

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	6 months ended	+/-
		30 June 2021	30 June 2020	
		\$'000	\$'000	%
Interest income and hiring charges		14,684	16,564	(11.3)
Interest expense		(2,535)	(7,483)	(66.1)
Net interest income and hiring charges		12,149	9,081	33.8
Fee and commission income		138	267	(48.3)
Other operating income		488	856	(43.0)
Income before operating expenses		12,775	10,204	25.2
Staff costs		(3,845)	(3,983)	(3.5)
Depreciation of property, plant and equipment		(554)	(563)	(1.6)
Other operating expenses		(2,069)	(1,816)	13.9
Total operating expenses		(6,468)	(6,362)	1.7
Profit from operations before allowances		6,307	3,842	64.2
Allowances for impairment losses on loans and advances		(448)	(1,502)	(70.2)
Profit before tax	7	5,859	2,340	150.4
Tax expense	8	(952)	(395)	141.0
Profit after tax		4,907	1,945	152.3
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)		(1,034)	-	n.m.
<u>Items that may be reclassified subsequently to profit or loss (net of tax):</u>				
Fair value changes of debt investments (net)		(2,080)	1,833	n.m.
Total comprehensive income for the period		1,793	3,778	(52.5)
<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)		6.18	2.45	
Diluted earnings per share (cents)		6.18	2.45	

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 2021 and 2020. There are no potential dilutive ordinary shares for the periods ended 30 June 2021 and 2020.

n.m. – not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and balances with banks	5	137,180	181,054	137,164	180,963
Statutory deposit with the Monetary Authority of Singapore		22,937	21,421	22,937	21,421
Investments	10.2	129,589	125,001	129,589	125,001
Loans and advances		881,746	837,886	881,746	837,886
Others receivables, deposits and prepayments		2,273	1,867	2,273	1,867
Subsidiaries		-	-	125	125
Property, plant and equipment	11	7,879	7,119	7,879	7,119
Deferred tax asset		1,341	720	1,341	720
Total assets		1,182,945	1,175,068	1,183,054	1,175,102
Equity					
Share capital	12	168,896	168,896	168,896	168,896
Reserves		85,140	85,727	82,900	83,503
Total equity attributable to owners of the Company		254,036	254,623	251,796	252,399
Liabilities					
Deposits and savings accounts of customers		918,556	907,474	921,129	909,966
Trade and other payables		6,759	9,463	6,535	9,234
Current tax liabilities		2,042	1,993	2,042	1,988
Staff retirement gratuities		1,552	1,515	1,552	1,515
Total liabilities		928,909	920,445	931,258	922,703
Total equity and liabilities		1,182,945	1,175,068	1,183,054	1,175,102
Net Asset Value					
Net asset value per ordinary share (\$)		1.60	1.60	1.59	1.59

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 2021 and 31 December 2020.

C. Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months ended	6 months ended
		30 June 2021	30 June 2020
		\$'000	\$'000
Cash flows from operating activities			
Profit for the period		4,907	1,945
<u>Adjustments for:-</u>			
Depreciation of property, plant and equipment		554	563
Bad Debts written off		-	8
Allowances for impairment losses on loans and advances		448	1,502
Property, plant and equipment written off		-	1
Staff retirement gratuity		37	48
Interest on lease liabilities		157	210
Tax expense		952	395
		7,055	4,672
<u>Changes in working capital:</u>			
Statutory deposit with Monetary Authority of Singapore		(1,516)	(2,807)
Fixed Deposits with original maturity more than 3 months		(12,099)	-
Loans and advances		(44,308)	(70,185)
Other receivables, deposits and prepayments		(406)	233
Deposits and savings accounts of customers		11,082	73,173
Trade and other payables		(3,404)	(464)
Cash (used in)/from operations		(43,596)	4,622
Taxes paid		(886)	(3)
Net cash flows (used in)/from operating activities		(44,482)	4,619
Cash flows from investing activities			
Purchase of property, plant and equipment		(311)	(60)
Purchase of investments		(174,704)	(396,231)
Proceeds from sale and maturity of investments		166,364	394,589
Net cash flows used in investing activities		(8,651)	(1,702)
Cash flows from financing activities			
Payment of lease liabilities		(460)	(485)
Dividends paid	9	(2,380)	(5,554)
Net cash flows used in financing activities		(2,840)	(6,039)
Net decrease in cash and cash equivalents		(55,973)	(3,122)
Cash and cash equivalents at beginning of period		131,249	224,843
Cash and cash equivalents at end of period	5	75,276	221,721

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 2021		168,896	1,353	1,985	75,388	(2,706)	730	8,977	254,623
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	4,907	4,907
Other comprehensive income									
<u>Items that will not be reclassified subsequently to profit or loss:</u>									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(1,246)	-	-	(1,246)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	212	-	-	212
<u>Items that may be reclassified subsequently to profit or loss:</u>									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(2,506)	-	-	(2,506)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	426	-	-	426
Total other comprehensive income		-	-	-	-	(3,114)	-	-	(3,114)
Total comprehensive income for the period		-	-	-	-	(3,114)	-	4,907	1,793
Transaction with owners, recorded directly in equity									
Final dividend of 1.5 cents per share paid in respect of year 2020	9	-	-	-	-	-	-	(2,380)	(2,380)
Total transactions with owners		-	-	-	-	-	-	(2,380)	(2,380)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(514)	-	-	-	514	-
At 30 Jun 2021		168,896	1,353	1,471	75,388	(5,820)	730	12,018	254,036
The Group									
At 1 Jan 2020		168,896	1,353	4,026	73,028	1,047	730	10,084	259,164
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	1,945	1,945
Other comprehensive income									
<u>Items that may be reclassified subsequently to profit or loss:</u>									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	2,209	-	-	2,209
Tax on items that may be reclassified subsequently to profit or loss		-	-	-	-	(376)	-	-	(376)
Total other comprehensive income		-	-	-	-	1,833	-	-	1,833
Total comprehensive income for the period		-	-	-	-	1,833	-	1,945	3,778
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 1.5 cents per share paid in respect of year 2019	9	-	-	-	-	-	-	(5,554)	(5,554)
Total transactions with owners		-	-	-	-	-	-	(5,554)	(5,554)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(1,604)	-	-	-	1,604	-
At 30 Jun 2020		168,896	1,353	2,422	73,028	2,880	730	8,079	257,388

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 2021		168,896	1,353	1,985	75,388	(2,706)	730	6,753	252,399
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	4,891	4,891
Other comprehensive income									
<u>Items that will not be reclassified subsequently to profit or loss:</u>									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(1,246)	-	-	(1,246)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	212	-	-	212
<u>Items that may be reclassified subsequently to profit or loss:</u>									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(2,506)	-	-	(2,506)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	426	-	-	426
Total other comprehensive income		-	-	-	-	(3,114)	-	-	(3,114)
Total comprehensive income for the period		-	-	-	-	(3,114)	-	4,891	1,777
Transaction with owners, recorded directly in equity									
Final dividend of 1.5 cents per share paid in respect of year 2020	9	-	-	-	-	-	-	(2,380)	(2,380)
Total transactions with owners		-	-	-	-	-	-	(2,380)	(2,380)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(514)	-	-	-	514	-
At 30 Jun 2021		168,896	1,353	1,471	75,388	(5,820)	730	9,778	251,796
The Company									
At 1 Jan 2020		168,896	1,353	4,026	73,028	1,047	730	7,915	256,995
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	1,926	1,926
Other comprehensive income									
<u>Items that may be reclassified subsequently to profit or loss:</u>									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	2,209	-	-	2,209
Tax on items that may be reclassified subsequently to profit or loss		-	-	-	-	(376)	-	-	(376)
Total other comprehensive income		-	-	-	-	1,833	-	-	1,833
Total comprehensive income for the period		-	-	-	-	1,833	-	1,926	3,759
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 1.5 cents per share paid in respect of year 2019	9	-	-	-	-	-	-	(5,554)	(5,554)
Total transactions with owners		-	-	-	-	-	-	(5,554)	(5,554)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(1,604)	-	-	-	1,604	-
At 30 Jun 2020		168,896	1,353	2,422	73,028	2,880	730	5,891	255,200

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 2021 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, Chapter 108.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 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 2020.

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 2020.

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.

Coronavirus (COVID-19) pandemic

The COVID-19 pandemic has increased the estimation uncertainty in the preparation of the financial statements.

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 containment measures by government, businesses and consumers to contain the spread of the virus; 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 2021 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 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Cash at banks and in hand	75,276	131,249	75,260	131,158
Fixed deposits with banks	61,904	49,805	61,904	49,805
Cash and balances with banks in the balance sheet	137,180	181,054	137,164	180,963
Less: Fixed deposits with original maturity more than 3 months	(61,904)	(49,805)	(61,904)	(49,805)
Cash and cash equivalents in the cash flow statement	75,276	131,249	75,260	131,158

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 2021 and 31 December 2020:

	Group		Company	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Financial Assets				
- At amortised cost				
Cash and balances with banks	137,180	181,054	137,164	180,963
Statutory deposit with Monetary Authority of Singapore	22,937	21,421	22,937	21,421
Loans and advances	881,746	837,886	881,746	837,886
Other receivables and deposits (excludes prepayments)	1,466	1,339	1,466	1,339
- At fair value through other comprehensive income (FVOCI)				
Debt instruments	129,299	123,465	129,299	123,465
Equity instruments	290	1,536	290	1,536
	1,172,918	1,166,701	1,172,902	1,166,610
Financial Liabilities				
Deposits and savings accounts of customers	918,556	907,474	921,129	909,966
Trade and other payables	6,759	9,463	6,535	9,234
	925,315	916,937	927,664	919,200

7. Profit before taxation

7.1. Significant items

	Group	
	6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
Interest income and hiring charges		
Interest income on:		
- loans and advances	13,593	14,260
- bank deposits	274	1,245
- Singapore Government Securities	817	1,059
	14,684	16,564
Interest expense		
Interest expense on customer deposits	2,535	7,483
	2,535	7,483
Other operating income		
Bad debts recovered	18	3
Others	176	160
Government grant	294	693
	488	856
Staff costs		
Salaries and other benefits	3,448	3,549
Contributions to defined contribution plans	397	434
	3,845	3,983

Government grant income includes \$248,000 (30 June 2020: 693,000) recognised during the financial period relating to the Job Support Scheme which is to support employers during COVID-19 period as announced at Budget 2020, and enhanced at the Resilience, Solidarity and Fortitude Budget.

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 2021	6 months ended 30 June 2020
	\$'000	\$'000
Other operating expenses		
Audit fees to auditors		
- provision in respect of current year	84	84
Non-audit fees to auditors of the Company	47	18
Property, plant and equipment written-off	-	1
Interest expense on lease liabilities		
- related corporations	140	190
- third parties	17	20
Other operating expense paid to:		
- related corporations	25	23
- third parties	1,756	1,480
	<u>2,069</u>	<u>1,816</u>

7.2. Related party transactions

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Directors' fees	270	310
Short-term employee benefits	615	716
Post-employment benefits	50	53

Directors' remuneration included in key management personnel compensation amounted to \$739,000 (30 June 2020: \$858,000). 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 2021	6 months ended 30 June 2020	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000	\$'000	\$'000
Interest on deposits paid to subsidiaries	—	—	4	9
Interest on deposits paid to related parties	586	2,040	586	2,040

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 2021 \$'000	6 months ended 30 June 2020 \$'000
Tax expense		
Current year	935	430
Deferred tax debit/(credit)		
Origination and reversal of temporary differences	17	(35)
	<u>952</u>	<u>395</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 2021 \$'000	6 months ended 30 June 2020 \$'000
Paid by the Company to owners of the Company		
First and final		
1.5 cents per qualifying ordinary share (2020: 2 cents)	2,380	3,174
Special		
0 cent per qualifying ordinary share (2020:1.5 cents)	-	2,380
	<u>2,380</u>	<u>5,554</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 and equity securities

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

The fair value of the FVOCI-equity instrument is determined using the discounted cash flows method.

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 2021 \$'000	31 December 2020 \$'000
Singapore Government Securities	129,299	123,465
Unquoted equity securities	290	1,536
	<u>129,589</u>	<u>125,001</u>

During the interim period, the Group has disposed of certain of its investment in unquoted equity securities in exchange for shares in the holding company of the same investment. No gain or loss was recognised on the disposal. Please refer to SGX-ST announcement referenced SG210524OTHRIMMV made on 24 May 2021 for details.

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 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group and Company				
Financial assets				
30 June 2021				
FVOCI investments	<u>129,299</u>	<u>—</u>	<u>290</u>	<u>129,589</u>
31 December 2020				
FVOCI investments	<u>123,465</u>	<u>—</u>	<u>1,536</u>	<u>125,001</u>

Valuation techniques and significant unobservable inputs

The following tables shows the valuation technique used in measuring Level 2 and Level 3 fair values.

Financial instruments carried at fair value

Description	Valuation technique	Unobservable input	Sensitivity to changes in significant unobservable inputs
FVOCI-equity instrument	Discounted cash flows	Weighted average cost of capital ('WACC') Expected cash flows	The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> the expected cash flows were higher (lower); or the WACC was lower (higher) A 5% increase (decrease) in the WACC and 10% (decrease) increase in expected cash flow would not significantly (decrease) increase the fair value.

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group and Company Equity investment at FVOCI \$'000
At 1 January 2020	6,805
Purchases	1,361
Total gains recognised in other comprehensive income	
- Net change in fair value of FVOCI financial assets	(6,630)
At 31 December 2020	1,536
At 1 January 2021	1,536
Purchases	1,361
Disposals	(1,361)
Total gains recognised in other comprehensive income	
- Net change in fair value of FVOCI financial assets	(1,246)
At 30 June 2021	290

11. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired fixed assets amounting to \$311,000 (30 June 2020: \$60,000) and right-of-use assets of \$1,003,000 (30 June 2020: \$Nil).

12. Share capital

	Group and Company			
	30 June 2021		31 December 2020	
	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	158,686	168,896	158,686	168,896

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

13. Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current.

	----- Group -----		----- Company -----	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Assets				
Investments	54,405	59,891	54,405	59,891
Loans and advances	796,691	762,793	796,691	762,793
Other receivables, deposits and prepayments	323	352	323	352
Subsidiaries	—	—	125	125
Property, plant and equipment	7,879	7,119	7,879	7,119
Deferred tax assets	1,341	720	1,341	720
	<u>860,639</u>	<u>830,875</u>	<u>860,764</u>	<u>831,000</u>
Liabilities				
Deposits and savings accounts of customers	75,522	20,647	75,522	20,647
Trade and other payables	833	69	833	69
Staff retirement gratuities	1,552	1,515	1,552	1,515
	<u>77,907</u>	<u>22,231</u>	<u>77,907</u>	<u>22,231</u>

14. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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 2021 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-month 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 2021, the Group recorded a profit after tax of \$4.9 million, an improvement of 152.3% as compared to the same period last year. The stronger performance was primarily attributed to higher net interest income and hiring charges and lower impairment allowances on loans.

Net interest income and hiring charges rose by 33.8% to \$12.1 million compared to \$9.1 million in the previous corresponding period. This was mainly attributable to the \$4.9 million decline in interest expenses driven by both lower deposit rates as well as lower average deposit base. Non-interest income declined by \$0.5 million with the curtailment of the Government grant for the Job Support Scheme. Total operating expenses was well managed and remained largely unchanged.

There was a net charge for loan impairment losses amounting to \$0.4 million for the half year ended 30 June 2021 compared to \$1.5 million during the same period last year. This was mainly attributed to additional allowances for non-impaired loans with the uncertainty in the current COVID-19 pandemic environment. With the higher allowances for non-impaired loans, \$0.5 million was released from Regulatory Loss Allowance Reserve to accumulated profit. The transfers are reflected in the Statement of Changes in the Equity. The Group continues to set aside adequate specific and collective allowances in respect of its loan portfolio.

The Group's total loan, net of allowances, increased by 5.2% to \$882 million as at 30 June 2021 compared to \$838 million as at 31 December 2020. In tandem with the higher loan balances, the Group has managed the total deposits upwards by 1.2% to \$919 million as at 30 June 2021 compared to \$907 million as at 31 December 2020.

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 2021, the Singapore economy grew by 14.3% on a year-on-year basis in the second quarter of 2021, due to the low base in the second quarter of 2020 when GDP fell by 13.3% due to the Circuit Breaker ("CB") measures implemented from 7 April to 1 June 2020. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 2.0% in the second quarter of 2021, a reversal from the 3.1% growth in the preceding quarter.

There is renewed COVID-19 risk in Singapore as the delta variant sweeps through the region. Barring a setback to the global economy, Singapore has maintained its growth forecast for 2021 at a range of 4 to 6% in view of "heightened uncertainties" arising from the COVID-19 pandemic.

In view of the uncertainties ahead, the Group expects business to remain challenging. The Group is monitoring the COVID-19 situation closely and will continue to manage our expenses tightly to push forward our efforts to digitalise our services and processes. The Group will also continue to support and monitor our customers' financial needs even after the absence of Government support.

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**

Group's borrowings and debt securities as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

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 2021. 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 2021 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
Tan Wee Sin
Company Secretary

6 August 2021