

Second Quarter and Six Months Financial Statements Announcement

The Directors of Singapore Finance Ltd are pleased to announce the second quarter and six months financial statements on consolidated results for the period ended 31 December 2015. These figures have not been audited or reviewed by the Auditors.

1 (a) Unaudited Group Results for the Second Quarter ended 31 December 2015

	2 nd Quarter Dec 2015	2 nd Quarter Dec 2014	+ / (-)	6 Months Dec 2015	6 Months Dec 2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income and hiring charges	8,725	7,930	10.0	17,684	15,266	15.8
Interest expense	(3,120)	(2,312)	34.9	(6,105)	(4,364)	39.9
Net interest and hiring charges	5,605	5,618	(0.2)	11,579	10,902	6.2
Fee and commission income	301	208	44.7	584	424	37.7
Dividend income	100	101	(1.0)	123	234	(47.4)
Loss on sale of investments	-	(53)	100.0	-	(53)	100.0
Other operating income	122	99	23.2	225	215	4.7
Income before operating expenses	6,128	5,973	2.6	12,511	11,722	6.7
Staff costs	(2,036)	(2,106)	(3.3)	(4,567)	(4,384)	4.2
Depreciation of property, plant and equipment	(216)	(164)	31.7	(393)	(318)	23.6
Other operating expenses	(2,367)	(1,777)	33.2	(4,579)	(3,166)	44.6
Total operating expenses	(4,619)	(4,047)	14.1	(9,539)	(7,868)	21.2
Profit from operations before allowances	1,509	1,926	(21.7)	2,972	3,854	(22.9)
Allowances on loan losses (net)	(257)	(80)	n.m.	(832)	(30)	n.m.
Impairment loss on investments	(740)	-	n.m.	(740)	-	n.m.
Profit before tax	512	1,846	(72.3)	1,400	3,824	(63.4)
Tax expense	(85)	(313)	(72.8)	(230)	(645)	(64.3)
Profit after tax	427	1,533	(72.1)	1,170	3,179	(63.2)

n.m. – not meaningful

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

	2 nd Quarter Dec 2015	2 nd Quarter Dec 2014	6 Months Dec 2015	6 Months Dec 2014
Based on the weighted average number of ordinary shares in issue (cents); and	1.08	5.33	1.48	6.03
On a fully diluted basis (cents)	1.08	5.33	1.48	6.03

Note

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 2nd Quarter and 6 Months ended 31 December 2015 (31 December 2014 : 114,967,005 (2nd Quarter) and 105,403,499 (6 Months)) shares.

There are no potential dilutive ordinary shares for the periods ended 31 December 2015 and 2014.

1(c) Unaudited Group Statement of Comprehensive Income for the Second Quarter and Six Months ended 31 December 2015

	2nd Quarter Dec 2015	2nd Quarter Dec 2014	+ / (-)	6 Months Dec 2015	6 Months Dec 2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	427	1,533	(72.1)	1,170	3,179	(63.2)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Net change in fair value of available-for-sale investments	209	406	(48.5)	109	(946)	(111.5)
Net change in fair value of available-for-sale investments reclassified to profit or						
- on disposal	-	53	(100.0)	-	53	(100.0)
- on impairment	740	-	n.m.	740	-	n.m.
Tax on items that may be reclassified subsequently to profit or loss	(161)	(77)	109.1	(144)	152	(194.7)
Other comprehensive income for the period, net of tax	788	382	106.3	705	(741)	(195.1)
Total comprehensive income for the period	1,215	1,915	(36.6)	1,875	2,438	(23.1)

n.m. – not meaningful

2(a) Balance Sheets

	Group		Company	
	31-Dec-15	30-Jun-15	31-Dec-15	30-Jun-15
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	104,946	140,625	104,872	140,589
Statutory deposit with the Monetary Authority of Singapore	25,400	24,358	25,400	24,358
Investments	126,965	122,512	126,965	122,512
Loans and advances	935,902	935,483	935,902	935,483
Others receivables, deposits and prepayments	6,321	6,168	6,321	6,168
Subsidiaries	-	-	125	125
Property, plant and equipment	8,929	8,667	8,929	8,667
Total assets	1,208,463	1,237,813	1,208,514	1,237,902
Equity				
Share capital	168,896	168,896	168,896	168,896
Reserves	78,384	79,683	76,512	77,862
Total equity attributable to owners of the Company	247,280	248,579	245,408	246,758
Liabilities				
Deposits and savings accounts of customers	946,937	978,143	949,079	980,285
Trade and other payables	12,161	9,049	11,945	8,823
Current tax liabilities	601	655	598	649
Staff retirement gratuities	1,247	1,350	1,247	1,350
Deferred tax liabilities	237	37	237	37
Total liabilities	961,183	989,234	963,106	991,144
Total equity and liabilities	1,208,463	1,237,813	1,208,514	1,237,902

2(b) Net Asset Value

Net asset value per ordinary share (\$)	1.56	1.57	1.55	1.56
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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 31 December 2015 and 30 June 2015.

3. Consolidated Cash Flow Statement

	2 nd Quarter Dec 2015	2 nd Quarter Dec 2014	6 Months Dec 2015	6 Months Dec 2014
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit for the period	427	1,533	1,170	3,179
<u>Adjustments for:-</u>				
Depreciation of property, plant and equipment	216	164	393	318
Property, plant and equipment written off	3	6	3	6
Gain on disposal of property, plant and equipment	(44)	-	(44)	-
Loss on sale of investments	-	53	-	53
Impairment loss on investments	740	-	740	-
Allowances on loan losses (net)	257	80	832	30
Dividend income	(100)	(101)	(123)	(234)
Staff retirement gratuities	24	23	47	47
Tax expense	85	313	230	645
	1,608	2,071	3,248	4,044
<u>Changes in working capital:</u>				
Statutory deposit with Monetary Authority of Singapore	151	(880)	(1,042)	(1,621)
Loans and advances	3,165	(37,996)	(1,251)	(78,002)
Other receivables, deposits and prepayments	(177)	(1,083)	(153)	(1,403)
Deposits and savings accounts of customers	3,003	17,935	(31,206)	103,418
Trade and other payables	2,270	1,902	3,112	2,480
Cash from/(used in) operations	10,020	(18,051)	(27,292)	28,916
Taxes paid	(226)	(407)	(230)	(413)
Staff retirement gratuities paid	-	(30)	(150)	(30)
Net cash flows from/(used in) operating activities	9,794	(18,488)	(27,672)	28,473
Cash flows from investing activities				
Dividends received	100	101	123	234
Purchase of property, plant and equipment	(443)	(152)	(658)	(231)
Proceeds from sale of property, plant and equipment	44	-	44	-
Purchase of investments	(18,973)	(6,991)	(29,957)	(12,145)
Proceeds from sale and maturity of investments	14,315	3,401	25,615	6,760
Net cash flows used in investing activities	(4,957)	(3,641)	(4,833)	(5,382)
Cash flows from financing activities				
Net proceeds from rights issue	-	78,831	-	78,831
Dividends paid	(3,174)	(3,967)	(3,174)	(3,967)
Net cash flows (used in)/from financing activities	(3,174)	74,864	(3,174)	74,864
Net increase/(decrease) in cash and cash equivalents	1,663	52,735	(35,679)	97,955
Cash and cash equivalents at beginning of period	103,283	127,280	140,625	82,060
Cash and cash equivalents at end of period	104,946	180,015	104,946	180,015

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 2015	168,896	1,353	61,178	(2,649)	730	19,071	248,579
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	743	743
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(100)	-	-	(100)
Net change in fair value of available-for-sale investments reclassified to profit or loss							
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	17	-	-	17
Total other comprehensive income	-	-	-	(83)	-	-	(83)
Total comprehensive income for the period	-	-	-	(83)	-	743	660
At 30 Sep 2015	168,896	1,353	61,178	(2,732)	730	19,814	249,239
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	427	427
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	209	-	-	209
Net change in fair value of available-for-sale investments reclassified to profit or loss							
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	740	-	-	740
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(161)	-	-	(161)
Total other comprehensive income	-	-	-	788	-	-	788
Total comprehensive income for the period	-	-	-	788	-	427	1,215
Transaction with owners, recorded directly in equity							
Final dividend paid of 2 cents per share in respect of year 2015	-	-	-	-	-	(3,174)	(3,174)
At 31 Dec 2015	168,896	1,353	61,178	(1,944)	730	17,067	247,280

	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 2014	90,065	1,353	58,944	(1,550)	730	20,729	170,271
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,646	1,646
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(1,352)	-	-	(1,352)
Net change in fair value of available-for-sale investments reclassified to profit or loss							
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	229	-	-	229
Total other comprehensive income	-	-	-	(1,123)	-	-	(1,123)
Total comprehensive income for the period	-	-	-	(1,123)	-	1,646	523
At 30 Sep 2014	90,065	1,353	58,944	(2,673)	730	22,375	170,794
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,533	1,533
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	406	-	-	406
Net change in fair value of available-for-sale investments reclassified to profit or loss							
- on disposal	-	-	-	53	-	-	53
- on impairment	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(77)	-	-	(77)
Total other comprehensive income	-	-	-	382	-	-	382
Total comprehensive income for the period	-	-	-	382	-	1,533	1,915
Transaction with owners, recorded directly in equity							
Final dividend paid of 5 cents per share in respect of year 2014	-	-	-	-	-	(3,967)	(3,967)
Issue of Rights Shares	78,831	-	-	-	-	-	78,831
At 31 Dec 2014	168,896	1,353	58,944	(2,291)	730	19,941	247,573

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 2015	168,896	1,353	61,178	(2,649)	730	17,250	246,758
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	712	712
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(100)	-	-	(100)
Net change in fair value of available-for-sale investments reclassified to profit or loss							
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	17	-	-	17
Total other comprehensive income	-	-	-	(83)	-	-	(83)
Total comprehensive income for the period	-	-	-	(83)	-	712	629
At 30 Sep 2015	168,896	1,353	61,178	(2,732)	730	17,962	247,387
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	407	407
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	209	-	-	209
Net change in fair value of available-for-sale investments reclassified to profit or loss							
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	740	-	-	740
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(161)	-	-	(161)
Total other comprehensive income	-	-	-	788	-	-	788
Total comprehensive income for the period	-	-	-	788	-	407	1,195
Transaction with owners, recorded directly in equity							
Final dividend paid of 2 cents per share in respect of year 2015	-	-	-	-	-	(3,174)	(3,174)
At 31 Dec 2015	168,896	1,353	61,178	(1,944)	730	15,195	245,408

	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 2014	90,065	1,353	58,944	(1,550)	730	18,984	168,526
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,602	1,602
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(1,352)	-	-	(1,352)
Net change in fair value of available-for-sale investments reclassified to profit or loss	-	-	-	-	-	-	-
- on disposal	-	-	-	-	-	-	-
- on impairment	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	229	-	-	229
Total other comprehensive income	-	-	-	(1,123)	-	-	(1,123)
Total comprehensive income for the period	-	-	-	(1,123)	-	1,602	479
At 30 Sep 2014	90,065	1,353	58,944	(2,673)	730	20,586	169,005
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,529	1,529
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	406	-	-	406
Net change in fair value of available-for-sale investments reclassified to profit or loss	-	-	-	-	-	-	-
- on disposal	-	-	-	53	-	-	53
- on impairment	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(77)	-	-	(77)
Total other comprehensive income	-	-	-	382	-	-	382
Total comprehensive income for the period	-	-	-	382	-	1,529	1,911
Transaction with owners, recorded directly in equity							
Final dividend paid of 5 cents per share in respect of year 2014	-	-	-	-	-	(3,967)	(3,967)
Issue of Rights Shares	78,831	-	-	-	-	-	78,831
At 31 Dec 2014	168,896	1,353	58,944	(2,291)	730	18,148	245,780

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 2015.

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 2015.

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

The Group registered a profit from operations before allowances of \$1.5 million for the quarter under review, 21.7% lower compared to the previous corresponding quarter. Though interest income and hiring charges rose 10.0% from an expanded loan base, this was offset by a 34.9% increase in interest costs, resulting in a marginal drop of 0.2% drop in net interest income. Total income was buffered by \$0.2 million increase in non-interest income with higher fees income. However, this was more than offset by a 14.1% increase in operating expenses.

For the six months ended 31 December 2015, the Group's operating profit before allowances declined by 22.9% to \$3.0 million vis-à-vis the same period last year. Net interest income grew by 6.2% driven primarily by higher loan yield while non-interest income increased 13.7% mainly due to higher fees income. Total income grew by \$0.8 million or 6.7% but was more than offset by increase in operating expenses by \$1.7 million or 21.2%. Total operating expenses increased, largely attributed to higher other operating expenses, particularly amortisation of commissions to auto-loan dealers.

In the current weak and uncertain economic climate, loan growth was lacklustre. Total loans and advances grew marginally by \$0.5 million in the first six months of the financial year. Meanwhile, total deposits declined by \$31.2 million or 3.2% to \$947 million as at 31 December 2015 in an effort to optimise the cash balance and manage our interest expense.

In line with the loan growth during the period, the Group has set aside additional collective allowances at a portfolio level. Additional collective allowances as well as specific allowances resulted in a net charge for loan allowances of \$0.8 million. For the same period last year, there was a net charge for loan allowances of \$0.03 million. The Group continues to set aside adequate specific and collective allowances for the loan portfolio. The Group has also made

impairment loss on investments of \$0.7 million due to further decline in the market value of quoted equity investments in the current volatile and bearish stock market.

With the additional loan allowances and impairment loss on investments, the Group's profit after tax for the six months ended 31 December 2015 contracted by \$2.0 million or 63.2% to \$1.2 million compared to the same period last year. Despite the weak performance, the Group's capital remains strong, and is more than adequate to buffer further volatility in the external environment. Our capital adequacy ratio continues to be well above the regulatory minimum requirement.

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 4 January 2016, the Singapore economy grew 2.0% on a year-on-year basis in the fourth quarter of 2015, slightly faster than the 1.8% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a faster pace by 5.7% compared to the 1.7% growth in the preceding quarter. For the whole of 2015, the economy is estimated to have grown by 2.1%.

Singapore economy is expected to be lacklustre in 2016 due to local economic restructuring challenges and external headwinds with the slowdown in major trading partners. The Group will continue to be prudent and proactive in managing our business risk and operating expenses to remain competitive.

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. The Company confirms that it has procured the undertakings required under Rule 720(1) from all its directors and executive officers.

14. Other Matters

Nil

By Order of the Board

Ngiam May Ling
Company Secretary

5 February 2016

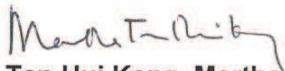
**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)
OF THE SGX-ST LISTING MANUAL**

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 six months ended 31 December 2015 financial results to be false or misleading.

On behalf of the Board of Directors



Teo Chiang Long
Director



Tan Hui Keng, Martha
Director

5 February 2016