

Fifth Petroleum Fund Quarterly Report

MEDIA RELEASE

The Banking & Payments Authority (BPA) today released the fifth Quarterly Report of the Petroleum Fund of Timor-Leste showing that the Capital of the fund as of 30 September 2006 was \$847.1 million compared with \$649.8 million at the end of June 2006.

The report shows that the taxpayers and the Timor Sea Designated Authority (TSDA) paid \$182.1 million directly into the Fund during the quarter via the BPA's account with the US Federal Reserve Bank in New York (FRBNY).

The fund accrued interest of \$6.7 million during the quarter, while the change in market value was \$8.3 million.

The absolute return on the Fund for the quarter was positive 2.03%, equivalent to an annual return of 8.37%. This is the highest quarterly return number since the start of the Fund. The portfolio return for the quarter was 1 basis point lower than the benchmark return.

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 five quarters. The difference in return between the portfolio and the benchmark since the inception of the fund is 2 basis points.

During the situation is slowly back to normal in Dili, the BPA management implemented the contingency plan procedures phase II to ensure the normal operational management of the Petroleum Fund. In this period, most of the Petroleum Fund staff was able to present and perform the normal duties.

Highlights of the fifth Quarterly Report, which covers the period from 1 July 2006 to 30 September 2006, include:

- An opening Balance of \$649.8 million.
- A receipt during the quarter was \$182.1 million which consist of taxpayer's receipt of \$154.4 million and the TSDA receipts of \$27.7 million.
- Absolute return number was 2.03% for the quarter, or \$15.1million
- A closing balance was \$847.1 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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