

SINGAPURA FINANCE LTD
Co. Reg. No. 196900340N

Half Year Financial Statements Announcement

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	Group		+/- %
		6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000	
Interest income and hiring charges		24,126	14,611	65.1
Interest expense		(12,444)	(2,549)	388.2
Net interest income and hiring charges		11,682	12,062	(3.2)
Fee and commission income		210	174	20.7
Other operating income		279	203	37.4
Income before operating expenses		12,171	12,439	(2.2)
Staff costs		(4,032)	(3,844)	4.9
Depreciation of property, plant and equipment		(643)	(555)	15.9
Other operating expenses		(2,685)	(2,038)	31.7
Total operating expenses		(7,360)	(6,437)	14.3
Profit from operations before allowances		4,811	6,002	(19.8)
Allowances for impairment losses on loans and advances		(60)	(875)	(93.1)
Profit before tax	7	4,751	5,127	(7.3)
Tax expense	8	(803)	(871)	(7.8)
Profit after tax		3,948	4,256	(7.2)
Other comprehensive income				
<u>Items that will not be reclassified subsequently to profit or loss (net of tax):</u>				
Fair value changes of equity investments (net)		-	-	-
<u>Items that may be reclassified subsequently to profit or loss (net of tax):</u>				
Fair value changes of debt investments (net)		337	(9,213)	n.m.
Total comprehensive (loss)/income for the period		4,285	(4,957)	n.m.
<u>Earnings per share for the profit for the period attributable to the owners of the Company during the year:</u>				
Basic earnings per share (cents)		4.98	5.36	
Diluted earnings per share (cents)		4.98	5.36	

n.m. – not meaningful

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 158,685,890 for the periods ended 30 June 2023 and 2022. There are no potential dilutive ordinary shares for the periods ended 30 June 2023 and 2022.

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2023	31 December 2022	30 June 2023	31 December 2022
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and balances with banks	5	110,563	100,260	110,548	100,243
Statutory deposit with the Monetary Authority of Singapore("MAS")		21,939	23,445	21,939	23,445
Investments	10.2	241,208	191,527	241,208	191,527
Loans and advances	11	758,716	844,464	758,716	844,464
Others receivables, deposits and prepayments		2,677	2,306	2,677	2,306
Subsidiaries		-	-	125	125
Property, plant and equipment	12	8,007	7,288	8,007	7,288
Deferred tax asset		3,115	3,152	3,115	3,152
Total assets		1,146,225	1,172,442	1,146,335	1,172,550
Equity					
Share capital	13	168,896	168,896	168,896	168,896
Reserves		82,454	83,326	80,137	81,053
Total equity attributable to owners of the Company		251,350	252,222	249,033	249,949
Liabilities					
Deposits and savings accounts of customers	14	864,153	893,826	866,762	896,437
Trade and other payables		19,144	12,332	18,965	12,103
Borrowings from MAS	15	7,600	10,000	7,600	10,000
Current tax liabilities		2,522	2,580	2,519	2,579
Staff retirement gratuities		1,456	1,482	1,456	1,482
Total liabilities		894,875	920,220	897,302	922,601
Total equity and liabilities		1,146,225	1,172,442	1,146,335	1,172,550
Net Asset Value					
Net asset value per ordinary share (\$)		1.58	1.59	1.57	1.58

The net asset value per share is calculated based on the number of shares of 158,685,890 ordinary shares in issue at the end of 30 June 2023 and 31 December 2022.

C. Condensed interim consolidated statement of cash flows

	Note	6 months ended 30 Jun 2023 \$'000	6 months ended 30 Jun 2022 \$'000
Cash flows from operating activities			
Profit for the period		3,948	4,256
<u>Adjustments for:-</u>			
Depreciation of property, plant and equipment		643	555
Allowances for impairment losses on loans and advances		60	875
Property, plant and equipment written off		-	1
Staff retirement gratuity		136	45
Interest on lease liabilities		187	181
Tax expense		803	871
		5,777	6,784
<u>Changes in working capital:</u>			
Statutory deposit with Monetary Authority of Singapore		1,506	183
Fixed Deposits with original maturity more than 3 months		-	(4)
Loans and advances		85,688	3,914
Other receivables, deposits and prepayments		(371)	(559)
Deposits and savings accounts of customers		(29,673)	(42,598)
Trade and other payables		5,902	(2,671)
		68,829	(34,951)
Cash from/(used in) operations			
Taxes paid		(893)	(959)
Staff retirement gratuity paid		(162)	(43)
		67,774	(35,953)
Cash flows from investing activities			
Purchase of property, plant and equipment		(168)	(70)
Purchase of investments		(379,290)	(212,663)
Proceeds from sale and maturity of investments		330,015	196,051
		(49,443)	(16,682)
Cash flows from financing activities			
Payment of lease liabilities		(471)	(429)
Dividends paid	9	(5,157)	(6,347)
Borrowings from MAS	15	(2,400)	10,000
		(8,028)	3,224
Net cash flows (used in)/from financing activities			
Net increase/(decrease) in cash and cash equivalents		10,303	(49,411)
Cash and cash equivalents at beginning of period		97,260	111,498
Cash and cash equivalents at end of period	5	107,563	62,087

D. Condensed interim statements of changes in equity – Group

	Note	Share Capital	Capital Reserve	Regulatory Loss Allowance Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group									
At 1 Jan 2023									
		168,896	1,353	718	84,498	(14,342)	730	10,369	252,222
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	3,948	3,948
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	-	-	-	-
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	406	-	-	406
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	(69)	-	-	(69)
Total other comprehensive income		-	-	-	-	337	-	-	337
Total comprehensive income for the period		-	-	-	-	337	-	3,948	4,285
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 1.25 cents per share paid in respect of year 2022	9	-	-	-	-	-	-	(5,157)	(5,157)
Total transactions with owners		-	-	-	-	-	-	(5,157)	(5,157)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	-	-	-	-	-	-
At 30 Jun 2023		168,896	1,353	718	84,498	(14,005)	730	9,160	251,350
The Group									
At 1 Jan 2022									
		168,896	1,353	718	80,178	(8,191)	730	12,692	256,376
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	4,256	4,256
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	-	-	-	-
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(11,100)	-	-	(11,100)
Tax on items that may be reclassified subsequently to profit or loss		-	-	-	-	1,887	-	-	1,887
Total other comprehensive income		-	-	-	-	(9,213)	-	-	(9,213)
Total comprehensive income for the period		-	-	-	-	(9,213)	-	4,256	(4,957)
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and special dividend of 2 cents per share paid in respect of year 2021	9	-	-	-	-	-	-	(6,347)	(6,347)
Total transactions with owners		-	-	-	-	-	-	(6,347)	(6,347)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	-	-	-	-	-	-
At 30 Jun 2022		168,896	1,353	718	80,178	(17,404)	730	10,601	245,072

FVOCI: Fair Value through Other Comprehensive Income

D. Condensed interim statements of changes in equity – Company

	Note	Share Capital	Capital Reserve	Regulatory Loss Allowance Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Company									
At 1 Jan 2023		168,896	1,353	718	84,498	(14,342)	730	8,096	249,949
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	3,904	3,904
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	-	-	-	-
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	406	-	-	406
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	(69)	-	-	(69)
Total other comprehensive income		-	-	-	-	337	-	-	337
Total comprehensive income for the period		-	-	-	-	337	-	3,904	4,241
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 1.25 cents per share paid in respect of year 2022	9	-	-	-	-	-	-	(5,157)	(5,157)
Total transactions with owners		-	-	-	-	-	-	(5,157)	(5,157)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	-	-	-	-	-	-
At 30 Jun 2023		168,896	1,353	718	84,498	(14,005)	730	6,843	249,033
The Company									
At 1 Jan 2022		168,896	1,353	718	80,178	(8,191)	730	10,428	254,112
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	4,252	4,252
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	-	-	-	-
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(11,100)	-	-	(11,100)
Tax on items that may be reclassified subsequently to profit or loss		-	-	-	-	1,887	-	-	1,887
Total other comprehensive income		-	-	-	-	(9,213)	-	-	(9,213)
Total comprehensive income for the period		-	-	-	-	(9,213)	-	4,252	(4,961)
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 2 cents per share paid in respect of year 2021	9	-	-	-	-	-	-	(6,347)	(6,347)
Total transactions with owners		-	-	-	-	-	-	(6,347)	(6,347)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	-	-	-	-	-	-
At 30 Jun 2022		168,896	1,353	718	80,178	(17,404)	730	8,333	242,804

FVOCI: Fair Value through Other Comprehensive Income

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Singapura Finance Ltd (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those relating to finance companies operating under the Finance Companies Act 1967.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Uncertain economic environment

The uncertain economic environment has increased the estimation uncertainty in developing significant accounting estimates, predominantly related to expected credit losses and its related post-model adjustments.

The estimation uncertainty is associated with:

- the extent and duration of the expected economic downturn (and forecasts for key economic factors including gross domestic product (GDP));
- the extent and duration of the disruption to business arising from the expected economic downturn; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed accounting estimates based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June 2023 about future events that management believes are reasonable in the circumstances.

There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimate impacted by these forecasts and associated uncertainties is predominantly related to expected credit losses.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The Group operates in only one segment. Its activities relate to financing business. All activities are carried out in the Republic of Singapore. Revenue in respect of these activities is disclosed in the financial statements accordingly.

5. Cash and balances with banks

	----- Group -----		----- Company -----	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Cash at banks and in hand	25,563	22,209	25,548	22,192
Fixed deposits with banks	85,000	78,051	85,000	78,051
Cash and balances with banks in the balance sheet	110,563	100,260	110,548	100,243
Less: Fixed deposits with original maturity more than 3 months	(3,000)	(3,000)	(3,000)	(3,000)
Cash and cash equivalents in the cash flow statement	107,563	97,260	107,548	97,243

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023 and 31 December 2022:

	----- Group -----		----- Company -----	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Financial Assets				
- At amortised cost				
Cash and balances with banks	110,563	100,260	110,548	100,243
Statutory deposit with Monetary Authority of Singapore("MAS")	21,939	23,445	21,939	23,445
Loans and advances	758,716	844,464	758,716	844,464
Other receivables and deposits (excludes prepayments)	1,902	1,475	1,902	1,475
- At fair value through other comprehensive income (FVOCI)				
Debt instruments	241,208	191,527	241,208	191,527
Unquoted Equity instruments	*	*	*	*
	1,134,328	1,161,171	1,134,313	1,161,154
Financial Liabilities				
Deposits and savings accounts of customers	(864,153)	(893,826)	(866,762)	(896,437)
Trade and other payables	(19,144)	(12,332)	(18,965)	(12,103)
Borrowings from MAS	(7,600)	(10,000)	(7,600)	(10,000)
	(890,897)	(916,158)	(893,327)	(918,540)

*Amount less than \$1,000

7. Profit before taxation

7.1. Significant items

	Group	
	6 months ended 30 June 2023 \$'000	6 months ended 30 June 2022 \$'000
Interest income and hiring charges		
Interest income on:		
- loans and advances	19,605	13,293
- bank deposits	1,408	154
- Singapore Government Securities	3,113	1,164
	24,126	14,611
Interest expense		
Interest expense on customer deposits	12,439	2,547
Interest expense on Borrowings	5	2
	12,444	2,549
Other operating income		
Bad debts recovered	70	5
Others	209	159
Government grant	-	39
	279	203
Staff costs		
Salaries and other benefits	3,628	3,414
Contributions to defined contribution plans	404	430
	4,032	3,844

All interest income and hiring charges relates to financial assets that are not fair value through profit or loss.

All interest expense relates to financial liabilities that are not fair value through profit or loss.

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Other operating expenses		
Audit fees to auditors		
- provision in respect of current year	82	80
Non-audit fees to auditors of the Company	5	8
Interest expense on lease liabilities		
- related corporations	158	167
- third parties	29	14
Other operating expense paid to:		
- related corporations	25	24
- third parties	2,386	1,745
	<u>2,685</u>	<u>2,038</u>

7.2. Related party transactions

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Directors' fees	290	240
Directors' ex-gratia	203	-
Short-term employee benefits	1,149	1,052
Post-employment benefits	64	63

Directors' remuneration included in key management personnel compensation amounted to \$1,396,000 (30 June 2022: \$1,079,000). Key management personnel refer to the Board of Directors and senior management of the Group.

Other transactions with related corporations

Other than transactions with related corporations separately disclosed in the financial statements, the following related party transaction was carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group		Company	
	6 months ended 30 June 2023	6 months ended 30 June 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000	\$'000	\$'000
Interest on deposits paid to subsidiaries	-	-	49	8
Interest on deposits paid to related parties	3,085	449	3,085	449

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Tax expense		
Current year	835	891
Deferred tax credit		
Origination and reversal of temporary differences	(32)	(20)
	<u>803</u>	<u>871</u>

9. Dividend

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	6 months ended 30 June 2023	6 months ended 30 June 2022
	\$'000	\$'000
Paid by the Company to owners of the Company		
First and final		
2.0 cents per qualifying ordinary share (2022: 2.0 cents)	3,174	3,174
Special		
1.25 cents per qualifying ordinary share (2022:2.0 cents)	1,983	3,174
	<u>5,157</u>	<u>6,347</u>

10. Fair value of financial instruments

10.1. Fair value measurement

In assessing the fair value of financial instruments, the Group uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

Although management have employed their best judgement in the estimation of fair values, there is inevitably a significant element of subjectivity involved in the calculations. Therefore, the fair value estimates presented below are not necessarily indicative of the amounts the Group could have realised in a sales transaction at the reporting date. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

The methodologies and assumptions used depend on the terms and risk characteristics of the various instruments and include the following:

Financial instruments for which fair value approximates the carrying amount

The carrying values of statutory deposit with the Monetary Authority of Singapore, other receivables and deposits, cash and balances with banks and trade and other payables, approximate their fair values as these balances are short-term in nature or are receivable or payable on demand.

Investment in Singapore Government Securities

The fair values of FVOCI-debt instruments are determined by reference to their quoted closing bid prices at the reporting date.

10.2 Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income comprise the following:

Investments	Group and Company	
	30 June 2023	31 December 2022
	\$'000	\$'000
Singapore Government Securities	241,208	191,527
Unquoted equity securities	*	*
	241,208	191,527

*Amount less than \$1,000

10.3 Fair value hierarchy

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

The following table presented the assets measured at fair value:

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Group and Company				
Financial assets				
30 June 2023				
FVOCI investments	241,208	-	*	241,208
31 December 2022				
FVOCI investments	191,527	-	*	191,527

*Amount less than \$1,000

11. Loans and advances

	Group and Company	
	30 Jun 2023 \$'000	31 Dec 2022 \$'000
Mortgage and other secured loans	577,566	674,445
Unsecured loans	11,546	14,008
Hire purchase receivables	191,765	174,668
	<u>780,877</u>	<u>863,121</u>
Unearned charges and interest	(15,151)	(11,707)
	<u>765,726</u>	<u>851,414</u>
Allowances for loan losses	(7,010)	(6,950)
	<u>758,716</u>	<u>844,464</u>
These comprise balances:		
Due within 12 months	147,197	206,784
Due after 12 months	611,519	637,680
	<u>758,716</u>	<u>844,464</u>

The movements in the allowance for loan losses during the year was as follows:

	Group and Company			
	12-month ECL \$'000	Lifetime ECL- not credit impaired \$'000	Lifetime ECL- credit impaired \$'000	Total \$'000
Balance as at 1 Jan 2022	3,423	577	1,677	5,677
Allowances for/(write-back)	104	548	770	1,422
Amounts written off	-	-	(149)	(149)
Balance as at 31 Dec 2022	<u>3,527</u>	<u>1,125</u>	<u>2,298</u>	<u>6,950</u>
Allowances for/(write-back)	284	(284)	60	60
Amounts written off	-	-	-	-
Balance as at 30 Jun 2023	<u>3,811</u>	<u>841</u>	<u>2,358</u>	<u>7,010</u>

12. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired fixed assets amounting to \$168,000 (30 June 2022: \$69,000) and right-of-use assets of \$1,194,000 (30 June 2022: \$NIL)

13. Share capital

	Group and Company			
	30 June 2023		31 December 2022	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Fully paid ordinary shares, with no par value:				
At the beginning and end of financial period	<u>158,686</u>	<u>168,896</u>	<u>158,686</u>	<u>168,896</u>

The Company did not hold any treasury shares as at 30 June 2023 and 31 December 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

14. Deposits and savings accounts of customers

These include deposits placed by subsidiaries amounting to \$2,609,000 (2022: \$2,611,000) in the Company and \$163,715,000 (2022: \$182,421,000) placed by related parties of the Group and the Company, accepted in the ordinary course of business.

15. Borrowings from MAS

	Group and Company	
	30 June 2023	31 December 2022
	\$'000	\$'000
Due within 12 months	7,600	-
Due after 12 months	-	10,000
	<u>7,600</u>	<u>10,000</u>

Borrowings from MAS represents amounts advanced by MAS to the Group in order to partially finance the Enterprise Singapore (“ESG”) loan schemes for Small and Medium Enterprises (“SMEs”), administered by Enterprise Singapore. The ESG Loan Schemes comprise the Enhanced Enterprise Financing Scheme – SME Working Capital Loan (“EFS-WCL”) and the Temporary Bridging Loan Programme (“TBLP”). Borrowings from MAS SGD Facility is secured by assignment of eligible loan agreements as collaterals amounting to \$9,113,000 (2022: \$11,163,000).

16. Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current.

	----- Group -----		----- Company -----	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Assets				
Investments	85,089	84,967	85,089	84,967
Loans and advances	611,519	637,680	611,519	637,680
Other receivables, deposits and prepayments	363	324	363	324
Subsidiaries	-	-	125	125
Property, plant and equipment	8,007	7,288	8,007	7,288
Deferred tax assets	3,115	3,152	3,115	3,152
	<u>708,093</u>	<u>733,411</u>	<u>708,218</u>	<u>733,536</u>
Liabilities				
Deposits and savings accounts of customers	76,407	97,724	76,407	97,724
Trade and other payables	1,117	815	1,117	815
Borrowings from MAS	-	10,000	-	10,000
Staff retirement gratuities	1,351	982	1,351	982
	<u>78,875</u>	<u>109,521</u>	<u>78,875</u>	<u>109,521</u>

Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Singapura Finance Ltd and its subsidiaries as at 30 June 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

For the half year ended 30 June 2023, the Group recorded a profit after tax of \$3.9 million, a decline of 7.2% as compared to the same period last year. The weaker performance was primarily attributed to lower net interest income and higher operating expenses.

Net interest income decreased by \$0.4 million or 3.2% compared to the previous corresponding period as increase in cost of deposits outpaced the rise in interest income amidst a higher interest rate environment. Non-interest income increased by \$0.1 million or 29.7% due to higher loan administrative and penalty fees on early settlement. Total operating expenses increased by 14.3% or \$0.9 million with the increase coming largely from other operating expenses and staff cost as the Group continued to forge ahead with our digital transformation. Additionally, the Group has also made provision for directors' ex-gratia for directors who may retire next year following the implementation of the hard nine-year tenure rule for independent directors by Singapore Exchange Securities Trading Limited ("SGX-ST").

There was a net charge for loan impairment losses amounting to \$0.1 million for the half year ended 30 June 2023 compared to \$0.9 million during the same period last year. This was attributed to lower allowances for non-performing loans. The Group continues to set aside adequate specific and collective allowances in respect of its loan portfolio.

There was an unrealised gain of \$0.3 million to other comprehensive income for the half year ended 30 June 2023 due to increase in the fair value of the Singapore Government Securities (SGS). The Group purchases SGS for the purposes of maintaining minimum liquid assets as required under the Finance Companies Act.

The Group's total loan, net of allowances, dropped by 10.2% to \$759 million as at 30 June 2023 compared to \$844 million as at 31 December 2022. In line with the lower loan balance, total customers' deposits were managed downwards by 3.3% to \$864 million as at 30 June 2023 compared to \$894 million as at 31 December 2022.

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 report.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

According to the Ministry of Trade and Industry ("MTI")'s advance GDP estimates on 14 July 2023, the Singapore economy grew by 0.7% on a year-on-year basis in the second quarter of 2023, faster than the 0.4% growth recorded in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, Singapore economy expanded by 0.3%, a turnaround from the 0.4% contraction in the first quarter of 2023.

Singapore's economy narrowly escaped a recession in the second quarter as global demand weakened and China's slowdown dragged on trade flows. China's reopening had fuelled hopes for a sustained recovery in commerce and tourism for the region, especially Singapore's export-dependent economy, but demand has weakened in the wake of higher interest rates and strong inflationary pressures.

Against the backdrop of weaker economic prospect for Singapore resulting from the prevailing global economic uncertainties, the Group will continue to proactively manage our asset quality. In view of the rising interest rate outlook, the Group remains vigilant and disciplined in managing our net interest margin and operating expenses even as we forge ahead with our efforts to digitalise our services and processes.

5. 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.

6. Borrowings and debt securities as at the end of the current financial period and as at the end of the immediately preceding financial year

The Group and the Company's borrowings are as disclosed under Note 15 to the condensed interim consolidated financial statements. There are no outstanding debt securities issuance as at 30 June 2023 and 31 December 2022 for the Group and the Company.

7. Dividend Information

7a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No dividend has been declared / recommended for the half year ended 30 June 2023. The Group pays dividends on an annual basis, subject to review and approval of the Board and the Shareholders.

7b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

8. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Teo Chiang Long
Director

Tan Hui Keng, Martha
Director

By Order of the Board
Lee Tiong Hock
Company Secretary

11 August 2023