



Half Year Financial Statements Announcement

The Directors of Singapore Finance Ltd are pleased to announce the second quarter and half year financial statements on consolidated results for the period ended 31 December 2013. These figures have not been audited or reviewed by the Auditors.

1 (a) Unaudited Group Results for the Second Quarter and Half Year ended 31 December 2013

	2 nd Quarter Dec 2013	2 nd Quarter Dec 2012	+ / (-)	1 st Half Dec 2013	1 st Half Dec 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income and hiring charges	6,246	5,747	8.7	12,234	11,391	7.4
Interest expense	(1,747)	(1,571)	11.2	(3,523)	(3,065)	14.9
Net interest and hiring charges	4,499	4,176	7.7	8,711	8,326	4.6
Fee and commission income	222	230	(3.5)	490	546	(10.3)
Dividend income	131	97	35.1	456	380	20.0
Gain on sale of investments	-	441	(100.0)	328	597	(45.1)
Other operating income	92	105	(12.4)	181	187	(3.2)
Income before operating expenses	4,944	5,049	(2.1)	10,166	10,036	1.3
Staff costs	(1,839)	(1,852)	(0.7)	(3,945)	(3,992)	(1.2)
Depreciation of property, plant and equipment	(165)	(160)	3.1	(343)	(315)	8.9
Other operating expenses	(1,237)	(1,407)	(12.1)	(2,338)	(2,441)	(4.2)
Total operating expenses	(3,241)	(3,419)	(5.2)	(6,626)	(6,748)	(1.8)
Profit from operations before allowances	1,703	1,630	4.5	3,540	3,288	7.7
(Allowances)/Write-back on loan losses (net)	(3)	40	n.m	(229)	92	n.m
Impairment loss on investments	-	-	n.m	(100)	-	n.m
Profit before tax	1,700	1,670	1.8	3,211	3,380	(5.0)
Tax expense ¹	(288)	(283)	1.8	(536)	(473)	13.3
Profit after tax	1,412	1,387	1.8	2,675	2,907	(8.0)

n.m – not meaningful

Note

1. Includes write-back of prior years over-provision for tax of \$Nil (2012 : \$96,000)

1 (b) Earnings per ordinary share of the group (annualised):-

	2 nd Quarter Dec 2013	2 nd Quarter Dec 2012	1 st Half Dec 2013	1 st Half Dec 2012
Based on the weighted average number of ordinary shares in issue (cents); and	7.12	6.99	6.74	7.33
On a fully diluted basis (cents)	7.12	6.99	6.74	7.33

Note

The basic earnings per share is calculated based on profit after tax on 79,342,945 shares in issue. There are no potential dilutive ordinary shares for the periods ended 31 December 2013 and 2012.

1(c) Unaudited Group Statement of Comprehensive Income for the Second Quarter and Half Year ended 31 December 2013

	2nd Quarter Dec 2013	2nd Quarter Dec 2012	+ / (-)	1st Half Dec 2013	1st Half Dec 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	1,412	1,387	1.8	2,675	2,907	(8.0)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Net change in fair value of available-for-sale investments	(1,232)	563	(318.8)	112	1,332	(91.6)
Net change in fair value of available-for-sale investments transferred to profit or loss						
- on disposal	-	(441)	(100.0)	(328)	(597)	(45.1)
- on impairment	-	-	n.m.	100	-	n.m.
Tax relating to items that may be reclassified subsequently to profit or loss	209	(22)	(1,050.0)	19	(125)	(115.2)
Other comprehensive income for the period, net of tax	(1,023)	100	(1,123.0)	(97)	610	(115.9)
Total comprehensive income for the period	389	1,487	(73.8)	2,578	3,517	(26.7)

n.m. – not meaningful

2(a) Balance Sheets

	Group		Company	
	31-Dec-13	30-Jun-13	31-Dec-13	30-Jun-13
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	74,853	91,236	74,740	91,052
Statutory deposit with Monetary Authority of Singapore	21,757	21,103	21,757	21,103
Loans and advances	761,844	732,910	761,844	732,910
Investments	113,466	132,725	113,466	132,725
Other receivables, deposits and prepayments	3,293	2,146	3,291	2,144
Property, plant and equipment	9,089	5,568	9,089	5,568
Deferred taxation	823	804	823	804
Interests in subsidiaries	-	-	125	125
Total Assets	985,125	986,492	985,135	986,431
Equity				
Share capital	90,065	90,065	90,065	90,065
Reserves	74,772	76,161	73,045	74,513
Total Equity	164,837	166,226	163,110	164,578
Liabilities				
Deposits and savings accounts of customers	803,124	797,738	805,082	799,624
Trade and other payables	14,505	19,862	14,289	19,567
Current tax payable	1,337	1,343	1,332	1,339
Staff retirement gratuities	1,322	1,323	1,322	1,323
Total Liabilities	820,288	820,266	822,025	821,853
Total Equity and Liabilities	985,125	986,492	985,135	986,431

2(b) Net Asset Value

Net asset value per ordinary share (\$)	2.08	2.10	2.06	2.07
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The net asset value per share is calculated based on the number of shares of 79,342,945 ordinary shares in issue at the end of 31 December 2013 and 30 June 2013.

3. Consolidated Cash Flow Statement

	2 nd Quarter Dec 2013	2 nd Quarter Dec 2012	1 st Half Dec 2013	1 st Half Dec 2012
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit for the period	1,412	1,387	2,675	2,907
<u>Adjustments for:-</u>				
Depreciation of property, plant and equipment	165	160	343	315
Property, plant and equipment written off	3	-	3	-
Allowances/(Write-back) on loan losses (net)	3	(40)	229	(92)
Impairment loss on investments	-	-	100	-
Gain on sale of investments	-	(441)	(328)	(597)
Dividend income	(131)	(97)	(456)	(380)
Staff retirement gratuity	23	24	47	49
Tax expense	288	283	536	473
	1,763	1,276	3,149	2,675
<u>Changes in working capital:</u>				
Statutory deposit with Monetary Authority of Singapore	(138)	(1,526)	(654)	(2,684)
Loans and advances	1,580	(32,510)	(29,163)	(66,142)
Other receivables, deposits and prepayments	(930)	(25)	(1,147)	300
Deposits and savings accounts of customers	(13,396)	26,301	5,386	27,787
Trade and other payables	(474)	447	(5,357)	(5,606)
Cash used in operations	(11,595)	(6,037)	(27,786)	(43,670)
Taxes paid	(480)	(252)	(542)	(252)
Staff retirement gratuities paid	-	-	(48)	-
Net cash flows used in operating activities	(12,075)	(6,289)	(28,376)	(43,922)
Cash flows from investing activities				
Dividends received	131	97	456	380
Purchase of property, plant and equipment	(61)	(106)	(3,867)	(116)
Purchase of investments	(4,996)	(11,644)	(10,699)	(25,044)
Proceeds from sale and maturity of investments	355	15,014	30,070	17,378
Net cash flows (used in)/from investing activities	(4,571)	3,361	15,960	(7,402)
Cash flows from financing activities				
Dividends paid	(3,967)	(4,760)	(3,967)	(4,760)
Net cash flows used in financing activities	(3,967)	(4,760)	(3,967)	(4,760)
Net decrease in cash and cash equivalents	(20,613)	(7,688)	(16,383)	(56,084)
Cash and cash equivalents at beginning of period	95,466	77,959	91,236	126,355
Cash and cash equivalents at end of period	74,853	70,271	74,853	70,271

4(a) Statements of Changes in Equity – Group

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
The Group							
At 1 Jul 2013	90,065	1,353	57,519	(3,767)	730	20,326	166,226
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,263	1,263
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	1,344	-	-	1,344
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	(328)	-	-	(328)
- on impairment	-	-	-	100	-	-	100
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(190)	-	-	(190)
Total other comprehensive income	-	-	-	926	-	-	926
Total comprehensive income for the period	-	-	-	926	-	1,263	2,189
At 30 Sep 2013	90,065	1,353	57,519	(2,841)	730	21,589	168,415
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,412	1,412
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(1,232)	-	-	(1,232)
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	-	-	-	-
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	209	-	-	209
Total other comprehensive income	-	-	-	(1,023)	-	-	(1,023)
Total comprehensive income for the period	-	-	-	(1,023)	-	1,412	389
Transaction with owners, recorded directly in equity							
Final dividend paid of 5 cents per share in respect of year 2013	-	-	-	-	-	(3,967)	(3,967)
At 31 Dec 2013	90,065	1,353	57,519	(3,864)	730	19,034	164,837

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
The Group							
At 1 Jul 2012	90,065	1,353	56,219	815	730	21,126	170,308
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,520	1,520
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	770	-	-	770
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(156)	-	-	(156)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(104)	-	-	(104)
Total other comprehensive income	-	-	-	510	-	-	510
Total comprehensive income for the period	-	-	-	510	-	1,520	2,030
At 30 Sep 2012	90,065	1,353	56,219	1,325	730	22,646	172,338
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,387	1,387
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	563	-	-	563
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(441)	-	-	(441)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(22)	-	-	(22)
Total other comprehensive income	-	-	-	100	-	-	100
Total comprehensive income for the period	-	-	-	100	-	1,387	1,487
Transaction with owners, recorded directly in equity							
Final dividend paid of 6 cents per share in respect of year 2012	-	-	-	-	-	(4,760)	(4,760)
At 31 Dec 2012	90,065	1,353	56,219	1,425	730	19,273	169,065

4(b) Statements of Changes in Equity – Company

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
The Company							
At 1 Jul 2013	90,065	1,353	57,519	(3,767)	730	18,678	164,578
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,192	1,192
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	1,344	-	-	1,344
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	(328)	-	-	(328)
- on impairment	-	-	-	100	-	-	100
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(190)	-	-	(190)
Total other comprehensive income	-	-	-	926	-	-	926
Total comprehensive income for the period	-	-	-	926	-	1,192	2,118
At 30 Sep 2013	90,065	1,353	57,519	(2,841)	730	19,870	166,696
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,404	1,404
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(1,232)	-	-	(1,232)
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	-	-	-	-
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	209	-	-	209
Total other comprehensive income	-	-	-	(1,023)	-	-	(1,023)
Total comprehensive income for the period	-	-	-	(1,023)	-	1,404	381
Transaction with owners, recorded directly in equity							
Final dividend paid of 5 cents per share in respect of year 2013	-	-	-	-	-	(3,967)	(3,967)
At 31 Dec 2013	90,065	1,353	57,519	(3,864)	730	17,307	163,110

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
The Company							
At 1 Jul 2012	90,065	1,353	56,219	815	730	19,559	168,741
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,477	1,477
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	770	-	-	770
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(156)	-	-	(156)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(104)	-	-	(104)
Total other comprehensive income	-	-	-	510	-	-	510
Total comprehensive income for the period	-	-	-	510	-	1,477	1,987
At 30 Sep 2012	90,065	1,353	56,219	1,325	730	21,036	170,728
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,376	1,376
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	563	-	-	563
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal	-	-	-	(441)	-	-	(441)
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(22)	-	-	(22)
Total other comprehensive income	-	-	-	100	-	-	100
Total comprehensive income for the period	-	-	-	100	-	1,376	1,476
Transaction with owners, recorded directly in equity							
Final dividend paid of 6 cents per share in respect of year 2012	-	-	-	-	-	(4,760)	(4,760)
At 31 Dec 2012	90,065	1,353	56,219	1,425	730	17,652	167,444

5. Group's borrowings and debt securities

Nil

6. Changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported.

Nil

7. Sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the financial period.

Not applicable. During the financial period, no shares were held as treasury shares.

8. Accounting Policies

For the current financial period, the Group and the Company have adopted all the relevant new or revised Financial Reporting Standards ("FRS") and interpretations ("INT FRS") which came into effect for the Group and the Company from 1 July 2013.

The adoption of these new or revised FRS and INT FRS does not have any material impact on the financial statements of the Group and the Company for the financial period under review.

The accounting policies and methods of computation adopted in the financial statements for the financial period under review are consistent with those applied in the financial statements for the year ended 30 June 2013.

9. Review of the Performance of the Company and its Principal Subsidiaries

The Group registered a profit from operations before allowances of \$1.7 million for the quarter under review, an increase of 4.5% compared to the previous corresponding quarter. Total income declined marginally by \$0.1 million or 2.1%, cushioned by a 5.2% dip in operating expenses. The decline in total income was primarily due to the absence of any gain on sale of investments during the quarter. Profit after tax remained largely unchanged at \$1.4 million compared to same period last year.

For the half year ended 31 December 2013, the Group's operating profit before allowances improved by 7.7% to \$3.5 million vis-à-vis the same period last year as total income grew by \$0.1 million or 1.3% and operating expenses were marginally lower by \$0.1 million or 1.8%.

Total loans and advances grew by \$29 million or 3.9% in the first half of the financial year as the Group continue to mitigate the compression in interest margin by further growth in the loan portfolio. Meanwhile, total deposits also increased marginally by 0.7% to \$803 million as at 31 December 2013.

In line with the loan growth during the period, the Group has set aside additional collective allowances at a portfolio level. The additional collective allowances were partially cushioned by write-back of individual allowances, resulting in a \$0.2 million charge for loan allowances. For the same period last year, there was a net write-back in loan allowances of \$0.1 million. The Group continues to set aside adequate individual and collective allowances for its loan portfolio.

The Group has also made an impairment loss on investments of \$0.1 million during the half year ended 31 December 2013 due to prolonged decline in the market value of a quoted equity investment. Accordingly, the Group's profit after tax for the half year ended 31 December 2013 declined by \$0.2 million or 8.0% to \$2.7 million compared to the same period last year.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen which is likely to affect substantially the results of the operations of the Group and the Company in the interval between the end of the financial period and the date of this announcement.

10. Comments on Significant Trends and Competitive Conditions in the Industry

According to Ministry of Trade and Industry ("MTI")'s advance GDP estimates on 2 January 2014, the Singapore economy grew 4.4% on a year-on-year basis in the fourth quarter of 2013, compared to 5.9% in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 2.7%, a reversal from the 2.2% expansion in the previous quarter. For the whole of 2013, the economy is estimated to have grown by 3.7%. This is in line with MTI's growth forecast of 3.5% to 4%.

The growth for Singapore economy in 2014 is expected to stabilise in the range of 3.0% to 4.0%, with externally oriented sectors benefiting from improvement in the global trade cycle. However, on the domestic lending front, the Group expects lower loan growth given the current measures on property market and auto loan to curb excessive household debts. Nevertheless, the Group will continue to seek new growth areas and manage our operating expenses effectively.

11.(a) Interim Dividend and Amount Recommended per share

Nil

11.(b) Interim Dividend Recommended Previous Corresponding Period

Nil

12. Shareholders' mandate for Interested Party Transactions

The Group has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

13. Other Matters

Nil

By Order of the Board

Blandina Chia Swee Hoon
Assistant Company Secretary

7 February 2014

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)
OF THE SGX-ST LISTING MANUAL**

We, Teo Chiang Long and Tan Hui Keng, Martha, being two Directors of Singapura Finance Ltd ("the Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the quarter and half year ended 31 December 2013 financial results to be false or misleading.

On behalf of the Board of Directors


Teo Chiang Long
Director


Tan Hui Keng, Martha
Director

7 February 2014