



Temasek Financial (I) Limited

Registration Number: 200408713K

**Financial Statements
Year ended 31 March 2015**

Index to financial statements for the year ended 31 March 2015

	Page
Directors' report	1
Statement by directors	6
Independent auditors' report	7
Balance sheet	FS1
Income statement	FS2
Statement of comprehensive income	FS3
Statement of changes in equity	FS4
Cash flow statement	FS5
Notes to the financial statements	FS6

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 2015.

Directors

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

Chia Song Hwee	(Appointed on 24 November 2014)
Rohit Sipahimalani	
Leong Wai Leng	
Pek Siok Lan	(Appointed on 6 June 2014)
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:

<u>Name of director and corporations in which interests are held</u>	<u>Description of interests</u>	Holdings registered in the name of the director, or their spouse or infant children	
		At 01/04/2014 or date of appointment (if later)	At 31/03/2015
<u>Chia Song Hwee</u>			
Singapore Telecommunications Limited	Ordinary shares	2,970	2,970

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 01/04/2014 or date of appointment (if later)	At 31/03/2015
Leong Wai Leng			
Mapletree Commercial Trust Management Ltd.	Unit holdings in Mapletree Commercial Trust	80,891	83,729
Mapletree Greater China Commercial Trust Management Ltd.	Unit holdings in Mapletree Greater China Commercial Trust	135,000	135,000
Mapletree Industrial Trust Management Ltd	Unit holdings in Mapletree Industrial Trust	44,986	48,020
Mapletree Logistics Trust Management Ltd.	Unit holdings in Mapletree Logistics Trust	480,676	513,404
Mapletree Treasury Services Limited	Mapletree Treasury Straight Bond 3.88% due on 04/10/2018	S\$250,000	S\$250,000
	Mapletree Treasury Straight Bond 4.45% due on 07/03/2018	S\$500,000	S\$500,000
Neptune Orient Lines Limited	NOL Straight Bond 4.40% due on 22/06/2021	S\$250,000	S\$250,000
Singapore Airlines Limited	Ordinary shares	4,800	4,800
	Singapore Airlines Straight Bond 3.22% due on 09/07/2020	S\$250,000	S\$250,000
	Singapore Airlines Straight Bond 3.145% due on 08/04/2021	—	S\$250,000
Singapore Technologies Engineering Ltd	Ordinary shares	41,000	41,000
Singapore Telecommunications Limited	Ordinary shares	22,027	22,027
SMRT Corporation Ltd	Ordinary shares	4,000	4,000
StarHub Ltd.	Ordinary shares	7,870	7,870

<u>Name of director and corporations in which interests are held</u>	<u>Description of interests</u>	Holdings registered in the name of the director, or their spouse or infant children	
		At 01/04/2014 or date of appointment (if later)	At 31/03/2015
<u>Pek Siok Lan</u>			
Singapore Technologies Engineering Ltd	Ordinary shares	5,000	5,000
Singapore Telecommunications Limited	Ordinary shares	3,350	3,350
STATS ChipPAC Ltd.	Ordinary shares	38,000	38,000
TeleChoice International Limited	Ordinary shares	90,000	90,000
<u>Goh Bee Kheng</u>			
Mapletree Commercial Trust Management Ltd.	Unit holdings in Mapletree Commercial Trust	10,000	10,447
Mapletree Greater China Commercial Trust Management Ltd.	Unit holdings in Mapletree Greater China Commercial Trust	110,000	110,000
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

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

Chia Song Hwee, Rohit Sipahimalani, Leong Wai Leng, Pek Siok Lan, Goh Bee Kheng, Tan Chong Lee* and Chia Yue Joo# 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

Chia Song Hwee, Rohit Sipahimalani, Leong Wai Leng, Pek Siok Lan, Goh Bee Kheng, Tan Chong Lee* and Chia Yue Joo# 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.

* *Tan Chong Lee resigned as a director on 24 November 2014.*

Chia Yue Joo resigned as a director on 6 June 2014.

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

26 June 2015

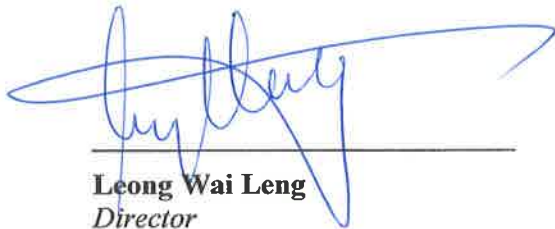
Statement by Directors

In the opinion of the directors:

- (a) the financial statements set out on pages FS1 to FS17 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2015 and the results, changes in equity and cash flows of the Company for the year then ended 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

26 June 2015



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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 2015, 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 FS17.

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 2015 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
Public Accountants and
Chartered Accountants

Singapore
26 June 2015

Balance sheet
As at 31 March 2015

	Note	2015 \$'000	2014 \$'000
Non-current asset			
Loans to related companies	5	—	2,460,219
Current asset			
Loans to related companies	5	10,988,381	8,784,147
Total assets		<u>10,988,381</u>	<u>11,244,366</u>
Equity			
Share capital	6	*	*
Hedging reserve	7	(1,944)	(2,161)
Accumulated losses		(1,608,511)	(764,825)
Total equity		<u>(1,610,455)</u>	<u>(766,986)</u>
Non-current liability			
Borrowings	8	10,047,778	11,868,360
Current liabilities			
Borrowings	8	2,404,402	—
Other payables	9	135,927	131,824
Current tax liabilities		10,729	11,168
		<u>2,551,058</u>	<u>142,992</u>
Total liabilities		<u>12,598,836</u>	<u>12,011,352</u>
Total equity and liabilities		<u>10,988,381</u>	<u>11,244,366</u>

* Amount is less than \$1,000

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

Income statement
Year ended 31 March 2015

	Note	2015 \$'000	2014 \$'000
Revenue	10	120,513	118,939
Other expenses		(469,710)	(233,984)
Finance expenses		(494,927)	(485,587)
Loss before income tax	11	(844,124)	(600,632)
Income tax credit	12	438	151
Loss for the year		(843,686)	(600,481)

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

Statement of comprehensive income
Year ended 31 March 2015

	2015	2014
	\$'000	\$'000
Loss for the year	(843,686)	(600,481)
Other comprehensive income		
<u>Item that is or may be reclassified subsequently to the income statement:</u>		
Cumulative change in fair value of cash flow hedge reclassified to the income statement	217	213
Other comprehensive income for the year	217	213
Total comprehensive income for the year	(843,469)	(600,268)

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

Statement of changes in equity
Year ended 31 March 2015

	Share capital \$'000	Hedging reserve \$'000	Accumulated losses \$'000	Total equity \$'000
At 1 April 2013	*	(2,374)	(164,344)	(166,718)
Total comprehensive income for the year				
Loss for the year	—	—	(600,481)	(600,481)
<u>Other comprehensive income</u>				
Cumulative change in fair value of cash flow hedge reclassified to the income statement, net of income tax	—	213	—	213
Total other comprehensive income	—	213	—	213
Total comprehensive income for the year	—	213	(600,481)	(600,268)
At 31 March 2014	*	(2,161)	(764,825)	(766,986)
At 1 April 2014	*	(2,161)	(764,825)	(766,986)
Total comprehensive income for the year				
Loss for the year	—	—	(843,686)	(843,686)
<u>Other comprehensive income</u>				
Cumulative change in fair value of cash flow hedge reclassified to the income statement, net of income tax	—	217	—	217
Total other comprehensive income	—	217	—	217
Total comprehensive income for the year	—	217	(843,686)	(843,469)
At 31 March 2015	*	(1,944)	(1,608,511)	(1,610,455)

* Amount is less than \$1,000

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

Cash flow statement
Year ended 31 March 2015

	2015	2014
	\$'000	\$'000
Cash flows from operating activities		
Loss before income tax	(844,124)	(600,632)
Adjustments for:		
Interest income	(120,513)	(118,939)
Finance expenses	494,927	485,587
Unrealised exchange loss	467,502	231,400
	(2,208)	(2,584)
Changes in:		
Other payables	452	347
Loans to related companies	492,477	479,242
Cash generated from operating activities	490,721	477,005
Interest paid	(490,721)	(477,005)
Net cash from operating activities	—	—
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 transaction

The following is a significant non-cash transaction which was not included under financing activity in the cash flow statement:

	2015	2014
	\$'000	\$'000
Interest received on behalf by related company	118,463	116,889

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 26 June 2015.

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 Adoption of new and amended FRS and interpretations of FRS

On 1 April 2014, the Company adopted new and amended FRS and interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. 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 the following new or amended FRS and INT FRS that are relevant to the Company had no material effect on the amounts reported for the current or prior financial years.

Amendments to FRS 32 Financial Instruments: Presentation – Offsetting of Financial Assets and Financial Liabilities

Under the amendments to FRS 32, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

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 the income statement.

3.2 Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise loans to related companies, cash and bank balances, borrowings and other payables.

Cash and bank balances 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 the 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 bank balances 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 the income statement 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 and hedging activities

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. 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 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 expense

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.

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

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 April 2015 and which the Company has not early adopted. The Company is currently evaluating the impact of the application of these standards and interpretations on the Company's financial statements.

5 Loans to related companies

	2015	2014
	\$'000	\$'000
Non-current		
Loans to related companies	—	2,459,700
Unamortised premium	—	(3,027)
	—	2,456,673
Interest receivable	—	3,546
	—	2,460,219
Current		
Loans to related companies	10,985,645	8,784,147
Unamortised premium	(977)	—
	10,984,668	8,784,147
Interest receivable	3,713	—
	10,988,381	8,784,147

Included in loans to related companies are:

- (i) Amounts of \$8,411,145,000 (2014: \$8,784,147,000) which are unsecured, interest-free and repayable on demand; and
- (ii) Amounts of \$2,577,236,000 (2014: \$2,460,219,000) which are unsecured, bears fixed interest at 4.75% (2014: 4.75%) per annum and are repayable in 2015 (2014: 2015).

The fair value of non-current loans to related companies as at 31 March 2014 is \$2,605,294,000.

No impairment loss has been recognised in respect of the loans to related companies.

6 Share capital

	2015	2014
	No. of shares	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 the income statement.

8 Borrowings

	2015	2014
	\$'000	\$'000
Non-current		
Borrowings	10,047,778	11,868,360
Current		
Borrowings	2,404,402	—

The terms and conditions of the borrowings are as follows:

Principal	Year of maturity	Nominal interest rate %	2015		2014	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
US\$1.75 billion	2015	4.5	2,405,375	2,404,402	2,204,475	2,201,754
US\$1.5 billion	2019	4.3	2,061,750	2,055,969	1,889,550	1,883,397
US\$0.5 billion	2039	5.375	687,250	678,373	629,850	621,503
S\$0.3 billion	2029	4.0	300,000	299,125	300,000	299,082
S\$0.3 billion	2039	4.2	300,000	298,930	300,000	298,906
S\$1.0 billion	2020	3.265	1,000,000	998,879	1,000,000	998,671
S\$0.5 billion	2025	3.785	500,000	499,323	500,000	499,268
S\$0.5 billion	2035	4.0475	500,000	498,968	500,000	498,935
£0.2 billion	2022	4.625	406,824	405,105	419,278	417,307
£0.5 billion	2040	5.125	1,017,060	1,009,634	1,048,195	1,040,396
S\$1.0 billion	2050	4.2	1,000,000	997,600	1,000,000	997,571
US\$1.2 billion	2023	2.375	1,649,400	1,636,444	1,511,640	1,498,404
US\$0.5 billion	2042	3.375	687,250	669,428	629,850	613,166
			<u>12,514,909</u>	<u>12,452,180</u>	<u>11,932,838</u>	<u>11,868,360</u>

These notes are part of a US\$15.0 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 \$13,757,924,000 (2014: \$12,548,869,000).

The fair value hierarchy information related to borrowings are disclosed in note 15.

9 Other payables

	2015 \$'000	2014 \$'000
Interest payable	135,286	131,253
Accrued operating expenses	641	571
	<u>135,927</u>	<u>131,824</u>

10 Revenue

	2015 \$'000	2014 \$'000
Interest income on loans to related companies	118,463	116,889
Amortisation of premium on loans to related companies	2,050	2,050
	<u>120,513</u>	<u>118,939</u>

11 Loss before income tax

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

	2015 \$'000	2014 \$'000
Foreign exchange loss – net	467,502	231,400
Finance expenses		
- guaranteed notes	489,474	480,092
- amortisation of discount on guaranteed notes	5,453	5,495
	<hr/>	<hr/>

12 Income tax credit

	2015 \$'000	2014 \$'000
Current tax expense/(credit)		
Current year	2,542	1,936
Group relief	(2,647)	(1,959)
Overprovision in respect of prior year	(333)	(128)
	<hr/>	<hr/>
	(438)	(151)

Reconciliation of effective tax rate

Loss before income tax	<hr/>	<hr/>
	(844,124)	(600,632)
Income tax using Singapore tax rate of 17% (2014: 17%)	(143,501)	(102,107)
Expenses not deductible for tax purposes	146,613	104,469
Income not subject to tax	(570)	(426)
Benefit on tax losses transferred in	(2,647)	(1,959)
Overprovision in respect of prior year	(333)	(128)
	<hr/>	<hr/>
	(438)	(151)

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:

	2015 \$'000	2014 \$'000
Central support service charge by:		
- related company	262	410
	<hr/>	<hr/>

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 financial risk management of the Company is handled by a related company.

The Company's activities expose it to the following risks:

- credit risk
- liquidity risk
- market risk

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 in the balance sheet represents the Company's maximum exposure to credit risk. 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:

	2015	2014
	\$'000	\$'000
Loans and receivables	10,988,381	11,244,366

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:

	<u>Carrying amount</u>	<u>Cash flows</u>			
		<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>Between 1 to 5 years</u>	<u>More than 5 years</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
2015					
<i>Non-derivative financial liabilities</i>					
Other payables	135,927	135,927	135,927	—	—
Borrowings	12,452,180	19,136,046	2,856,812	4,651,011	11,628,223
	<u>12,588,107</u>	<u>19,271,973</u>	<u>2,992,739</u>	<u>4,651,011</u>	<u>11,628,223</u>
2014					
<i>Non-derivative financial liabilities</i>					
Other payables	131,824	131,824	131,824	—	—
Borrowings	11,868,360	18,884,936	482,989	3,789,228	14,612,719
	<u>12,000,184</u>	<u>19,016,760</u>	<u>614,813</u>	<u>3,789,228</u>	<u>14,612,719</u>

The maturity analysis shows 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.

Interest rate risk

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 assets and liabilities of various maturities and assessed using Value-at-Risk (VaR) at a related company level.

Foreign exchange risk

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 Dollar and Pounds Sterling. The exposure is assessed using VaR at a related company level.

The Company's exposure to foreign currency risk was as follows:

	Pounds Sterling \$'000	United States Dollar \$'000
2015		
Loans to related companies	—	1,375,932
Other payables	(48,395)	(66,095)
Borrowings	(1,414,739)	(7,444,616)
	<u>(1,463,134)</u>	<u>(6,134,779)</u>
2014		
Loans to related companies	—	1,259,785
Other payables	(49,876)	(60,885)
Borrowings	(1,457,703)	(6,818,224)
	<u>(1,507,579)</u>	<u>(5,619,324)</u>

15 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

The fair value of borrowings, which is determined for disclosure purposes, is determined by reference to quoted prices that are observable for identical liabilities as at balance sheet date.

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

Fair value hierarchy

The tables below analyse fair value measurements for assets and liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- 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).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

*Financial assets and financial liabilities not carried at fair value but which fair values are disclosed**

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2015				
Borrowings	—	(13,757,924)	—	(13,757,924)
2014				
Loans to related companies	—	—	2,605,294	2,605,294
Borrowings	—	(12,548,869)	—	(12,548,869)
	—	(12,548,869)	2,605,294	(9,943,575)

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

