Temasek Financial (I) Limited

Registration Number: 200408713K

Financial Statements
Year ended 31 March 2013

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Directors' report

The directors present their report to the member of Temasek Financial (I) Limited (the "Company") together with the audited financial statements for the financial year ended 31 March 2013.

Directors

The directors of the Company in office at the date of this report are as follows:

Tan Chong Lee	(Appointed on 18 June 2012)
Rohit Sipahimalani	(Appointed on 18 June 2012)
Leong Wai Leng	
Chia Yue Joo	(Appointed on 18 June 2012)
Goh Bee Kheng	

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures in the Company or its related corporations, except as follows:

Name of director and corporations in which interests are held	Description of interests	Holdings registered in the name of the director, or their spouse or infant children	
		At 01/04/2012 or date of appointment (if later)	At 31/03/2013
Tan Chong Lee			
Singapore Airlines Limited	Ordinary shares	15,000	15,000
Singapore Telecommunications Limited	Ordinary shares	1,800	1,800
STATS ChipPAC Ltd.	Ordinary shares	3,000	3,000

Name of director and corporations in which interests are held	**Description of interests**	**Holdings registered in the name of the director, or their spouse or infant children**	
		At 01/04/2012 or date of appointment (if later)	**At 31/03/2013**
Leong Wai Leng			
Mapletree Commercial Trust Management Ltd.	Unit holdings in Mapletree Commercial Trust	79,000	79,000
Mapletree Greater China Commercial Trust Management Ltd.	Unit holdings in Mapletree Greater China Commercial Trust	-	35,000
Mapletree Industrial Trust Management Ltd	Unit holdings in Mapletree Industrial Trust	11,000	42,118
Mapletree Logistics Trust Management Ltd.	Unit holdings in Mapletree Logistics Trust	437,670	450,402
Mapletree Treasury Services Limited	S$250,000,000 3.88% Notes due on 04/10/2018	$250,000	$250,000
	S$90,000,000 4.45% Notes due on 07/03/2018	$500,000	$500,000
	S$350,000,000 4.6% Notes due on 20/08/2013	$500,000	$500,000
Neptune Orient Lines Limited	S$300,000,000 4.40% Notes due on 22/06/2021	$250,000	$250,000
Singapore Airlines Limited	Ordinary shares	4,800	4,800
	S$500,000,000 3.22% Notes due on 09/07/2020	$250,000	$250,000
Singapore Technologies Engineering Ltd	Ordinary shares	30,000	41,000
Singapore Telecommunications Limited	Ordinary shares	22,027	22,027
SMRT Corporation Ltd	Ordinary shares	4,000	4,000

Name of director and corporations in which interests are held	**Description of interests**	**Holdings registered in the name of the director, or their spouse or infant children**	
		At 01/04/2012 or date of appointment (if later)	**At 31/03/2013**
Leong Wai Leng (continued)			
SP AusNet, a stapled group comprising SP Australia Networks (Finance) Trust, SP Australia Networks (Transmission) Ltd and SP Australia Networks (Distribution) Ltd	Stapled securities	100,000[(1)]	100,000[(1)]
StarHub Ltd.	Ordinary shares	7,870	7,870
Chia Yue Joo			
Eugenics Ltd.	Ordinary shares	50,000[(2)]	50,000[(2)]
Singapore Airlines Limited	Ordinary shares	15,000	15,000
Singapore Technologies Engineering Ltd	Ordinary shares	455,297	534,652
	Options at S$3.23 each (Exercisable from 16/03/2008 to 15/03/2017)	40,000	-
	Conditional award of 20,000 performance shares to be delivered after 2012	0 to 34,000[(3)]	-
	Conditional award of 32,000 performance shares to be delivered after 2013	0 to 54,400[(4)]	0 to 54,400[(4)]
	Conditional award of 38,000 performance shares to be delivered after 2014	0 to 64,600[(5)]	0 to 64,600[(5)]
	Unvested restricted shares (Performance period from 01/01/2009 to 31/12/2010)	5,246[(6)]	-

Name of director and corporations in which interests are held	**Description of interests**	**Holdings registered in the name of the director, or their spouse or infant children**	
		At 01/04/2012 or date of appointment (if later)	**At 31/03/2013**
Chia Yue Joo (continued)			
Singapore Technologies Engineering Ltd (continued)	Unvested restricted shares (Performance period from 01/01/2010 to 31/12/2011)	13,554[(6)]	6,777[(6)]
	Unvested restricted shares (performance period from 01/01/2011 to 31/12/2012)	-	15,872[(6)]
	Conditional award of 32,000 restricted shares to be delivered after 2012	0 to 48,000[(7)]	-
	Conditional award of 38,000 restricted shares to be delivered after 2013	0 to 57,000[(8)]	0 to 57,000[(8)]
	Conditional award of 34,200 restricted shares to be delivered after 2014	-	0 to 51,300[(9)]
Singapore Telecommunications Limited	Ordinary shares	93,322	93,322
SMRT Corporation Ltd	Ordinary shares	90,000	90,000
STATS ChipPAC Ltd.	Ordinary shares	5,000	5,000
TeleChoice International Limited	Ordinary shares	18,000	18,000
Trusted Board Ltd	Options at S$1.00 each (Exercisable from 07/06/2004 to 06/06/2013)	3,000	3,000
Trusted Hub Ltd	Ordinary shares	1,875	1,875
Goh Bee Kheng			
Mapletree Commercial Trust Management Ltd.	Unit holdings in Mapletree Commercial Trust	10,000	10,000

Name of director and corporations in which interests are held	**Description of interests**	**Holdings registered in the name of the director, or their spouse or infant children**	
		At 01/04/2012 or date of appointment (if later)	**At 31/03/2013**
Goh Bee Kheng (continued)			
Singapore Technologies Engineering Ltd	Ordinary shares	2,505	2,505
Singapore Telecommunications Limited	Ordinary shares	177	177
StarHub Ltd.	Ordinary shares	2,000	2,000

(1) Each stapled security in SP AusNet consists of:
- A unit in SP Australia Networks (Finance) Trust;
- A share in SP Australia Networks (Transmission) Ltd; and
- A share in SP Australia Networks (Distribution) Ltd.

(2) Held in the name of ST Trustees Ltd.

(3) A minimum threshold performance over a three-year period from 2010 to 2012 is required for any performance shares to be released and the actual number of performance shares to be released is capped at 170% of the conditional award.

(4) A minimum threshold performance over a three-year period from 2011 to 2013 is required for any performance shares to be released and the actual number of performance shares to be released is capped at 170% of the conditional award.

(5) A minimum threshold performance over a three-year period from 2012 to 2014 is required for any performance shares to be released and the actual number of performance shares to be released is capped at 170% of the conditional award.

(6) Balance of unvested restricted shares to be released according to the stipulated vesting periods.

(7) A minimum threshold performance over a two-year period from 2011 to 2012 is required for any restricted shares to be released. A specified number of restricted shares to be released will depend on the extent of achievement of all performance conditions and will be delivered in phases according to the stipulated vesting periods.

(8) A minimum threshold performance over a two-year period from 2012 to 2013 is required for any restricted shares to be released. A specified number of restricted shares to be released will depend on the extent of achievement of all performance conditions and will be delivered in phases according to the stipulated vesting periods.

(9) A minimum threshold performance over a two-year period from 2013 to 2014 is required for any restricted shares to be released. A specified number of restricted shares to be released will depend on the extent of achievement of all performance conditions and will be delivered in phases according to the stipulated vesting periods.

Directors' contractual benefits

Since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that all or some directors have employment relationships with the immediate holding company and/or a related corporation and have received remuneration in those capacities.

Temasek Staff Co-Investment Plan

Tan Chong Lee, Rohit Sipahimalani, Leong Wai Leng, Chia Yue Joo and Goh Bee Kheng have each received an award of units granted under the Temasek Staff Co-Investment Plan ("T-Scope") implemented by Temasek Holdings (Private) Limited ("Temasek"), the immediate holding company of the Company, subject to certain performance conditions being met and other terms and conditions. The units confer the right, when exercised, to receive cash payments, the value of which is based on the compounded total shareholders' return of Temasek over the period commencing from the financial year of Temasek during which the commencement date occurs and ending on the financial year of Temasek immediately preceding the exercise date, as calculated in accordance with the provisions of the T-Scope.

Temasek Restricted Staff Co-Investment Plan

Tan Chong Lee, Rohit Sipahimalani, Leong Wai Leng, Chia Yue Joo and Goh Bee Kheng have each received an award of units granted under the Temasek Restricted Staff Co-Investment Plan ("R-Scope") implemented by Temasek. The units confer the right, when exercised, to receive cash payments, the value of which is based on the compounded total shareholders' return of Temasek over the period commencing from the financial year of Temasek during which the commencement date occurs and ending on the financial year of Temasek immediately preceding the exercise date, as calculated in accordance with the provisions of the R-Scope.

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

Auditors

The auditors, KPMG LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Leong Wai Leng
Director

Goh Bee Kheng
Director

1 July 2013

Statement by Directors

In the opinion of the directors:

(a) the financial statements set out on pages FS1 to FS16 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Company for the year then ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Leong Wai Leng
Director

Goh Bee Kheng
Director

1 July 2013

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Independent auditors' report

Member of the Company
Temasek Financial (I) Limited

Report on the financial statements

We have audited the accompanying financial statements of Temasek Financial (I) Limited (the "Company"), which comprise the balance sheet as at 31 March 2013, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS16.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
1 July 2013

Balance sheet
As at 31 March 2013

	Note	2013 $'000	2012 $'000
Non-current asset			
Loans to related companies	5	2,439,442	9,830,336
		2,439,442	9,830,336
Current asset			
Loan to related company	5	9,146,604	-
		9,146,604	-
Total assets		11,586,046	9,830,336
Equity			
Share capital	6	*	*
Hedging reserve	7	(2,374)	-
Accumulated (losses)/profits		(164,344)	18,132
Total equity		(166,718)	18,132
Non-current liability			
Borrowings	8	11,615,662	9,683,657
		11,615,662	9,683,657
Current liabilities			
Other payables	9	125,784	120,259
Current tax liabilities		11,318	8,288
		137,102	128,547
Total liabilities		11,752,764	9,812,204
Total equity and liabilities		11,586,046	9,830,336

* Amount is less than $1,000

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

Income statement
Year ended 31 March 2013

	Note	2013 $'000	2012 $'000
Revenue	10	117,990	118,525
Other income		165,995	25,703
Other expenses		(3,132)	(2,369)
Finance expenses		(460,299)	(424,437)
Loss before income tax	11	(179,446)	(282,578)
Income tax expense	12	(3,030)	(3,221)
Loss for the year		(182,476)	(285,799)

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

Statement of comprehensive income
Year ended 31 March 2013

	Note	2013 $'000	2012 $'000
Loss for the year		(182,476)	(285,799)
Other comprehensive income			
Effective portion of change in fair value of cash flow hedge, net of income tax	7	(2,516)	-
Cumulative change in fair value of cash flow hedge reclassified to the income statement, net of income tax	7	142	-
Other comprehensive income for the year, net of income tax		(2,374)	-
Total comprehensive income for the year		(184,850)	(285,799)

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

Statement of changes in equity
Year ended 31 March 2013

	Share capital $'000	Hedging reserve $'000	Accumulated (losses)/profits $'000	Total equity $'000
At 1 April 2011	*	-	303,931	303,931
Total comprehensive income for the year				
Loss for the year, representing total comprehensive income for the year	-	-	(285,799)	(285,799)
At 31 March 2012	*	-	18,132	18,132
At 1 April 2012	*	-	18,132	18,132
Total comprehensive income for the year				
Loss for the year	-	-	(182,476)	(182,476)
Other comprehensive income				
Effective portion of change in fair value of cash flow hedge, net of income tax	-	(2,516)	-	(2,516)
Cummulative change in fair value of cash flow hedge reclassified to the income statement, net of income tax	-	142	-	142
Total other comprehensive income	-	(2,374)	-	(2,374)
Total comprehensive income for the year	-	(2,374)	(182,476)	(184,850)
At 31 March 2013	*	(2,374)	(164,344)	(166,718)

* Amount is less than $1,000

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

Cash flow statement
Year ended 31 March 2013

	2013 $'000	2012 $'000
Cash flows from operating activities		
Loss before income tax	(179,446)	(282,578)
Adjustments for:		
Interest income	(117,990)	(118,525)
Finance expense	460,299	424,437
Exchange gain	(165,995)	(25,703)
	(3,132)	(2,369)
Changes in:		
Other payables	228	553
Loans to related companies	(1,660,274)	-
Net cash used in operating activities	(1,663,178)	(1,816)
Cash flows from financing activities		
Loans to related companies	-	422,931
Proceeds from issue of guaranteed notes	2,108,134	-
Interest paid	(444,956)	(421,115)
Net cash from financing activities	1,663,178	1,816
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of the year	-	-
Cash and cash equivalents at end of the year	-	-

Significant non-cash transactions

The Company has arrangements with its immediate holding company/related company such that certain cash receipts and payments relating to transactions of the Company are handled by its immediate holding company/related company on behalf of the Company, and settled through the Company's inter-company balances. The following are the significant non-cash transactions which were handled by the immediate holding company/related company for the Company and not included under financing activities in the cash flow statement:

	2013 $'000	2012 $'000
Interest received on behalf by immediate holding company/ related company	115,760	117,018
Loan to immediate holding company transferred to loan to related company	-	7,681,397

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 1 July 2013.

1 General information

Temasek Financial (I) Limited (the "Company") is incorporated in the Republic of Singapore. The address of the Company's registered office is 60B Orchard Road, #06-18 Tower 2, The Atrium@Orchard, Singapore 238891.

The principal activity of the Company is that of financing.

The immediate and ultimate holding company at the end of the financial year was Temasek Holdings (Private) Limited, incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

2.3 Functional and presentation currency

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

2.4 Use of estimates, assumptions and judgements

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

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

2.5 Changes in accounting policies

On 1 April 2012, the Company adopted the new or amended FRS and interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items denominated in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in income statement.

3.2 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise loans and receivables, borrowings and other payables.

Cash and cash equivalents comprise cash balances.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of ownership of the asset.

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in income statement. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables include loans to related companies and cash and cash equivalents which are measured at amortised cost using the effective interest method, less any impairment losses.

(b) Other payables

Other payables are carried at amortised cost using the effective interest method.

(c) Borrowings

Borrowings are carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Derivative financial instruments

The Company holds derivative financial instruments to hedge its risk exposures. The Company documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

Changes in the fair value of a derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented in the hedging reserve in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated, exercised or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction affects the income statement. When the hedged item is a non-financial asset, the amount recognised in equity is reclassified to the carrying amount of the asset when the asset is recognised. If the forecast transaction is no longer expected to occur, then the balance in equity is recognised immediately in the income statement. In other cases, the amount recognised in equity is reclassified to the income statement in the same period that the hedged item affects the income statement.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the income statement when the changes arise.

3.3 Impairment of financial assets

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

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Impairment losses in respect of financial assets measured at amortised cost are recognised in income statement.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

3.4 Revenue recognition

Revenue comprises of interest income and is recognised based on the effective interest method.

3.5 Finance expenses

Finance expenses comprise interest expense on borrowings and are recognised based on effective interest method.

3.6 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in income statement except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a transaction that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultantously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 New accounting standards and interpretations not yet adopted

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 April 2013 or later periods and which the Company has not early adopted. Management anticipates that the adoption of these standards in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

5 Loans to related companies

	Note	2013 $'000	2012 $'000
Current			
Interest-free loan to related company	(i)	9,146,604	-
Non-current			
Interest-free loan to related company	(ii)	-	7,374,617
Interest bearing loans to related companies	(iii)	2,441,000	2,459,300
Unamortised premium		(5,077)	(7,126)
		2,435,923	9,826,791
Interest receivable		3,519	3,545
		2,439,442	9,830,336

(i) Loan to related company is unsecured, interest-free and repayable on demand. No impairment loss has been recognised in respect of the loan to related company.

(ii) Loan to related company was unsecured and interest-free. The settlement of the amount was neither planned nor likely to occur in the foreseeable future. It was classified as non-current and stated at cost less accumulated impairment losses. No impairment loss has been recognised in respect of the loan to related company.

(iii) Loans to related companies are unsecured and bear fixed interest at 4.75% (2012: 4.75%) per annum and are repayable in 2015.

The fair values of the loans to related companies at the balance sheet date are \$2,697,363,000 (2012: \$2,793,722,000).

The fair values are determined from a discounted cash flow analysis, using a discount rate based upon the borrowing rates which the directors expect would be available to the Company at the balance sheet date. No impairment loss has been recognised in respect of the loans to related companies.

6 Share capital

	2013 No. of shares	2012 No. of shares
Fully paid ordinary shares, with no par value		
At beginning and end of the financial year	2	2

The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Capital management

The Company's capital management process is determined and managed by a related company. The Company's capital comprises its share capital and reserves.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

7 Hedging reserve

Hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet affected profit or loss.

8 Borrowings

The terms and conditions of the borrowings are as follows:

Principal	Year of maturity	Nominal interest rate %	2013 Face value $'000	2013 Carrying amount $'000	2012 Face value $'000	2012 Carrying amount $'000
US$1.75 billion	2015	4.5	2,171,750	2,167,347	2,203,775	2,197,637
US$1.5 billion	2019	4.3	1,861,500	1,854,416	1,888,950	1,880,816
US$0.5 billion	2039	5.375	620,500	612,100	629,650	620,981
S$0.3 billion	2029	4.0	300,000	299,041	300,000	299,002
S$0.3 billion	2039	4.2	300,000	298,882	300,000	298,860
S$1.0 billion	2020	3.265	1,000,000	998,470	1,000,000	998,274
S$0.5 billion	2025	3.785	500,000	499,214	500,000	499,163
S$0.5 billion	2035	4.0475	500,000	498,903	500,000	498,872
£0.2 billion	2022	4.625	377,214	375,270	400,710	398,471
£0.5 billion	2040	5.125	943,035	935,894	1,001,775	994,064
S$1.0 billion	2050	4.2	1,000,000	997,543	1,000,000	997,517
US$1.2 billion	2023	2.375	1,489,200	1,474,853	-	-
US$0.5 billion	2042	3.375	620,500	603,729	-	-
			11,683,699	11,615,662	9,724,860	9,683,657

These notes are part of a US$10.0 billion Guaranteed Global Medium Term Note Program (the "Program"). Under the Program, notes issued by the Company are fully and unconditionally guaranteed by its holding company.

The fair value of the borrowings at the balance sheet date is $12,925,866,775 (2012: $10,778,026,426).

9 Other payables

	2013 $'000	2012 $'000
Interest payable	125,352	119,291
Accrued operating expenses	432	968
	125,784	120,259

10 Revenue

	2013 $'000	2012 $'000
Interest income on loans to related companies	115,940	116,470
Amortisation of premium on loans to related companies	2,050	2,055
	117,990	118,525

11 Loss before income tax

The following items have been included in arriving at loss before income tax:

	2013 $'000	2012 $'000
Foreign exchange gain - net	(165,995)	(25,703)
Finance expenses		
- guaranteed notes	455,630	421,155
- amortisation of discount on guaranteed notes	4,669	3,282

12 Income tax expense

	2013 $'000	2012 $'000
Current tax expense		
Current year	3,030	3,221

Reconciliation of effective tax rate

	2013 $'000	2012 $'000
Loss before income tax	(179,446)	(282,578)
Income tax using Singapore tax rate of 17% (2012: 17%)	(30,506)	(48,038)
Expenses not deductible for tax purposes	62,084	55,788
Income not subject to tax	(28,548)	(4,529)
	3,030	3,221

13 Significant related party transactions

Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the significant transactions between the Company and its related parties are as follows:

	2013 $'000	2012 $'000
Central support service charge by:-		
- Immediate holding company	-	88
- related company	451	183

Transactions with key management personnel

The Company's directors are employees of the immediate holding company and/or a related corporation and no consideration is paid to the immediate holding company and/or related corporation for the services rendered by the directors.

14 Financial risk management

Overview

The Company's activities expose it to the following risks:
- credit risk
- liquidity risk
- market risk

The financial risk management of the Company is handled by a related company as part of the operations of the Temasek Holdings (Private) Limited Group (the "Group").

Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and receivables.

The carrying amount of financial assets represents the maximum exposure to credit risk before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

This exposure is managed by diversifying its credit risks and dealing mainly with high credit quality counterparties assessed by international credit rating agencies.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2013 $'000	2012 $'000
Loans and receivables	11,586,046	9,830,336

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity risk through funding from its immediate holding company.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Between 1 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
31 March 2013					
Non-derivative financial liabilities					
Other payables	125,784	125,784	125,784	-	-
Borrowings	11,615,662	18,908,095	471,625	3,813,927	14,622,543
	11,741,446	19,033,879	597,409	3,813,927	14,622,543
31 March 2012					
Non-derivative financial liabilities					
Other payables	120,259	120,259	120,259	-	-
Borrowings	9,683,657	16,520,614	422,525	3,745,119	12,352,970
	9,803,916	16,640,873	542,784	3,745,119	12,352,970

The maturity analysis show the undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity.

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's income.

The Company is exposed to interest rate risk mainly due to its loans to related companies and notes issued. The exposure is managed by maintaining a mix of fixed and floating interest bearing liabilities of various maturities and assessed using Value-at-Risk ("VaR") at Temasek Group Level.

The Company's exposure to foreign exchange risk arises from its financial assets and financial liabilities which are denominated in foreign currencies mainly in the United States dollars and Great Britain Pound. The exposure is managed and assessed using VaR at the Temasek Group Level.

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	Great Britain Pound $'000	**United States Dollar $'000**
31 March 2013		
Assets		
Loans to related companies	-	1,239,878
Liabilities		
Other payables	44,872	59,733
Borrowings	1,311,164	6,712,445
31 March 2012		
Assets		
Loans to related companies	-	1,257,024
Liabilities		
Other payables	47,859	50,530
Borrowings	1,392,535	4,699,434

Fair values

Determination of fair values

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Loans and receivables

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

The carrying amounts of loans and receivables with a maturity of less than one year approximate their fair values.

(ii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

The carrying amounts of other payables with a maturity of less than one year approximate their fair values.