

mda

Media Development Authority
Singapore

ANNUAL REPORT
2012/2013



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STRENGTHENING SINGAPORE STORIES

Media convergence is changing the way content is being delivered and consumed. In this interactive showcase, MDA together with our industry partners and community share the opportunities and challenges this trend presents, and how we are telling Singapore's stories on both traditional and new media platforms.

Scan this QR code to view the video



VIDEO 1:
Opportunities and challenges
with media convergence

<http://www.mda.gov.sg/AboutUs/annualreport2013>

Scan this QR code to view the video



VIDEO 2:
Telling stories in
more ways than one

<http://www.mda.gov.sg/AboutUs/annualreport2013>



Mr. Koh Boon Hwee
Chairman
Media Convergence Review (MCR) Panel

“ One of our recommendations is to make more consistent the content and licensing framework across all platforms, including emerging ones. ”



Mrs. Carmee Lim
Vice-Chairperson
Media Literacy Council

“ We work closely with the various community groups and schools on a series of initiatives to promote responsible digital citizenship. ”



Mr. Chris Tan
Assistant Director (Industry Operations)
Media Development Authority
Singapore

“ MDA is exploring how best to implement the recommendations proposed by the MCR Panel such as providing incentives to encourage more local content development. ”



Ms. Adeline Foo
Author
The Diary of Amos Lee

“ Media convergence has brought opportunities for writers like me. When I write a story I actually think of the platforms that children will be interested in... ”



Ms. Jocelyn Little
Managing Director
Beach House Pictures

“ The key challenge posed by Media Convergence is that we can no longer rely on traditional broadcast platforms as a single funding source. We must be creative in the way we source for our budget and deliver the content. ”



Ms. Suzie Wang
Vice President
Non-Linear Production
MediaCorp TV Singapore Pte. Ltd.

“ In MediaCorp, the fundamentals to telling a good story have not changed but with the rise of Media Convergence, media consumption is becoming increasingly non-linear in nature. ”

MISSION

The Media Development Authority of Singapore (MDA), a statutory board under the Ministry of Communications and Information (MCI), promotes and regulates the media sector so as to contribute towards economic growth and help foster a cohesive and inclusive society.

To ensure a globally competitive Singapore media sector, MDA invests in:

- Enhancing the innovative capacity of the media sector;
- Developing competitive media infrastructure;
- Nurturing quality manpower;
- Supporting sustainable enterprise development; and
- Enabling Singapore media to go global.

At the same time, MDA formulates clear and consistent regulatory policies, based on these guiding principles:

- To foster a pro-business environment for industry players;
- To ensure fair market conduct and effective competition;
- To safeguard consumers' interests;
- To increase media choices for consumers;
- To uphold social values in tandem with societal expectations; and
- To foster a cohesive and inclusive society through quality content with wide reach and impact while promoting nation-building.

VISION

In developing the media sector, MDA is guided by our vision "Compelling Content, Connected Society, Caring Organisation" where the power of stories, well told, will move our spirit to connect with one another to create an industry that is able to hold its own against the world's best.

CORE VALUES

These core values shape MDA's culture and guide us in our work:

- **Integrity**
- **Care & Respect**
- **Professionalism**
- **Innovativeness**

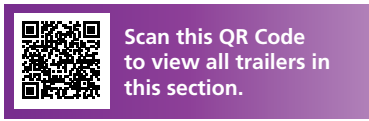
CHAIRMAN'S MESSAGE

It wasn't too long ago that I started off my mornings with the scent of coffee and freshly-minted newspapers. Fast forward to today, the ink stains on my fingers from my daily news reading habits have been replaced by fingerprint smudges on my iPad's glossy screen.

This change in media consumption habits took only a few years, and has taken the world by storm. This rapid shift in consumer behaviour is primarily driven by the increasing digitisation of media content, pervasive high-speed broadband connectivity and the proliferation of Internet-enabled mobile devices. Media content which used to reside on disparate platforms has now converged on the Internet.



Mr. Niam Chiang Meng
Chairman
Media Development Authority
Singapore



Media convergence and digital distribution are posing new challenges for regulators while creating new opportunities for the media industry.

Our regulations, which were drawn up in the age of what we now call "traditional" media platforms, will need to evolve to keep pace with the changing landscape. At the same time, media players should ride the digital wave and embrace the possibilities it can create. Looking back at the past year, I'm heartened to say we made good progress on both fronts.

In 2011, the nominal value-added of the media sector rose to S\$7.4 billion, a strong increase of 11.1 per cent from 2010.

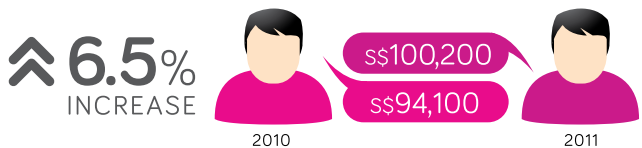
2011 EMPLOYMENT IN THE MEDIA SECTOR



2011 NOMINAL VALUE-ADDED



2011 NOMINAL VALUE-ADDED PER WORKER



Employment in the media sector grew 4.4 per cent to reach 74,100, while nominal value-added per worker increased by 6.5 per cent to reach S\$100,200¹.

Our industry development efforts have embraced the changes and our funding framework has been refined to encourage content providers to create and distribute content through both traditional and emerging platforms.



Beach House Pictures shared videos and images of *Hidden Cities Extreme* with viewers on social media platforms.



96°C Café was first shown on XinMSN before continuing its run on Free-to-air TV.

In the year of review, MDA supported 965 projects with S\$16.28 million in grants across the various media sectors. Some of the projects funded made use of new media platforms such as Facebook to engage and interact with viewers. For instance, Beach House Pictures' *Hidden Cities Extreme* went beyond the traditional television (TV) platform to engage viewers on social media platforms by sharing videos, images and upcoming episodes. MediaCorp's *96°C Café* was first shown online on the XinMSN portal before continuing its run as a 20-episode series on free-to-air (FTA) TV.

While the landscape is changing, the lynchpin of the media sector continues to be the talent that makes our stories and content possible. This remains an important component of MDA's industry development approach.

In this respect, MDA continues to provide grants to media talent to improve their skills and productivity. In July 2012, MDA enhanced the Talent Assistance Scheme with the introduction of two new components – a Training Allowance and an Enhanced Apprenticeship. The former provides training allowances for freelancers while the latter supports experienced media practitioners with opportunities for work attachments. These new initiatives were made possible with the support from the National Productivity and Continuing Education Council.

2012 was also a great year for local film talent. Homegrown director Jack Neo's *Ah Boys to Men* set the record as the top-grossing local movie of all time, earning S\$6.2 million following its 13-week run. The sequel, *Ah Boys to Men 2* which hit local screens in February 2013, did even better and garnered almost S\$8 million in box office takings as at March 2013. The two films which were supported by MDA's Production Assistance grant scheme were also sold to Malaysia and Taiwan.



Ah Boys to Men 1 & 2 earned a total of S\$14.2 million, setting a record at the local box office.

¹Source: Department of Statistics and Economic Development Board

Local content and Singapore stories continue to be told through our Public Service Broadcast (PSB) programmes. To keep pace with shifting viewer habits, the Government announced a five-year budget of S\$630 million for PSB in July 2012. The funding boost is also aimed at enhancing the quality of programmes on FTA-TV and expanding the support of PSB to non-FTA local platforms such as Internet TV and pay-TV.

On 8 March 2013, Dr Yaacob Ibrahim, Minister for Communications and Information announced in Parliament that the Government will invest another S\$182 million over the next four years to support more locally-produced documentaries and current affairs programmes.

The commitment to enhance the quality of Singapore stories has resulted in the provision of more than 2,000 hours of original local PSB programmes in 2012. These programmes attracted 4.54 million viewers on FTA-TV, up 5 per cent from last year². More audiences are also tuning in to PSB programmes on the Internet. These programmes attracted some 10 million online views, doubling last year's figure³.

TV broadcasting also reached a new milestone in 2012 with Singapore announcing plans to move towards digital broadcasting using the Digital Video Broadcasting – Second Generation Terrestrial (DVB-T2) standard. In preparation for the transition to digital TV, MDA finalised and published the DVB-T2 receiver specifications and worked with manufacturers and suppliers to bring in DVB-T2 compatible equipment so that consumers can switch over early when MediaCorp begins broadcasting its channels digitally at the end of 2013.

To ensure a smooth switchover, there will be a simulcast period of at least two years where both digital and analogue FTA-TV signals will be broadcast to ensure all households have time to get accustomed to receiving their FTA-TV signals digitally.

On the regulatory front, we took a major step towards refreshing our media regulations to keep pace with changing technology and consumer behaviour. The Media Convergence Review Panel, chaired by Mr Koh Boon Hwee, Chairman, Board of Trustees, Nanyang Technological

University, and comprising 11 distinguished individuals, submitted their report to the Government on tackling the regulatory challenges arising from media convergence. The objectives of the review are to support industry growth, empower and protect consumers, and foster a cohesive and inclusive society. MDA is now exploring how best to implement the recommendations.

To help media players stay competitive, MDA also paved the way for new services by allowing Restricted 21 (R21) content on video-on-demand (VOD) platforms. To prevent unauthorised and underage access to such content, R21 VOD offerings are locked by default and can only be accessed with the keying in of a unique R21 PIN by subscribers interested in the service. To facilitate greater co-regulation, we also introduced a co-classification initiative which allows the video industry to self-classify content up to the PG13 rating.

MDA also continued to improve on its processes, and is pleased to have fully met the service standards set for Satellite Broadcast, Internet Service Provider, Film Exhibition and Printing Press license applications. MDA also stepped up its engagement efforts, for example by conducting more frequent dialogues with media players. Such efforts saw MDA improving its pro-enterprise ranking from 20th position in 2011 to 7th in 2012.

In terms of online engagement, MDA continues to be active in the social media sphere through platforms such as Facebook, Twitter and YouTube, sharing quality local content and engaging with the public. MDA's staff also gave back to society. Our volunteer group, the Care Connexion, participated in more than 500 hours of community service activities in 2012.

The year in review has been a fruitful one with local content gaining traction in Singapore and overseas, and our regulatory frameworks being reviewed to stay relevant to industry and the public.

I would like to take this opportunity to thank MDA's board members, the Media Convergence Review Panel, our various advisory committees, industry partners and our dedicated staff for their unwavering support to help create a vibrant media sector that will continue to better the lives of Singaporeans.



Free-to-air TV goes fully digital by end of 2013

²Source: Kantar Media ³Source: Omniture

Mr. Niam Chiang Meng

Chairman
Media Development Authority
Singapore

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS



Ms. Koh Lin-Net
Chief Executive Officer
Media Development Authority
Singapore

Member
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Mr. Tan Choon Shian
Principal and
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Singapore Polytechnic

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Mr. Niam Chiang Meng
Chairman
Media Development Authority
Singapore

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Deputy Secretary
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Ministry of Defence

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Mr. Basskaran Nair
Adjunct Associate Professor
Lee Kuan Yew School
of Public Policy
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Yayasan Mendaki

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Mr. Kenneth Tan
Assistant Chief Executive
(Assessment)

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Mr. Yeo Chun Cheng
Assistant Chief Executive
(Industry)

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Publications
Content and Standards

Ms. Chetra Sinnathamby
Director
Films, Video Games & Arts
Content and Standards

Mr. Lim Chin Siang
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Technology

Ms. Ho Hwei Ling
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Communications

Mr. Joachim Ng
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Industry Operations

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 Director
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Ms. Toh Kai Ling
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 Policy

Ms. Lai Lei Khim
 Acting Director
 Outreach

Ms. Lee Lie Yen
 Director
 Industry Strategy & Resource
 Management

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 Deployment Office

Ms. Rajaswari
 Director
 People Development

Mr. Yap Shao Peng
 Director
 Licensing

Mr. Thomas Lim
 Director
 Performance Assessment

Mr. Trevor Sim
 Director
 Information Technology

CHAPTER 1 COMPETITIVE & SUSTAINABLE INDUSTRY

In championing the development of a competitive and sustainable media industry, MDA aims to create a conducive environment in Singapore for companies to create quality content and to nurture media talent.

With these goals in mind, MDA streamlined the funding schemes from 46 to five in 2011 to better serve the industry. During the year in review from 1 April 2012 to 31 March 2013, MDA supported 965 projects through various grants, to help companies develop and produce content, upskill talent as well as market their content overseas to international buyers, across all media sectors. This translated to a commitment of S\$16.28 million. More significantly, Singapore media companies have created content that continue to touch the hearts and minds of audiences worldwide, while binding the nation through Singapore stories.

During the year in review, MDA also sharpened its focus on content development and capability building under the Singapore Media Fusion Plan. To achieve this, MDA is working with bodies such as the Association of Independent Producers (AIPRO) and Six-Degrees to strengthen engagement with the industry and freelancer community.

MDA also introduced initiatives to raise media sector productivity such as the Talent Allowance and Enhanced Apprenticeship schemes to plug manpower gaps and enable media professionals to advance their skills, both locally and overseas.



Jack Neo, Director
Ah Boys to Men

Serangoon Road

Eliza Teoh, Author
Elle Belly

Boo Junfeng, Director
Keluar Baris (Homecoming)

Angeline Swee, Executive Producer
The End/Beginning

SUPPORTING LOCAL CONTENT AND TALENT

To raise productivity in the media industry, MDA enhanced the Talent Assistance grant scheme with the introduction of Training Allowance for freelancers in July 2012. The Enhanced Apprenticeship, which supports experienced media practitioners for work attachments, was also introduced. These new initiatives were made possible with the support from the National Productivity and Continuing Education Council. As of 31 March 2013, these two initiatives have benefitted 76 media practitioners and freelancers.

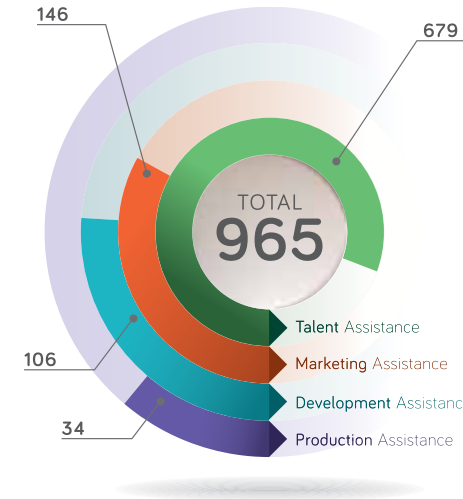
Two of the 76 recipients are Josh Yong, a Ngee Ann Polytechnic graduate and freelancer; and James Phang from Tiny Island Productions. Josh was supported by the Enhanced Apprenticeship, and was attached to the London 2012 Olympic Games as a sports video editor, editing 'live' coverage of the games for worldwide audiences. He was the only Singapore video editor to be selected for the position. Since his return, he has worked on editing projects in Australia and Singapore including for the reality TV programme, *Asia's Next Top Model*.

Another recipient, James Phang, an employee of Tiny Island Productions was attached to FremantleMedia Enterprises in Los Angeles to learn story and concept development under the mentorship of experienced Hollywood development specialists. He has since returned to Tiny Island Productions, assisting the company with strategic planning.

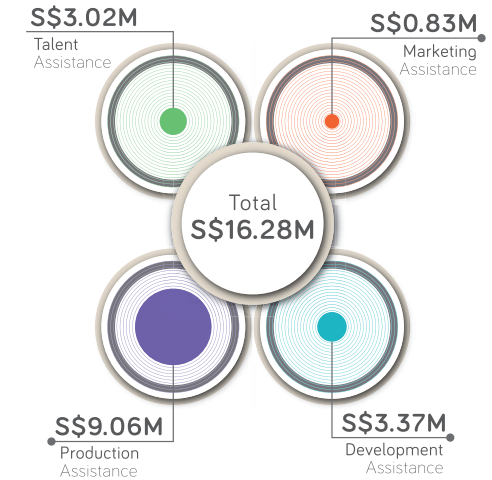
To ensure a constant pipeline of talent, MDA revamped its Media Education Scheme (MES) in 2012 to foster closer collaborative relationships with the industry. By tying up with the industry to co-sponsor scholarships, MDA hopes to achieve the twin goals of nurturing media leaders and professionals, while at the same time meeting industry's need and demand for talent with specified skill sets. Six scholarships were awarded jointly with established media companies to Wendy Wong Shumin, Yunita Santoso Ong, Chan Mei Yu, Jethra, Kenson Tan Kian Seng, Aemilia Mariani Widodo and Jodie Pang Li Juan. Upon graduation, the six will be attached to media companies like MediaCorp, Starhub, Tiny Island Productions, Singapore Press Holdings and Viacom International Media Networks. From 2003 to 2012, MDA supported 182 individuals to pursue their media studies through the MES scheme.

This year, MDA introduced a film category under MES, MES (Film), to nurture talent pursuing independent film careers. Recipients of MES (Film) will be mentored by local film-makers for two years, after their studies.

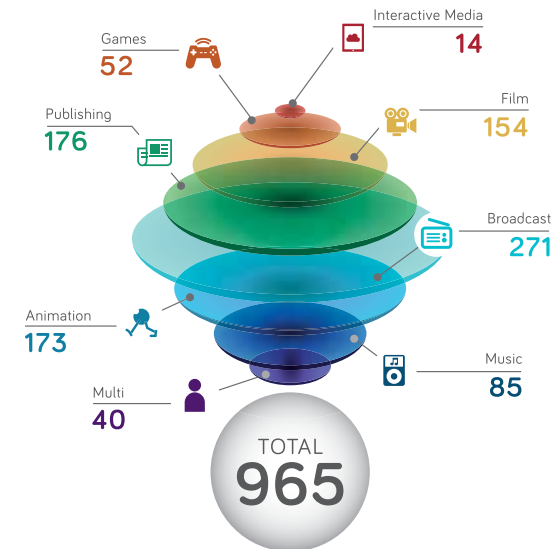
NUMBER OF PROJECTS SUPPORTED BY EACH GRANT SCHEME



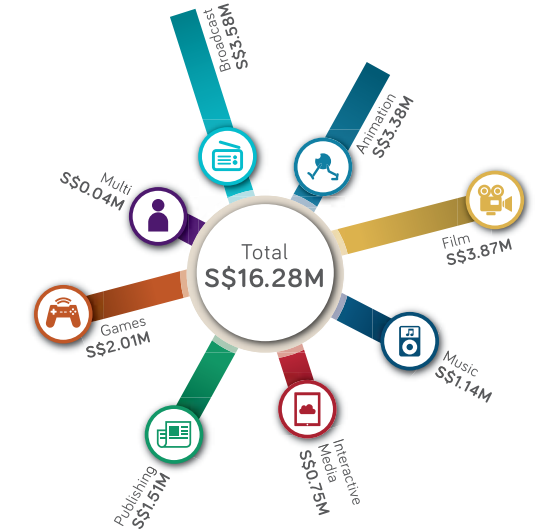
AMOUNT COMMITTED UNDER EACH GRANT SCHEME



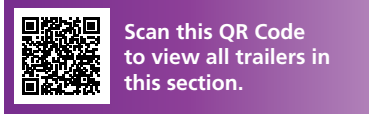
NUMBER OF PROJECTS SUPPORTED UNDER EACH SECTOR



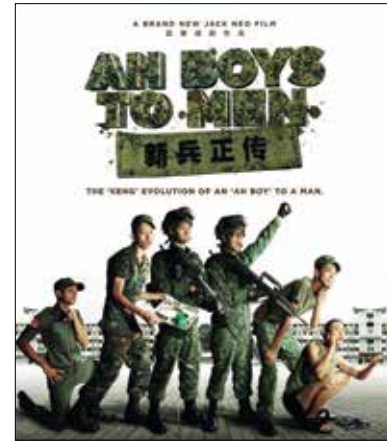
AMOUNT COMMITTED FOR EACH SECTOR



NURTURING A VIBRANT FILM SECTOR



2012 saw a record 12 local films hitting the big screen in Singapore, bringing the total box-office takings for the year to S\$12 million, with the top five local films earning a total of S\$10.8 million, 32 per cent more than in 2011.



Ah Boys to Men was one of the biggest local box office hits in Singapore, earning S\$6.2 million in its 13-week run.

The feather in the cap was the success of *Ah Boys to Men* in 2012. It was one of the biggest local box office hits in Singapore history. Developed with the support of MDA's Production Assistance grant scheme, the Jack Neo comedy about the trials and tribulations of National Service boys set the record as the top-grossing local film of all time, earning S\$6.2 million in its 13-week run, second only to its sequel released in January 2013, *Ah Boys to Men 2*, which made almost S\$8 million as of March 2013. The films have also travelled to Malaysia and Taiwan.

Besides receiving strong endorsement from local audiences, Singapore films also left their mark on the international stage last year.



Innocents by Wong Chen-Hsi, is a story about two lonely kids set in 1980s Singapore.

Innocents by Wong Chen-Hsi which premiered at the Rome International Film Festival 2012 was nominated for the "Asian Netpac" award at the Jeonju International Film Festival 2013. Local writer-director, Han Yew Kwang's *The Flying Postman* won the "2nd HAF/Fox Chinese Film Development" award at the Hong Kong International Film and TV Market held in March 2013, receiving a cash prize of S\$16,000 and a development contract with Fox International Productions.

37 Singapore media companies also made their way to the Hong Kong International Film and TV Market where they collectively secured some S\$19 million in business deals. All these point to a growing local film sector and more importantly, a strong pipeline of good Singapore stories.



A showcase of local films was presented at Sneak Peeks during the 13th ATF/SS Market.

The fusion of Asia Television Forum and ScreenSingapore

In 2012, the 13th edition of Asia Television Forum was held together with ScreenSingapore (ATF/SS) at the Sands Expo and Convention Centre, Marina Bay Sands. The joint event presented greater trading possibilities and networking opportunities, with ScreenSingapore carrying a stronger Asian theme.

The three-day market, which included three premieres and four days of conferences, attracted nearly 4,000 film and television trade participants, some 1,000 companies from 52 countries and served as the platform for some S\$255 million worth of deals to be closed.

At the market, MDA also organised a number of business events to provide opportunities for collaboration. These included a business matching session which attracted some

100 local and international attendees and China-Singapore dialogue session where Singapore TV producers had the opportunity to network with representatives from China's broadcast stations for collaboration in dramas and documentaries.

Promotion of local films was also a priority. MDA organised Sneak Peeks to show upcoming Singapore feature films to buyers and media at ScreenSingapore. Nine films were showcased: *Ah Boys to Men 2*, *Ghost Child*, *The Wedding Diary II*, *Menstrual Man*, *Red Numbers*, *Taxi! Taxi!*, *3.50*, *Pickles* and *Judgment Day*. The session was attended by some 60 trade delegates. Daily networking sessions were also held for international players to meet with local media companies.

Singapore content for Singaporeans

To build a strong local film industry, the Singapore Film Commission (SFC) in MDA continuously grooms new filmmakers by creating opportunities for them to experiment and create a broad range of genres that include documentaries, arthouse, fiction, comedy and dramas.

In December 2012, SFC awarded eight filmmakers who were directing their first and second films with the New Talent Feature Grant. The inaugural batch of recipients included Ric Aw of *Building Waves*, Abbas Akbar of *Singapooru*, M Raihan Halim of *Banting*, Jason Lai of *Ms J Contemplates Her Choice*, Kesavadas S/O Rajagopal of *A Yellow Bird*, Tan Ai Leng of *Sinema Paradiso*, Tan Pin Pin of *Hinterland* and Teo Eng Tiong of *The Confinement Nanny*.

SFC's Film Mentorship Initiative which provides grants to help local filmmakers sharpen their skills in film directing, producing and writing in overseas film labs, also supported

five filmmakers. They are Anthony Chen and Feng Kexin for Golden Horse Film Academy, Boo Junfeng for Jerusalem International Film Lab as well as Tan Pin Pin and Tan Bee Thiam for Rotterdam Lab.



Where The Road Meets The Sun is one of the films featured in Watch Local, a programme aimed to deepen support for local films.

During the year under review, the SFC also introduced new initiatives to deepen the support and appreciation of local films in Singapore. In October 2012, SFC introduced Watch Local, a programme that brought back more than 20 classic local films for reruns. The partners for this initiative are Objectifs Centre for Photography and Film, Sinema+GV, The Arts House and MediaCorp.

Watch Local features rare Singapore films which have not been commercially released as well as iconic films of the 1990s. These films include *Army Daze*, a Michael Chiang movie about National Service; *The Teenage Textbook* starring Melody Chen and Caleb Goh; *Eating Air*, Kelvin Tong's coming-of-age feature and *Where The Road Meets the Sun* by Yong Mun Chee which won the "Best Director" and "Special Jury" awards at the Houston International Film Festival 2011.

In February 2013, SFC launched the SGFilm Channel which is hosted on YouTube to stream Singapore short films and trailers of upcoming local releases. The channel will feature at least 40 films by end 2013.

Among the channel's offerings are award-winning titles such as Boo Junfeng's *Keluar Baris (Homecoming)*, as well as experimental works such as *Wrong Turn* by Charles Lim, and defining ones such as Anthony Chen's noteworthy short film *Ah Ma* which received a "Special Mention" award at the 60th Cannes Film Festival in 2007 and Edward Khoo's *Late Shift*, a 10-minute work about an elderly taxi driver's encounter with a drunk passenger. *Late Shift* was in the running for "Best Short Film" at the 17th Busan International Film Festival in 2012. The channel has attracted more than 1,000 subscribers, and over 40,000 video views.



Keluar Baris (Homecoming) by Boo Junfeng



Wrong Turn by Charles Lim



Ah Ma by Anthony Chen



Late Shift by Edward Khoo

BROADCASTING IN NEW WAYS

2012 was a fruitful year for the broadcast industry, with more producers now tapping on new media platforms to attract and engage viewers. Local programmes and productions continue to make inroads outside Singapore, including recognition at prestigious industry awards. Programmes made for multiple platforms such as the Internet, mobile and television are catching on as local content producers now recognise that social media has the power to engage and entice viewers in new ways. Notable multi-media content created include MediaCorp's drama *96°C Café* and Beach House Pictures' *Hidden Cities Extreme*, a travel and adventure series.

96°C Café, supported under the Production Assistance grant scheme, was first telecast online on XinMSN.com and continued its run as a 20-episode series on FTA-TV. Local retail stores also carried *96°C Café* merchandise.

Hidden Cities Extreme, which was supported by the same grant scheme, had viewers engaged on its Facebook page which shared videos, images and upcoming episodes of the programme. The programme's host, Simon Yin, also interacted with viewers on the social media platform.

Going abroad

During the year in review, local independent production houses from the broadcast sector did Singapore proud with their work gaining recognition at international award ceremonies. For example, *Very!'s The End/Beginning-Nepal* won the "Gold World Medal" in the Social Issues/Current Affairs category, the "Silver World Medal" in the Community Service Programs category and the "Silver World Medal" in the Biography/Profiles category at the New York Festivals International Television & Film Awards 2012. *Asia's Underworld* by Third Floor Pictures was also a Finalist for the Social Issues/Current Affairs category at the same festival.



The End/Beginning - Nepal won a total of three awards at the New York Festivals International Television & Film Awards 2012.



Asia's Underworld by Third Floor Pictures was a finalist at the New York Festivals International Television & Film Awards 2012.

Independent producers have also been collaborating with their international peers, enabling deeper penetration into key markets around the world. Recent co-productions include *Kakadu*, a documentary series on Kakadu National Park by Beach House Pictures, Northern Pictures and ABC TV; as well as HBO Asia's first prime-time television drama *Serangoon Road*. A detective drama series by Singapore company Infinite Studios, HBO Asia and ABC TV, *Serangoon Road* is shot on location in Singapore. It features a stellar cast including international artistes such as Joan Chen, Russell Wong and Singapore's very own Chin Han whose credits include Hollywood films such as *The Dark Knight* and *Contagion*. *Serangoon Road* is also supported by MDA's Production Assistance grant scheme.



Scan this QR Code to view all trailers in this section.



Kakadu by Beach House Pictures



Serangoon Road, a detective drama series shot on location in Singapore features cast such as Joan Chen and Chin Han.

To promote local content and services overseas, MDA led a delegation of 40 representatives from 21 companies to MIPCOM, one of the world's leading content markets. With the support from MDA's Marketing Assistance grant scheme, the participation rate from Singapore companies to this trade event increased by 18 per cent compared to 2011, making it the largest Singaporean representation at the market to date. Participation came from a wide mix of TV production, animation, and content distribution companies offering documentary, drama, animation content and digital technology services.

Local companies also strengthened industry relationships with their Malaysian contemporaries. National Film Development Corporation Malaysia (FINAS), Malaysia's film agency and authority hosted a matchmaking event for Singapore and Malaysian delegates at MIPCOM for them to explore business opportunities and new ventures. More than 180 guests ranging from producers, broadcasters, financiers and distributors attended the reception.

Other than MIPCOM, MDA's Marketing Assistance grant scheme also supported the participation of Singapore companies in broadcast markets such as World Congress of Science & Factual Producers and Asian Side of the Doc.

Not to be outdone, the animation sector also had a good showing during the year in review. The 3D animation series, *Rob the Robot* by Singapore's One Animation and Canada's Amberwood Entertainment, was sold to more than 57 territories, including broadcasters such as Disney Junior, ABC Australia and Al Jazeera Kids. *Rob the Robot* follows the adventures of Rob and his friends as they explore the Robot Galaxy.



Ask Lara by August Media Holdings was a 2013 Emmy nominee for "Best Kids Animation Series".



Guess How Much I Love You by Scrawl Studios won "Best 2D Animated Programme" at the 2012 Asian Television Awards.

Local animation productions also made waves at international award ceremonies. For example, *Ask Lara* by August Media Holdings was a 2013 Emmy nominee for "Best Kids Animation Series". At the 2012 Asian Television Awards, *Ben 10: Destroy All Aliens* produced by Tiny Island Productions and owned by Turner/Cartoon Network won "Best 3D Animated Programme" and *Guess How Much I Love You* by Scrawl Studios won "Best 2D Animated Programme".

POWERING UP MORE MEDIA PLATFORMS

With media convergence and the rapid adoption of Internet-enabled devices as well as changes in media consumption patterns, digital publishing is quickly becoming a mainstay in the publishing sector. Riding on this trend, MDA collaborated with the Singapore Book Publishers Association (SBPA) to introduce initiatives to encourage publishers to venture into digital publishing.

In September 2012, SBPA launched the Content Digitisation Program which helped publishers gain experience in digital publishing by subsidising the cost of digitising their titles and hence enabling publishers to embark on new business activities.



With the support of MDA's Development Assistance grant scheme, Bubbly Books published the *Ellie Belly* and *Robozonic* series which are targeted at six to 11-year-old children.

In terms of content development, MDA supported Bubbly Books with the Development Assistance grant scheme to publish the *Ellie Belly* and *Robozonic* series which were targeted at six to 11-year-old children. Both series were made available in both print and digital formats with the digital versions being distributed worldwide to e-Bookstores such as Amazon, Lybrary, Feedbooks, eBook.de, and Kobo.

The Development Assistance grant scheme also supported Tien Wah Press in their development of two titles, book one of the animated children's book series the *Ouju Series*, and book one of the *Step One* series, a language learner, both in digital formats for the mobile platforms. The company, which started as a traditional print business, also began offering digital publishing solutions and re-purposing content for digital and interactive platforms.

Apart from distributing their works on digital platforms, authors are also exploring the option of delivering their content on other platforms such as TV and games to further exploit the Intellectual Property (IP) that they have created. Local author Adeline Foo's popular *The Diary of Amos Lee* book series which was adapted into a TV series and aired on MediaCorp's okto channel in the first quarter of 2012, was also made into a mobile game which is slated for release in 2013.

The year in review also saw publishers exporting their content to the international market. A total of 13 local publishers participated at the Beijing Book Fair and another 28 at the Frankfurt Book Fair, setting up booths and taking up space at the Singapore pavilion to promote their products.



Scan this QR Code to view all trailers in this section.

In the music scene, MDA and MediaCorp held a joint call-for-proposal in September 2012 to invite local composers to score theme songs for seven MediaCorp TV dramas. The initiative aims to give national exposure to local musicians as well as uncover new talent. The call attracted 103 song demos by 55 local music producers and music production companies. Seven winners were selected and supported by MDA's Development Assistance grant scheme.



Mental was one of the seven winners of the MDA and MediaCorp joint call-for-proposal for drama theme songs.

Of the selected theme songs, *咖啡恋*, written for MediaCorp's web drama *96°C Café*, received airplay on XinMSN.com and Y.E.S. 93.3FM after the web drama went live on 4 February 2013. *啡情歌*, the theme song for the drama's 20-episode series on FTA-TV also went on air on 15 April 2013. In addition, *Mental*, written for Suria drama *Bingit*, also received airplay on XinMSN.com and RIA 89.7FM on 9 February 2013 when the drama began its telecast. In March 2013, MDA and MediaCorp made a second call for proposals, inviting composers to create original theme songs for nine dramas; five for Channel 8, two for Suria and two for Vasantham.



Arun Shenoy's *Rumbadoodle* was nominated for "Best Pop Instrumental Album" at the 55th Grammy Awards 2013.

MDA and the Singapore Workforce Development Agency (WDA) also partnered two established music companies – Ocean Butterflies Music and Funkie Monkeys Pop Music School – to offer local music training programmes in lyric writing, music composition and arrangement from April 2013. This is the first partnership between MDA, WDA and the music sector.

Notably, Singapore had its first nominee for the Grammy Awards – Arun Shenoy, whose debut world fusion record *Rumbadoodle* was nominated for "Best Pop Instrumental Album" at the 55th Grammy Awards held on 10 February 2013 in Los Angeles. His style weaves together "rock 'n roll", "world beat" and "New Age". His solo record is slated for release in late 2013. Arun attended the award ceremony with support from MDA's Marketing Assistance grant scheme.

VIBRANT INTERACTIVE DIGITAL MEDIA SCENE

The interactive digital media scene in Singapore continues to be abuzz, attracting new investments and international recognition.

Since 2006, the Interactive Digital Media Programme Office (IDMPO) in MDA has supported more than 400 research and development projects and some 2,000 researchers, scientists and engineers. The support resulted in the delivery of some 500 products and services, and the publishing of more than 1,000 research papers. Start-ups have also achieved follow-on funding from third party investors.

Two of them are Affle and KAI Square. Affle, a Singapore mobile advertising company secured over S\$13 million worth of investments from D2 Communications, Japan's largest mobile advertising company; while KAI Square, a company specialising in innovative technology-related surveillance services and monitoring solutions, ventured into overseas markets such as China, Taiwan and Bangkok after raising an investment of S\$3 million.

In 2012, Affle together with Garena Online, an online gaming services provider and distributor and JamiQ, a social media monitoring company were ranked among Red Herring's Top 100 Asia and Top 100 Global companies.

Separately, the Games Solution Centre (GSC), which was launched by MDA at Mediapolis Phase 0 in October 2011 to nurture local game companies, had since attracted 25 tenants. During the year in review, the centre organised events and networking sessions to help its tenants explore business collaborations. One of the games developed in the Games Solution Centre, *Rocketbirds: Hardboiled Chicken*



Scan this QR Code to view all trailers in this section.

by Ratloop Asia which was released on Sony PlayStation network in 2011, had developed a Sony PSVita version and was ranked third on the top-selling games in Asia on the Vita console in 2012.

In addition, Touch Dimensions' *Autumn Dynasty*, a game on the Singapore Game Box portal (www.singaporegamebox.com) offered by the GSC to raise awareness of Singapore-made games, was named one of the top five "New Ways to Play" iPad games in Apple's official Mac App Store Best of 2012 awards. It has also been downloaded more than 72,000 times since its release in May 2012 for the iPad.

MDA also supported Singapore game companies to participate in international game events such as Game Developers Conference and Electronic Entertainment Expo.



Rocketbirds: Hardboiled Chicken by Ratloop Asia was ranked third on the top-selling games in Asia on the Vita console in 2012.



Autumn Dynasty by Touch Dimensions is one of the top five "New Ways To Play" iPad games in Apple's Mac App Store Best of 2012 awards.

MEDIAPOLIS



Mediapolis@one-north - Artist's Impression of Infinite Studios.

The powering up of Mediapolis@one-north continues to be on track. Infinite Studios, a joint venture by Ascendas and Citramas and a key Mediapolis development, was ready to receive tenants in October 2012. Discovery, Namco Bandai Studios and AMX Audiophiles are among those that have moved into the new multi-tenanted facility with two state-of-the-art purpose built soundstages. Mediapolis is targeted to be fully developed by 2020.

CHAPTER 2

CONSUMER PROTECTION & EMPOWERMENT

As a media regulator, MDA performs the role of a trusted steward of public values by putting in place content classification standards to help consumers make more informed media choices and to have wider access to content, while reflecting community standards, values and mores.

► *Rahayu Abdul Aziz and her son, Nasyef Fikry Bin Mohamed Khairul*



FOSTERING A SAFER AND MORE RESPONSIBLE CYBERSPACE

Singapore is one of the most highly-wired countries in the world. According to the International Telecommunications Union's 2012 Global Internet Report, Singapore ranks fourth in the adoption of high-speed broadband, behind Korea, Hong Kong and Japan. The same report also puts Singapore at the front of the pack when it comes to mobile broadband adoption.

Given the borderless nature of the Internet, the Government is focused on public education to help people navigate the media environment, especially the Internet, safely and responsibly.



MLC works closely with various community groups and schools on a series of initiatives to promote responsible digital citizenship such as the 10th Global Safer Internet Day.

MDA has been supporting this effort through cyber wellness education and media literacy education, in particular working with schools to equip students with the knowledge to navigate cyberspace responsibly and safely. To take this effort even further, the Media Literacy Council (MLC) was also formed in August last year.

The MLC was established with 21 members appointed by Dr Yaacob Ibrahim, Minister for Communications and Information (then Minister for Information, Communications and the Arts). MDA took on the role of the secretariat of the council. (www.medialiteracycouncil.sg)

The council was tasked to spearhead public education programmes and initiatives on media literacy and cyber wellness. With support from MDA, the council marked Singapore's inaugural participation in "Safer Internet Day", a global initiative that originated in Europe, with a Youth Conference comprising panel discussions involving speakers such as well-known bloggers and youth counsellors. The council also plans to reach out to students in schools through their co-curricular activities, incorporating media literacy into schools' orientation programmes and by developing readily-accessible information resources for parents and the general public.

As secretariat, MDA will continue to support the council's programmes to build awareness of media literacy issues and inculcate astute consumption of media offerings and responsible participation on media platforms.

PROVIDING MORE MEDIA CHOICES

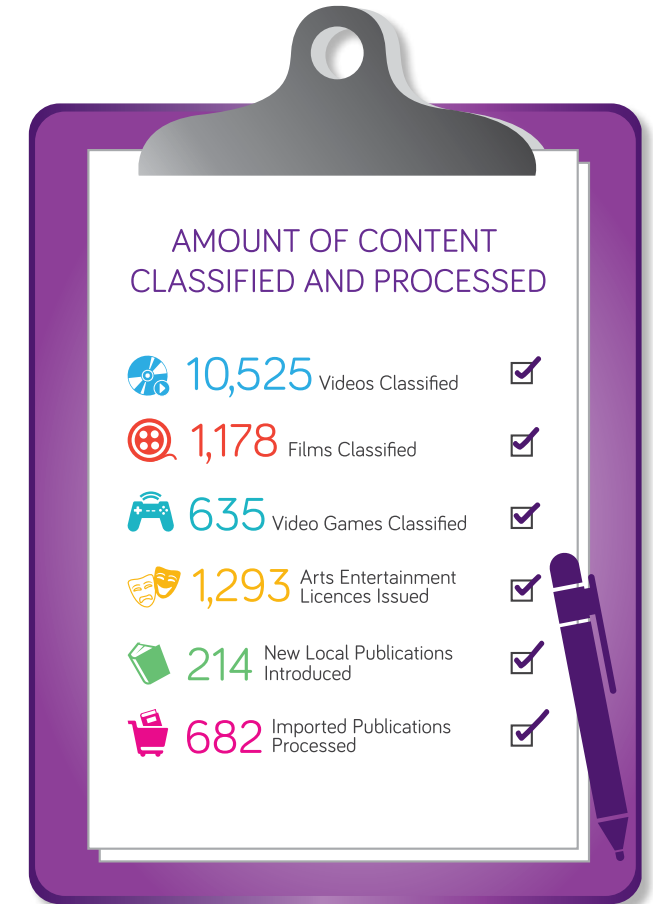
MDA's content classification approach enables consumers to make informed media choices, whilst encouraging media companies to explore and provide a wider range of content that adheres to community standards.

In line with this approach, MDA introduced the co-classification initiative for the video industry in 2011. Industry representatives are trained to classify films under General (G), Parental Guidance (PG) and Parental Guidance 13 (PG13) ratings. By the end of 2012, 47 content assessors were accredited under the pilot scheme.

In the area of pay-TV, MDA granted SingNet's mio TV (mio TV) and StarHub the approval for the launch of Restricted 21 (R21) content on their Video-on-Demand (VOD) platforms, as a step towards increasing media offerings for consumers while ensuring that safeguards are put in place to protect the young.

To prevent unauthorised access by the under-aged, the pay-TV operators are required to lock the R21 content by default and issue a unique R21 PIN only after verification of the customers' identity and age. mio TV launched its R21 content on its VOD service in October 2012, and StarHub followed suit in January 2013.

In 2012, MDA also classified 10,525 videos, 1,178 films and 635 video game titles for distribution. The same year also saw MDA issuing 1,293 arts entertainment licences, facilitating the introduction of 214 new local publications and processing 682 imported publications.



MEDIA CONVERGENCE REVIEW

To keep pace with the advent of media technologies and new consumer trends, MDA is reviewing the regulatory frameworks to ensure they remain relevant to the industry and the public.

To this end, Dr Yaacob Ibrahim, Minister for Communications and Information (then Minister for Information, Communications and the Arts) appointed a Media Convergence Review Panel in March 2012 – chaired by Mr Koh Boon Hwee, Chairman, Board of Trustees, Nanyang Technological University, and comprising 11 other distinguished individuals – to study the issues impacting consumers, industry and society in the converged media environment, and to put forth recommendations to address such challenges. The objectives of the Review are to support industry growth, empower and protect consumers, and foster a cohesive and inclusive society.

Four key recommendations were put forth by the panel:

1. Update the framework for regulating content to encourage industry development, empower consumers and safeguard interests of society
2. Enhance the vibrancy of local content to build shared experiences and strengthen communities
3. Develop policy and regulatory response to copyright and digital piracy challenges
4. Update licensing frameworks to provide greater clarity and consistency in a converged media environment

The Panel issued an interim report containing its preliminary recommendations for consultation with representatives from a wide range of industries and community organisations from August to September 2012.

After careful evaluation of the feedback provided by the industry and community stakeholders, the panel updated the initial recommendations and submitted its final report to the Government on 28 November 2012.

The Government agreed with the principles behind the Panel's recommendations and MDA is now exploring how best to implement the recommendations, which would entail further engagement with both the industry and general public.

SAFEGUARDING CONSUMER INTERESTS

Consumer protection is an important objective in MDA's regulatory remit. The cross-carriage measure was rolled out in March 2010 with the aim of addressing the high degree of content fragmentation in Singapore's pay-TV landscape. Under this measure, pay-TV retailers who acquire exclusive content are required to widen the distribution of such content to subscribers via qualified platforms of other nationwide pay-TV retailers.

Since its introduction, more common channels have been made available to consumers across pay-TV retailers. Prior to the introduction of the measure in March 2010, there were only seven common channels available to consumers on StarHub and mio TV. As of 31 December 2012, consumers could enjoy over 50 common channels available on both platforms.

At the same time, pay-TV retailers are beginning to differentiate their services in other ways, such as originating their own content, offering subscription content online via computers and tablet devices, and delivering content via fibre networks.

The UEFA Euro 2012 tournament was the first qualified content to be cross-carried under the measure. StarHub, which held the exclusive rights to the tournament, allowed all customers – including subscribers on its own platform, as well as mio TV's subscribers – to purchase the content à la carte without a basic subscription.

In a move to ensure that programmes of national significance are not foreclosed to FTA-TV viewers, the anti-siphoning list was also reviewed in 2012.

The revised list, which came into effect on 12 January 2013, comprises two categories of programmes, Category A – where pay-TV retailers cannot acquire any exclusive rights, whether it is "live" or "delayed" broadcasts; and Category B – where pay-TV retailers can acquire exclusive "live" rights, but not exclusive "delayed" rights to broadcast all or part of the programme.

New programmes added to Category A include Formula 1 Singapore, and the Federation Internationale de Football Association (FIFA) World Cup (opening, semi-finals and finals matches and the Singapore Team matches). The review also saw the introduction of programmes to Category B, namely the AFF Suzuki Cup, Malaysia Cup (Singapore club team matches), Summer Paralympics and the Summer Youth Olympic Games.

To safeguard consumer and public interest, MDA will not hesitate to take firm action against licensees that breach their licensing conditions or our content guidelines. In the year of review, MDA looked into 41 content and 83 licensing breaches. For example, two radio deejays – one from SPH Unionworks' Hot FM91.3 and the other from MediaCorp's Gold 90.5FM – were found to have breached the FTA Programme Code for inappropriate remarks made during their shows, and both stations incurred financial penalties for the breaches. MDA also fined SingNet for failing to comply with the licensing condition of the quality of service when some 115,000 mio TV subscribers experienced an island-wide service disruption on 13 May 2012 during the concluding matches of the 2011/2012 Barclays Premier League.

CHAPTER 3

NATION BUILDING THROUGH STRONG LOCAL MEDIA

MDA supports the development of compelling Singapore content on our FTA platforms through Public Service Broadcast (PSB) programmes. The aim is to foster a more connected society through quality, engaging and informative public service content.

PSB programmes have entertained, informed and engaged local audiences with a wide range of shows over the years. These include current affairs programmes, documentaries, sports, dramas, children's and arts programmes.

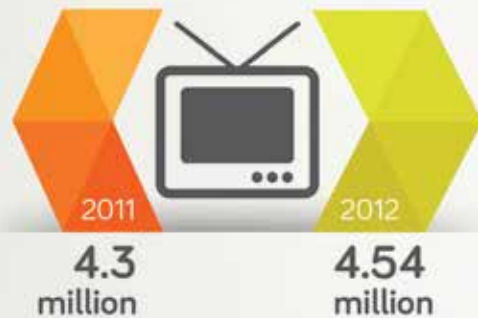
In the year of review, MDA's PSB funding support to MediaCorp and independent production companies have resulted in the provision of about 200 programmes, which totalled over 2,000 hours of original local PSB content in four languages across Singapore's seven FTA-TV channels. More viewers are also tuning in to these PSB programmes. In 2012, PSB programmes on FTA-TV attracted 4.54 million viewers, five per cent more than the previous year¹. In line with the trend of rising online media consumption, more web-exclusive and "Catch-Up" PSB programmes were also made available online on MediaCorp's XinMSN website, which have attracted some 10 million views in total².



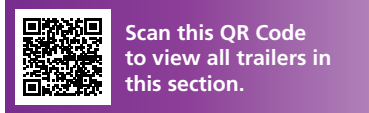
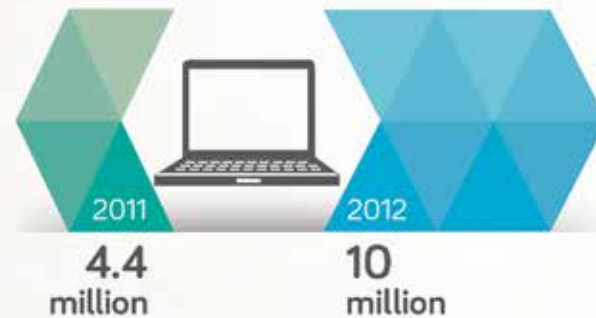
DIVERSITY OF PSB PROGRAMMES



PSB VIEWERSHIP ON FREE-TO-AIR TV HOLDING STEAD



PSB PROGRAMMES CONNECTING WITH ONLINE VIEWERS



Some examples of popular PSB programmes produced by MediaCorp include *Code of Law*, a drama series on Channel 5 about policemen and lawyers cracking crimes and *Don't Stop Believin'*, a drama series on Channel 8 about a passionate teacher in an underperforming school. Both drama series attracted 1.04 million and 2.33 million viewers, respectively.



Some PSB programmes produced by MediaCorp.

Apart from Channel 5 and Channel 8, PSB programmes on Suria, Vasantham and okto have generally fared well too. An example is Suria's *Masih Ada Embun Di Tengah Hari* (*Dewdrops Sr 2*). The drama, which focused on issues affecting middle and upper-class Malay society, drew 352,000 viewers. In addition, Vasantham's *Anjathey* (*Don't Fear*), an inspirational series showcasing youths who succeeded in various fields and *Bugsville*, a children's programme on okto attracted 139,900 and 54,300 viewers respectively.

Apart from PSB programmes produced by MediaCorp, PSB programmes created by independent production companies have also won viewers' hearts. Some notable titles include Channel U's programmes such as *Show Hand* by Wawa Pictures and *Find Me A Singaporean 3* by Threesixzero, as well as *Return to a Sexy Island*, on Channel NewsAsia produced by The Moving Visuals Co.



Apart from Mediacorp, MDA also supports independent production companies to produce quality PSB programmes.

To glean a deeper understanding of viewers' responses to PSB programmes, MDA conducts an annual PSB public satisfaction survey, which measures public satisfaction levels with attributes such as programme quality, engagement and informative value, and public service value. In 2012, 71 per cent of respondents indicated that their satisfaction level with PSB was high, up from 60 per cent in 2011.

Responding to recommendations by the PSB Review Panel

While PSB programmes have generally performed well in terms of viewership and public satisfaction, a rapidly changing environment means that more and more needs to be done to extend the reach and deepen the impact of PSB programmes. In 2010, an eight-member PSB Review Panel was set up to review improvements to the delivery of PSB programmes and recommend ways to maximise its reach and impact in Singapore. The Panel submitted its recommendations to the Ministry of Communications and Information (then Ministry of Information, Communications and the Arts) in March 2012.



PSB Contestable Funds Scheme was introduced to invite more eligible local broadcasters to commission original PSB content.

The Panel noted that though there is public affinity for PSB programmes, the media consumption habits of local audiences have changed as a result of digitisation. More media choices and increasing ease of access to global content have also led to audience fragmentation in Singapore. Taking these factors into consideration, the Panel recommended that the PSB framework be strengthened so that it will remain relevant and appealing to the public. The quality and accessibility of PSB content must also be continually enhanced to meet these challenges.

In July 2012, the Government announced its acceptance of the majority of the Panel's recommendations to enhance the quality and increase the reach of PSB programmes. A five-year budget of S\$630 million was allocated to enhance the quality of programmes on FTA-TV. PSB support was also extended to non-FTA local platforms, such as Internet TV and pay-TV, and to create sustained training plans for talent development.

MDA also introduced the PSB Contestable Funds Scheme, a revamp of the previous Public Service Content Scheme, to identify and invite more local broadcasters, including non-FTA broadcasters, to commission original PSB content. A revised PSB intellectual property (IP) ownership framework was also put in place to accord ownership to IP creators of original PSB content.

During the year in review, MDA introduced dedicated funding to develop concepts for five pilot-tested programmes, namely *Mata Mata*, *Estate*, *Di Luar Garisan (Out of Line)*, *Recruit Diaries* and *Twinadoes*. These programmes were first launched as pilot episodes on *TesTube*, a showcase of experimental programmes by MediaCorp. The pilots, which have since been developed into full-fledged PSB series, have begun screening on the FTA channels from May 2013.

In addition, Dr Yaacob Ibrahim, Minister for Communications and Information, announced in Parliament on 8 March 2013 that the Government would invest another S\$182 million over the next four years to support more locally-produced documentaries such as *We Made the News* which chronicles the 50 years of news broadcasting in Singapore and *SG+*, a weekly programme that discusses social issues with analysis and discussions by an expert panel.

Free-to-air content on multiple platforms

In step with changing media consumption patterns, FTA content, including PSB programmes, has been made available on multiple platforms. Examples include *We Are Singaporeans*, a game show about anything and everything Singapore, which was complemented by a card game and an educational online game; and *First XI*, a sports reality programme which generated much online buzz with Facebook postings and on-air live tweets. *Campus Superstar 2013* was also the first PSB programme that was delivered across multiple platforms — online, radio, print and TV.



Campus Superstar 2013 was one of the first multi-platform PSB programmes.

With technology dramatically changing the way media is consumed, MediaCorp also enhanced its online presence with the launch of Toggle in February 2013. Toggle is an over-the-top service that offers entertainment, information and news to viewers on the Internet, as well as via mobile devices. While Toggle is largely a paid service, it also has a free component where viewers can watch FTA content including PSB programmes that MediaCorp has rights to, for free. Channel NewsAsia is streamed live, while PSB content from other FTA-TV channels are provided on demand. The service has been extended to overseas Singaporeans in the later half of 2013, so that they can keep in touch with the latest developments at home and continue to enjoy home grown content.

DIGITAL TV AND FREE-TO-AIR AND SUBSCRIPTION RADIO

Taking the next step towards the future of TV broadcasting, all seven FTA channels will go fully digital using the DVB-T2 broadcasting standard at the end of 2013.

Channel 5, Channel 8, Suria and Vasantham will be available in High-Definition (HD) as digital broadcasting commences. Channel U, okto and Channel NewsAsia will initially be available in Standard Definition (SD) before transiting to HD in 2016.



Benefits of digital TV include better quality pictures, superior sound and electronic programme guides.

To ensure a smooth switchover, there will be a simulcast period of at least two years, where both digital and analogue FTA-TV signals will be broadcast. This will ensure that all households have sufficient time to get ready to receive their FTA-TV signals digitally.

In preparation for the transition to digital TV, MDA and Infocomm Development Authority (IDA) worked together to finalise and publish the DVB-T2 receiver specifications. MDA also worked with manufacturers and suppliers to bring in DVB-T2 compatible equipment so that consumers can make the switch to digital TV early.



Consumer labels which will be affixed to DVB-T2 compatible television sets and set-top boxes available in retail outlets.

DVB-T2 compatible Integrated Digital TVs (IDTVs) are now available on the market, while DVB-T2 set-top boxes are expected to arrive later in the year.

To help consumers identify TVs and set-top boxes compatible with Singapore's digital TV system, MDA also introduced consumer labels which will be affixed to DVB-T2 compatible television sets and set-top boxes available in retail outlets.

Free-to-air and subscription radio

As of December 2012, there were four FTA radio broadcasters operating 19 FTA radio stations in Singapore. With the exception of the BBC World Service, all the stations are simulcast online. Based on the Nielsen Radio Diary (2012 Wave 2), the top three radio stations¹ were Y.E.S. 93.3FM, Love 97.2FM and Capital 95.8FM. A new radio station, Kiss 92, was launched by broadcaster SPH Unionworks on 18 September 2012.



The top three radio stations in Singapore, based on the Nielsen Radio Diary (2012 Wave 2).

CHAPTER 4

ENGAGING THE INDUSTRY, COMMUNITY & EMPLOYEES

Feedback and insights from engagements with industry players and the community are invaluable in helping MDA better fulfil its roles as a media regulator and industry promoter.

- ▶ (From left to right)
Ahmad Kasbari - Enforcement Officer, Licensing
Daryl Singh Puran - Executive, Policy
Cynthia Chong - Assistant Director, Industry Operations
Melissa Jane Ho - Executive, Industry Operations
Dinesh Pasarasurum - Assistant Director, Films, Video Games & Arts,
Content & Standards

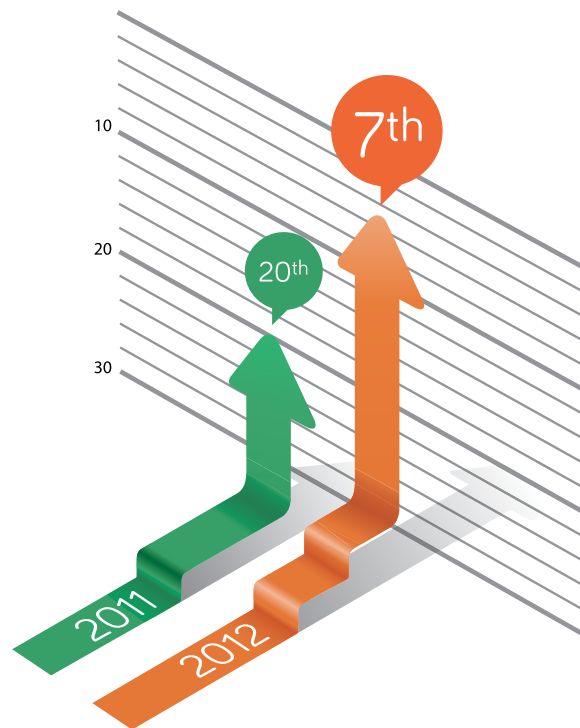


BECOMING MORE PRO-ENTERPRISE

MDA's engagement efforts bore fruit during the year in review with an improvement in its Pro-Enterprise ranking, from 20th place in 2011 to 7th in 2012.

Some of the factors behind this are MDA's ability to meet 100 per cent of its service standards for Satellite Broadcast, Internet Service Provider, Film Exhibition and Printing Press license applications. MDA officers also provided prompt service with 100 per cent of enquiries and feedback answered within three working days. The training of video distributors and retailers to classify films under General (G), Parental Guidance (PG) and Parental Guidance 13 (PG13) ratings also contributed to the improvement.

IMPROVEMENT IN PRO-ENTERPRISE RANKING According to Ministry of Trade & Industry, Pro-Enterprise Ranking 2012



ENGAGING THE PUBLIC AND COMMUNITY



MDA uses social media platforms such as Facebook to update the public on the developments of the local media scene.

Social media platforms such as Facebook, Twitter and YouTube continue to be integral channels of communications for MDA. Through these social media platforms, the public is kept updated on the local media scene through our sharing of industry news. During the year in review, fans of MDA's Facebook page were also treated to movie premieres such as *The Last Tycoon* and *The Wedding Diary II* through online contests held during the week of ScreenSingapore. MDA's Facebook page has accumulated some 2,300 fans while the Twitter account has garnered close to 4,700 followers.

Apart from industry news, MDA also uses social media platforms to keep the public abreast of new policies and updates, as well as to promote local talent and content. While the SGFilm Channel seeks to create awareness for Singapore short films and extend their reach to online platforms, the MDA YouTube channel presents a snapshot of the local industry and highlights of Singapore content across

all media sectors including those offered at key international trade events and markets. Since 2011, MDA's YouTube channel has attracted more than 225,000 video views for the 230 videos uploaded.

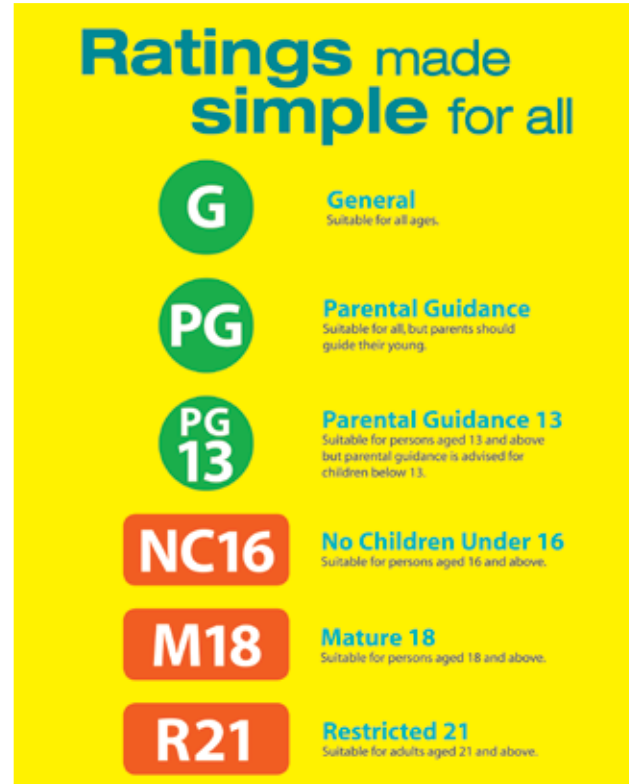
Consultation with committees

MDA works hand in hand with the community and the industry when reviewing content codes and guidelines to meet the changing needs and expectations of Singapore society. One of the ways is to seek feedback and guidance from citizen-based communities and focus groups. Members of these committees come from a cross-section of society, representing various age groups, races, religions and professions and they help provide input to MDA on content standards and guidelines, as well as suggest improvements to our regulatory frameworks.

There are currently eight consultative committees and two appeal committees. The eight are the Advisory Committee on Chinese Programmes, Programme Advisory Committee for English Programmes, Indian Programmes Advisory Committee, Malay Programmes Advisory Committee, Arts Consultative Panel, Publications Consultative Panel, Films Consultative Panel and the Political Films Consultative Committee.

In 2012, MDA sought the committees' advice on content standards and the range and quality of broadcast programmes. MDA also sought the committees' feedback on content harmonisation across various media and the standardisation of consumer advisories. The Publications Consultative Panel, Arts Consultative Panel and Films

Consultative Panel were also consulted for content related to religion, sex, nudity, violence and race.



MDA is advised by the Films Consultative Panel (FCP) to ensure that its rating decisions, guidelines and policies reflect community standards.

The two appeal committees for seeking recourse on MDA's content decisions are the Broadcast, Publications and Arts Appeal Committee (BPAAC) and the Films Appeal Committee (FAC). In 2012, there were no appeals made to the BPAAC while the FAC received four appeals against MDA's classification decisions.

The FAC upheld the Restricted 21 (R21) with edits classification decision by MDA for *Dogtooth* and *Shame*, agreeing that there was a need to respect community standards and values. It also cautioned against setting a precedent for allowing films with explicit sexual content which exceeded the R21 rating. Guided by the general policy governing dialect films, the FAC also upheld MDA's decision to disallow the commercial exhibition of the Cantonese version of the Hong Kong film *Love in the Buff*.

On *Sex, Violence, Family Values*, the FAC decided to accord it with a R21 rating with edits after considering the grounds for the appeal, the producers' representations as well as views from MDA's advisory panels and interested members of the public. The film was previously given a Not Allowed for All Rating by MDA for its depiction of derogatory racial references.

EMPLOYEE ENGAGEMENT AND CORPORATE SOCIAL RESPONSIBILITY

The mandate for engagement is also practised internally. Employee engagement activities such as iTalks, town hall sessions and work plan seminars were held throughout the year. At such sessions, employees and the management teams exchanged ideas that would help improve quality of work and address issues that required attention.

MDA also implemented a learning framework for holistic employee development. With the framework, employees would have an overview of the learning targets for the different stages of their careers with MDA. This also guides them in their individual training plans.

Efforts have not been spared when it comes to employee welfare. During the year in review, MDA organised various wellness activities that provided opportunities to strengthen employee cohesion and cross-divisional interaction. These included excursions to Kukup and the ArtScience Museum, art workshops and ice-cream making lessons.

In addition, MDA also ran a "Back to School with Mom and Dad!" programme that allowed employees with school-going children to accompany their children to school during the first week of the new academic year and the annual "Eat with your family" day.

Employees are also rewarded for their contributions. Prizes are given to good suggestions provided through the Staff Suggestion Scheme. To further motivate and bring out the best in them, employees who demonstrated exemplary

service quality were nominated for the MICA (Ministry of Information, Communications and the Arts) Star Service Award, PS21 (Public Service) Star Service Award and the Excellent Service Award.



Employees of MDA volunteered at The Society for the Prevention of Cruelty to Animals.

MDA continues to give back to the community through Care Connexion, an employee volunteer group formed in 2009. Partnering non-profit and other organisations, Care Connexion focuses on a range of activities involving the elderly, under-privileged youth and children, as well as animal welfare. Through such activities, MDA hopes to connect with the community and make a positive difference. In 2012, employees of MDA participated in 536 hours of community service activities, accumulating a total of 2300 hours since 2009.

GIVING BACK TO SOCIETY



2300 Hours
PUT IN BY EMPLOYEES
FROM 2009-2012

MDA ADVISORY COMMITTEES

ADVISORY COMMITTEE ON CHINESE PROGRAMMES (ACCESS)

1 JULY 2012 TO 30 JUNE 2014

CHAIRPERSON

Associate Professor Lee Cheuk Yin
Associate Professor
Department of Chinese Studies
National University of Singapore

VICE-CHAIRPERSON

Mr. Leng Chin Fai
Executive Director
Fei Yue Community Services

MEMBERS

Mr. Cheong Soon Keng
Director
SK Cheong Realty Service

Mr. Chia Ti Yu
Divisional Director
Finance
ITE Headquarters

Ms. Peggie Chua
President
The Teochew Drama Association
Events Project Director/PR Consultant

Dr. Foo Tee Tuan
Deputy Director
UniSIM Centre for Chinese Studies

Mr. Gui Kai Chong
Instructor (Media Studies)
Department of Communications and New Media
Faculty of Arts and Social Sciences
National University of Singapore

Mdm. Heng Boey Hong
Principal
Nanyang Girls High School

Ms. Huang Xiaojing
Executive
(Student Education and Development)
Chinese Development Assistance Council

Mrs. Hwang-Lee Poh See
Part-Time Counsellor
Raffles Girls Primary School

Ms. Lau Chor Eng
Freelance Writer

Ms. Lee Siew Li
Media Freelancer

Ms. Samantha Loh Seow May
Assistant Director
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ANNEX

Key performance indicators and performance for PSB programmes

For the financial year ended 31 March 2013

KEY PERFORMANCE INDICATORS AND PERFORMANCE FOR PUBLIC SERVICE BROADCAST PROGRAMMES (FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013)

In the financial year ending 31 March 2013 ("FY12"), the following key performance indicators were applied to measure the effectiveness of Public Service Broadcast ("PSB") television programmes:

- (I) Number of PSB television programme hours fulfilled¹.
- (II) Average viewership of PSB television programmes.

(I) Number of PSB Television Programme Hours Fulfilled

In FY12, MDA required MediaCorp to telecast a minimum of 4079.5 hours of (funded) PSB television programmes across its seven free-to-air television ("FTA-TV") channels. The requirement was fulfilled as follows:

Min. no. of PSB hours required		Actual no. of PSB hours fulfilled by MediaCorp	
Total	4079.5	Total	6022
Locally Produced ²	2065.5	Locally Produced	2398.5
Acquired	2014	Acquired	3623.5

(II) Average Viewership of PSB Programmes

Viewership targets for PSB programmes³ are set by television channel and genres based on the channel's target demographic group. The range of genres supported across channels includes information, children's, arts/culture and sports programmes, drama and variety programmes.

¹ Refers to the total number of locally produced and foreign acquired PSB television programmes fulfilled by MediaCorp against minimum PSB hours required by MDA for funding provided. Locally produced programmes are in-house productions by MediaCorp and outsourced productions by independent production companies.

² Foreign acquired PSB programmes are supported to supplement the total provision of PSB content on special interest/minority language channels, accounting for about 7% of funding allocation for PSB programmes on FTA-TV.

³ Refers to locally produced PSB programmes.

Of the viewership targets⁴ set, the average percentage of targets met across the channels was 104%⁵. The total reach of these PSB programmes in FY12 was 91.7% or 4,535,000 viewers aged four and above.

PSB TV programmes were also made available for “catch-up” viewing online with dedicated web-only online clips such as additional interview clips, behind-the-scenes segments and spin-off stories⁶. In FY12, PSB content online drew close to 10 million views.

A summary of the average viewership of the PSB programmes across channels in FY12⁷ is as follows:

TV Channel	Target Demographic	Channel Descriptions/Prime Time ⁸ Ratings in FY12	Average Prime Time Ratings of Local PSB Programmes Across Genres	Total Reach ⁹ of Local PSB Programmes (by Channel)
Channel 5	P4+ ¹⁰	24-hour English entertainment channel targeting a mass audience with local productions, including news, and foreign acquired programmes. Average prime time rating of 3.1% (153,000).	2.9% (147,000)	69.1% (3,419,000)
Channel 8	P4+	24-hour Mandarin general entertainment channel targeting a mass audience with local productions, including news, and foreign acquired programmes. Average prime time rating of 10.3% (510,000).	9.6% (477,000)	76.4% (3,779,000)

⁴ Refers to ratings and reach targets. “Ratings” measures the percentage (or number) of viewers watching a programme at any one point during the programme’s telecast. “Reach” is the total percentage (or number) of unduplicated individuals who tune into a TV programme over a given time period (based on the Kantar Media “Television Audience Measurement” system).

⁵ Based on a total of 80 targets (set by genre and channel)

⁶ Online content was offered on the web portal xinMSN, a tie-up between MediaCorp and Microsoft.

⁷ The average viewership for FY12 (i.e. from April 2012 to March 2013) is measured based on the viewership spanning two calendar years, 2012 and 2013, due to the period covered.

⁸ Channels’ prime time refers to 7pm-11pm for Channels 5, 8, U, CNA, Suria and Vasantham and weekdays 6.30pm-8.30pm/weekends 9am-1pm for okto’s kids’ belt, and weekdays 10pm-11pm/weekends 10pm-12mn for okto’s info/arts belt. This would include PSB-funded and non-funded programmes.

⁹ Based on whole-day viewing

¹⁰ “P4+” refers to people aged 4 and above (where the 2012 and 2013 potential viewer bases are 4,825,000 and 5,059,000, respectively).

TV Channel	Target Demographic	Channel Descriptions/Prime Time ⁸ Ratings in FY12	Average Prime Time Ratings of Local PSB Programmes Across Genres	Total Reach ⁹ of Local PSB Programmes (by Channel)
Channel U	CUME P15+ ¹¹	Mandarin entertainment channel targeting youth and working professionals with local productions, including news, and foreign acquired programmes. Average prime time rating of 3.2% (139,000).	4.4% (193,000)	52.2% (2,295,000)
Channel NewsAsia (Singapore)	CUME PMEB (above \$5k) ¹²	Special interest news and information channel targeting working professionals with the provision of primarily locally produced content. Average prime time rating of 1.5% (4,600).	2.0% (6,300)	55.1% (157,000)
okto	P4-12; and P15+ ¹³	Special interest channel with daytime/early evening timebelts for children and evening timebelt for youth/the local arts community. Offers a mix of locally produced and foreign acquired children’s, information and arts/culture programmes. Average prime time rating of 4.6% (24,100) for the children’s belt and 0.3% (11,200) for the arts/culture belt.	P4-12: 4.1% (21,400) P15+: 0.3% (10,900)	P4-12: 57.6% (297,800) P15+: 15.9% (685,700)
Suria	M4+ ¹⁴	Malay language general entertainment channel catering to the community with local productions and acquired programmes from the region. Average prime time rating of 9.0% (68,000).	9.3% (69,938)	97.6% (628,000)
Vasantham	Ind4+ ¹⁵	Tamil language general entertainment channel catering to the Indian community with local and acquired productions from Indian markets. Average prime time rating of 7.1% (34,700).	8.7% (42,600)	85.5% (410,400)

¹¹ “CUME” refers to the cumulative figure of the ratings of a programme telecast across one week and “P15+” refers to viewers aged 15 years and above. (P15+ viewer base in 2012 and 2013 is 4,300,000 and 4,397,000)

¹² “PMEB (above \$5k)” refers to professionals, managers, executives and businessmen with monthly income of S\$5,000 and above (where the 2012 and 2013 viewer bases are 285,000 and 378,000, respectively)

¹³ ‘P4-12’ refers to people aged 4 to 12, which is the target demographics for okto’s children timebelt. okto’s art timebelt targets key demographics of viewers aged 15 years and above (P15+).

¹⁴ “M4+” refers to Malays aged 4 and above (where the 2012 and 2013 potential viewer bases are 644,000 and 755,000, respectively)

¹⁵ “Ind 4+” refers to Indians aged 4 and above (where the 2012 and 2013 potential viewer bases are 480,000 and 516,000, respectively)

III) Other Performance Measurements

To further gauge viewers' responses to PSB programmes, MDA conducts an annual PSB public satisfaction survey which measures public satisfaction levels with attributes such as programme quality, engagement and informative value, and public service value. In 2012, 71% of respondents indicated that their satisfaction level with PSB was high, an improvement from 2011's result of 60%.

Accumulated PSB reserves from unutilised RTV licence fees

The PSB reserves accumulated over the period FY03 to FY12 from unutilised RTV licence fees amounted to S\$49.6 million as at 31 March 2013.

FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

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STATEMENT BY MEDIA DEVELOPMENT AUTHORITY

For the financial year ended 31 March 2013

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

- (a) the financial statements as set out on pages 92 to 164 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2013 and of the results, changes in capital, funds and accumulated surplus of the Authority and cash flows of the Authority for the financial year then ended; and
- (b) proper accounting and other records have been kept including all records of all assets of the Authority whether purchased, donated or otherwise; and
- (c) the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Media Development Authority Act (Chapter 172) (the "Act").

On behalf of the Authority



Mr. Niam Chiang Meng
Chairman



Ms. Koh Lin-Net
Chief Executive Officer

28 June 2013

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

Report on the Financial Statements

We have audited the accompanying financial statements of Media Development Authority (the "Authority"), set out on pages 92 to 164, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2013 and of the results, changes in equity and cash flows of the Authority for the year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of monies 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 monies and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

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

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of monies and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.



PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 28 June 2013

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2013

	Note	2013			2012		
		General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)	General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)
Income							
Broadcast licence fees		25,708	-	25,708	19,793	-	19,793
Film and video fees		4,321	-	4,321	5,725	-	5,725
Revenue from completed films		3,230	-	3,230	1,220	-	1,220
		33,259	-	33,259	26,738	-	26,738
Other income	5	2,371	-	2,371	4,847	-	4,847
Net income from bank deposits, derivative financial instruments and financial assets at fair value through profit or loss	4	6,440	-	6,440	2,670	-	2,670
Expenses							
Public Service Broadcast expenses		(3,828)	-	(3,828)	(110,089)	-	(110,089)
Employee compensation	6	(29,922)	-	(29,922)	(29,138)	-	(29,138)
Licensing expenses		(2,172)	-	(2,172)	(5,189)	-	(5,189)
Allowance for trade receivables	11	(2,044)	-	(2,044)	(8,343)	-	(8,343)

	Note	2013			2012		
		General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)	General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)
Write-off of bad debts		(2,005)	-	(2,005)	(551)	-	(551)
Depreciation and amortisation expenses	16 & 17	(5,475)	(11)	(5,486)	(10,188)	(10)	(10,198)
Rental on operating leases		(3,669)	-	(3,669)	(3,736)	-	(3,736)
Fund management expenses		(571)	-	(571)	(1,698)	-	(1,698)
Professional and consultancy fees		(1,510)	-	(1,510)	(6,822)	-	(6,822)
Information technology expenses		(10,262)	-	(10,262)	(10,339)	-	(10,339)
Irrecoverable GST		(1,989)	-	(1,989)	(2,732)	-	(2,732)
Other operating expenses		(8,626)	-	(8,626)	(8,917)	-	(8,917)
Total operating expenditure		(72,073)	(11)	(72,084)	(197,742)	(10)	(197,752)
Deficit before industry development expenses		(30,003)	(11)	(30,014)	(163,487)	(10)	(163,497)

STATEMENT OF COMPREHENSIVE INCOME
CONTINUED

	Note	2013			2012		
		General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)	General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)
Industry development expenses							
Industry promotional expenses	7	(2,682)	(30,336)	(33,018)	(3,729)	(34,959)	(38,688)
Write-off/impairment of interest receivable on industry loans	11	(1,207)	-	(1,207)	(1,195)	-	(1,195)
Amortisation of financial guarantees	12	(33)	-	(33)	(115)	-	(115)
Write-back/(loss) on financial guarantees		167	-	167	86	-	86
Allowance for impairment of loan receivables	13	-	-	-	(975)	-	(975)
Write-back/(amortisation) of fair value of convertible loans	13	-	-	-	29	-	29
Impairment loss on financial assets available for sale	14	(209)	-	(209)	(10,000)	(15,000)	(25,000)
Total industry development expenses		(3,964)	(30,336)	(34,300)	(15,899)	(49,959)	(65,858)
Deficit before grants		(33,967)	(30,347)	(64,314)	(179,386)	(49,969)	(229,355)

	Note	2013			2012		
		General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)	General Fund (\$'000)	Restricted Funds (\$'000)	Total (\$'000)
Government grants							
Government grants	21	36,377	30,030	66,407	128,732	48,268	177,000
Deferred capital grants amortised	22	288	11	299	-	10	10
Other deferred grants amortised	23	-	(23)	(23)	-	-	-
Total Government Grants	8	36,665	30,018	66,683	128,732	48,278	177,010
Net Surplus/(Deficit)		2,698	(329)	2,369	(50,654)	(1,691)	(52,345)
Other comprehensive gain/(loss)							
Financial assets available for sale - Fair value gain/(loss)	14	654	406	1,060	(654)	(23)	(677)
Total comprehensive gain/(loss)		3,352	77	3,429	(51,308)	(1,714)	(53,022)

STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 March 2013

	Note	2013 (\$'000)	2012 (\$'000)
ASSETS			
Current assets			
Cash and cash equivalents	9	84,831	108,016
Financial assets at fair value through profit or loss	10	140,519	134,978
Receivables and other current assets	11	27,853	33,114
Deferred subsidies	12	28	21
Loan receivables	13	-	-
Derivative financial instruments	15	722	-
		253,953	276,129
Non-current assets			
Property, plant and equipment	16	4,940	6,683
Intangible assets	17	661	2,382
Loans receivables	13	-	-
Financial assets available for sale	14	6,508	14,822
		12,109	23,887
TOTAL ASSETS		266,062	300,016
LIABILITIES and EQUITY			
Current liabilities			
Trade and other payables	19	22,154	49,031
Advances and deposits	20	9,299	9,405
Grant received in advance	21	11,102	24,054
Deferred capital grant	22	2,106	12

	Note	2013 (\$'000)	2012 (\$'000)
Other deferred grants	23	6,118	5,875
Derivative financial instruments	15	-	479
Provision for deferred subsidies	12	28	21
Provision for pensions and gratuities	25	1,667	1,651
		52,474	90,528
Non-current liabilities			
Provision for unclaimed monies		2,405	2,565
Provision for pensions and gratuities	25	18,253	18,256
Provision for ex-gratia payments		243	243
Provision for reinstatement of property, plant and equipment		1,671	837
		22,572	21,901
TOTAL LIABILITIES		75,046	112,429
Capital and Reserves			
Share capital	26	1,201	1,201
Capital account	27	131,614	131,614
Accumulated surplus		57,818	55,449
Fair value reserve		383	(677)
		191,016	187,587
TOTAL LIABILITIES AND EQUITY		266,062	300,016
Net assets and liabilities of Trust And Agency Funds	18	7,770	(11,382)
		7,770	(11,382)

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2013

	Share capital (\$'000)	Capital account (\$'000)	FAIR VALUE RESERVE			ACCUMULATED SURPLUS			Total (\$'000)
			General Fund (\$'000)	Restricted Funds (\$'000)	Subtotal (\$'000)	General Fund (\$'000)	Restricted Funds (\$'000)	Subtotal (\$'000)	
2013									
Beginning of financial year	1,201	131,614	(654)	(23)	(677)	17,293	38,156	55,449	187,587
Net deficit and total comprehensive loss for the financial year	-	-	654	406	1,060	2,698	(329)	2,369	3,429
Transfer from restricted to general funds	-	-	-	-	-	17,116	(17,116)	-	-
End of financial year	1,201	131,614	-	383	383	37,107	20,711	57,818	191,016
2012									
Beginning of financial year	1,201	131,614	-	-	-	67,947	39,847	107,794	240,609
Net deficit and total comprehensive loss for the financial year	-	-	(654)	(23)	(677)	(50,654)	(1,691)	(52,345)	(53,022)
End of financial year	1,201	131,614	(654)	(23)	(677)	17,293	38,156	55,449	187,587

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

Note	2013 (\$'000)	2012 (\$'000)
Cash flows from operating activities		
(Deficit) before grants	(64,314)	(229,355)
Adjustments for:		
- Depreciation and amortisation expense	5,486	10,198
- Write-off/loss on disposal of property, plant and equipment	27	12
- Loss/(income) from bank deposits, derivative financial instruments and financial assets at fair value through profit or loss	(6,440)	(2,670)
- Management fee expense for financial assets available for sale	-	200
- Write-off of bad debts	2,005	551
- Allowance for impairment of trade receivables	2,044	8,343
- Amortisation/(write-back) of fair value of convertible loans	-	(29)
- Finance income arising from amortisation of fair value on convertible loans	-	(24)
- Allowance for impairment of loans receivables	-	975
- Impairment of interest receivable on loan receivables	1,207	1,195
- Impairment loss on financial assets available for sale	209	25,000
- (Write-back)/loss on financial guarantees	-	(86)
- Provision for reinstatement of property, plant and equipment	834	-
- Provision for unclaimed monies	(160)	1,473
- Provision for pensions, gratuities and ex-gratia	1,680	962
	(57,422)	(183,255)
Change in working capital		
- Trade receivables and other current assets	51	(11,889)
- Trade and other payables	(26,877)	(39,571)
- Advances and deposits	(106)	1,082

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

Note	2013 (\$'000)	2012 (\$'000)
- Grants received in advance	(12,952)	4,928
- Deferred capital grants	2,094	(10)
- Other deferred grants	243	(5,802)
Cash utilised in operations	(94,969)	(234,517)
Payment of pension and gratuities	(1,667)	(1,651)
Net cash utilised in operating activities	(96,636)	(236,168)
Cash flows from investing activities		
Net purchases of property, plant and equipment	(1,621)	(808)
Purchases of intangible assets	(428)	(173)
Net proceeds from sale/(purchase) of financial assets at fair value through profit or loss	(2,013)	18,267
Net proceeds from sale of derivative financial instruments	(57)	2,944
Purchases of financial assets available for sale	(1,210)	(9,547)
Repayment from financial assets available for sale	10,375	326
Interest received	1,304	505
Dividend received	251	618
Net cash provided by investing activities	6,601	12,132
Cash flows from financing activities		
Recovery/(Payment) of financial guarantees	167	(530)
Government grants received	66,683	177,010
Net cash provided by financing activities	66,850	176,480
Net (decrease)/increase in cash and cash equivalents	(23,185)	(47,556)
Cash and cash equivalents at beginning of financial year	108,016	155,572
Cash and cash equivalents at end of financial year	84,831	108,016

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2013

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

1. General information

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

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

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

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

- (a) to exercise licensing and regulatory functions in respect of media services in Singapore, including the establishment of guidelines and standards relating to the content of media services, and any equipment or facility used in connection with the provision of media services;
- (b) to encourage, promote and facilitate the development of the media industries in Singapore;
- (c) to advise and make recommendations to the Government on matters, measures and regulations related to or connected with the media;
- (d) to facilitate the provision of an adequate range of media services in Singapore which serve the interests of the general public;

- (e) to maintain fair and efficient market conduct and effective competition in the media industries in Singapore or, in the absence of a competitive market, to prevent the misuse of monopoly or market power;
- (f) to ensure that media services in Singapore are maintained at a high standard in all respects and, in particular, in respect of the quality, balance and range of subject-matter of their content;
- (g) to encourage and regulate public service broadcast programming by broadcasting licensees; and
- (h) to ensure that nothing is included in the content of any media service which is against public interest or order, or national harmony, or which offends against good taste or decency.

2. Significant accounting policies

2.1 Basis of preparation

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

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

Interpretations and amendments to published standards effective in 2012

In the current financial year, the Authority has adopted all the new or amended SB-FRS, INT SB-FRS and Guidance notes that are mandatory and relevant for its operations for application on or after 1 April 2012. Changes to the Authority's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

The adoption of the new or amended SB-FRS, INT SB-FRS and Guidance notes has not resulted in substantial changes to the Authority's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

2.2 Revenue recognition

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

(a) *Broadcast license fees*

Broadcast license fees are computed based on a percentage of the broadcasters' total qualifying income, and are recognised evenly over the licence period. Concession rates are accorded to broadcasters providing new or innovative services.

(b) *Film and video licence fees*

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

(c) *Film and video classification fees*

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

(d) *Revenue from completed films*

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

(e) *Interest income*

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

(f) *Unclaimed monies*

Unclaimed monies held by the Authority which are not claimed within 6 years of its receipt are recognised in the statement of comprehensive income as "Other income".

(g) *Dividend income*

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

2.3 Government grants

Government grants are accounted on an accrual basis.

Government grants received to meet the Authority's operating expenditure are recognised as income in the same financial year.

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 the statement of comprehensive income over the period necessary to match the annual depreciation and amortization 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 the statement of comprehensive income 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 the statement of comprehensive income to match with 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 the statement of comprehensive income to match the net impairment value of the investment disposed.

2.4 Trust and agency funds

Monies received from the Government and other organisations where the Authority is not the owner and beneficiary, are accounted for as Trust and agency funds.

The total net assets and liabilities of the Trust and agency funds of the authority – Public Service Broadcast ("PSB"), the Interactive Digital Media ("IDM") R&D development fund, as well as Others are shown as a separate line in the balance sheet. Trust and agency funds are accounted for on an accruals basis. The receipts and expenses of these funds are directly taken to the fund accounts.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

PSB programmes are programmes that promote social objectives and national harmony as well as serve the interests of TV viewers. Hence, broadcasters in Singapore are required to carry these programmes as specified in their licences. Being commercially less viable, there is a need to support these programmes through public service programming funding.

A total of \$815.8m was allocated over five years from year ended 31 March 2013 to enhance the quality and increase the reach of public service broadcast programmes and support the production of more locally produced documentaries and current affairs programmes.

IDM R&D development funds supports the development of a strategic IDM research programme and the set-up of a multiagency IDM R&D Programme Office within the Authority to spearhead the growth and development of Singapore's IDM sector.

Others include support of productivity improvement of the media industry, funding of local feature film projects and co-productions, overseas promotion of Singapore films and promotion of Singapore as a location for film shots under the Singapore Film Commission (SFC), as well as funding of national transition from analogue to digital broadcasting.

2.5 Restricted funds

These are funds received from the Government for specific purposes and for which separate disclosure is necessary as these funds are material and are subject to restrictions on the ability of the Authority to distribute or otherwise apply its funds. The treatment is in accordance with Guidance Note 3 issued by Accountant General Department ("AGD"). Restricted Funds are accounted for on an accrual basis.

Restricted Funds in the Authority include the Media 21 and Singapore Media Fusion Plan ("SMFP") funds.

Media 21 fund was set up to support the development of the media industry through a comprehensive slate of industry development schemes. A total of \$165 million was allocated for the programme.

SMFP builds on the achievements of its predecessor Media 21 fund to strengthen the building blocks of the media ecosystem and support the creation of innovative content, applications and services with global appeal. \$230 million had been set aside to implement SMFP over five years commencing from the financial year ended 31 March 2010.

2.6 Employee compensation*(a) Defined contribution plans*

The Authority's contributions to defined contribution plans are recognised as employee compensation expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefits scheme, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Authority's obligations under the plans are equivalent to those arising in a defined contribution benefit plan.

(b) Employee leave entitlement

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

(c) Pensions and gratuities

The Authority operates one defined pension plan that provides for certain additional post-employment healthcare benefits for eligible employees.

The provision for pension and gratuities are estimated based on the most recent valuation by independent professional actuaries conducted on an annual basis.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method. Any actuarial gain and loss arising from the valuation of the pension provision is recognised in the statement of comprehensive income under employee compensation expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting year exceeded 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date.

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

The liability recognised in the balance sheet in respect of the defined pension plan is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past service costs. It is determined by discounting the estimated future cash outflows using market yields of high quality corporate bonds or government bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

(d) Provision for ex-gratia payments

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

2.7 Operating lease payments

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

2.8 Property, plant and equipment

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

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

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

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

No depreciation is provided for assets under construction.

Plant and equipment costing less than \$2,000 each are charged to the statement of comprehensive income in the year of purchase.

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

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

2.9 Intangible assets

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

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

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in the statement of comprehensive income when the changes arise.

2.10 Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

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An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

2.11 Cash and cash equivalents

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

2.12 Trade and other receivables

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

2.13 Financial assets*(a) Classification, initial and subsequent measurement*

The Authority classifies its financial assets in the following categories: at fair value through profit or loss (FVTPL), loans and receivables and available for sale (AFS). The classification depends on the nature and purpose for which the assets were acquired and is determined by management at the time of initial recognition.

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

A financial asset is classified as FVTPL where the financial asset is held for trading acquired principally for the purpose of selling in the short term or designated as FVTPL at inception based on Authority's documented investment strategy to manage these assets on fair value basis. They are initially recognized and subsequently re-measured at fair value, and the transaction costs are recognised immediately in the statement of comprehensive income. Derivatives are also categorized as held for trading unless they are

designated as hedges. They are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

(ii) Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These are subsequently carried at amortised cost using the effective interest method and are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

Loans and receivables are presented as "Receivables and other current assets" (Note 11) and "Loan receivables" (Note 13) on the balance sheet.

(iii) Financial assets available for sale ("AFS")

AFS are non-derivatives that are either designated in this category or not classified in any of the other categories. They are initially recognized, and subsequently re-measured at fair value plus transaction cost and are presented as non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date. AFS are subsequently carried at fair value.

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

(b) Recognition and de-recognition

The Authority recognises regular way purchases and sales of financial assets on trade-date – the date on which the Authority commits to purchase or sell the asset.

The Authority de-recognises a financial asset when the contractual rights to receive cash flows from the asset expired or when the Authority has transferred substantially all risks and rewards of ownership of the financial asset to another entity. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income. Any amount in the fair value reserve relating to that asset is reclassified to the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

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(c) *Impairment*

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

(i) Loans and receivables

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

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of comprehensive income.

If in a subsequent period, if the amount of the impairment loss decreases and the decrease can be related objectively to an event after the impairment loss was recognised, the previously recognised impairment loss is reversed through the statement of comprehensive income to the extent that the new carrying amount does not exceed what the amortised cost would have been, had the impairment not been recognised in prior periods.

(ii) Financial assets available for sale ("AFS")

For AFS, a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the AFS is impaired.

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

2.14 Provisions

Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events and it is likely that the Authority will be required to settle the obligation and the amount of obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligations. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Present obligations arising under financial guarantees are recognised and measured as provisions for financial guarantees.

2.15 Contribution to Consolidated Fund

The Authority is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to the 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 year of assessment on the net surplus of the Authority and after deducting prior year's accumulated deficits. Contribution is provided for on an accrual basis.

The Authority is allowed to carry forward its deficits to offset against 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 are probable.

2.16 Fair value estimation of financial assets and liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2.17 Financial guarantees and deferred subsidies

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

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

2.18 Derivative financial instruments

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

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

Derivatives that do not qualify for hedge accounting

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

2.19 Currency translation

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

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

2.20 Trade and other payables

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

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

2.21 Dividends

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

2.22 Share capital

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

NOTES TO THE FINANCIAL STATEMENTS

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3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are reviewed on an on-going basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions*(a) Impairment of loan receivables and trade receivables*

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

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

(i) Loan receivables

The Authority's allowance for impairment on loan receivables as at 31 March 2013 was \$9,081,000 (2012: \$10,556,000).

If the net present values of estimated cash flows increase/decrease by 10% from management's estimates for all past due loan receivables, the Authority's allowance for impairment will decrease/increase by \$908,100.

(ii) Trade receivables

The Authority's allowance for impairment of trade receivables as at 31 March 2013 was \$13,540,000 (2012: \$11,496,000). The allowance for impairment has been made taking into consideration the likelihood of recovery on outstanding receivables based on historical recovery rate upon issuance of late payment advices.

(b) Provision for pensions and gratuities

The provision for pensions and gratuities of the Authority as at 31 March 2013 is \$19,920,000 (2012: \$19,907,000). The provision has been computed based on certain assumptions and estimates as disclosed in Note 25 and the revisions to the assumptions and estimates could impact the provision made.

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

Deferred income tax asset have not been recognised on unrecognised deficits of \$110,849,000 (2012: \$113,218,000) (Note 24) as MDA expects to continue to be in operating deficit, excluding any investment income and fair value gains or losses from its financial assets held at fair value through profit or loss. Management believes that the probability of utilising the carried forward deficits is dependent on market performance and does not expect significant gains in its investments and financial assets held at fair value through profit or loss to fully offset the unrecognised deficits of \$110,849,000. Accordingly, MDA has not recognised any deferred income tax assets for contribution to Consolidated Fund.

NOTES TO THE FINANCIAL STATEMENTS
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4. Net income from bank deposits, derivative financial instruments and financial assets at fair value through profit or loss

	2013 (\$'000)	2012 (\$'000)
Interest income		
- Short-term deposits and cash at bank	514	369
- Financial assets at fair value through profit or loss	1,198	2,365
Gain from financial assets at fair value through profit or loss	3,041	760
Fair value gain from derivative financial instruments	1,162	466
Gain/(Loss) on disposal of financial assets at fair value through profit or loss	597	(1,448)
(Loss)/Gain on disposal of derivative financial instruments	(18)	21
Dividend income	251	618
Foreign exchange (loss) (net)	(305)	(481)
	6,440	2,670

5. Other income

	2013 (\$'000)	2012 (\$'000)
Financial guarantee income	34	115
Broadcast frequency management fees	102	109
Finance income arising from amortisation of fair value on convertible loans (Note 13)	-	24
Unclaimed monies	32	173
Reimbursement of expenses from MCI	97	150
Foreign exchange gain - financial guarantees/financial assets available for sale	-	86
Interest on term/convertible loans	1,023	1,379
Others	1,083	2,811
	2,371	4,847

6. Employee compensation

	2013 (\$'000)	2012 (\$'000)
Wages and salaries	24,993	25,179
Employer's contribution to Central Provident Fund	3,126	2,833
Pension and gratuities (Note 25)	1,680	994
Other benefits	123	132
	29,922	29,138

7. Industry promotional expenses

	2013 (\$'000)	2012 (\$'000)
Comprising of:		
General fund	2,682	3,729
Restricted Funds	30,336	34,959
	33,018	38,688

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

NOTES TO THE FINANCIAL STATEMENTS
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8. Government grants

	2013 (\$'000)	2012 (\$'000)
General Funds		
Public Service Broadcast Expenses – MCI	3,000	112,078
Public Service Broadcast Expenses – Other government agencies	-	200
Other grants - MCI	33,665	16,454
	36,665	128,732
Restricted Funds		
Singapore Media Fusion Plan (“SMFP”) - MCI	30,018	48,278
	66,683	177,010
Comprising of:		
Government Grants (Note 21)	66,407	177,000
Deferred capital grants amortised (Note 22)	299	10
Other deferred grants amortised (Note 23)	(23)	-
	66,683	177,010

9. Cash and cash equivalents

	2013 (\$'000)	2012 (\$'000)
General Fund	56,618	39,830
Restricted Funds (Note 30)	28,213	68,186
Total cash and cash equivalents	84,831	108,016
Comprising of:		
Cash at bank and on hand		
- Held by the Authority	235	3,637
- Held by Fund Manager	7,899	10,518
	8,134	14,155
Short Term Deposits		
- Held by Fund Managers	-	452
Deposits held with Accountant - General Department (AGD)		
- The Authority	76,697	93,409
	84,831	108,016

Deposits held with AGD under the Central Liquidity Management Scheme involve placing funds directly with the AGD to generate higher interest returns. 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.

NOTES TO THE FINANCIAL STATEMENTS

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10. Financial assets at fair value through profit or loss

	2013 (\$'000)	2012 (\$'000)
Financial assets at fair value through profit or loss		
- Quoted equity securities	23,999	21,864
- Quoted bonds	116,520	113,114
	140,519	134,978

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

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

The above financial assets are managed by external funds managers. As at 31 March 2013, the funds placed with the external fund managers are \$147,610,000 (2012: \$142,714,000). The Authority has the following amounts placed under fund managers.

	Note	2013 (\$'000)	2012 (\$'000)
Quoted equity securities	10	23,999	21,864
Quoted bonds	10	116,520	113,114
Derivative financial instruments	15	722	(479)
Short-term bank deposits	9	-	452
Cash at bank and on hand	9	7,899	10,518
Amount due from brokers	11	1,978	153
Accrued interest under fund management	11	408	709
Amount due to brokers	19	(3,916)	(3,617)
		147,610	142,714

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

NOTES TO THE FINANCIAL STATEMENTS
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11. Receivables and other current assets

	2013 (\$'000)	2012 (\$'000)
Trade receivables		
- Licence and penalty fees	16,682	18,923
- Broadcasting fees	4,194	2,895
- Others	937	989
	21,813	22,807
Less: Allowance for impairment of trade receivables	(13,540)	(11,496)
	8,273	11,311
Other receivables		
- Accrued interest under fund management (Note 10)	408	709
- Amount due from brokers (Note 10)	1,978	153
- Amount due from MCI	13,388	16,800
- Interest receivables	1,851	1,520
- Others	2,058	1,848
	19,683	21,030
Less: Allowance for impairment of other receivables	(1,655)	(1,195)
	18,028	19,835
Other current assets		
- Deposits	929	1,049
- Prepayments	517	704
- Others	106	215
	1,552	1,968
	27,853	33,114

12. Deferred subsidies and financial guarantees

	2013 (\$'000)	2012 (\$'000)
Current		
Financial guarantees	-	-
Deferred subsidies	28	21
	28	21

(a) Provision for deferred subsidies

As at 31 March 2013, the Authority authorised its bank to issue standby letters or credits amounting to \$643,166 (2012: \$976,603) to financial institutions for loans extended to film and animation projects managed by media companies under its Loan Guarantee Programme. A provision for financial guarantee is recognised at the balance sheet date for expected default by the media companies.

Movement in the provision for deferred subsidies are as follows:

	2013 (\$'000)	2012 (\$'000)
Provision for deferred subsidies		
Beginning of financial year	(21)	(122)
Amortisation charged	33	115
Provision made		
- Extension of financial guarantee	(32)	(10)
- Increased credit risk	(11)	(131)
Write-back on provision	-	86
Currency translation differences	3	41
End of financial year	(28)	(21)
Comprising of:		
- Current	(28)	(21)
- Non-current	-	-
	(28)	(21)

NOTES TO THE FINANCIAL STATEMENTS
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(b) Deferred subsidies

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

Movement in deferred subsidies are as follows:

	2013 (\$'000)	2012 (\$'000)
Deferred subsidies		
Beginning of financial year	21	122
Amortisation charged	(33)	(115)
Provision made		
- Extension of financial guarantee	32	10
- Increased credit risk	11	131
Write-back on provision	-	(86)
Currency translation differences	(3)	(41)
End of financial year	28	21
Comprising of:		
- Current	28	21
- Non-current	-	-
	28	21

13. Loan receivables

	2013 (\$'000)	2012 (\$'000)
Convertible loans (at cost)		
- Current	2,036	2,030
- Non-current	4,545	5,026
	6,581	7,056
Less: Allowance for impairment of convertible loans	(6,581)	(7,056)
	-	-
Industry loans (at cost)		
- Current	2,500	3,500
- Non-current	-	-
	2,500	3,500
Less: Allowance for impairment for industry loans	(2,500)	(3,500)
	-	-

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

	2013 (\$'000)	2012 (\$'000)
Beginning of financial year	10,556	9,581
Allowance made	-	975
Utilisation of allowance	(1,475)	-
End of financial year	9,081	10,556

NOTES TO THE FINANCIAL STATEMENTS
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Accumulated amortisation of fair value on convertible loans

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

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

	2013 (\$'000)	2012 (\$'000)
Beginning of financial year	-	53
Amortisation charge	-	-
Credited to statement of comprehensive income (Note 5)	-	(24)
Write-back of fair value of convertible loans	-	(29)
End of financial year	-	-

(a) Convertible loans

Included in the industry loans is an amount of \$6,581,000 (2012: \$7,056,000) which relates to convertible loans where the Authority can convert into equity or require the companies to repay principal with interest at the repayment date. Interest rates for the convertible loans are fixed at 3.6% (2012: between 3.6% and 4.6%) per annum. These interest rates are lower compared to the commercial interest rates.

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

During the financial year, the Authority has measured and recognised the time value loss on the convertible loans of \$ Nil (2012: \$ Nil) and an allowance for impairment of \$ Nil (2012: \$475,000) was made against convertible loans.

(b) Industry loans

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

During the financial year, an allowance for impairment of \$ Nil (2012: \$500,000) was made against industry loans.

14. Financial assets available for sale

	2013 (\$'000)	2012 (\$'000)
Beginning of financial year	14,822	31,478
Charged to statement of comprehensive income	-	(200)
Addition	1,733	9,547
Repayment	(10,375)	(326)
Reversal	(523)	-
Impairment loss	(209)	(25,000)
Fair value recognized in other comprehensive income	1,060	(677)
End of financial year	6,508	14,822
	2013 (\$'000)	2012 (\$'000)
Investment in media and film production funds	6,508	14,822

Financial assets available for sale are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
CONTINUED

15. Derivative financial instruments

Derivative financial instruments comprise fair value gains of the currency forwards for investments managed by external fund managers. The contracted notional principal amount of the derivative financial instruments outstanding at balance sheet date is \$87,839,000 (2012: \$103,506,000).

	Contracts notional amount for outstanding forward foreign exchange contracts (\$'000)	Asset (\$'000)	Fair Value Liability (\$'000)	Total (\$'000)
2013				
Forwards foreign exchange contracts (current position)	87,839	723	(1)	722
2012				
Forwards foreign exchange contracts (current position)	103,506	-	(479)	(479)

The Authority does not have non-current forwards foreign exchange contracts. As at 31 March 2013, the settlement dates on forwards foreign exchange contracts range from 1 day to 3 months (2012: 1 day to 3 months).

16. Property, plant and equipment

	Vehicles (\$'000)	Furniture, fittings and equipment (\$'000)	Computers (\$'000)	Leasehold Improvements (\$'000)	Assets Under Construction (\$'000)	Total (\$'000)
2013						
Cost						
Beginning of financial year	382	12,043	11,362	14,803	344	38,934
Additions	44	50	141	1,366	62	1,663
Disposals	(146)	-	-	(379)		(525)
Reclassification	-	-	302	-	(302)	-
Reclassification to expenses	-	-	-	-	(42)	(42)
End of financial year	280	12,093	11,805	15,790	62	40,030
Accumulated depreciation						
Beginning of financial year	372	7,453	9,925	14,501	-	32,251
Depreciation charge	14	2,333	784	206	-	3,337
Disposals	(146)	-	-	(352)	-	(498)
End of financial year	240	9,786	10,709	14,355	-	35,090
Net book value End of financial year	40	2,307	1,097	1,434	62	4,940

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

17. Intangible assets

	2013 (\$'000)	2012 (\$'000)
Cost		
Beginning of financial year	18,003	18,434
Additions	428	173
Disposals	-	(604)
End of financial year	18,431	18,003
Accumulated amortisation		
Beginning of financial year	15,621	12,474
Amortisation charge	2,149	3,751
Disposals	-	(604)
End of financial year	17,770	15,621
Net book value	661	2,382

18. Trust and agency funds

This represent funds received from Government and other statutory boards that are held by the Authority as agent. The receipts and expenditure for the year are taken directly to the funds accounts, and the net assets of these funds at the balance sheet date are as follows:

	2013 (\$'000)	2012 (\$'000)
Public Service Broadcast ("PSB")	7,601	-
Interactive and Digital Media R&D ("IDM R&D")	(729)	(12,479)
Others	898	1,097
	7,770	(11,382)

NOTES TO THE FINANCIAL STATEMENTS
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18. Trust and agency funds (continued)

	PSB		IDM R&D		Others		Total	
	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)
Balance of the beginning of the year	-	-	(12,479)	(3,127)	1,097	1,734	(11,382)	(1,393)
Income	-	-	35	145	26	28	61	173
Government Grants	117,550	-	34,308	30,240	10,275	-	162,133	30,240
Deferred capital grant	-	-	303	377	-	-	303	377
Less:								
Operating Expenditure	-	-	(1,551)	(1,507)	(3)	(5)	(1,554)	(1,512)
Depreciation	-	-	(273)	(374)	-	-	(273)	(374)
Programme Funding	(109,949)	-	(21,072)	(38,233)	(10,497)	(660)	(141,518)	(38,893)
Funds utilised in the financial year	(109,949)	-	(22,896)	(40,114)	(10,500)	(665)	(143,345)	(40,779)
Balance at the end of the financial year	7,601	-	(729)	(12,479)	898	1,097	7,770	(11,382)

18. Trust and agency funds (continued)

	PSB		IDM R&D		Others		Total	
	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)
Represented by:								
Balance Sheet								
Current assets								
Cash and cash equivalent	50,753	-	7,433	485	922	1,111	59,108	1,596
Other current assets	7,050	-	863	1,657	-	-	7,913	1,657
Non current assets								
Property, plant and equipment	-	-	255	557	-	-	255	557
Intangible assets	-	-	-	-	-	-	-	-
Total assets	57,803	-	8,551	2,699	922	1,111	67,276	3,810
Current Liabilities								
Deferred capital grant	-	-	(255)	(557)	-	-	(255)	(557)
Trade and other payables	(50,202)	-	(9,025)	(14,621)	(24)	(14)	(59,251)	(14,635)
Total liabilities	(50,202)	-	(9,280)	(15,178)	(24)	(14)	(59,506)	(15,192)
Net Assets/ (Liabilities)	7,601	-	(729)	(12,479)	898	1,097	7,770	(11,382)

NOTES TO THE FINANCIAL STATEMENTS
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19. Trade and other payables

	2013 (\$'000)	2012 (\$'000)
Trade payables	2,831	26,905
Amount due to brokers (Note 10)	3,916	3,617
Accruals for operating expenses	15,407	18,509
	22,154	49,031

20. Advances and deposits

	2013 (\$'000)	2012 (\$'000)
Deposits	5,452	5,562
Fees billed in advance	3,607	3,577
Fees received in advance	240	266
	9,299	9,405

21. Grants received in advance

	Operating grants		Restricted Fund		Total	
	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)
At the beginning of the year	68	1,574	23,986	17,551	24,054	19,125
Received during the year	38,924	127,226	17,147	48,900	56,071	176,126
Transfer to Deferred Capital Grant	(2,331)	-	(62)	-	(2,393)	-
Transfer (to)/from Other Deferred Grants	-	-	(220)	5,803	(220)	5,803
Transfer to Statement of Comprehensive Income – Government Grants	(36,377)	(128,732)	(30,030)	(48,268)	(66,407)	(177,000)
Transfer to Statement of Comprehensive income – Other income	(3)	-	-	-	(3)	-
At the close of the year	281	68	10,821	23,986	11,102	24,054

NOTES TO THE FINANCIAL STATEMENTS
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22. Deferred capital grants

	Operating grants		Restricted Fund		Total	
	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)
At the beginning of the year	-	-	12	22	12	22
Transfer from grants received in advance	2,331	-	62	-	2,393	-
Transfer to statement of comprehensive income – Deferred capital grants amortised	(288)	-	(11)	(10)	(299)	(10)
At the close of the year	2,043	-	63	12	2,106	12

23. Other deferred grants

	Operating grants		Restricted Fund		Total	
	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)	2013 (\$'000)	2012 (\$'000)
At the beginning of the year	-	-	5,875	11,678	5,875	11,678
Transfer from/(to) grants received in advance	-	-	220	(5,803)	220	(5,803)
Transfer from statement of comprehensive income – Other deferred grants amortised	-	-	23	-	23	-
At the close of the year	-	-	6,118	5,875	6,118	5,875

24. Provision for contribution to Consolidated Fund

The contribution to the Consolidated Fund is based on 17% (2012: 17%) of the net surplus of the Authority.

Although MDA was in a net surplus position in the current year, there is no contribution as there is unutilised deficit carried forward from the past years to offset the net surplus of \$2,369,000 (2012: \$-). No contribution was made for the financial year ended 31 March 2012 as the Authority was in a net deficit position.

After offsetting the surplus of \$2,369,000, the Authority has remaining unrecognised deficits of \$110,849,000 (2012: \$113,218,000) at the balance sheet date which can be carried forward and used to offset against future contributions to the Consolidated Fund.

25. Provision for pensions and gratuities

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

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

	2013 (\$'000)	2012 (\$'000)
Present value of obligations	22,558	23,602
Unrecognised losses	(2,638)	(3,695)
	19,920	19,907
Comprising of:		
- Current	1,667	1,651
- Non-current	18,253	18,256
	19,920	19,907

An actuarial loss of \$1,335,000 (2012: \$428,000) has been recognised in the current year as the unrecognised actuarial loss exceed 10% of the present value of the defined benefit obligation at the last balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
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(b) The amount recognised in the statement of comprehensive income are as follows:

	2013 (\$'000)	2012 (\$'000)
Current service cost	8	8
Interest cost	337	558
Net actuarial loss recognised in the year	1,335	428
Expenses recognised in the statement of comprehensive income (Note 6)	1,680	994

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

	2013 (\$'000)	2012 (\$'000)
Beginning of financial year	19,907	20,564
Provision for the year	1,680	994
Payments during the year	(1,667)	(1,651)
End of financial year	19,920	19,907

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

	2013 (\$'000)	2012 (\$'000)
Beginning of financial year	23,602	23,325
Interest cost	337	558
Current service cost	8	8
Actuarial gain	278	1,362
Benefits paid	(1,667)	(1,651)
End of financial year	22,558	23,602

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

- (i) All pensioners under the pension scheme will retire at the exact age of 62.
- (ii) The discount rate of the pension fund is 1.42% (2012: 1.48%) which is based on 10-year Singapore Government Bond yields.
- (iii) The projected salary increase of 0% (2012: 0%).
- (iv) The Singapore Mortality Table S04-08M/F was used for purpose of the latest valuation of pension liabilities.
- (v) All current pensionable officers will choose the Reduced Pension with Gratuity.

26. Share capital

	2013 (\$'000)	2012 (\$'000)	Number of shares	2013 (\$'000)	2012 (\$'000)
Beginning and end of financial year	1,201	1,201	1,201	1,201	1,201

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

There are no shares issued in the current financial year.

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

NOTES TO THE FINANCIAL STATEMENTS
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27. Capital account

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

28. Commitments

(a) Capital commitments

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

	2013 (\$'000)	2012 (\$'000)
Property, plant and equipment	135	178

(b) Non-cancellable operating lease commitments

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

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

	2013 (\$'000)	2012 (\$'000)
Not later than one year	6,966	7,140
Between one and five years	762	7,728
	7,728	14,868

(c) Media 21

No new commitments were made since year ended 31 March 2009. The amounts shown below represent the remaining disbursements to be made.

	2013 (\$'000)	2012 (\$'000)
Not later than one year	11	306
Between one and five years	-	11
	11	317

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

The statement shown below represents the amount committed against the \$230 million that was allocated for SMFP.

	2013 (\$'000)	2012 (\$'000)
Amount allocated	230,000	230,000
Amount utilised		
- Industry development expenses	(107,614)	(77,584)
- Property, plant and equipment	(94)	(32)
- Investment in media and film production funds	(21,118)	(20,899)
Total amount utilised	(128,826)	(98,515)
Amount committed but yet to be utilised	(29,374)	(48,369)
Amount uncommitted	71,800	83,116

NOTES TO THE FINANCIAL STATEMENTS
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(e) **Guarantees**

As at 31 March 2013, the Authority had authorised its bank to issue standby letters of credits amounting to \$643,166 (2012: \$976,603) to financial institutions for loans extended to film and animation projects managed by media companies under its Loan Guarantee Programme (Note 12).

(f) **Financial assets available for sale**

	2013 (\$'000)	2012 (\$'000)
Amount committed	46,486	61,000
Amount disbursed	(33,621)	(41,003)
Amount unutilised	12,865	19,997

29. **Restricted funds**

	2013 (\$'000)	2012 (\$'000)
Statement of comprehensive income		
Expenses		
Depreciation	(11)	(10)
Industry Development expenses	(30,336)	(34,959)
Impairment loss on Media Investments	-	(15,000)
Deficit before grants	(30,347)	(49,969)
Government grants (Note 8)	30,018	48,278
Surplus/(Deficit)	(329)	(1,691)
Financial assets available for sale - Fair value gain/(loss)	406	(23)
Total comprehensive gain/(loss)	77	(1,714)

NOTES TO THE FINANCIAL STATEMENTS
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30. Net assets and liabilities of restricted funds

	Note	2013 (\$'000)	2012 (\$'000)
Balance sheet			
Current assets			
Cash and cash equivalents	9	28,213	68,186
Financial assets available for sale		6,501	5,875
Other current assets		4,790	150
		39,504	74,211
Non-current asset			
Property, plant and equipment		63	12
Total assets		39,567	74,223
Current liabilities			
Trade and other payables		(1,471)	(6,218)
Grants received in advance	21	(10,821)	(23,985)
Deferred capital grant	22	(63)	(12)
Other deferred grant	23	(6,118)	(5,875)
Total liabilities		(18,473)	(36,090)
Net assets		21,094	38,133

	Note	2013 (\$'000)	2012 (\$'000)
Represented By:			
Fair value reserves		383	(23)
Accumulated surplus		20,711	38,156
		21,094	38,133

NOTES TO THE FINANCIAL STATEMENTS
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31. Financial risk management

Financial risk factors

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

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

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

(a) Market risk

Currency risk

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

	SGD (\$'000)	USD (\$'000)	JPY (\$'000)	EUR (\$'000)	AUD (\$'000)	HKD (\$'000)	KRW (\$'000)	TWD (\$'000)	GBP (\$'000)	SKR (\$'000)	CAD (\$'000)	IDR (\$'000)	Others (\$'000)	Total (\$'000)
At 31 March 2013														
Financial assets														
Cash and cash equivalents	84,831	-	-	-	-	-	-	-	-	-	-	-	-	84,831
Financial assets at fair value through profit or loss	64,167	51,952	1,870	9,907	1,235	-	-	-	7,479	3,822	87	-	-	140,519
Trade receivables and other current assets (gross)	27,853	-	-	-	-	-	-	-	-	-	-	-	-	27,853
Financial assets available for sale (gross)	31,333	-	-	-	-	-	-	-	-	-	-	-	-	31,333
Loan receivables (gross)	2,500	6,581	-	-	-	-	-	-	-	-	-	-	-	9,081
	210,684	58,533	1,870	9,907	1,235	-	-	-	7,479	3,822	87	-	-	293,617
Financial liabilities														
Trade and other payables	22,154	-	-	-	-	-	-	-	-	-	-	-	-	22,154
Advances and deposits	9,299	-	-	-	-	-	-	-	-	-	-	-	-	9,299
Grant received in advance	11,102	-	-	-	-	-	-	-	-	-	-	-	-	11,102
Deferred capital grant	2,106	-	-	-	-	-	-	-	-	-	-	-	-	2,106
Other Deferred Grants	6,118	-	-	-	-	-	-	-	-	-	-	-	-	6,118
Provision for unclaimed monies	2,405	-	-	-	-	-	-	-	-	-	-	-	-	2,405

NOTES TO THE FINANCIAL STATEMENTS
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	SGD (\$'000)	USD (\$'000)	JPY (\$'000)	EUR (\$'000)	AUD (\$'000)	HKD (\$'000)	KRW (\$'000)	TWD (\$'000)	GBP (\$'000)	SKR (\$'000)	CAD (\$'000)	IDR (\$'000)	Others (\$'000)	Total (\$'000)
Provision for pensions and gratuities	19,920	-	-	-	-	-	-	-	-	-	-	-	-	19,920
Provision for ex-gratia payments	243	-	-	-	-	-	-	-	-	-	-	-	-	243
	73,347	-	-	-	-	-	-	-	-	-	-	-	-	73,347
Net financial assets	137,337	58,533	1,870	9,907	1,235	-	-	-	7,479	3,822	87	-	-	220,270
Add/(less): Currency forwards	51,835	(29,121)	(2,344)	(6,910)	(1,705)	-	-	-	(7,628)	(3,986)	488	-	-	629
Currency profile	189,172	29,412	(474)	2,997	(470)	-	-	-	(149)	(164)	575	-	-	220,899
At 31 March 2012														
Financial assets														
Cash and cash equivalents	108,016	-	-	-	-	-	-	-	-	-	-	-	-	108,016
Financial assets at fair value through profit or loss	36,232	37,740	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	134,978
Trade receivables and other current assets (gross)	33,114	-	-	-	-	-	-	-	-	-	-	-	-	33,114
Financial asset, available for sale (gross)	39,976	523	-	-	-	-	-	-	-	-	-	-	-	40,499
Loan receivables (gross)	3,975	6,581	-	-	-	-	-	-	-	-	-	-	-	10,556
	221,313	44,844	6,670	15,696	1,137	9,083	4,362	2,515	8,502	4,609	3,625	1,919	2,888	327,163
Financial liabilities														
Trade and other payables	49,031	-	-	-	-	-	-	-	-	-	-	-	-	49,031
Advances and deposits	9,405	-	-	-	-	-	-	-	-	-	-	-	-	9,405
Grant received in advance	24,054	-	-	-	-	-	-	-	-	-	-	-	-	24,054
Deferred capital grant	12	-	-	-	-	-	-	-	-	-	-	-	-	12
Other Deferred Grants	5,875	-	-	-	-	-	-	-	-	-	-	-	-	5,875
Provision for unclaimed monies	2,565	-	-	-	-	-	-	-	-	-	-	-	-	2,565
Provision for pensions and gratuities	19,907	-	-	-	-	-	-	-	-	-	-	-	-	19,907

NOTES TO THE FINANCIAL STATEMENTS
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	SGD (\$'000)	USD (\$'000)	JPY (\$'000)	EUR (\$'000)	AUD (\$'000)	HKD (\$'000)		KRW (\$'000)	TWD (\$'000)	GBP (\$'000)	SKR (\$'000)	CAD (\$'000)	IDR (\$'000)	Others (\$'000)	Total (\$'000)
Provision for ex-gratia payments	243	-	-	-	-	-		-	-	-	-	-	-	-	243
	111,092	-	-	-	-	-		-	-	-	-	-	-	-	111,092
Net financial assets	110,221	44,844	6,670	15,696	1,137	9,083		4,362	2,515	8,502	4,609	3,625	1,919	2,888	216,071
Add/(less): Currency forwards	80,217	(38,121)	(7,136)	(17,242)	(1,439)	-		172	-	(8,634)	(4,160)	(3,966)	(252)	271	(290)
Currency profile	190,438	6,723	(466)	(1,546)	(302)	9,083		4,534	2,515	(132)	449	(341)	1,667	3,159	215,781

If the above foreign currencies change against the Singapore dollar by 0.4% to 3.3% (2012: 0.2% to 3.6%) for the respective currencies, with all other variables being held constant, the effects arising from the net financial asset position will be as follows:

	2013 Increase/(decrease) Surplus/(deficit) (\$'000)	2012 Increase/(decrease) Surplus/(deficit) (\$'000)		2013 Increase/(decrease) Surplus/(deficit) (\$'000)	2012 Increase/(decrease) Surplus/(deficit) (\$'000)
US dollar against SGD			Hong Kong dollar against SGD		
- strengthened	151	90	- strengthened	-	114
- weakened	(151)	(90)	- weakened	-	(114)
Japanese yen against SGD			Korean won against SGD		
- strengthened	(11)	(17)	- strengthened	-	11
- weakened	11	17	- weakened	-	(11)
Euro dollar against SGD			New Taiwan dollar against SGD		
- strengthened	96	(20)	- strengthened	-	9
- weakened	(96)	20	- weakened	-	(9)
Australian dollar against SGD			Swedish krona against SGD		
- strengthened	(9)	(5)	- strengthened	(3)	7
- weakened	9	5	- weakened	3	(7)

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	2013 Increase/(decrease) Surplus/(deficit) (\$'000)	2012 Increase/(decrease) Surplus/(deficit) (\$'000)
Canadian dollar against SGD		
- strengthened	10	(3)
- weakened	(10)	3
Indonesian rupiah against SGD		
- strengthened	-	21
- weakened	-	(21)
British pound against SGD		
- strengthened	(3)	(1)
- weakened	3	1

Price risk

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

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

If prices for quoted equity securities change by 0.3% to 1.6% (2012: 0.5% to 4.7%) for the portfolio held with the respective fund managers, with all other variables being held constant, the effects on surplus/(deficit) will be:

	2013 Increase/(decrease) Surplus/(deficit) (\$'000)	2012 Increase/(decrease) Surplus/(deficit) (\$'000)
Quoted equity securities		
- increased by	382	1,018
- decreased by	(382)	(1,018)
Quoted bonds		
- increased by	397	678
- decreased by	(397)	(678)

Interest rate risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

	Variable rates			Fixed rates			Total (\$'000)
	Not later than 1 year (\$'000)	1 to 5 years (\$'000)	More than 5 years (\$'000)	Not later than 1 year (\$'000)	1 to 5 years (\$'000)	More than 5 years (\$'000)	
2013							
Quoted bonds	-	-	-	5,799	52,326	58,396	116,521
Cash and cash equivalents	84,831	-	-	-	-	-	84,831
Loan receivables	-	-	-	2,500	6,581	-	9,081
Total	84,831	-	-	8,299	58,907	58,396	210,433
2012							
Quoted bonds	126	80	882	3,195	45,760	63,071	113,114
Cash and cash equivalents	107,564	-	-	452	-	-	108,016
Loan receivables	-	-	-	3,975	6,581	-	10,556
Total	107,690	80	882	7,622	52,341	63,071	231,686

Sensitivity analysis for interest rate risk

For quoted bonds and short-term deposits

Assuming all other variables are held constant, 50 (2012: 50) basis points increase in variable interest rate in the portfolio held with the respective fund managers and loan receivables, will decrease the Authority's net surplus by \$3,205,000 (2012: \$3,184,000). A decrease by 50 (2012: 50) basis points in variable interest rate in the portfolio held with the respective fund managers and loan receivables, will increase the Authority's net surplus by \$3,205,000 (2012: \$3,184,000).

(b) Credit risk

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

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

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

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

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

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

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

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

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

	2013 (\$'000)	2012 (\$'000)
Past due < 3 months	106	275
Past due 3 to 6 months	343	12
Past due over 6 months	3,523	7,623
	3,972	7,910

NOTES TO THE FINANCIAL STATEMENTS
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The age analysis of trade and loans receivable past due and/or impaired is as follows:

	2013 (\$'000)	2012 (\$'000)
Past due < 3 months	12	1,475
Past due 3 to 6 months	8	-
Past due over 6 months	16,020	13,996
	16,040	15,471

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

	2013 (\$'000)	2012 (\$'000)
Gross amount	26,593	29,961
Less: Allowance for impairment	(22,621)	(22,052)
	3,972	7,909
Beginning of financial year	22,052	12,734
Allowance made	3,384	9,326
Reversal made	(2,815)	(8)
End of financial year	22,621	22,052

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

(c) Liquidity risk

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

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

	Less than 1 year (\$'000)	More than 1 year (\$'000)	Total (\$'000)
At 31 March 2013			
Trade and other payables	22,154	-	22,154
Advances and deposits	9,299	-	9,299
Grant received in advance	11,102	-	11,102
Deferred capital grant	2,106	-	2,106
Other deferred grants	6,118	-	6,118
Provision for unclaimed monies	-	2,405	2,405
Provision for pensions and gratuities	1,667	18,253	19,920
Provision for ex-gratia payments	-	243	243
	52,446	20,901	73,347
At 31 March 2012			
Trade and other payables	49,031	-	49,031
Advances and deposits	9,405	-	9,405
Grant received in advance	24,054	-	24,054
Deferred capital grant	12	-	12
Other deferred grants	5,875	-	5,875
Provision for unclaimed monies	-	2,565	2,565
Provision for pensions and gratuities	1,651	18,256	19,907
Provision for ex-gratia payments	-	243	243
	90,028	21,064	111,092

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

	Less than 1 year (\$'000)
At 31 March 2013	
Gross-settled currency forwards	
- Receipts	87,839
- Payments	(87,117)
At 31 March 2012	
Gross-settled currency forwards	
- Receipts	103,506
- Payments	(103,985)

(d) Capital risk

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

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

The Authority defines capital as share capital, capital account, funds and accumulated surplus and deferred capital grants. The Authority monitors its surplus/deficits. The Authority's approach to capital management remains unchanged from the financial year ended 31 March 2012.

(e) Fair value measurements

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

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at 31 March 2013.

	Level 1 (\$'000)	Level 2 (\$'000)	Level 3 (\$'000)	Total (\$'000)
2013				
Assets				
Financial assets available for sale (gross)	-	-	31,333	31,333
Financial assets at fair value through profit or loss				
- Quoted equity securities	-	-	-	-
- Quoted bonds	116,520	-	-	116,520
- Quoted investment fund	23,999	-	-	23,999
Derivatives financial instruments	-	87,839	-	87,839
Total assets	140,519	87,839	31,333	259,691
Liabilities				
Derivatives financial instruments	-	(87,117)	-	(87,117)

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

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

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

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

Financial instruments by category

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

	2013 (\$'000)	2012 (\$'000)
Loans and receivables	112,684	141,130
Financial liabilities at amortised cost	50,779	88,377

32. Significant related party transactions

(a) Significant related party transactions

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

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

	2013 (\$'000)	2012 (\$'000)
MCI		
Services and expenses paid to MCI	256	228
Expenses paid on behalf of MCI	3,639	4,042
Other Ministries and Statutory Boards		
Services and expenses paid to other ministries	165	32
Services and expenses paid to other statutory boards	7,341	6,675
Computer and IT related expenses	1,575	977
Statutory board and Ministries operating lease expense	6,662	6,913

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At the end of the reporting period, the Authority has outstanding commitments under non-cancellable operating leases with another statutory board, which fall due as follows:

	2013 (\$'000)	2012 (\$'000)
Not later than one year	6,966	7,140
Between one and five years	762	7,728
	7,728	14,868

(b) Compensation of key management personnel

The remuneration of members of key management is as follows:

	2013 (\$'000)	2012 (\$'000)
Wages and salaries	2,527	2,809
Employer's contribution to Central Provident Fund	82	53
	2,609	2,862

33. New or revised accounting Standards and Interpretations

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Authority's accounting periods beginning on or after 1 April 2013 or later periods and which the Authority has not early adopted are:

- Amendments to SB-FRS 32 Offsetting of Financial Assets and Liabilities
(effective for annual periods beginning on or after 1 January 2014)

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

34. Authorisation of financial statements

These financial statements were authorised for issue by the members of the Authority on 28 June 2013.



MDA thanks all industry partners
for contributing their content and resources
to support the development of this Annual Report.



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