

FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 200600593Z)

DEPOSIT INSURANCE FUND

(Established under Deposit Insurance Act Cap 77A)

FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 200600593Z)

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
(Incorporated in Singapore)

FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

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SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

DIRECTORS' REPORT

For the financial year ended 31 March 2007

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2007.

Directors

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

Mr James Koh Cher Siang (Chairman)
Mr Ron Foo Siang Guan
Mr Han Eng Juan
Professor Hong Hai
Mr Law Song Keng
Mr Thean Lip Ping (Appointed 20 June 2006)

Arrangements to enable directors to acquire benefits

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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 body corporate.

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.

The Company is a public company limited by guarantee and has no share capital. There were also no debentures in issue in the Company at the end of the financial year.

Dividends

In accordance with the Memorandum of Association of the Company, no dividends shall be paid to its members.

Directors' contractual benefits

Since the end of the previous financial period, 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 financial statements and in this report.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

DIRECTORS' REPORT

For the financial year ended 31 March 2007

Share options

The Company is a company limited by guarantee. As such, there are no share options or unissued ordinary shares.

Auditors

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

On behalf of the directors



JAMES KOH CHER SIANG
Director



RON FOO SIANG GUAN
Director

8 June 2007

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT BY DIRECTORS

In the opinion of the directors,

- (a) the financial statements of the Company as set out on pages 5 to 18 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2007 and the results and cash flows of the Company for the financial year then ended; 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.

On behalf of the directors



JAMES KOH CHER SIANG
Director



RON FOO SIANG GUAN
Director

8 June 2007

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**

We have audited the financial statements of Singapore Deposit Insurance Corporation Limited set out on pages 5 to 18, which comprise the balance sheet as at 31 March 2007, the income and expenditure statement and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 the internal control relevant to the entity's preparation and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by directors, 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,

- (a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, Cap 50 (the "Act"), the Deposit Insurance Act, Cap 77A (the "DI Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2007, and the results and cash flows of the Company for the financial year ended on that date; and
- (b) the accounting and other records required by the Act and the DI Act to be kept by the Company have been properly kept, including records of all assets of the Company, whether purchased, donated or otherwise, in accordance with the provisions of the Act and the DI 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 and the acquisition and disposal of assets by the Company during the financial year have not been made in accordance with the provisions of the DI Act.


PricewaterhouseCoopers
Certified Public Accountants

Singapore, 8 June 2007

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2007

	Note	For the financial year ended 31 March 2007 \$	For the financial period from 13 January 2006 (date of incorporation) to 31 March 2006 \$
Income from the Fund		809,655	76,527
Expenses			
- Employee benefits	3	486,053	33,599
- Depreciation	8	20,401	5,100
- Other expenses	4	303,201	37,828
Total expenses		809,655	76,527
Profit before income tax		-	-
Tax expense	5	-	-
Profit after income tax		-	-

*The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4.*

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

BALANCE SHEET

For the financial year ended 31 March 2007

	Note	2007 \$	2006 \$
ASSETS			
Current assets			
Cash & cash equivalents	6	57,367	-
Trade and other receivables	7	30,870	91,547
Prepayments		48,540	5,082
		<u>136,777</u>	<u>96,629</u>
Non-current assets			
Property, plant and equipment	8	<u>64,596</u>	<u>84,997</u>
Total assets		<u>201,373</u>	<u>181,626</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	201,373	73,336
Borrowing	10	-	108,290
Total liabilities		<u>201,373</u>	<u>181,626</u>
NET ASSETS		<u>-</u>	<u>-</u>

*The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4.*

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

CASH FLOW STATEMENT

For the financial year ended 31 March 2007

	Note	For the financial year ended 31 March 2007 \$	For the financial period from 13 January 2006 (date of incorporation) to 31 March 2006 \$
Cash flows from operating activities			
Profit after income tax		-	-
Adjustments for:			
- Depreciation		20,401	5,100
Operating cash flow before working capital changes		20,401	5,100
Change in operating assets and liabilities			
- Trade and other receivables		60,677	(91,547)
- Trade and other payables		128,037	73,336
- Prepayments		(43,458)	(5,082)
Net cash provided by/(used in) operating activities		165,657	(18,193)
Cash flows from investing activities			
Purchases of property, plant and equipment		-	(90,097)
Net cash used in investing activities		-	(90,097)
Net increase/(decrease) in cash and cash equivalents		165,657	(108,290)
Cash and cash equivalents at beginning of financial year/period		(108,290)	-
Cash and cash equivalents at end of financial year/period	6	57,367	(108,290)

*The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 4.*

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

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

1. General

Singapore Deposit Insurance Corporation Limited (hereinafter called the Company) is the company designated by the Minister under section 12 of the Deposit Insurance Act Cap 77A (the "DI Act") as the deposit insurance agency. The Company 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 Company are the administration of the Deposit Insurance Scheme (the "Scheme") and the administration and management of the Deposit Insurance Fund (the "Fund") established under the DI 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 DI Act.

The Fund, established under section 9 of the DI Act and subject to the directions of the Minister, is controlled and administered by the Company which is designated by the Minister under section 12 of the DI Act. All premium contributions and moneys receivable under the DI Act are payable into the Fund and all expenditure and other moneys as authorised under the DI Act are payable out of the Fund.

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 Company'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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.2 Revenue recognition

Income from the Fund represents monies recoverable from the Fund for all expenditure properly incurred and authorised under the DI Act.

Income from the Fund is recognised in the period in which the relevant expenditure is charged in the income statement.

Grant received in respect of expenses incurred and authorised under the DI Act are recognised as a deduction against the expense.

2.3 Property, plant and equipment

(a) *Measurement*

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (Note 2.5).

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

(b) *Depreciation*

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

	<u>Useful lives</u>
Furniture, fittings and other office equipment	3 to 5 years
Computer equipment	3 to 5 years

(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 Company 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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.4 Trade and other payables, and borrowings

(a) *Trade and other payables*

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

(b) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within twelve months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings due to be settled more than twelve months after the balance sheet date are included in non-current borrowings in the balance sheet.

2.5 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 cash-generating unit ("CGU") to which the asset belongs.

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 asset's 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 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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.6 Trade and other receivables

These 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 these receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of these 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.

2.7 Fair value estimation

The carrying amount of current receivables and payables approximate their fair values. The fair value of non-current financial liabilities for disclosure purposes, if any, is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

2.8 Operating lease

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 any incentives received from the lessor) are taken to the income and expenditure 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 income or expense in the period in which termination takes place.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company 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.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.10 Employee benefits

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company 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 do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Company's contribution to the defined contribution plans are recognised in the financial period 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.

(c) *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.11 Currency translation

(a) *Functional and presentation currency*

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.11 Currency translation (continued)

(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 statement.

2.12 Cash and cash equivalents

Cash and cash equivalents as at the financial year end include borrowings.

2.13 Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with the attached conditions. Government grants relating to costs are deferred and taken to the income statement over the period necessary to match them with the costs they are intended to compensate. Government grants relating to assets are included in non-current liabilities as other liabilities and are recognised in the income statement on a straight-line basis over the expected useful lives of the related assets.

3. Employee benefits

	For the financial year ended 31 March 2007 \$	For the financial period from 13 January 2006 (date of incorporation) to 31 March 2006 \$
Wages and salaries	450,149	27,635
Employer's contribution to defined contribution plan	30,058	970
Directors' Fees	4,168	-
Other benefits	1,678	4,994
	486,053	33,599

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

4. Other expenses

	For the financial year ended 31 March 2007 \$	For the financial period from 13 January 2006 (date of incorporation) to 31 March 2006 \$
Rental on operating leases – Office	58,365	4,840
Office Maintenance	3,000	-
Telecommunication charges	2,448	1,061
Expendable furniture and fittings	926	5,881
Trade association membership	31,908	-
Travel	29,912	-
Audit fees	15,000	2,800
Legal, accounting and other fees	2,050	15,199
Company Secretary Fee	3,322	300
Consultancy fees	85,400	-
IT expenses	8,318	4,653
Publication	17,420	-
Public Survey	22,000	-
Other	23,132	3,094
	<u>303,201</u>	<u>37,828</u>

Included in the publication expense above is an approved cash grant of \$15,970 from the government in relation to the cost of printing a consumer guide on deposit insurance. The grant was netted against this cost.

5. Income tax

The expenses recovered from the Fund is not taxable as long as the income of the Fund is exempted from income tax.

6. Cash and cash equivalents

	2007 \$	2006 \$
Cash at bank and on hand	<u>57,367</u>	-

At the balance sheet date, the carrying amounts of cash and cash equivalents are at their fair values.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

7. Trade and other receivables

	2007	2006
	\$	\$
Income receivable from the Fund	-	76,527
Grant receivable	15,970	-
Refundable deposits	14,900	15,020
	30,870	91,547

The carrying amounts of trade and other receivables approximate their fair values.

Trade and other receivables are all denominated in Singapore Dollars.

8. Property, plant and equipment

	Furniture, fittings and other office equipment \$	Computer equipment \$	Total \$
2007			
<u>Cost</u>			
As at 1 April 2006	69,238	20,859	90,097
Additions	-	-	-
As at 31 March 2007	69,238	20,859	90,097
<u>Accumulated depreciation</u>			
As at 1 April 2006	3,846	1,254	5,100
Depreciation for the year	15,387	5,014	20,401
As at 31 March 2007	19,233	6,268	25,501
Net book value at 31 March 2007	50,005	14,591	64,596
2006			
<u>Cost</u>			
As at 13 January 2006 (date of incorporation)	-	-	-
Additions	69,238	20,859	90,097
As at 31 March 2006	69,238	20,859	90,097
<u>Accumulated depreciation</u>			
As at 13 January 2006 (date of incorporation)	-	-	-
Depreciation for period	3,846	1,254	5,100
As at 31 March 2006	3,846	1,254	5,100
Net book value at 31 March 2006	65,392	19,605	84,997

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

9. Trade and other payables

	2007	2006
	\$	\$
Advance from Fund	159,655	-
Accrual for operating expenses	41,718	73,336
	<u>201,373</u>	<u>73,336</u>

The carrying amounts of trade and other payables approximate their fair values.

Trade and other payables are all denominated in Singapore Dollars.

10. Borrowing

During the previous financial period, the Company obtained from the Monetary Authority of Singapore an interest-free short-term borrowing facility of up to \$600,000, repayable upon demand, to finance its initial setup and operating costs until premium contributions to the Fund are collected from Scheme members. The borrowing was fully repaid in April 2006.

As at 31 March 2006, the cash and cash equivalents comprise the above borrowing.

11. Company limited by guarantee

The Company is a public company limited by guarantee and has no share capital. In the event of a winding-up of the Company, the liability of each of the 3 members of the Company is limited to such amount as may be required not exceeding the sum of \$1.

12. Commitments

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

	2007	2006
	\$	\$
Not later than one year	53,240	58,080
Later than one year but not later than five years	-	53,240
	<u>53,240</u>	<u>111,320</u>

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

13. Related party transactions

Key management personnel compensation for the financial year/period is as follows:

	For the financial year ended 31 March 2007 \$	For the financial period from 13 January 2006 (date of incorporation) to 31 March 2006 \$
Salaries and other short-term employee benefits	237,597	27,635
Post-employment benefits - contribution to Central Provident Fund	6,501	970
	<u>244,098</u>	<u>28,605</u>

Included in the above was total compensation to directors of the Company amounting to \$4,168 (2006: \$0).

14. Subsequent event

Subsequent to the balance sheet date, the Company entered into a contract on 30 May 2007 to acquire computer equipment and computer software for \$2,220,034. The acquisition is financed by an advance from the Fund and the depreciation expense thereon will be recovered from the Fund over the useful life of the assets.

15. 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 2007. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Company's financial statements.

16. Comparative figures

The comparative figures are for a different time period as the Company's first set of financial statements was for the period from the date of its incorporation on 13 January 2006 till 31 March 2006.

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

17. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Singapore Deposit Insurance Corporation Limited on 8 June 2007.

FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

DEPOSIT INSURANCE FUND

(Established under Deposit Insurance Act Cap 77A)

DEPOSIT INSURANCE FUND
(Established under Deposit Insurance Act Cap 77A)

FINANCIAL STATEMENTS
For the financial year ended 31 March 2007

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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 13 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 2007, and the financial transactions, results, cash flows and changes in accumulated surplus for the financial year ended 31 March 2007 and have been prepared in accordance with the provisions of the Deposit Insurance Act Cap 77A;
- (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

8 June 2007

**INDEPENDENT AUDITOR'S REPORT TO
SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED**

We have audited the financial statements of Deposit Insurance Fund (the "Fund") set out on pages 3 to 13, which comprise the balance sheet as at 31 March 2007, the income and expenditure statement, the statement of changes in accumulated surplus and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of Singapore Deposit Insurance Corporation Limited are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Deposit Insurance Act, Cap 77A and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's 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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain 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 and fair presentation of the financial statements 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, 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,

- (a) the accompanying financial statements of the Fund are properly drawn up in accordance with the provisions of the Deposit Insurance Act, Cap 77A (the "DI 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 2007 and results, cash flows and changes in accumulated surplus of the Fund for the financial year 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 DI 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 year have not been made in accordance with the provisions of the DI Act.


PricewaterhouseCoopers
Certified Public Accountants

Singapore, 8 June 2007

DEPOSIT INSURANCE FUND

INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2007

	Note	For the financial year ended 31 March 2007 \$	For the financial period from 18 October 2005 (date of establishment) to 31 March 2006 \$
Income:			
Premium contributions		14,274,887	-
Interest income from investment securities		443,565	-
		<u>14,718,452</u>	-
Expenses:			
Expenditure incurred by Singapore Deposit Insurance Corporation Limited in carrying out the objects of the Deposit Insurance Act		(809,655)	(76,527)
Other expenses		(100)	-
Total expenses		<u>809,755</u>	(76,527)
Net surplus/(deficit)	3	<u>13,908,697</u>	(76,527)

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

DEPOSIT INSURANCE FUND

BALANCE SHEET

As at 31 March 2007

	Note	2007 \$	2006 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	271	-
Trade and other receivables	5	198,783	-
		<u>199,054</u>	-
Non-current assets			
Held-to-maturity investments	6	13,651,857	-
		<u>13,850,911</u>	-
TOTAL ASSETS			
		<u>13,850,911</u>	-
LIABILITIES			
Current liabilities			
Trade and other payables	7	18,741	76,527
Total liabilities		<u>18,741</u>	<u>76,527</u>
NET ASSETS/(LIABILITIES)			
		<u>13,832,170</u>	<u>(76,527)</u>
ACCUMULATED SURPLUS/(DEFICIT)			
		<u>13,832,170</u>	<u>(76,527)</u>

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

DEPOSIT INSURANCE FUND

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS/(DEFICIT)

For the financial year ended 31 March 2007

	For the financial year ended 31 March 2007 \$	For the financial period from 18 October 2005 (date of establishment) to 31 March 2006 \$
Balance at beginning of financial year/period	(76,527)	-
Total recognised net surplus/(deficit) for the financial year/period	13,908,697	(76,527)
Balance at end of financial year/period	13,832,170	(76,527)

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

DEPOSIT INSURANCE FUND

CASH FLOW STATEMENT

For the financial year ended 31 March 2007

	For the financial year ended 31 March 2007 \$	For the financial period from 18 October 2005 (date of establishment) to 31 March 2006 \$
Cash flows from operating activities		
Net surplus/(deficit)	13,908,697	(76,527)
Operating cash flow before working capital changes	<u>13,908,697</u>	<u>(76,527)</u>
Changes in operating assets and liabilities		
Trade and other receivables	(198,783)	
Trade and other payables	(57,786)	(76,527)
Net cash provided by operating activities	<u>13,652,128</u>	<u>-</u>
Cash flows from investing activity		
Purchase of investments	(13,651,857)	-
Net cash used in investing activity	<u>(13,651,857)</u>	<u>-</u>
Net increase in cash and cash equivalents	271	-
Cash and cash equivalents at beginning of financial year/period	-	-
Cash and cash equivalents at end of financial year/period	<u>271</u>	<u>-</u>

Note

4

The accompanying notes form an integral part of these financial statements.
Independent Auditor's Report – Page 2.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

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 Cap 77A (the "DI 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 DI 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 DI 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 DI 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 year ended 31 March 2007

2. Significant accounting policies (continued)

2.2 Revenue recognition

Premium contributions

Premium contributions, including monies receivable under the DI 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. Refunds of premium contributions are recognised in the period in which the notice to refund is received from the Monetary Authority of Singapore.

Interest income from investment securities

In accordance with FRS 39 Financial Instruments: Recognition and Measurement, interest income from investment securities is recognised in the income statement for securities measured at amortised cost using the effective interest rate method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the securities. When calculating the effective interest rate, cash flows are estimated by considering the contractual terms of the securities, including transaction costs, premiums and discounts. For securities written down due to impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring impairment loss.

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. In particular, provision for liability to make:

- (a) payment of compensation is recognised when the Agency receives notification from the Monetary Authority of Singapore under section 30 of the DI Act; and
- (b) payment of refund of premium contributions received is recognised when the Agency receives notification from the Monetary Authority of Singapore under section 27 of the DI Act or receives approval under section 26 of the DI Act to refund or remit premium contributions.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.5 Financial assets

(a) Classification

Financial assets are classified in the following categories: loans and receivables and held-to-maturity.

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) *Financial assets, held-to-maturity*

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Fund has the positive intention and ability to hold to maturity.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on value date - the date on which the sold assets are delivered and the purchase assets are paid for. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement. Any amount in the fair value reserve relating to that asset is also taken to the income statement.

Trade receivables that are factored out to banks and other financial institutions with recourse are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(d) Subsequent measurement

Loans and receivables and financial assets, held-to-maturity are carried at amortised cost using the effective interest method.

(e) Impairment

The Agency assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

(i) Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables, is recognised when there is objective evidence that the Agency will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. 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 for impairment is recognised in the income statement.

(ii) Financial assets, held-to-maturity

If there is objective evidence that an impairment loss on held-to-maturity financial assets has incurred, the carrying amount of the asset is reduced by an allowance for impairment. This allowance, calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate, is recognised in the income statement in the period in which the impairment occurs.

Impairment loss is reversed through the income statement. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.6 Fair value estimation

The carrying amount of current receivables and payables approximate their fair values. The fair value of non-current financial liabilities for disclosure purposes, if any, is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

2.7 Financial risk factors

The Fund is mainly exposed to interest rate risk.

Risk management is carried out under policies approved by the Board of Directors.

Interest rate risk

The table below sets out the Fund's assets at carrying amounts, categorised by the maturity dates.

	Up to 1 <u>month</u>	1 – 3 <u>months</u>	3 – 12 <u>months</u>	1-5 <u>years</u>	Over 5 <u>years</u>	<u>Total</u>
Held-to-Maturity Investments – Investments in Singapore Government Securities	922,574	74,623	-	-	12,654,660	13,651,857

2.8 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.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

2. Significant accounting policies (continued)

2.9 Cash and cash equivalents

Cash and cash equivalents as at the financial year end include borrowings.

3. Income tax

The Fund does not have taxable income for this financial year. 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.

4. Cash and cash equivalents

	2007	2006
	\$	\$
Cash at bank and on hand	<u>271</u>	-

At the balance sheet date, the carrying amounts of cash and cash equivalents are at their fair values.

5. Trade and other receivables

	2007	2006
	\$	\$
Advance to Agency	159,655	-
Interest receivable	39,128	-
	<u>198,783</u>	-

The carrying amounts of trade and other receivables approximate their fair value.

Trade and other receivables are all denominated in Singapore Dollars.

DEPOSIT INSURANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2007

6. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Agency has the positive intention and the Fund has the ability to hold to maturity. These assets are initially recognised at fair value plus transaction costs, and are subsequently re-measured at amortised cost using the effective interest rate method.

The fair value of the held-to-maturity investments, measured by market bid prices, is \$14,374,916 as at 31 March 2007.

7. Trade and other payables

	2007	2006
	\$	\$
Premium contributions received in advance	18,741	-
Trade payable to the Agency	-	76,527
	<u>18,741</u>	<u>76,527</u>

The carrying amounts of trade payables approximate their fair value.

Trade and other payables are all denominated in Singapore Dollars.

8. 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 2007. The Company does not expect that adoption of these accounting standards or interpretations will have a material impact on the Fund's financial statements.

9. Comparative figures

The comparative figures are for a different time period as the Fund's first set of financial statements was for the period from the date of its establishment on 18 October 2005 till 31 March 2006.

10. Authorisation of financial statements

These financial statements were authorised for issue by the directors of the Agency on 8 June 2007.