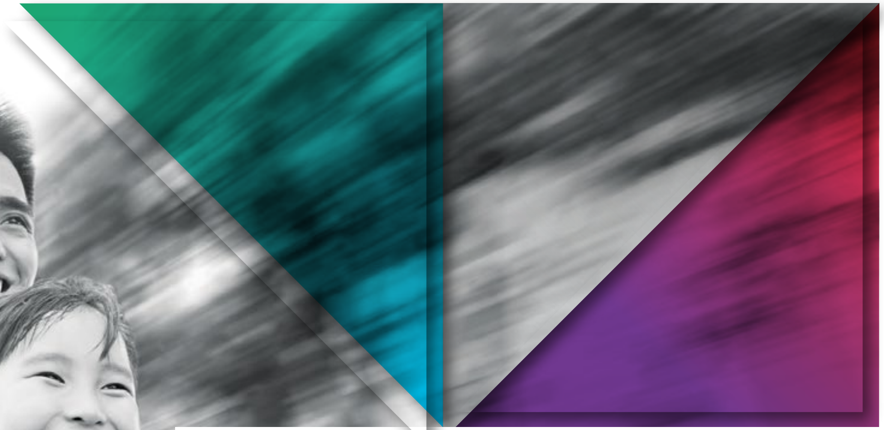
INFOCOMM MEDIA DEVELOPMENT AUTHORITY



# EMPOWERING POSSIBILITIES

ANNUAL REPORT | OCTOBER 2016 – MARCH 2017

# FOREWORD

This report captures IMDA's milestones and achievements in the first six months of its formation from October 2016 to March 2017.

Half a year into its new journey, the strong foundation laid by its predecessors - IDA and MDA – gave IMDA an excellent head-start for delivering on its promise of developing and regulating the infocomm and media (ICM) sectors in a more holistic and converged manner.

During the period in review, IMDA forged ahead with plans to groom ICM talents and develop more local content. In addition, new developmental initiatives were launched to help companies scale up their competencies, improve their storytelling abilities and prepare themselves for Singapore's new Digital Economy.

On the regulatory front, a key milestone was reached in creating greater competition in the telecommunications sector with the conclusion of the New Entrant Spectrum Auction. TPG Telecom emerged as the winner in this auction and its entry into Singapore is envisioned to spur innovation and provide consumers with greater service choices.

IMDA still has a long journey ahead, one that will be filled with opportunities and challenges. Strengthening our partnerships with all stakeholders from industry partners to the community and staff is integral to achieving our future success.

# BOARD OF DIRECTORS

**Mr. Chan Yeng Kit**
Chairman, IMDA,
Permanent Secretary (Defence),
Ministry of Defence

**Mr. Steve Leonard**
Deputy Chairman, IMDA*
Founding CEO, SGInnovate

*Until 10 March 2017

**Ms. Janet Ang**
Vice President, Industry Solutions, Systems of Engagement & Smarter Cities, IBM Asia Pacific

**Dr. Lily Chan**
Chief Executive Officer, NUS Enterprise, National University of Singapore

**Mr. Chey Chor Wai**
Former Assurance Partner, Pricewaterhouse Coopers LLP

**Mr. Chng Kai Fong**
Principal Private Secretary to Prime Minister, Prime Minister's Office

**Mr. Robert Gilby**
Managing Director, The Walt Disney Company (Southeast Asia)

**Mr. Vivek Kumar**
Assistant Director-General, National Trades Union Congress

**Mr. Ryan Lim**
Principal Consultant and Founding Partner, QED Consulting Pte Ltd

**Mr. Ong Peng Tsin**
Managing Director, Monk's Hill Ventures Pte Ltd

# BOARD OF DIRECTORS

**Ms. Jacqueline Poh**
Chief Executive Officer,
Government
Technology Agency

**Mr. Colin Sampson**
Director, Coli$on
Ventures Pte Ltd

**Mr. Caesar Sengupta**
Vice President,
Product Management,
Google

**Mr. Gabriel Lim**
Chief Executive Officer,
IMDA*
Permanent Secretary,
Ministry of
Communications and
Information#

*Until 31 December 2016
#From 1 January 2017

**Ms. Tham Loke Kheng**
Executive Vice
President (Pay TV),
PCCW Media Ltd

**Ms. Thien Kwee Eng**
Assistant Managing
Director, (Cluster Group
Consumer, Planning and
Research & Statistics Unit),
Economic Development
Board Singapore

**Mr. Tan Kiat How**
Chief Executive
Officer,
IMDA*

*From 1 January 2017

**Ms. Shirley Wong**
Managing Partner,
TNF Ventures
Pte Ltd

**Ms. Janet Young**
Managing Director and
Head Group Channels &
Digitalization,
United Overseas
Bank Group

**Mr. Zahidi bin Abdul Rahman**
Principal Architect,
Zahidi A.R. Arkitek

# SENIOR MANAGEMENT

**Mr. Tan Kiat How**
Chief Executive Officer, IMDA
Commissioner, Personal Data Protection Commission

**Mr. Leong Keng Thai**
Deputy Chief Executive, International & Corporate

- **Mr. Tan Chee Wee** Covering Director, Digital Literacy
- **Mr. Charles Chew** Director, International
- **Ms. Joyce Tong** Director, Finance
- **Ms. Ann Chan** Director, Regulatory & Corporate Communications
- **Ms. Karen Low** Director, Industry & Marketing Communications
- **Ms. Charis Yan** Chief Information Officer, Group Information Technology
- **Ms. Foo Shu Ching** General Counsel, Group Legal
- **Mr. Leo Tan** Chief Counsel, Group Legal
- **Mr. Tow Joon Lai** Director, Corporate Services
- **Ms. Rajaswari** Director, Human Resource

**Mr. Christopher Ng**
Deputy Chief Executive, Media Regulation & Cyber Security

- **Ms. Amy Chua** Director, Content & Standards (Broadcast, Internet & Publications)
- **Ms. Chetra Sinnathamby** Director, Content & Standards (Films, Video Games & Arts)
- **Mr. Lawrence Tay** Director, Enforcement, Investigation & Prosecution
- **Ms. Yuvarani Thangavelu** Director, Licensing
- **Ms. Lee Ee Jia** Director, Media Policy
- **Mr. Lim Chin Siang** Director, Operation Preparedness
- **Ms. Lee Lie Yen** Director, Planning

**Ms. Aileen Chia**
Assistant Chief Executive, Connectivity & Competition Development

- **Mr. Ong Tong San** Cluster Director, Competition & Resilience Development Cluster
- **Mr. Harin S Grewal** Cluster Director, Resource & Interconnection Management Cluster; Director, Interconnection & Access
- **Mr. Yeo Tiong Yeow** Director, Competition & Market Access
- **Mr. Raymond Lee** Director, Resource Management & Standards

**Mr. Khoong Hock Yun**
Assistant Chief Executive, Development

- **Mr. Edwin Low** Director, Accreditation
- **Ms. Samantha Fok** Director, Enterprise Development; Director, Incentive Management
- **Ms. June Koh** Director, Human Capital Development; Director, TeSA Programme Office
- **Ms. Lee Wan Sie** Director, Next Generation Infrastructure Group
- **Ms. Tan Sze Siang** Director, Digital Broadcasting Deployment Office
- **Mr. Andrew Khaw** Senior Director, Productivity Growth Through ICT
- **Ms. Yip Yuen Fong** Senior Director, Sectoral Innovation Group
- **Mr. Adrian Lim** Director, Education
- **Ms. Karen Wong** Director, Healthcare & Wellness
- **Mr. New Soon Tee** Director, Logistics & Retail
- **Mr. Yip Shue Heng** Director, Services
- **Mr. Zeck Lim** Director, Technology Solutions
- **Mr. Wilson Ang** Director, Intelligent Computing Labs

**Ms. Angeline Poh**
Assistant Chief Executive, Content & Innovation

- **Mr. Joachim Ng** Director, Innovation Spaces; Director, Singapore Film Commission
- **Ms. Lee Lie Yen** Director, Programme Review & Administration
- **Mr. Allan Phua** Director, Punggol Creative Cluster Programme Office
- **Ms. Dorothy Lai** Director, Public Service Broadcast

**Mr. Kenneth Tan**
Assistant Chief Executive, Assessment & Engagement

**Mr. Yeong Zee Kin**
Assistant Chief Executive, Personal Data Protection Commission
Deputy Commissioner, Personal Data Protection Commission

- **Mr. Jason Tan** Director, Operations
- **Ms. Evelyn Goh** Director, Comms, Policy & Projects
- **Mr. David Alfred** Chief Counsel, Legal

Designations reflected here are as of 31 March 2017.

# OCTOBER 2016

## SINGAPORE FILMS ON THE INTERNATIONAL STAGE

'A Yellow Bird' by K.Rajagopal[1] was screened at the Busan International Film Festival (BIFF) in October 2016, while Boo Junfeng[2] was conferred the Rising Director Award at BIFF. Boo's 'Apprentice' also won the Network for the Promotion of Asia Pacific Cinema award at the Taipei Golden Horse Film Festival in November 2016 and was Singapore's official entry to the Oscars the following year.

In December 2016, IMDA's Media Education Scholarship recipient Alvin Lee, who is studying at the Beijing Film Academy, won the Best New Director award at the China Short Film Golden Hummingbird Awards for his short film, 'Seed'.

Singaporean filmmaker, Kirsten Tan[3] made history when her debut film 'Pop Aye' won the World Cinema Dramatic Special Jury Award for Screenwriting at the prestigious Sundance Film Festival in January 2017. The win was a first for a Singapore film and filmmaker at the largest independent film festival in the United States. 'Pop Aye' also took the VPRO Big Screen Award at the International Film Festival Rotterdam in February 2017 – another first for Singapore films.

## SPARKING THE MAGIC OF EXPERIENTIAL LEARNING


A new keystone digital event, SMF Ignite made its maiden appearance at the Singapore Media Festival (SMF) 2016. The one-day event gave digital content creators the opportunity to learn, experience and create through interactive workshops and insightful conference tracks led by industry thought leaders. SMF 2016 also saw the debut of the Festival Square at CHIJMES. This hangout arena gave festival goers a special zone to network and unwind after attending screenings, conferences and meetings.

## REALISING THE POTENTIAL OF OUR ICM TALENTS


Singapore's ICM talents were given a boost with almost 1,000 awards handed out by Minister of Communications and Information Dr. Yaacob Ibrahim to develop their potential in the field. These included 800 students who were admitted as the first intake in IMDA's Industry Preparation for Pre-Graduates (iPREP) Programme. In addition, 160 SkillsFuture Study Awards were given out to support skills upgrading among ICM professionals. 33 IMDA scholarships were also presented to students to allow them to pursue ICT and media studies in polytechnics and universities.

[1] Supported by IMDA's New Talent Feature Grant.
[2] Supported by IMDA's Production Assistance Grant, Development Assistance Grant, Film Mentorship Initiative Grant.
[3] Supported by IMDA's New Talent Feature Grant, Development Assistance Grant, Film Mentorship Initiative Grant.

# MILESTONES
# & HIGHLIGHTS
## OCTOBER 2016

### OVER 650 HOURS OF LOCAL CONTENT PRESENTED TO A GLOBAL AUDIENCE


IMDA led a delegation of 14 Singapore media companies on a fruitful journey to MIPCOM 2016, where the team presented more than 650 hours of Asian stories across 40 over titles. At MIPCOM 2016, IMDA also announced a year-long partnership with Discovery Networks Asia-Pacific. The partnership will see the co-creation of content between emerging and established production companies using advanced techniques and technologies and the upskilling of these production companies. These content will premiere on Discovery's global platforms.

### TELEVISION INFO-EDUCATIONAL SERIES ON PERSONAL DATA PROTECTION


The four-part Mandarin series, 'Your Personal Data, Our Responsibility', was part of an overall media campaign by the Personal Data Protection Commission. It aims to highlight the importance of data protection to the industry, and show organisations, in particular SMEs, how a Data Protection Officer can play a role in helping to cultivate data protection at the workplace.

### PROMOTING DATA INNOVATION AMONG YOUTHS

Organised by IMDA, the Data-Driven Innovation Challenge attracted 110 students from five institutes of higher learning who submitted 42 projects. The nine-month long competition challenged students to develop solutions, working prototypes and data visualisation using datasets, of which at least one dataset must be available on the Data-as-a-Service platform.

### IMDA IMPOSES FINANCIAL PENALTY ON NETLINK TRUST

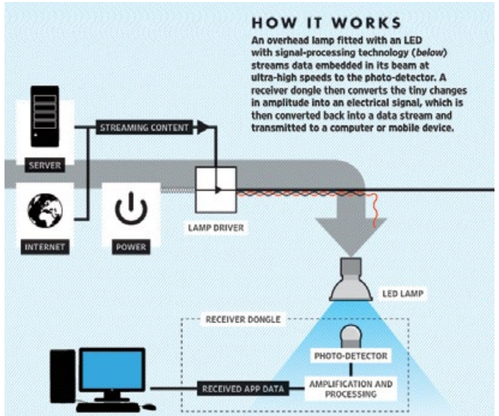
IMDA imposed a financial penalty of $500,000 on NetLink Trust (NLT) for not meeting the residential and non-residential Quality of Service (QoS) standards for service activation between January 2015 and June 2016. The decision took into consideration NLT's previous QoS failures and the operational improvements made by NLT to raise its performance across the board.

# MILESTONES
# & HIGHLIGHTS
## NOVEMBER 2016

### DIGITAL TV AND SILVER IT FEST 2016


The Digital TV and Silver IT Fest 2016 attracted close to 4,000 seniors and their family members at Bedok Mall. Seniors were able to learn about useful mobile apps on health, transport and government e-services at the learning islands, and explored the latest tech including Virtual Reality at the exhibition booths. Attendees also learnt about the 2G cessation and how to make the switch to 3G and Digital TV.

### MOVING AT LIGHT SPEED




To spur companies to explore a new light-based communication technology called Light Fidelity (Li-Fi), IMDA waived frequency fees for companies that intend to conduct Li-Fi trials.

### MACHINE LEARNING AND BIG DATA ANALYTICS TECHNOLOGIES FIRMS ARE BIG WINNERS AT NATIONAL INFOCOMM AWARDS 2016

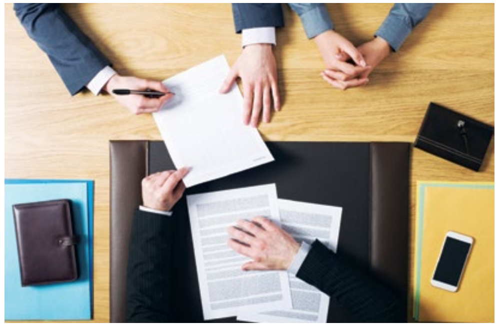

Machine learning and big data analytics technologies firms emerged as the big winners at National Infocomm Awards 2016, Singapore's highest accolade for infocomm innovation. The biennial event is jointly organised by IMDA and the Singapore Infocomm Technology Federation. From 179 submissions, 16 organisations from the private and public sectors came out tops for embracing the spirit of innovation and excellence. They received the awards from Dr. Yaacob Ibrahim, Minister for Communications and Information.

### A CELEBRATION OF ALL THINGS TECH AND MEDIA

The inaugural Infocomm Media Youth Festival at Suntec Convention Centre featured exhibitions, career talks, workshops and competitions. Visitors were able to experience augmented and virtual reality, make life-size 3D paintings, fly drones, and try their hands on radio and television news presenting. The festival aimed to increase awareness among local youths of the career opportunities in the infocomm media sector. Guest-of-honour, Mr. Chee Hong Tat, Minister of State for Communications and Information, also presented awards to three Computing teachers, in recognition of their innovative teaching methods.

# MILESTONES
# & HIGHLIGHTS
## NOVEMBER 2016

### IMDA PRE-QUALIFIES TWO COMPANIES FOR NEW ENTRANT SPECTRUM AUCTION (NESA)



After reviewing the Expression of Interest Documents submitted by airYotta Pte Ltd, MyRepublic Limited and TPG Telecom Pte Ltd, IMDA pre-qualified MyRepublic Limited and TPG Telecom Pte Ltd to participate in the NESA .

### NEW CHANNEL LAUNCHED TO SHOWCASE LOCAL SHORT FILMS

The Singapore Film Commission (SFC) partnered with Viddsee, a home-grown video streaming platform specialising in the curation and dissemination of short films from Asia, to launch a Singapore Film Channel that showcased 30 Singapore short films by up-and-coming student filmmakers and other notable independent filmmakers including Kirsten Tan and Leon Cheo. As part of the collaboration with the SFC, Viddsee commissioned its first original short film in May 2017, entitled 'Time' by director Daniel Yam.

### SPH INKS DIGITAL CONTENT PARTNERSHIP WITH IMDA


IMDA and Singapore Press Holdings joined hands to produce short form digital video content in both English and Mandarin. The content will be distributed on SPH's multimedia platforms as part of a pilot Public Service Broadcast initiative.

### CREATING FILMS INSPIRED BY ART


The Singapore Film Commission (SFC) supported the National Gallery Singapore on a first-ever collaboration involving five award-winning ASEAN film directors – Apichatpong Weerasethakul (Thailand), Brillante Mendoza (Philippines), Eric Khoo (Singapore), Ho Yuhang (Malaysia) and Joko Anwar (Indonesia) – to celebrate Southeast Asian art through film. Titled 'Art Through Our Eyes', the directors each selected a masterpiece from the Gallery's Southeast Asian collection which would serve as inspiration for their original short films. The films were later compiled into an omnibus and had its world premiere at the Busan International Film Festival in October 2016 and was screened at the Singapore International Film Festival on 24 November 2016.

# MILESTONES
# & HIGHLIGHTS
## NOVEMBER/DECEMBER 2016

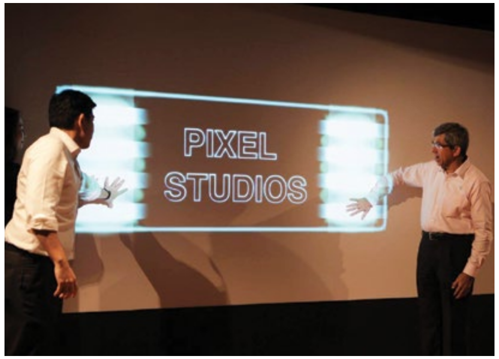
### IMDA IMPOSES FINANCIAL PENALTY ON SINGNET FOR PAY-TV SERVICE DISRUPTIONS

IMDA imposed a combined financial penalty of $145,000 on SingNet for two separate disruptions to Singtel TV broadcasts that occurred on 1 October 2015 and 5 January 2016. In determining the quantum of the respective financial penalties, IMDA had considered factors such as SingNet's response to the incidents, the extent of the disruptions and SingNet's track record.

### IMDA UNVEILS URBAN LOGISTICS TECHNOLOGY ROADMAP

IMDA released its Urban Logistics Technology Roadmap for 2020 to help local firms take innovative leaps in significantly improving their domestic logistics processes. The roadmap will see the testing and implementing of new technologies to enable greater supply chain efficiencies in Singapore's logistics and retail sectors. Under the roadmap, the Urban Logistics programme will be further rolled out to 12 additional Singapore retail malls in 2017.

### IMDA OPENS PIXEL STUDIOS




IMDA opened the doors to PIXEL Studios, the first facility in Singapore dedicated to helping the next generation of digital content creators and media professionals explore innovative ways to create content and tell compelling stories. Housed in 25,000 square feet of space in one-north, PIXEL Studios is one of IMDA's PIXEL (Promising Innovation and Experiential Learning) spaces.

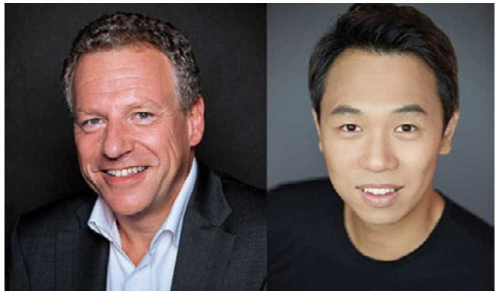
### ASIAN STORIES UNDER THE SPOTLIGHT


Singapore companies and content were prominently represented at Asian Television Forum and Market 2016 with 65 local media companies exhibiting their latest offerings. This comprised over 700 hours of compelling Asian stories across more than 50 film and television titles of various genres.

## CEASE OF 2G DEVICES FOR LOCAL USE – A STEP CLOSER TO 2G NETWORK CLOSURE


In view of the impending closure of the 2G mobile networks by mobile network operators from 1 April 2017, IMDA de-registered 2G-only mobile devices for sale and use in Singapore from 1 January 2017.

## ACTION, CAMERA, LAUGHTER!



Production has began on HBO Asia's first original comedy drama series, 'SENT'. Filmed in Singapore and directed and co-produced by Singaporean comedian Alaric Tay, 'SENT' will air exclusively on HBO Asia's on-air, online and on-demand platforms in 2017.

## 4TH MOBILE NETWORK OPERATOR – TPG – WILL ENTER THE MARKET

IMDA conducted the NESA between 13 and 14 December 2016. TPG Telecom Pte Ltd made the winning bid of $105 million, and was provisionally awarded 60 MHz of spectrum available in the NESA.

## A NEW CHAPTER IN ASIAN STORYTELLING

Singapore Media Festival (SMF) 2016 celebrated the best of Asian storytelling. The event drew over 20,000 media and creative professionals, industry thought leaders, and fans of television and film from around the world. Hosted by IMDA, SMF 2016 featured conferences, labs, trade markets, screenings and award ceremonies, as well as the keystone digital event, SMF Ignite. It also starred established events such as the Asia TV Forum & Market, ScreenSingapore, Asian Television Awards and Singapore International Film Festival.

# MILESTONES
# & HIGHLIGHTS
## JANUARY TO FEBRUARY 2017

### DRIVING HOME THE IMPORTANCE OF CYBER SAFETY


The Personal Data Protection Commission and Cyber Security Agency of Singapore released the second issue of their student activity book, 'Cyber Safety'. This series supports the Ministry of Education's Cyber Wellness programme by highlighting the different aspects of cyber wellness, online security, wireless security and online personal data protection. A total of 42,000 copies of this issue were distributed to all primary five students in Singapore.

### DIVING INTO VIRTUAL REALITY

Virtual reality technology and content production company Hiverlab, environmental consultant and water environment expert DHI Water & Environment and IMDA's PIXEL Labs joined hands to produce a unique interactive training tool, Eyes on Habitat: Coral Reefs. The tool constructs a virtual underwater environment based on the coral reefs at the Sisters' Islands Marine Park. The simulation allows marine biologists and reef monitoring volunteers to learn how to assess and monitor coral reefs, orientate themselves on monitoring protocols and practise their identification skills in a virtual setting before they embark on actual dives.

### SPURRING LIFELONG LEARNING AT THE SILVER IT FEST


The annual Silver IT Fest Roadshow travelled to Jurong Point to encourage seniors to learn IT. Seniors and families explored interesting exhibition booths, learnt about useful mobile apps at the learning islands and could even sign up for IT classes on-the-spot. Over 3,400 participants attended the weekend of tech festivities.

### TACKLING CYBER WELLNESS ISSUES WITH THE BETTER INTERNET CAMPAIGN


The annual Better Internet campaign took place this year on 7 February with the tagline, "Do What's Right Online, Be the Change for a Better Internet". The campaign leveraged on current cyber-wellness issues such as cyber-bullying, discernment and excessive screen time, to promote positive online behaviour. As part of the campaign, a series of social experiments based on cyber-wellness issues were conducted to generate conversation and reflection on these issues. Real-life stories from a diverse range of individuals who have personally experienced cyber-wellness issues were also shared at the campaign website which resonated strongly with the public.

## INJECTING MORE DIVERSITY INTO SINGAPORE'S RADIO SCENE


IMDA awarded two radio frequencies – FM89.3 and FM96.3 – to SPH Radio Pte Ltd, paving the way for two new commercial free-to-air radio stations. Singaporeans can look forward to a new Chinese radio station for seniors above 50 years of age and a new English radio station aimed at raising financial literacy of listeners.

## HANDS ON TRAINING FOR 'SILVER SURFERS'

Over 1,500 seniors attended the Mass IT Classes held at the ITE College West with topics ranging from using a smart phone, to basic computing skills, digital lifestyle, government digital services, social media and many more. The IT Classes also involved about 130 volunteers from the Friends of Silver Infocomm, who helped guide seniors through their learning journeys.

## IMDA IMPOSES FINANCIAL PENALTY ON SPH RADIO FOR BREACHING CODE OF PRACTICE

IMDA imposed a financial penalty of $7,000 on SPH Radio Pte Ltd. The station's deejays had caused offence to some listeners with remarks which stereotyped certain races while discussing a study on sleep patterns. Following investigations, IMDA found Kiss 92FM to be in breach of the Free-To-Air Radio Programme Code.

## IMDA SUCCESSFULLY ISSUES MORE SPECTRUM FOR 4G

IMDA pre-qualified four parties – M1 Limited, Singtel Mobile Singapore Pte Ltd, StarHub Mobile Pte Ltd and TPG Telecom Pte Ltd – to participate in the General Spectrum Auction (GSA). The Quantity Stage of the GSA was conducted between 30 March 2017 and 4 April 2017, with all four parties provisionally awarded a total of 175 MHz of spectrum available in the GSA, for total winning bids amounting to approximately $1.14 billion.

# INFO-COMMUNICATION MEDIA DEVELOPMENT AUTHORITY AND ITS SUBSIDIARY CONSOLIDATED ANNUAL REPORT

Period from 1 October 2016 (date of establishment) to 31 March 2017

# STATEMENT BY INFO-COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY

In our opinion:

(a) the accompanying financial statements of Info-communications Media Development Authority (the "Authority") and its subsidiary (the "Group") as set out on pages FS1 to FS45 are drawn up in accordance with the provisions of the Info-communications Media Development Authority Act (No. 22 of 2016) (the "Group") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and of the Authority as at 31 March 2017 and the results and changes in equity of the Group and of the Authority, and cash flows of the Group for the period from 1 October 2016 (date of establishment) to 31 March 2017; and

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

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

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

On behalf of the Board

**Chan Yeng Kit**
*Chairman*

**Tan Kiat How**
*Chief Executive Officer*

23 August 2017

# INDEPENDENT AUDITORS' REPORT

MEMBERS OF INFO-COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY
INFO-COMMUNICATIONS MEDIA DEVELOPMENT AUTHORITY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

*Opinion*

We have audited the financial statements of Info-communications Media Development Authority (the "Authority") and its subsidiary (the "Group"), which comprise the consolidated statements of financial position of the Group and the statement of financial position of the Authority as at 31 March 2017, the consolidated statements of comprehensive income and consolidated statements of changes in equity of the Group and the statement of comprehensive income and statement of changes in equity of the Authority and the consolidated statement of cash flows of the Group for the 6-months period from 1 October 2016 (date of establishment) to 31 March 2017, and notes to the financial statements, including a summary of significant accounting policies, set out on pages FS1 to FS45.

In our opinion, the accompanying consolidated financial statements of the Group and the statements of financial position, statement of comprehensive income and statement of changes in equity of the Authority are properly drawn up in accordance with the provisions of the Info-communications Media Development Authority Act (the "Act") and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group and the Authority as at 31 March 2017 and the results and changes in equity of the Group and the Authority and cash flows of the Group for the period from 1 October 2016 to 31 March 2017.

*Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

We have obtained the Statement by Info-communications Media Development Authority prior to the date of this auditors' report. The Chairman's Message, Highlights, Key Performance Indicators and Performance for Public Service Broadcast Programmes ('the Reports') are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

*Responsibilities of management for the financial statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of 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.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Authority or for the Authority to cease operations.

The Audit and Risk Committee is responsible for overseeing the Group's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintainprofessional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

# INDEPENDENT AUDITORS' REPORT

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

*Opinion*

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the 6 months period are, in all material respects, in accordance with the provisions of the Act.

(b) proper accounting and other records have been kept, including records of all assets of the Authority and of the subsidiary incorporated in Singapore of which we are the auditors whether purchased, donated or otherwise.

*Basis for Opinion*

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Compliance Audit section of our report. We are independent of the Board in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

*Responsibilities of Management for Compliance with Legal and Regulatory Requirements*

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

*Auditors' Responsibilities for the Compliance Audit*

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. 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.

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
*23 August 2017*

# STATEMENTS OF FINANCIAL POSITION
As at 31 March 2017

| | Note | Group 2017 $'000 | Authority 2017 $'000 |
|---|---|---|---|
| **Assets** | | | |
| Property, plant and equipment | 4 | 6,475 | 5,702 |
| Intangible assets | 5 | 6,503 | 6,503 |
| Subsidiary | 6 | – | 3,813 |
| Deferred expenditure | | 2,227 | 2,227 |
| Available-for-sale financial assets | 7 | 763 | 763 |
| Financial assets at fair value through profit or loss | 9 | 122,551 | 122,551 |
| **Non-current assets** | | 138,519 | 141,559 |
| | | | |
| Trade and other receivables | 10 | 161,854 | 161,694 |
| Amount due from a subsidiary | | – | 700 |
| Cash and cash equivalents | 8 | 1,121,480 | 1,109,283 |
| Deferred expenditure | | 1,268 | 1,268 |
| **Current assets** | | 1,284,602 | 1,272,945 |
| | | | |
| **Total assets** | | 1,423,121 | 1,414,504 |
| | | | |
| **Equity** | | | |
| Share capital | 11 | 1,201 | 1,201 |
| Capital account | 12 | 635,650 | 622,457 |
| Fair value reserve | | 452 | 452 |
| Accumulated deficits | | (18,587) | (19,542) |
| Total equity | | 618,716 | 604,568 |
| | | | |
| **Liabilities** | | | |
| Deferred income | 15 | 480,285 | 479,895 |
| Amount due to a subsidiary | | – | 10,000 |
| Deferred capital grants | 17 | 10,180 | 10,180 |
| Other deferred grants | 18 | 311 | 311 |
| Provision for pension and medical benefits | 13 | 36,826 | 36,826 |
| Provision for ex-gratia | | 170 | 170 |
| Provision for reinstatement of property, plant and equipment | | 2,188 | 2,188 |
| Deferred tax liabilities | | 166 | – |
| **Non-current liabilities** | | 530,126 | 539,570 |
| | | | |
| Deferred income | 15 | 115,640 | 112,723 |
| Trade and other payables | 14 | 110,395 | 109,446 |
| Grants received in advance | 16 | 44,245 | 44,245 |
| Provision for pension and medical benefits | 13 | 3,952 | 3,952 |
| Income tax payable | | 47 | – |
| **Current liabilities** | | 274,279 | 270,366 |
| | | | |
| **Total liabilities** | | 804,405 | 809,936 |
| **Total equity and liabilities** | | 1,423,121 | 1,414,504 |
| | | | |
| **Net assets of trust and agency funds** | 19 | 90,707 | 90,707 |

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

# STATEMENTS OF COMPREHENSIVE INCOME

Period from 1 October 2016 (date of establishment) to 31 March 2017

| | | Group 1 October 2016 (date of establishment) to 31 March 2017 | | | Authority 1 October 2016 (date of establishment) to 31 March 2017 | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **General Fund $'000** | **Restricted Funds $'000** | **Total $'000** | **General Fund $'000** | **Restricted Funds $'000** | **Total $'000** |
| **Income** | | | | | | | |
| Licence and frequency fees | | 71,492 | – | 71,492 | 71,492 | – | 71,492 |
| Service fees | | 2,482 | – | 2,482 | - | – | - |
| Revenue from completed films | | 3,144 | – | 3,144 | 3,144 | – | 3,144 |
| Interest income | | 5,376 | – | 5,376 | 5,376 | – | 5,376 |
| Other income | 20 | 1,349 | – | 1,349 | 1,406 | – | 1,406 |
| | | 83,843 | – | 83,843 | 81,418 | – | 81,418 |
| Gain on divestment of financial assets available-for-sale | | 1,682 | – | 1,682 | 1,682 | – | 1,682 |
| Net loss on financial assets at fair value through profit or loss | 21 | (2,353) | – | (2,353) | (2,353) | – | (2,353) |
| **Expenses** | | | | | | | |
| Employee compensation | 22 | (59,183) | (58) | (59,241) | (58,295) | (58) | (58,353) |
| Professional and consultancy fees | | (8,481) | (17) | (8,498) | (8,421) | (17) | (8,438) |
| Outreach, events and publicity expenses | | (7,153) | (277) | (7,430) | (7,145) | (277) | (7,422) |
| IT expenses | | (15,347) | (13) | (15,360) | (15,125) | (13) | (15,138) |
| Irrecoverable GST | | (2,024) | – | (2,024) | (2,024) | – | (2,024) |
| Other expenses | | (4,631) | (93) | (4,724) | (4,763) | (93) | (4,856) |
| General and administrative expenses | | (4,829) | (215) | (5,044) | (4,725) | (215) | (4,940) |
| Rental expenses | | (4,691) | (375) | (5,066) | (4,691) | (375) | (5,066) |
| Staff training | | (1,043) | – | (1,043) | (1,043) | – | (1,043) |
| Depreciation and amortisation expenses | 4 and 5 | (3,233) | (505) | (3,738) | (3,033) | (505) | (3,538) |
| Total operating expenditure | | (110,615) | (1,553) | (112,168) | (109,265) | (1,553) | (110,818) |
| Development expenses | 23 | (20,968) | (32,217) | (53,185) | (20,968) | (32,217) | (53,185) |
| **Deficit before grants carried forward** | | (48,411) | (33,770) | (82,181) | (49,486) | (33,770) | (83,256) |

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

# STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

Period from 1 October 2016 (date of establishment) to 31 March 2017

| | Note | Group 1 October 2016 (date of establishment) to 31 March 2017 | | | Authority 1 October 2016 (date of establishment) to 31 March 2017 | | |
|---|---|---|---|---|---|---|---|
| | | General Fund $'000 | Restricted Funds $'000 | Total $'000 | General Fund $'000 | Restricted Funds $'000 | Total $'000 |
| Deficit before grants brought forward | | (48,411) | (33,770) | (82,181) | (49,486) | (33,770) | (83,256) |
| **Government grants** | | | | | | | |
| Government grants | 16 | 25,844 | 33,172 | 59,016 | 25,844 | 33,172 | 59,016 |
| Deferred capital grants amortised | 17 | 1,554 | 598 | 2,152 | 1,554 | 598 | 2,152 |
| Total government grants | | 27,398 | 33,770 | 61,168 | 27,398 | 33,770 | 61,168 |
| **Net deficit before contribution to consolidated fund and tax** | | (21,013) | – | (21,013) | (22,088) | – | (22,088) |
| Tax expenses | | (120) | – | (120) | – | – | – |
| **Net deficit for the period** | | (21,133) | – | (21,133) | (22,088) | – | (22,088) |
| **Other comprehensive income** | | | | | | | |
| **Items that will not be reclassified to income or expenditure** | | | | | | | |
| Actuarial gain recognised on provision for pension and medical benefits | 13 | 2,546 | – | 2,546 | 2,546 | – | 2,546 |
| **Items that are or may be reclassified subsequently to income or expenditure** | | | | | | | |
| Net change in fair value of financial assets available-for-sale reclassified to income or expenditure | | – | (1,682) | (1,682) | – | (1,682) | (1,682) |
| Total other comprehensive income | | 2,546 | (1,682) | 864 | 2,546 | (1,682) | 864 |
| **Total comprehensive income** | | (18,587) | (1,682) | (20,269) | (19,542) | (1,682) | (21,224) |

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

# STATEMENTS OF CHANGES IN EQUITY

Period from 1 October 2016 (date of establishment) to 31 March 2017

| | Share capital $'000 | Capital account $'000 | Fair value reserve (Restricted Funds) $'000 | <------------------ Accumulated deficits General Fund $'000 | Restricted Funds $'000 | ------------------> Subtotal $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Capitalisation of net assets/(liabilities) transferred on 1 October 2016, date of establishment | 1,201 | 635,650 | 2,134 | – | – | – | 638,985 |
| Net deficit for the period | – | – | – | (21,133) | – | (21,133) | (21,133) |
| **Other comprehensive income** | | | | | | | |
| Actuarial gain recognised on provision for pension and medical benefits | – | – | – | 2,546 | – | 2,546 | 2,546 |
| Net change in fair value of financial assets available-for-sale reclassified to income and expenditure | – | – | (1,682) | – | – | – | (1,682) |
| Total other comprehensive income | – | – | (1,682) | 2,546 | – | 2,546 | 864 |
| **Total comprehensive income** | – | – | (1,682) | (18,587) | – | (18,587) | (20,269) |
| At 31 March 2017 | 1,201 | 635,650 | 452 | (18,587) | – | (18,587) | 618,716 |

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

# STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Period from 1 October 2016 (date of establishment) to 31 March 2017

| | Share capital $'000 | Capital account $'000 | Fair value reserve (Restricted Funds) $'000 | <------------------ Accumulated deficits ------------------> General Fund $'000 | Restricted Funds $'000 | Subtotal $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Authority** | | | | | | | |
| Capitalisation of net assets/(liabilities) transferred on 1 October 2016, date of establishment | 1,201 | 622,457 | 2,134 | – | – | – | 625,792 |
| Net deficit for the period | – | – | – | (22,088) | – | (22,088) | (22,088) |
| **Other comprehensive income** | | | | | | | |
| Actuarial gain recognised on provision for pension and medical benefits | – | – | – | 2,546 | – | 2,546 | 2,546 |
| Net change in fair value of financial assets available-for-sale reclassified to income and expenditure | – | – | (1,682) | – | – | – | (1,682) |
| Total other comprehensive income | – | – | (1,682) | 2,546 | – | 2,546 | 864 |
| **Total comprehensive income** | – | – | (1,682) | (19,542) | – | (19,542) | (21,224) |
| At 31 March 2017 | 1,201 | 622,457 | 452 | (19,542) | – | (19,542) | 604,568 |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 1 October 2016 (date of establishment) to 31 March 2017

| | Note | Group 1 October 2016 (date of establishment) to 31 March 2017 $'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Deficit before grants | | (82,181) |
| Adjustments for: | | |
| Depreciation and amortisation expense | 4 and 5 | 3,738 |
| Gain on divestment of financial assets available-for-sale | | (1,682) |
| Loss on financial assets at fair value through profit or loss | 21 | 2,353 |
| Loss on disposal of property, plant and equipment | | 123 |
| Amortisation of deferred expenditure in the income and expenditure | | 634 |
| Allowance for impairment for trade and other receivables | | 128 |
| Amortisation of deferred income in the income and expenditure | | (205,307) |
| | | (282,194) |
| Changes in: | | |
| - trade and other receivables | | 246,300 |
| - trade and other payables | | 45,935 |
| - deferred expenditure | | (976) |
| - deferred income | | 327,693 |
| - provision for reinstatement of property, plant and equipment | | (756) |
| - provision for pension and medical benefits | | 427 |
| - provision for ex-gratia | | 170 |
| Cash generated from operations | | 336,599 |
| Tax paid | | (10) |
| Payment of pension and medical benefits | 13 | (2,075) |
| **Net cash from operating activities** | | 334,514 |
| **Cash flows from investing activities** | | |
| Purchases of property, plant and equipment | 4 | (3,916) |
| Purchases of intangible assets | 5 | (4,072) |
| Proceeds from sale of property, plant and equipment | | 142 |
| Repayment from financial assets available-for-sale | | 2,335 |
| Purchases of unit trusts | (11) | |
| Proceeds from divestment of unit trusts | | 517,225 |
| Interest received | | 2,550 |
| **Net cash from investing activities** | | 514,253 |
| **Cash flows from financing activity** | | |
| Government grants received | 16 | 77,161 |
| **Net cash from financing activity** | | 77,161 |
| **Net increase in cash and cash equivalents** | | 925,928 |
| Cash and cash equivalents at beginning of the period transferred from MDA and IDA | | 195,552 |
| **Cash and cash equivalents at end of the period** | 8 | 1,121,480 |

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

# NOTES TO THE FINANCIAL STATEMENTS
As at 31 March 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements. The financial statements were authorised for issue by the Board on [date of signing].

## 1 DOMICILE AND ACTIVITIES

Info-communications Media Development Authority (the "Authority"), a statutory board under the Ministry of Communications and Information ("MCI"), was established in The Republic of Singapore under the Info-communications Media Development Authority Act (No. 22 of 2016) on 1 October 2016.

The establishment of the Authority was by way of restructuring of Media Development Authority of Singapore ("MDA") and Info-communications Development Authority of Singapore ("IDA") to form Info-communications Media Development Authority ("IMDA") and Government Technology Agency.

Pursuant to Part 9 of the Info-communications Media Development Authority Act (No. 22 of 2016), all the business and undertakings and all rights and obligations of the MDA and business and undertakings and rights and obligations of certain divisions of IDA were transferred and vested in the Authority on 1 October 2016. On the date of establishment of the Authority, the assets, liabilities and share capital of MDA and the assets and liabilities of certain divisions of IDA were transferred to the Authority at their book value, with a corresponding amount credited to capital account.

As a statutory board, the Authority is subjected to the control of its supervisory Ministry, MCI, and is required to follow the policies and instructions issued from time to time by MCI and other government ministries and departments such as the Ministry of Finance ("MOF").

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

The Authority has the following functions:

(a) to promote the efficiency, competitiveness (including internationally) and development of the information, communications and media industry in Singapore;

(b) to promote and maintain fair and efficient market conduct and effective competition between persons engaged in commercial activities in connection with media services or telecommunication systems and services in Singapore or, in the absence of a competitive market, to prevent the misuse of monopoly or market power;

(c) to regulate the provision and use of telecommunication systems, and equipment and software in connection with such systems, and telecommunication services, in Singapore, including by —

    (i) ensuring that telecommunication services are reasonably accessible to all persons in Singapore and are supplied as efficiently and economically as practicable and at performance standards that reasonably meet the social, industrial and commercial needs of Singapore; and

    (ii) determining or approving prices, tariffs and charges for the provision of telecommunication systems and services;

## 1 DOMICILE AND ACTIVITIES (CONT'D)

(d) to regulate the provision and use of media services, and equipment and facilities used in connection with media services, in Singapore, including by —

(i) facilitating the provision of an adequate range of media services that serves the interests of the general public;

(ii) ensuring that media services are provided at a high standard in all respects, particularly in respect of the quality, balance and range of subject matter of their content; and

(iii) ensuring that the content of media services is not against public interest, public order or national harmony, and does not offend against good taste or decency;

(e) to promote the use of the Internet and electronic commerce in Singapore and to establish regulatory frameworks for that purpose;

(f) to regulate and manage domain names of Internet websites in Singapore;

(g) to promote the use of information and communications technology in Singapore and, where necessary, to collaborate with the Government Technology Agency (established by section 3 of the Government Technology Agency Act 2016) in respect of that;

(h) to promote, where suitable, self-regulation in the information, communications and media industry in Singapore;

(i) to advise the Government on matters relating to the information, communications and media industry and the functions of the Authority;

(j) to represent Singapore and advance Singapore's interest internationally in matters relating to the information, communications and media industry;

(k) to promote research and development into technological matters relating to the information, communications and media industry;

(l) to promote and set standards for the training, and the upgrading of the competencies, of persons for the purposes of the information, communications and media industry in Singapore;

(m) to provide consultancy services in or outside Singapore relating to the information, communications and media industry;

(n) to perform such other functions as may be conferred on the Authority by any other Act, including being designated as the Personal Data Protection Commission responsible for the administration of the Personal Data Protection Act 2012.

## 2 BASIS OF PREPARATION

### 2.1 Statements of compliance

The financial statements have been prepared in accordance with the provisions of the Info-communications Media Development Authority Act (No. 22 of 2016) and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes as promulgated by the Accountant-General.

## 2 BASIS OF PREPARATION (CONT'D)

### 2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

### 2.3 Functional and presentation currency

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

### 2.4 Use of estimates and judgements

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to the classification of investments at fair value through profit or loss and available-for-sale investments, and are disclosed in note 3.3.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial period are as follows:

*Provision for pension and medical benefits*

Provision for pension and medical benefits is estimated by management based on the most recent valuation by professional actuaries. Changes to assumptions and estimates used in the valuation would result in changes to the provision for pension and medical benefits amounts estimated.

*Valuation of investments*

The determination of fair value for financial assets for which there are no observable market price requires the use of valuation techniques as described in note 28. For financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

*Deferred benefits on contribution to Consolidated Fund*

Deferred benefits have not been recognised on unutilised deficits carried forward as the Authority 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 fully offset the unutilised deficits. Accordingly, the Authority has not recognised any deferred benefits for contribution to Consolidated Fund.

*Licence fees*

Licence fees are billed in advance based on a percentage of the licencees' total qualifying income or annual gross turnover. The licence fees are recognised evenly over the licence period and are subsequently adjusted based on the latest available information. Changes to the estimates used in the determination of licence fee would result in changes to the licence fee revenue recognised for the financial period.

## 2 BASIS OF PREPARATION (CONT'D)

### 2.5 Changes in accounting policies

On 1 October 2016, the Group has adopted all the new and revised SB-FRSs, INT SB-FRSs and Guidance Notes that are mandatory for application on that date. The adoption of these new or revised SB-FRSs, INT SB-FRSs and Guidance Notes does not have any significant impact on the financial statements.

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the period presented in these financial statements, except as explained in note 2.5, which addresses the changes in accounting policies.

### 3.1 Basis of consolidation

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiary have been changed when necessary to align them with the policies adopted by the Group.

*Transactions eliminated on consolidation*

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

### 3.2 Foreign currency

Foreign *currency* transactions

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

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments

(i) Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

*Financial assets at fair value through profit or loss*

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

Financial assets designated at fair value through profit or loss comprise unit trusts.

*Loans and receivables*

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

Loans and receivables comprise cash and cash equivalents, trade and other receivables (excluding prepayments) and amount due from a subsidiary.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.3 Financial instruments (Cont'd)

(i) Non-derivative financial assets (Cont'd)

*Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and cash held with Accountant-General's Department ("AGD").

*Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments (see note 3.2), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to income or expenditure.

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

Financial assets available-for-sale comprise investment in media funds. The Group designated available-for-sale investments for long term investments in media funds with an expected investment period of 10 years. The financial assets are presented as non-current unless management intends to dispose the assets within 12 months after the reporting date.

(ii) Non-derivative financial liabilities

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

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

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

The Group's other non-derivative financial liabilities are classified into the other financial liabilities category. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

These financial liabilities comprise trade and other payables and amount due to a subsidiary.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.4 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in income or expenditure.

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

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

Depreciation is recognised as an expense in income or expenditure on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset, and is recognised from the date that the property, plant and equipment are installed and are ready for use. Asset under construction are not depreciated.

The estimated useful lives for the current period are as follows:

| | |
|---|---|
| Vehicles | 5 years |
| Furniture, fittings and equipment | 5 years |
| Computers | 3 years |
| Leasehold improvements | Over the remaining lease period |
| Building | Over the remaining lease period |

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.5 Intangible assets

Computer systems including software development costs are capitalised on the basis of the costs incurred to bring to use or develop the specific system. Direct expenditures including employee costs, which enhances or extends the performance of computer or application system beyond its specifications and which can be reliably measured, is added to the original cost of the system. Costs associated with maintaining the computer system are recognised as expenses when incurred.

Computer systems are measured at cost less accumulated amortisation and accumulated impairment losses. These costs less residual values, are amortised and recognised to income or expenditure using the straight-line method over their estimated useful lives of 3 years.

In respect of internally constructed intangible assets, amortisation is recognised from the date that the asset is completed and ready for use. Systems under development are not amortised.

The amortisation period and amortisation method of intangible assets are reviewed at least at each reporting date.

### 3.6 Impairment

(i) Non-derivative financial assets

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

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

*Loans and receivables*

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in income or expenditure and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group c onsiders that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through income or expenditure.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.6 Impairment (Cont'd)

(i) Non-derivative financial assets (Cont'd)

*Financial assets available-for-sale*

Impairment losses on financial assets available-for-sale are recognised by reclassifying the losses accumulated in the fair value reserve in equity to income or expenditure. The cumulative loss that is reclassified from equity to income or expenditure is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in income or expenditure. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in income or expenditure. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

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

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

### 3.7 Deferred expenditure

Expenditure incurred in providing scholarships is capitalised and stated at cost less accumulated amortisation. Amortisation is calculated on a straight-line basis to write off the cost over the period of the scholarship bond from 1 to 6 years commencing from the year that the scholars commence employment with the Group.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Employee benefits

(i) Defined contribution plans

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

Contributions on the employees' salaries are made to the Central Provident Fund ("CPF") as required by law. CPF contributions are recognised as employee compensation expenses in the period when the employees rendered their services.

(ii) Defined benefit plans

The Group operates a defined benefit pension plan that provides certain post-employment pension benefits for eligible employees.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the future benefit that the employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset). The discount rate is the yield of the Singapore government bond rate that has maturity dates approximating the terms of the Authority's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

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

Re-measurements from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in income or expenditure.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.8 Employee benefits (Cont'd)

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(v) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the reporting date.

(vi) Provision for ex-gratia payments

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

### 3.9 Provisions

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

### 3.10 Share capital

Ordinary shares issued in accordance with FCM 26/2008 - Capital Management Framework for Statutory Boards, are classified as equity. The shares issued are held by the Minister for Finance, incorporated by the Minister for Finance (Establishment) Act.

### 3.11 Dividends

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

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.12 Trust and agency funds

Moneys received from the Government of Singapore and other organisations where the Authority is not the owner and beneficiary, are accounted for as trust and agency funds.

The total net assets and liabilities of the trust and agency funds of the Authority – Public Service Broadcast ("PSB") as well as other trust and agency funds are shown as a separate line in the statements of financial position. Trust and agency funds are accounted for on a cash basis. The receipts and expenditures of these funds are directly taken to the fund accounts.

### 3.13 Restricted funds

These are funds set aside for specific purposes and for which separate disclosure is made as these funds are material and subject to restrictions on the ability of the Authority to distribute or otherwise apply its funds. The treatment is in accordance with Guidance Note 1 issued by the AGD. Restricted funds are accounted for on an accrual basis.

### 3.14 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 recognition criteria must also be met before revenue is recognised:

*(a) Licence & Frequency fees*

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

*(b) Service fees*

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

*(c) Revenue from completed films*

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

*(d) Interest income*

Interest income is accrued on a time-proportion basis by reference to the principal outstanding using the effective interest method.

*(e) Unclaimed moneys*

Unclaimed moneys held by the Authority which are not claimed within 6 years of its receipt are recognised in income or expenditure as "Other income".

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.15 Government grants

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

Government grants received to meet the Authority's operating expenditure are recognised in the income or expenditure as income on a systematic basis in the same financial period when the expenses are recognised.

Government grants utilised for the purchase or the construction of depreciable tangible and intangible assets are recorded in the deferred capital grants account. The deferred capital grants are amortised to income or expenditure over the period necessary to match the annual depreciation and amortisation charge of these assets purchased with the related grants. On disposal of these assets, the balance of the related deferred capital grant is recognised in income or expenditure to match the net book value of the assets disposed.

Government grants utilised for investment in financial assets available-for-sale are recorded in the other deferred grants account. The other deferred grants are amortised to income or expenditure to match the impairment of these financial assets. On disposal of these financial assets available-for-sale, the balance of the related other deferred grants is recognised in income or expenditure to match any net impairment relating to the disposed investments.

### 3.16 Operating lease payments

*When entities within the Group are lessees of an operating lease*

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

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement contains a right to use the asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other considerations required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 3.17 Donation

Donations, other than those specified below, are recognised in income in the period of receipt.

Property, plant and equipment obtained through donations that can be reliably measured are taken to deferred capital grants at their fair value in the period of receipt. The deferred capital grants are amortised to income or expenditure over the period necessary to match the annual depreciation and amortisation charge of these assets.

### 3.18 Contribution to Consolidated Fund

The Authority is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidation Funds) Act, Chapter 319A. The provision is based on guidelines specified by the Ministry of Finance. It is computed based on a percentage pegged at the prevailing corporate tax rate for the period of assessment on the net surplus of the Authority and after deducting prior year's accumulated deficits in accordance with FCM 5/2005 – Framework for Contribution to Consolidated Fund by Statutory boards. Contribution is provided for on an accrual basis.

The Authority is allowed to carry forward its deficits to offset its future surplus. The deficits have no expiry date.

The benefits associated with the deficits are recognised as deferred income tax asset to the extent that realisation of the related benefits through future surplus is probable.

### 3.19 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 October 2016, and earlier application is permitted; however, the Group have not early applied the following new standards and interpretations in preparing these statements.

These new standards that may be relevant to the Group in future financial periods, and which the Group does not plan to early adopt, are set out below.

- SB-FRS 109 replaces most of the existing guidance in SB-FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

  As SB-FRS 109 is mandatory for adoption by the Group for annual period beginning on or after 1 January 2018. When effective, SB-FRS 109 will change the existing accounting standards and guidance applied by the Group in accounting for financial instruments, this standard is expected to be relevant to the Group. The Group does not plan to adopt this standard early.

## 3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**3.19 New standards and interpretations not adopted (Cont'd)**

- SB-FRS 115 *Revenue from Contracts with Customers.*

  SB-FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under SB-FRS 115, revenue is recognised at an amount that reflects

  the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in SB-FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under SB-FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of SB-FRS 115 to its financial statement.

- SB-FRS 116 Leases eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. SB-FRS 116 substantially carries forward the lessor accounting requirements in SB-FRS 17 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the SB-FRS 17 Leases operating lease and finance lease accounting models respectively. However, SB-FRS 116 requires more extensive disclosures to be provided by a lessor.

  When effective, SB-FRS 116 replaces existing lease accounting guidance, including SB-FRS 17 Leases, INT SB-FRS 104 Determining *whether an Arrangement contains a Lease*, INT SB-FRS 15 *Operating Leases – Incentives*, and INT SB-FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. SB-FRS 116 *Leases* is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 *Revenue from Contracts with Customers* is also applied.

The Group is currently assessing the potential impact of adopting these new standards and interpretations on the financial statements of the Group.

## 4 PROPERTY, PLANT AND EQUIPMENT

| | Vehicles $'000 | Furniture fittings and equipment $'000 | Computers $'000 | Leasehold improvements $'000 | Building $'000 | Asset under Construction $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **Cost** | | | | | | | |
| Transferred on establishment of the Group on 1 October 2016 | 824 | 18,520 | 14,474 | 12,696 | 160 | 263 | 46,937 |
| Additions | – | 18 | 216 | 649 | – | 3,033 | 3,916 |
| Reclassification | – | 632 | 189 | 2,198 | – | (3,019) | – |
| Disposals | – | – | (3) | (333) | – | – | (336) |
| At 31 March 2017 | 824 | 19,170 | 14,876 | 15,210 | 160 | 277 | 50,517 |
| **Accumulated depreciation** | | | | | | | |
| Transferred on establishment of the Group on 1 October 2016 | 657 | 16,930 | 12,860 | 11,568 | 160 | – | 42,175 |
| Depreciation for the period | 71 | 349 | 533 | 985 | – | – | 1,938 |
| Disposals | – | – | (3) | (68) | – | – | (71) |
| At 31 March 2017 | 728 | 17,279 | 13,390 | 12,485 | 160 | – | 44,042 |
| **Carrying amounts** | | | | | | | |
| At 1 October 2016 (date of establishment) | 167 | 1,590 | 1,614 | 1,128 | – | 263 | 4,762 |
| At 31 March 2017 | 96 | 1,891 | 1,486 | 2,725 | – | 277 | 6,475 |

## 4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Vehicles $'000 | Furniture fittings and equipment $'000 | Computers $'000 | Leasehold improvements $'000 | Building $'000 | Asset under Construction $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **Authority** | | | | | | | |
| **Cost** | | | | | | | |
| Transferred on establishment of the Authority on 1 October 2016 | 824 | 18,520 | 11,318 | 12,696 | 160 | 182 | 43,700 |
| Additions | – | 18 | 20 | 649 | – | 3,022 | 3,709 |
| Reclassification | – | 632 | 108 | 2,198 | – | (2,938) | – |
| Disposals | – | – | – | (333) | – | – | (333) |
| At 31 March 2017 | 824 | 19,170 | 11,446 | 15,210 | 160 | 266 | 47,076 |
| **Accumulated depreciation** | | | | | | | |
| Transferred on establishment of the Authority on 1 October 2016 | 657 | 16,930 | 10,389 | 11,568 | 160 | – | 39,704 |
| Depreciation for the period | 71 | 349 | 333 | 985 | – | – | 1,738 |
| Disposals | – | – | – | (68) | – | – | (68) |
| At 31 March 2017 | 728 | 17,279 | 10,722 | 12,485 | 160 | – | 41,374 |
| **Carrying amounts** | | | | | | | |
| At 1 October 2016 (date of establishment) | 167 | 1,590 | 929 | 1,128 | – | 182 | 3,996 |
| At 31 March 2017 | 96 | 1,891 | 724 | 2,725 | – | 266 | 5,702 |

## 5 INTANGIBLE ASSETS

| | Computer Systems $'000 | Systems under development $'000 | Total $'000 |
|---|---|---|---|
| **Group and Authority** | | | |
| **Cost** | | | |
| Transferred on establishment of the Group on 1 October 2016 | 23,595 | 595 | 24,190 |
| Additions | 1,271 | 2,801 | 4,072 |
| Reclassification | 1,630 | (1,630) | – |
| At 31 March 2017 | 26,496 | 1,766 | 28,262 |
| **Accumulated amortisation** | | | |
| Transferred on establishment of the Group on 1 October 2016 | 19,959 | – | 19,959 |
| Amortisation for the period | 1,800 | – | 1,800 |
| At 31 March 2017 | 21,759 | – | 21,759 |
| **Carrying amounts** | | | |
| At 1 October 2016 (date of establishment) | 3,636 | 595 | 4,231 |
| At 31 March 2017 | 4,737 | 1,766 | 6,503 |

## 6 SUBSIDIARY

| | Authority 2017 $'000 |
|---|---|
| Unquoted shares, at cost | 3,813 |

| Name of subsidiary | Principal activities/ country of incorporation and operation | Effective equity interest held by the Authority 2017 % |
|---|---|---|
| Singapore Network Information Centre Private Limited[1] | Registry of internet domain names/ Singapore | 100 |

[1] Audited by KPMG LLP, Singapore

## 7 AVAILABLE-FOR-SALE FINANCIAL ASSETS

| | Group and Authority 2017 $'000 |
|---|---|
| Transferred on establishment of the Group and Authority on 1 October 2016 (net of impairment and fair value gain) | 3,098 |
| Divestment | (2,335) |
| At 31 March 2017 | 763 |

Investment in media funds relates to collaboration with other investors to finance the development of media companies. These investments last for 10 years and repayment terms vary according to the terms of the agreements.

## 8 CASH AND CASH EQUIVALENTS

| | Note | Group 2017 $'000 | Authority 2017 $'000 |
|---|---|---|---|
| General Fund | | 1,101,640 | 1,089,443 |
| Restricted Funds | 25 | 19,840 | 19,840 |
| | | 1,121,480 | 1,109,283 |
| Cash at bank and on hand | | | |
| - deposits held with Accountant-General's Department ("AGD") | | 1,207,507 | 1,195,310 |
| - deposits held with AGD managed by the Authority on behalf of other ministries | 19 | (86,027) | (86,027) |
| | | 1,121,480 | 1,109,283 |

The Group participates in the AGD's Centralised Liquidity Management Scheme ("CLM") whereby the Group's cash is pooled together and managed centrally by AGD, a related party, in fixed deposits. Individual accounts are still maintained for daily transaction purpose and funds are transferred from deposits held with AGD whenever there are insufficient funds for transactional purpose. AGD pays interest on the Group's cash balances participating in AGD's CLM. The effective interest rate was 1.31% .

Cash and cash equivalents of the Group and Authority include an amount of $40,778,000 (Note 13) earmarked for payment of pension and medical benefits to pensioners.

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

| | Note | Group and Authority 2017 $'000 |
|---|---|---|
| Transferred on establishment of the Group and Authority on 1 October 2016 | | 646,370 |
| Addition | | 11 |
| Divestment | | (517,225) |
| Net fair value change recognised in income or expenditure | 21 | (6,605) |
| At 31 March 2017 | | 122,551 |
| | | |
| Financial assets at fair value through profit or loss | | |
| - Quoted unit trusts | | 46,937 |
| - Unquoted unit trusts | | 75,614 |
| | | 122,551 |

The unit trusts are in diversified portfolios of various asset classes managed by professional fund managers awarded by AGD under the Demand Aggregation II and III Schemes.

## 10 TRADE AND OTHER RECEIVABLES

| | Group 2017 $'000 | Authority 2017 $'000 |
|---|---|---|
| Trade receivables | 9,036 | 9,036 |
| Less: Allowance for impairment of trade receivables | (1,158) | (1,158) |
| | 7,878 | 7,878 |
| | | |
| Unbilled receivables | 11,877 | 11,877 |
| | | |
| Other receivables | | |
| - amount due from MCI | 50,435 | 50,435 |
| - due from a statutory board | 73,171 | 73,171 |
| - sundry debtors | 8,264 | 8,264 |
| - interest receivable from AGD | 5,420 | 5,320 |
| | 157,045 | 156,945 |
| | | |
| Advances and deposits | 3,719 | 3,719 |
| Loans and receivables | 160,764 | 160,664 |
| Prepayments | 1,090 | 1,030 |
| | 161,854 | 161,694 |

## 11 SHARE CAPITAL

| | Group and Authority | |
|---|---|---|
| | 2017 | 2017 |
| | $'000 | Number of shares ('000) |
| Transferred on establishment of the Group and Authority on 1 October 2016 and 31 March 2017 | 1,201 | 1,201 |

On the establishment of IMDA on 1 October 2016, share capital of $1,201,000 comprising of 1,201,000 shares were transferred from MDA to IMDA. The shares issued are held by the Minister for Finance, incorporated by the Minister for Finance (Incorporation) Act. The holders of these shares are entitled to receive dividends as and when declared by the Authority. The shares carry no voting rights and have no par value.

## 12 CAPITAL ACCOUNT

The capital account comprises the capitalisation of net assets/(liabilities) transferred from the MDA and certain divisions of IDA on 1 October 2016, the date of establishment of the Group and the Authority upon the restructuring of MDA and IDA to form IMDA and Government Technology Agency.

## 13 PROVISION FOR PENSION AND MEDICAL BENEFITS

The provision for pension and medical benefits relates to benefits payable upon retirement of officers who were transferred to the Group and the Authority from the Media Development Authority of Singapore and Info-communications Development Authority of Singapore upon the establishment of the Group and the Authority on 1 October 2016.

The Group contributes to the following post-employment defined benefit plans:

a. Pension benefits – The plan provides pension benefits to pensionable employees with at least 10 years of pensionable services, who transferred to the Authority from direct employment with the Singapore government.

b. Post-retirement benefits – The plan provides its eligible employees and their dependents with post-retirement medical benefits.

The employee benefits plans expose the Group to actuarial risks, such as longevity risk and interest rate risk. As at 31 March 2017, the Group expects to pay $40,778,000 in contributions to its defined benefit plans.

## 13 PROVISION FOR PENSION AND MEDICAL BENEFITS (CONT'D)

(a) The amount recognised in the statements of financial position is determined as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| Present value of obligations | 40,778 |
| Comprising: | |
| - Current | 3,952 |
| - Non-current | 36,826 |
| | 40,778 |

(b) The amounts recognised in income or expenditure are as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| Current service cost | 2 |
| Interest cost | 425 |
| Expenses recognised in income or expenditure | 427 |

(c) The amounts recognised in other comprehensive income are as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| Actuarial gain arising from: | |
| Financial assumptions | 1,757 |
| Experience adjustment | 789 |
| | 2,546 |

(d) Movement in the fair value of pension and medical benefits is as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| Transferred on establishment of the Group and Authority on 1 October 2016 | 44,972 |
| Current service cost | 2 |
| Interest cost | 425 |
| Actuarial gain recognised in other comprehensive income | (2,546) |
| Benefits paid | (2,075) |
| At 31 March 2017 | 40,778 |

## 13 PROVISION FOR PENSION AND MEDICAL BENEFITS (CONT'D)

The principal assumption used in determining the Group and Authority's pension obligations is:

| | Group and Authority 2017 |
|---|---|
| Discount rate | 2.10% |

The discount rate used is based on the interpolated yield rate of Singapore Government Bond with duration of 8 years, which is the weighted duration of future benefit payments. The Singapore Mortality Table S2004-08M/F was used for purpose of the latest valuation of pension liabilities.

*Sensitivity analysis*

The calculation of the defined benefit obligation is sensitive to the assumption set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the assumption by 0.25 percent.

| | Defined benefit obligation | |
|---|---|---|
| | 0.25 percent increase $'000 | 0.25 percent decrease $'000 |
| **Group and Authority** | | |
| **31 March 2017** | | |
| Discount rate | (709) | 731 |

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation at 31 March 2017 and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned. Whilst the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation to the sensitivity of the assumptions shown.

## 14 TRADE AND OTHER PAYABLES

| | Group 2017 $'000 | Authority 2017 $'000 |
|---|---|---|
| Trade and other payables | 24,682 | 24,698 |
| Accrued operating expenses | 25,100 | 24,787 |
| Accrued development expenses | 26,885 | 26,885 |
| Deposits received | 1,391 | 1,036 |
| Accrued payroll related costs | 32,337 | 32,040 |
| | 110,395 | 109,446 |

## 15 DEFERRED INCOME

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

## 16 GRANTS RECEIVED IN ADVANCE

| | Note | General Fund 2017 $'000 | Restricted Funds 2017 $'000 | Total 2017 $'000 |
|---|---|---|---|---|
| **Group and Authority** | | | | |
| Transferred on establishment of the Group and Authority on 1 October 2016 | | | | |
| - grants received in advance | | 33,740 | 8,910 | 42,650 |
| - grants receivables | | – | (10,577) | (10,577) |
| | | 33,740 | (1,667) | 32,073 |
| Received during the period | | 33,395 | 43,766 | 77,161 |
| Transfer to deferred capital grants | 17 | (3,438) | (3,188) | (6,626) |
| Transfer from other deferred grants | 18 | – | 653 | 653 |
| Transfer to income or expenditure | | | | |
| - government grants | | (25,844) | (33,172) | (59,016) |
| At 31 March 2017 | | 37,853 | 6,392 | 44,245 |

## 17 DEFERRED CAPITAL GRANTS

| | Note | General Fund 2017 $'000 | Restricted Funds 2017 $'000 | Total 2017 $'000 |
|---|---|---|---|---|
| **Group and Authority** | | | | |
| Transferred on establishment of the Group and Authority on 1 October 2016 | | 5,696 | 10 | 5,706 |
| Transfer from grants received in advance | 16 | 3,438 | 3,188 | 6,626 |
| Transfer to income or expenditure | | | | |
| - deferred capital grants amortised | | (1,554) | (598) | (2,152) |
| At 31 March 2017 | | 7,580 | 2,600 | 10,180 |

## 18 OTHER DEFERRED GRANTS

| | Note | Restricted Funds 2017 $'000 |
|---|---|---|
| **Group and Authority** | | |
| Transferred on establishment of the Group and Authority on 1 October 2016 | | 964 |
| Transfer to grants received in advance | 16 | (653) |
| At 31 March 2017 | | 311 |

## 19 TRUST AND AGENCY FUNDS

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

The receipts and expenditure for the financial period are taken directly to the funds' accounts, and the net assets of these funds at the reporting date are as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| PSB | 82,261 |
| Others | 8,446 |
| | 90,707 |

| | PSB 2017 $'000 | Others 2017 $'000 | Total 2017 $'000 |
|---|---|---|---|
| **Group and Authority** | | | |
| Transferred on establishment of the Group and Authority on 1 October 2016 | 75,319 | 5,752 | 81,071 |
| Receipts/receivables | | | |
| - government grants | 58,593 | 12,987 | 71,580 |
| Deferred capital grants | – | 12 | 12 |
| Less: | | | |
| Funds utilised in the period | (51,651) | (10,305) | (61,956) |
| At 31 March 2017 | 82,261 | 8,446 | 90,707 |
| Represented by: | | | |
| Cash and cash equivalents | 77,233 | 8,794 | 86,027 |
| Other assets | 24,937 | 136 | 25,073 |
| Current liabilities | (19,909) | (484) | (20,393) |
| Net assets | 82,261 | 8,446 | 90,707 |

## 20 OTHER INCOME

| | Group 1 October 2016 (date of establishment) to 31 March 2017 $'000 | Authority 1 October 2016 (date of establishment) to 31 March 2017 $'000 |
|---|---|---|
| Subscription fees refunded | 1,185 | 1,185 |
| Others | 164 | 221 |
| | 1,349 | 1,406 |

## 21 NET LOSS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | Note | Group and Authority 2017 $'000 |
|---|---|---|
| Net fair value change recognised in income or expenditure | 9 | 6,605 |
| Less: Fair value loss recoverable from Government Technology Agency | | (4,252) |
| | | 2,353 |

Following the restructuring of MDA and IDA to form IMDA and Government Technology Agency ("GovTech"), the assets, liabilities and equity as at 30 September 2016 was allocated to IMDA and GovTech in accordance with the basis as agreed ("agreement") by both parties. In accordance with the aforementioned agreement, the Group is entitled to recover $4,252,000 from GovTech relating to the fair value loss from divestment of financial assets at fair value through profit and loss which was transferred from IDA.

## 22 EMPLOYEE COMPENSATION

| | Note | Group 1 October 2016 (date of establishment) to 31 March 2017 $'000 | Authority 1 October 2016 (date of establishment) to 31 March 2017 $'000 |
|---|---|---|---|
| Wages and salaries | | 52,273 | 51,461 |
| Employer's contribution to Central Provident Fund | | 5,551 | 5,475 |
| Pension and medical benefits | 13 | 427 | 427 |
| Other benefits | | 990 | 990 |
| | | 59,241 | 58,353 |

## 23 DEVELOPMENT EXPENSES

| | General Fund 2017 $'000 | Restricted Funds 2017 $'000 | Total $'000 |
|---|---|---|---|
| **Group and Authority** | | | |
| iN2015 Masterplan | 4,656 | 11,746 | 16,402 |
| Infocomm Media 2025 | – | 9,816 | 9,816 |
| Next Generation National Broadband Network | – | 8,426 | 8,426 |
| Fibre Ready Scheme | – | 1,576 | 1,576 |
| Digital Television ("DTV") Assistance Scheme | 9,215 | – | 9,215 |
| Singapore Media Fusion Plan ("SMFP") | 4,205 | 653 | 4,858 |
| Others | 2,892 | – | 2,892 |
| | 20,968 | 32,217 | 53,185 |

iN2015 Masterplan

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

Infocomm Media 2025

Infocomm Media 2025 sets out to create a globally competitive infocomm media ecosystem that enables and complements Singapore's Smart Nation Vision, effects economic and social transformation, and creates enriching and compelling content.

Next Generation National Broadband Network

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

DTV Assistance Scheme

The DTV Assistance Scheme was implemented to help low-income households make the switch to digital TV so that they can continue to watch their favourite free-to-air TV programmes.

Singapore Media Fusion Plan

The Singapore Media Fusion Plan's (SMFP) objective is to strengthen the building blocks of the media ecosystem and support the creation of innovative content, applications and services with global appeal.

## 24 PROVISION FOR CONTRIBUTION TO CONSOLIDATED FUND

The contribution to the Consolidated Fund is based on 17% of the net surplus of the Authority.

Following the restructuring of the MDA and IDA, the net deficit position of $100,567,000 from MDA was brought forward to the Authority on 1 October 2016.

With net deficit of $22,088,000 recognised in the current period, the Authority has remaining unrecognised deficits of $122,655,000 at the reporting date which can be carried forward and used to offset against future contributions to the Consolidated Fund.

## 25 NET ASSETS OF RESTRICTED FUNDS

| | Note | Group and Authority 2017 $'000 |
|---|---|---|
| Property, plant and equipment | | 2,600 |
| Available-for-sale financial assets | | 763 |
| **Non-current assets** | | 3,363 |
| Cash and cash equivalents | 8 | 19,840 |
| Trade and other receivables | | 1,216 |
| **Current assets** | | 21,056 |
| **Total assets** | | 24,419 |
| Trade and other payables | | 15,116 |
| Grants received in advance | 16 | 6,392 |
| Deferred capital grants | 17 | 2,600 |
| Other deferred grants | 18 | 311 |
| **Current liabilities** | | 24,419 |
| **Total liabilities** | | 24,419 |
| **Net assets** | | – |

## 26 COMMITMENTS

### (a) Capital commitments

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

| | Group and Authority 2017 $'000 |
|---|---|
| Property, plant and equipment | 2,217 |

## 26 COMMITMENTS (CONT'D)

### (b) Non-cancellable operating lease commitments

The Group 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 with another statutory board at the reporting date but not recognised as liabilities, are as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| Not later than one year | 2,462 |
| Between one and five years | 724 |
| | 3,186 |

### (c) Restricted Funds

The statements shown below represents the amount committed against amount allocated to Restricted Funds.

| | Group and Authority 2017 $'000 |
|---|---|
| Amount allocated | 1,619,820 |
| Amount utilised | |
| - Development expenses | (33,864) |
| - Property, plant and equipment | (3,079) |
| | (36,943) |
| Amount committed but yet to be utilised | (55,030) |
| Amount uncommitted | 1,527,847 |

### (d) Financial assets available-for-sale

Commitments for financial assets available-for-sale managed by fund managers at reporting date are as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| Amount unutilised | 2,057 |

## 27 RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Authority if the Authority has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Authority and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

### (a) Significant related party transactions

Some of the Authority's transactions and arrangements are with related parties and the effect of these transactions and arrangements between the parties are reflected in these financial statements.

The amount due to a subsidiary relates to funds placed by the subsidiary with the Authority as the Authority manages the funds by investing in debt and equity securities on a pooled basis for up to 5 years. The outstanding balance due to a subsidiary is unsecured and bears interest at a fixed rate of 2% per annum.

The amount due from a subsidiary mainly relates to recharges of certain expenses from the Authority. The outstanding balance due from a subsidiary is unsecured, interest-free and repayable on demand.

The remaining balances with related parties are unsecured, interest-free and repayable on demand.

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

| | **Authority 1 October 2016 (date of establishment) to 31 March 2017 $'000** |
|---|---|
| **MCI** | |
| Services and expenses paid to MCI | (575) |
| Computer and Info-technology related expenses | (2,843) |
| Expenses paid on behalf of MCI | (755) |
| **Subsidiary** | |
| Professional service fees income | 7 |
| Rental income | 47 |
| Other income | 13 |
| Recovery of manpower charges | 647 |
| Interest expenses | (100) |
| **Other Ministries and Statutory Boards** | |
| Services and expenses paid to other Ministries | (6,125) |
| Services and expenses paid to other Statutory Boards | (4,710) |
| Computer and Info-technology related expenses | (309) |
| Operating lease expense | (2,266) |

## 27 RELATED PARTY TRANSACTIONS (CONT'D)

### (b) Compensation of key management personnel

Key management personnel remuneration is as follows:

| | Note | Group 1 October 2016 (date of establishment) to 31 March 2017 $'000 | Authority 1 October 2016 (date of establishment) to 31 March 2017 $'000 |
|---|---|---|---|
| Wages and salaries | | 2,453 | 2,381 |
| Employer's contribution to Central Provident Fund | | 174 | 168 |
| Board members' allowances | | 172 | 172 |
| | | 2,799 | 2,721 |

## 28 FINANCIAL RISK MANAGEMENT

*Overview*

The Group has exposure to market risk (including currency, price and interest rate risk), credit risk and liquidity risk from its use of financial instruments.

*Risk management framework*

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

The Group measures actual exposure against the limits set and prepares regular reports for the review of the Board. The information presented below is based on information received by key management.

### (a) Market risk

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

*Currency risk*

The Group operates mainly in Singapore. The Group's operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

### (a) Market risk (Cont'd)

*Price risk*

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

The Group is exposed to price risk arising from its investments in fund investments categorised as financial assets at fair value through profit or loss. The risk is managed through fund diversification across different asset classes in various markets. The market risk associated with these investments is the potential loss in fair value resulting from the decrease in the net asset value of unit trusts.

*Sensitivity analysis*

A 10% decrease in the underlying market prices or net asset value of unit trusts at the reporting date, with all other variables remain constant, would decrease net surplus or deficit by the following amount:

| | **Group and Authority 2017 $'000** |
|---|---|
| Quoted unit trusts | 4,694 |
| Unquoted unit trusts | 7,561 |

A 10% increase in the underlying market prices or net asset value of unit trusts would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

*Interest rate risk*

The Group's exposure to interest rate risk for changes in interest rates arises primarily from deposits held with AGD.

The Group 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 AGD.

The table below set out the Group's exposure to interest rate risks.

| | **Note** | **Group 2017 $'000** | **Authority 2017 $'000** |
|---|---|---|---|
| **Variable rate instrument** | | | |
| Deposits held with AGD | 8 | 1,121,480 | 1,109,283 |

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

**(a) Market risk** (Cont'd)

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) net surplus or deficit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | Net surplus or deficit | |
|---|---|---|
| | **100bp increase $'000** | **100bp decrease $'000** |
| **Group** | | |
| **31 March 2017** | | |
| Variable rate instruments | 11,215 | (11,215) |
| **Authority** | | |
| **31 March 2017** | | |
| Variable rate instruments | 11,093 | (11,093) |

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Group and the Authority. The carrying amounts of the Group and the Authority's major classes of financial assets such as cash and cash equivalents, trade and other receivables (excluding prepayments), amount due from a subsidiary, financial assets available-for-sale and financial assets at fair value through profit or loss represents the maximum exposure to credit risk.

Cash and cash equivalents are mainly deposits held with AGD and banks which have high credit-ratings as determined by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially entities with good collection track records with the Group.

The Group limits its credit risk exposure in respect of investments by placing its funds only with professional fund managers recommended by an investment consultant or awarded by AGD under the Demand Aggregation II and III Scheme.

The Group and the Authority has no collateral in respect of these investments. During the period ended 31 March 2017, no impairment was recognised on the Group's and the Authority's available-for-sale financial assets.

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

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

**(b) Credit risk** (Cont'd)

The ageing of loans and receivables are as follows:

| | Group | | Authority* | |
|---|---|---|---|---|
| | Gross 2017 $'000 | Impairment loss 2017 $'000 | Funds Gross 2017 $'000 | Impairment loss 2017 $'000 |
| Not past due | 161,226 | (1,103) | 161,826 | (1,103) |
| Past due less than 3 months | 675 | (55) | 675 | (55) |
| Past due 3 to 6 months | 21 | – | 21 | – |
| | 161,922 | (1,158) | 162,522 | (1,158) |

* includes amount due from a subsidiary

The movement in allowance for impairment loss in respect of loans and receivables during the financial period is as follows:

| | Group and Authority 2017 $'000 |
|---|---|
| Transferred from establishment of the Group and Authority on 1 October 2016 | 1,360 |
| Charge to income or expenditure | 128 |
| Utilised during the period | (330) |
| At 31 March 2017 | 1,158 |

The impairment in trade and other receivables is due to several debtors who have not paid their outstanding amounts despite reminders. The Group and the Authority wrote-off the balances which have been assessed as, and deemed uncollectible.

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

### (c) Liquidity risk

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

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

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

The following are the contractual maturities of financial liabilities of the Group and Authority including estimated interest payments and excluding the impact of netting arrangements:

| | | Cash flows | | |
|---|---|---|---|---|
| | **Carrying amount $'000** | **Contractual cash flows $'000** | **Within a year $'000** | **Between one to five years $'000** |
| **Group** | | | | |
| **2017** | | | | |
| Trade and other payables | 110,395 | 110,395 | 110,395 | – |
| **Authority** | | | | |
| **2017** | | | | |
| Trade and other payables | 109,446 | 109,446 | 109,446 | – |
| Amount due to a subsidiary | 10,000 | 10,200 | – | 10,200 |
| | 119,446 | 119,646 | 109,446 | 10,200 |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

### (d) Capital management

The Group and the Authority manage its capital to ensure that the Group and the Authority will continue as going concern. The capital structure of the Group and the Authority comprise only equity as reflected in the statements of changes in equity.

The Group and the Authority review its capital structure periodically. As part of this review, the cost of capital and associated risks are considered. The Authority is not subject to any capital requirements under the Info-communications Media Development Authority Act (No. 22 of 2016) or any other externally imposed capital requirements, except for those mandated by the Ministry of Finance.

### (e) Accounting classifications and fair values

***Determination of fair values***

*Financial assets at fair value through profit and loss and financial assets available-for-sale*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group and the Authority uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

**(e) Accounting classifications and fair values** (Cont'd)

***Determination of fair values*** (Cont'd)

The fair value of the quoted unit trusts is based on the market bid price. As the fund is not listed in an active market, these instruments are included in Level 2.

The fair value of unquoted unit trusts is based on realisation price provided by the administrator of those unit trusts. These instruments are included in Level 3.

*Other financial assets and liabilities*

The carrying amounts of trade and other receivables, trade and other payables and amount due to/from a subsidiary are assumed to approximate their fair values because of the short period to maturity.

***Fair value hierarchy***

The table below presents the fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques.

The different levels are defined as follows:

(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).

***Valuation technique and key unobservable input***

The following is a list of the valuation techniques and the key unobservable inputs used in the determination of fair value of the available-for-sale investments and financial assets at fair value through profit and loss.

| ***Valuation technique*** | **Inter-relationship between significant unobservable inputs and fair value measurement** |
|---|---|
| | The estimated fair value would decrease if: |
| Valuation of recent acquisition consideration | • valuation of recent acquisition consideration was lower; |
| Valuation of realisation price | • valuation of realisation price was lower |

Management considers that changing one or more of the significant unobservable inputs used to other reasonably possible alternative assumptions would not result in a significant change in the estimated fair value.

**Key unobservable inputs**

Key unobservable inputs correspond to:

- Fund manager's judgement with regard to the assumption that the recent acquisition consideration are reflective of fair value of investment.
- Fund manager's assessment that there are no major changes in the business and market environment that would impact the value of the investment materially.
- Fund manager's judgement with regard to the realisation price used in determining the value of unit trust.

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| | | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Loans and receivables $'000 | Other financial liabilities $'000 | Designated at fair value $'000 | Available -for-sale $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Group** | | | | | | | | | | |
| **31 March 2017** | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| ***Financial assets measured at fair value*** | | | | | | | | | | |
| Available-for-sale financial asset | 7 | – | – | – | 763 | 763 | – | – | 763 | 763 |
| Financial asset at fair value through profit or loss | 9 | – | – | 122,551 | – | 122,551 | – | 46,937 | 75,614 | 122,551 |
| | | – | – | 122,551 | 763 | 123,314 | | | | |
| ***Financial assets not measured at fair value*** | | | | | | | | | | |
| Cash and cash equivalents | 8 | 1,121,480 | – | – | – | 1,121,480 | | | | |
| Trade and other receivables * | 10 | 160,764 | – | – | – | 160,764 | | | | |
| | | 1,282,244 | – | – | – | 1,282,244 | | | | |
| **Liabilities** | | | | | | | | | | |
| ***Financial liabilities not measured at fair value*** | | | | | | | | | | |
| Trade and other payables | 14 | – | 110,395 | – | – | 110,395 | | | | |

* excludes prepayments

## 28 FINANCIAL RISK MANAGEMENT (CONT'D)

| | | Carrying amount | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Note | Loans and receivables $'000 | Other financial liabilities $'000 | Designated at fair value $'000 | Available -for-sale $'000 | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Total $'000 |
| **Authority** | | | | | | | | | | |
| **31 March 2017** | | | | | | | | | | |
| **Assets** | | | | | | | | | | |
| ***Financial assets measured at fair value*** | | | | | | | | | | |
| Available-for-sale financial asset | 7 | – | – | – | 763 | 763 | – | – | 763 | 763 |
| Financial asset at fair value through profit or loss | 9 | – | – | 122,551 | – | 122,551 | – | 46,937 | 75,614 | 122,551 |
| | | – | – | 122,551 | 763 | 123,314 | | | | |
| ***Financial assets not measured at fair value*** | | | | | | | | | | |
| Cash and cash equivalents | 8 | 1,109,283 | – | – | – | 1,109,283 | | | | |
| Trade and other receivables * | 10 | 160,664 | – | – | – | 160,664 | | | | |
| Amount due from a subsidiary | | 700 | – | – | – | 700 | | | | |
| | | 1,270,647 | – | – | – | 1,270,647 | | | | |
| **Liabilities** | | | | | | | | | | |
| ***Financial liabilities not measured at fair value*** | | | | | | | | | | |
| Trade and other payables | 14 | – | 109,446 | – | – | 109,446 | | | | |
| Amount due to a subsidiary | | – | 10,000 | – | – | 10,000 | | | | |
| | | – | 119,446 | – | – | 119,446 | | | | |

* excludes prepayments

## 29 SUBSEQUENT EVENT

On 31 May 2017, the Authority issued 1,700,000 shares of $1 per share to fund transitional expenses incurred as a result of the restructuring of MDA and IDA to form IMDA and Government Technology Agency. The shares issued are held by the Minister for Finance, incorporated by the Minster for Finance (Incorporation) Act. The holders of these shares are entitled to receive dividends as and when declared by the Authority. The shares carry no voting rights and have no par value.

Subsequent to the share issuance on 31 May 2017, the Authority has share capital of $2,901,000 which comprises 2,901,000 shares.

## 30 COMPARATIVE INFORMATION

No comparative figures have been presented as this is the first set of financial statements prepared by the Group since the date of its establishment with the restructuring of MDA and IDA to form IMDA and Government Technology Agency.