

FINANCIAL SECTOR DEVELOPMENT FUND
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March	Note	2013	2012
		\$'000	\$'000
Interest Income		18,853	25,146
Dividend Income		70,402	69,186
Gain from Financial Instruments at Fair Value through Profit or Loss		40,782	28,303
Foreign Exchange Loss		(30,707)	(11,885)
Other Income		293	650
Total Income		99,623	111,400
<u>Less:</u>			
Investment Expenses		4,859	3,455
Grants		31,595	43,894
Total Expenditure		36,454	47,349
Net Surplus and Total Comprehensive Income for the Year	3	63,169	64,051

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

**FINANCIAL SECTOR DEVELOPMENT FUND
BALANCE SHEET**

As at 31 March	Note	2013	2012
		\$'000	\$'000
ACCUMULATED FUND			
Capital Account		471,635	471,635
Accumulated Surplus		681,934	618,765
	4	1,153,569	1,090,400
 <u>Represented by:</u>			
ASSETS			
Bank Balances and Deposits	5	241,206	286,573
Financial Assets at Fair Value through Profit or Loss		952,426	838,774
Loans and Receivables		21,515	29,550
		1,215,147	1,154,897
 <u>Less:</u>			
LIABILITIES			
Financial Liabilities at Fair Value through Profit or Loss		2,360	1,653
Accruals and Other Liabilities		59,218	62,844
		61,578	64,497
NET ASSETS OF THE FUND		1,153,569	1,090,400

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

THARMAN SHANMUGARATNAM
MINISTER-IN-CHARGE
FINANCIAL SECTOR DEVELOPMENT FUND

RAVI MENON
MANAGING DIRECTOR
MONETARY AUTHORITY OF SINGAPORE

26 JUNE 2013

FINANCIAL SECTOR DEVELOPMENT FUND
STATEMENT OF CHANGES IN EQUITY

	Note	Capital Account \$'000	Accumulated Surplus \$'000	Total \$'000
Balance as at 1 April 2011		471,635	554,714	1,026,349
Total Comprehensive Income for the Year		-	64,051	64,051
Balance as at 31 March 2012		<u>471,635</u>	<u>618,765</u>	<u>1,090,400</u>
Total Comprehensive Income for the Year		-	63,169	63,169
Balance as at 31 March 2013	4	<u><u>471,635</u></u>	<u><u>681,934</u></u>	<u><u>1,153,569</u></u>

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

FINANCIAL SECTOR DEVELOPMENT FUND CASH FLOW STATEMENT

For the year ended 31 March	Note	2013 \$'000	2012 \$'000
Cash Flows from Operating Activities			
Surplus for the Year		63,169	64,051
Adjustments for:			
Interest Income		(18,853)	(25,146)
Dividend Income		(70,402)	(69,186)
Gain from Financial Instruments at Fair Value through Profit or Loss		(40,782)	(28,303)
Foreign Exchange Loss		30,707	11,885
Operating Cash Flows before Changes in Working Capital		<u>(36,161)</u>	<u>(46,699)</u>
Decrease / (Increase) in Loans and Receivables		270	(1,560)
Increase / (Decrease) in Accruals and Other Liabilities		7,216	(13,149)
Dividend Received on Singapore Exchange Limited Shares		67,498	67,498
Interest Received from Bank Balances and Deposits held in Trust		730	387
Net Cash from Operating Activities		<u>39,553</u>	<u>6,477</u>
Cash Flows from Investing Activities			
Net (Increase) / Decrease in Financial Instruments at Fair Value through Profit or Loss		(104,528)	68,393
Dividend Received		3,094	1,397
Interest Received		16,933	27,113
Net Cash (used in) / from Investing Activities		<u>(84,501)</u>	<u>96,903</u>
Net (Decrease) / Increase in Cash and Cash Equivalents		(44,948)	103,380
Cash and Cash Equivalents as at beginning of the year		223,713	120,290
Effect of exchange rate changes on cash and cash equivalent		426	43
Cash and Cash Equivalents as at end of the year	5	<u>179,191</u>	<u>223,713</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 2013

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 Act (Chapter 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 (Chapter 186, 1999 Revised Edition) and the Singapore Financial Reporting Standards (FRS) and on an accrual basis.
- b) The following amendments to FRS relevant to the Fund are applicable in the current financial year.

Amendments to FRS 107 Financial Instruments: Disclosures

The amendments require additional disclosures for all transferred financial assets that are not derecognised in their entirety, and those that are derecognised in their entirety but for which the transferor retains continuing involvement existing as at the reporting date, irrespective of when the related transaction occurred. The amendments also clarify the conditions under which an entity is deemed to have transferred a financial asset.

The amendments to FRS 107 do not have any material impact on the Fund's financial statements.

- 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 management and the Investment Working Committee. They include fixed income securities, equities and commodities. Financial derivatives are used to manage exposures to foreign exchange and interest rate risks arising from investment activities and can be used for trading.
- 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 and financial derivatives 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 and loss are recognised as expenses on the transaction dates. Loans and receivables are carried at amortised cost and approximate their fair values.

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

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 expenses are presented on a net basis 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

	<u>2013</u>	<u>2012</u>
	\$'000	\$'000
3.1 Net Income/(Loss) from		
i) Financial Assets at Fair Value through Profit or Loss		
Held for Trading - Financial Derivatives	17,792	21,130
Financial Assets Designated as Fair Value through Profit or Loss at Initial Recognition	11,621	19,015
ii) Loans and Receivables	(865)	3,162
iii) Accruals and Other Liabilities	(1,501)	(3,678)
iv) Singapore Exchange Limited Shares held	67,498	67,498
	94,545	107,127
3.2 Interest Income from Financial Assets not at Fair Value through Profit or Loss		
i) Bank Balances and Deposits	853	721
ii) Loans and Receivables	19	2
	872	723
Total Net Income from Financial Assets and Liabilities	<u>95,417</u>	<u>107,850</u>
3.3 Grants	(31,595)	(43,894)
3.4 Other Net (Loss)/Income	(653)	95
Total Comprehensive Income for the Year	<u><u>63,169</u></u>	<u><u>64,051</u></u>

4 CAPITAL AND ACCUMULATED SURPLUS

4.1 The capital and accumulated surplus of the Fund comprise:

	<u>2013</u> \$'000	<u>2012</u> \$'000
Capital Account	471,635	471,635
Accumulated Surplus	681,934	618,765
Accumulated Fund as at 31 March	<u>1,153,569</u>	<u>1,090,400</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 (Chapter 186, 1999 Revised Edition).

4.3 As at 31 March 2013, 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 (Chapter 99B, 2000 Revised Edition). These SGX shares held have a market valuation of \$1.9 billion as at 31 March 2013 (31 March 2012: \$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 (Chapter 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 (Chapter 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 Fund's Investment Working Committee, Advisory Committee and the Minister-in-Charge.

5 BANK BALANCES AND DEPOSITS

5.1 These comprise the following:

	<u>Note</u>	<u>2013</u> \$'000	<u>2012</u> \$'000
Cash and Cash Equivalents		179,191	223,713
Bank Balances and Deposits held by Singapore Exchange Limited in trust for the Fund	5.2	62,015	62,860
		<u>241,206</u>	<u>286,573</u>

- 5.2 Included in bank balances and deposits of \$241.2 million as at 31 March 2013 is US\$50.0 million (\$62.0 million) (31 March 2012: \$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 Two committees, the Advisory Committee and Investment Working Committee which include members from the financial industry, advise on the usage and administration of the Fund, and manage its investments and risk management strategies respectively.
- 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.

6.3a) **Currency Risk**

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								2013
	SGD	USD	EUR	JPY	GBP	BRL	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS								
Bank Balances and Deposits	146,481	89,480	736	84	620	516	3,289	241,206
Financial Assets (pledged as collateral for financial derivatives)								
Fixed Income Securities	-	1,241	-	-	-	-	-	1,241
Financial Assets at Fair Value through Profit or Loss								
Financial Derivatives Receivable	364,270	(168,214)	(95,330)	(19,177)	(30,448)	-	(46,384)	4,717
Fixed Income Securities	120,366	302,095	94,980	17,352	22,633	19,377	213,715	790,518
Equities	-	47,027	-	-	3,317	28,862	76,744	155,950
	484,636	180,908	(350)	(1,825)	(4,498)	48,239	244,075	951,185
Loans and Receivables								
Other Receivables	4,375	2,960	5,367	49	319	126	5,819	19,015
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	-	-	2,500
	6,875	2,960	5,367	49	319	126	5,819	21,515
TOTAL ASSETS	637,992	274,589	5,753	(1,692)	(3,559)	48,881	253,183	1,215,147
LIABILITIES								
Financial Liabilities at Fair Value through Profit or Loss								
Financial Derivatives Payable	(6,990)	9,088	(146)	(1,483)	12,652	(6,707)	(4,054)	2,360
Accruals and Other Liabilities								
Accounts Payable - Grants	43,873	-	-	-	-	-	-	43,873
Other Payables	3,611	5,232	5,412	-	(75)	-	1,165	15,345
	47,484	5,232	5,412	-	(75)	-	1,165	59,218
TOTAL LIABILITIES	40,494	14,320	5,266	(1,483)	12,577	(6,707)	(2,889)	61,578
NET ASSETS	597,498	260,269	487	(209)	(16,136)	55,588	256,072	1,153,569
As at 31 March								
	SGD	USD	EUR	JPY	GBP	BRL	Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS								
Bank Balances and Deposits	169,325	112,335	929	114	538	1,564	1,768	286,573
Financial Assets (pledged as collateral for financial derivatives)								
Fixed Income Securities	-	1,509	-	-	-	-	-	1,509
Financial Assets at Fair Value through Profit or Loss								
Financial Derivatives Receivable	52,709	(32,714)	(14,235)	(960)	(241)	-	(1,380)	3,179
Fixed Income Securities	125,004	222,457	57,700	39,744	23,590	20,859	189,963	679,317
Equities	-	37,279	-	-	3,711	31,840	81,939	154,769
	177,713	227,022	43,465	38,784	27,060	52,699	270,522	837,265
Loans and Receivables								
Other receivables	6,064	12,750	1,337	84	217	62	6,536	27,050
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	-	-	2,500
	8,564	12,750	1,337	84	217	62	6,536	29,550
TOTAL ASSETS	355,602	353,616	45,731	38,982	27,815	54,325	278,826	1,154,897
LIABILITIES								
Financial Liabilities at Fair Value through Profit or Loss								
Financial Derivatives Payable	(253,642)	99,200	53,922	41,368	23,925	(5,148)	42,028	1,653
Accruals and Other Liabilities								
Accounts Payable - Grants	36,679	-	-	-	-	-	-	36,679
Other Payables	26,135	14,309	622	-	-	1,528	(16,429)	26,165
	62,814	14,309	622	-	-	1,528	(16,429)	62,844
TOTAL LIABILITIES	(190,828)	113,509	54,544	41,368	23,925	(3,620)	25,599	64,497
NET ASSETS	546,430	240,107	(8,813)	(2,386)	3,890	57,945	253,227	1,090,400

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	Non-Interest Bearing					2013 Total
	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
ASSETS						
Bank Balances and Deposits	61,191	150,248	29,767	-	-	241,206
Financial Assets (pledged as collateral for financial derivatives)						
Fixed Income Securities	-	1,241	-	-	-	1,241
Financial Assets at Fair Value through Profit or Loss						
Financial Derivatives Receivable	4,673	44	-	-	-	4,717
Fixed Income Securities	-	105,550	60,694	244,247	380,027	790,518
Equities	155,950	-	-	-	-	155,950
	160,623	105,594	60,694	244,247	380,027	951,185
Loans and Receivables						
Other Receivables	17,402	1,613	-	-	-	19,015
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	19,902	1,613	-	-	-	21,515
TOTAL ASSETS	241,716	258,696	90,461	244,247	380,027	1,215,147
LIABILITIES						
Financial Liabilities at Fair Value through Profit or Loss						
Financial Derivatives Payable	2,340	20	-	-	-	2,360
Accruals and Other Liabilities						
Accounts Payable - Grants	43,873	-	-	-	-	43,873
Other Payables	15,345	-	-	-	-	15,345
	59,218	-	-	-	-	59,218
TOTAL LIABILITIES	61,558	20	-	-	-	61,578
NET ASSETS	180,158	258,676	90,461	244,247	380,027	1,153,569
As at 31 March						
	Non-Interest Bearing					2012 Total
	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
ASSETS						
Bank Balances and Deposits	74,713	181,687	30,173	-	-	286,573
Financial Assets (pledged as collateral for financial derivatives)						
Fixed Income Securities	-	1,509	-	-	-	1,509
Financial Assets at Fair Value through Profit or Loss						
Financial Derivatives Receivable	3,179	-	-	-	-	3,179
Fixed Income Securities	-	90,176	67,201	233,767	288,173	679,317
Equities	154,769	-	-	-	-	154,769
	157,948	90,176	67,201	233,767	288,173	837,265
Loans and Receivables						
Other receivables	14,980	12,070	-	-	-	27,050
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	17,480	12,070	-	-	-	29,550
TOTAL ASSETS	250,141	285,442	97,374	233,767	288,173	1,154,897
LIABILITIES						
Financial Liabilities at Fair Value through Profit or Loss						
Financial Derivatives Payable	1,653	-	-	-	-	1,653
Accruals and Other Liabilities						
Accounts Payable - Grants	36,679	-	-	-	-	36,679
Other Payables	26,165	-	-	-	-	26,165
	62,844	-	-	-	-	62,844
TOTAL LIABILITIES	64,497	-	-	-	-	64,497
NET ASSETS	185,644	285,442	97,374	233,767	288,173	1,090,400

6.3c) **Market Risk Sensitivity Analysis**

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.

	Profit or Loss and Equity Impact	
	2013	2012
	\$'000	\$'000
Changes in Variables:		
Foreign Currency		
USD by 5%	13,013	12,005
EUR by 5%	24	(441)
JPY by 5%	(10)	(119)
Interest Rate		
by 1%	30,699	26,339
Equity		
by 10%	24,052	15,954
Commodity		
by 10%	(470)	262

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, custodian 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 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.
- d) The total carrying amounts of bank balances, deposits, financial derivatives, fixed income securities and loans and receivables represent the Fund's maximum credit exposure.

6.4e) **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.

As at 31 March	Credit Ratings			Unrated and Others	2013
	AAA	AA+ to BBB-		Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Bank Balances and Deposits	124,867	116,339	-		241,206
Financial Assets (pledged as collateral for financial derivatives)					
Fixed Income Securities	-	1,241	-		1,241
Financial Assets at Fair Value through Profit or Loss					
Financial Derivatives Receivable	-	25	4,692		4,717
Fixed Income Securities	284,896	450,454	55,168		790,518
	284,896	450,479	59,860		795,235
Loans and Receivables					
Other Receivables	1,684	13,822	3,509		19,015
Receivables from SEL Holdings Pte Ltd	-	-	2,500		2,500
	1,684	13,822	6,009		21,515
	411,447	581,881	65,869		1,059,197

As at 31 March	Credit Ratings			Unrated and Others	2012
	AAA	AA+ to BBB-		Total	
	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS					
Bank Balances and Deposits	149,000	137,573	-		286,573
Financial Assets (pledged as collateral for financial derivatives)					
Fixed Income Securities	-	1,509	-		1,509
Financial Assets at Fair Value through Profit or Loss					
Financial Derivatives Receivable	-	-	3,179		3,179
Fixed Income Securities	243,750	368,175	67,392		679,317
	243,750	368,175	70,571		682,496
Loans and Receivables					
Other receivables	1,826	21,300	3,924		27,050
Receivables from SEL Holdings Pte Ltd	-	-	2,500		2,500
	1,826	21,300	6,424		29,550
	394,576	528,557	76,995		1,000,128

f) *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.

g) *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.

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

There are no financial assets that are past due as at 31 March 2013 and 31 March 2012.

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	No Specific Maturity	Contractual Maturity Date				2013 Total
		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
ASSETS						
Bank Balances and Deposits	61,191	118,000	62,015	-	-	241,206
Financial Assets (pledged as collateral for financial derivatives)						
Fixed Income Securities	-	1,241	-	-	-	1,241
Financial Assets at Fair Value through Profit or Loss						
Financial Derivatives Receivable	-	1,690	22	(275)	92	1,529
Net Settled Derivatives	-	-	-	-	-	-
Gross Settled Derivatives	-	(473,643)	-	-	-	(473,643)
Outflow	-	476,325	-	-	-	476,325
Inflow	70,388	34,170	79,549	318,849	453,099	956,055
Fixed Income Securities	155,950	-	-	-	-	155,950
Equities	226,338	38,542	79,571	318,574	453,191	1,116,216
Loans and Receivables						
Other Receivables	2,629	9,991	-	-	-	12,620
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	5,129	9,991	-	-	-	15,120
TOTAL ASSETS	292,658	167,774	141,586	318,574	453,191	1,373,783
LIABILITIES						
Financial Liabilities at Fair Value through Profit or Loss						
Financial Derivatives Payable	-	1,915	53	141	(137)	1,972
Net Settled Derivatives	-	-	-	-	-	-
Gross Settled Derivatives	-	39,985	-	-	-	39,985
Outflow	-	(39,680)	-	-	-	(39,680)
Inflow	-	2,220	53	141	(137)	2,277
Accruals and Other Liabilities						
Accounts Payable - Grants	43,873	-	-	-	-	43,873
Other Payables	30	15,315	-	-	-	15,345
	43,903	15,315	-	-	-	59,218
TOTAL LIABILITIES	43,903	17,535	53	141	(137)	61,495
NET ASSETS	248,755	150,239	141,533	318,433	453,328	1,312,288
As at 31 March						
	No Specific Maturity	Up to 3 months	Over 3 months and up to 1 year	Over 1 year and up to 5 years	Over 5 years	2012 Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Bank Balances and Deposits	74,713	149,000	-	62,860	-	286,573
Financial Assets (pledged as collateral for financial derivatives)						
Fixed Income Securities	-	1,509	-	-	-	1,509
Financial Assets at Fair Value through Profit or Loss						
Financial Derivatives Receivable	-	3,086	34	-	-	3,120
Net Settled Derivatives	-	-	-	-	-	-
Gross Settled Derivatives	-	(158,595)	-	-	-	(158,595)
Outflow	-	158,654	-	-	-	158,654
Inflow	62,833	31,398	87,494	318,529	320,122	820,376
Fixed Income Securities	154,769	-	-	-	-	154,769
Equities	217,602	34,543	87,528	318,529	320,122	978,324
Loans and Receivables						
Other receivables	2,764	18,941	-	-	-	21,705
Receivables from SEL Holdings Pte Ltd	2,500	-	-	-	-	2,500
	5,264	18,941	-	-	-	24,205
TOTAL ASSETS	297,579	203,993	87,528	381,389	320,122	1,290,611
LIABILITIES						
Financial Liabilities at Fair Value through Profit or Loss						
Financial Derivatives Payable	-	870	377	142	-	1,389
Net Settled Derivatives	-	-	-	-	-	-
Gross Settled Derivatives	-	290,601	-	-	-	290,601
Outflow	-	(290,484)	-	-	-	(290,484)
Inflow	-	987	377	142	-	1,506
Accruals and Other Liabilities						
Accounts Payable - Grants	36,679	-	-	-	-	36,679
Other Payables	7	26,158	-	-	-	26,165
	36,686	26,158	-	-	-	62,844
TOTAL LIABILITIES	36,686	27,145	377	142	-	64,350
NET ASSETS	260,893	176,848	87,151	381,247	320,122	1,226,261

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	2013				
	North America	Developed Europe	Asia Pacific	Emerging Countries and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>FIXED INCOME SECURITIES</u>					
Government	91,852	58,771	87,030	191,022	428,675
Government Related	7,563	10,220	33,318	6,680	57,781
Corporates	104,186	71,703	37,180	4,892	217,961
Others	8,363	7,184	1,412	70,383	87,342
Total	211,964	147,878	158,940	272,977	791,759
<u>EQUITIES</u>					
Energy	-	5,968	-	3,105	9,073
Financials	-	-	-	17,722	17,722
Information Technology	-	4,303	-	29,229	33,532
Consumer Staples	4,808	3,536	-	26,698	35,042
Consumer Discretionary	1,695	6,195	-	7,908	15,798
Industrials	-	-	-	11,430	11,430
Materials	-	3,317	-	2,532	5,849
Telecommunication Services	-	-	-	21,854	21,854
Utilities	-	-	-	5,650	5,650
Total	6,503	23,319	-	126,128	155,950
<u>As at 31 March</u>					
					2012
	North America	Developed Europe	Asia Pacific	Emerging Countries and Others	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<u>FIXED INCOME SECURITIES</u>					
Government	104,079	53,663	112,934	169,126	439,802
Government Related	924	5,516	10,539	4,615	21,594
Corporates	35,027	18,716	50,607	1,377	105,727
Others	30,237	19,934	698	62,834	113,703
Total	170,267	97,829	174,778	237,952	680,826
<u>EQUITIES</u>					
Energy	-	3,063	-	6,339	9,402
Financials	-	-	-	14,279	14,279
Information Technology	-	-	-	32,904	32,904
Consumer Staples	4,998	6,224	-	20,699	31,921
Consumer Discretionary	-	-	-	14,746	14,746
Industrials	-	-	-	6,461	6,461
Materials	-	-	-	16,385	16,385
Telecommunication Services	-	-	-	23,971	23,971
Utilities	-	-	-	4,700	4,700
Total	4,998	9,287	-	140,484	154,769

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;
- 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.

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 **2013**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets (pledged as collateral for financial derivatives)				
Fixed Income Securities	1,241	-	-	1,241
Financial Assets at Fair Value through Profit or Loss				
Financial Derivatives Receivable	963	3,754	-	4,717
Fixed Income Securities	254,032	536,486	-	790,518
Equities	155,950	-	-	155,950
	410,945	540,240	-	951,185
	412,186	540,240	-	952,426
Financial Liabilities at Fair Value through Profit or Loss				
Financial Derivatives Payable	1,723	637	-	2,360
	1,723	637	-	2,360
NET ASSETS	410,463	539,603	-	950,066

As at 31 March **2012**

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Assets (pledged as collateral for financial derivatives)				
Fixed Income Securities	1,509	-	-	1,509
Financial Assets at Fair Value through Profit or Loss				
Financial Derivatives Receivable	675	2,504	-	3,179
Fixed Income Securities	280,340	397,992	985	679,317
Equities	154,769	-	-	154,769
	435,784	400,496	985	837,265
	437,293	400,496	985	838,774
Financial Liabilities at Fair Value through Profit or Loss				
Financial Derivatives Payable	1,520	133	-	1,653
	1,520	133	-	1,653
NET ASSETS	435,773	400,363	985	837,121

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

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

As at 31 March	Fixed Income Securities	Equities	2013 Total
	\$'000	\$'000	\$'000
Financial Assets at Fair Value through Profit or Loss			
Balance as at 1 April 2012	985	-	985
Sales	(985)	-	(985)
Balance as at 31 March 2013	-	-	-

As at 31 March	Fixed Income Securities	Equities	2012 Total
	\$'000	\$'000	\$'000
Financial Assets at Fair Value through Profit or Loss			
Balance as at 1 April 2011	-	-	-
Transfers into Level 3	985	-	985
Balance as at 31 March 2012	985	-	985

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.

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 options give the buyer on payment of a premium the right, but not the obligation, to buy or sell a specified amount of currency at a specified exchange rate on or before 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 options give the buyer on payment of a premium the right, but not the obligation, to fix the rate of interest on a future deposit or loan, for a specified period commencing on a specified future date.

Interest rate forwards are contracts to purchase or sell an underlying fixed income security at an agreed price 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 the return of changes in equity prices against changes in 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.

To be announced is a forward contract for the purchase or sale on a mortgage-backed security to be delivered by the seller at an agreed upon future date but does not include a specified pool number and number of pools or precise amount to be delivered.

- 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 contractual or 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 contractual or underlying principal 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 notional or contractual amounts indicate the volume of transactions outstanding at the balance sheet date:

	2013			2012		
	Contract or underlying principal amount	Fair Value		Contract or underlying principal amount	Fair Value	
		Receivable	Payable		Receivable	Payable
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Foreign exchange contracts						
Forwards	555,348	2,757	508	507,964	64	90
Interest rate contracts						
Futures purchased	57,403	329	-	8,505	5	44
Futures sold	62,546	-	865	-	-	-
Forwards purchased	2,708	14	50	-	-	-
Forwards sold	2,589	50	11	-	-	-
Swaps	20,439	44	20	-	-	-
Equity-related contracts						
Futures purchased	22,520	92	172	20,843	39	381
Futures sold	5,286	10	15	15,828	31	169
Swaps	72,434	771	-	61,834	2,422	-
Commodity-related contracts						
Futures purchased	3,099	200	587	8,363	101	896
Futures sold	7,802	333	84	5,746	499	30
Other derivatives						
To be announced	-	-	-	16,823	18	43
Credit default swaps purchased	9,868	108	24	-	-	-
Credit default swaps sold	1,905	9	24	-	-	-
	823,947	4,717	2,360	645,906	3,179	1,653

8 RELATED PARTY TRANSACTIONS

- 8.1 During the financial year, 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 at 31 March 2013 was \$6.9 million (31 March 2012: Nil).
- 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>2013</u> \$'000	<u>2012</u> \$'000
Interest Income	<u>444</u>	<u>360</u>

The Fund's deposit balance with the Authority at 31 March 2013 was \$118.0 million (31 March 2012: \$149.0 million).

9 COMMITMENTS

- 9.1 The Fund has outstanding commitments, amounting to \$81.7 million in respect of grants approved but not accrued as at 31 March 2013 (31 March 2012: \$53.4 million).
- 9.2 On 12 March 2013, the Fund committed to invest up to US\$50 million in an infrastructure fund, with the investment amount depending on it reaching a targeted size. As at 31 March 2013, the infrastructure fund has not reached its minimum target size.

10 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 on or after 1 January 2013 or later periods and which the Fund has not early adopted. The Fund does not expect the following new or revised standards that are applicable, to have a significant impact on the Fund's financial statements.

Effective for annual periods beginning on or after 1 January 2013

FRS 113 Fair Value Measurement

FRS 113 defines fair value, establishes a framework for measuring fair value and sets out the disclosure requirements for fair value measurements. It explains how to measure the fair value when it is required by other Financial Reporting Standards. It does not introduce new fair value measurements, neither does it eliminate the practicability exceptions to fair value measurements that currently exist in some standards.

Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments require more extensive disclosures including quantitative information about recognised financial instruments that are offset on the balance sheet, and that are subject to master netting or similar arrangements.

Effective for annual periods beginning on or after 1 January 2014

Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify that to qualify for offsetting in the balance sheet, the right of set-off must not be contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy.

11 COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the presentation in the current year.

12 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 March 2013 were authorised by the Minister-in-Charge for issuance and signed by the Minister and Managing Director of Monetary Authority of Singapore on 26 June 2013.