

DEPOSIT INSURANCE FUND

(Established under Deposit Insurance Act 2005)

FINANCIAL STATEMENTS

*For the financial period from 18 October 2005
(date of establishment) to 31 March 2006*

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DEPOSIT INSURANCE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

In the opinion of the directors of Singapore Deposit Insurance Corporation Limited (the "Agency"),

- (a) the financial statements set out on pages 3 to 10 are drawn up so as to present fairly, in all material respects, the state of affairs of the Deposit Insurance Fund (the "Fund") as at 31 March 2006, and the financial transactions, results, cash flows and changes in equity for the financial period from 18 October 2005 (date of establishment) to 31 March 2006 and have been prepared in accordance with the provisions of the Deposit Insurance Act 2005;
- (b) at the date of this statement, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

On behalf of Singapore Deposit Insurance Corporation Limited



JAMES KOH CHER SIANG
Director



RON FOO SIANG GUAN
Director

20 June 2006

**AUDITORS' REPORT OF THE DEPOSIT INSURANCE FUND TO SINGAPORE
DEPOSIT INSURANCE CORPORATION LIMITED**

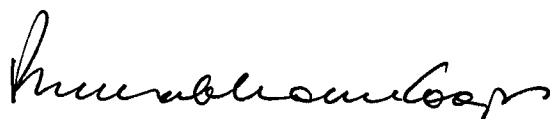
We have audited the financial statements of Deposit Insurance Fund (the "Fund") set out on pages 3 to 10 for the financial period from 18 October 2005 (date of establishment) to 31 March 2006. These financial statements are the responsibility of Singapore Deposit Insurance Corporation Limited (the "Agency"). 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 management of the Agency, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Fund are properly drawn up in accordance with the provisions of the Deposit Insurance Act 2005 (the "Act") and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Fund as at 31 March 2006 and results, cash flows and changes in equity of the Fund for the financial period then ended on that date; and
- (b) the accounting and other records have been properly kept, including records of assets of the Fund whether purchased, donated or otherwise, in accordance with the provisions of the Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of monies during the financial period have not been made in accordance with the provisions of the Act.



PricewaterhouseCoopers
Certified Public Accountants

Singapore, 20 June 2006

DEPOSIT INSURANCE FUND

INCOME AND EXPENDITURE STATEMENT

For the financial period from 18 October 2005 (date of establishment) to 31 March 2006

	Note	For the financial period from 18 October 2005 (date of establishment) to 31 March 2006 \$
Income	3	-
Expenses:		
Expenditure incurred by Singapore Deposit Insurance Corporation Limited for the establishment and operation of the Fund, payable out of the Fund in accordance with the Deposit Insurance Act 2005		<u>(76,527)</u>
Net deficit	4	<u>(76,527)</u>

DEPOSIT INSURANCE FUND

BALANCE SHEET

As at 31 March 2006

	Note	2006 \$
ASSETS		-
LIABILITIES		
Current liabilities		
Trade and other payables	5	<u>76,527</u>
NET LIABILITIES		<u>(76,527)</u>
Net deficit		<u>(76,527)</u>

*The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 2.*

DEPOSIT INSURANCE FUND

STATEMENT OF CHANGES IN EQUITY

For the financial period from 18 October 2005 (date of establishment) to 31 March 2006

	Note	For the financial period from 18 October 2005 (date of establishment) to 31 March 2006 \$
Balance at 18 October 2005		-
Total recognised losses for the financial period - Net deficit		(76,527)
Balance at 31 March 2006		<u>(76,527)</u>

DEPOSIT INSURANCE FUND

CASH FLOW STATEMENT

For the financial period from 18 October 2005 (date of establishment) to 31 March 2006

	For the financial period from 18 October 2005 (date of establishment) to 31 March 2006 \$
	Note
Cash flows from operating activities	
Net deficit	<u>(76,527)</u>
Changes in operating assets and liabilities	
Trade and other payables	<u>(76,527)</u>
Net cash provided by operating activities	<u>-</u>
Net change in cash and cash equivalents	-
Cash and cash equivalents at beginning of financial period	<u>-</u>
Cash and cash equivalents at end of financial period	<u>-</u>

*The accompanying notes form an integral part of these financial statements.
Auditors' Report – Page 2.*

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 18 October 2005 (date of establishment) to 31 March 2006

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

1. General

The Deposit Insurance Fund, established under section 9 of the Deposit Insurance Act 2005 (the "Act") and subject to the directions of the Minister, is controlled and administered by Singapore Deposit Insurance Corporation Limited (the "Agency") designated by the Minister under section 12 of the Act as the deposit insurance agency.

The Agency is incorporated under the Companies Act (Cap. 50) on 13 January 2006 as a public company limited by guarantee and is domiciled in Singapore. The address of its registered office is 10 Shenton Way, #11-06, MAS Building, Singapore 079117.

The principal activities of the Agency are the administration of the Deposit Insurance Scheme (the "Scheme") and the administration and management of the Fund established under the Act.

The Scheme was established in Singapore for the benefit of insured depositors in respect of their insured deposits placed with Scheme members as specified in the Act.

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 financial statements are the responsibility of the Agency.

The preparation of financial statements in conformity with FRS requires the Agency to exercise its judgement in the process of applying the Fund's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on the Agency's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 18 October 2005 (date of establishment) to 31 March 2006

2. Significant accounting policies (continued)

2.2 Revenue recognition

Premium contributions

Premium contributions, including monies receivable under the Act, are recognised in the period in which the premium contributions are due, by reference to the written notices given by Singapore Deposit Insurance Corporation Limited to the Scheme members.

2.3 Trade and other payables

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

2.4 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Fund has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.5 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Fund are 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 Fund's functional and presentation currency.

(b) *Transactions and balances*

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar 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 translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 18 October 2005 (date of establishment) to 31 March 2006

3. Income

No income has been recognised as the first premium contributions from members of the Scheme are only due on the first business day in April 2006.

4. Income tax

The Fund does not have taxable income for this financial period. The premium contributions paid by Scheme members are exempted from income tax. In addition, its investment income is exempted from income tax for 12 years or until the Fund reaches 0.3% of total insured deposits, whichever is earlier.

5. Trade and other payables

2006
\$

Trade payable to the Agency

76,527

The carrying amounts of trade payables approximate their fair value.

Trade and other payables are all denominated in Singapore dollars.

6. Events after balance sheet date

On 3 April 2006, the first annual premium contributions, totalling \$14,293,628, were received from the members of the Scheme.

From 17 April 2006 to 24 April 2006, investments, totalling \$13,772,765, were made in Singapore Treasury Bills using the premium contributions.

7. 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 April 2006. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Fund's financial statements.

8. Comparative figures

There are no comparative figures as this is the Fund's first set of financial statements since its establishment on 18 October 2005.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 18 October 2005 (date of establishment) to 31 March 2006

9. Authorisation of financial statements

These financial statements were authorised for issue by the directors of the Agency on 20 June 2006.