

VI Petroleum Fund Quarterly Report

Quarter ended 31 December 2006

MEDIA RELEASE

The Banking & Payments Authority (BPA) today released the sixth Quarterly Report of the Petroleum Fund of Timor-Leste showing that the Capital of the fund as of 31 December 2006 was \$1,011.8 million compared with \$847.1 million at the end of September 2006.

The report shows that the taxpayers and the Timor Sea Designated Authority (TSDA) paid \$155.6 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 was \$8.8 million during the quarter, while the change in market value was \$0.3 million.

The absolute return on the Fund for the quarter was positive 0.96%, equivalent to an annual return of 3.88%. The portfolio return for the quarter was 1 basis point higher 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 six quarters. The difference in return between the portfolio and the benchmark since the inception of the fund is 2 basis points.

Highlights of the sixth Quarterly Report, which covers the period from 1 October 2006 to 31 December 2006, include:

- An opening Balance was \$847.1 million.
- A receipt during the quarter was \$155.6 million which consist of taxpayer's receipt of \$124.1 million and the TSDA receipts of \$31.5 million.
- Absolute return number was 0.96% for the quarter, or \$9.1million
- A closing balance was \$1,011.8 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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