



Nurturing
Excellence
Realising
Ambitions

imas

Investment Management
Association of Singapore

ANNUAL REPORT
2005/2006



imas

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CHAIRMAN'S STATEMENT



Industry

The asset management industry in Singapore continues to grow vigorously as shown in the "2005 Singapore Asset Management Industry Survey" by the Monetary Authority of Singapore. Assets under management (AUM) in 2005 totaled S\$720.4 billion, up 26% from S\$572.6 billion in 2004.

More than 80% of the total AUM was sourced from outside Singapore. The Asia Pacific region remained the main market, accounting for 44% of the total funds sourced. About 33% came from the US and Europe. Funds from the Middle East and South Asia grew by 30% and 56% respectively.

Funds were mainly invested in equities (47%) and bonds (20%). Alternative investments, commodities, derivatives and foreign exchange products accounted for 11%, cash instruments made up 15%, and the remaining 7% comprised collective investment schemes. The survey shows that Singapore remains a centre for the management of Asian mandates.

The number of indigenous asset management companies stood at 126 as at end 2005 – an increase of 14% from end 2004. The number of investment professionals rose from 1,135 to 1,229 in 2005, an increase of 8%.

There were 381 Collective Investment Schemes (CIS) in 2005, with S\$24.6 billion under management. The survey noted that AUM in Equity Funds and Fixed Income CIS grew by 31% and 95% respectively in 2005. Asia accounted for 57% of CIS investments, an increase of 7%.

IMAS Developments

The Management Committee is responsible for the oversight and governance of the various sub-committees. Work on the new Constitution and associated Bye-laws on Discipline and the Professional Conduct Committee was completed and approval obtained from the Registrar of Societies for the new Constitution. The new Constitution was adopted after a Special General Meeting in April 2006.

To enhance the attractiveness of retail investments, IMAS took proactive steps to reduce the cost of retail unit trusts. After consulting the industry, IMAS made recommendations to the CPF Board to keep the total expense ratio (TER) of CPFIS funds within acceptable limits. In December 2005, the CPF Board announced that it would tighten new admission criteria for funds. IMAS has been working with fund managers on existing unit trusts which have TERs significantly above market averages to seek solutions to reduce their expense ratios.

Teaming up with LIA and Standard and Poor's, IMAS produced a simplified and consumer-friendly version of the CPFIS performance results report for the retail investor. This will be part of the CPF Board's and IMAS' efforts in educating CPF investors.

IMAS met with MAS to discuss working together with regional regulators and fund management associations to move towards mutual recognition of regional funds and money managers. This will enable the distribution and sale of Singapore-registered funds in the region, and put on sale in Singapore funds from the region. We will work initially on bilateral agreements with specific countries. IMAS is also in discussions with the MAS regarding the tax treatment of boutique fund managers.

The training of our professionals continues to be a key IMAS project. We have worked with the Financial Industry Competencies Standards (FICS) project to define professional standards for various job families within the finance industry. We are also working to develop an industry-wide training programme for middle and back-office staff.

The national financial education project, MoneySENSE, has been a useful platform for us to work on investor education in collaboration with MAS. IMAS, together with MAS, CPF Board and various associations, co-funded the guide "Making Sense of Common Financial Documents". Several lunch-time talks were organized, with speakers invited from within and outside the fund management industry. IMAS also developed a guide-book with the National Council of Social Services on "Guidelines for Investing for Seniors".

We have completed the Code of Advertising for Collective Investment Schemes, after consultations with MAS, Association of Banks in Singapore (ABS) and Life Insurance Association (LIA). This document will be a useful reference for member companies advertising their unit trusts and investment linked products.

We continue to be the official country sponsor for Global Investment Performance Standards (GIPS), considered the gold standard for performance measurement reports. We will be working with fund sponsors to adopt the system as the recognized measure for the calculation and presentation of the investment performance of fund management firms in Singapore.

IMAS will be working with other like-minded organisations to improve the level of corporate governance in Singapore. We will be conducting seminars, and encouraging fund managers to attend meetings of companies in which they invest, to fulfil their fiduciary responsibilities. We will also continue to provide a forum for our members to discuss and resolve industry issues, and represent our industry with the regulators.

In December 2005, we appointed a new Executive Director, V. Giri Mudeliar, and IMAS' office moved to One Phillip Street in June 2006. We have since taken over the finance and administration duties from Boardroom Limited.

The Executive Committee and I would like to express our appreciation and thanks to all who have contributed their voluntary time and efforts to IMAS, including the full time staff at IMAS who have provided dedicated and professional support. IMAS looks forward to working with our members and stakeholders to enhance the investment management industry in Singapore.



Greg Seow
Chairman

COMMITTEE REPORTS



for the financial year ended 30 June 2006

EXECUTIVE COMMITTEE

Chairman

Mr Greg Seow

Deputy Chairman

Mr Lindsay Mann
First State Investments (Singapore)

Secretary

Mr Murray Coble
Schroder Investments Management
(Singapore) Ltd

Treasurer

Mr Roy Diao
Fischer Francis Trees & Watts (S) Pte Ltd

Committee Members

Mr Hou Wey Fook
Lion Capital Management Ltd

Ms Jill Smith

Legg Mason Asset Management Asia Pte Ltd

Mr Keith Perkins

Navigator Investment Services (Ltd)

Mr Kirk West

Principal Global Investors (S) Ltd

Mr Andrew Kwek

Deutsche Asset Management (Asia) Ltd

Dr Tan Chong Koay

Pheim Asset Management (Asia) Pte Ltd

Honorary Advisors

Dr Aaron Low

Singapore Society of Financial Analysts

Mr Rama Pillai

Singapore Exchange Ltd

Mr Surinder D Kathpalia

Standard and Poor's

DIRECTORS & OFFICERS

Executive Director

Mr V. Giri Mudeliar

Associate Director

Ms Jeanne Chow

Manager of Finance and Administration

Mr Parasuram Krishnan

REGISTERED OFFICE

1 Phillip Street #10-02
Singapore 048692

AUDITORS

PricewaterhouseCoopers
8 Cross Street
#17-00 PWC Building
Singapore 048424



Chairman
Mr Greg Seow



Deputy Chairman
Mr Lindsay Mann



Treasurer
Mr Roy Diao



Secretary
Mr Murray Coble



Committee Member
Mr Andrew Kwek



Committee Member
Mr Keith Perkins



Committee Member
Mr Kirk West



Committee Member
Dr Tan Chong Koay

Committee Member
Ms Jill Smith



Committee Member
Mr Hou Wey Fook



Honorary Advisor
Mr Rama Pillai



Honorary Advisor
Mr Aaron Low



Honorary Advisor
Mr Surinder D Kathpalia



Executive Director
Mr V. Giri Mudeliar



Manager of Finance and Administration
Mr Parasuram Krishnan



Associate Director
Ms Jeanne Chow

MANAGEMENT COMMITTEE



Chairman

Mr Greg Seow

Deputy Chairman

Mr Lindsay Mann

Secretary

Mr Murray Coble

Treasurer

Mr Roy Diao

Executive Director

Mr V. Giri Mudeliar

This Committee oversees the Secretariat, and is responsible for the oversight and governance of the various Sub-Committees. The Regulatory, Investor Education and Development and Professional Conduct Committees report to the IMAS Executive Committee. All decisions on matters of discipline of members will be made at this level.

Mr Lindsay Mann, Deputy Chairman took on the task of reviewing the IMAS Constitution and its Bye Laws. The main objective in the review was to restrict Regular Members to companies whose sole/core activity is fund management. The changes were approved by the Registrar of Societies and adopted after a Special General Meeting in April 2006. We would like to record our thanks to Ms Choo Wai Hong of Wong Partnership for her assistance in this revision.

Members have been informed of the tiered revision in fees which are effective from July 2006. The revised fee structure remains one of the lowest amongst industry associations in Asia and in developed markets and provides a more equitable basis for membership fees to fund the Association's expanding work within the industry.

The Management Committee appointed a new Executive Director to fill the vacancy created by the resignation of Mr Andrew Kwek.

REGULATORY COMMITTEE



Chairman

Mr Lindsay Mann

Co-Chairman

Mr Murray Coble

Members

Mr Rama Pillai

Mr Quek Bin-Hwee

Mr Nigel Stead

Mr Sean Chong

Mr Arjun Bambawale

The Regulatory Committee is responsible for advising the IMAS Committee on any matters relating to the regulation of the investment management industry in Singapore. It also has responsibility for all matters relating to the professional conduct of IMAS members.

In carrying out its responsibilities, the Regulatory Committee will co-ordinate the preparation of the industry's response to Government consultation papers, develop and maintain appropriate Byelaws, Standards, Codes, Guidelines, Commentaries and other notices and oversee the activities of the Professional Conduct Committee.

In 2006, the Regulatory Committee finalized and publicized the Bye-Laws on Disciplinary Rules and Procedures and the Bye-Laws on the Professional Conduct Committee, both issued on 7 April 2006. This followed the obtaining of approval from the Registrar of Societies for changes to the IMAS Constitution which facilitated the new Bye-Laws.

The new Professional Conduct Committee was established in accordance with the revised Constitution.

While the Regulatory Committee received a small number of enquiries about market practices of members, we are pleased to report that none of these required the activation of the Professional Conduct Committee.

The Regulatory Committee also completed work on the Code of Best Practices in Advertising Collective Investment Schemes and Investment-Linked Life Insurance Policies. This was prepared jointly with the Life Insurance Association. It was approved by the IMAS Committee and is effective from 1 October 2006. This Code is expected to be a "living document" and will be updated from time to time to reflect market practices which IMAS considers best practices.

Following the introduction of the revised Guidelines for the Disclosure of Expense Ratios, the Committee assisted with responses to a small number of enquiries from members.

The Committee is currently working on a project to implement an industry standard reference check for CMS Licensed Representatives.

The Committee is committed to promoting and upholding high levels of professionalism and encourages best practices among members so that they continue to give quality service to our investor clients.

INVESTOR EDUCATION COMMITTEE



Chairman

Mr Hou Wey Fook

Co-Chairman

Dr Joseph Lim

Members

Mr Surinder Kathpalia

Mr Freddy Orchard

Ms Genevieve Cua

Ms June Chua

Mr Andrew Kwek

This committee plans programmes to cater to the following groups:

- a) Retail Investor Education
- b) Institutional Investor Education
- c) Training needs of our professionals

In collaboration with the Association of Banks and the Monetary Authority of Singapore, we produced a booklet entitled "Making Sense of Unit Trusts." Copies of these booklets were made available at bank branches from August 2005. IMAS also contributed to the MAS Moneysense Roadshow from 31 March to 2 April 2006, with a presentation on "Making Sense of Unit Trusts".

IMAS also worked with the Elderly Financial Guidelines Workgroup, headed by the National Council of Social Services, to develop "Guidance Tips for Seniors on Personal Investing".

For institutional investors, IMAS with ACI, SSFA and the GIC organizes the Singapore Investment Forum. These forums are held every half yearly and feature senior practitioners and specialists who deliver keynote addresses combined with panel sessions that discuss subjects of topical interest to the fund management world.

Monthly luncheon briefings are good networking member forums. We invite speakers to give presentations on a wide range of subjects. Over the year there were presentations on Attracting & Retaining Talent in the Asset Management Industry, Investment Performance Standards, Straight through Processing, Career Development Night, Collateralised Debt Obligations and Achieving the Optimal Mix of active and passive management. We cover a spectrum of interests from portfolio management to operations and look forward to members encouraging their staff to attend. These luncheon briefings are advertised on our website www.imas.org.sg and email alerts are sent to registered members of our website.

The Annual IMAS Conference was held on 20 September 2005. The theme for the conference was "Successful fund management in a period of low investment returns." The event brought together experts in their respective fields to share their thoughts with investment professionals, fund sponsors, regulators and regional representatives of the industry.

DEVELOPMENTAL COMMITTEE



Chairman

Mr Rajiv Vij

Co-Chairman

Ms Jill Smith

Members

Mr Andrew Kwek
Ms Hazel McNeillage

This committee looks into projects which will see significant developments within the fund management industry. This year, the committee looked at several initiatives:

- a) Lowering the cost of retail investing
- b) Mutual recognition and distribution of funds in the region
- c) Developing the boutique fund management industry

IMAS decided to begin the focus on lowering the cost of retail investing with retirement monies within the CPF system. The broader goal is to have lower priced products enter the CPF system. The hoped-for spillover from lower investing costs would be for the longer term increase in AUM volumes for member fund providers. IMAS held an industry forum in August 2005 to discuss what the industry can do. From the feedback, IMAS suggested to the Board to consider mandating a certain percentage of contributions for investments into prescribed life cycle buckets. This aims to achieve economies of scale from increasing fund flows and to raise investor focus on retirement investing strategies and the appropriate asset allocation for the achievement of long term goals, using CPF monies.

Prime Minister Lee Hsien Loong, at the CPF Board 50th Anniversary Dinner & Dance in September 2005, suggested that the CPF Board design a default pension plan with an opt-out scheme and also to find 'simple and convenient means to allow members to aggregate their CPF savings'. PM Lee also mentioned that the Board will 'tighten the requirements of the CPFIS to lower cost ratios' and 'encourage consolidation among the funds to achieve greater economies of scale'.

In December 2005, IMAS did a study on all the TERs of CPFIS included funds, and released a consultation paper on Total Expense Ratio (TER) recommendations. Since then, IMAS has been working with fund managers who manage funds with TERs significantly above the industry average, to review cost and discuss what can be done to bring the TERs to the mean.

IMAS is pleased to report that all the fund managers, that we spoke with, were agreeable to take significant steps to bring their fund's cost in line with the industry average. Since then, the CPF Board has tightened its admission criteria for funds seeking admission onto the platform, invariably creating pressure on existing funds to improve on quality and to reduce expenses. IMAS continues to lobby the regulators to encourage other financial intermediaries whose fees contribute significantly to retail investing costs.



On the subject of cross border mutual recognition of funds, IMAS has also been in discussions with the authorities and regional associations to determine synergies. The intended approach is to create the environment to formulate bilateral talks; regulator to regulator and association to association. The objective is to promote fund passportability within the region and have Singapore as the centre for Asian fund products.

For the boutique fund managers, IMAS has lobbied the regulators to grow the industry, suggesting tax breaks and to lower the contribution criteria for professional indemnity insurance for boutiques. The regulators have recently issued revisions in their criteria for the capital markets services licence and the representatives license and included a favourable revision to professional indemnity insurance premiums payable by these member companies.

IMAS MEMBERSHIP



Regular Membership

A

Aberdeen Asset Management Asia Limited
 ABN AMRO Asset Management (Singapore) Ltd
 AGF Asset Management Asia Limited
 AIG Global Investment Corporation (S) Ltd
 Alliance Capital Management (S) Ltd
 Allianz Global Investors Singapore Limited
 Aman Capital Management Ltd
 APS Asset Management Pte Ltd
 Aquarius Investment Advisors Pte Ltd
 Arisaig Partners (Asia) Pte Ltd
 ARN Investment Partners Pte Ltd
 Asia Genesis Asset Management Pte Ltd
 AXA Rosenberg Investment Management Ltd
 AXA Wealth Management Singapore Pte Ltd

B

Bank Sarasin-Rabo (Asia) Limited
 Barclays Global Investors Southeast Asia Ltd
 BCV Investment Asia (S) Pte Ltd
 Blackhorse Asset Management Pte Ltd
 BNP Paribas Asset Management Singapore Limited

C

Capital International Research & Management Inc
 Chartered Asset Management Pte Ltd
 Citibank N.A.
 Citigroup Asset Management
 City of London Investment Management Company Ltd
 Clariden Asset Management (S) Pte Ltd
 Commerzbank Asset Management Asia Ltd
 Commerz Capital International Pte Ltd
 Credit Agricole Asset Management Singapore Limited



D

Daiwa Asset Management (Singapore) Ltd
Daiwa SB Investments (Singapore) Ltd
DBS Asset Management Ltd
DBS Vickers Research (Singapore) Pte Ltd
DBS Vickers Securities (Singapore) Pte Ltd
Deutsche Asset Management (Asia) Limited
Dryden Wealth Management (Singapore) Limited

F

Ferrell Asset Management Pte Ltd
Fidelity Investments (Singapore) Limited
First State Investments (Singapore)
Fischer Francis Trees & Watts (S) Pte Ltd
Fullerton Fund Management Company Ltd

G

GK Goh Research Pte Ltd
GMO Singapore Pte Limited
Goldman Sachs (Singapore) Pte
Guoco Investment Services Pte Ltd

H

Henderson Global Investors (S) Ltd
HSBC Investments (Singapore) Limited
HVB Asset Management Asia Limited

I

iFast Financial Pte Ltd
ING Investment Management Asia Pacific (Singapore) Ltd
International Mezzanine Fund Management Limited
Invesco Asset Management Singapore Ltd
IXIS Asset Management Asia Ltd

J

JF Asset Management (Singapore) Ltd
JP Morgan Investment Management

L

Legg Mason Asset Management Asia Pte Ltd
Lehman Brothers Inc.
Lion Capital Management Ltd
Lloyds TSB Merchant Bank Limited

M

Matterhorn Advisory Singapore Pte Ltd
Merrill Lynch International Bank Ltd
Merrill Lynch Investment Managers (Asia Pacific) Limited
Morgan Stanley Investment Management Company

N

Navigator Investment Services Limited
Nexus Asia Investment Management Pte Ltd
Nikko Global Asset Management (S) Ltd
Nomura Asset Management Singapore Limited
NTUC Income Insurance Cooperative Limited

O

OCBC Securities Pte Ltd

P

Pacific Asset Management (S) Pte Ltd
Pheim Asset Management (Asia) Pte Ltd
Phillip Capital Management (S) Ltd
Phillip Securities Research Pte Ltd
Pictet Asia Pte Ltd
PIMCO Asia Pte Ltd
Pioneer Investment Management Limited (Singapore Branch)
Principal Global Investors (Singapore) Limited
Prudential Asset Management (Singapore) Limited
Pramerica Fixed Income (Asia) Ltd
PrimePartners Asset Management Pte Ltd

R

Royal Bank of Canada (Asia) Ltd

S

Schroder Investment Management (Singapore) Ltd
SG Asset Management (S) Limited
Singapore Consortium Investment Management Ltd
Singapore Exchange Ltd
Singapore Society of Financial Analysts
Singapore Unit Trusts Ltd
State Street Bank and Trust Company
State Street Global Advisors Singapore Limited
Swiss-Asia Financial Services Pte Ltd



T

Templeton Asset Management Ltd
The Global Value Investment Portfolio Management Pte Ltd

U

UBS Global Asset Management (Singapore) Ltd
UOB Asset Management Ltd
UOB Kay Hian Advisors Limited

V

Vanguard Investments Singapore Pte Ltd
Vertex Management (II) Pte Ltd

W

Wellington International Management Company Pte Ltd

Associate Membership

A

Allen & Gledhill

B

Boardroom Limited

C

Clifford Chance Wong Pte Ltd

E

Ernst & Young
Executive Leasing Pte Ltd

H

HSBC Institutional Trust Services (Singapore) Limited

L

Lipper Services Pte Ltd

M

Moody's Singapore Pte Ltd

P

PricewaterhouseCoopers

R

RBC Dexia Trust Services Singapore Limited

Rodyk & Davidson Advocates & Solicitors

S

Standard & Poor's LLC, Singapore Branch

Affiliate Membership

Angela Wong

Khoo Teng Lau

Prasert Thaptimkuna

Raymond Clement

Tan Peter

Teo Choon Huat

CONSOLIDATED FINANCIAL STATEMENTS



from 1 July 2005 to 30 June 2006

STATEMENT BY EXECUTIVE COMMITTEE

In the opinion of the Executive Committee,

- (a) the financial statements as set out on pages 16 to 33 are drawn up so as to present fairly the state of affairs of the Association as at 30 June 2006, its surplus, changes in funds, and cash flows of the Association for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

On behalf of the Executive Committee

Greg Seow
Chairman

Roy Diao
Treasurer

AUDITORS' REPORT

to the Members of the Investment Management Association of Singapore

We have audited the accompanying financial statements of the Investment Management Association of Singapore (the "Association") set out on pages 16 to 33, for the year ended 30 June 2006. These financial statements are the responsibility of the Executive Committee of the Association. 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 plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Executive Committee, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- i) the financial statements of the Association are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to present fairly the state of affairs of the Association as at 30 June 2006, its surplus, changes in funds and cash flows of the Association for the financial year ended on that date; and
- ii) the accounting and other records required by the regulations enacted under the Societies Act to be kept by the Association have been properly kept in accordance with those regulations.

PricewaterhouseCoopers

Certified Public Accountants

Singapore,

25 August 2006

INCOME AND EXPENDITURE ACCOUNT

for the financial year ended 30 June 2006

	Notes	2006 \$	2005 \$
Income			
Entrance fees		14,000	33,000
Subscription fees		308,320	199,933
Sponsorship for Investor Education Program		-	400
Grant received/receivable for Investor Education Program		-	18,000
Less: Expenses for Investor Education Program		-	(24,084)
		-	(5,684)
Sales of Handbook		1,780	1,312
Less: Cost of sales - Handbook		(654)	(765)
Gain on sales of Handbook		1,126	547
Conferences registration fees		103,682	115,024
Less: Expenses of conferences		(79,343)	(114,186)
		24,339	838
CPFIS funds performance tracking fees		497,663	464,999
Less: Expenses of performance tracking fees		(90,878)	(94,412)
		406,785	370,587
Interest income		11,833	-
		766,403	599,221
Expenditure			
Depreciation of property, plant and equipment		365	-
Conference and seminar fees		5,777	3,703
Lipper Funds flows fees		17,503	-
Maintenance of IMAS web-site		14,763	15,411
Printing and stationery		6,859	4,996
Professional fees		144,922	119,663
IMAS Fund performance website fees		19,173	57,831
Write-off of inventories		18,453	-
Rental on operating leases		4,200	4,200
Travelling expenses		13,848	2,161
Auditors' remuneration		5,089	6,796
Staff costs	10	340,043	336,378
Write-back of doubtful debts		-	(577)
Bad debts (write-back)/written-off		(21)	305
Donation		3,388	300
Insurance		7,796	6,049
Exchange loss (realised)		(527)	(1,254)
Postage and courier		174	280
Miscellaneous expenses		20,241	30,716
		622,046	586,958
Surplus for the year before taxation		144,357	12,263
Income tax expense/(refund)	7(a)	13,053	(258)
Net surplus for the year after taxation transferred to General Fund		131,304	12,521

There were no other recognised gains or losses other than those presented above.

BALANCE SHEET

as at 30 June 2006

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	Notes	2006 \$	2005 \$
Current assets			
Cash and cash equivalents	3	702,161	453,140
Trade and other receivables	4	24,366	44,190
Grants receivable	5	-	18,900
Other current assets		13,650	26,916
Inventories		-	19,067
		740,177	562,213
Non-current assets			
Property, plant and equipment	6	38,305	-
		778,482	562,213
Total assets			
Current liabilities			
Other payables		-	4,701
Accrued expenses		113,224	35,885
Current income tax liability	7(b)	10,701	1,910
		123,925	42,496
Non-current liability			
Deferred income tax	8	3,536	-
		127,461	42,496
Total liabilities			
		651,021	519,717
Net assets			
		651,021	519,717
Representing:			
General Fund		651,021	519,717

STATEMENT OF CHANGES IN GENERAL FUND

for the financial year ended 30 June 2006

	General Fund \$
Balance at 1 July 2005	519,717
Surplus of income over expenditure transferred from statement of income and expenditure	131,304
Balance at 30 June 2006	651,021
Balance at 1 July 2004	507,196
Surplus of income over expenditure transferred from statement of income and expenditure	12,521
Balance at 30 June 2005	519,717

CASH FLOW STATEMENT

for the financial year ended 30 June 2006

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	Notes	2006 \$	2005 \$
Cash flows from operating activities			
Surplus before taxation		144,357	12,263
Adjustments for:			
Depreciation		365	-
Interest income		(11,833)	-
Surplus before changes in operating assets and liabilities		132,889	12,263
Change in operating assets and liabilities			
Inventories		19,067	(17,460)
Trade and other receivables		51,990	366,229
Other payables		72,638	(410,168)
Cash inflow/(outflow) from operations		276,584	(49,136)
Income tax (paid)/refund		(726)	258
Net cash inflow/(outflow) from operating activities		275,858	(48,878)
Cash flows from investing activities			
Purchases of property, plant and equipment		(38,670)	-
Interest income		11,833	-
Net cash outflow from financing activities		(26,837)	-
Net decrease in cash and cash equivalents held		249,021	(48,878)
Cash and cash equivalents at the beginning of the financial year	3	453,140	502,018
Cash and cash equivalents at the end of the financial year	3	702,161	453,140

NOTES TO THE FINANCIAL STATEMENTS



for the financial year ended 30 June 2006

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

1. General

The Association is domiciled and registered in Singapore. The address of its registered office is One Philip Street, #10-02, Singapore 048692.

The Association has been formed to promote professionalism and exemplary practice by Members in the conduct of its business as investment and fund managers and to represent Members and/or their interests collectively to any Government, Government representative, advisory or supervisory authority whether local or foreign which are concerned with the investment and fund management industry.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Association'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 revenues and expenses 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 those estimates.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

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2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

In 2006, the Association adopted the new or revised FRS and interpretations to FRS (INT FRS) that are applicable in the current financial year. The 2006 financial statements have been amended or required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Association:

FRS 1	(revised 2004)	Presentation of Financial Statements
FRS 2	(revised 2004)	Inventories
FRS 8	(revised 2004)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10	(revised 2004)	Events after the Balance Sheet Date
FRS 16	(revised 2004)	Property, Plant and Equipment
FRS 24	(revised 2004)	Related Party Disclosures
FRS 32	(revised 2004)	Financial Instruments: Disclosure and Presentation
FRS 36	(revised 2004)	Impairment of Assets
FRS 39	(revised 2004)	Financial Instruments: Recognition and Measurement

The adoption of the above FRS and INT FRS did not result in substantial changes to the Association's accounting policies.

2.2 Revenue recognition

(a) Entrance and subscription fees are payable from time to time as determined by the Committee and are recognised on request for payment. Any net surplus or deficit for the year after taxation is transferred to the General Fund.

Conference registration fees are recognised upon receipt of the registration fees. Revenue on sales of handbooks are recognised upon delivery to the customer.

Sponsorship income is recognised when the right to receive has been established.

CPFIS funds performance tracking fees are recognised over the period to which the service is rendered.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

2. Significant accounting policies (continued)

2.3 Grants

Grants are recognised as revenue upon the fulfilment of all the conditions for the award of the grants.

2.4 Property, plant and equipment

(a) Measurement

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring and using the asset.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight method to allocate their depreciable amounts over their estimated useful lives. The annual rates are as follows:

Leasehold improvements	33.33%
Computers and office equipment	33.33%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Association and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Disposal

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)



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2. Significant accounting policies (continued)

2.5 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the income statement.

2.6 Trade payables

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

2.7 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is primarily determined on a first-in first-out basis and includes all costs in bringing the inventories to their present location and condition. Inventories comprise the IMAS Code of Ethics, Handbook on Investing and Investor Education Programme DVD.

NOTES TO THE FINANCIAL STATEMENTS



for the financial year ended 30 June 2006 (continued)

2. Significant accounting policies (continued)

2.9 Impairment of assets

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

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

2.10 Deferred income taxes

Deferred income taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2.11 Provisions

Provisions are made when the Association has a present and legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)



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2. Significant accounting policies (continued)

2.12 Employee benefits

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Association pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds does not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Association's contribution to defined contribution plans are recognised in the financial year to which they relate.

(b) *Employee leave entitlement*

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

2.13 Deferred revenue

Deferred revenue represents CPFIS Funds performance tracking fees received in advance for services to be rendered over the period stated within the CPFIS Funds performance tracking agreement and advance subscription fees received.

2.14 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Association measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore Dollars, which is the Association's functional and presentation currency.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

2. Significant accounting policies (continued)

2.15 Cash and cash equivalents

Cash and cash equivalents include cash at bank and deposit with financial institutions.

3. Cash and cash equivalents

	2006	2005
	\$	\$
Cash at bank	65,451	453,140
Short-term bank deposits	636,710	-
	<u>702,161</u>	<u>453,140</u>

Short-term bank deposits at the balance sheet date have an average maturity of 1 month (2005: nil) with the effective interest rates of 1.60% (2005: nil) per annum.

4. Trade and other receivables

	2006	2005
	\$	\$
Trade receivables - net	2,716	25,350
Other receivables	21,650	18,840
	<u>24,366</u>	<u>44,190</u>

5. Grants receivable

Grants receivable relates to co-sponsoring of the production of the Unit Trust Investment Guide under the Financial Sector Development Fund Investor Education Scheme.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

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6. Property, plant and equipment

	Leasehold improvement	Computers and office equipment	Total
Cost			
At 1 July 2005	-	-	-
Additions	30,939	7,731	38,670
At 30 June 2006	30,939	7,731	38,670
Accumulated depreciation			
At 1 July 2005	-	-	-
Depreciation charge	-	365	365
At 30 June 2006	-	365	365
Net book value			
At 30 June 2006	30,939	7,366	38,305

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

7. Tax

(a) Tax expense

	2006	2005
	\$	\$
Income tax expense attributable to surplus is made up of:		
Current income tax expense/(refund)	8,791	(258)
Deferred income tax (Note 8)	3,536	-
Underprovision in preceding financial years - current income tax	726	-
	<u>13,053</u>	<u>(258)</u>

The tax expense on surplus differs from the amount that would arise using the Singapore standard rate of income tax due to the following:

	2006	2005
	\$	\$
Surplus before tax	144,357	12,263
Tax calculated at a tax rate of 20% (2005: 20%)	28,871	2,453
Refund of tax	-	(258)
Income not subject to tax	(16,544)	-
Utilisation of previously unrecognised tax losses	-	(2,453)
	<u>12,327</u>	<u>(258)</u>

(b) Movements in provision for current tax

	2006	2005
	\$	\$
Balance at the beginning of the financial year	1,910	1,910
Income tax paid	(726)	-
Underprovision in preceding financial year	726	-
Tax expense on profit for current financial year	8,791	-
Balance at the end of the financial year	<u>10,701</u>	<u>1,910</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

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8. Deferred income tax

	2006	2005
	\$	\$
Deferred income tax liability:		
- to be settled within one year	-	-
- to be settled after one year	3,536	-
	<u>3,536</u>	<u>-</u>

The movement in the deferred income tax account is as follows:

	2006	2005
	\$	\$
Balance at beginning of financial year		
Tax charge to income and expenditure account	-	-
Balance at end of financial year	3,536	-
	<u>3,536</u>	<u>-</u>

The movement in the deferred income tax liability during the period is as follows:

	Accelerated tax depreciation
	\$
2006	
Balance at beginning of financial year	-
Charged to income and expenditure account	<u>3,536</u>
Balance at end of financial year	<u>3,536</u>
2005	
Balance at beginning of financial year	-
Charged to income and expenditure account	<u>-</u>
Balance at end of financial year	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

9. Fair values of financial assets and financial liabilities

The fair values of the financial instruments comprising cash and cash equivalents, trade receivables, other receivables and other liabilities approximate their carrying amounts at the balance sheet date.

10. Staff costs

	2006	2005
	\$	\$
Wages and salaries	320,202	312,652
Employer's contribution to defined contribution plans including Central Provident Fund	17,762	23,726
Other benefits	2,079	-
	340,043	336,378

11. Commitments

(a) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as payables are as follows:

	2006	2005
	\$	\$
Not later than one year	58,308	4,200
Later than one year but not later than five years	114,516	10,500
	172,824	14,700

(b) Other commitments

The future minimum repayments under non-cancellable service agreements contracted for at the reporting date but not payable, are as follows:

	2006	2005
	\$	\$
Not later than one year	88,855	111,217
Later than one year but not later than five years	88,855	202,212
	177,710	313,429

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2006 (continued)

12. Financial risk management

The Association has no significant exposure to price, credit, interest rate or liquidity risk.

13. New accounting standards and FRS interpretations

Certain new accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2006.

The Association does not expect that adoption of these accounting standards and interpretations will have a material impact on the Association's financial statements.

14. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Executive Committee on 25 August 2006.

NOTICE OF THE ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the Ninth Annual General Meeting of the INVESTMENT MANAGEMENT ASSOCIATION OF SINGAPORE will be held at 2.30pm on Monday, 25 September 2006 at 2 Shenton Way, SGX Centre 1, SGX Training Room, Level 2, Singapore 068804, for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Accounts and the Committee Report for the year ending 30 June 2006 together with the Auditors' Report thereon. (Resolution 1)
2. That the following Budget be approved for the year ending 30 June 2007. (Resolution 2)

Revenue	S\$	Expenses	S\$
Annual Membership Fees:		Annual Conference and Dinner	150,000
77 Regulars @ \$5,000	385,000		
Additional Fees (AUM)	145,000	Auditors, Professional and	
		Taxation Fees	20,000
Annual Membership Fees:		Entertainment Expenses	10,000
7 Affiliates @ \$100	700	Fundsingapore Website	
13 Associates at \$2,000	26,000	Maintenance & Hosting	18,000
		Annual CPF Funds Performance	
		Tracking Fees	100,000
Annual Conference and Dinner	150,000	Education Committee	35,000
Annual CPF Funds Performance	288,000	Regulatory Committee	7,000
Tracking Fees			
		Development Committee	15,000
Training – Seminars	15,000	IMAS Website/ Maintenance	12,000
		Staff Remuneration and Benefits	485,000
		Project – Lipper Funds Flow Data	12,000
		Overseas Conference & Seminars	36,000
		Training- Seminars	10,000
		Office Rental	58,000
		Office Maintenance & Miscellaneous	
		Expenses	40,500
		Surplus	1,200
TOTAL	1,009,700	TOTAL	1,009,700

NOTICE OF THE ANNUAL GENERAL MEETING



3. That PricewaterhouseCoopers be re-appointed as the auditors of IMAS for the financial year ending 30 June 2007. (Resolution 3)
4. To elect Committee Members pursuant to Clause 38(a), Clause 38(b), Clause 39 and Clause 40 of the Constitution. (Resolution 4)
5. To transact any other business which may be transacted at an Annual General Meeting. (Resolution 5)

For and On Behalf of the Committee

Andrew Kwek
Secretary

Singapore, 1 September 2006

NOTICE OF THE ANNUAL GENERAL MEETING



Notes:

- (i) A member Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in its place. The instrument appointing the proxy together with the document evidencing the authority of the appointor must be deposited at IMAS office at One Phillip Street, #10-02, Singapore 048692 not less than 48 hours before the time appointed for holding the Annual General Meeting.
- (ii) Representative from the Member Company attending must also bring along the document evidencing the authority of the appointor.
- (iii) Pursuant to Clause 8B and 10 of the Constitution, affiliate members and associate members are not entitled to vote, participate in discussions or move resolutions at the Annual General Meeting.



APPOINTMENT OF REPRESENTATIVE

Pursuant to Clause 32 of the Constitution of the Investment Management Association of Singapore:

We, _____

[name of Member Company]

of _____

[address of Member Company]

a Regular Member of the Investment Management Association of Singapore, hereby authorise :

[name of senior managerial officer]

to be our representative; and _____

[name of senior managerial officer],

to be our alternate representative, at the Ninth Annual General Meeting of IMAS to be held on 25 September 2006 and at any adjournments thereof and to exercise all powers entitled to be exercised by us at the Annual General Meeting.

Member Company _____

Company Stamp _____

Name of Representative _____

Designation _____

Date _____

The authorisation is to be completed only by Regular Members and must be left at One Phillip Street, #10-02, Singapore 048692 not less than 48 hours before the time appointed for holding the Annual General Meeting.

NOMINATION FORM



for election to the IMAS Committee

NOMINATION PARTICULARS OF MEMBER COMPANY

Name of Member Company: _____

Full Address of Member Company: _____

Membership No: _____

Name of Representative: _____

Full Address of Representative: _____

Designation: _____

NRIC/PP No: _____

Nationality: _____

Race/Dialect: _____

Date of Birth: _____

Sex: M/F

Marital Status: Single/Married/Divorced/Widowed

Date: _____



PROPOSER¹

We hereby propose the above Member Company to be a Committee Member of IMAS. We hereby certify that the appointed Representative is a person of good character and integrity.

Member Company: _____
 Full Address of Member Company: _____

 Name of Representative: _____
 Full Address of Representative: _____

 Designation: _____
 NRIC/Passport No: _____
 Nationality: _____
 Race/Dialect: _____
 Date of Birth: _____
 Sex: M/F
 Marital Status: Single/Married/Divorced/Widowed
 Date: _____

SECONDER¹

We hereby propose the above Member Company to be a Committee Member of IMAS. We hereby certify that the appointed Representative is a person of good character and integrity.

Member Company: _____
 Full Address of Member Company: _____

 Name of Representative: _____
 Full Address of Representative: _____

 Designation: _____
 NRIC/Passport No: _____
 Nationality: _____
 Race/Dialect: _____
 Date of Birth: _____
 Sex: M/F _____
 Marital Status: Single/Married/Divorced/Widowed _____
 Date: _____

NOMINEE¹

We hereby consent to our nomination by the Proposer and the Seconder. We agree that the Committee shall have the discretion to determine whether we are eligible to be elected as a Committee Member and that the Committee need not assign any reason for its determination. If elected, we hereby agree to be a Committee Member of IMAS, to act in the best interests of IMAS and to be bound by the Constitution. We declare that all the particulars given in this nomination form are true and accurate.

Company: _____
 Company Stamp: _____
 Signed: _____
 Date: _____

¹ Proposer, Seconder & Nominee must be a Regular Member.

Note: The Proposer, Seconder and Nominee must not be the same member firms. The duly completed and executed nomination form must be left at One Phillip Street, #10-02, Singapore 048692 by 3.00 p.m. on 20 September 2006.