)
Allowance for trade receivables	11	**(8,343)**	-	**(8,343)**	(105)	-	(105)
Write-off of bad debts		**(551)**	-	**(551)**	-	-	-
Depreciation and amortisation expenses	17 & 18	**(10,188)**	**(10)**	**(10,198)**	(13,020)	(10)	(13,030)

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

	Note	2012 General Fund $'000	2012 Restricted Funds $'000	2012 Total $'000	2011 General Fund $'000	2011 Restricted Funds $'000	2011 Total $'000
Rental on operating leases		**(3,736)**	-	**(3,736)**	(3,647)	-	(3,647)
Fund management expenses		**(1,698)**	-	**(1,698)**	(2,670)	-	(2,670)
Board members' fees		**(241)**	-	**(241)**	(123)	-	(123)
Training and recruitment		**(843)**	-	**(843)**	(422)	-	(422)
Professional and consultancy fees		**(6,822)**	-	**(6,822)**	(5,644)	-	(5,644)
Marketing and communications expenses		**(1,215)**	-	**(1,215)**	(2,591)	-	(2,591)
Standard ICT operating environment expenses		**(977)**	-	**(977)**	(1,578)	-	(1,578)
Information technology expenses		**(9,362)**	-	**(9,362)**	(10,866)	-	(10,866)
Irrecoverable GST		**(2,732)**	-	**(2,732)**	(2,885)	-	(2,885)
Write off of property, plant and equipment					(126)	-	(126)
Other operating expenses		**(6,618)**	-	**(6,618)**	(5,860)	-	(5,860)
Total operating expenditure		**(197,742)**	**(10)**	**(197,752)**	(190,160)	(10)	(190,170)
Deficit before industry development expenses		**(163,487)**	**(10)**	**(163,497)**	(39,318)	(10)	(39,328)

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

STATEMENT OF COMPREHENSIVE INCOME (CONT'D)

For the financial year ended 31 March 2012

	Note	2012 General Fund $'000	2012 Restricted Funds $'000	2012 Total $'000	2011 General Fund $'000	2011 Restricted Funds $'000	2011 Total $'000
Industry development expenses							
Industry promotional expenses	7	(3,729)	(34,959)	(38,688)	(6,952)	(32,003)	(38,955)
Impairment of interest receivable on industry loans	11	(1,195)	-	(1,195)	-	-	-
Amortisation of financial guarantees	12	(115)	-	(115)	(110)	-	(110)
Allowance for impairment of financial guarantees	12	-	-	-	(6,873)	-	(6,873)
Write-back/(loss) on financial guarantees		86	-	86	(809)	-	(809)
Allowance for impairment of loan receivables	13	(975)	-	(975)	(1,250)	-	(1,250)
Write-back/(amortisation) of fair value of convertible loans	13	29	-	29	(49)	-	(49)
Impairment loss on financial assets, available-for-sale	14	(10,000)	(15,000)	(25,000)	-	-	-
Total industry development expenses		(15,899)	(49,959)	(65,858)	(16,043)	(32,003)	(48,046)
Deficit before grants		(179,386)	(49,969)	(229,355)	(55,361)	(32,013)	(87,374)
Government grants	8	128,732	48,278	177,010	8,217	29,398	37,615

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

	Note	2012 General Fund $'000	2012 Restricted Funds $'000	2012 Total $'000	2011 General Fund $'000	2011 Restricted Funds $'000	2011 Total $'000
Deficit before contribution to Consolidated Fund		(50,654)	(1,691)	(52,345)	(47,144)	(2,615)	(49,759)
Contribution to Consolidated Fund	22	-	-	-	-	-	-
Net deficit		(50,654)	(1,691)	(52,345)	(47,144)	(2,615)	(49,759)
Other comprehensive loss							
Financial assets, available-for-sale - Fair value loss		(654)	(23)	(677)	-	-	-
Total comprehensive loss		(51,308)	(1,714)	(53,022)	(47,144)	(2,615)	(49,759)

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

BALANCE SHEET

For the financial year ended 31 March 2012

	Note	2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**109,612**	167,384
Financial assets, at fair value through profit and loss	10	**134,978**	153,422
Trade and other receivables	11	**31,146**	28,028
Deferred subsidies	12	**21**	122
Loan receivables	13	**-**	616
Derivative financial instruments	15	**-**	1,978
Other current assets	16	**1,968**	2,049
		277,725	353,599
Non-current assets			
Property, plant and equipment	17	**6,683**	12,334
Intangible assets	18	**2,382**	5,960
Loan receivables	13	**-**	306
Financial assets, available-for-sale	14	**14,822**	31,478
		23,887	50,078
Total assets		**301,612**	403,677
LIABILITIES			
Current liabilities			
Trade and other payables	21	**50,627**	100,414
Licence fees received in advance		**266**	220
Advances and deposits	22	**39,080**	38,928
Derivative financial instruments	15	**479**	-
Provision for financial guarantees	12	**-**	616
Provision for deferred subsidies	12	**21**	122
Provision for pensions and gratuities	24	**1,651**	1,719
		92,124	142,019

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

	Note	2012 $'000	2011 $'000
Non-current liabilities			
Provision for unclaimed monies		**2,565**	1,092
Provision for pensions and gratuities	24	**18,256**	18,845
Provision for ex-gratia payments		**243**	275
Provision for reinstatement of property, plant and equipment		**837**	837
		21,901	21,049
Total liabilities		**114,025**	163,068
NET ASSETS		**187,587**	240,609
Net assets/(liabilities) of trust and agency funds			
- Singapore Film Commission	19	**1,097**	1,734
- Interactive Digital Media R&D	20	**(12,479)**	(3,127)
		(11,382)	(1,393)
		176,205	239,216
CAPITAL, FUNDS AND ACCUMULATED SURPLUS			
Share capital	25	**1,201**	1,201
Capital account	26	**131,614**	131,614
Accumulated surplus		**55,449**	107,794
Fair value reserve		**(677)**	-
		187,587	240,609
Net assets/(liabilities) of trust and agency funds			
- Singapore Film Commission	19	**1,097**	1,734
- Interactive Digital Media R&D	20	**(12,479)**	(3,127)
		(11,382)	(1,393)
		176,205	239,216

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

STATEMENT OF CHANGES IN CAPITAL, FUNDS AND ACCUMULATED SURPLUS

For the financial year ended 31 March 2012

	Share capital	Capital account	Fair value reserve			Accumulated surplus			Total
			General Fund	Restricted Funds	Subtotal	General Fund	Restricted Funds	Subtotal	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2012									
Beginning of financial year	1,201	131,614	-	-	-	67,947	39,847	107,794	240,609
Net deficit and total comprehensive loss for the financial year	-	-	(654)	(23)	(677)	(50,654)	(1,691)	(52,345)	(53,022)
End of financial year	**1,201**	**131,614**	**(654)**	**(23)**	**(677)**	**17,293**	**38,156**	**55,449**	**187,587**
2011									
Beginning of financial year	1,201	131,614	-	-	-	115,091	42,462	157,553	290,368
Net deficit and total comprehensive loss for the financial year	-	-	-	-	-	(47,144)	(2,615)	(49,759)	(49,759)
End of financial year	**1,201**	**131,614**	**-**	**-**	**-**	**67,947**	**39,847**	**107,794**	**240,609**

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

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
(Deficit) before grants		**(229,355)**	(87,374)
Adjustments for:			
- Depreciation and amortisation expense		**10,198**	13,032
- Write-off/loss on disposal of property, plant and equipment		**12**	126
- Loss/(income) from bank deposits, derivative financial instruments and financial assets, at fair value through profit and loss		**(2,670)**	(19,731)
- Management fee expense for financial assets, available-for- sale		**200**	200
- Write-off of bad debts		**551**	-
- Allowance for impairment of trade receivables		**8,343**	105
- Amortisation/(write-back) of fair value of convertible loans		**(29)**	49
- Finance income arising from amortisation of fair value on convertible loans		**(24)**	(4)
- Allowance for impairment of loans receivables		**975**	1,250
- Impairment of interest receivable on loan receivables		**1,195**	-
- Allowance for impairment of financial guarantees		**-**	6,873
- Impairment loss on financial assets, available-for-sale		**25,000**	-
- (Write-back)/loss on financial guarantees		**(86)**	809
- Provision for unclaimed monies		**1,473**	236
- Provision for pensions, gratuities and ex-gratia		**962**	906
		(183,255)	(83,523)
Change in working capital			
- Trade and other receivables		**(11,970)**	(1,159)
- Other current assets		**81**	1,795
- Trade and other payables		**(39,571)**	42,602
- Advances and deposits		**152**	23,782
- Licence fees received in advance		**46**	(61,399)
Cash utilised in operations		**(234,517)**	(77,902)
Payment of pension and gratuities		**(1,651)**	(1,697)
Net cash utilised in operating activities		**(236,168)**	(79,599)

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

	Note	2012 $'000	2011 $'000
Cash flows from investing activities			
Net purchases of property, plant and equipment		**(808)**	(958)
Purchases of intangible assets		**(173)**	(19)
Net proceeds from sale/(purchase) of financial assets, at fair value through profit and loss		**18,267**	116,604
Net proceeds from sale of derivative financial instruments		**2,944**	3,388
Purchases of financial assets, available-for-sale		**(9,547)**	(11,678)
Repayment from financial assets, available-for-sale		**326**	-
Interest received		**505**	5,245
Dividend received		**618**	1,813
Net cash provided by investing activities		**12,132**	114,395
Cash flows from financing activities			
Net disbursement of loan receivables		**-**	(1,225)
Payment of financial guarantees		**(530)**	(9,375)
Government grants received		**177,010**	37,615
Net cash provided by financing activities		**176,480**	27,015
Net (decrease)/increase in cash and cash equivalents		**(47,556)**	61,811
Cash and cash equivalents at beginning of financial year		**155,572**	93,761
Cash and cash equivalents at end of financial year	9	**108,016**	155,572

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2012

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

1. General information

Media Development Authority, a Statutory Board under the Ministry of Information, Communications and the Arts ("MICA"), was established in The Republic of Singapore under the Media Development Authority Act (Chapter 172) on 1 January 2003.

The establishment of the Authority was by way of a merger of the Singapore Broadcasting Authority, the Singapore Film Commission and the Films and Publications Department from the Ministry of Information, Communications and the Arts.

The registered office and principal place of operations of the Authority is located at 3 Fusionopolis Way, #16-22, Symbiosis, Singapore 138633.

The Authority is the national regulatory authority for media in Singapore and is engaged in the following principal activities:

(a) to exercise licensing and regulatory functions in respect of media services in Singapore, including the establishment of guidelines and standards relating to the content of media services, and any equipment or facility used in connection with the provision of media services;

(b) to encourage, promote and facilitate the development of the media industries in Singapore;

(c) to advise and make recommendations to the Government on matters, measures and regulations related to or connected with the media;

(d) to facilitate the provision of an adequate range of media services in Singapore which serve the interests of the general public;

(e) to maintain fair and efficient market conduct and effective competition in the media industries in Singapore or, in the absence of a competitive market, to prevent the misuse of monopoly or market power;

(f) to ensure that media services in Singapore are maintained at a high standard in all respects and, in particular, in respect of the quality, balance and range of subject-matter of their content;

1. General information (Cont'd)

(g) to encourage and regulate public service broadcast programming by broadcasting licensees; and

(h) to ensure that nothing is included in the content of any media service which is against public interest or order, or national harmony, or which offends against good taste or decency.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Media Development Authority Act (Chapter 172) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Authority's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

On 1 April 2011, the Authority adopted the new or amended SB-FRS that is mandatory for application from that date. Changes to the Authority's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS.

The adoption of this new or amended SB-FRS did not result in substantial changes to the Authority's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

2. Significant accounting policies (cont'd)

2.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following restricted recognition criteria must also be met before revenue is recognised:

(a) *Radio and television ("RTV") license fees*

Radio and television license fees are recognised when the licences are granted and recognised evenly over the licence period.

(b) *Broadcast license fees*

Broadcast license fees are recognised when broadcasters' services are rendered.

Broadcast license fees are computed based on a percentage of the broadcasters' total qualifying income. Concession rates are accorded to broadcasters providing new or innovative services.

(c) *Film and video licence fees*

Film and video licence fees are recognised when the licences are granted and recognised evenly over the licence period.

(d) *Film and video censorship fees*

Film and video censorship fees are recognised when services are rendered.

(e) *Revenue from completed films*

Under the Authority's industry developments schemes, the share of returns from the marketing and sale of the completed films, TV programmes, digital media and publishing projects are recognised as revenue when sold by the production companies to their customers.

(f) *Interest income*

Interest income is recognised using the effective interest method.

2. Significant accounting policies (cont'd)

2.2 Revenue recognition (cont'd)

(g) *Unclaimed monies*

Unclaimed monies held by the Authority which are not claimed within 6 years of its receipt, the monies are recognised in the profit or loss as "Other income".

(h) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.3 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grants. The deferred capital grants are amortised and charged to the statement of comprehensive income over the period necessary to match the annual depreciation charge of these assets or when the assets are disposed or written off. Where the grants relate to an expense item, it is recognised in the profit or loss over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate.

2.4 Trust Funds

These are monies received from government and other organisations where the Authority acts as a custodian, trustee or agent but does not exercise control of the funds. They are accounted for as agency funds held in trust.

The assets and liabilities of agency funds of the Authority - Singapore Film Commission ("SFC")'s film development funds, as well as Interactive Digital Media ("IDM") R&D development funds, held in trust for the Government are presented as "Net assets of Trust and agency funds". The receipts and expenses in respect of the agency funds held in trust are directly taken to the fund accounts and their net assets are shown under the Capital, Funds and Accumulated Surplus on the balance sheet.

2. Significant accounting policies (cont')

2.5 Restricted Funds

In accordance with Guidance Note 3 issued by Accountant General Department ("AGD"), these are funds received for specific purposes and for which separate disclosure is necessary as these funds are material and there are restrictions on the ability of the Authority to distribute or otherwise apply its funds. Restricted funds in the Authority include the Singapore Media Fusion Plan ("SMFP") and Media 21 funds. These funds are set up to account for contributions received from other government agencies and from within the Authority for specified purposes.

2.6 Employee compensation

(a) *Defined contribution plans*

The Authority's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

(b) *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.

(c) *Pensions and gratuities*

The Authority operates one defined pension plan and has also provided for certain additional post-employment healthcare benefits. These benefits are unfunded.

The pension and gratuities are valued by independent professional valuers on an annual basis.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense in the profit or loss when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

2. Significant accounting policies (cont'd)

2.6 Employee compensation (cont'd)

(c) *Pensions and gratuities (cont'd)*

The past service cost is recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognised, reduced by past service cost not yet recognised and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate of the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

If the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan, net actuarial losses of the current period and past service cost of the current period are recognised immediately to the extent that they exceed any reduction in the present value of those economic benefits. If there is no change or an increase in the present value of the economic benefits, the entire net actuarial losses of the current period and past service cost of the current period are recognised immediately.

Similarly, net actuarial gains of the current period after the deduction of past service cost of the current period exceeding any increase in the present value of the economic benefits stated above are recognised immediately if the asset is measured at the aggregate of cumulative unrecognised net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan. If there is no change or a decrease in the present value of the economic benefits, the entire net actuarial gains of the current period after the deduction of past service cost of the current period are recognised immediately.

The Authority's right to be reimbursed of some or all of the expenditure required to settle a defined obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2. Significant accounting policies (cont')

2.6 Employee compensation (cont'd)

(d) Provision for ex-gratia payments

This amount is provided for payments to be made to former Singapore Broadcasting Corporation ("SBC") staff transferred from Singapore Broadcasting Authority to the Authority. The provision is computed based on the guidelines contained in the Ministry of Finance (Revenue) Circular No. 4/94 dated 10 August 1994.

2.7 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

2.8 Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives.The estimated useful lives are as follows:

	Useful lives
Vehicles	5 years
Furniture, fittings and equipment	5 years
Computers	3 years
Renovation	3 years

No depreciation is provided for capital projects in progress.

2. Significant accounting policies (cont'd)

2.8 Property, plant and equipment (cont'd)

Plant and equipment costing less than $2,000 each are charged to profit or loss in the year of purchase.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

2.9 Impairment of non-financial assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this 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 accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2. Significant accounting policies (cont'd)

2.10 Intangible assets

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured, is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as expenses when incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three years.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.11 Cash and cash equivalents

Under the Accountant-General Circular No.4/2009 dated 2 November 2009, the Authority is required to participate in the Centralised Liquidity Management Framework ("CLM"). Under the CLM, all bank accounts maintained with selected banks will be linked up with AGD's bank accounts such that excess available cash can be automatically aggregated for central management on a daily basis. The Authority will continue to own/act as trustees for their funds and operate its bank accounts, including giving instructions for payment and revenue collection. These balances are included in cash and cash equivalents as "Deposits held with Accountant-General's Department ("AGD").

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and at bank, deposits held with AGD and deposits with financial institutions which are subject to an insignificant risk in change in value.

2. Significant accounting policies (cont'd)

2.12 Trade and other receivables

Trade and other receivables including industry loans are classified and accounted for as loans and receivables under SB-FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

2.13 Financial assets

(a) *Classification*

The Authority classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for- sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Authority investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(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 are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "trade and other receivables" (Note 11), "loan receivables" (Note 13) and "cash and cash equivalents" (Note 9) on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

2. Significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Authority commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is reclassified to profit or loss.

(c) *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. Transaction costs for financial assets at fair value through profit and loss are recognised immediately in profit or loss.

(d) *Subsequent measurement*

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables and financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

2. Significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

(d) *Subsequent measurement (cont'd)*

Interest and dividend income on financial assets, available-for-sale are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income, together with the related currency translation differences.

(e) *Impairment*

The Authority assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in prior periods.

2. Significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

(e) Impairment (cont'd)

(ii) Financial assets, available for sale

In addition to the objective evidence of impairment described in Note 2.13 (e), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.14 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise. Present obligations arising under financial guarantees are recognised and measured as provisions for financial guarantees.

2. Significant accounting policies (cont'd)

2.15 Contribution to Consolidated Fund

Contribution to the Consolidated Fund for current period is recognised at the amount expected to be paid, using the contribution rate pegged to the corporate tax rate that has been enacted or substantively enacted by the balance sheet date. Deferred tax asset for contribution to the Consolidated Fund is recognised to the extent that it is probable that future surplus will be available against which the deficits can be utilised.

Deferred tax asset for contribution to Consolidated Fund are measured at the contribution rates that are expected to apply when the deferred tax asset for contribution for Consolidated Fund is realised based on the contribution rates pegged to the corporate tax rate that has been enacted or substantively enacted by the balance sheet date.

Contribution to the Consolidated Fund and deferred tax asset for contribution to the Consolidated Fund are recognised in profit or loss.

2.16 Fair value estimation of financial assets and liabilities

The fair values of current assets and liabilities carried at amortised cost appropriate their carrying amounts.

The fair values of financial assets traded in active markets are based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Authority is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. The fair values of forward currency exchange contracts are determined using actively quoted forward foreign currency rates.

2.17 Financial guarantees and deferred subsidies

Financial guarantees and deferred subsidies are initially recognised at their fair values plus transaction costs in the Authority's balance sheet.

Financial guarantees and deferred subsidies are subsequently amortised to the profit or loss over the period of the guarantee, unless it is probable that the Authority will reimburse an amount higher than the unamortised amount. In this case, the financial guarantees and deferred subsidies shall be carried at the expected amount payable in the Authority's balance sheet.

2. Significant accounting policies (cont'd)

2.18 Derivative financial instruments

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

Derivatives that do not qualify for hedge accounting

External fund managers enter into derivative financial instruments on behalf of the Authority. These derivative financial instruments do not qualify for hedge accounting. Fair value changes for such derivative instruments that do not qualify for hedge accounting are included in profit or loss in the financial year when the changes arise.

2.19 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Authority.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (cont'd)

2.20 Trades and other payables

Trade and other payables represent unpaid liabilities for goods and services provided to the Authority prior to the end of financial year. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current assets.

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

2.21 Dividends

Dividends to Ministry of Finance, the ultimate shareholder, are recognised when the dividends are approved for payment by the Authority.

2.22 Share capital

Ordinary shares issued in accordance with FCM 26/2008 – Capital Management Framewalk, are classified as equity. The shares issued are held by the Minister of Finance, incorporated by the Minister of Finance (Incorporation) Act.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the financial year ended 31 March 2012

3. Critical accounting estimates, assumptions and judgements (cont'd)

3.1 Critical accounting estimates and assumptions

(a) Impairment of loan receivables and trade receivables

Management reviews its loan receivables and trade receivables for objective evidence of impairment at least annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. In determining this, management uses estimates based on available information as at the balance sheet date.

(i) Loan receivables

The Authority's allowance for impairment on loan receivables as at 31 March 2012 was $10,556,000 (2011: $9,581,000).

If the net present values of estimated cash flows increase/ decrease by 10% from management's estimates for all past due loan receivables, the Authority's allowance for impairment will decrease/increase by $1,056,000.

(ii) Trade receivables

The Authority's allowance for impairment of trade receivables as at 31 March 2012 was $11,496,000 (2011: $3,153,000). The allowance for impairment has been made taking into consideration the likelihood of recovery on outstanding receivables based on historical recovery rate upon issuance of late payment advices.

3. Critical accounting estimates, assumptions and judgements (cont'd)

3.1 Critical accounting estimates and assumptions (cont'd)

(b) Provision for pensions and gratuities

The provision for pension and gratuities relate to benefits payable upon retirement of officers who were transferred to the Authority from the Singapore Broadcasting Authority upon the establishment of the Authority on 1 January 2003. The provision for pensions and gratuities of the Authority as at 31 March 2012 is $19,907,000 (2011: $20,564,000). The provision has been computed based on certain assumptions and estimates as disclosed in Note 24 and the revisions to the assumptions and estimates could impact the provision made.

3.2 Critical judgements in applying the Authority's accounting policies

(a) Deferred income tax asset on contribution to Consolidated Fund

Deferred income tax asset have not been recognised on unrecognised deficits of $113,218,000 (2011: $60,873,000) (Note 22) as MDA expects to continue to be in operating deficit, excluding any investment income and fair value gains or losses from its financial assets held at fair value through profit or loss. Management believes that the probability of utilising the carried forward deficits is dependent on market performance and does not expect significant gains in its investments and financial assets held at fair value through profit or loss to offset its operating deficit. Accordingly, MDA has not recognised any deferred income tax assets for contribution to Consolidated Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

4. Net income from bank deposits, derivative financial instruments and financial assets, at fair value through profit and loss

	2012 $'000	2011 $'000
Interest income		
- Short-term deposits and cash at bank	**369**	331
- Financial assets, fair value through profit and loss	**2,365**	6,275
Gain from financial assets, at fair value through profit or loss	**760**	625
Fair value gain from derivative financial instruments	**466**	5,134
(Loss)/Gain on disposal of financial assets at fair value through profit and loss	**(1,448)**	833
(Loss)/Gain on disposal of derivative financial instruments	**21**	(95)
Dividend income	**618**	1,813
Foreign exchange (loss)/gain (net)	**(481)**	4,815
	2,670	19,731

5. Other income

	2012 $'000	2011 $'000
Financial guarantee income	**115**	110
Broadcast frequency management fees	**109**	111
Finance income arising from amortisation of fair value on convertible loans (Note 13)	**24**	4
Unclaimed monies	**173**	225
Reimbursement of expenses from MICA	**150**	270
Foreign exchange loss – financial guarantees/financial assets, available-for-sale	**86**	(313)
Interest on term/convertible loans	**1,379**	-
Rental income for Mediapolis	**1,565**	72
Others	**1,246**	828
	4,847	1,307

6. Employee compensation

	2012 $'000	2011 $'000
Wages and salaries	**25,179**	25,690
Employer's contribution to Central Provident Fund	**2,833**	2,550
Pension and gratuities (Note 23)	**994**	936
Other benefits	**132**	77
	29,138	29,253

7. Industry promotional expenses

	2012 $'000	2011 $'000
Comprising of:		
General fund	**3,729**	6,952
Restricted funds	**34,959**	32,003
	38,688	38,955

The Authority finances audio visual production, digital media and publishing projects. Financial assistance is provided in the form of industry grants for idea development, content production, gaining access to international markets and talent development. These support projects, individuals and companies from all media sectors, namely Animation, Broadcast, Film, Games, Interactive Media, Music and Publishing. Grants are disbursed based on milestones and KPIs achieved.

8. Government grants

	2012 $'000	2011 $'000
MICA grant for Singapore Media Fusion Plan ("SMFP") (Note 28)	**48,278**	29,398
MICA grant for Public Service Broadcast	**112,078**	1,400
Grant from other agencies for Public Service Broadcast	**200**	315
Other grants from MICA	**16,454**	6,502
	177,010	37,615

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

9. Cash and cash equivalents

	2012 $'000	2011 $'000
Cash at bank and on hand		
- Held by the Authority	**3,637**	35,710
- Held by fund managers (Note 10)	**10,518**	5,738
	14,155	41,448
Short-term bank deposits		
- Held by fund managers (Note 10)	**452**	1,151
Deposits held with AGD		
- The Authority	**93,409**	112,973
- Trust and agency funds (Notes 19 & 20)	**1,596**	11,812
	95,005	124,785
	109,612	167,384

Short-term bank deposits are made for varying periods of between one week and one year depending on the immediate cash requirements of the Authority, and earn interests at the respective short-term deposit rates.

Deposits held with AGD earned interest based on fixed deposit rates determined by the financial institutions with which AGD deposits the monies.

In accordance with Guidance Note 3: Accounting and Disclosure for Trust Funds, cash of trust funds that are maintained with the Authority's cash and cash equivalents are to be included as part of the cash and cash equivalents of the Authority in the balance sheet. Cash belonging to the trust funds are excluded as part of the Authority's cash and cash equivalents in the statement of cash flows.

9. Cash and cash equivalents (cont'd)

For the purpose of presenting the statement of cash flows, the cash and cash equivalents comprise the following:

	2012 $'000	2011 $'000
Cash and cash equivalents (as above)	**109,612**	167,384
Less: Trust and agency funds	**(1,596)**	(11,812)
Cash and cash equivalents per statement of cash flows	**108,016**	155,572

10. Financial assets, at fair value through profit or loss

	2012 $'000	2011 $'000
Financial assets, at fair value through profit and loss		
- Quoted equity securities	**21,864**	29,207
- Quoted bonds	**113,114**	124,215
	134,978	153,422

According to the revised Investment Guideline issued by Ministry of Information, Communications & the Arts dated 11 December 2009, the Authority's short-term (1 or 2 years) cash flow needs could be invested in instruments with capital preservation as the primary objective to protect the principal sum invested to ensure that the funds are available when required.

For the Authority's longer-term (3 or 4 years and beyond) cash flow needs, the return on investment will be pegged to MOF's cost of capital rate with a deviation band of (+) or (-) 1%. The objective is to recover the opportunity cost of holding the funds and minimise the loss in real value of the monies over the longer term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

10. Financial assets, at fair value through profit or loss (cont'd)

The above financial assets are managed by external funds managers. As at 31 March 2012, the funds placed with the external fund managers are $142,714,000 (2011: $162,140,000). The Authority has the following amounts placed under fund managers.

	Note	2012 $'000	2011 $'000
Quoted equity securities	10	**21,864**	29,207
Quoted bonds	10	**113,114**	124,215
Derivative financial instruments	15	**(479)**	1,978
Short-term bank deposits	9	**452**	1,151
Cash at bank and on hand	9	**10,518**	5,738
Amount due from brokers	11	**153**	904
Accrued interest under fund management	11	**709**	1,132
Amount due to brokers	21	**(3,617)**	(2,185)
		142,714	162,140

These items have been included in the respective current assets and liabilities categories in the balance sheet.

The terms of the management agreements, which are subject to review every 3 years, provide the following:

(a) base fee payable on a quarterly basis; and

(b) performance fee payable to fund managers (determined at the end of the relevant fund management period) for out-performance against relevant benchmarks.

11. Trade and other receivables

	2012 $'000	2011 $'000
Trade receivables		
- Licence and penalty fees	**18,923**	19,514
- Broadcasting fees	**2,895**	2,711
- Others	**989**	694
	22,807	22,919
Less: Allowance for impairment of trade receivables	**(11,496)**	(3,153)
	11,311	19,766
Other receivables		
- Accrued interest under fund management (Note 10)	**709**	1,132
- Amount due from brokers (Note 10)	**153**	904
- Amount due from MICA	**16,800**	4,211
- Interest receivables	**1,520**	229
- Others	**1,848**	1,786
	21,030	8,262
Less: Allowance for impairment of other receivables	**(1,195)**	-
	19,835	8,262
	31,146	28,028

12. Deferred subsidies and financial guarantees

	2012 $'000	2011 $'000
Current		
Financial guarantees	**-**	616
Deferred subsidies	**21**	122
	21	738

(a) Provisions for financial guarantees

As at 31 March 2012, the Authority authorised its bank to issue standby letters or credits amounting to $976,603 (2011: $4,519,000) to financial institutions for loans extended to film and animation projects managed by media companies under its Loan Guarantee Programme. A provision for financial guarantee is recognised at the balance sheet date for expected default by the media companies.

Movement in the provision for financial guarantees are as follows:

	2012 $'000	2011 $'000
Beginning of financial year	**616**	8,890
Provision made	**-**	6,873
Provision utilised	**(616)**	(8,566)
Reclassification to allowance for impairment of convertible loan (Note 13)	**-**	(6,581)
End of financial year	**-**	616

12. Deferred subsidies and financial guarantees (cont'd)

(b) Provision for deferred subsidies

The financial guarantees provided by the Authority are carried at the higher of the loan amounts guaranteed and the initial amounts recognised, less cumulative amortisation recognised as income over the terms of the guarantees. Since the media companies are paying at a preferential rate for the financial guarantees, corresponding deferred subsidies are recognised on the balance sheet, less cumulative amortisation recognised as expense over the terms of the guarantees.

Movement in provision for deferred subsidies are as follows:

	2012 $'000	2011 $'000
Deferred subsidies		
Beginning of financial year	**122**	495
Amortisation charged	**(115)**	(110)
Write-back on provision	**(86)**	(336)
Provision made	**141**	70
Currency translation differences	**(41)**	3
End of financial year	**21**	122
Comprising of:		
- Current	**21**	122
- Non-current	**-**	-
	21	122

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

13. Loan receivables

	2012 $'000	2011 $'000
Convertible loans (at cost)		
- Current	**2,030**	1,732
- Non-current	**5,026**	5,324
	7,056	7,056
Less: Allowance for impairment of convertible loans	**(7,056)**	(6,581)
	-	475
Less: Accumulated amortisation on fair value on convertible loans	**-**	(53)
	-	422
Industry loans (at cost)		
- Current	**3,500**	2,887
- Non-current	**-**	613
	3,500	3,500
Less: Allowance for impairment for industry loans	**(3,500)**	(3,000)
	-	500
Staff loans		
- Current	**-**	-
	-	922
Comprising of:		
- Current	**-**	616
- Non-current	**-**	306
	-	922

13. Loan receivables (cont'd)

Movement in allowance for impairment of loan receivables are as follows:

	2012 $'000	2011 $'000
Beginning of financial year	**9,581**	1,750
Reclassification from provision for financial guarantees (Note 12)	**-**	6,581
Allowance made	**975**	1,250
End of financial year	**10,556**	9,581

Accumulated amortisation of fair value on convertible loans

Convertible loans disbursed by the Authority to media companies yield zero or lower market interest rates as compared to commercial interest rates. Provision for amortisation on the fair value on convertible loans are made for the lower rates at which the Authority disburses these loans representing the time value loss of money of interest income that the Authority could have earned had these loans been made at the market interest rates.

Movement in accumulated amortisation of fair value on convertible loans are as follows:

	2012 $'000	2011 $'000
Beginning of financial year	**53**	8
Amortisation charge	**-**	49
Credited to profit or loss (Note 5)	**(24)**	(4)
Write-back of fair value of convertible loans	**(29)**	-
End of financial year	**-**	53
Comprising of:		
- Current	**-**	53
- Non-current	**-**	-
	-	53

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

13. Loan receivables (cont'd)

(a) Industry loans

The Authority has extended loans to certain companies in the media industry.

During the financial year, an allowance for impairment of $500,000 (2011: $1,250,000) was made against industry loans.

During the financial year, one media company has defaulted on a loan from the Authority of $2,500,000. Provision has been made for impairment of the full amount outstanding while legal action by the Authority is in progress.

(b) Convertible loans

Included in the industry loans is an amount of $7,056,000 (2011: $7,056,000) which relates to convertible loans where the Authority can convert into equity or require the companies to repay principal with interest at the repayment date. Interest rates for the convertible loans are fixed between 3.6% and 4.6% (2011: 3.6% and 4.6%) per annum. These interest rates are lower compared to the commercial interest rates.

The value of the embedded conversion option in the convertible loans is deemed to be negligible, on the basis that the underlying equities are unquoted and the valuation cannot be reliably determined.

During the financial year, the Authority has measured and recognised the time value loss on the convertible loans of $Nil (2011: $53,000) and an allowance for impairment of $475,000 (2011: $6,581,000) was made against two convertible loans which one was past due while the other has not, because of uncertainty in recoverability of the amount.

14. Financial assets, available-for-sale

	2012 $'000	2011 $'000
Beginning of financial year	**31,478**	20,000
Charged to profit or loss	**(200)**	(200)
Addition	**9,547**	11,678
Repayment	**(326)**	-
Impairment loss	**(25,000)**	-
Fair value recognized in other comprehensive income	**(677)**	-
End of financial year	**14,822**	31,478

Financial assets, available-for-sale are as follows:

	2012 $'000	2011 $'000
Investment in media and film production funds	**14,822**	31,478

Investment in media and film production funds relates to collaboration with other investors to finance the development of film production. These investments range from 3 to 10 years and repayment terms vary according to the terms of the agreements. MDA may be entitled to full repayment of principal investment plus the rights to participate in any revenue generated from the film production.

During the financial year, legal action has been commenced by the Authority for the return of a total of $25,000,000 (2011: Nil) of monies paid to one media company to be held in trust for such investments in aggregation with other partners in industry. Provision has been made for impairment of the full amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

15. Derivative financial instruments

Derivative financial instruments comprise fair value gains of the currency forwards for investments managed by external fund managers. The contracted notional principal amount of the derivative financial instruments outstanding at balance sheet date is $103,506,000 (2011: $184,767,000).

	Contracts notional amount for outstanding forward foreign exchange contracts $'000	Asset $'000	Fair value Liability $'000	Total $'000
2012				
Forwards foreign exchange contracts (current position)	**103,506**	**-**	**(479)**	**(479)**
2011				
Forwards foreign exchange contracts (current position)	184,767	1,978	-	1,978

The Authority does not have non-current forwards foreign exchange contracts. As at 31 March 2012, the settlement dates on forwards foreign exchange contracts range from 1 day to 3 months (2011: 1 day to 3 months).

16. Other current assets

	2012 $'000	2011 $'000
Deposits	**1,049**	1,074
Prepayments	**704**	910
Others	**215**	65
	1,968	2,049

17. Property, plant and equipment

	Vehicles $'000	Furniture, fittings and equipment $'000	Computers $'000	Renovation $'000	Capital projects in progress $'000	Total $'000
2012						
Cost						
Beginning of financial year	382	12,197	11,005	14,803	-	38,387
Additions	-	-	464	-	344	808
Disposals	-	(154)	(98)	-	-	(252)
Write off	-	-	(9)	-	-	(9)
End of financial year	382	12,043	11,362	14,803	344	38,934
Accumulated depreciation						
Beginning of financial year	361	5,242	8,925	11,525	-	26,053
Depreciation charge	11	2,362	1,098	2,976	-	6,447
Disposals	-	(151)	(98)	-	-	(249)
End of financial year	372	7,453	9,925	14,501	-	32,251
Net book value						
End of financial year	**10**	**4,590**	**1,437**	**302**	**344**	**6,683**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

17. Property, plant and equipment (cont'd)

	Vehicles $'000	Furniture, fittings and equipment $'000	Computers $'000	Renovation $'000	Capital projects in progress $'000	Total $'000
2011						
Cost						
Beginning of financial year	382	12,150	9,254	14,803	4,295	40,884
Additions	-	47	911	-	-	958
Disposals	-	-	(62)	-	(126)	(188)
Reclassification	-	-	902	-	(902)	-
Reclassification to intangible assets (Note 18)	-	-	-	-	(3,267)	(3,267)
End of financial year	382	12,197	11,005	14,803	-	38,387
Accumulated depreciation						
Beginning of financial year	349	2,866	7,532	6,730	-	17,477
Depreciation charge	12	2,376	1,455	4,795	-	8,638
Disposals	-	-	(62)	-	-	(62)
End of financial year	361	5,242	8,925	11,525	-	26,053
Net book value End of financial year	21	6,955	2,080	3,278	-	12,334

18. Intangible assets

	2012 $'000	2011 $'000
Cost		
Beginning of financial year	**18,434**	15,387
Additions	**173**	19
Disposals	**(604)**	(239)
Reclassification from property, plant and equipment (Note 17)	**-**	3,267
End of financial year	**18,003**	18,434
Accumulated amortisation		
Beginning of financial year	**12,474**	8,321
Amortisation charge	**3,751**	4,392
Disposals	**(604)**	(239)
End of financial year	**15,621**	12,474
Net book value	**2,382**	5,960

19. Trust and agency funds - Singapore Film Commission ("SFC")

This represent funds received from Government and other statutory boards that are held by the Authority as agent for purposes relating to SFC's funding of local feature film projects and co-productions, overseas promotion of Singapore films, as well as promotion of Singapore as a location for film shots.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

19. Trust and agency funds - Singapore Film Commission ("SFC") (cont'd)

The receipts and expenditure for the year are taken directly to the funds accounts, and the net assets of these funds at the balance sheet date are as follows:

	2012 $'000	2011 $'000
Statement of comprehensive income		
Income		
Other income	**28**	20
	28	20
Expenses		
Funding of film projects	**(660)**	(1,188)
Other expenses	**(5)**	(10)
	(665)	(1,198)
Net deficit	**(637)**	(1,178)
Accumulated fund balance		
Beginning of financial year	**1,734**	2,912
End of financial year	**1,097**	1,734
Balance sheet		
Current assets		
Cash and cash equivalents	**1,111**	1,863
Current liabilities		
Other payables	**(14)**	(129)
NET ASSETS	**1,097**	1,734

20. Trust and agency funds - Interactive and Digital Media R&D ("IDM R&D")

The National Research Foundation had allocated $500 million over five years to fund the development of a strategic IDM research programme and the set-up of a multiagency IDM R&D Programme Office within the Authority to spearhead the growth and development of Singapore's IDM sector. The income and expenditure for the year are taken directly to the funds accounts, and the net assets/liabilities of these funds at the balance sheet date are as follows:

	2012 $'000	2011 $'000
Statement of comprehensive income		
Income		
Other income	**145**	7
Government grants	**30,240**	31,703
Deferred capital grant	**377**	275
	30,762	31,985
Expenses		
Employee compensation	**(1,331)**	(1,119)
Other operating expenses	**(176)**	(497)
Depreciation	**(374)**	(374)
China-Singapore Institute of Digital Media	**(1,142)**	(1,807)
Singapore MIT GameLab Initiative	**(6,893)**	(6,585)
Futurescape	**(11,812)**	(7,056)
Public sector R&D	**(7,450)**	(10,330)
International research centres	**(8,776)**	(2,323)
Microfunding	**(2,030)**	(1,558)
IDM Futures	**(130)**	-
	(40,114)	(31,649)
Net (deficit)/surplus	**(9,352)**	336
Accumulated fund balance		
Beginning of financial year	**(3,127)**	(3,463)
Balance at end of financial year	**(12,479)**	(3,127)

20. Trust and agency funds - Interactive and Digital Media R&D ("IDM R&D") (cont'd)

	2012 $'000	2011 $'000
Balance sheet		
Current assets		
Cash and cash equivalents	**485**	9,949
Other current assets	**670**	654
	1,155	10,603
Non-current assets		
Property, plant and equipment	**502**	777
Intangible assets	**55**	157
Advance to Massachusetts Institute of Technology ("MIT")	**987**	822
	1,544	1,756
Total assets	**2,699**	12,359
Current Liabilities		
Deferred capital grant	**(557)**	(934)
Trade and other payables	**(14,621)**	(14,552)
Total liabilities	**(15,178)**	(15,486)
NET LIABILITIES	**(12,479)**	(3,127)

20. Trust and agency funds - Interactive and Digital Media R&D ("IDM R&D") (cont'd)

(a) *Singapore MIT Gamelab Initiatives*

The Singapore-MIT GAMBIT Game Lab (GAMBIT) is a research initiative that addresses important challenges faced by the global digital game research community and industry, with a core focus on identifying and solving research problems using a multi-disciplinary approach that can be applied by Singapore's digital game industry.

(b) *China-Singapore Institute of Digital Media Funding Initiatives*

The aim of the scheme is to support a strategic partnership with the Chinese Academy of Sciences ("CAS") by establishing a research institute in Singapore, focusing on applied R&D for Chinese language technologies, leveraging on CAS strengths in this area and with NUS as a major research partner, to support the goal of developing Singapore as a hub for immersive interactive language learning using IDM technologies.

(c) *Futurescape*

This funding initiative aims to support R&D of original and innovative applications, services and devices, as well as to purchase of common infrastructure and test-bedding services respectively.

(d) *Public Sector R&D*

This funding initiative seeks to stimulate public sector R&D efforts in support of the creation of fundamental breakthroughs in the Interactive and Digital Media sector.

(e) *International Research Centres*

This aims to build up research excellence in Singapore through a local and international global network of IDM research partners.

(f) *Microfunding*

The IDM Jump-start and Mentor (i.JAM) microfunding scheme aims to drive innovation and entrepreneurship in the IDM sector by supporting start-ups and individuals with breakthrough ideas that can be developed into innovative IDM products and services.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

20. Trust and agency funds - Interactive and Digital Media R&D ("IDM R&D") (cont'd)

(g) IDM Futures

This funding initiative aims to support good sized and impactful R&D projects involving data analytics on a societal scale to garner Real-Time Contextual Insights (RTCI) for key industry verticals. It also aims to support IDM Innovation Platforms to drive applications in growth verticals such as media & entertainment, tourism & lifestyle, and wellness & learning.

21. Trade and other payables

	2012 $'000	2011 $'000
Trade payables	**20,077**	64,240
Amount due to brokers (Note 10)	**3,617**	2,185
Sundry creditors	**8,424**	19,249
Accruals for operating expenses	**18,509**	14,740
	50,627	100,414

Included in trade payables are refundable RTV licence fees of approximately $9,945 (2011: $46,517,000) due to the abolishment of RTV licence with effect from 1 January 2011.

22. Advances and Deposits

	2012 $'000	2011 $'000
Deposits	**5,562**	5,193
Government grants billed in advance	**29,941**	30,825
Fees billed in advance	**3,577**	2,883
Others	**-**	27
	39,080	38,928

23. Provision for contribution to Consolidated Fund

The contribution to the Consolidated Fund is made in accordance with the Statutory Corporations (Contribution to Consolidated Fund) Act 1989 (Chapter 319A). This contribution is based on 17% (2011: 17%) of the net surplus of the Authority. The Authority is allowed to carry forward its deficits to offset against its future surplus.

There is no contribution made for the current financial year as the Authority was in a net deficit position. No contribution was made for the financial year ended 31 March 2011 as the Authority was in a net deficit position.

The benefits associated with the deficits are recognised to the extent that realisation of the related benefits through future surplus are probable. The Authority has unrecognised deficits of $113,218,000 (2011: $60,873,000) at the balance sheet date which can be carried forward and used to offset against future contributions to the Consolidated Fund. The deficits have no expiry date.

Deferred income tax asset have not been recognised on unrecognised deficits of $113,218,000 (2011: $60,873,000) as MDA expects to continue to be in operating deficit, excluding any investment income and fair value gains or losses from its financial assets held at fair value through profit or loss. Management believes that the probability of utilising the carried forward deficits is dependent on market performance and does not expect significant gains in its investments and financial assets held at fair value through profit or loss to offset its operating deficit. Accordingly, MDA has not recognised any deferred income tax assets for contribution to Consolidated Fund.

24. Provision for pensions and gratuities

The provision for pension and gratuities relate to benefits payable upon retirement of officers who were transferred to the Authority from the Singapore Broadcasting Authority upon the establishment of the Authority on 1 January 2003.

(a) The amount recognised in the balance sheet is determined as follows:

	2012 $'000	2011 $'000
Present value of funded obligations	**23,602**	23,325
Unrecognised losses	**(3,695)**	(2,761)
	19,907	20,564
Comprising of:		
- Current	**1,651**	1,719
- Non-current	**18,256**	18,845
	19,907	20,564

An actuarial loss of $428,000 (2011: $274,000) has been recognised in the current year as the unrecognised actuarial loss exceed 10% of the present value of the defined benefit obligation at the last balance sheet date.

(b) The amounts recognised in the profit or loss are as follows:

	2012 $'000	2011 $'000
Current service cost	**8**	7
Interest cost	**558**	655
Net actuarial loss recognised in the year	**428**	274
Expenses recognised in profit or loss (Note 6)	**994**	936

24. Provision for pensions and gratuities (cont'd)

(c) Movement in the pension and gratuities is as follows:

	2012 $'000	2011 $'000
Beginning of financial year	**20,564**	21,325
Provision for the year	**994**	936
Payments during the year	**(1,651)**	(1,697)
End of financial year	**19,907**	20,564

(d) Movement in the fair value of plan assets is as follows:

	2012 $'000	2011 $'000
Beginning of financial year	**23,325**	23,999
Interest cost	**558**	655
Current service cost	**8**	7
Actuarial gain	**1,362**	361
Benefits paid	**(1,651)**	(1,697)
End of financial year	**23,602**	23,325

The principle assumptions used in determining the Authority's pension obligations are:

(i) All pensioners under the pension scheme will retire at the exact age of 62.
(ii) The discount rate of the pension fund is 1.48% (2011: 2.5%) which is based on 10-year Singapore Government Bond yields.
(iii) The projected salary increase of 0% (2011: 0%).
(iv) The Singapore Mortality Table S97/02 was used for purpose of the latest valuation of pension liabilities.
(v) All current pensionable officers will choose the Partial Commutation of Pension with Gratuity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

25. Share capital

	2012 $'000	2011 $'000	2012 '000 (Number of shares)	2011 '000 (Number of shares)
Beginning and end of financial year	**1,201**	1,201	**1,201**	1,201

During the financial year ended 31 March 2009, in accordance with FCM 26/2008 – Capital Management Framework, there was capital injection of $1,201,000 into the Authority, comprising 1,000 shares from Ministry of Finance, and 1,200,000 shares for Minor Development Funds from Ministry of Information, Communications and the Arts in the form of equity injection. In lieu of the capital injection, share certificates amounting to $1,201,000 had been issued.

There are no shares issued in the current financial year.

The shares issued are held by the Minister of Finance, incorporated by the Minister for Finance (Incorporation) Act.

26. Capital account

The beginning capital account comprises of the capitalisation of net assets/(liabilities) transferred from the Singapore Broadcasting Authority and the Singapore Film Commission on 1 January 2003, the date of establishment of the Authority.

27. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2012 $'000	2011 $'000
Property, plant and equipment	**178**	11

(b) Non-cancellable operating lease commitments

The Authority leases office premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payable under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2012 $'000	2011 $'000
Not later than one year	**7,140**	6,984
Between one and five years	**7,728**	14,420
	14,868	21,404

27. Commitments (cont'd)

c) Media 21

(i) As announced by Minister for Information, Communications & the Arts, Dr Lee Boon Yang, during the Media 21 Forum on 8 July 2003, the Authority will be setting aside $100 million over the next 5 years to support the development of the media industry through a comprehensive slate of industry development schemes.

	2012 $'000	2011 $'000
Amount committed	**100,000**	100,000
Amount utilised	**(82,567)**	(80,853)
Amount unutilised	**17,433**	19,147

Included in the amounts unutilised are contracted amounts of $1,214,812 (2011: $3,389,000) yet to be expensed. No new commitment had since been made under the Media 21.

(ii) On 11 May 2005, it was announced that a further $65 million would be granted for media developments over the next five years. This funding is granted by Ministry of Information, Communications & the Arts to the Authority. This is in addition to the $100 million detailed in Note 26 (c)(i).

	2012 $'000	2011 $'000
Amount committed	**65,000**	65,000
Amount utilised	**(65,000)**	(65,000)
Amount unutilised	**-**	-

The $65 million had been fully utilised, and no new commitment had since been made under the Media 21.

27. Commitments (cont'd)

(d) Singapore Media Fusion Plan ("SMFP")

SMFP seeks to shape the future of the media sector in a holistic manner. SMFP articulates Singapore's response to a media landscape that has been dramatically altered by digital migration and the rise of Asia. It builds on the achievements of its predecessor Media 21 to strengthen the building blocks of the media ecosystem and support the creation of innovative content, applications and services with global appeal. $230 million had been committed to implement SMFP over five years commencing from the financial year ended 31 March 2010, out of which the Authority is injecting $20.7 million from its accumulated surplus to fund the plan.

	2012 $'000	2011 $'000
Amount committed	**230,000**	230,000
Amount utilised		
- Industry development expenses	**(77,584)**	(44,339)
- Property, plant & equipment	**(32)**	(32)
- Investment in media and film production funds	**(20,899)**	(11,678)
Amount unutilised	**131,485**	173,951

Included in the amounts unutilised are contracted amounts of $48,369,033 (2011: $36,639,000).

(e) Guarantees

As at 31 March 2012, the Authority had authorised its bank to issue standby letters of credits amounting to $976,603 (2011: $4,519,000) to financial institutions for loans extended to film and animation projects managed by media companies under its Loan Guarantee Programme (Note 12).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

27. Commitments (cont'd)

(f) Financial assets, available-for-sale

	2012 $'000	2011 $'000
Amount committed	**61,000**	51,000
Amount disbursed	**(41,003)**	(32,009)
Amount unutilised	**19,997**	18,991

28. Restricted funds

	SMFP 2012 $'000	SMFP 2011 $'000	Media 21 2012 $'000	Media 21 2011 $'000
Statement of comprehensive income				
Income	**-**	-	**-**	-
Expenses				
Industry development expenses	**(33,245)**	(29,388)	**(1,714)**	(2,615)
Impairment loss on Media Investments	**(15,000)**	-	**-**	-
Depreciation	**(10)**	(10)	**-**	-
Deficit before grants	**(48,255)**	(29,398)	**(1,714)**	(2,615)

28. Restricted funds (cont'd)

	SMFP 2012 $'000	SMFP 2011 $'000	Media 21 2012 $'000	Media 21 2011 $'000
Government grants (Note 8)	**48,278**	29,398	**-**	-
Surplus/(Deficit) before contribution to Consolidated Fund	**23**	-	**(1,714)**	(2,615)
Contribution to Consolidated Fund	**-**	-	**-**	-
Net surplus/(deficit) for the year	**23**	-	**(1,714)**	(2,615)

29. Net assets and liabilities of Restricted funds

	2012 SMFP $'000	2012 Media 21 $'000	2012 Total $'000	2011 SMFP $'000	2011 Media 21 $'000	2011 Total $'000
Balance sheet						
Current assets						
Cash and cash equivalents	**50,413**	**17,773**	**68,186**	42,743	19,624	62,367
Financial assets, available-for-sale	**5,875**	**-**	**5,875**	11,678	-	11,678
Other current assets	**150**	**-**	**150**	417	-	417
	56,438	**17,773**	**74,211**	54,838	19,624	74,462
Non-current asset						
Property, plant and equipment	**12**	**-**	**12**	22	-	22
Total assets	**56,450**	**17,773**	**74,223**	54,860	19,624	74,484

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

29. Net assets and liabilities of Restricted funds (cont'd)

	2012			2011		
	SMFP $'000	Media 21 $'000	Total $'000	SMFP $'000	Media 21 $'000	Total $'000
Current liabilities						
Trade and other payables	**(5,878)**	**(340)**	**(6,218)**	(4,909)	(477)	(5,386)
Advances and deposits	**(23,985)**	**-**	**(23,985)**	(17,551)	-	(17,551)
Deferred capital grant	**(5,887)**	**-**	**(5,887)**	(11,700)	-	(11,700)
Total liabilities	**(35,750)**	**(340)**	**(36,090)**	(34,160)	(477)	(34,637)
Net assets	**20,700**	**17,433**	**38,133**	20,700	19,147	39,847
Represented By:						
Fair value reserves	**(23)**	**-**	**(23)**	-	-	-
Accumulated surplus	**20,723**	**17,433**	**(38,156)**	20,700	19,147	39,847
	20,700	**17,433**	**38,133**	20,700	19,147	39,847

30. Financial risk management

Financial risk factors

The Authority's activities expose it to market risk (including currency, price and interest rate risk), credit risk and liquidity risk.

The Authority is responsible for setting the objectives and underlying principles of financial risk management for the Authority. The Finance Committee then establishes the detailed policies such as risk identification and measurement, exposure limits.

An independent investment consultant measures actual exposure against the limits set and prepares regular reports for the review of the Finance Committee and the Board. The information presented below is based on information received by key management.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

30. Financial risk management (cont'd)

(a) Market risk

Currency risk

The Authority has exposure to foreign exchange risk as a result of transactions in foreign currency denominated assets and liabilities. The Authority's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	JPY $'000	EUR $'000	AUD $'000	HKD $'000	KRW $'000	TWD $'000	GBP $'000	SKR $'000	CAD $'000	IDR $'000	Others $'000	Total $'000
At 31 March 2012														
Financial assets														
Cash and cash equivalents	109,612	-	-	-	-	-	-	-	-	-	-	-	-	109,612
Financial assets, at fair value through profit and loss	36,232	37,740	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	134,978
Trade and other receivables (gross)	31,146	-	-	-	-	-	-	-	-	-	-	-	-	31,146
Financial assets, available-for-sale (gross)	39,976	523	-	-	-	-	-	-	-	-	-	-	-	40,499
Loan receivables (gross)	3,975	6,581	-	-	-	-	-	-	-	-	-	-	-	10,556
	220,941	44,844	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	326,791
Financial liabilities														
Trade and other payables	50,627	-	-	-	-	-	-	-	-	-	-	-	-	50,627
Licence fees received in advance	266	-	-	-	-	-	-	-	-	-	-	-	-	266
Advances and deposits	39,080	-	-	-	-	-	-	-	-	-	-	-	-	39,080
Provision for unclaimed monies	2,565	-	-	-	-	-	-	-	-	-	-	-	-	2,565
Provision for pensions and gratuities	19,907	-	-	-	-	-	-	-	-	-	-	-	-	19,907
Provision for ex-gratia payments	243	-	-	-	-	-	-	-	-	-	-	-	-	243
	112,688	-	-	-	-	-	-	-	-	-	-	-	-	112,688
Net financial assets	108,253	44,844	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	214,103
Add/(less): Currency forwards	80,217	(38,121)	(7,136)	(17,242)	(1,439)	-	172	-	(8,634)	(4,160)	(3,966)	(252)	271	(290)
Currency profile	**188,470**	**6,723**	**(466)**	**(1,546)**	**(302)**	**9,083**	**4,534**	**2,515**	**(132)**	**449**	**(341)**	**1,667**	**3,159**	**213,813**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

30. Financial risk management (cont'd)

(a) Market risk (cont'd)

Currency risk (cont'd)

	SGD $'000	USD $'000	JPY $'000	EUR $'000	AUD $'000	HKD $'000	KRW $'000	TWD $'000	GBP $'000	SKR $'000	CAD $'000	IDR $'000	Others $'000	Total $'000
At 31 March 2011														
(Restated)														
Financial assets														
Cash and cash equivalents	167,384	-	-	-	-	-	-	-	-	-	-	-	-	167,384
Financial assets, at fair value through profit and loss	37,036	39,079	4,305	26,262	641	14,511	5,200	2,857	9,660	4,089	2,202	2,371	5,209	153,422
Trade and other receivables (gross)	28,028	-	-	-	-	-	-	-	-	-	-	-	-	28,028
Financial assets, available-for-sale (gross)	31,478	-	-	-	-	-	-	-	-	-	-	-	-	31,478
Loan receivables (gross)	3,975	6,581	-	-	-	-	-	-	-	-	-	-	-	10,556
	267,901	45,660	4,305	26,262	641	14,511	5,200	2,857	9,660	4,089	2,202	2,371	5,209	390,868
Financial liabilities														
Trade and other payables	100,414	-	-	-	-	-	-	-	-	-	-	-	-	100,414
Licence fees received in advance	220	-	-	-	-	-	-	-	-	-	-	-	-	220
Advances and deposits	38,928	-	-	-	-	-	-	-	-	-	-	-	-	38,928
Provision for unclaimed monies	1,092	-	-	-	-	-	-	-	-	-	-	-	-	1,092
Provision for pensions and gratuities	20,564	-	-	-	-	-	-	-	-	-	-	-	-	20,564
Provision for ex-gratia payments	275	-	-	-	-	-	-	-	-	-	-	-	-	275
	161,493	-	-	-	-	-	-	-	-	-	-	-	-	161,493
Net financial assets	106,408	45,660	4,305	26,262	641	14,511	5,200	2,857	9,660	4,089	2,202	2,371	5,209	229,375
Add/(less): Currency forwards	91,540	(38,395)	(4,453)	(28,236)	(640)	-	-	-	(10,844)	(3,741)	(2,201)	(246)	(2,701)	83
Currency profile	**197,948**	**7,265**	**(148)**	**(1,974)**	**1**	**14,511**	**5,200**	**2,857**	**(1,184)**	**348**	**1**	**2,125**	**2,508**	**229,458**

30. Financial risk management (cont'd)

(a) Market risk (cont'd)

Currency risk (cont'd)

If the above foreign currencies change against the Singapore dollar by 0.2% to 3.6% (2011: 0.6% to 1.8%) for the respective currencies, with all other variables being held constant, the effects arising from the net financial asset position will be as follows:

	2012	2011
	Increase/(decrease)	
	Surplus/ (deficit) $'000	Surplus/ (deficit) $'000
US dollar against SGD		
- strengthened	**90**	44
- weakened	**(90)**	(44)
Japanese yen against SGD		
- strengthened	**(17)**	(2)
- weakened	**17**	2
Euro dollar against SGD		
- strengthened	**(20)**	(27)
- weakened	**20**	27
Australian dollar against SGD		
- strengthened	**(5)**	-
- weakened	**5**	-
Hong Kong dollar against SGD		
- strengthened	**114**	98
- weakened	**(114)**	(98)

30. Financial risk management (cont'd)

(a) Market risk (cont'd)

Currency risk (cont'd)

	2012	2011
	Increase/(decrease)	
	Surplus/ (deficit) $'000	Surplus/ (deficit) $'000
Korean won against SGD		
- strengthened	11	69
- weakened	(11)	(69)
New Taiwan dollar against SGD		
- strengthened	9	41
- weakened	(9)	(41)
Swedish krona against SGD		
- strengthened	7	5
- weakened	(7)	(5)
Canadian dollar against SGD		
- strengthened	(3)	-
- weakened	3	-
Indonesian rupiah against SGD		
- strengthened	21	20
- weakened	(21)	(20)
British pound against SGD		
- strengthened	(1)	(18)
- weakened	1	18

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

30. Financial risk management (cont'd)

(a) Market risk (cont'd)

Price risk

The Authority's exposure to market risk arises from its quoted marketable securities (Note 10). The risk is managed through fund diversification across different asset classes in various markets.

The Authority is exposed to equity securities price risk arising from the financial assets held which are classified on the balance sheet at fair value through profit or loss. The Authority is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Authority diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Authority.

If prices for quoted equity securities change by 0.5% to 4.7% (2011: 0.2% to 5.5%) for the portfolio held with the respective fund managers, with all other variables being held constant, the effects on surplus/(deficit) will be:

	2012	2011
	Increase/(decrease)	
	Surplus/ (deficit) $'000	Surplus/ (deficit) $'000
Quoted equity securities		
- increased by	**1,018**	1,696
- decreased by	**(1,018)**	(1,696)
Quoted bonds		
- increased by	**678**	455
- decreased by	**(678)**	(455)

30. Financial risk management (cont'd)

(a) Market risk (cont'd)

Interest rate risk

The Authority's exposure to interest rate risk for changes in interest rates arises primarily from investments in quoted bonds, short-term deposits and loan receivables. Investments in quoted bonds, short-term bank deposits and loan receivables obtained at fixed rates expose the Authority to fair value interest rate risk.

The Authority has insignificant exposure to cash flow interest rate risk as majority of the quoted bonds, short-term deposits and loan receivables bear interest at fixed rates.

The Authority periodically reviews and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable limits.

Surplus funds are placed with reputable financial institutions. Amounts under fund management are placed with reputable fund managers.

The table below set out the Authority's exposure to interest rate risks. Included in the table are assets at carrying amounts, categorised by earlier of contractual repricing or maturity dates.

	Variable rates			Fixed rates			Total
	Not later than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Not later than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	$'000
2012							
Quoted bonds	126	80	882	3,195	45,760	63,071	113,114
Deposits held with AGD and short term deposits	95,005	-	-	452	-	-	95,457
Loan receivables	-	-	-	3,975	6,581	-	10,556
Total	**95,131**	**80**	**882**	**7,622**	**52,341**	**63,071**	**219,127**

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

30. Financial risk management (cont'd)

(a) Market risk (cont'd)

Interest rate risk (cont'd)

	Variable rates			Fixed rates			Total
	Not later than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	Not later than 1 year $'000	1 to 5 years $'000	More than 5 years $'000	$'000
2011							
Quoted bonds	-	-	999	1,759	68,722	52,735	124,215
Deposits held with AGD and short term deposits	124,785	-	-	1,000	-	151	125,936
Loan receivables	-	-	-	3,753	222	6,581	10,556
Total	**124,785**	**-**	**999**	**6,512**	**68,944**	**59,467**	**260,707**

Sensitivity analysis for interest rate risk

For quoted bonds and short-term deposits

Assuming all other variables are held constant, 50 (2011: 50) basis points increase in variable interest rate in the portfolio held with the respective fund managers and loan receivables, will decrease the Authority's net surplus by $3,184,000 (2011: $1,820,000). A decrease by 50 (2011: 50) basis points in variable interest rate in the portfolio held with the respective fund managers and loan receivables, will increase the Authority's net surplus by $3,184,000 (2011: $1,820,000).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Authority. The Authority's major classes of financial assets are bank deposits, deposits held with AGD, trade and other receivables, financial assets, available-for-sale, loan receivables and financial assets, at fair value through profit or loss.

30. Financial risk management (cont'd)

(b) Credit risk (cont'd)

The Authority adopts the policy of dealing only with media and production companies of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk.

Cash and cash equivalents, quoted equities, quoted bonds, quoted investment funds, including deposits held with AGD and derivative financial instruments are placed or transacted with high credit quality financial institutions.

The maximum exposure to credit risk for each class of financial assets is the carrying amount of that class of financial instruments presented on the balance sheet. The Authority's major classes of financial assets are cash and cash equivalents, trade and other receivables, financial assets, available for sale and loans receivables.

(i) *Financial assets that are neither past due nor impaired*

Bank deposits and deposits held with AGD that are neither past due nor impaired are mainly deposits with banks which have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables including industry loans that are neither past due nor impaired are substantially companies with good collection track records with the Authority.

(ii) *Financial assets that are past due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables and loans receivables.

The age analysis of trade and loan receivables past due but not impaired is as follows:

	2012 $'000	2011 $'000
Past due < 3 months	**275**	150
Past due 3 to 6 months	**12**	-
Past due over 6 months	**7,623**	16,560
	7,910	16,710

30. Financial risk management (cont'd)

(b) Credit risk (cont'd)

(ii) *Financial assets that are past due and/or impaired (cont'd)*

The age analysis of trade and loans receivable past due and/or impaired is as follows:

	2012 $'000	2011 $'000
Past due < 3 months	**1,475**	-
Past due 3 to 6 months	**-**	-
Past due over 6 months	**13,996**	3,153
	15,471	3,153

The carrying amount of trade receivables and loans receivable which are past due and/or individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	2012 $'000	2011 $'000
Gross amount	**29,961**	29,443
Less: Allowance for impairment	**(22,052)**	(12,734)
	7,909	16,709
Beginning of financial year	**12,734**	4,799
Allowance made	**9,326**	7,935
Reversal made	**(8)**	-
End of financial year	**22,052**	12,734

The impairment in trade receivables is due to several debtors who have not repaid their outstanding amounts despite late reminders sent. The impairment in loans receivable arises mainly from two companies which have suffered losses in its operations and have not repaid their loans which have expired. It is uncertain if full repayment can be made on the outstanding amounts.

30. Financial risk management (cont'd)

(c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as and when they fall due. The Authority manages liquidity risk by maintaining sufficient funding from the government and other government agencies to finance its operations. Investments are mainly held in quoted marketable securities comprising of equity securities, bonds and investment in media and production funds.

The table below analyses the maturity profile of the Authority's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year $'000	More than 1 year $'000	Total $'000
At 31 March 2012			
Trade and other payables	50,677	-	50,677
Licence fees received in advance	266	-	266
Advances and deposits	39,306	-	39,306
Provision for unclaimed monies	-	2,565	2,565
Provision for pensions and gratuities	1,651	18,256	19,907
Provision for ex-gratia payments	-	243	243
	91,900	21,064	112,964
At 31 March 2011			
Trade and other payables	100,414	-	100,414
Licence fees received in advance	166	54	220
Advances and deposits	38,928	-	38,928
Provision for unclaimed monies	-	1,092	1,092
Provision for pensions and gratuities	1,719	18,845	20,564
Provision for ex-gratia payments	-	275	275
	141,227	20,266	161,493

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

30. Financial risk management (cont'd)

(c) Liquidity risk (cont'd)

The table below analyses the derivative financial instruments of the Authority for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000
At 31 March 2012	
Gross-settled currency forwards	
- Receipts	**103,506**
- Payments	**(103,985)**
At 31 March 2011	
Gross-settled currency forwards	
- Receipts	184,767
- Payments	(182,789)

(d) Capital risk

The Authority's objectives when managing capital are to ensure that the Authority is adequately capitalised and to fulfil objectives for which monies of the Authority may be applied under the Media Development Authority Act (Chapter 172). To achieve these objectives, the Authority may secure grants from the Government, return capital to shareholders, issue new shares, or obtain new borrowings.

The Authority is not subject to any capital requirements under the Media Development Authority Act (Chapter 172) or any other externally imposed capital requirements, except for those mandated by the Ministry of Finance.

The Authority defines capital as share capital, capital account, funds and accumulated surplus and deferred capital grants. The Authority monitors its surplus/deficits. The Authority's approach to capital management remains unchanged from the financial year ended 31 March 2011.

30. Financial risk management (cont'd)

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2); and

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

The following table presents the assets and liabilities measured at fair value at 31 March 2012.

	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
2012				
Assets				
Financial assets, available-for-sale (gross)	-	-	40,499	40,499
Financial assets, at fair value through profit or loss				
- Quoted equity securities	21,864	-	-	21,864
- Quoted bonds	113,113	-	-	113,113
- Quoted investment fund				
Derivatives financial instruments	-	103,506	-	103,506
Total assets	134,977	103,506	40,499	278,982
Liabilities				
Derivatives financial instruments	-	(103,984)	-	(103,984)

30. Financial risk management (cont'd)

(e) Fair value measurements (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2011				
Assets				
Financial assets, available-for-sale	-	-	31,478	31,478
Financial assets, at fair value through profit or loss				
- Quoted equity securities	29,207	-	-	29,207
- Quoted bonds	124,215	-	-	124,215
- Quoted investment fund	-	-	-	-
Derivatives financial instruments	-	184,767	-	184,767
Total assets	153,422	184,767	31,478	369,667
Liabilities				
Derivatives financial instruments	-	(182,789)	-	(182,789)

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Authority is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Authority uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term debt for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. These investments are included in Level 2 and comprise derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in Level 3.

30. Financial risk management (cont'd)

(e) Fair value measurements (cont'd)

The carrying amount less impairment provision of trade receivables and payables and loan receivables are assumed to approximate their fair values.

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in the notes to the financial statements, except for the following:

	2012 $'000	2011 $'000
Loans and receivables	**147,052**	184,522
Financial liabilities at amortised cost	**90,249**	139,562

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

For the financial year ended 31 March 2012

31. Significant Related Party Transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Authority and related parties at terms agreed between the parties:

(a) Transactions with Government Agencies

Name of Government Agency	Nanyang Polytechnic	JTC Corporation	JTC Corporation
Nature of Agreement	Funding Grant for Games Solution Centre	Office Lease for Fusionopolis	Office Lease for Phase Zero
Contract Amount ($'000)	$4,200	$24,277	$7,594
Contract Period	22 Jun 2011 to 21 Jun 2014	1 Jun 2008 to 31 May 2014	1 March 2011 to 31 Mar 2014
Disbursement from 1 Apr 2010 to 31 Mar 2011 ($'000)	$-	$4,365	$214
Disbursement from 1 Apr 2011 to 31 Mar 2012 ($'000)	$864	$4,436	$2,233

(b) Grants from National Research Foundation ("NRF")

For the year ended 31 March 2012, MDA received $30,240,000 (2011:$31,703,000) from NRF, to implement the IDM R&D programme.

31. Significant Related Party Transactions (cont'd)

(c) Compensation of key management personnel

The remuneration of members of key management is as follows:

	2012 $'000	2011 $'000
Wages and salaries	**2,809**	3,481
Employer's contribution to Central Provident Fund	**53**	87
	2,862	3,568

32. New or revised accounting Standards and Interpretations

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Authority's accounting periods beginning on or after 1 April 2012 or later periods and which the Authority has not early adopted are:

- Amendments to SB-FRS 107 Disclosures - *Transfers of Financial Assets* (effective for annual periods beginning on or after 1 July 2011)
- Amendments to SB-FRS 1 *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 July 2012)
- SB-FRS 19 (revised 2011) *Employee Benefits* (effective for annual periods beginning on or after 1 July 2013)
- SB-FRS 113 *Fair Value Measurement* (effective for annual periods beginning on or after 1 July 2013)

The management anticipates that the adoption of the above amendments to SB-FRS in the future periods will not have a material impact on the financial statements of the Authority in the period of their initial adoption.

33. Authorisation of financial statements

These financial statements were authorised for issue by the members of the Authority on 29 June 2012.