

**Statement by Management**

For the financial year ended 31 March 2015

In the opinion of the Management, the financial statements of the fund as set out on pages 1 to 29 are drawn up so as to present fairly the state of affairs of the fund as at 31 March 2015, the results and changes in equity of the fund for the financial year ended on that date, and of the cash flows of the fund for the financial year then ended.

**THARMAN SHANMUGARATNAM**

Minister-in-Charge

Financial Sector Development Fund

**RAVI MENON**

Managing Director

Monetary Authority of Singapore

23 June 2015

**INDEPENDENT AUDITOR'S REPORT ON  
THE AUDIT OF THE FINANCIAL STATEMENTS OF  
THE FINANCIAL SECTOR DEVELOPMENT FUND  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

The accompanying financial statements of the Financial Sector Development Fund (the "Fund"), set out on pages 1 to 29, have been audited under my direction. These financial statements comprise the balance sheet as at 31 March 2015, the statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's responsibility for the financial statements***

The management of Monetary Authority of Singapore ("MAS") is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Monetary Authority of Singapore Act (Cap. 186, 1999 Revised Edition) (the "Act") and Singapore Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's responsibility***

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Fund as at 31 March 2015 and the results, changes in equity and cash flows of the Fund for the financial year ended on that date.

TAN YOKE MENG WILLIE  
AUDITOR-GENERAL  
SINGAPORE

24 June 2015

**FINANCIAL SECTOR DEVELOPMENT FUND**  
**STATEMENT OF COMPREHENSIVE INCOME**

<b>For the year ended 31 March</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$'000</b>	<b>\$'000</b>
Interest Income		29,054	25,272
Dividend Income		73,954	73,297
Gain from Financial Instruments at Fair Value through Profit or Loss		43,590	13,921
Foreign Exchange Gain / (Loss)		3,177	(14,131)
Other Income		211	281
<b>Total Income</b>		<b>149,986</b>	<b>98,640</b>
<u>Less:</u>			
Investment Expenses		7,927	5,775
Grants	9	31,361	39,062
<b>Total Expenditure</b>		<b>39,288</b>	<b>44,837</b>
<b>Net Surplus and Total Comprehensive Income for the Year</b>	<b>3</b>	<b>110,698</b>	<b>53,803</b>

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

## FINANCIAL SECTOR DEVELOPMENT FUND BALANCE SHEET

<u>As at 31 March</u>	Note	2015 \$'000	2014 \$'000
<b>ACCUMULATED FUND</b>			
Capital Account		471,635	471,635
Accumulated Surplus		846,435	735,737
	4	<u>1,318,070</u>	<u>1,207,372</u>
 <u>Represented by:</u>			
<b>ASSETS</b>			
Bank Balances and Deposits	5	256,135	221,449
Financial Assets at Fair Value through Profit or Loss		1,080,415	989,601
Loans and Receivables		30,010	54,921
		1,366,560	1,265,971
 <u>Less:</u>			
<b>LIABILITIES</b>			
Financial Liabilities at Fair Value through Profit or Loss		6,144	3,309
Accruals and Other Liabilities		42,346	55,290
		48,490	58,599
<b>NET ASSETS OF THE FUND</b>		<u>1,318,070</u>	<u>1,207,372</u>

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

**FINANCIAL SECTOR DEVELOPMENT FUND**  
**STATEMENT OF CHANGES IN EQUITY**

	Note	Capital Account \$'000	Accumulated Surplus \$'000	Total \$'000
Balance as at 1 April 2013		471,635	681,934	1,153,569
Total Comprehensive Income for the Year		-	53,803	53,803
<b>Balance as at 31 March 2014</b>		<u>471,635</u>	<u>735,737</u>	<u>1,207,372</u>
Total Comprehensive Income for the Year		-	110,698	110,698
<b>Balance as at 31 March 2015</b>	4	<u><u>471,635</u></u>	<u><u>846,435</u></u>	<u><u>1,318,070</u></u>

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

**FINANCIAL SECTOR DEVELOPMENT FUND**  
**CASH FLOW STATEMENT**

<b>For the year ended 31 March</b>	<b>Note</b>	<b>2015</b>	<b>2014</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash Flows from Operating Activities</b>			
Surplus for the Year		110,698	53,803
Adjustments for:			
Interest Income		(29,054)	(25,272)
Dividend Income		(73,954)	(73,297)
Gain from Financial Instruments at Fair Value through Profit or Loss		(43,590)	(13,921)
Foreign Exchange (Gain) / Loss		(3,177)	14,131
<b>Operating Cash Flows before Changes in Working Capital</b>		<u>(39,077)</u>	<u>(44,556)</u>
Change in operating assets and liabilities			
Decrease in Loans and Receivables		248	704
Decrease in Accruals and Other Liabilities		(11,642)	(4,912)
Dividends Received on Singapore Exchange Limited Shares		69,998	69,998
Interest Received from Bank Balances and Deposits held in Trust		712	765
<b>Net Cash generated from Operating Activities</b>		<u>20,239</u>	<u>21,999</u>
<b>Cash Flows from Investing Activities</b>			
Net Increase in Financial Instruments		(18,921)	(70,144)
Dividends Received		3,889	3,299
Interest Received		23,171	24,153
<b>Net Cash generated from / (used in) Investing Activities</b>		<u>8,139</u>	<u>(42,692)</u>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		28,378	(20,693)
<b>Cash and Cash Equivalents as at beginning of the year</b>		158,569	179,191
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>		598	71
<b>Cash and Cash Equivalents as at end of the year</b>	5	<u>187,545</u>	<u>158,569</u>

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

# FINANCIAL SECTOR DEVELOPMENT FUND NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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

## 1 GENERAL

The Financial Sector Development Fund (hereinafter called the Fund) is established under Section 30A of the Monetary Authority of Singapore (MAS) Act (Cap. 186, 1999 Revised Edition). It is controlled and administered by the Authority. The Authority provides administrative and accounting support to the Fund. The Fund shall be used for the objects and purposes set out in Section 30B of the Act, namely,

- a) the promotion of Singapore as a financial centre;
- b) the development and upgrading of skills and expertise required by the financial services sector;
- c) the development and support of educational and research institutions, research and development programmes and projects relating to the financial services sector; and
- d) the development of infrastructure to support the financial services sector in Singapore.

The Fund shall be deemed not to be a fund of the Authority for the purposes of any written law.

## 2 SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation

- a) The financial statements have been prepared in accordance with the provisions of the Monetary Authority of Singapore Act (Cap. 186, 1999 Revised Edition) and the Singapore Financial Reporting Standards (FRS) and on an accrual basis.
- b) The following new or revised FRSs relevant to the Fund are applicable in the current financial year.

#### Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify that in order to qualify for offsetting financial assets and financial liabilities in the balance sheet, the right of set-off must not be contingent on a future event (e.g. defaults). It must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy of the entity and all of the counterparties. Finally, the amendments specify situations where offsetting is permitted when gross



settlement mechanisms (e.g. clearing house) are used and gross settlement is equivalent to net settlement.

#### FRS 112 Disclosure of Interests in Other Entities

FRS 112 requires disclosure of information that enables the evaluation of the nature, risks and financial effects associated with the entity's interests in (a) subsidiaries, (b) associates, (c) joint arrangements and (d) unconsolidated structured entities.

There is no significant impact on the Fund's financial statements from the adoption of the new or revised FRSs.

- c) The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Fund's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.
- d) The financial statements are presented in Singapore dollars, the Fund's functional currency, and rounded to the nearest thousand, unless otherwise stated.

#### 2.2 Income Recognition

- a) Interest income

Interest income is recognised on a time-proportionate basis using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period to the net carrying amount.

- b) Dividend income

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

#### 2.3 Financial Assets

- a) Classification

The Fund's investments in financial assets are classified as financial assets at fair value through profit or loss and loans and receivables.

- i) Financial assets at fair value through profit or loss are financial derivatives or financial assets other than loans and receivables, designated by management as such on initial recognition as it results in more relevant information, because they are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information is provided internally on that basis to MAS management. They include fixed income securities, equities, commodities and an infrastructure fund.

- ii) Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Recognition and Derecognition

Purchases and sales of investments are recognised on the date when the Fund commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

c) Initial and Subsequent Measurements

Financial assets at fair value through profit or loss are initially recognised and subsequently measured at fair value with changes in fair value and profit/loss on disposal included in the statement of comprehensive income in the period in which they arise. Transaction costs for financial assets at fair value through profit or loss are recognised as expenses on the transaction dates. Loans and receivables are carried at amortised cost.

d) Impairment

The Fund assesses at each balance sheet date whether there is objective evidence that an impairment loss on loans and receivables has been incurred. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment losses, if any, are recognised in the statement of comprehensive income for the period.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for loans and receivables no longer exist or have decreased. The reversal, if any, is recognised in the statement of comprehensive income. However, the increase in the carrying amount of loans and receivables due to a reversal of an impairment is recognised to the extent that it does not exceed the carrying amount that would have been determined (net of amortisation) had no impairment losses been recognised for the loans and receivables in prior years.

2.4 Financial Liabilities

The Fund classifies its financial liabilities in the following categories: (a) financial derivatives; and (b) accruals and other liabilities. Financial derivatives - liabilities, classified as fair value through profit or loss, are carried at fair value, with changes in fair value recognised in fair value gain/loss through profit or loss in the statement of comprehensive income. Accruals and other liabilities are carried at amortised cost using the effective interest method.

A financial liability is derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

## 2.5 Offsetting of Financial Assets/Liabilities and Income/Expenditure

Financial assets and liabilities are set off and the net amount presented in the balance sheet when, and only when, there is a legally enforceable right to set off the amounts and an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Income and expenditure are netted only when permitted by the accounting standards.

## 2.6 Foreign Currency Translation

Transactions in a foreign currency are measured using the exchange rate prevailing at the date of the transaction. Foreign exchange gain/loss resulting from the settlement of such transactions and the translation of assets and liabilities denominated in foreign currencies, into Singapore dollars, at the exchange rate prevailing at the balance sheet date, are recognised in the statement of comprehensive income.

### 3 INCOME AND EXPENDITURE FROM FINANCIAL ASSETS AND LIABILITIES

	2015	2014
	\$'000	\$'000
<b>3.1 Net Income/(Loss) from</b>		
i) <b>Financial Assets at Fair Value through Profit or Loss</b>		
Held for Trading - Financial Derivatives	(3,792)	8,193
Financial Assets Designated as Fair Value through Profit or Loss at Initial Recognition	65,549	13,720
ii) <b>Loans and Receivables</b>	3,710	(372)
iii) <b>Accruals and Other Liabilities</b>	(27)	(246)
iv) <b>Singapore Exchange Limited Shares held</b>	69,998	69,998
	135,438	91,293
<b>3.2 Interest Income from Financial Assets not at Fair Value through Profit or Loss</b>		
i) <b>Bank Balances and Deposits</b>	721	531
ii) <b>Loans and Receivables</b>	-	7
	721	538
<b>Total Net Income from Financial Assets and Liabilities</b>	136,159	91,831
<b>3.3 Grants</b>	(31,361)	(39,062)
<b>3.4 Other Net Income</b>	5,900	1,034
<b>Total Comprehensive Income for the Year</b>	<b>110,698</b>	<b>53,803</b>

## 4 CAPITAL AND ACCUMULATED SURPLUS

4.1 The capital and accumulated surplus of the Fund comprise:

	<u>2015</u> \$'000	<u>2014</u> \$'000
Capital Account	471,635	471,635
Accumulated Surplus	846,435	735,737
Accumulated Fund as at 31 March	<u>1,318,070</u>	<u>1,207,372</u>

4.2 The Fund's Capital Account consists of the net sale proceeds of the Singapore Exchange Limited's (SGX) shares, in accordance with Section 30A (2) of the Monetary Authority of Singapore Act (Cap. 186, 1999 Revised Edition).

4.3 As at 31 March 2015, SEL Holdings Pte Ltd (SEL) holds 249,991,184 SGX shares for the benefit of the Fund as stipulated under Section 11(2) of the Exchanges (Demutualisation and Merger) Act (Cap. 99B, 2000 Revised Edition). These SGX shares held have a market valuation of \$2.0 billion as at 31 March 2015 (31 March 2014: \$1.7 billion). In the event of a sale, net sale proceeds of these shares (after deducting expenses allowed under Section 10(1) and the par value of those shares) shall be paid by SEL into the Fund under Section 10(2) of the Exchanges (Demutualisation and Merger) Act (Cap. 99B, 2000 Revised Edition).

4.4 The Fund's capital management policy is to preserve the capital value of the Fund in line with inflation, whilst taking into consideration, the Fund's desired return and risk tolerance, so that income from the investment of moneys in the Fund can be applied to the objects and expenditure of the Fund and meet all of its commitments under Section 30B of the Monetary Authority of Singapore Act (Cap. 186, 1999 Revised Edition).

4.5 The capital management process includes periodic reviews of the adequacy of the Fund's capital and grant commitments, in relation to all material risks, commensurate with the desired returns. Regular updates are provided to the MAS management and the Minister-in-Charge.

## 5 BANK BALANCES AND DEPOSITS

5.1 These comprise the following:

	<u>Note</u>	<u>2015</u> \$'000	<u>2014</u> \$'000
Cash and Cash Equivalents		187,545	158,569
Bank Balances and Deposits held by Singapore Exchange Limited in trust for the Fund	5.2	68,590	62,880
		<u>256,135</u>	<u>221,449</u>

- 5.2 Included in bank balances and deposits of \$256.1 million as at 31 March 2015 is US\$50.0 million (\$68.6 million) (31 March 2014: US\$50.0 million [\$62.9 million]) held by Singapore Exchange Ltd, in trust for a Fund-supported market infrastructure project. The Fund reserves the right, to vary or change the amount for the project or withdraw any part of or the entire amount for this project, and recover in full, or part, any moneys disbursed if specified terms and conditions, including satisfying the project's key performance indicators, are not met or upon the occurrence of specified events.

## 6 FINANCIAL RISK MANAGEMENT

- 6.1 The MAS Management Investment Committee manages the Fund's investment and risk management strategies.
- 6.2 The Fund's investments are mainly in financial instruments, which are exposed to various specific risks outlined below. These risks are managed by establishing specific controls at the aggregate and individual portfolio levels, through diversification and regular monitoring.
- 6.3 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices and includes currency, interest rate, equity, commodity and other price risks. Market risks are managed through the diversification of the Fund's investments across various asset classes, countries, regions and sectors.

The Fund is managed by external fund managers, who assess the macroeconomic outlook and market developments in formulating investment strategies.

Sensitivity analysis is performed for reasonably possible movements in each key variable with all other variables held constant, to demonstrate the impact on profit or loss and equity resulting from the change in each key variable. The correlation of variables will have a significant effect in determining the ultimate fair values and/or amortised costs of financial assets.

	<b><u>Profit or Loss and Equity Impact</u></b>	
<b>Change in Market Risk:</b>	<b><u>2015</u></b>	<b><u>2014</u></b>
	<b><u>\$'000</u></b>	<b><u>\$'000</u></b>
a) Foreign Currency		
USD by 5%	16,243	14,277
EUR by 5%	-	40
BRL by 5%	1,990	2,589
HKD by 5%	2,630	1,807
ZAR by 5%	1,945	1,890
b) Interest Rate		
by 1%	42,805	38,534
c) Equity		
by 10%	41,625	59,049
d) Commodity		
by 10%	3,015	5,555*

\* The profit or loss and equity impact on the change in market risk for commodity as at 31 March 2014 has been restated due to change in calculation method in determining the notional amount of commodity-related contracts.

6.3a) **Currency Risk**

i) Currency risk is the risk of loss from foreign assets and liabilities due to changes in foreign exchange rates. The carrying amounts of the Fund's assets and liabilities are denominated in the following currencies:

As at 31 March								2015
	SGD \$'000	USD \$'000	EUR \$'000	BRL \$'000	HKD \$'000	ZAR \$'000	Others \$'000	Total \$'000
<b>ASSETS</b>								
Bank Balances and Deposits	134,527	114,910	(294)	901	1,763	1,270	3,058	256,135
<b>Financial Assets at Fair Value through Profit or Loss</b>								
Financial Derivatives Receivable	133,509	71,883	(103,263)	(2,418)	60	(1,014)	(92,543)	6,214
Fixed Income Securities	120,610	360,157	101,839	17,575	-	18,487	242,642	861,310
Fixed Income Securities pledged as collateral for financial derivatives	-	2,945	-	-	-	-	-	2,945
Equities	-	71,811	-	23,156	50,625	19,937	29,942	195,471
Infrastructure Fund (Unquoted)	-	14,475	-	-	-	-	-	14,475
	254,119	521,271	(1,424)	38,313	50,685	37,410	180,041	1,080,415
<b>Loans and Receivables</b>								
Other Receivables	7,425	10,911	1,241	1,362	151	221	6,199	27,510
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	-	-	2,500
	9,925	10,911	1,241	1,362	151	221	6,199	30,010
<b>TOTAL ASSETS</b>	<b>398,571</b>	<b>647,092</b>	<b>(477)</b>	<b>40,576</b>	<b>52,599</b>	<b>38,901</b>	<b>189,298</b>	<b>1,366,560</b>
<b>LIABILITIES</b>								
<b>Financial Liabilities at Fair Value through Profit or Loss</b>								
Financial Derivatives Payable	(315,253)	317,524	(1,022)	(467)	-	-	5,362	6,144
<b>Accruals and Other Liabilities</b>								
Accounts Payable - Grants	27,316	-	-	-	-	-	-	27,316
Other Payables	4,368	4,698	549	1,250	-	-	4,165	15,030
	31,684	4,698	549	1,250	-	-	4,165	42,346
<b>TOTAL LIABILITIES</b>	<b>(283,569)</b>	<b>322,222</b>	<b>(473)</b>	<b>783</b>	<b>-</b>	<b>-</b>	<b>9,527</b>	<b>48,490</b>
<b>NET ASSETS</b>	<b>682,140</b>	<b>324,870</b>	<b>(4)</b>	<b>39,793</b>	<b>52,599</b>	<b>38,901</b>	<b>179,771</b>	<b>1,318,070</b>

ii) Other currencies include mainly Indonesian rupiah, Mexican peso, Polish zloty and Malaysian ringgit.

iii) The carrying amounts of loans and receivables and accruals and other liabilities approximate their fair value.

6.3a) **Currency Risk**

i) Currency risk is the risk of loss from foreign assets and liabilities due to changes in foreign exchange rates. The carrying amounts of the Fund's assets and liabilities are denominated in the following currencies:

<b>As at 31 March</b>								<b>2014</b>
	<b>SGD</b>	<b>USD</b>	<b>EUR</b>	<b>BRL</b>	<b>HKD</b>	<b>ZAR</b>	<b>Others</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>								
<b>Bank Balances and Deposits</b>	123,261	92,943	116	333	7	1,103	3,686	221,449
<b>Financial Assets at Fair Value through Profit or Loss</b>								
Financial Derivatives Receivable	384,328	(271,200)	(52,168)	-	-	-	(53,661)	7,299
Fixed Income Securities	116,608	285,824	116,138	21,376	-	19,739	246,096	805,781
Fixed Income Securities pledged as collateral for financial derivatives	-	3,023	-	-	-	-	-	3,023
Equities	-	46,658	-	29,928	36,139	16,632	35,299	164,656
Infrastructure Fund (Unquoted)	-	8,842	-	-	-	-	-	8,842
	500,936	73,147	63,970	51,304	36,139	36,371	227,734	989,601
<b>Loans and Receivables</b>								
Other Receivables	2,356	33,836	2,784	2,249	-	319	9,029	50,573
Receivables pledged as collateral for financial derivatives	-	1,848	-	-	-	-	-	1,848
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	-	-	2,500
	4,856	35,684	2,784	2,249	-	319	9,029	54,921
<b>TOTAL ASSETS</b>	<b>629,053</b>	<b>201,774</b>	<b>66,870</b>	<b>53,886</b>	<b>36,146</b>	<b>37,793</b>	<b>240,449</b>	<b>1,265,971</b>
<b>LIABILITIES</b>								
<b>Financial Liabilities at Fair Value through Profit or Loss</b>								
Financial Derivatives Payable	(21,272)	(91,871)	64,983	-	-	-	51,469	3,309
<b>Accruals and Other Liabilities</b>								
Accounts Payable - Grants	38,990	-	-	-	-	-	-	38,990
Other Payables	(1,896)	8,108	1,096	2,106	-	-	6,886	16,300
	37,094	8,108	1,096	2,106	-	-	6,886	55,290
<b>TOTAL LIABILITIES</b>	<b>15,822</b>	<b>(83,763)</b>	<b>66,079</b>	<b>2,106</b>	<b>-</b>	<b>-</b>	<b>58,355</b>	<b>58,599</b>
<b>NET ASSETS</b>	<b>613,231</b>	<b>285,537</b>	<b>791</b>	<b>51,780</b>	<b>36,146</b>	<b>37,793</b>	<b>182,094</b>	<b>1,207,372</b>

ii) Other currencies include mainly South African rand, Mexican peso and Malaysian ringgit.

iii) The carrying amounts of loans and receivables and accruals and other liabilities approximate their fair value.



6.3b) Interest Rate Risk

Interest rate risk is the risk of loss from a financial instrument due to changes in market interest rates. The Fund manages interest rate risks by setting duration limits on its investments. The table below summarises the Fund's exposure to interest rate re-pricing risks, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March	2015					Total
	Non-Interest Bearing	Earlier of Repricing/Contractual Maturity Date				
		Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
Bank Balances and Deposits	61,545	161,667	32,923	-	-	256,135
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable	6,140	17	57	-	-	6,214
Fixed Income Securities	-	162,482	44,934	229,090	424,804	861,310
Fixed Income Securities pledged as collateral for financial derivatives	-	2,945	-	-	-	2,945
Equities	195,471	-	-	-	-	195,471
Infrastructure Fund (Unquoted)	14,475	-	-	-	-	14,475
	216,086	165,444	44,991	229,090	424,804	1,080,415
<b>Loans and Receivables</b>						
Other Receivables	23,669	3,841	-	-	-	27,510
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	26,169	3,841	-	-	-	30,010
<b>TOTAL ASSETS</b>	<b>303,800</b>	<b>330,952</b>	<b>77,914</b>	<b>229,090</b>	<b>424,804</b>	<b>1,366,560</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable	5,873	270	1	-	-	6,144
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	27,316	-	-	-	-	27,316
Other Payables	12,780	2,250	-	-	-	15,030
	40,096	2,250	-	-	-	42,346
<b>TOTAL LIABILITIES</b>	<b>45,969</b>	<b>2,520</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>48,490</b>
<b>NET ASSETS</b>	<b>257,831</b>	<b>328,432</b>	<b>77,913</b>	<b>229,090</b>	<b>424,804</b>	<b>1,318,070</b>

6.3b) **Interest Rate Risk**

Interest rate risk is the risk of loss from a financial instrument due to changes in market interest rates. The Fund manages interest rate risks by setting duration limits on its investments. The table below summarises the Fund's exposure to interest rate re-pricing risks, categorised by the earlier of contractual re-pricing or maturity dates.

As at 31 March	Non-Interest Bearing	Earlier of Repricing/Contractual Maturity Date				2014
		Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>Bank Balances and Deposits</b>	61,569	129,698	30,182	-	-	221,449
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable	7,299	-	-	-	-	7,299
Fixed Income Securities	-	99,700	48,708	276,819	380,554	805,781
Fixed Income Securities pledged as collateral for financial derivatives	-	1,002	2,021	-	-	3,023
Equities	164,656	-	-	-	-	164,656
Infrastructure Fund (Unquoted)	8,842	-	-	-	-	8,842
	180,797	100,702	50,729	276,819	380,554	989,601
<b>Loans and Receivables</b>						
Other Receivables	21,524	29,049	-	-	-	50,573
Receivables pledged as collateral for financial derivatives	-	1,848	-	-	-	1,848
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	24,024	30,897	-	-	-	54,921
<b>TOTAL ASSETS</b>	<b>266,390</b>	<b>261,297</b>	<b>80,911</b>	<b>276,819</b>	<b>380,554</b>	<b>1,265,971</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable	3,309	-	-	-	-	3,309
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	38,990	-	-	-	-	38,990
Other Payables	16,300	-	-	-	-	16,300
	55,290	-	-	-	-	55,290
<b>TOTAL LIABILITIES</b>	<b>58,599</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>58,599</b>
<b>NET ASSETS</b>	<b>207,791</b>	<b>261,297</b>	<b>80,911</b>	<b>276,819</b>	<b>380,554</b>	<b>1,207,372</b>

#### 6.4 Credit Risk

- a) Credit risk is the risk of loss arising from a party's failure to discharge an obligation under a financial contract and includes counterparty and issuer credit risk.
- b) The Fund's credit risks are managed by transacting with well-rated entities within assigned limits. Credit risks are also mitigated by diversifying credit exposures across counterparties and issuers.
- c) The Fund enters into master netting arrangements with counterparties where it is appropriate and feasible to do so to mitigate counterparty risk. The credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are settled on a net basis. Master netting arrangements do not result in an offset of financial assets and liabilities on the balance sheet, as the legal right to set off the transactions is conditional upon default.

These netting arrangements include derivative master agreements (including the International Swaps and Derivatives Association (ISDA) Master Agreement) and global master repurchase agreements. The collateral received and posted under these agreements is generally conducted under terms that are in accordance with normal market practice. In these agreements, the counterparty is typically allowed to sell or re-pledge these non-cash collateral (i.e. securities) lent or transferred, but has an obligation to return the securities at maturity. If the securities decrease in value, the Fund may, in certain circumstances, be required to pledge or return additional collateral.

In addition, the Fund receives cash and other collateral such as marketable securities to reduce its credit exposure.

- d) The Fund manages issuer credit risk by imposing minimum credit rating requirements on the investment of its fixed income securities. Single issuer limits are placed to control the credit exposure to any one issuer and to mitigate the extent of loss resulting from a default.
- e) The total carrying amounts of bank balances, deposits, financial derivatives, fixed income securities, loans and receivables and infrastructure fund represent the Fund's maximum credit exposure.

6.4f) **Credit Risk**

The credit exposure by rating of financial assets including fixed income securities and credit derivatives held by the Fund under total assets is analysed below.

<b>As at 31 March</b>	<b>Credit Ratings</b>			<b>2015</b>
	<b>AAA</b>	<b>AA+ to BBB-</b>	<b>Unrated and Others</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Bank Balances and Deposits</b>	126,419	129,716	-	256,135
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Financial Derivatives Receivable	-	-	6,214	6,214
Fixed Income Securities	281,166	515,707	64,437	861,310
Fixed Income Securities pledged as collateral for financial derivatives	-	2,945	-	2,945
Infrastructure Fund (Unquoted)	-	-	14,475	14,475
	281,166	518,652	85,126	884,944
<b>Loans and Receivables</b>				
Other Receivables	1,449	18,082	7,979	27,510
Receivables from SEL Holdings Pte Ltd	-	-	2,500	2,500
	1,449	18,082	10,479	30,010
	<b>409,034</b>	<b>666,450</b>	<b>95,605</b>	<b>1,171,089</b>

<b>As at 31 March</b>	<b>Credit Ratings</b>			<b>2014</b>
	<b>AAA</b>	<b>AA+ to BBB-</b>	<b>Unrated and Others</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>ASSETS</b>				
<b>Bank Balances and Deposits</b>	1,063	220,386	-	221,449
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Financial Derivatives Receivable	-	29	7,270	7,299
Fixed Income Securities	294,351	459,350	52,080	805,781
Fixed Income Securities pledged as collateral for financial derivatives	-	3,023	-	3,023
Infrastructure Fund (Unquoted)	-	-	8,842	8,842
	294,351	462,402	68,192	824,945
<b>Loans and Receivables</b>				
Other Receivables	1,622	46,412	2,539	50,573
Receivables pledged as collateral for financial derivatives	-	1,848	-	1,848
Receivables from SEL Holdings Pte Ltd	-	-	2,500	2,500
	1,622	48,260	5,039	54,921
	<b>297,036</b>	<b>731,048</b>	<b>73,231</b>	<b>1,101,315</b>

6.4g) The disclosures set out in the tables below pertain to financial assets and liabilities that are not offset in the Fund's balance sheet but are subject to enforceable master netting arrangement or similar agreement that covers similar financial instruments. The disclosures enable the evaluation of the potential effect of netting arrangements on the Fund's financial position.

As at 31 March 2015	Gross amounts on balance sheet	Gross amounts subject to netting arrangements but not set off in the balance sheet	Related amounts not set off in the balance sheet		Net amount
			Financial instruments	Cash collateral	
	\$'000	\$'000 (A)	\$'000 (B)	\$'000 (C)	\$'000 (A)-(B)-(C)=(D)
<b>Financial Assets</b>					
<b>Financial Assets at Fair Value through Profit or Loss</b>	1,080,415				
Financial Derivatives		2,093	688	1,405	-
<b>Loans and Receivables</b>	30,010				
Repurchase Agreements		3,841	3,841	-	-
		5,934	4,529	1,405	-
<b>Financial Liabilities</b>					
<b>Financial Liabilities at Fair Value through Profit or Loss</b>	6,144				
Financial Derivatives		1,185	688	-	497
		1,185	688	-	497

As at 31 March 2014	Gross amounts on balance sheet	Gross amounts subject to netting arrangements but not set off in the balance sheet	Related amounts not set off in the balance sheet		Net amount
			Financial instruments	Cash collateral	
	\$'000	\$'000 (A)	\$'000 (B)	\$'000 (C)	\$'000 (A)-(B)-(C)=(D)
<b>Financial Assets</b>					
<b>Financial Assets at Fair Value through Profit or Loss</b>	989,601				
Financial Derivatives		2,042	292	-	1,750
<b>Loans and Receivables</b>	54,921				
Repurchase Agreements		29,049	29,049	-	-
		31,091	29,341	-	1,750
<b>Financial Liabilities</b>					
<b>Financial Liabilities at Fair Value through Profit or Loss</b>	3,309				
Financial Derivatives		1,103	292	811	-
		1,103	292	811	-

h) *Securities Pledged and Transferred*

The Fund enters into transactions where financial assets may be transferred to counterparties under terms that are in accordance with normal market practice.

The Fund has determined that it retains substantially all the risks and rewards of these securities and has not derecognised them. If the securities decrease in value, the Fund may be required to pledge additional collateral.

i) *Financial Assets that are neither past due nor impaired*

The Fund's balances and deposits with banks, receivables and other investments that are neither past due nor impaired, are mainly with banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

j) *Financial Assets that are past due and/or impaired*

There are no financial assets that are past due as at 31 March 2015 and 31 March 2014.

## 6.5 Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in selling a financial asset at close to its fair value at short notice to meet liabilities when they fall due. Limits are imposed on investments to ensure adequate diversification of cash flow sources. The table below analyses the financial assets and liabilities of the Fund based on undiscounted cash flows by remaining contractual maturities.

As at 31 March	2015					Total
	No Specific Maturity	Contractual Maturity Date				
		Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>Bank Balances and Deposits</b>	61,545	126,000	68,590	-	-	256,135
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable						
Net Settled Derivatives	-	1,423	603	313	17	2,356
Gross Settled Derivatives						
Outflow	-	(218,072)	-	-	-	(218,072)
Inflow	-	222,027	-	-	-	222,027
Fixed Income Securities	76,021	73,837	71,598	321,174	541,671	1,084,301
Fixed Income Securities pledged as collateral for financial derivatives	-	2,945	-	-	-	2,945
Equities	195,471	-	-	-	-	195,471
Infrastructure Fund (Unquoted)	14,475	-	-	-	-	14,475
	285,967	82,160	72,201	321,487	541,688	1,303,503
<b>Loans and Receivables</b>						
Other Receivables	1,489	19,383	-	-	-	20,872
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	3,989	19,383	-	-	-	23,372
<b>TOTAL ASSETS</b>	<b>351,501</b>	<b>227,543</b>	<b>140,791</b>	<b>321,487</b>	<b>541,688</b>	<b>1,583,010</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable						
Net Settled Derivatives	-	1,940	2,437	153	(303)	4,227
Gross Settled Derivatives						
Outflow	-	361,543	-	-	-	361,543
Inflow	-	(360,343)	-	-	-	(360,343)
	-	3,140	2,437	153	(303)	5,427
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	27,316	-	-	-	-	27,316
Other Payables	2,282	12,748	-	-	-	15,030
	29,598	12,748	-	-	-	42,346
<b>TOTAL LIABILITIES</b>	<b>29,598</b>	<b>15,888</b>	<b>2,437</b>	<b>153</b>	<b>(303)</b>	<b>47,773</b>
<b>NET ASSETS</b>	<b>321,903</b>	<b>211,655</b>	<b>138,354</b>	<b>321,334</b>	<b>541,991</b>	<b>1,535,237</b>

## 6.5 Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in selling a financial asset at close to its fair value at short notice to meet liabilities when they fall due. Limits are imposed on investments to ensure adequate diversification of cash flow sources. The table below analyses the financial assets and liabilities of the Fund based on undiscounted cash flows by remaining contractual maturities.

As at 31 March	2014					Total
	No Specific Maturity	Contractual Maturity Date				
		Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>						
<b>Bank Balances and Deposits</b>	61,569	97,000	-	62,880	-	221,449
<b>Financial Assets at Fair Value through Profit or Loss</b>						
Financial Derivatives Receivable	-	3,618	92	208	(31)	3,887
Net Settled Derivatives	-	-	-	-	-	-
Gross Settled Derivatives	-	(405,470)	-	-	-	(405,470)
Outflow	-	408,883	-	-	-	408,883
Inflow	77,217	20,295	71,112	365,816	482,509	1,016,949
Fixed Income Securities	-	1,002	2,021	-	-	3,023
Fixed Income Securities pledged as collateral for financial derivatives	164,656	-	-	-	-	164,656
Equities	8,842	-	-	-	-	8,842
Infrastructure Fund (Unquoted)	250,715	28,328	73,225	366,024	482,478	1,200,770
<b>Loans and Receivables</b>						
Other Receivables	1,704	41,924	-	-	-	43,628
Receivables pledged as collateral for financial derivatives	1,848	-	-	-	-	1,848
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	6,052	41,924	-	-	-	47,976
<b>TOTAL ASSETS</b>	<b>318,336</b>	<b>167,252</b>	<b>73,225</b>	<b>428,904</b>	<b>482,478</b>	<b>1,470,195</b>
<b>LIABILITIES</b>						
<b>Financial Liabilities at Fair Value through Profit or Loss</b>						
Financial Derivatives Payable	-	1,428	184	625	(347)	1,890
Net Settled Derivatives	-	-	-	-	-	-
Gross Settled Derivatives	-	133,006	-	-	-	133,006
Outflow	-	(131,529)	-	-	-	(131,529)
Inflow	-	2,905	184	625	(347)	3,367
<b>Accruals and Other Liabilities</b>						
Accounts Payable - Grants	38,990	-	-	-	-	38,990
Other Payables	-	16,300	-	-	-	16,300
	38,990	16,300	-	-	-	55,290
<b>TOTAL LIABILITIES</b>	<b>38,990</b>	<b>19,205</b>	<b>184</b>	<b>625</b>	<b>(347)</b>	<b>58,657</b>
<b>NET ASSETS</b>	<b>279,346</b>	<b>148,047</b>	<b>73,041</b>	<b>428,279</b>	<b>482,825</b>	<b>1,411,538</b>



## 6.6 Concentration Risk

Concentration risk is the risk of loss arising due to a disproportionate exposure to specific countries, regions and sectors. Investment limits are set to provide diversification of financial assets across countries, regions and sectors to mitigate concentration risk. The table below summarises the Fund's exposure to concentration risk.

As at 31 March	2015				
	North America	Developed Europe	Asia Pacific	Emerging Countries and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>FIXED INCOME SECURITIES</u></b>					
Government	98,298	85,224	85,281	179,313	448,116
Government Related	8,544	5,871	34,199	9,675	58,289
Corporates	131,451	82,970	32,832	6,032	253,285
Others	18,217	8,933	1,397	76,018	104,565
<b>Total</b>	<b>256,510</b>	<b>182,998</b>	<b>153,709</b>	<b>271,038</b>	<b>864,255</b>

<b><u>EQUITIES</u></b>					
Energy	-	2,818	-	-	2,818
Financials	-	-	-	36,557	36,557
Information Technology	-	2,981	-	50,536	53,517
Consumer Staples	-	1,871	-	23,558	25,429
Consumer Discretionary	-	6,532	-	9,499	16,031
Industrials	-	-	9,243	13,174	22,417
Telecommunication Services	-	-	-	27,633	27,633
Utilities	-	-	-	11,069	11,069
<b>Total</b>	<b>-</b>	<b>14,202</b>	<b>9,243</b>	<b>172,026</b>	<b>195,471</b>

As at 31 March	2014				
	North America	Developed Europe	Asia Pacific	Emerging Countries and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>FIXED INCOME SECURITIES</u></b>					
Government	70,842	70,609	95,595	190,257	427,303
Government Related	7,648	9,719	32,527	8,052	57,946
Corporates	107,376	79,655	32,766	5,176	224,973
Others	10,633	8,774	1,960	77,215	98,582
<b>Total</b>	<b>196,499</b>	<b>168,757</b>	<b>162,848</b>	<b>280,700</b>	<b>808,804</b>

<b><u>EQUITIES</u></b>					
Energy	-	6,897	-	-	6,897
Financials	-	-	-	24,333	24,333
Information Technology	-	3,606	-	35,269	38,875
Consumer Staples	-	3,521	-	22,731	26,252
Consumer Discretionary	-	9,319	-	10,871	20,190
Industrials	-	-	6,250	12,588	18,838
Telecommunication Services	-	-	-	17,652	17,652
Utilities	-	-	-	11,619	11,619
<b>Total</b>	<b>-</b>	<b>23,343</b>	<b>6,250</b>	<b>135,063</b>	<b>164,656</b>

## 6.7 Fair Values of Financial Assets and Liabilities

- a) The Fund measures the fair values of its financial assets and liabilities at the following different levels of inputs:
- i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date;
  - ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). Where the fair value of the financial instrument is measured by a valuation technique that uses independently sourced broker, dealer quotes and observable market parameters such as foreign exchange rates, yield curves and volatilities, it is disclosed at this level; and
  - iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs). Where no market data can be observed and judgement is required, the valuation of the financial instrument takes into account factors such as the illiquidity and price volatility of the asset class and adjustments are made for uncertainties in the input parameters and modelling methods.

6.7b) **Assets and Liabilities Measured at Fair Value**

The following table summarises the financial assets and liabilities recorded at fair value by level of the fair value hierarchy.

**As at 31 March** **2015**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Financial Derivatives Receivable	1,555	4,659	-	6,214
Fixed Income Securities	280,297	581,013	-	861,310
Fixed Income Securities pledged as collateral for financial derivatives	2,945	-	-	2,945
Equities	195,471	-	-	195,471
Infrastructure Fund (Unquoted)	-	-	14,475	14,475
	<b>480,268</b>	<b>585,672</b>	<b>14,475</b>	<b>1,080,415</b>
<b>Financial Liabilities at Fair Value through Profit or Loss</b>				
Financial Derivatives Payable	3,795	2,349	-	6,144
	<b>3,795</b>	<b>2,349</b>	<b>-</b>	<b>6,144</b>
<b>NET ASSETS</b>	<b>476,473</b>	<b>583,323</b>	<b>14,475</b>	<b>1,074,271</b>

**As at 31 March** **2014**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Financial Assets at Fair Value through Profit or Loss</b>				
Financial Derivatives Receivable	3,529	3,770	-	7,299
Fixed Income Securities	236,184	569,597	-	805,781
Fixed Income Securities pledged as collateral for financial derivatives	3,023	-	-	3,023
Equities	164,656	-	-	164,656
Infrastructure Fund (Unquoted)	-	-	8,842	8,842
	<b>407,392</b>	<b>573,367</b>	<b>8,842</b>	<b>989,601</b>
<b>Financial Liabilities at Fair Value through Profit or Loss</b>				
Financial Derivatives Payable	903	2,406	-	3,309
	<b>903</b>	<b>2,406</b>	<b>-</b>	<b>3,309</b>
<b>NET ASSETS</b>	<b>406,489</b>	<b>570,961</b>	<b>8,842</b>	<b>986,292</b>

6.7c) **Transfers from/to Level 1 and 2**

The following transfers from/to Level 1 and 2 within the fair value hierarchy took place:

<b>For the year ended 31 March</b>	<b>2015</b>	<b>2014</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Fixed Income Securities</u>		
Transfers from Level 2 to Level 1	-	4,416
Net Transfers	<u>-</u>	<u>4,416</u>

Transfers from Level 2 to Level 1 of the fair value hierarchy reflect increased availability of price quotes due to improved liquidity in the market for such debt securities.

6.7d) **Assets Measured at Fair Value under Level 3**

Movements in the Fund's Level 3 financial assets are as follows:

<b>As at 31 March</b>	<b>2015</b>	
	<b>Infrastructure Fund (Unquoted)</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets at Fair Value through Profit or Loss</b>		
<b>Balance as at 1 April 2014</b>	8,842	8,842
Purchases	5,633	5,633
<b>Balance as at 31 March 2015</b>	<u>14,475</u>	<u>14,475</u>

<b>As at 31 March</b>	<b>2014</b>	
	<b>Infrastructure Fund (Unquoted)</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial Assets at Fair Value through Profit or Loss</b>		
<b>Balance as at 1 April 2013</b>	-	-
Purchases	8,842	8,842
<b>Balance as at 31 March 2014</b>	<u>8,842</u>	<u>8,842</u>

Financial assets are transferred into Level 3 when their valuation inputs are no longer based on observable market data. Transfers of financial assets out of Level 3 are made when their valuation inputs can be based on observable market data.

6.7e) **Effect of Changes in Significant Unobservable Inputs of Level 3 Financial Instruments**

<b>Financial Assets at Fair Value through Profit or Loss</b>	<b>Fair Value as at 31 March 2015 \$'000</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range of Inputs</b>
Infrastructure Fund (Unquoted)	14,475	Net asset value	Adjusted net asset value of the Fund	N/A
<b>Total</b>	<u>14,475</u>			

<b>Financial Assets at Fair Value through Profit or Loss</b>	<b>Fair Value as at 31 March 2014 \$'000</b>	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range of Inputs</b>
Infrastructure Fund (Unquoted)	8,842	Net asset value	Adjusted net asset value of the Fund	N/A
<b>Total</b>	<u>8,842</u>			

The fair value of the investment in the unquoted infrastructure fund as at 31 March 2015 has been estimated by the Fund's share of the net asset value of the infrastructure fund.

## 7 FINANCIAL DERIVATIVES: ASSETS/LIABILITIES

Derivative financial instruments are financial instruments whose values fluctuate in response to changes in the values of the underlying assets, interest or exchange rates or indices and include forwards, futures, options and swaps. These instruments allow the Fund to transfer, modify or reduce their foreign exchange and interest rate risks.

*Forward foreign exchange* contracts are agreements to purchase or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

*Foreign exchange futures* are exchange-traded agreements to purchase or sell a standard amount of a specified currency at an agreed rate of exchange on a specified future date.

*Interest rate futures* are exchange-traded agreements to purchase or sell a standard amount of a specified fixed income security or time deposit at an agreed interest rate on a specified future date.

*Interest rate swaps* are agreements to exchange the interest obligations with a counterparty for a specified period without exchanging the underlying (or notional) principal.

*Equity-related futures* are exchange-traded agreements to purchase or sell a standard amount of a specified equity index at an agreed price or level on a specified future date.

*Equity-related swaps* are agreements to exchange payments based on an equity-linked return against a reference interest rate for a specified period.

*Commodity-related futures* are exchange-traded agreements to purchase or sell a standard amount of a specified commodity or commodity index at an agreed price on a specified future date.

*Credit default swaps* involve the transfer of credit risk of a reference asset from the protection buyer to the protection seller. The protection buyer makes one or more payments to the seller in exchange for the seller's obligation to make a payment to the buyer contingent upon the occurrence of a pre-defined credit event related to a specified reference entity.

- 7.1 The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instrument and, therefore, do not indicate the Fund's exposure to credit or price risks. The fair values of derivative instruments are normally zero or negligible at inception and the subsequent change in value is favourable (derivative assets) or unfavourable (derivative liabilities) as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate notional amount of derivative financial instruments, the extent to which the instruments are favourable and unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

7.2 The notional amounts of the derivative financial instruments and their corresponding gross positive (derivative receivable) and negative (derivative payable) fair values at balance sheet date, are analysed below. The following table summarises the notional amounts of derivative financial instruments held at the balance sheet date:

	2015			2014		
	Notional	Fair Value		Notional	Fair Value	
	Amount \$'000	Receivable \$'000	Payable \$'000	Amount \$'000	Receivable \$'000	Payable \$'000
<b>Foreign exchange contracts</b>						
Forwards	593,755	4,163	1,672	548,736	3,499	1,437
Futures purchased	9,940	24	118	-	-	-
Futures sold	21,971	172	-	-	-	-
<b>Interest rate contracts</b>						
Futures purchased	63,519	856	-	67,403	156	309
Futures sold	69,169	22	524	73,880	240	72
Swaps	27,067	74	271	-	-	-
<b>Equity-related contracts</b>						
Futures purchased	26,731	109	150	28,708	803	-
Futures sold	4,261	7	23	6,433	-	21
Swaps	106,536	117	-	88,845	-	493
<b>Commodity-related contracts</b>						
Futures purchased	37,481	217	2,877	64,226*	2,204	136
Futures sold	7,332	147	103	8,672*	124	365
<b>Other derivatives</b>						
Credit default swaps purchased	7,674	68	265	20,759	38	402
Credit default swaps sold	5,653	238	141	3,812	235	74
	<b>981,089</b>	<b>6,214</b>	<b>6,144</b>	<b>911,474</b>	<b>7,299</b>	<b>3,309</b>

\* Notional amounts for commodity-related contracts as at 31 March 2014 have been restated due to change in calculation method.

## 8 RELATED PARTY TRANSACTIONS

- 8.1 The Fund maintained a non-interest bearing current account with the Authority to facilitate grant disbursements. The Fund's current account balance with the Authority as at 31 March 2015 was \$0.4 million (31 March 2014: \$1.1 million).
- 8.2 The Fund also placed deposits with the Authority, in the ordinary course of business and at arm's length, earning interest income disclosed below:

	<u>2015</u> \$'000	<u>2014</u> \$'000
Interest Income	<u>282</u>	<u>193</u>

The Fund's deposit balance with the Authority as at 31 March 2015 was \$126 million (31 March 2014: \$nil).

## 9 GRANTS

- 9.1 The Managing Director of the Monetary Authority of Singapore, the Authority which controls and administers the Fund, is the Chairman of the Institute of Banking and Finance (IBF) Council, which provides guidance on the strategic direction of IBF to ensure that it remains relevant and adds value to the financial industry.
- 9.2 During the financial year, \$14.2 million grants (31 March 2014: \$0.8 million) were committed to IBF for their operating expenditure for 4 years ending 31 December 2017 and to develop the Financial Industry Competency Standards. About \$3.4 million of the grants (31 March 2014: \$0.4 million) were expensed in the current financial year, \$1.7 million (31 March 2014: \$nil) grant commitments expired, with \$9.5 million outstanding commitments as at 31 March 2015 (31 March 2014: \$0.4 million).

## 10 COMMITMENTS

- 10.1 The Fund has outstanding grant commitments, totalling to \$57.7 million as at 31 March 2015 (31 March 2014: \$60.7 million).
- 10.2 As at 31 March 2015, the Fund has remaining commitment to invest up to US\$38.6 million (\$53.0 million) (31 March 2014: US\$42.1 million [\$52.9 million]) in an infrastructure fund.

## 11 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

New or revised accounting standards and interpretations to existing standards have been issued that are relevant for accounting periods beginning after 1 April 2014 or later periods and which the Fund has not early adopted. The following new or revised standards that are applicable, are not expected to have a significant impact on the Fund's financial statements except for FRS109 which is under review and assessment of its impact.

Effective for annual periods beginning on or after 1 July 2014

#### Amendments to FRS 24 Related Party Disclosures

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'). The reporting entity is not required to disclose the compensation paid by the management entity to the management entity's employees or directors, but it is required to disclose the amounts charged to the reporting entity by the management entity for services provided.

#### Amendments to FRS 113 Fair Value Measurement

The amendments clarify that the portfolio exception in FRS 113, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis if the exposure to either the market or credit risks are managed that way, applies to all contracts within the scope of FRS 39. This is regardless of whether they meet the definitions of financial assets or liabilities in FRS 32 Financial Instruments: Presentation.

Effective for annual periods beginning on or after 1 January 2016

#### Amendments to FRS 1: Disclosure Initiative

The amendments to FRS 1 clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Effective for annual periods beginning on or after 1 January 2018

#### FRS 109 Financial Instruments

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

## **12 AUTHORISATION OF FINANCIAL STATEMENTS**

The financial statements for the year ended 31 March 2015 were authorised by the Minister-in-Charge for issuance and signed by the Minister and Managing Director of Monetary Authority of Singapore on 23 June 2015.