ANNUAL REPORT
For the financial year ended 31 March 2010

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
(Incorporated in Singapore. Registration Number: 200600593Z)

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

ANNUAL REPORT

For the financial year ended 31 March 2010

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

(Incorporated in Singapore. Registration Number: 200600593Z)

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 March 2010

Contents

DIRECTORS' REPORT

For the financial year ended 31 March 2010

The directors present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2010.

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
Mr Law Song Keng
Mrs Hauw-Quek Soo Hoon (appointed on 5 October 2009)
Mr Thean Lip Ping
Mr Wong Yew Meng (appointed on 18 January 2010)

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 was 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 year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

Share options

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

On behalf of the directors

JAMES KOH CHER SIANG	HAN ENG JUAN
Director	Director

18 June 2010

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT BY DIRECTORS
For the financial year ended 31 March 2010

In the opinion of the directors,

(a) the financial statements as set out on pages 5 to 19 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2010 and of 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

HAN ENG JUAN
Director

18 June 2010

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 (the "Company") set out on pages 5 to 19, which comprise the balance sheet as at 31 March 2010, the statement of comprehensive income and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act (Cap. 50) (the "Companies Act"), the Deposit Insurance Act (Cap.77A) (the "DI Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion,

(a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Companies Act, 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 2010, 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 Companies Act to be kept by the Company have been properly kept in accordance with the provisions of the Companies Act.

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of moneys 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 LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants
Singapore, 18 June 2010

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2010

	Note	**2010**	2009
		$	$
Income:			
Recovery from the Fund	2.2	**1,725,647**	1,650,927
Expenses:			
- Employee compensation	3	**682,409**	635,439
- Depreciation	8	**483,139**	326,737
- Other expenses	4	**560,099**	688,751
Total expenses		**1,725,647**	1,650,927
Profit before income tax		-	-
Income tax expense	5	-	-
Net profit		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

BALANCE SHEET

For the financial year ended 31 March 2010

	Note	**2010** **$**	2009 $
ASSETS			
Current assets			
Cash and cash equivalents	6	**597,751**	299,209
Trade and other receivables	7	**96,182**	250,099
Prepayments		**31,958**	47,994
		725,891	597,302
Non-current assets			
Property, plant and equipment	8	**1,294,969**	1,663,478
Total assets		**2,020,860**	2,260,780
LIABILITIES			
Current liabilities			
Advance from the Fund	9	**1,658,110**	1,995,457
Other payables	9	**362,750**	265,323
Total liabilities		**2,020,860**	2,260,780
NET ASSETS		**-**	-

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

SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED

CASH FLOW STATEMENT
For the financial year ended 31 March 2010

	Note	**2010**	2009
		$	$
Cash flows from operating activities			
Net profit		**-**	-
Adjustments for:			
- Depreciation		**480,356**	326,737
Change in working capital			
- Trade and other receivables		**153,917**	30,711
- Advance from the Fund		**(337,347)**	1,995,457
- Other payables		**97,427**	(1,797,523)
- Prepayments		**16,036**	(12,400)
Net cash provided by operating activities		**410,389**	542,982
Cash flows from investing activities			
Additions to property, plant and equipment		**(120,197)**	(427,702)
Disposals of property, plant and equipment		**8,350**	-
Net cash used in investing activities		**(111,847)**	(427,702)
Net increase in cash and cash equivalents		**298,542**	115,280
Cash and cash equivalents at beginning of financial year	6	**299,209**	183,929
Cash and cash equivalents at end of financial year	6	**597,751**	299,209

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

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

1. General information

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 administered and managed 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 these 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 certain critical accounting estimates and assumptions. Although these estimates are based on the Agency's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2009

On 1 April 2009, the Company adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Company's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Company:

FRS 1 (Revised) - 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Company has chosen to adopt the former alternative. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.

Amendment to FRS 107: 'Financial Instruments – Disclosures: Improving Disclosures about Financial Instruments' (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment resulted in additional disclosures but did not have an impact on the accounting policies and measurement bases adopted by the Company.

2.2 Revenue recognition

Income from the Fund represents moneys 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 to the income and expenditure statement.

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

2. Significant accounting policies (continued)

2.3 Property, plant and equipment

(a) *Measurement*

Property, plant and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses (Note 2.5).

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) *Depreciation*

Software under development is not depreciated.

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

	Useful lives
Furniture, fittings and other office equipment	3 to 5 years
Computer equipment and software	3 to 5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the income and expenditure statement when the changes arise.

(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 only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. All other repair and maintenance expense is recognised in the income and expenditure statement when incurred.

(d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the income and expenditure statement.

2. Significant accounting policies (continued)

2.4 Advance from the Fund and other payables

Advance from the Fund and other payables are initially carried at fair value, and subsequently measured at amortised cost, using the effective interest method.

2.5 Impairment of assets

Property, plant and equipment are reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) 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, the 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 difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income and expenditure 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 accumulated 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 and expenditure statement.

2.6 Financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables include "cash and cash equivalents" and "trade and other receivables" in the balance sheet. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method.

2. **Significant accounting policies** (continued)

2.6 Financial assets (continued)

The Company assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. 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 carrying amount of these assets is reduced through the use of an impairment allowance account, which is 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. The amount of the allowance for impairment is recognised in the income and expenditure statement.

2.7 Operating lease payments

Leases of assets where substantially all risks and rewards incidental to 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 recognised in the income and expenditure statement on a straight-line basis over the period of the lease.

When a lease is terminated before the lease period expires, any payment made (or received) by the Company as penalty is recognised as an expense (or income) when termination takes place.

2.8 Employee compensation

(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.

2. **Significant accounting policies** (continued)

2.9 Employee compensation (continued)

(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.

2.10 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.

(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 differences resulting from the settlement of such transactions and from the translation at the closing rates at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure statement.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2.11 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 and expenditure 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 and expenditure statement on a straight-line basis over the expected useful lives of the related assets.

3. Employee compensation

	2010 $	2009 $
Wages and salaries	**628,262**	585,965
Employer's contribution to Central Provident Fund	**22,155**	24,941
Directors' fees	**30,000**	22,500
Other	**1,992**	2,033
	682,409	635,439

4. Other expenses

	2010 $	2009 $
Rental	**137,881**	160,919
Office maintenance	**3,850**	3,000
Telecommunication charges	**2,485**	2,387
Travel	**15,181**	17,433
Trade association membership	**15,191**	14,088
Audit fees	**21,000**	21,000
Legal, accounting and other fees	**4,310**	11,692
Company secretary fees	**2,290**	4,228
Consultancy fees	**110,770**	154,030
IT expenses	**236,781**	251,390
Publicity	**-**	39,408
Other	**10,360**	9,176
	560,099	688,751

5. Income tax expense

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

	2010 $	2009 $
Cash at bank and on hand	**597,751**	299,209

Cash at bank and on hand are all denominated in Singapore Dollar.

7. Trade and other receivables

	2010	2009
	$	$
Grant receivable	**-**	4,200
Refundable deposits	**38,069**	38,069
Receivable from Comptroller of Goods and Services Tax	**58,113**	207,830
	96,182	250,099

Trade and other receivables are all denominated in Singapore Dollar.

8. Property, plant and equipment

	Furniture, fittings and other office equipment	Computer equipment and software	Software under development	Total
	$	$	$	$
2010				
Cost				
Beginning of financial year	67,880	2,035,049	-	2,102,929
Additions	-	14,497	105,700	120,197
Disposals	-	(8,350)	-	(8,350)
End of financial year	67,880	2,041,196	105,700	2,214,776
Accumulated depreciation				
Beginning of financial year	47,970	391,481	-	439,451
Depreciation	11,377	471,762	-	483,139
Disposals	-	(2,783)	-	(2,783)
End of financial year	59,347	860,460	-	919,807
Net book value				
End of financial year	**8,533**	**1,180,736**	**105,700**	**1,294,969**
2009				
Cost				
Beginning of financial year	67,880	436,647	1,170,700	1,675,227
Additions	-	59,302	368,400	427,702
Reclassification	-	1,539,100	(1,539,100)	-
End of financial year	67,880	2,035,049	-	2,102,929
Accumulated depreciation				
Beginning of financial year	33,844	78,870	-	112,714
Depreciation	14,126	312,611	-	326,737
End of financial year	47,970	391,481	-	439,451
Net book value				
End of financial year	19,910	1,643,568	-	1,663,478

9. Advance from the Fund and other payables

Advance from the Fund to cover the Company's operating and capital expenditures and other payables are all denominated in Singapore Dollar.

10. Goods and Services Tax ("GST")

The Company has been granted remission of GST input tax on all business purchases made by the Company on behalf of the Fund, for the period from the incorporation of the Company till the date when the Fund reaches the size of 0.3% of the insured deposit base or 12 years from the date of the inception of the Fund, whichever is the earlier.

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 but not exceeding the sum of $1.

12. Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

	2010	2009
	$	$
Software under development	**399,600**	269,100

(b) Operating lease commitments

The Company leases office premises under non-cancellable operating lease agreement. The lease has ranging terms, escalation clauses and renewal rights.

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:

	2010	2009
	$	$
Not later than one year	**138,707**	151,317
Later than one year but not later than five years	**-**	138,707
	138,707	290,024

13. Financial risk management

Financial risk factors

The Company's activities expose it to credit risk and liquidity risk.

(a) Credit risk

The Company's financial assets comprise:

(i) current account balances with a bank with a AA- rating; and
(ii) trade and other receivables totalling $96,182 (2009: $250,099) of which 99% (2009: 99%) are due from the Singapore Government and the Monetary Authority of Singapore.

The Company has no past-due or impaired assets.

(b) Liquidity risk

(i) Liabilities-related risk

The Company's budget is determined before the start of each financial year in accordance with the provisions of the DI Act. The Company would ensure that the Fund maintains sufficient cash and liquid assets to meet the Company's budget spending.

All financial liabilities of the Company are current and due within the next 12 months or are repayable on demand.

(ii) Contingent liabilities-related risk

The making of compensation payments pursuant to the Scheme established under the DI Act arises from the occurrence of future events that are not within the control of the Fund nor the Company. The Company will pay compensation out of the Fund to the insured depositors of a Scheme member when required to do so by the Monetary Authority of Singapore under section 30(2) of the DI Act. The Company may raise cash from the assets held by the Fund which comprises Singapore Government securities. Where this is insufficient, the Company will obtain loans on behalf of the Fund while awaiting payments from the assets of the failed Scheme member and also payments from the guarantee by the Singapore Government if the failure of the Scheme member occurs before expiry of the guarantee on 31 December 2010.

13. Financial risk management (continued)

(c) Market risk

(i) Currency risk

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

(ii) Price risk

The Company has no exposure to equity price risk as it does not hold equity financial assets.

(iii) Interest rate risk

The Company has insignificant financial assets or liabilities that are exposed to interest rate risks as the advance from the Fund is interest-free.

(d) Capital risk management

The Company does not have a share capital and does not borrow to finance day-to-day expenditures. Since expenditures are made on behalf of the Fund, the Company draws an advance from the Fund to pay capital and operating expenditures and recovers the operating expenditures and depreciation amounts from the Fund at the end of each financial year.

To safeguard the Company's ability to continue as a going concern, the Company ensures that the Fund maintains sufficient cash and liquid assets to meet the Company's budgets for capital and operating expenditures.

(e) Fair value measurement

Effective 1 April 2009, the Company adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of fair value measurement hierarchy.

At 31 March 2010, there were no assets or liabilities carried at fair value on the balance sheet.

The carrying value of trade and other receivables, prepayments, advance from the Fund and other payables approximate their fair values at the balance sheet date.

14. Related party transactions

Key management personnel compensation is as follows:

	2010	2009
	$	$
Salaries and other short-term employee benefits	**284,730**	289,542
Post-employment benefits - contribution to Central Provident Fund	**6,703**	6,703
	291,433	296,245

Included in the above was total compensation to directors of the Company amounting to $30,000 (2009: $22,500).

15. New or revised accounting standards and interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods and which the Company has not early adopted. The Company has assessed that those standards, amendments and interpretations are not relevant to the Company.

16. 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 18 June 2010.

ANNUAL REPORT
For the financial year ended 31 March 2010

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

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

ANNUAL REPORT
For the financial year ended 31 March 2010

Contents

DEPOSIT INSURANCE FUND

STATEMENT BY SINGAPORE DEPOSIT INSURANCE CORPORATION LIMITED
For the financial year ended 31 March 2010

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

(a) the financial statements as set out on pages 3 to 16 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 2010, and the financial transactions, results, cash flows and changes in accumulated surplus for the financial year ended 31 March 2010 and have been prepared in accordance with the provisions of the Deposit Insurance Act Cap 77A; and

(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	HAN ENG JUAN Director

18 June 2010

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 16, which comprise the balance sheet as at 31 March 2010, the statement of comprehensive income, 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.

Management's Responsibility for the Financial Statements

Management of Singapore Deposit Insurance Corporation Limited (the "Agency") is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Deposit Insurance Act (Cap. 77) (the "DI Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Agency, 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 Fund are properly drawn up in accordance with the provisions of the DI Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Fund as at 31 March 2010, and the results, changes in accumulated surplus and cash flows of the Fund for the financial year ended on that date; and

(b) the accounting and other records have been properly kept, including records of all 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 moneys during the financial year have not been made in accordance with the provisions of the DI Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Certified Public Accountants

Singapore, 18 June 2010

DEPOSIT INSURANCE FUND

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 March 2010

	Note	**2010** **$**	2009 $
Income:			
Premium contributions		**16,984,197**	16,229,602
Interest income from investment securities		**1,784,089**	1,288,322
		18,768,286	17,517,924
Expenses:			
Expenditure incurred by Singapore Deposit Insurance Corporation Limited in carrying out the objects of the Deposit Insurance Act		**1,725,647**	1,650,927
Other expenses		**180**	80
Total expenses		**1,725,827**	1,651,007
Net surplus		**17,042,459**	15,866,917
Other comprehensive income		**-**	-
Total comprehensive income		**17,042,459**	15,866,917

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

DEPOSIT INSURANCE FUND

BALANCE SHEET
As at 31 March 2010

	Note	**2010** $	2009 $
ASSETS			
Current assets			
Cash and cash equivalents	4	**305,902**	10,870
Advance to the Agency	5	**1,658,110**	1,995,457
Other receivables	5	**159,520**	113,524
Financial assets, held-to-maturity	6	**2,679,138**	2,363,878
		4,802,670	4,483,729
Non-current assets			
Financial assets, held-to-maturity	6	**56,434,369**	39,710,851
TOTAL ASSETS AND NET ASSETS		**61,237,039**	44,194,580
ACCUMULATED SURPLUS		**61,237,039**	44,194,580

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

DEPOSIT INSURANCE FUND

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the financial year ended 31 March 2010

	2010 $	2009 $
Beginning of financial year	**44,194,580**	28,327,663
Total comprehensive income for the financial year	**17,042,459**	15,866,917
End of financial year	**61,237,039**	44,194,580

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

DEPOSIT INSURANCE FUND

CASH FLOW STATEMENT
For the financial year ended 31 March 2010

	Note	2010 $	2009 $
Cash flows from operating activities			
Net surplus		**17,042,459**	15,866,917
Changes in working capital			
- Advance to the Agency		**337,347**	(1,995,457)
- Other receivables		**(45,996)**	(45,630)
- Trade and other payables		**-**	(44,708)
Net cash provided by operating activities		**17,333,810**	13,781,122
Cash flows from investing activities			
Purchases of financial assets, held-to-maturity		**(17,038,778)**	(15,916,716)
Net cash used in investing activities		**(17,038,778)**	(15,916,716)
Net increase in cash and cash equivalents		**295,032**	(2,135,594)
Cash and cash equivalents at beginning of financial year	4	**10,870**	2,146,464
Cash and cash equivalents at end of financial year	4	**305,902**	10,870

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

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

1. General information

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 administered and managed 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 up to $20,000 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 these 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 certain critical accounting estimates and assumptions. Although these estimates are based on the Agency's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2009

On 1 April 2009, the Agency adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Fund's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS.

The following are the new or amended FRS that are relevant to the Fund:

FRS 1 (Revised) - 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. All non-owner changes in equity are shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Agency has chosen to adopt the former alternative for the Fund's financial statements. Where comparative information is restated or reclassified, a restated balance sheet is required to be presented as at the beginning comparative period. There is no restatement of the balance sheet as at 1 April 2008 in the current financial year.

Amendment to FRS 107: 'Financial Instruments – Disclosures: Improving Disclosures about Financial Instruments' (effective from 1 January 2009). The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment resulted in additional disclosures but did not have an impact on the accounting policies and measurement bases adopted by the Fund.

2.2 Revenue recognition

Premium contributions

Premium contributions, including moneys 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.

2. Significant accounting policies (continued)

2.2 Revenue recognition (continued)

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 and expenditure 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 recognised at fair value, and subsequently carried 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 the amount has been reliably estimated. In particular, provision for liability to make:

(a) compensation payment is recognised when the Agency receives notification from the Monetary Authority of Singapore under section 30 of the DI Act; and

(b) 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.

2.5 Financial assets

(a) Classification

Financial assets are classified in the following categories: loans and receivables and held-to-maturity. The classification depends on the purpose for which the assets were acquired. The Agency determines the classification of the financial assets at initial recognition.

2. Significant accounting policies (continued)

2.5 Financial assets (continued)

(a) Classification (continued)

(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 "advance to the Agency", "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. If the Fund were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on value date - the date on which the sold assets are delivered and the purchased 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 disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised to the income and expenditure statement. Any amount in the fair value reserve relating to that asset is transferred to the income and expenditure statement.

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.

2. **Significant accounting policies** (continued)

2.5 Financial assets (continued)

(d) Subsequent measurement

Loans and receivables and financial assets, held-to-maturity are subsequently 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 and recognises an allowance for impairment when such evidence exists.

(i) Loans and 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 carrying amount of these assets is reduced through the use of an impairment allowance account, which is 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.

The amount of the allowance for impairment is recognised in the income and expenditure 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 and expenditure statement.

Impairment loss is reversed through the income and expenditure 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.

2. Significant accounting policies (continued)

2.6 Currency translation (continued)

2.6 Currency translation

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.

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

	2010	2009
	$	$
Cash at bank and on hand	**305,902**	10,870

Cash and cash equivalents are denominated in Singapore Dollar.

5. Advance to the Agency and other receivables

Advance to the Agency to cover the Agency's operating and capital expenditures and other receivables are all denominated in Singapore Dollar.

6. 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 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 Fund's held-to-maturity investments comprise:

	2010	2009
	$	$
Current		
Singapore Government treasury bills	**2,679,138**	2,363,878
Non-current		
Singapore Government bonds	**56,434,369**	39,710,851
	59,113,507	42,074,729

The fair value of the held-to-maturity investments, measured using quoted market bid prices as at 31 March 2010 is $58,950,874 (2009: $45,266,025). The non-current held-to-maturity investments have maturity dates between 2016 and 2027.

7. Financial risk management

(a) Market risk

(i) Currency risk

The Fund's operations are not exposed to significant foreign currency risks as its investments and operating transactions are denominated in Singapore Dollar.

(ii) Price risk

The Fund has no exposure to equity price risk as it does not hold equity financial assets.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund's investments in Singapore Government bonds are not subjected to cash flow interest rate risk as the interest payments are fixed. The Fund's investments in Singapore Government treasury bills are not exposed to significant interest rate risk due to the short-term nature of these securities.

7. **Financial risk management** (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk (continued)

The Fund's investments are subject to fair value interest rate risk. The changes in fair value due to interest rate movements are not reflected in the financial statements, as these securities are accounted for as held-to-maturity financial assets. See Note 6 for details on the investments' fair values as at year end.

(b) Credit risk

The Fund's financial assets comprise:

(i) Investments in Singapore Government Securities and accrued interest receivable on such securities; the issuer, the Singapore Government, has very high credit rating of AAA
(ii) Current account balances with a bank with strong credit rating AA- and the Monetary Authority of Singapore
(iii) Advance to Agency to fund the Agency's budget spending

The Fund has no past-due or impaired assets.

(c) Liquidity risk

(i) Liabilities-related risk

The Fund is responsible for funding the expenditure of the Agency in discharging functions prescribed in the DI Act. The cash outflow required is the Agency's budget which is determined before the start of each financial year in accordance with the provisions of the DI Act. The Fund's annual cash inflows are predictable, comprising premium contributions which are collected on the first day of the financial year and coupon from holdings of Singapore Government bonds. Therefore, the Fund is able to provide adequate funding to meet the Agency's budget spending.

7. **Financial risk management** (continued)

(c) Liquidity risk (continued)

(ii) *Contingent liabilities-related risk*

The making of compensation payments pursuant to the Scheme established under the DI Act arises from the occurrence of future events that are not within the control of the Fund. The assets of the Fund, comprising cash and Singapore Government securities will be used for payment of compensation by the Agency to the insured depositors of a Scheme member when required to do so by the Monetary Authority of Singapore under section 30(2) of the DI Act. Where this is insufficient, the Agency will obtain loans on behalf of the Fund while awaiting payments from the assets of the failed Scheme member and also payments from the guarantee by the Singapore Government if the failure of the Scheme member occurs before expiry of the guarantee on 31 December 2010.

(d) Accumulated surplus

The management of the Fund's accumulated surplus is circumscribed by the DI Act. Premium contributions income is determined by the MAS which is charged under the DI Act to set the premium rates at which premium contributions are levied on Scheme members. When the Fund's accumulated surplus reaches 0.3% of the aggregate of the insured deposit base of every Scheme member, the MAS and the Agency may conduct a joint review of the premium rates. As for investment income, the Agency is required to invest the Fund's moneys with the objects of capital preservation and maintenance of liquidity.

The Agency ensures that the Fund maintains sufficient cash and liquid assets to meet the Agency's budgets for capital and operating expenditures.

(e) Fair value measurement

Effective 1 April 2009, the Agency adopted the amendment to FRS 107 which requires disclosure of fair value measurements by level of fair value measurement hierarchy.

At 31 March 2010, there were no assets or liabilities carried at fair value on the balance sheet.

The fair values of financial assets traded in active markets are based on quoted market bid-prices at the balance sheet date. The fair value of financial assets, held to maturity is disclosed in Note 6.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

8. New or revised accounting standards and FRS interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Fund's accounting periods beginning on or after 1 January 2010 or later periods and which the Fund has not early adopted. The Agency has assessed that those standards, amendments and interpretations are not relevant to the Fund.

9. Authorisation of financial statements

These financial statements were authorised for issue by the directors of the Agency on 18 June 2010.