

Autoridade Bancária e de Pagamentos de Timor-Leste

Banking and Payments Authority of Timor-Leste

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Petroleum Fund Quarterly Report

Quarter ended 31 March 2007

PRESS RELEASE

The Banking & Payments Authority (BPA) today released the seventh Quarterly Report of the Petroleum Fund of Timor-Leste showing that the Capital of the fund as of 31 March 2007 was \$1,217.98 million compared with \$1,011.76 million at the end of December 2006.

The report shows that the gross cash inflows during the quarter was US\$310.14 million consist of the taxpayers contribution to the Fund was US\$ 126.40 million and the royalties contribution of the TSDA was US\$ 183.74 million.

The fund accrued interest was \$10.47 million during the quarter, while the change in market value was \$5.96 million.

The absolute return on the Fund for the quarter was positive 1.42%, equivalent to an annual return of 5.82%. The portfolio return for the quarter was 1 basis point lower than the benchmark return within the mandate.

During the quarter, an amount of US\$120 million has been transferred to the General State Budget on 21 March 2007 as requested by the Ministry of Planning and Finance. An amount of US\$ 367.80 thousands management fee has been deducted from the fund during the quarter.

The Petroleum Fund law specifies that the BPA, as the future central bank of Timor-Leste, is the agent responsible for the operational management of the Fund. The Ministry of Planning and Finance is responsible for setting the overall investment strategy for the Fund. The mandate given to the BPA is to manage the fund closely to the Merrill Lynch 0-5 years US Government Bond Index. The BPA has managed the portfolio close to the benchmark over the first seventh quarters. The difference in return between the portfolio and the benchmark since the inception of the fund is 0 basis point.

Highlights of the VII Quarterly Report, which covers the period from 1 January to 31 March 2007, include:

- An opening Balance was \$1,011.76 million.
- The gross receipts during the quarter was \$310.14 million which consist of taxpayer's receipt of \$126.40 million and the TSDA receipts of \$183.74 million whereof the cash

outflows was USD 120.37 million consist of the transfer to the General State Budget of US\$120 million and the Management fee of US\$367 thousands. The net cash inflow was US\$ 189.77 million.

- Absolute return number was 1.42% for the quarter, or \$16.44million
- A closing balance was \$1,217.98 million.

The quarterly report, as well as the Petroleum Fund law and Management Agreement, is available from the Banking & Payment Authority's website www.bancocentral.tl .

Further information may be obtained from:

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