

Full Year Financial Statements And Dividend Announcement

The Directors of Singapore Finance Ltd are pleased to announce the audited financial statements on consolidated results for full year ended 30 June 2014. These figures have been audited in accordance with Singapore Standards on Auditing.

1 (a) Audited Consolidated Income Statement for the year ended 30 June 2014

	01-Jul-13 to 30-Jun-14	01-Jul-12 to 30-Jun-13	Increase/ (Decrease)
	\$'000	\$'000	%
Interest income and hiring charges	26,215	22,981	14.1
Interest expense	(7,101)	(6,357)	11.7
Net interest and hiring charges	19,114	16,624	15.0
Fee and commission income	860	1,052	(18.3)
Dividend income	607	744	(18.4)
Gain on sale of investments	328	1,218	(73.1)
Other operating income	866	382	126.7
Income before operating expenses	21,775	20,020	8.8
Staff costs	(8,435)	(8,284)	1.8
Depreciation of property, plant and equipment	(754)	(662)	13.9
Other operating expenses	(5,182)	(4,811)	7.7
Total Operating expenses	(14,371)	(13,757)	4.5
Profit from operations before allowances	7,404	6,263	18.2
Allowances on loan losses (net)	(459)	(285)	61.1
Impairment loss on investments	(250)	(500)	(50.0)
Profit before tax	6,695	5,478	22.2
Tax expense ¹	(900)	(218)	312.8
Profit for the year	5,795	5,260	10.2

Note :

1. Includes write-back of prior years over-provision for tax of \$227,000 (2013 : \$674,000).

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

	12 months Jun 2014	12 months Jun 2013
Based on the weighted average number of ordinary shares in issue (cents); and	7.30	6.63
On a fully diluted basis (cents)	7.30	6.63

Note

The Group's basic earnings per share is calculated based on profit after tax on weighted average of 79,342,945 (2013: 79,342,945) shares in issue.

There are no dilutive potential ordinary shares for the years ended 30 June 2014 and 2013.

**1(c) Audited Consolidated Statement of Comprehensive Income
for the year ended 30 June 2014**

	2014	2013	+ / (-)
	\$'000	\$'000	%
Profit for the year	5,795	5,260	10.2
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale investments	2,749	(4,803)	N.M.
Net change in fair value of available-for-sale investments transferred to profit or loss			
- on disposal	(328)	(1,218)	(73.1)
- on impairment	250	500	(50.0)
Tax relating to items that may be reclassified subsequently to profit or loss	(454)	939	N.M.
Other comprehensive income for the year, net of tax	2,217	(4,582)	N.M.
Total comprehensive income for the year	8,012	678	1,081.7

N.M. – Not Meaningful

2 (a) Balance sheets
As at 30 June 2014

	Group		Company	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	82,060	91,236	81,974	91,052
Statutory deposit with the Monetary Authority of Singapore	22,847	21,103	22,847	21,103
Investments	118,001	132,725	118,001	132,725
Loans and advances	792,288	732,910	792,288	732,910
Others receivables, deposits and prepayments	3,776	2,146	3,776	2,144
Subsidiaries	-	-	125	125
Property, plant and equipment	8,855	5,568	8,855	5,568
Deferred tax assets	123	804	123	804
Total assets	1,027,950	986,492	1,027,989	986,431
Equity				
Share capital	90,065	90,065	90,065	90,065
Reserves	80,206	76,161	78,461	74,513
Total equity attributable to owners of the Company	170,271	166,226	168,526	164,578
Liabilities				
Deposits and savings accounts of customers	847,330	797,738	849,345	799,624
Trade and other payables	8,091	19,862	7,866	19,567
Current tax liabilities	936	1,343	930	1,339
Staff retirement gratuities	1,322	1,323	1,322	1,323
Total liabilities	857,679	820,266	859,463	821,853
Total equity and liabilities	1,027,950	986,492	1,027,989	986,431

2 (b) Net Asset Value

Net asset value per ordinary share (\$)	2.15	2.10	2.12	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 30 June 2014 and 30 June 2013.

3 Consolidated cash flow statement
Year ended 30 June 2014

	GROUP	
	2014	2013
	\$'000	\$'000
Cash flows from operating activities		
Profit for the year	5,795	5,260
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment	754	662
Property, plant and equipment written off	5	-
Allowances on loan losses (net)	459	285
Impairment loss on investments	250	500
Gain on sale of investments	(328)	(1,218)
Staff retirement gratuities	78	97
Dividend income	(607)	(744)
Tax expense	900	218
	7,306	5,060
<u>Changes in working capital:</u>		
Statutory deposit with Monetary Authority of Singapore	(1,744)	(4,131)
Loans and advances	(59,837)	(96,112)
Other receivables, deposits and prepayments	(1,630)	(96)
Deposits and savings accounts of customers	49,592	103,891
Trade and other payables	(11,771)	(1,922)
Cash (used in)/generated from operations	(18,084)	6,690
Taxes paid	(1,080)	(570)
Staff retirement gratuities paid	(79)	-
Net cash (used in)/from operating activities	(19,243)	6,120
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,046)	(149)
Dividends received	607	744
Purchase of investments	(22,763)	(92,954)
Proceeds from sale and maturity of investments	40,236	55,880
Net cash from/(used in) investing activities	14,034	(36,479)
Cash flows from financing activities		
Dividends paid	(3,967)	(4,760)
Net cash used in financing activities	(3,967)	(4,760)
Net decrease in cash and cash equivalents	(9,176)	(35,119)
Cash and cash equivalents at 1 July	91,236	126,355
Cash and cash equivalents at 30 June	82,060	91,236

4 (a) Consolidated statements of changes in equity
Year ended 30 June 2014

	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 July 2013	90,065	1,353	57,519	(3,767)	730	20,326	166,226
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	5,795	5,795
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	2,749	-	-	2,749
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	(328)	-	-	(328)
- on impairment	-	-	-	250	-	-	250
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(454)	-	-	(454)
Total other comprehensive income	-	-	-	2,217	-	-	2,217
Total comprehensive income for the year	-	-	-	2,217	-	5,795	8,012
Transaction with owners, recorded directly in equity							
Distributions to owners							
Dividends declared and paid	-	-	-	-	-	(3,967)	(3,967)
Total transactions with owners	-	-	-	-	-	(3,967)	(3,967)
Transfer from profit for the year to statutory reserve	-	-	1,425	-	-	(1,425)	-
At 30 June 2014	90,065	1,353	58,944	(1,550)	730	20,729	170,271
The Group							
At 1 July 2012	90,065	1,353	56,219	815	730	21,126	170,308
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	5,260	5,260
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(4,803)	-	-	(4,803)
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	(1,218)	-	-	(1,218)
- on impairment	-	-	-	500	-	-	500
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	939	-	-	939
Total other comprehensive income	-	-	-	(4,582)	-	-	(4,582)
Total comprehensive income for the year	-	-	-	(4,582)	-	5,260	678
Transaction with owners, recorded directly in equity							
Distributions to owners							
Dividends declared and paid	-	-	-	-	-	(4,760)	(4,760)
Total transactions with owners	-	-	-	-	-	(4,760)	(4,760)
Transfer from profit for the year to statutory reserve	-	-	1,300	-	-	(1,300)	-
At 30 June 2013	90,065	1,353	57,519	(3,767)	730	20,326	166,226

4 (b) Statement of changes in equity
Year ended 30 June 2014

	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 July 2013	90,065	1,353	57,519	(3,767)	730	18,678	164,578
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	5,698	5,698
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	2,749	-	-	2,749
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	(328)	-	-	(328)
- on impairment	-	-	-	250	-	-	250
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	(454)	-	-	(454)
Total other comprehensive income	-	-	-	2,217	-	-	2,217
Total comprehensive income for the year	-	-	-	2,217	-	5,698	7,915
Transaction with owners, recorded directly in equity							
Distributions to owners							
Dividends declared and paid	-	-	-	-	-	(3,967)	(3,967)
Total transactions with owners	-	-	-	-	-	(3,967)	(3,967)
Transfer from profit for the year to statutory reserve	-	-	1,425	-	-	(1,425)	-
At 30 June 2014	90,065	1,353	58,944	(1,550)	730	18,984	168,526
The Company							
At 1 July 2012	90,065	1,353	56,219	815	730	19,559	168,741
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	5,179	5,179
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(4,803)	-	-	(4,803)
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	(1,218)	-	-	(1,218)
- on impairment	-	-	-	500	-	-	500
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	939	-	-	939
Total other comprehensive income	-	-	-	(4,582)	-	-	(4,582)
Total comprehensive income for the year	-	-	-	(4,582)	-	5,179	597
Transaction with owners, recorded directly in equity							
Distributions to owners							
Dividends declared and paid	-	-	-	-	-	(4,760)	(4,760)
Total transactions with owners	-	-	-	-	-	(4,760)	(4,760)
Transfer from profit for the year to statutory reserve	-	-	1,300	-	-	(1,300)	-
At 30 June 2013	90,065	1,353	57,519	(3,767)	730	18,678	164,578

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 year, no shares were held as treasury shares.

8 Accounting Policies

For the current financial year, 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 year ended 30 June 2014.

The accounting policies and methods of computation adopted in the financial statements for the financial year ended 30 June 2014 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 recorded a profit after tax of \$5.8 million for the financial year ended 30 June 2014, an improvement of 10.2% compared to \$5.3 million for the previous year. The stronger performance was mainly attributed to the rise in total income, which was partly offset by a marginal increase in operating expenses, higher charge for allowances for loan losses and tax expense.

Profit from operations before allowances was \$7.4 million, 18.2% higher vis-à-vis the same period last year. The surge in net interest income was a result of higher loan volume as well as interest recovery from non-performing loans. Non-interest income declined due to lower gain on sale of investments, fees and commission and dividend income; but partially cushioned by other operating income which climbed by \$0.5 million due to recovery of bad debts previously written off. Total operating expenses increased by \$0.6 million, driven largely by higher staff costs and other operating expenses, particularly amortisation of commissions to auto-loan dealers.

Total loans and advances net of allowances grew 8.1% to \$792 million compared to \$733 million as at 30 June 2013. In tandem with the higher loan balance, total deposits also increased 6.2% to \$847 million as at 30 June 2014.

In line with the loan growth during the year, the Group has set aside additional collective allowances at a portfolio level. The additional collective allowances were cushioned by write back of specific allowances, resulting in a net charge for loan allowances of \$0.5 million compared to \$0.3 million during the last financial year. The Group continue to set aside

adequate specific and collective allowances for the loan portfolio. The Group has also made additional impairment loss on investments of \$0.3 million due to prolonged decline in the market value of a quoted equity investment.

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 year and the date of this report.

10 Comments on Significant Trends and Competitive Conditions in the Industry

The Singapore economy grew by 2.4% on a year-on-year basis in the second quarter of 2014, moderating from the 4.8% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.1%, slower than the 1.8% growth in the preceding quarter, mainly due to slowdown in manufacturing sector.

Considering the uncertainties in global macroeconomic environment as well as the domestic structural rebalancing process due to labour constraints, the Ministry of Trade and Industry has narrowed Singapore's 2014 full year GDP growth forecast from 2.0% to 4.0%, to 2.5% to 3.5%.

Given the modest economic outlook and the continual impact of the prudent measures taken by the Government on the financing of property and car loans, the Group expects a moderate growth for the loan portfolio. Nevertheless, the Group will continue to be prudent and proactive in seeking new business opportunities and manage our operating expenses to remain competitive.

11 Dividends

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors is recommending a first and final dividend (one-tier tax-exempt) of 5 cents per share for the financial year ended 30 June 2014.

	<u>Year ended 30 June 2014</u>	<u>Year ended 30 June 2013</u>
Name of Dividend	First & final	First & final
Dividend Type	Cash	Cash
Dividend Rate	5 cents per share	5 cents per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
<u>Total Annual Dividend</u>		
Ordinary	\$3,967,147	\$3,967,147
Preference	-	-
Total	<u>\$3,967,147</u>	<u>\$3,967,147</u>

12 Closure of Books and Dividend Payment Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on Tuesday, 11 November 2014 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902 up to 5.00 p.m. on Monday, 10 November 2014 will be registered before entitlements to the proposed dividend are determined. Payment of dividend, if approved by shareholders at the Annual General Meeting to be held at 391A Orchard Road, Tower A, #26-00, Ngee Ann City Singapore 238873 on Friday, 31 October 2014 at 11.00 a.m., will be paid on Wednesday, 19 November 2014.

13 Segmented revenue and results for business or geographical segments

Segment reporting is not required as the Group operates only in one segment. Its activities relate to financing business. All activities are carried out in the Republic of Singapore.

14 Half-Yearly Income and Profit After Tax

	Year ended 30 June 2014	Year ended 30 June 2013	Increase/ (Decrease)
	\$'000	\$'000	%
Total Income			
First Half Year	10,166	10,036	1.3%
Second Half Year	11,609	9,984	16.3%
Profit After Tax			
First Half Year	2,675	2,907	(8.0%)
Second Half Year	3,120	2,353	32.6%

15. 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.

16. Report of person occupying managerial position who are related to a Director, Chief Executive Officer or Substantial Shareholder pursuant to Rule 704(13) of the Listing Rules

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Jamie Teo Miang Yeow	41	Son of Executive Chairman [Teo Chiang Long]	Chief Executive Officer Year appointed : 2007 Oversees the business activities and operations of the Group	Nil
Nguy Jootian	68	Sister of Executive Chairman [Teo Chiang Long] and aunt of Chief Executive Officer [Jamie Teo Miang Yeow]	General Manager/ Company Secretary Year Appointed : 1993 Oversees human resources administration, Realty & Nominees Services, and Corporate Secretarial matters	Nil

By Order of the Board

Nguy Jootian
Company Secretary

22 August 2014

Independent auditors' report

Members of the Company
Singapura Finance Ltd

Report on the financial statements

We have audited the accompanying financial statements of Singapura Finance Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2014, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Chartered Accountants*

**Singapore
22 August 2014**