



SINGAPURA FINANCE
富雅金融

SINGAPURA FINANCE LTD



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SINGAPURA FINANCE LTD

150 Cecil Street #01-00 Singapore 069543

Singapura Finance Ltd and its Subsidiaries Registration Number : 196900340N AP No.: 0462



ANNUAL REPORT 2010

Designed+Produced by
+65 6880 2881 **Xpress**

ANNUAL REPORT 2010

Through the highly personalised services of our Relationship Managers, through highly specific or carefully customised financial solutions, our customers are empowered to make informed decisions.



SINGAPURA FINANCE
富雅金融



THE SINGAPURA FINANCE BRAND

Our brand is built on the characteristics of 'optimism, inspiration and confidence'. As an expression of these aspirations, our products and services cater to the everyday man. We equip our customers with product literature and our relationship managers will assist them in making an informed decision. We understand their needs and package practical deals to suit their lifestyle and fulfill their dreams. We will continue to engage our customers' needs in bringing their every vision into reality.

OUR LOGO

Our vibrant colours of purple and orange reflect the infusion of new life and vitality into the existing business. The Phoenix symbolises the link to our history and our desire to retain many of the qualities that have served us well over the years. The Phoenix, being the emperor of all birds, signifies our ambition to become the leading financial institution of choice for Singaporeans. A bird that soars towards ever greater heights of success, it is a symbol of Singapore Finance's determination and eagerness to seek and tap unexplored avenues of growth.

OUR CHINESE NAME

Our Chinese name, Fu Ya, stands for prosperity and elegance. It links our roots to our future, reflecting the endeavors we have.



CUSTOMER CENTRES

City HQ

150 Cecil Street, #01-00
Singapore 069543
Tel: 6880 0633

Serangoon

Blk 101 Towner Road
#01-230
Singapore 322101
Tel: 6299 8855

Jurong West

Blk 501 Jurong West Street 51
#01-273
Singapore 640501
Tel: 6467 1918

Bedok

Blk 202 Bedok North Street 1
#01-471
Singapore 460202
Tel: 6445 8011

Ang Mo Kio

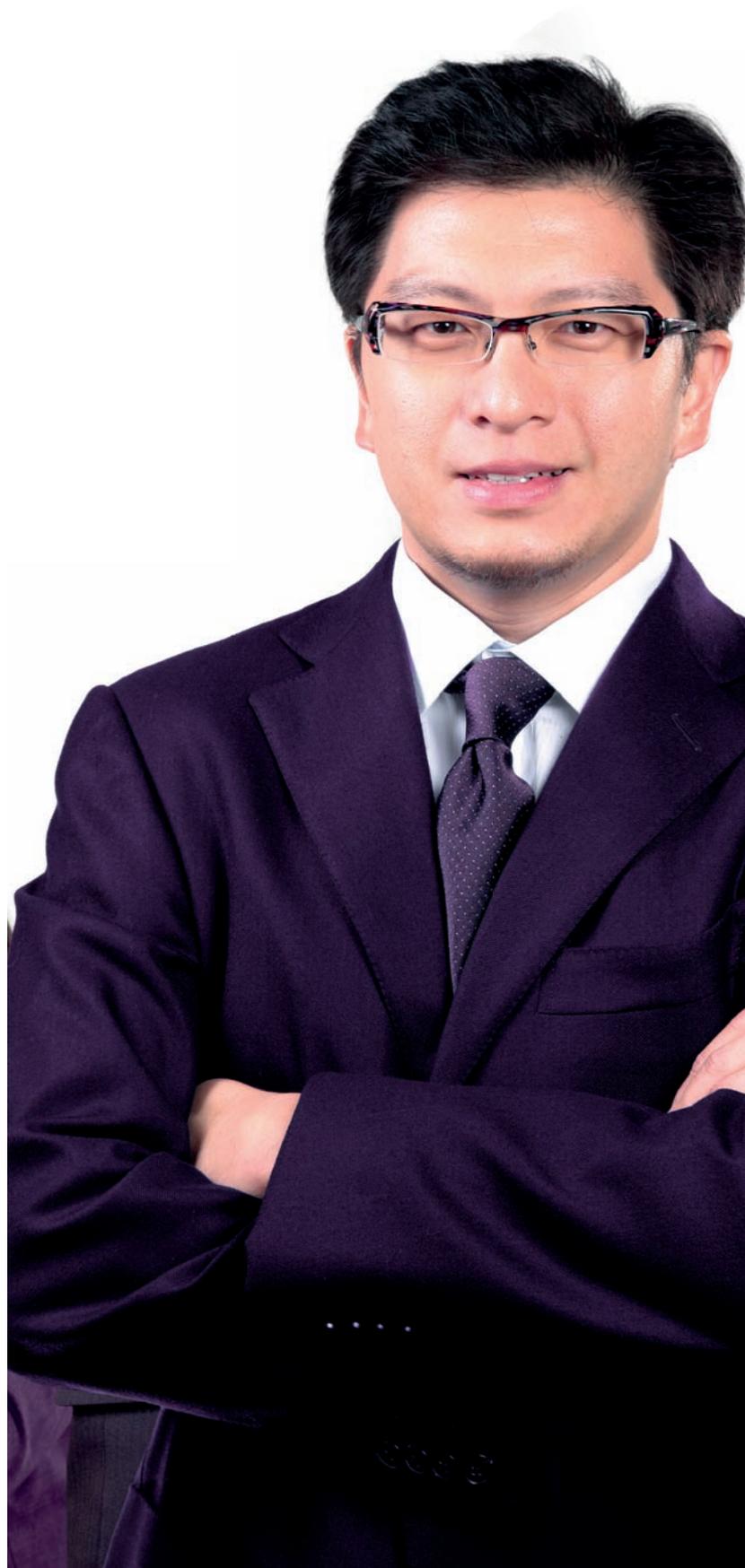
Blk 711 Ang Mo Kio Ave 8
#01-3501D
Singapore 560711
Tel: 6458 4222

East Coast

212 East Coast Road
Singapore 428911
Tel: 6348 8262

Bugis

108 Middle Road, #05-01
Bright Chambers
Singapore 188967
Tel: 6292 1459



FINANCIAL CALENDAR 2009/2010

12 November 2009

Announcement of Unaudited Financial Results for First Quarter ended 30 September 2009

11 February 2010

Announcement of Unaudited Financial Results for Half Year ended 31 December 2009

14 May 2010

Announcement of Unaudited Financial Results for Third Quarter ended 31 March 2010

20 August 2010

Announcement of Audited Financial Results for Full Year ended 30 June 2010

30 September 2010

Release of Annual Report

15 October 2010

Annual General Meeting

26 October 2010

Books Closure Date for Dividend Entitlement (Subject to Shareholders' Approval at the AGM)

3 November 2010

Dividend Payment Date (Subject to Shareholders' Approval at the AGM)

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CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the Group and the Company for the financial year ended 30 June 2010.

During the year under review, Singapore economy experienced one of the most vigorous V-shaped recoveries, especially during the first six months of 2010. For the first quarter of 2010, Singapore economy rebounded strongly and registered a growth of 16.9% on a year-on-year basis. This strong momentum continued in the second quarter of 2010, where the growth of economy peaked at 18.8% on a year-on-year basis, contributed by a whopping 44.5% expansion from the manufacturing sectors, 11.5% from the construction sector as well as 11.2% from the service sectors. The rapid recovery can be attributed to Singapore's open economy and its competitiveness, which benefited from the upturn in the global trade due to inventory restocking as well as the turnaround in the financial market conditions, thanks to the concerted policy stimulus measures in the major economies.

In tandem with the strong rebound in the Singapore economy, the Group profit after tax attributable to shareholders also surged by 95.7% to \$11.9 million for the year ended 30 June 2010. The good performance was driven primarily by lower allowances for loan losses as well as healthy growth in the operating profit before allowances.

In a healthier economic environment which facilitated higher actual loan recoveries, the Group managed to achieve a net writeback of \$0.7 million for loan allowances for the current financial year compared to \$3.4 million additional allowances last year, when the market conditions and economic environment were under great stress due to the global financial crisis.

Total loans and advances after deducting allowance for loan losses grew by 4.5% to \$514 million compared to \$492 million a year ago as economic activities and demand for credit gathered momentum during the year under review. To support the loan growth, total deposits correspondingly increased by 9.2% year-on-year to \$602 million as at 30 June 2010. The Group's total equity as at 30 June 2010 rose to \$168 million contributed by \$9.8 million growth in the Reserves

Subject to approval of shareholders at the forthcoming Annual General Meeting, the Board is recommending a first and final

one-tier tax exempt dividend of 6 cents per share. In line with the Group's strong performance for this financial year, the Board is also recommending a special one-tier tax exempt dividend of 3 cents per share for the year under review. The total distribution for the year will amount to approximately \$7.14 million versus \$4.76 million for the previous financial year.

Amidst the improvement in the economic conditions compared to a year ago, the Group is mindful that there are still considerable risks and volatilities prevailing in the global economy and financial markets, which will indirectly affect our domestic operating environment. As such, the Group will continue to be vigilant in our risk management policies and credit evaluation criteria. The Group is also constantly seeking ways to strengthen and improve our risk management policies and processes by benchmarking and adopting market best practices that are relevant and appropriate to us based on the complexity and size of our operations.

As part of an on-going effort to provide convenient and friendly services to all our customers, the Group has piloted extended operating hours for our Bedok Customer Centre, whereby the opening hours are extended to 7.00pm on weekdays and 3.00pm on Saturday. This is to cater for the convenience of those customers who may wish to visit us after their office hours. To-date the feedback has been very positive and we will be looking into having it as a permanent feature for this customer centre and explore the possibilities of extending this service to other customer centres, especially those located in the heartland township.

Despite the uncertain operating environment during the first half of the financial year, the Group continued with our branding awareness campaigns, building on the same branding theme of "YES, Singapura Finance", which we have been working on during the last two years. For the third year running we co-sponsored the highly visible and successful "Cold Storage Kids Run 2010", a fun-filled running event for children between the ages of 3 to 12, and we have many new customers establishing banking relationship with us through this event.

As the Group continue to forge ahead in our business operations and growth, we have not forgotten our role as corporate citizen. For the third year running, as part of our corporate social responsibility programme, we continue to sponsor 15 children from The Spastic Children's Association of Singapore, Cerebral





Palsy Centre in their participation of the “Cold Storage Kids Run 2010”. The children’s determination and persevering spirit to complete their race has always been a great inspiration to all our staff who volunteered to run with them in the race.

Looking ahead, the economic outlook for the rest of 2010 is expected to be more subdued as the strong pace of growth in the first half of the year is not expected to be sustained. Given the slower pace of growth, the Group will continue to focus on our niche markets with prudence and seek out other business opportunities to grow our business. Market competition from other financial institutions is likely to be more intense. The Group will also continue to seek improvements in our customer services, provide quicker turnaround time via better process efficiency and actively manage our operating costs to maintain profitability. With our strong balance sheet and capital position, the Group is confident that we will be able to meet all the challenges and opportunities ahead in order to serve and provide continued support to our valued customers.

On behalf of the Board, I would like to thank our shareholders, customers and business partners for their continuing support. My appreciation goes to all staff and management for their dedicated services and for delivering a commendable performance for the current year. Finally, I wish to thank all my fellow Board Members for their wise counsel and contributions.

TEO CHIANG LONG

Executive Chairman

Singapore, 20 August 2010

FINANCIAL HIGHLIGHTS

Profit after Tax
Surged by

95.7%
to **\$11.9 million**

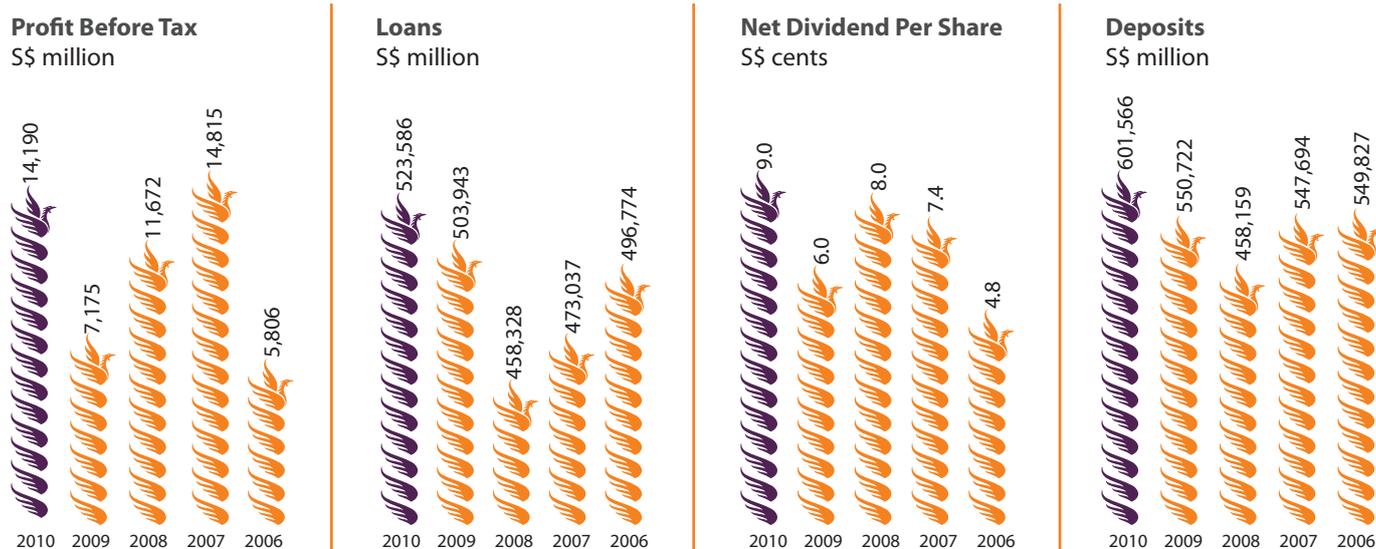
Total Assets
Grew by

9.0%

Total Equity Increased by
year-on-year to

6.2%
\$168 million





	2010 S\$'000	2009 S\$'000	2008 S\$'000	2007 S\$'000	2006 S\$'000
CAPITAL EMPLOYED					
Total assets	804,476	738,213	647,339	737,668	729,005
Net assets	167,806	158,046	154,327	146,672	133,142
Net assets per share (dollars)	2.11	1.99	1.98	2.16	2.46
SHARE CAPITAL					
Issued and fully paid	90,065	90,065	88,649	78,714	61,820
Number of shares issued (thousands)	79,343	79,343	77,927	67,992	54,163
LOANS AND DEPOSITS					
Loans before allowances	523,586	503,943	458,328	473,037	496,774
Deposits	601,566	550,722	458,159	547,694	549,827
PROFIT AND DIVIDEND PAYOUT					
Profit before tax	14,190	7,175	11,672	14,815	5,806
Profit after tax	11,876	6,068	9,824	12,155	4,707
Dividend (net)	7,140	4,761	6,261	5,747	2,600
Bonus dividend (net)	-	-	-	13,541	-
DIVIDEND AND EARNINGS PER SHARE					
Gross dividend per share (cents) ⁽¹⁾	9.0	6.0	8.0	9.0	6.0
Net dividend per share (cents) ⁽²⁾	9.0	6.0	8.0	7.4	4.8
Net bonus dividend per share (cents)	-	-	-	25.0	-
Earnings per share (cents) ⁽³⁾	15.0	7.7	13.0	20.7	8.7

(1) One-tier tax exempt dividend for FY2008 to FY2010, and gross dividend before tax for FY2006 and FY2007.

(2) One-tier tax exempt dividend for FY2008 to FY2010, and net dividend after tax for FY2006 and FY2007.

(3) Earnings per share for FY2010 is calculated based on profit after tax on weighted average of 79,342,945 shares in issue for FY2010 and 78,636,316 for FY2009.

BOARD OF DIRECTORS



TEO CHIANG LONG

Executive Chairman

First joined the Board on 10 March 1981 as Director and was appointed on 1 March 1989 as Managing Director & CEO. Mr Teo was elevated to Chairman of the Board on 8 November 2002 and continued to be the Managing Director & CEO. Made Executive Chairman effective 11 September 2007. He was last re-elected as a Director at the Annual General Meeting of the Company held on 24 October 2008.

Made a member of the Chinese Development Assistance Council Board of Directors since 1992. He is a Senior Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry and Vice President of Ngee Ann Kongsi Council.

Non Executive Chairman of Cerebos Pacific Limited and AXA Insurance Singapore Pte Ltd, Mr Teo also serves on the Board of Ngee Ann Development Pte Ltd, a joint venture company with Takashimaya Tokyo, as well as Ngee Ann-Adelaide Education Centre Pte Ltd, which delivers post graduate tertiary courses from the University of Adelaide, South Australia in Singapore.

Graduated with a degree of Bachelor of Economics from the University of Adelaide, Australia. A Fellow member of CPA Australia as well as the Singapore Institute of Directors.

JAMIE TEO MIANG YEOW

Chief Executive Officer

Mr Jamie Teo Miang Yeow joined Singapura Finance Ltd on 30 March 2000 and was appointed to the Board as Executive Director on 8 November 2002. Mr Teo was appointed Deputy Chief Executive Officer on 17 March 2005. Since 11 September 2007, Mr Teo holds the position of Chief Executive Officer of the Company. He was last re-elected as a Director at the Annual General Meeting of the Company held on 23 October 2009.

Mr Teo is a member of the Risk Management, Investment and Executive Committees. Prior to joining the Company, he worked with Ernst & Young Consultants as a senior consultant.

Mr Teo holds a Bachelor of Arts and a Master in Business Administration from the University of Adelaide, Australia. He holds directorships in several private companies. He is a Council member of Ngee Ann Kongsi, and represents Ngee Ann Kongsi as a member of the Ngee Ann Polytechnic Council. He is a member of the Singapore Institute of Directors. He was appointed Chairman of Finance Houses Association of Singapore on 8 April 2010 for a two year term.

ONG PANG BOON

Independent Non-Executive Director

Mr Ong Pang Boon joined the Board of Singapura Finance Ltd as an Independent non-executive Director on 6 March 1985. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 23 October 2009.

Mr Ong is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Ong was formerly Director of Hong Leong Holdings Ltd (1985-2007), City Developments Ltd (1985-2006) and Hong Leong Finance Ltd (1985-2001). He was an elected Member of the Legislative Assembly and Parliament (1959-1988) and Cabinet Minister (1959-1984). Mr Ong holds a Bachelor of Arts (Honours) degree from the University of Malaya.





PHUA BAH LEE

Independent Non-Executive Director

Mr Phua Bah Lee joined the Board of Singapura Finance Ltd as an Independent non-executive Director on 19 October 1988. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 23 October 2009. Mr Phua is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr Phua is a Director of Metro Holdings Limited, GP Batteries International Limited, GP Industries Limited, Pan-United Corporation Ltd and Wing Tai Holdings Limited. He was the Parliamentary Secretary of the Ministry of Communications from 1968 to 1971 and Senior Parliamentary Secretary of the Ministry of Defence from 1972 to 1988. He was a Member of Parliament for the Tampines Constituency from 1968 to 1988. He graduated from the Nanyang University of Singapore with a Bachelor of Commerce degree.



TEOH ENG HONG

Independent Non-Executive Director

Mr Teoh Eng Hong joined the Board of Singapura Finance Ltd as an Independent non-executive Director on 18 June 1992. He was last re-elected as a Director at the Annual General Meeting of the Company held on 24 October 2008. Mr Teoh is the Chairman of the Audit Committee and Risk Management Committee. He is also a member of the Nominating, Remuneration and Executive Committees.

Mr Teoh was with Shell Group of Companies for over 30 years and had held various senior management positions and directorships in various oil and chemicals companies associated with Shell. Hence he has extensive experience in many aspects of the oil and chemical related businesses. Mr Teoh holds a Bachelor of Economics (1st class Honours) from the University of Adelaide, Australia. His other interest is in the education industry.



WILLIAM HO AH SENG

Non-Independent and Non-Executive Director

Mr William Ho Ah Seng joined Singapura Finance Ltd as General Manager on 2 April 1983. He was appointed to the Board as Executive Director on 1 March 1989. After his retirement as the Executive Director on 31 January 2008, Mr Ho continues to serve on the Board as a non-executive and non-independent Director. He was last re-elected as a Director at the Annual General Meeting of the Company held on 23 October 2009. He is a member of the Risk Management Committee.

Mr Ho holds a Bachelor of Science in Sociology from the University of London. He is a member of the Singapore Institute of Directors.

KEY MANAGEMENT STAFF

TEO CHIANG LONG

Executive Chairman of the Board

(Please refer to Profile write-up on page 6)

JAMIE TEO MIANG YEOW

Chief Executive Officer

(Please refer to Profile write-up on page 6)

CHUA HAT ENG

Chief Financial Officer

Mr Chua joined Singapura Finance Ltd as General Manager (Finance, Risk Management) in February 2006 and was appointed as Chief Financial Officer on 6 September 2007. He started his career with KPMG and moved on to work in several financial institutions in Singapore. He was with UOB in 1992 as Vice President before joining Schroders Group as Financial Controller in 1996. Prior to joining the Company, he was with OCBC as Vice President, Group Finance. Mr Chua holds a Master of Applied Finance from the Macquarie University in Sydney, Australia. He is a Fellow member of both The Association of Chartered Certified Accountants and CPA Australia and a non-practising CPA of the Institute of Certified Public Accountants of Singapore.

NGUY JOO TIAN

General Manager

Mrs Nguy joined Singapura Finance Ltd as General Manager & Company Secretary in September 1993. Prior to joining the Company, Mrs Nguy was a lawyer in an insurance brokerage and financial services corporation in New York. She also has had legal work experience in Singapore. She holds a Bachelor of Law (Honours) from the University of Singapore.

RICHARD CHIA

General Manager (Marketing)

Mr Chia joined Singapura Finance Ltd as General Manager (Marketing) in March 2007. Prior to joining the Company, Mr Chia spent two and a half years as the Chief Operations Officer with GE Consumer Finance responsible for loan origination, underwriting, disbursement, customer service, collections and recovery. Before that, he was a Director of SDL Leasing responsible for marketing activities, customer & dealer relationships, pricing, credit & collections and spent six years as General Manager with Sime Diamond Leasing responsible for the auto loans portfolio as well as equipment loans to SMEs. He was a Manager with OCBC Group handling SME loans for 14 years. He is a graduate from the University of London with an honours degree in management. He has many years of credit and marketing experience in finance and leasing companies.

DESMOND TAN

General Manager (Operations & Process Improvement)

Mr Tan joined Singapura Finance Ltd as General Manager (Operations & Process Improvement) in June 2007. He is a member of the Investment Committee. Mr Tan has close to 20 years of experience in the financial industry where he has held various management positions. Prior to joining Singapura Finance Ltd, he was with OCBC as Vice President, Investment Operations, a position held since 2004. In 2001, before joining OCBC, he set up and managed a hedge fund consultancy firm, EurekaHedge Pte Ltd, with two other partners. He was an Executive Director of CSFB Securities (Singapore) Pte Ltd from 1998 to 2001 and prior to that he was an Executive Director of BZW Pacific Union Pte Ltd. Mr Tan graduated with a Bachelor's Degree in Accountancy from the National University of Singapore and started his career with audit firm Coopers & Lybrand. He is a non-practising CPA of the Institute of Certified Public Accountants of Singapore.



CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive

Teo Chiang Long
(Executive Chairman)

Jamie Teo Miang Yeow
(Chief Executive Officer)

Independent Non-Executive

Ong Pang Boon
Phua Bah Lee
Teoh Eng Hong

Non-Independent Non-Executive

William Ho Ah Seng

AUDIT COMMITTEE

Teoh Eng Hong
(Chairman)
Ong Pang Boon
Phua Bah Lee

NOMINATING COMMITTEE

Ong Pang Boon
(Chairman)
Phua Bah Lee
Teoh Eng Hong

REMUNERATION COMMITTEE

Phua Bah Lee
(Chairman)
Ong Pang Boon
Teoh Eng Hong

EXECUTIVE COMMITTEE

Teo Chiang Long
(Chairman)
Teoh Eng Hong
Jamie Teo Miang Yeow

INVESTMENT COMMITTEE

Teo Chiang Long
(Chairman)
Jamie Teo Miang Yeow
Desmond Tan

RISK MANAGEMENT COMMITTEE

Teoh Eng Hong
(Chairman)
William Ho Ah Seng
Jamie Teo Miang Yeow

COMPANY SECRETARY

Nguy Joo Tian

ASSISTANT COMPANY SECRETARY

Blandina Chia Swee Hoon

SHARE REGISTRAR & SHARE TRANSFER OFFICE

M & C Services Private Limited
138 Robinson Road #17-00
The Corporate Office
Singapore 068906
Tel: 62276660
Fax: 62251452

AUDITORS

KPMG LLP
Certified Public Accountants, Singapore
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Audit Partner: Ms Karen Lee
(since Financial Year 2010)

BANKERS

DBS Bank Ltd
Oversea-Chinese Banking Corporation Ltd
United Overseas Bank Ltd

REGISTERED OFFICE

Singapura Finance Ltd
[Co. Regn. No. 196900340N]
150 Cecil Street #01-00
Singapore 069543
Tel: 68800633
Fax: 62258310
www.singapurafinance.com.sg





CORPORATE SOCIAL RESPONSIBILITY

For the third year running we co-sponsored the highly visible and successful “Cold Storage Kids Run 2010”, a fun-filled running event for children between the ages of 3 to 12. This year 5000 children took part and the Company commissioned an exclusive race belt and pencil case for the participants.

We were also glad to support 15 children from The Spastic Children’s Association of Singapore, Cerebral Palsy Centre in their participant at the Cold Storage Kids Run. Staff members were on hand to accompany the children during their runs as well as bring them around the event site to participate in the various activities. The children’s determination and persevering spirit to complete their race has always been a great inspiration to all our staff who volunteered to run with them in the race.



CORPORATE GOVERNANCE

Singapura Finance Ltd is committed to achieving and maintaining high standards of corporate governance in order to safeguard the interest of shareholders. It adopts corporate governance practices in line with the principles and guidelines set out in the Code of Corporate Governance issued by Ministry of Finance in July 2005 ["Code"]. Although not a requirement for our finance company, the Company has taken additional measures, where possible, to adopt the key principles and guidelines on corporate governance issued by the Monetary Authority of Singapore in September 2005 ["MAS Code"] for banks and direct insurers in line with our ongoing commitment to promote the best corporate governance practices.

THE BOARD OF DIRECTORS

Code Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

Code Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Code Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Board Composition And Balance

The Board currently comprises six Directors, with four non-executive Directors (of which three are independent) and two executive Directors. The three non-executive and independent Directors are Mr Ong Pang Boon, Mr Phua Bah Lee and Mr Teoh Eng Hong. Mr William Ho who was previously an executive Director retired on 31 January 2008 and now sits on the Board as a non-executive and non-independent Director. The two executive Directors are Executive Chairman Mr Teo Chiang Long and CEO Mr Jamie Teo Miang Yeow.

Members of the Board are prominent business leaders and professionals with financial, banking and business management backgrounds. Their diverse corporate experiences as a group provide core competencies relevant to the Group's business. The Board has reviewed its composition, and is satisfied that the current size of the Board is appropriate and adequate for effective decision-making having regard to its present scale of operation. Details of Directors' professional qualifications and background can be found on pages 6 and 7.

Board Conduct and Responsibilities

The Board leads and controls the Group. Its primary functions are to :

- Provide entrepreneurial leadership, set strategic aims and ensure that the necessary financial and human resources are in place for the Company to meet its objectives.
- Establish a framework of prudent and effective controls which enables risk to be assessed and managed.
- Review Management performance.
- Set the Company's values and standards and ensure that obligations to shareholders and others are understood and met.

To enhance its effectiveness, the Board has established five committees which are described below.

Board Committees

The five Board committees are the Executive Committee, Nominating Committee, Remuneration Committee, Audit Committee and Risk Management Committee.

The Executive Committee ["EXCO"] comprises three members namely Mr Teo Chiang Long (Executive Chairman), Mr Teoh Eng Hong (Independent & non-executive Director) and Mr Jamie Teo Miang Yeow (Executive Director & CEO). The Committee acts for the Board in supervising the management of the Company's business and affairs in particular, granting of loans, guarantees or credit facilities within the authority limits delegated by the Board and approving new product proposal.

CORPORATE GOVERNANCE

The composition and key functions of the other four committees, apart from EXCO, are described in the other relevant sections of the Corporate Governance disclosure.

Board Meetings

Regular Board and Board Committee meetings are held. The Board have at least four Board meetings a year. Additional meetings are held as and when circumstances warrant. The Company's Articles of Association provide for Board and Board Committee meetings to be held via teleconferencing.

At the meetings, the Board may review and approve the strategic plans, annual budget, key operational issues, and review the financial performance of the Group. Other matters which are required to be referred to the Board for approval include:

- Quarterly and Yearly Reports;
- Statutory Financial Statements;
- Loan Proposals;
- Major transactions, acquisitions, and funding decisions;
- Interested person transactions; and
- Risk Management strategies and Corporate Governance.

Directors may at any time request further explanations, briefings or informal discussions on any aspect of the Company operations.

The attendance of the Directors at Board and Board Committee meetings are as follows :

Name of Directors	Board		Audit Committee		Nominating		Remuneration	
	No. of Meetings Held	No. of Meeting Attended	No. of Meetings Held	No. of Meeting Attended	No. of Meetings Held	No. of Meeting Attended	No. of Meetings Held	No. of Meeting Attended
Teo Chiang Long	4	4	–	–	–	–	–	–
Ong Pang Boon	4	4	4	4	3	3	4	4
Phua Bah Lee	4	4	4	4	3	3	4	4
Teoh Eng Hong	4	4	4	4	3	3	4	4
Jamie Teo Miang Yeow	4	4	–	–	–	–	–	–
William Ho Ah Seng	4	4	–	–	–	–	–	–

Training Of Directors

New Directors would receive appropriate training (including his or her duties as a Director and how to discharge those duties) when they are first appointed to the Board, including an orientation program to ensure that incoming Directors are familiar with the Company's business and governance practices.

All Directors are encouraged by the Company to keep updated with the latest changes to the relevant laws and regulations affecting the Company. The Directors are informed regularly by the Company Secretary of the availability of appropriate courses which include programmes conducted by the Singapore Institute of Directors, Singapore Exchange Securities Trading Limited ("SGX-ST") and professional firms and bodies. The costs of such training courses attended by the Directors would be borne by the Company.

CORPORATE GOVERNANCE

Independent Members Of The Board

Independent Directors shall at all times make up at least one-third of the Board. The criterion of independence is based on the definition given in the Code. The Nominating Committee had appointed Mr Ong Pang Boon as the lead independent Director to address any queries and shareholders' concerns.

As non-executive members of the Board, the independent Directors do not exercise management functions in the Company. However, all the Directors have equal responsibility and make contributions towards the performance of the Group.

The Board considers its non-executive Directors to be of significant influence and their views to be of sufficient weight such that no individual or small group can dominate the Board's decision-making processes.

Role Of Chairman & CEO

There is a clear division of responsibilities between the Executive Chairman and the CEO. The Executive Chairman, leads the Board to monitor and review the general progress and long-term development of the Company while the CEO manages the business of the Group and implements the Board's policies and decisions. CEO, Mr Jamie Teo Miang Yeow is the son of Executive Chairman, Mr Teo Chiang Long.

THE NOMINATING COMMITTEE ["NC"]

Code Principle 4: There should be a formal and transparent process for appointment of new directors to the Board.

Code Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

All three members of the Nominating Committee ["NC"] are independent non-executive Directors namely Mr Ong Pang Boon (Chairman), Mr Phua Bah Lee and Mr Teoh Eng Hong.

The NC's responsibilities include:

- Making recommendations to the Board on all board appointments and re-appointments;
- Considering and determining on an annual basis, whether or not a Director is independent;
- Assessing the effectiveness of the Board as a whole and the contribution by each individual Director to the effectiveness of the Board;
- The NC in considering the re-appointment of any Director, evaluates the performance of the Director on a continuous basis. The criteria adopted in the evaluation and assessment of Board Members include attendance at the Board and Committee meetings, intensity and quality of participation at meetings, special contributions, as well as other qualitative measures such as setting of strategic directions and achievement of strategic objectives, quality of risk management and adequacy of internal controls; and
- The NC in reviewing and recommending to the Board any new Director appointments takes into consideration the current Board size and its mix, the additional skills and experience that will bolster the core competencies of the Board, the search process for the identification of suitable candidates and once identified, the appropriate knowledge, experience and skills of the candidates who in its opinion, are fit and proper and qualified for office. As a finance company, all new appointments to the Board are subject to the approval of the MAS.

ACCESS TO INFORMATION

Code Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

All Directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from management during the year to enable them to carry out their duties.

CORPORATE GOVERNANCE

Prior to each Board and Board Committee meeting, the members are provided with the meeting agenda and the relevant papers submitted by the management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the meetings. Management staff and the Company's auditors, who can provide additional insight to the matters for discussion, are also invited from time to time to attend such meetings.

In addition, Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all Board meetings. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director.

THE REMUNERATION COMMITTEE ["RC"]

Code Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Code Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Code Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

All three members of the Remuneration Committee ["RC"] are independent non-executive Directors namely Mr Phua Bah Lee (Chairman), Mr Ong Pang Boon and Mr Teoh Eng Hong.

The RC's main responsibilities are to make recommendations to the Board with regard to the remuneration of executive Directors, non-executive Directors and key executives and to ascertain that they are fairly remunerated.

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate managers and Directors.

The remuneration packages are approved by the Board upon recommendations by the RC. The Executive Chairman and the CEO do not participate in meetings to discuss their compensation packages.

The Code requires the service contracts for executive Directors should be for fixed appointment periods which are not excessively long and do not contain onerous removal clauses. Two executive Directors are currently on service contracts and some of the clauses in their service contracts were not consistent with the Code but this has since been regularised on 6 August 2010.

Details of Directors' remuneration for the year ended 30 June 2010 are set out below:

Remuneration Band	Number of Directors	
	2010	2009
\$500,000 to below \$750,000	2	1
\$250,000 to below \$500,000	–	1
Below \$250,000	4	4
	6	6

CORPORATE GOVERNANCE

Summary compensation table for the year ended 30 June 2010.

	Base Salary	Bonus/Allowances	Board/Board Committee* Fees
	%	%	%
Teo Chiang Long	54.76	39.03	6.21
Jamie Teo Miang Yeow	55.88	38.19	5.93
Ong Pang Boon	–	–	100.00
Phua Bah Lee	–	–	100.00
Teoh Eng Hong	–	–	100.00
William Ho Ah Seng	–	–	100.00

* These fees comprise Directors' fees for the financial year ended 30 June 2010 which are subject to approval by shareholders as a lump sum at the forthcoming AGM.

The Code requires the remuneration of at least the top 5 key executives who are not Directors to be disclosed in bands of \$250,000/-. The range of the remuneration of the top 5 key executives for the year ended 30 June 2010 is shown below:

Remuneration Band	Number of Key Executives	
	2010	2009
\$250,000 to below \$500,000	4	3
Below \$250,000	1	2
	5	5

The Code also requires the disclosure of employees who are immediate family members of a Director or the CEO, and whose remuneration exceed \$150,000/- during the year in bands of \$250,000/-. A sister of the Executive Chairman, Mr Teo Chiang Long is an employee of the company. Her remuneration for the year ended 30 June 2010 was within the band of \$250,000/- and \$500,000/-, which comprised 62.86% of base salary and 37.14% of bonus/allowances.

THE AUDIT COMMITTEE ["AC"]

Code Principle 11: The Board should establish an Audit Committee ["AC"] with written terms of reference which clearly set out its authority and duties.

The Audit Committee ["AC"] comprises three members who are independent non-executive Directors namely Mr Teoh Eng Hong (Chairman), Mr Ong Pang Boon and Mr Phua Bah Lee.

The function of the AC is to assist the Board in fulfilling its responsibilities in providing an independent review of the effectiveness of the financial reporting process and internal control system.

Specific functions of the AC include:

- Reviewing with Management and the external auditors the financial statements issued by the Group to ensure their completeness, accuracy and fairness;
- Reviewing, on an annual basis, the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; and where external auditors supply a substantial volume of non-audit services, the nature and extent of the non-audit services;
- Reviewing annually with Management, the internal and external auditors the results of their review on the Company's internal controls;

CORPORATE GOVERNANCE

- Make recommendations to the Board on the appointment, reappointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors.
- Reviewing the effectiveness of the internal auditors;
- Approving the appointment, resignation or dismissal of the internal auditors; and
- Reviewing of Interested Person Transactions.

In line with the Code, the AC has reviewed the Company's comprehensive whistle blowing policy whereby staff of the Company may, in confidence, bring attention to the AC any concern, suspected breach or fraud, or possible improprieties in matters of financial reporting or behaviour that may not be in compliance with the law and Code of Conduct of the Company. The AC is of the opinion that procedures are in place for the independent investigation of such matters and for appropriate follow up action.

The AC meets with the external and internal auditors without the presence of Management at least twice during the year. The AC also noted and reviewed the nature and extent of the non-audit services provided to the Group by the external auditors. The AC is of the opinion that the provision of such non-audit services did not affect the independence and objectivity of the external auditors.

FINANCIAL REPORTING AND INTERNAL CONTROL

Code Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Code Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investment and the company's assets.

The Management provides all Directors periodically with accounts and reports on the Group's financial performance and commentary on the competitive conditions within the industry in which the Company operates, which are reviewed by the Board at each Board meeting prior to release of the announcements on quarterly and full-year results of the Group. Periodic reports covering the Group's financial performance are also provided to all Board members. Apart from the periodic updates provided by the Management, the Directors may at any time seek further information from, and discussion with, the Management on the Group's operations and performance.

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group and for the Group's system of internal controls. The Board confirms that, with the assistance of the AC, it reviews the effectiveness of the Group's financial reporting and internal controls system, which are monitored through a programme of internal audits, and is satisfied with the adequacy of such internal controls system.

While no system can provide absolute assurance against material loss or financial misstatement, the Group's internal financial controls are designed to provide reasonable assurance that assets are safeguarded, that proper accounting records are maintained, and that financial information used within the business and for publication is reliable and accurate. In reviewing these controls, the Directors have had regard to the risks to which the business is exposed, the likelihood of such risks occurring and the costs of protecting against them.

INTERNAL AUDIT

Code Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The Group has a well-established internal audit function with formal procedures for internal auditors to report their audit findings direct to the AC. The internal auditors report to the Chairman of the AC on audit issues and to the Executive Chairman of the Company on administrative matters. The AC reviews the adequacy of the internal audit function through a review of the internal auditors' programs on a quarterly basis and ensures that the internal audit function has adequate resources and appropriate authority to perform its functions properly.

The Group also has a separate compliance function to help ensure adherence with applicable legislation, rules and regulations in the conduct of its business.



CORPORATE GOVERNANCE

COMMUNICATION WITH SHAREHOLDERS

Code Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Code Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company endeavours to communicate regularly and effectively with its shareholders. The Company announces its quarterly and full-year results within the mandatory period.

The Company does not practise selective disclosure. Price sensitive announcements are released to the public via SGXNET and such information is simultaneously posted on the Company's website at www.singapurafinance.com.sg

The Board regards the Annual General Meeting ["AGM"] as an opportunity to communicate directly with the shareholders and encourages attendance and participation in dialogue. The notice of AGM is dispatched to shareholders, together with explanatory notes on items of special business at least 14 days before the meeting. The notice, first disseminated via SGXNET, is also published in newspapers.

The Articles of Association of the Company allow a shareholder of the Company to appoint one or two proxies to attend and vote at all general meetings on his behalf.

The Chairman and other Directors attending the AGM are available to answer questions from shareholders who are present. External auditors are also present to assist Directors in addressing relevant queries by shareholders.

INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions and the aggregate value of Interested Person Transactions disclosed as required under Rule 907 of the Listing Manual of the SGX-ST during the financial year ended 30 June 2010 are as follows :-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
High Luck Pte Ltd	\$1,007,063.23	NIL

The Interested Person Transactions were carried out on normal business engagements on commercial terms which are not prejudicial to the interest of the Company or its minority shareholders.

RISK MANAGEMENT

The Board is fully committed to the implementation of sound risk management policies and practices, aligned to the Group's overall business strategy and objectives. The Board determines the type and level of business risks that the Group undertakes.

The Board appointed a Risk Management Committee ["RMC"] to oversee the overall risk management of the Group's businesses and operations. With effect from 6 August 2010, the composition of the RMC was reconstituted to three Board Members. They are Mr Teoh Eng Hong, Independent and non-executive Director, as the Chairman of RMC; Mr William Ho, non-executive Director and Mr Jamie Teo Miang Yeow, executive Director & CEO.

Prior to 6 August 2010, the RMC comprised five members making up of the Executive Chairman, Mr Teo Chiang Long, executive Director & CEO, Mr Jamie Teo Miang Yeow, Chief Financial Officer, Mr Chua Hat Eng, General Manager, Mrs Nguy Joo Tian and General Manager (Operations & Process Improvement), Mr Desmond Tan.

CORPORATE GOVERNANCE

The roles and responsibilities of the RMC are to formulate, review and approve the risk management policies and procedures. The RMC also monitors and manages the risk exposures for the Group. However, all major policy decisions and approval on risk exposures including loan limits are approved by the Board upon concurrence by the RMC.

The RMC in turn appointed the Credit Control Committee, Credit Portfolio Committee, Asset-Liability Committee and Operational & Technology Risk Committee to assist in fulfilling its roles.

The key risks of the Group include credit risk, market risk, liquidity risk and operational risk.

Credit Risk

Counter-party and credit risk is defined as potential loss arising from any failure by customers to fulfil their obligations, as and when they fall due. Exposure in credit risks arises primarily from lending activities.

The two management committees assisting in the management of credit risk are the Credit Control Committee and Credit Portfolio Committee.

The Credit Control Committee ["CCC"] develops the credit risk management framework, policies and procedures for concurrence by RMC and approval by the Board. The CCC also reviews delinquent accounts and makes decisions on recovery actions.

The Credit Portfolio Committee ["CPC"] manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, analyzes results of portfolio management actions, and develops portfolio limits for each portfolio segment for approval by the RMC.

Risk parameters for accepting credit risk are clearly defined, supported by written policies and processes in the Lending Guidelines to ensure the Group maintains a well diversified and high quality loan portfolio.

The credit control functions ensure that credit risks are closely monitored and managed in compliance with the Group's credit policies and guidelines.

Credit reviews are carried out regularly to proactively identify and address potential weakness in the credit process and to preempt any unexpected deterioration in credit quality.

Credit stress tests are also conducted regularly to analyse the impact of plausible adverse scenarios on the Group's loan portfolio.

The Group addresses credit concentration risk by setting and monitoring industry mix limits on a regular basis.

Continuous efforts are being made to further enhance the Group's credit risk management processes.

Market Risk

Market risk encompasses price and interest rate risk, which are inherent in the ordinary course of the Group's business. Market risk is defined as the uncertainty in market value of a given portfolio arising from movements in market factors including interest rates, equity prices and asset values.

The Asset-Liability Committee ["ALCO"] manages the balance sheet to achieve an optimal balance between risk and reward, with regard to structural interest rate risk, and liquidity and funding risk, determine the appropriate levels of liquidity and ensure that funding is managed cost effectively, and review contingency plan for liquidity crisis.

The Group has a comprehensive set of policies and monitoring system in place for the management of market risk. This includes limits for funding, maturity, and repricing gaps between assets and liabilities. An additional measures used by the Group for the interest rate sensitive investments is Present Value of a Basis Point ["PV01"], which measures the change in value of the interest rate sensitive exposures resulting from one basis point increase across the entire yield curve.



CORPORATE GOVERNANCE

The Group is using an Asset Liability Management System to enhance its capabilities for simulation, scenario analysis and stress testing. Interest rate risk sensitivity analysis can now be performed under various interest rate scenarios using dynamic simulation modelling.

The Investment Committee ["INV"], which has been appointed by the Board to oversee the investment portfolio of the Company, reviews and recommends the limits of the Company's investments for approval by the Board as well as approves policies and strategies regarding these investments.

The INV comprises three members namely Mr Teo Chiang Long (Executive Chairman), Mr Jamie Teo Miang Yeow (Executive Director & CEO) and Mr Desmond Tan (General Manager, Operations & Process Improvement).

Liquidity Risk

Liquidity risk arises in the general funding of the Group's activities and in the management of its assets and liabilities. It is the Group's policy to maintain adequate liquidity at all times. The Group maintains sufficient liquidity to fund its day-to-day operations, including customers' demand for loan drawdown, as well as any unanticipated cash funding needs.

The liquidity policies, procedures and limits are in place to ensure effective liquidity management and compliance with the regulatory requirements.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

The Operational & Technology Risk Committee ['OPTech'] supports the RMC in its handling operational and technology risk. The OPTech develops the operational and technology risk management framework, policies and procedures, and makes recommendations to mitigate risks and improve the efficiency and effectiveness of the operation process and information flows.

Risk management is an on-going process. Continuous efforts are being made to ensure that the Group's risk management system and processes are in line with industry best practices.

ETHICAL STANDARD

The Company manages its business according to the core values of integrity, performance excellence, teamwork, trust and respect to which staff subscribe and are assessed on. The Company has a comprehensive whistle blowing policy for staff to bring attention to the Audit Committee any concern, suspected breach or fraud, or activity or behaviour that may not be in compliance with the law and Code of Conduct of the Company.

INTERNAL CODE ON DEALING IN SECURITIES

The Company has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. These guidelines prohibit dealing in the Company's securities while in possession of unpublished material price-sensitive information in relation to such securities and during the period commencing one month before the date of announcement of the quarterly and full-year financial results.

FINANCIAL REVIEW

FINANCIAL SUMMARY

	2010 \$'000	2009 \$'000	Variance %
SELECTED INCOME STATEMENT ITEMS			
Net interest income	23,684	21,805	8.6
Non-interest income	3,670	3,029	21.2
Total income	27,354	24,834	10.1
Operating expenses	(13,890)	(14,241)	(2.5)
Profit from operations before allowances	13,464	10,593	27.1
Writeback/(Allowances) on loan losses	726	(3,418)	n.m.
Profit before income tax	14,190	7,175	97.8
Profit after tax attributable to shareholders	11,876	6,068	95.7
SELECTED BALANCE SHEET ITEMS			
Total equity	167,806	158,046	6.2
Total assets	804,476	738,213	9.0
Loans and advances	514,148	491,802	4.5
Deposits and savings accounts of customers	601,566	550,722	9.2
KEY FINANCIAL RATIOS (%)			
Net interest margin	3.25	3.19	
Non-interest income ratio	13.4	12.2	
Cost-to-income ratio	50.8	57.3	
Loans-to-deposits ratio	85.5	89.3	
Non-performing loans ratio			
- Secured by collateral	3.3	5.4	
- Unsecured and fully provided for	0.4	1.0	
Return on equity ⁽¹⁾	7.1	3.8	
Return on total assets ⁽²⁾	1.5	0.8	
PER ORDINARY SHARE DATA			
Basic earnings per share (cents)	15.0	7.7	
Net asset value per share (\$)	2.11	1.99	

⁽¹⁾ Return on equity is computed based on ordinary shareholders' equity as at balance sheet date.

⁽²⁾ Return on total assets is computed based on total assets as at balance sheet date.

n.m. - not meaningful



FINANCIAL REVIEW

Analysis of Performance

During the year under review, Singapore economy experienced one of the most vigorous V-shaped recoveries and for the first six months of 2010, it is estimated to expand by 17.9% year-on-year. In tandem with the strong rebound in the economy, the Group profit after tax attributable to shareholders also surged by 95.7% to \$11.9 million for the year ended 30 June 2010. The good performance was driven by healthy growth in the operating profit as well as lower allowances for loan losses.

Operating profit before allowances increased 27.3% to \$13.5 million with total income improving by 10.2% coupled with 2.5% reduction in operating expenses.

Total income growth of 10.2% or \$2.5 million was contributed by \$1.9 million jump in net interest income and \$0.6 million improvement in non-interest income.

Net interest income for the financial year, which constitutes 86.6% of the Group's total income, benefited from the low funding costs as well as higher loan balances. The Group's net interest margin as a percentage of the interest-earning assets improved further from 3.19% in the last financial year to 3.25% as our cost of funds fell faster than the asset yields.

The growth in non-interest income came largely from higher dividend income and other operating income. Operating expenses fell by 2.5% as a result of our tight cost management especially in the area of advertising and promotion expenses, where we were able to maximise every branding dollar.

In a healthier economic environment which facilitated higher actual loan recoveries, the Group managed to achieve a net writeback of \$0.7 million for loan allowances for the current financial year compared to \$3.4 million additional allowances last year, when the market conditions and economic environment were under great stress due to the global financial crisis.

Total loans and advances after deducting allowances for loan losses grew by 4.5% to \$514 million compared to \$492 million a year ago as economic activities and demand for credit gathered momentum during the year under review. To support the loan growth, total deposits correspondingly increased by 9.2% year-on-year to \$602 million as at 30 June 2010. With the faster pace of growth in the deposits compared to loans, our loan to deposits ratio fell marginally to 85.5% compared to 89.3% a year ago.

The Group's total equity as at 30 June 2010 rose 6.2% to \$168 million contributed by \$9.8 million growth in the Reserves.

Subject to approval of shareholders at the forthcoming Annual General Meeting, the Board is recommending a first and final one-tier tax exempt dividend of 6 cents per share. In line with the Group's strong performance for this financial year, the Board is also recommending a special one-tier tax exempt dividend of 3 cents per share for the year under review.

	2010 Tax Exempt cents	2009 Tax Exempt cents	Variance cents
Dividend Per Share			
- Final	6	6	-
- Special	3	-	3
TOTAL	9	6	3

Net Interest Income

Average Balance Sheet and Net Interest Margin

Interest-earning Assets & Interest-bearing Liabilities

	2010			2009		
	Average Balance \$'000	Interest \$'000	Average Rate %	Average Balance \$'000	Interest \$'000	Average Rate %
INTEREST-EARNING ASSETS						
Loans and advances	529,860	26,388	4.98	498,021	25,619	5.14
Singapore Government Securities	160,002	2,197	1.37	145,322	2,042	1.41
Other interest-earning assets	38,293	61	0.16	40,185	246	0.61
Total	728,155	28,646	3.93	683,528	27,907	4.08
INTEREST-BEARING LIABILITIES						
Deposits and savings accounts	552,726	4,962	0.90	514,553	6,102	1.19
Total	552,726	4,962	0.90	514,553	6,102	1.19
Net interest income/margin as a percentage of interest-earning assets		23,684	3.25		21,805	3.19

Net interest income rose to \$23.7 million for the financial year ended June 2010; this represents an improvement of 8.6% compared to the same period last year.

The increase in the net interest income was driven by lower funding costs as well as higher loan balances. The low interest rate environment during the financial year together with the active management of deposits resulted in the cost of funds declining by 29 basis points to 0.90%. With the cost of funds falling at a faster pace than the asset yields, the Group's net interest margin as a percentage of the interest-earning assets improved to 3.25% from 3.19% a year ago.

As shown in the volume and rate analysis below, the net interest income benefited from both the positive growth in the loan volume as well as the favourable lower deposits rates.

Volume And Rate Analysis

INCREASE/(DECREASE) FOR 2010 OVER 2009

	Volume \$'000	Rate \$'000	Total \$'000
INTEREST INCOME			
Loans and advances	1,638	(869)	769
Singapore Government Securities	206	(51)	155
Other assets	(12)	(173)	(185)
Total	1,833	(1,094)	739
INTEREST EXPENSE			
Deposits and savings accounts	453	(1,593)	(1,140)
Total	453	(1,593)	(1,140)
Net interest income	1,380	499	1,879



Non-Interest Income

	2010	2009	Variance
	\$'000	\$'000	%
Fees and commissions	170	108	57.4
Dividends	587	301	n.m.
Gain on sale of investments	1,458	1,823	(20.0)
Other operating income	1,455	797	82.6
Total non-interest income	3,670	3,029	21.2

Non-interest income for the year rose by 21.2% to \$3.7 million. The growth was primarily from higher dividend income coupled with higher fees arising from early redemption of auto loans, which is reflected under the other operating income caption.

Operating Expenses

	2010	2009	Variance
	\$'000	\$'000	%
Staff costs	6,872	6,688	2.8
Depreciation of property, plant and equipment	600	732	(18.0)
Other operating expenses	6,418	6,821	(5.9)
Total operating expenses	13,890	14,241	(2.5)

The reduction in the total operating expenses was as a result of our strict cost discipline. The main reduction came from the advertising and promotion expenses whereby we were able to maximise every branding dollar. The slight increase in staff cost was largely due to the annual salary increment in the beginning of 2010 to reward and retain our valuable staff for their hard work and commitment.

Impairment Allowances for Loans

	2010	2009	Variance
	\$'000	\$'000	%
Writeback/(Allowances) on loan losses	726	(3,418)	n.m.
Total Writeback/(Allowances) on loan losses	726	(3,418)	n.m.

The level of impairment allowances for loan for the current financial year is a reflection of strong rebound in the Singapore economy, where the Group managed to have a net writeback of \$0.7 million this year versus a \$3.4 million additional charge for loan allowances in the previous financial year.

DIRECTORS' REPORT

Year ended 30 June 2010

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 30 June 2010.

Directors

The directors in office at the date of this report are as follows:

Teo Chiang Long
Ong Pang Boon
Phua Bah Lee
William Ho Ah Seng
Teoh Eng Hong
Jamie Teo Miang Yeow

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company are as follows:

	<u>Shareholdings registered in the name of directors</u>		<u>Other shareholdings in which the directors are deemed to have an interest</u>	
	<u>At beginning of the year</u>	<u>At end of the year</u>	<u>At beginning of the year</u>	<u>At end of the year</u>
<u>Singapura Finance Ltd</u>				
Teo Chiang Long - ordinary shares	2,811	2,811	41,466,748	41,466,748
Phua Bah Lee - ordinary shares	82,250	82,250	7,980	7,980
William Ho Ah Seng - ordinary shares	3,625	3,625	-	-

By virtue of Section 7 of the Act, Mr. Teo Chiang Long is deemed to have an interest in the other subsidiaries of Singapura Finance Ltd, all of which are wholly-owned, at the beginning and at the end of the financial year.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 July 2010.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in Note 20 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or its related corporations with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.



DIRECTORS' REPORT

Year ended 30 June 2010

Warrants and share options

Warrants

At the end of the financial year, there were no warrants granted in respect of unissued ordinary shares in the Company.

Options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

Audit Committee

The members of the Audit Committee during the financial year and at the date of this report are:

Teoh Eng Hong (Chairman), independent, non-executive director

Ong Pang Boon, independent, non-executive director

Phua Bah Lee, independent, non-executive director

The Audit Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

DIRECTORS' REPORT

Year ended 30 June 2010

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Teo Chiang Long

Director



Teoh Eng Hong

Director

20 August 2010

STATEMENT BY DIRECTORS

Year ended 30 June 2010

In our opinion:

- (a) the financial statements set out on pages 29 to 63 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2010 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



Teo Chiang Long

Director



Teoh Eng Hong

Director

20 August 2010

INDEPENDENT AUDITORS' REPORT

To the Members of Singapura Finance Ltd

We have audited the 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 2010, 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 notes, as set out on pages 29 to 63.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

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 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 and fair presentation of the financial statements 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:

- (a) the consolidated financial statements of the Group and 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 2010 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; and
- (b) 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
Certified Public Accountants*

Singapore

20 August 2010



BALANCE SHEETS

As at 30 June 2010

	Note	Group		Company	
		2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Assets					
Property, plant and equipment	4	3,845	4,230	3,845	4,230
Subsidiaries	5	–	–	125	125
Loans and advances due after 12 months	6	434,356	331,181	434,356	331,181
Total non-current assets		438,201	335,411	438,326	335,536
Statutory deposit with the Monetary Authority of Singapore		15,736	15,002	15,736	15,002
Loans and advances due within 12 months	6	79,792	160,621	79,792	160,621
Investments	9	178,682	162,545	178,682	162,545
Other receivables, deposits and prepayments	10	3,902	5,508	3,902	5,497
Cash and cash equivalents	11	88,163	59,126	88,112	59,053
Total current assets		366,275	402,802	366,224	402,718
Total assets		804,476	738,213	804,550	738,254
Equity					
Share capital	12	90,065	90,065	90,065	90,065
Reserves	12	77,741	67,981	76,317	66,659
Total equity attributable to equity holders of the Company		167,806	158,046	166,382	156,724
Liabilities					
Deferred tax liabilities	8	489	127	489	127
Trade and other payables	13	14,893	14,602	14,893	14,602
Staff retirement gratuities	14	1,061	969	1,061	969
Total non-current liabilities		16,443	15,698	16,443	15,698
Trade and other payables	13	15,287	12,948	15,064	12,724
Deposits and savings accounts of customers	15	601,566	550,722	603,296	552,312
Current tax payable		3,374	799	3,365	796
Total current liabilities		620,227	564,469	621,725	565,832
Total liabilities		636,670	580,167	638,168	581,530
Total equity and liabilities		804,476	738,213	804,550	738,254

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2010

	Note	Group	
		2010 \$'000	2009 \$'000
Interest income and hiring charges		28,646	27,907
Interest expense		(4,962)	(6,102)
Net interest and hiring charges		<u>23,684</u>	<u>21,805</u>
Fee and commission income		170	108
Dividend income		587	301
Other operating income		2,913	2,620
Income before operating expenses		<u>27,354</u>	<u>24,834</u>
Staff costs		(6,872)	(6,688)
Depreciation of property, plant and equipment	4	(600)	(732)
Other operating expenses		(6,418)	(6,821)
Profit from operations before allowances	16	<u>13,464</u>	<u>10,593</u>
Writeback/(Allowances) on loan losses	17	726	(3,418)
Profit before income tax		<u>14,190</u>	<u>7,175</u>
Income tax expense	18	(2,314)	(1,107)
Profit for the year		<u><u>11,876</u></u>	<u><u>6,068</u></u>
Earnings per share			
Basic earnings per share (cents)	19	<u>14.97</u>	<u>7.72</u>
Diluted earnings per share (cents)	19	<u>14.97</u>	<u>7.72</u>

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2010

	Group	
	2010	2009
	\$'000	\$'000
Profit for the year	11,876	6,068
Other comprehensive income		
Net change in fair value of available-for-sale investments	4,644	7,161
Net change in fair value of available-for-sale investments transferred to profit or loss	(1,458)	(1,823)
Adjustment to allowances in collective impairment for loans and advances	–	(2,360)
Income tax on other comprehensive income	(542)	(482)
Other comprehensive income for the year, net of income tax	2,644	2,496
Total comprehensive income for the year	14,520	8,564

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2010

Group	Note	Attributable to equity holders of the Company						Total \$'000
		Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	General reserve \$'000	Accumulated profits \$'000	
At 1 July 2009		90,065	1,353	49,259	(1,646)	730	18,285	158,046
Total comprehensive income for the year								
Profit or loss		-	-	-	-	-	11,876	11,876
Other comprehensive income								
Net change in fair value of available-for-sale investments		-	-	-	4,644	-	-	4,644
Net change in fair value of available-for-sale investments transferred to profit or loss		-	-	-	(1,458)	-	-	(1,458)
Income tax on other comprehensive income		-	-	-	(542)	-	-	(542)
Total other comprehensive income		-	-	-	2,644	-	-	2,644
Total comprehensive income for the year		-	-	-	2,644	-	11,876	14,520
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(4,760)	(4,760)
Total contributions by and distributions to owners		-	-	-	-	-	(4,760)	(4,760)
Transfer from profit after tax to statutory reserve		-	-	2,950	-	-	(2,950)	-
At 30 June 2010		90,065	1,353	52,209	998	730	22,451	167,806

The accompanying notes form an integral part of these financial statements.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 30 June 2010

Group	Note	Attributable to equity holders of the Company						Total \$'000
		Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	General reserve \$'000	Accumulated profits \$'000	
At 1 July 2008		88,649	1,353	47,754	(6,077)	730	21,918	154,327
Total comprehensive income for the year								
Profit or loss		-	-	-	-	-	6,068	6,068
Other comprehensive income								
Net change in fair value of available-for-sale investments		-	-	-	7,161	-	-	7,161
Net change in fair value of available-for-sale investments transferred to profit or loss		-	-	-	(1,823)	-	-	(1,823)
Adjustment to allowances in collective impairment for loans and advances		-	-	-	-	-	(2,360)	(2,360)
Income tax on other comprehensive income		-	-	-	(907)	-	425	(482)
Total other comprehensive income		-	-	-	4,431	-	(1,935)	2,496
Total comprehensive income for the year		-	-	-	4,431	-	4,133	8,564
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(6,261)	(6,261)
Issue of shares		1,416	-	-	-	-	-	1,416
Total contributions by and distributions to owners		1,416	-	-	-	-	(6,261)	(4,845)
Transfer from profit after tax to statutory reserve		-	-	1,505	-	-	(1,505)	-
At 30 June 2009		90,065	1,353	49,259	(1,646)	730	18,285	158,046

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2010

Company	Note	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	General reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2009		90,065	1,353	49,259	(1,646)	730	16,963	156,724
Total comprehensive income for the year								
Profit or loss		-	-	-	-	-	11,774	11,774
Other comprehensive income								
Net change in fair value of available-for-sale investments		-	-	-	4,644	-	-	4,644
Net change in fair value of available-for-sale investments transferred to profit or loss		-	-	-	(1,458)	-	-	(1,458)
Income tax on other comprehensive income		-	-	-	(542)	-	-	(542)
Total other comprehensive income		-	-	-	2,644	-	-	2,644
Total comprehensive income for the year		-	-	-	2,644	-	11,774	14,418
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(4,760)	(4,760)
Total contributions by and distributions to owners		-	-	-	-	-	(4,760)	(4,760)
Transfer from profit after tax to statutory reserve		-	-	2,950	-	-	(2,950)	-
At 30 June 2010		90,065	1,353	52,209	998	730	21,027	166,382

The accompanying notes form an integral part of these financial statements.



STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 30 June 2010

Company	Note	Share capital \$'000	Capital reserve \$'000	Statutory reserve \$'000	Fair value reserve \$'000	General reserve \$'000	Accumulated profits \$'000	Total \$'000
At 1 July 2008		88,649	1,353	47,754	(6,077)	730	20,651	153,060
Total comprehensive income for the year								
Profit or loss		-	-	-	-	-	6,013	6,013
Other comprehensive income								
Net change in fair value of available-for-sale investments		-	-	-	7,161	-	-	7,161
Net change in fair value of available-for-sale investments transferred to profit or loss		-	-	-	(1,823)	-	-	(1,823)
Adjustment to allowances in collective impairment for loans and advances		-	-	-	-	-	(2,360)	(2,360)
Income tax on other comprehensive income		-	-	-	(907)	-	425	(482)
Total other comprehensive income		-	-	-	4,431	-	(1,935)	2,496
Total comprehensive income for the year		-	-	-	4,431	-	4,078	8,509
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(6,261)	(6,261)
Issue of shares		1,416	-	-	-	-	-	1,416
Total contributions by and distributions to owners		1,416	-	-	-	-	(6,261)	(4,845)
Transfer from profit after tax to statutory reserve		-	-	1,505	-	-	(1,505)	-
At 30 June 2009		90,065	1,353	49,259	(1,646)	730	16,963	156,724

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Profit for the year		11,876	6,068
Adjustments for:			
Depreciation of property, plant and equipment		600	732
Property, plant and equipment written off		20	3
Allowances on loan losses		(726)	3,418
Bad debts written off		12	13
Gain on sale of investments		(1,458)	(1,823)
Staff retirement gratuities		92	62
Dividend income		(587)	(301)
Income tax expense		2,314	1,107
		<u>12,143</u>	<u>9,279</u>
Changes in working capital:			
Statutory deposit with the Monetary Authority of Singapore		(734)	(3,932)
Loans and advances		(21,632)	(45,664)
Other receivables, deposits and prepayments		1,606	1,236
Deposits and savings accounts of customers		50,844	92,563
Trade and other payables		2,630	(2,767)
		<u>44,857</u>	<u>50,715</u>
Cash generated from operating activities		44,857	50,715
Staff retirement gratuity paid		-	(128)
Income taxes paid		81	(3,136)
		<u>44,938</u>	<u>47,451</u>
Net cash from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment		(235)	(391)
Dividends received		587	301
Purchase of investments		(338,386)	(491,151)
Proceeds from sale and maturity of investments		326,893	447,236
		<u>(11,141)</u>	<u>(44,005)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Dividends paid		(4,760)	(6,261)
Proceeds from issuance of shares		-	1,416
		<u>(4,760)</u>	<u>(4,845)</u>
Net cash used in financing activities			
Net increase/(decrease) in cash and cash equivalents			
		29,037	(1,399)
Cash and cash equivalents at 1 July		59,126	60,525
Cash and cash equivalents at 30 June	11	<u>88,163</u>	<u>59,126</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 August 2010.

1 Domicile and activities

Singapura Finance Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 150 Cecil St, #01-00 Singapore 069543.

The principal activities of the Company are those relating to finance companies operating under the Finance Companies Act, Chapter 108. The principal activities of the subsidiaries are set out in note 5 to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group).

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in Note 3 - significant accounting policies.

(c) Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in note 25.

(e) Changes in accounting policies

Overview

Starting as of 1 July 2009 on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

(i) *Presentation of financial statements*

The Group applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

2 Basis of preparation (cont'd)

(e) Changes in accounting policies (cont'd)

Overview (cont'd)

(ii) Disclosure of contractual maturity analysis

The Group applies the amendments to FRS 107 *Financial Instruments: Disclosures*, which became effective as of 1 January 2009. As a result, the Group discloses the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis. Previously, the Group disclosed the maximum amount of issued financial guarantees in the contractual maturity analysis only if the Group assessed that it is probable that the guarantee would be called upon.

FRS 107 does not require comparative information to be restated and therefore, the contractual maturity analysis for the comparative period has not been re-presented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on profit or loss.

(f) Other accounting developments

Disclosures pertaining to fair values and liquidity risk for financial instruments

The Group has applied Improving Disclosures about Financial Instruments (Amendments to FRS 107 *Financial Instruments: Disclosures*), issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Revised disclosures in respect of fair values of financial instruments are included in Note 24.

Further, the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows.

Revised disclosures in respect of liquidity risk are included in Note 23.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities, except as explained in Note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

3 Significant accounting policies (cont'd)

(a) Basis of consolidation

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iii) Accounting for subsidiaries by the Company

Investments in subsidiaries are stated in the Company's balance sheet at cost less accumulated impairment losses.

(b) Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	40 years
Leasehold land	40 years
Leasehold buildings	40 years
Furniture and office equipment	Between 5 and 8 years
Motor vehicles	4 years
Computers	Between 3 and 5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end, and adjusted as appropriate.

(c) Non-derivative financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

3 Significant accounting policies (cont'd)

(c) Non-derivative financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise loans and advances, other receivables, deposits and prepayments and statutory deposit with Monetary Authority of Singapore.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, balances with banks which are repayable on demand and fixed deposits with banks.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(d)(i)) are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: deposits and savings accounts of customers, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

3 Significant accounting policies (cont'd)

(c) Non-derivative financial instruments (cont'd)

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Impairment

(i) Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowances account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

3 Significant accounting policies (cont'd)

(d) Impairment (cont'd)

(ii) *Impairment of non-financial assets (cont'd)*

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in profit or loss when they are due in respect of service rendered before the end of the reporting period.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(f) Government grants

Cash grants received from the government in relation to the Jobs Credit Scheme are offset against staff costs upon receipt.

(g) Revenue recognition

Interest income on loans and advances

In general, the basis adopted for crediting income from loans to profit or loss is to spread the interest over the period in which the repayments are due.

Specifically, interest on mortgaged loans is charged on the annual/monthly/daily rest basis while interest on hire purchase and leasing transactions is spread over the period of the agreement using the sum-of-digits method.

Interest relating to non-performing loans and advances is not recognised as income until it is received.

Interest income from Singapore Government Securities

Interest income from Singapore Government Securities is recognised as it accrues using the effective interest method.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

3 Significant accounting policies (cont'd)

(g) Revenue recognition (cont'd)

Interest income from bank deposits

Interest income from bank deposits is accrued on a time-apportioned basis.

Dividend income

Dividend income is recognised in profit or loss when the shareholder's right to receive payment is established.

(h) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Operating leases

Payments made under the operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(j) New accounting standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 30 June 2010 have not been applied in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

4 Property, plant and equipment

Group and Company	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Furniture and office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Total \$'000
Cost						
At 1 July 2008	2,263	3,397	2,947	279	4,637	13,523
Additions	-	-	271	-	120	391
Disposals	-	-	(306)	-	(2,079)	(2,385)
At 30 June 2009	2,263	3,397	2,912	279	2,678	11,529
Additions	-	-	100	-	135	235
Disposals	-	-	(611)	-	-	(611)
At 30 June 2010	2,263	3,397	2,401	279	2,813	11,153
Accumulated depreciation						
At 1 July 2008	960	1,345	2,522	110	4,012	8,949
Depreciation charge for the year	31	85	149	70	397	732
Disposals	-	-	(304)	-	(2,078)	(2,382)
At 30 June 2009	991	1,430	2,367	180	2,331	7,299
Depreciation charge for the year	31	86	144	69	270	600
Disposals	-	-	(591)	-	-	(591)
At 30 June 2010	1,022	1,516	1,920	249	2,601	7,308
Carrying amounts						
At 1 July 2008	1,303	2,052	425	169	625	4,574
At 30 June 2009	1,272	1,967	545	99	347	4,230
At 30 June 2010	1,241	1,881	481	30	212	3,845

Properties held by the Group and the Company are as follows:

Location	Description	Tenure	Carrying amount	
			2010 \$'000	2009 \$'000
212 East Coast Road Singapore 428911	2-storey shophouse used as branch premises	Freehold	1,008	1,025
203 Henderson Road #02-07 Singapore 159546	Warehouse	Freehold	233	247
Total freehold properties			1,241	1,272

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

4 Property, plant and equipment (cont'd)

Location	Description	Tenure	Carrying amount	
			2010 \$'000	2009 \$'000
Blk 202 Bedok North Street 1 #01-471/473/475/477 Singapore 460202	3 units of office space used as branch premises and 1 unit leased out	86-year lease commencing July 1992	1,217	1,273
Blk 101 Towner Road #01-230 Singapore 322101	1st storey used as branch premises and 2nd storey is temporarily vacant	89-year lease commencing January 1993	365	382
Blk 711 Ang Mo Kio Avenue 8 #01-3501D Singapore 560711	1 unit of office space used as branch premises	86-year lease commencing July 1993	299	312
Total leasehold properties			1,881	1,967
			3,122	3,239

5 Subsidiaries

	Company	
	2010 \$'000	2009 \$'000
Equity investments, at cost	125	125

Details of the subsidiaries are as follows:

Name of Subsidiary	Principal activities	Country of incorporation	Effective equity held by the Group	
			2010 %	2009 %
SBS Nominees Private Limited	Provision of nominee services	Singapore	100	100
SBS Realty Services (Private) Limited	Provision of estate agency and management services	Singapore	100	100

The subsidiaries are audited by KPMG LLP Singapore.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

6 Loans and advances

	Note	Group and Company	
		2010 \$'000	2009 \$'000
Mortgage and other secured loans		326,888	319,852
Hire purchase and leasing receivables	7	220,236	208,986
		<u>547,124</u>	<u>528,838</u>
Unearned charges and interest		(23,538)	(24,895)
		<u>523,586</u>	<u>503,943</u>
Allowances for loan losses:			
At 1 July		12,141	6,399
(Writeback)/Allowances made during the year (net)	17	(726)	3,418
Adjustment to allowances in collective impairment for loans and advances		-	2,360
Amounts written off against allowances		(1,977)	(36)
At 30 June		<u>9,438</u>	<u>12,141</u>
		<u>514,148</u>	<u>491,802</u>
These comprise balances:			
Due within 12 months		79,792	160,621
Due after 12 months		434,356	331,181
		<u>514,148</u>	<u>491,802</u>

As at 30 June 2010, secured loans to directors (including immediate family members) of the Company amounted to \$84,345 (2009: \$147,000).

7 Hire purchase and leasing receivables

Group and Company	2010			2009		
	Gross \$'000	Interest \$'000	Principal \$'000	Gross \$'000	Interest \$'000	Principal \$'000
Within 1 year	4,288	192	4,096	4,380	38	4,342
Between 1 year and 5 years	90,970	5,987	84,983	101,394	8,046	93,348
After 5 years	124,978	16,684	108,294	103,212	15,245	87,967
	<u>220,236</u>	<u>22,863</u>	<u>197,373</u>	<u>208,986</u>	<u>23,329</u>	<u>185,657</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

8 Deferred tax (assets)/liabilities

Movements in deferred tax assets and liabilities during the year are as follows:

Group and Company	Balance as at 1 July 2008 \$'000	Recognised in profit or loss (note 18) \$'000	Recognised in other comprehensive income \$'000	Balance as at 30 June 2009 \$'000	Recognised in profit or loss (note 18) \$'000	Recognised in other comprehensive income \$'000	Balance as at 30 June 2010 \$'000
Deferred tax liabilities/(assets)							
Property, plant and equipment	142	(39)	–	103	(33)	–	70
Loans and advances and receivables	260	266	–	526	(131)	–	395
Staff retirement gratuities	(186)	21	–	(165)	(16)	–	(181)
Investments	(1,334)	–	997	(337)	–	542	205
Total	(1,118)	248	997	127	(180)	542	489

9 Investments

	Group and Company	
	2010 \$'000	2009 \$'000
Available-for-sale:		
Singapore Government Securities	164,231	151,449
Quoted equity securities	14,451	11,096
Total	178,682	162,545

The credit rating of Singapore Government Securities held at the balance sheet date accorded by various international credit rating agencies is AAA (2009: AAA).

10 Other receivables, deposits and prepayments

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Interest receivable	512	1,455	512	1,455
Deposits	599	337	599	337
Other receivables	2,583	3,435	2,583	3,424
Loans and receivables	3,694	5,227	3,694	5,216
Prepayments	208	281	208	281
Total	3,902	5,508	3,902	5,497

Other receivables include repayments made by customers using electronic payments and not yet received by the Company at the balance sheet dates.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

11 Cash and cash equivalents

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Cash at banks and in hand	5,161	5,826	5,110	5,753
Fixed deposits with banks	83,002	53,300	83,002	53,300
Cash and cash equivalents	88,163	59,126	88,112	59,053

12 Capital and reserves

Share capital

	Group and Company	
	2010 No. of shares ('000)	2009 No. of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 July	79,343	77,927
Issue of shares	-	1,416
As at 30 June	79,343	79,343

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regards to the Company's residual assets.

Reserves

	Group		Company	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Capital reserve	1,353	1,353	1,353	1,353
Statutory reserve	52,209	49,259	52,209	49,259
Fair value reserve	998	(1,646)	998	(1,646)
Revenue reserve:				
- General	730	730	730	730
- Accumulated profits	22,451	18,285	21,027	16,963
	77,741	67,981	76,317	66,659

Capital reserves

The capital reserve comprises gain on disposal of property, plant and equipment.

Statutory reserves

The statutory reserve is maintained in compliance with the provisions of Section 18 of the Finance Companies Act, Chapter 108.

Fair value reserves

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

In the previous financial year, the Group made an adjustment to allowances in collective impairment for loans and advances to accumulated profits before income tax of \$2,360,000. This adjustment relates to a transfer taken by the Group to build up its collective impairment allowances for loans and advances to enable it to cushion the impact of the adverse change in the market condition and economic environment.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

12 Capital and reserves (cont'd)

Fair value reserves (cont'd)

Details of movements in reserves are shown in the statements of changes in equity.

Dividends

The following dividends were declared and paid by the Group and Company:

	Group and Company	
	2010	2009
	\$'000	\$'000
First and final, one-tier tax exempt		
6 cents per ordinary share (2009: 6 cents) in respect of year 2009	4,760	4,696
Special one-tier tax exempt		
2 cents per ordinary share in respect of year 2008	–	1,565

After the respective reporting dates, the following dividends were proposed by the directors. The dividends have not been provided for as at year end.

	Group and Company	
	2010	2009
	\$'000	\$'000
First and final, one-tier tax exempt		
6 cents per ordinary share (2009: 6 cents) in respect of year 2010	4,760	4,760
Special one-tier tax exempt		
3 cents per ordinary share in respect of year 2010	2,380	–

13 Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000
Accrued interest payable	2,507	2,748	2,507	2,748
Accrued operating expenses	1,979	1,774	1,975	1,770
Amount due to SPRING Singapore (unsecured)	24,295	21,493	24,295	21,493
Deposits for safe deposit boxes and rental deposits	137	134	137	134
Unclaimed dividends	379	371	379	371
Others	883	1,030	664	810
	<u>30,180</u>	<u>27,550</u>	<u>29,957</u>	<u>27,326</u>
These comprise balances:				
Due within 12 months	15,287	12,948	15,064	12,724
Due after 12 months	14,893	14,602	14,893	14,602
	<u>30,180</u>	<u>27,550</u>	<u>29,957</u>	<u>27,326</u>

Amount due to SPRING Singapore represents unsecured advances under the Local Enterprise Finance Scheme (LEFS) to finance LEFS borrowers. The interest rates and repayment periods vary in accordance with the type, purpose and security of the facilities granted under these schemes. Credit risks are shared with SPRING Singapore.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

14 Staff retirement gratuities

	Group and Company	
	2010	2009
	\$'000	\$'000
At 1 July	969	1,035
Provision made during the year	92	62
Utilised during the year	–	(128)
At 30 June	1,061	969

15 Deposits and savings accounts of customers

These include deposits placed by subsidiaries amounting to \$1,730,000 (2009: \$1,590,000) in the Company and Nil (2009: Nil) by other related corporation for the Group and the Company, accepted in the ordinary course of business.

16 Profit from operations before allowances

The following items have been included in arriving at profit from operations before allowances:

	Group	
	2010	2009
	\$'000	\$'000
Interest income and hiring charges		
Interest income on:		
- loans and advances to other persons	26,388	25,619
- bank deposits	61	246
- Singapore Government Securities and debt securities	2,197	2,042
	28,646	27,907
Interest expense		
Interest expense on deposits paid to other persons	4,962	6,102
Dividend income		
Quoted equity investments	587	301
Other operating income		
Gain on sale of investments	1,458	1,823
Others	1,455	797
	2,913	2,620
Staff costs		
Salaries and other benefits	6,526	6,264
Government grants – Jobs Credit Scheme	(211)	(155)
Contributions to defined contribution plans	557	579
	6,872	6,688

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

16 Profit from operations before allowances (cont'd)

	Group	
	2010	2009
	\$'000	\$'000
Other operating expenses		
Non-audit fees paid to auditors of the Company	52	61
Property, plant and equipment written-off	20	3
Operating lease expense paid to:		
- related corporations	958	783
- other persons	78	78
Operating expense paid to:		
- related corporations	68	62
- other persons	5,242	5,834
	6,418	6,821
	6,418	6,821

17 Allowances on loan losses

	Group	
Note	2010	2009
	\$'000	\$'000
(Writeback)/Allowances on loan losses	6	(726) 3,418
		3,418

18 Income tax expense

	Group	
Note	2010	2009
	\$'000	\$'000
Current tax expense		
Current year	2,521	877
Adjustment for prior years	(27)	(18)
	2,494	859
Deferred tax expense		
Origination and reversal of temporary differences	(180)	260
Reduction in tax rate	-	(12)
	8	248
Total income tax expense	2,314	1,107

Reconciliation of effective tax rate

Profit before income tax	14,190	7,175
Tax calculated using Singapore tax rate of 17%	2,412	1,220
Income not subject to tax	(131)	(151)
Effect of reduction in tax rate	-	(12)
Expenses not deductible for tax purposes	60	68
Overprovided in prior years	(27)	(18)
	2,314	1,107
	2,314	1,107

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

19 Earnings per share

Basic earnings per share

	Group	
	2010	2009
	\$'000	\$'000
Net profit attributable to ordinary shareholders	11,876	6,068

Weighted average number of ordinary shares

	Group	
	2010	2009
	No. of shares ('000)	No. of shares ('000)
Issued ordinary shares at 1 July	79,343	77,927
Effect of warrants exercised	–	709
Weighted average number of ordinary shares at 30 June	79,343	78,636

Diluted earnings per share

	Group	
	2010	2009
	\$'000	\$'000
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	11,876	6,068

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive warrants, with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of warrants on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2010	2009
	No. of shares ('000)	No. of shares ('000)
Weighted average number of:		
- Ordinary shares used in the calculation of basic earnings per share	79,343	78,636
- Potential ordinary shares issuable under warrants	–	–
Weighted average number of ordinary shares issued and potential shares assuming full conversion	79,343	78,636

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

20 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2010 \$'000	2009 \$'000
Director fees	250	250
Short-term employee benefits	2,198	2,196
Post-employment benefits	104	96

Directors' remuneration included in key management personnel compensation amounted to \$1,330,000 (2009: \$1,169,000).

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	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Interest on deposits paid to subsidiaries	-	-	10	11

21 Contingent liabilities

These are commitments entered into by the Group and the Company on behalf of customers for which customers have corresponding obligations under their contracts with the Group and the Company, and are in respect of the following:

	2010 \$'000	2009 \$'000
Letters of credit	-	676
Guarantees	650	680
	650	1,356

These contingent liabilities are not secured on any of the Group's assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

22 Capital commitments

Lease commitments

At 30 June 2010, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group and Company	
	2010	2009
	\$'000	\$'000
Within one year	899	957
Between one year and five years	696	1,595
	<u>1,595</u>	<u>2,552</u>

Other commitments

	Group and Company	
	2010	2009
	\$'000	\$'000
Undrawn credit lines and other commitments to extend credit	<u>122,246</u>	<u>115,252</u>

23 Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Group has put in place policies and procedural guidelines for its business operations. The Management meets regularly to help identify, evaluate and monitor financial risks on a continuous basis. In addition, internal audits are conducted on an on-going basis to confirm that these policies and procedures are functioning effectively and any deviations are duly highlighted for special attention.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the management of credit risk oversight to its Risk Management Committee, who in turn appoints the Credit Control Committee and Credit Portfolio Committee to assist in the management of credit risk. The Credit Control Committee develops the credit risk management framework, policies and procedures for concurrence by Risk Management Committee and approval by the Board of Directors. The Credit Control Committee also reviews delinquent accounts and makes decisions on recovery actions.

Credit reviews are conducted regularly to monitor the health of the loan portfolio and to detect early signs of weaknesses and deviations.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

23 Financial risk management (cont'd)

The Credit Portfolio Committee manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, analyses results of portfolio management actions, and develops portfolio limits for each portfolio segment for approval by the Risk Management Committee. Credit risk concentration is addressed by setting a credit portfolio mix limit and monitoring the limit on a regular basis.

Exposure to credit risk

Maximum exposure to credit risk for loans and advances as at 30 June before collateral held (or other credit enhancements) amounted to \$514,148,000 (2009: \$491,802,000) for the Group and the Company.

Loans and advances to customers can be analysed as follows:

	Group and Company	
	2010	2009
	\$'000	\$'000
Performing accounts that are		
- past due but not impaired	6,605	3,858
- neither past due nor impaired	497,526	467,653
Gross amount	504,131	471,511
Allowances for collective impairment	(7,117)	(7,118)
Carrying amount	497,014	464,393
Individually impaired		
Substandard (payment not kept current but fully secured)	17,134	27,409
Loss (fully provided for)	2,321	5,023
Gross amount	19,455	32,432
Allowances for impairment	(2,321)	(5,023)
Carrying amount	17,134	27,409
Total carrying amount	514,148	491,802

There are no loans and advances defined as being with renegotiated terms, that are neither past due nor impaired as at 30 June 2010 (2009: \$Nil).

Past due but not impaired: when contractual interest or principal payments are past due by not more than three months and the Group believes that impairment is not appropriate on the basis of the security available and/or the stage of collection.

The Group writes off wholly or partially loan balances (together with any related allowances for impairment losses) when the Group determines that the debts are irrevocable, e.g. borrower has been made bankrupt, or all actions have been exhausted.

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired loans and advances to customers by risk grade.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

23 Financial risk management (cont'd)

	Gross amount \$'000	Amount net of allowances for impairment \$'000
30 June 2010		
Substandard	17,134	17,134
Loss	2,321	–
Total	<u>19,455</u>	<u>17,134</u>
30 June 2009		
Substandard	27,409	27,409
Loss	5,023	–
Total	<u>32,432</u>	<u>27,409</u>

The Group normally holds collateral against loans and advances to customers. These are in the form of mortgage interests over property and ownership or other registered interests over assets. Estimates of fair value of collateral are assessed in each accounting period prior to determination of individual impairment allowances.

An estimate of the gross fair value of collateral and other security enhancements held against financial assets is shown below. The Group's claim against such collateral will be limited to the obligations of the respective obligors.

	Group	
	2010 \$'000	2009 \$'000
Against loans and advances to customers that are:		
Individually impaired	28,163	39,298
Past due but not impaired	8,948	5,673
Neither past due nor impaired	931,171	1,002,782
Total	<u>968,282</u>	<u>1,047,753</u>

The nature and carrying amount of financial assets obtained by taking possession of collateral held as security are as follows. Claims against such collateral are limited to the outstanding obligations.

	Group	
	2010 \$'000	2009 \$'000
Properties	–	412
Motorcycles	–	31
Yachts	–	175
	<u>–</u>	<u>618</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

23 Financial risk management (cont'd)

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

	Loans and advances to customers	
	2010 \$'000	2009 \$'000
Gross carrying amount		
Concentration by sector		
Hire purchase/block discounting	197,394	185,515
Housing loans secured by property to be purchased	53,339	46,741
Other loans and advances:		
- Manufacturing	21,670	18,085
- Building and construction	21,217	19,124
- General commerce	13,012	15,732
- Transport, storage and communication	39,458	38,668
- Investment and holding companies	44,184	81,474
- Professional and private individuals	99,656	73,291
- Others	33,656	25,313
Total	523,586	503,943

At balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of the financial assets in the balance sheets. The maximum exposure to credit risk is accordingly reduced by the value of the collateral held.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group is currently funded from equity and deposit liabilities. Liquidity risk arises from the management of the net funding position after accounting for the ongoing cash flows from the loan assets, the deposit liabilities and the interest-bearing placements at various points in time.

Liquidity risk is managed in accordance to the Group's liquidity framework of policies, contingency funding plan, controls and limits approved by the Asset and Liability Committee (ALCO). This framework ensures that liquidity risk is monitored and managed in a manner that ensures sufficient sources of funds are available over a range of market conditions.

Liquidity risk is also mitigated through the large number of customers in its diverse loans and deposits bases and the close monitoring of exposure to avoid any undue concentration.

Contractual maturities of financial liabilities

The following table provides the remaining contractual maturities of the balance sheet date of the Group's non-derivatives financial liabilities, loan commitments and contingent liabilities, which are based on contractual undiscounted cash flows (excluding interest payments) at the earliest date the Group can be required to pay.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

23 Financial risk management (cont'd)

Exposure to liquidity risk

The Group's expected cash flows on these instruments may also vary significantly from this analysis. In particular, deposits from customers are expected to maintain a stable balance; and undrawn loan commitments are not all available to be drawn down immediately upon finalisation of legal documentation due to factors like the progressive nature of the facility to be based on the stage of completion of work in progress.

Group	Carrying amount \$'000	Gross nominal inflow/ (outflow) \$'000	On demand/ less than 1 month \$'000	Within 3 months \$'000	3 months to 1 year \$'000	1 to 3 years \$'000	More than 3 years \$'000	No contractual maturity \$'000
As at 30 June 2010								
Non-derivative financial liabilities								
Deposits and savings accounts of customers	601,566	(607,235)	(100,415)	(127,308)	(332,142)	(47,290)	(80)	-
Amount due to SPRING Singapore	24,295	(25,593)	(2,387)	(1,499)	(6,130)	(15,551)	(26)	-
Other liabilities*	4,439	(4,439)	(662)	(137)	(2,161)	(129)	(705)	(645)
Undrawn loan commitments	-	(122,246)	(122,246)	-	-	-	-	-
Contingent liabilities	-	(650)	-	-	(650)	-	-	-
	630,300	(760,163)	(225,710)	(128,944)	(341,083)	(62,970)	(811)	(645)
30 June 2009								
Non-derivative financial liabilities								
Deposits and savings accounts of customers	550,722	(556,491)	(82,250)	(145,895)	(296,961)	(31,362)	(23)	-
Amount due to SPRING Singapore	21,493	(22,804)	946	(1,616)	(6,810)	(13,739)	(1,585)	-
Other liabilities*	4,278	(4,278)	(843)	(106)	(1,700)	(11)	-	(1,618)
Undrawn loan commitments	-	(115,252)	(115,252)	-	-	-	-	-
	576,493	(698,825)	(197,399)	(147,617)	(305,471)	(45,112)	(1,608)	(1,618)

* Excludes accrued interest payable

Market risk

Market risk is the risk that the value of financial assets will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual assets or factors affecting all assets in the market. Market risk includes foreign currency risk, interest rate risk and portfolio price risk.

Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in foreign exchange rates. The Group is not exposed to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of the Group's financial assets and/or financial liabilities change because of changes in interest rates. Interest rate risk arises primarily from the fact that financial assets and financial liabilities typically reprice at different points in time.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

23 Financial risk management (cont'd)

Management of interest rate risk

The overall objective of interest rate risk management is to manage current and future earnings sensitivity arising from various interest rate exposures. Interest rate risk exposures are measured using a combination of repricing gap, present value of 1 basis point reports and simulation modeling. The ALCO meets periodically to review the risk profile of the Group against the prevailing business and economic conditions, focusing on market and interest rate risks. The Committee relates structure of assets and liabilities to funding mismatches and interest rate repricing risks and ensures compliance with ratios, limits and guidelines set by the Board.

Exposure to interest rate risk

The Group does not hold a trading portfolio. The principal risk to which its non-trading portfolio is exposed arises from the risk of fluctuations in the future cash flows or fair values of financial instruments because of changes in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands.

The Group's exposure to interest rate risk relates primarily to the Group's loan and investment portfolios as well as deposit liabilities. Interest rate risk will arise when these assets and liabilities mature or reprice at different times or in differing amounts, or when market conditions dictate the extent of repricing possible. The Group manages this risk through diversity in its loan portfolio and to a lesser extent in its deposit portfolio.

A summary of the Group's interest rate gap position on its non-trading portfolios is as follows:

Group	Carrying amount \$'000	Non-interest sensitive \$'000	Less than 3 months \$'000	3 months to 1 year \$'000	1 to 3 years \$'000	More than 3 years \$'000	Total \$'000
30 June 2010							
Statutory deposit with the Monetary Authority of Singapore	15,736	15,736	–	–	–	–	15,736
Investments	178,682	14,451	103,970	15,960	–	44,301	178,682
Loans and advances	514,148	–	251,921	87,380	106,963	67,884	514,148
Cash and cash equivalents	88,163	5,161	81,002	2,000	–	–	88,163
Other assets	3,902	3,902	–	–	–	–	3,902
	<u>800,631</u>	<u>39,250</u>	<u>436,893</u>	<u>105,340</u>	<u>106,963</u>	<u>112,185</u>	<u>800,631</u>
Deposits and savings accounts of customers	601,566	3,183	225,165	326,759	46,382	77	601,566
Amount due to SPRING Singapore	24,295	–	3,709	5,693	12,006	2,887	24,295
Other liabilities	5,885	5,885	–	–	–	–	5,885
	<u>631,746</u>	<u>9,068</u>	<u>228,874</u>	<u>332,452</u>	<u>58,388</u>	<u>2,964</u>	<u>631,746</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

23 Financial risk management (cont'd)

Group	Carrying amount \$'000	Non-interest sensitive \$'000	Less than 3 months \$'000	3 months to 1 year \$'000	1 to 3 years \$'000	More than 3 years \$'000	Total \$'000
30 June 2009							
Statutory deposit with the Monetary Authority of Singapore	15,002	15,002	–	–	–	–	15,002
Investments	162,545	11,096	38,994	–	6,303	106,152	162,545
Loans and advances	491,802	–	248,751	82,123	91,867	69,061	491,802
Cash and cash equivalents	59,126	5,826	47,300	6,000	–	–	59,126
Other assets	5,508	5,508	–	–	–	–	5,508
	<u>733,983</u>	<u>37,432</u>	<u>335,045</u>	<u>88,123</u>	<u>98,170</u>	<u>175,213</u>	<u>733,983</u>
Deposits and savings accounts of customers	550,722	791	226,096	293,266	30,547	22	550,722
Amount due to SPRING Singapore	21,493	–	494	6,397	13,126	1,476	21,493
Other liabilities	6,057	6,057	–	–	–	–	6,057
	<u>578,272</u>	<u>6,848</u>	<u>226,590</u>	<u>299,663</u>	<u>43,673</u>	<u>1,498</u>	<u>578,272</u>

Sensitivity analysis

Interest rate sensitivity analyses are performed under various interest rate scenarios using simulation modeling where the sensitivity of projected net interest income is measured against changes in market interest rates.

The projected impact on future net interest income before tax over the next twelve months from the close of the year is simulated under various interest rate assumptions. Based on a 100 basis point parallel rise in yield curves applied to the year end position, net interest income is estimated to increase by \$858,000 (2009: decrease by \$206,000). The corresponding impact from a 100 basis point fall is an estimated reduction of \$766,000 (2009: \$573,000) in net interest income.

The sensitivity analysis of the Group is illustrative only. It assumes that interest rates of all tenors move by the same amount and does not reflect the potential impact on net interest income of some rates changing while others remained unchanged. The analysis also assumes that all financial assets and liabilities run to contractual maturity without action by the Group to mitigate any impact of such changes.

Portfolio price risk

Portfolio price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to the individual security or factors that affect all instruments in the market.

At the balance sheet date, the Group has available-for-sale Singapore Government Securities of approximately \$164 million (2009: \$151 million). A 1% increase in prices at reporting date would have increased equity by \$1.6 million (2009: \$1.5 million). An equal change in the opposite direction would have decreased equity by \$1.6 million (2009: \$1.5 million). The analysis is performed on the same basis for 2009.

At the balance sheet date, the Group has available-for-sale quoted equity securities of approximately \$14 million (2009: \$11 million). A 10% increase in prices at reporting date would have increased equity by \$1.4 million (2009: \$1.1 million). An equal change in the opposite direction would have decreased equity by \$1.4 million (2009: \$1.1 million). The analysis is performed on the same basis for 2009.

The sensitivity analysis is based on management's best estimate of the sensitivity to a reasonable possible change. In practice, the actual results will differ from the sensitivity analysis and the differences could be material.



NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

23 Financial risk management (cont'd)

Capital management

Regulatory capital

The Group maintains a capital adequacy ratio ("CAR") in excess of the prescribed ratio, which is expressed as a percentage of adjusted core capital to total risk weighted assets.

- (1) The Group's adjusted core capital includes share capital, capital reserve, statutory reserve, general reserve and accumulated profits.

The fair value reserve relating to unrealised gains/losses on debt securities and equity securities classified as available-for-sale are excluded from the Group's adjusted core capital.

- (2) Risk-weighted assets are determined according to specified requirements by the Monetary Authority of Singapore that seek to reflect the varying levels of risk attached to assets and off-balance sheet exposures.

The Group's regulatory capital position as at 30 June was as follows:

	2010 \$'000	2009 \$'000
Share capital	90,065	90,065
Disclosed reserves*	76,744	69,627
Regulatory capital	166,809	159,692
Risk-weighted assets	562,427	540,983
Capital adequacy ratio	29.66%	29.52%

* Exclude fair value reserve

24 Fair values of financial instruments

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 balance sheet date.

Although the directors 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 balance sheet date.

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

Liquid assets and liabilities

The carrying values of statutory deposit with the Monetary Authority of Singapore, other receivables and deposits, cash and cash equivalents, 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 debt and equity securities

The fair values of available-for-sale financial assets are determined by reference to their quoted closing bid prices at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

24 Fair values of financial instruments (cont'd)

Loans and advances

The fair value of loans and advances that mature or reprice within six months of balance sheet date is assumed to equate to the carrying value. The fair value of all other loans and advances was calculated using discounted cash flow models based on the maturity of the loans. The discount rates applied in this exercise were based on the current interest rates of similar types of loans.

Deposits and savings accounts of customers

The fair value of deposits and savings accounts of customers which mature or reprice within six months is estimated to be the carrying value at balance sheet date. The fair value of other term deposits was calculated using discounted cash flow models, based on the deposit type and its related maturity. The discount rates applied in this exercise were based on the current interest rates of similar types of deposits.

Summary

In accordance with the accounting policy on financial instruments and pursuant to FRS 39, certain financial assets and financial liabilities are not carried at fair value in the balance sheets as at 30 June. The aggregate net fair values of these financial assets and financial liabilities are disclosed in the following table:

Group	2010		2009	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Loans and advances	514,148	518,471	491,802	493,843
Financial liabilities				
Deposits and savings accounts of customers	(601,566)	(602,146)	(550,722)	(551,797)
Net financial liabilities	(87,418)	(83,675)	(58,920)	(57,954)
Unrecognised gain		3,743		966

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Note	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
30 June 2010					
Assets					
Investments	9	178,682	–	–	178,682

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2010

25 Accounting estimates and judgement

Impairment losses on loans, advances and receivables

The Group reviews the loan portfolio to assess impairment at least on a quarterly basis. To determine whether an impairment loss should be recorded in the income statement, the Group makes judgements as to whether there is any observable data indicating a measurable decrease in the estimated future cash flows of the loan portfolio. The evidence may include observable data indicating adverse changes in the payment status of certain groups of borrowers or local economic conditions that correlate with defaults in the loan portfolio. Management uses estimates based on historical loss experience for loans, advances and receivables with credit risk characteristics and objective evidence of impairment similar to those in the loan portfolio when scheduling future cash flows. The methodology and assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between estimates and actual loss experience.

26 Segment reporting

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 presented in note 16.

ANALYSIS OF SHAREHOLDINGS

As at 8 September 2010

Class of Shares - Ordinary Shares Voting Rights - One vote per share

SIZE OF HOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 999	442	14.79	128,267	0.16
1,000 to 10,000	1,968	65.86	8,208,291	10.35
10,001 to 1,000,000	573	19.18	25,772,139	32.48
1,000,001 AND ABOVE	5	0.17	45,234,248	57.01
TOTAL	2,988	100.00	79,342,945	100.00

TOP 20 SHAREHOLDERS AS AT 8 SEPTEMBER 2010

NO.	NAME OF SHAREHOLDERS	NUMBER OF SHARES	% OF ISSUED SHARE CAPITAL
1	SEE HOY CHAN (1988) PRIVATE LIMITED	37,221,000	46.91
2	TEO HANG SAM REALTY SDN BERHAD	4,189,500	5.28
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,436,583	1.81
4	DBS NOMINEES PTE LTD	1,244,165	1.57
5	MORPH INVESTMENTS LTD	1,152,000	1.45
6	PEH CHIN CHIONG	811,200	1.02
7	SEOW KHOW MIN	779,687	0.98
8	LEE KHING YOONG VINCENT	753,250	0.95
9	LEE CHEE KHUEN	673,450	0.85
10	SEE BENG LIAN JANICE	592,904	0.75
11	KOH GEOK HUAY MRS TEO GEOK HUAY	575,000	0.73
12	OCBC NOMINEES SINGAPORE PTE LTD	494,649	0.62
13	CITIBANK NOMINEES SINGAPORE PTE LTD	395,994	0.50
14	PHILLIP SECURITIES PTE LTD	369,771	0.47
15	CHUAH BEE JIAT	369,000	0.47
16	ANG CHIAN POH	360,020	0.45
17	MALAYAN INTERNATIONAL CORPORATION PRIVATE LIMITED	350,000	0.44
18	OU YANG YAN TE	349,118	0.44
19	OCBC SECURITIES PRIVATE LTD	338,811	0.43
20	TAN CHEE JIN	240,000	0.30
	TOTAL	52,696,102	66.42



ANALYSIS OF SHAREHOLDINGS

As at 8 September 2010

Substantial Shareholders as at 8 September 2010

(As shown in the Company's Register of Substantial Shareholders)

Name	Direct Interest	Number of Shares		%
		%	Deemed Interest	
See Hoy Chan (1988) Pte Ltd	37,221,000	46.912	–	–
Teo Soo Chuan Pte Ltd	53,437	0.067	37,221,000 ¹	46.912
Teo Hang Sam Realty Sdn Bhd	4,189,500	5.280	–	–
Estate of Teo Soo Chuan, Deceased	71,250	0.090	41,463,937 ²	52.259
Teo Chiang Long	2,811	0.004	41,466,748 ³	52.263

1 Teo Soo Chuan Pte Ltd is deemed to be interested in the 37,221,000 Shares held by See Hoy Chan (1988) Pte Ltd.

2 Of the 41,463,937 Shares in which Estate of Teo Soo Chuan, deceased is deemed to be interested:

(a) 37,221,000 Shares are held by See Hoy Chan (1988) Pte Ltd;

(b) 4,189,500 Shares are held by Teo Hang Sam Realty Sdn Bhd; and

(c) 53,437 Shares are held by Teo Soo Chuan Pte Ltd.

3 Of the 41,466,748 Shares in which Teo Chiang Long is deemed to be interested:

(a) 37,221,000 Shares are held by See Hoy Chan (1988) Pte Ltd;

(b) 4,189,500 Shares are held by Teo Hang Sam Realty Sdn Bhd;

(c) 53,437 Shares are held by Teo Soo Chuan Pte Ltd; and

(d) 2,811 Shares are held by his spouse, Lo Pia Leng.

On the basis of the information available to the Company, approximately 47.53% of the issued ordinary shares were held by the public and therefore Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with, which requires at least 10% of a listed issuer's equity securities to be held by the public.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY-FIRST ANNUAL GENERAL MEETING of Singapura Finance Ltd will be held at 391A Orchard Road, Tower A, #26-00, Ngee Ann City, Singapore 238873, on Friday, 15 October 2010 at 11.00 a.m. for the purpose of transacting the following business:-

As Ordinary Business

1. To receive and adopt the Audited Accounts for the financial year ended 30 June 2010 and the Directors' Report and the Auditors' Report thereon.
2. To declare a first & final dividend (one-tier tax-exempt) of 6 cents per share and a special dividend (one-tier tax-exempt) of 3 cents per share, for the financial year ended 30 June 2010.
3. To approve Directors' fees of \$250,000/-. [2009: \$250,000/-]
4. To re-appoint the following Directors:

(i) Mr Ong Pang Boon; and

(ii) Mr Phua Bah Lee,

each of whom retires under Section 153(6) of the Companies Act, Chapter 50, each to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

Mr Ong Pang Boon, when re-appointed, would be considered as independent Director and is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees.

Mr Phua Bah Lee, when re-appointed, would be considered as independent Director and is the Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

5. To re-elect:
 - (i) Mr Teo Chiang Long, a Director who will retire by rotation in accordance with Article 85 of the Articles of Association of the Company and who, being eligible, will offer himself for re-election.
 - (ii) Mr Teoh Eng Hong, a Director who will retire by rotation in accordance with Article 85 of the Articles of Association of the Company and who, being eligible, will offer himself for re-election.

Mr Teoh Eng Hong, when re-elected, would be considered as independent Director and is the Chairman of the Audit Committee & Risk Management Committee and a member of the Remuneration, Nominating & Executive Committees.

6. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.
7. To transact any other business which may properly be transacted at an Annual General Meeting of the Company.

As Special Business

8. To consider and, if thought fit, to pass with or without modifications, the following resolution which will be proposed as an Ordinary Resolution:

"That authority be and is hereby given to the Directors of the Company to:

- (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the issued shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation and adjustments as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time this Resolution is passed, after adjusting for :
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

BY ORDER OF THE BOARD

Nguy Joo Tian
Company Secretary

Singapore
30 September 2010



NOTICE OF ANNUAL GENERAL MEETING

Notice of Books Closure and Dividends Payment Dates

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on Tuesday, 26 October 2010 for the preparation of dividends warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906, up to 5.00 p.m. on Monday, 25 October 2010 will be registered before entitlements to the proposed dividends are determined. Payment of the dividends, if approved by shareholders at the Annual General Meeting, will be paid on Wednesday, 3 November 2010.

BY ORDER OF THE BOARD

Nguy Joo Tian
Company Secretary

Singapore
30 September 2010

Note:-

1. A Shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Shareholder of the Company.
2. The instrument appointing a proxy must be lodged at the registered office of the Company at 150 Cecil Street #01-00, Singapore 069543 not less than 48 hours before the time appointed for the Annual General Meeting.

Effect of Special Business to be Transacted

Ordinary Resolution 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent of the issued shares in the capital of the Company with a sub-limit of 20 per cent for issues other than on a *pro rata* basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the number of issued shares in the capital of the Company at the time that Ordinary Resolution 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 8 is passed, and (b) any subsequent consolidation or subdivision of shares.

PROXY FORM

Singapura Finance Ltd

(Incorporated in the Republic of Singapore)
Co Registration No. 196900340N



SINGAPURA FINANCE
富雅金融

IMPORTANT

- For investors who have used their CPF moneys to buy shares in the capital of Singapura Finance Ltd, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees in accordance with their instructions within the timeframe specified.
- CPF investors who wish to vote must submit their voting instructions to their CPF Approved Nominees to enable them to vote on their behalf.

*I/We _____ (Name)

of _____ (Address)

being a member/members of Singapura Finance Ltd (the "**Company**") hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Forty-First Annual General Meeting of the Company to be held on 15 October 2010 at 391A Orchard Road, Tower A, #26-00, Ngee Ann City, Singapore 238873, at 11.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the Ordinary Resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.)

No	Resolution	For	Against
1.	Adoption of Directors' and Auditors' Reports, Statement by Directors and Accounts		
2.	Declaration of Dividends		
3.	Approval of Directors' Fees		
4.	Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50:		
	(i) Ong Pang Boon		
	(ii) Phua Bah Lee		
5.	Re-election of Directors retiring under Article 85 of the Articles of Association of the Company:		
	(i) Teo Chiang Long		
	(ii) Teoh Eng Hong		
6.	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	Any Other Business		
8.	Approval of the proposed share issue mandate		

Dated this _____ day of _____ 2010

Total number of Ordinary Shares held

Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES ON THE REVERSE



NOTES:

1. Please insert the total number of Shares you hold. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Shareholders of our Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Shareholders, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Shareholders. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares in the capital of the Company held by you.
2. A Shareholder of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a Shareholder of the Company.
3. Where a Shareholder appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be lodged at the registered office of the Company at 150 Cecil Street #01-00, Singapore 069543 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a Shareholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
7. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
postage
stamp

The Company Secretary
Singapura Finance Ltd
150 Cecil Street #01-00
Singapore 069543

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