SINGAPURA FINANCE
富雅金融

ANNUAL REPORT 2011

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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.

FINANCIAL CALENDAR 2010/2011

10 November 2010
Announcement of Unaudited Financial Results for First Quarter ended 30 September 2010

11 February 2011
Announcement of Unaudited Financial Results for Half Year ended 31 December 2010

12 May 2011
Announcement of Unaudited Financial Results for Third Quarter ended 31 March 2011

22 August 2011
Announcement of Audited Financial Results for Full Year ended 30 June 2011

06 October 2011
Release of Annual Report

21 October 2011
Annual General Meeting

02 November 2011
Books Closure Date for Dividend Entitlement (Subject to Shareholders' Approval at the AGM)

11 November 2011
Dividend Payment Date (Subject to Shareholders' Approval at the AGM)

"…the Board is recommending a first and final one-tier tax exempt dividend of 6 cents per share and a special one-tier tax exempt dividend of 2 cents per share for the year under review. "

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 2011.

PERFORMANCE REVIEW

During the year under review, Singapore's economic growth moderate to a more sustainable pace after the sharp recovery in 2010 from the global financial crisis that started in 2008. Singapore's GDP growth for second quarter 2011 slowdown to 0.9% compared to 9.3% in the first quarter of 2011 and 14.5% growth for the full year of 2010.

In tandem with the economic slowdown, the Group profit after tax for the current year was $9.5 million, a decline of 20.0% from the previous year. The weaker performance was primarily due to lower net interest income as interest margin was squeezed under a low interest rate environment and intense price competition from other financial institutions.

Net interest income for the financial year declined by 16.4% as a result of lower interest yields from the interest-earning assets. The Group's net interest margin as a percentage of the interest earning assets narrowed by 58 basis points to 2.67% as our asset yields fell faster than the cost of funds. Due to the Group's disciplined approach to cost control, operating expenses were broadly the same as last year. The increase in the staff costs, due to the absence of Job Credit Scheme in the current year, was largely offset by the decrease in the commission expenses to car dealers as the volume of new auto loans contracted during the year.

Group profit before tax was $10.8 million, following a $0.2 million writeback of allowances for loans. The Group continues to set aside adequate individual and collective allowances for the loan portfolio.

Total loans and advances net of allowances declined by 5.0% to $488 million compared to $514 million a year ago as our auto loan portfolio contracted due to the sluggish car sales volume arising from the sharp decline in the Certificate of Entitlement ("COE") quota during the year under review. In line with the lower loan balance, the Group has also actively managed the total deposits downwards from $602 million to $515 million as at 30 June 2011. The Group's total equity as at 30 June 2011 rose to $170 million contributed by $2.2 million growth in the reserves.

DIVIDENDS

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 and a special one-tier tax exempt dividend of 2 cents per share for the year under review. The total distribution of 8 cents per share for the year will amount to approximately $6.35 million.

OPERATIONS REVIEW

Amidst the volatile economic operating environment, the Group is ever mindful of the need for strong vigilance and governance over the management of risks within the Group. Since August 2010, the Group has reconstituted the composition of the Risk Management Committee and made it to a full Board Committee, chaired by an

independent director. Under the guidance of the Risk Management Committee, the Group has continued to seek ways to strengthen and improve our risk management policies and processes and ensure that our credit lending standards remain robust.

As part of an ongoing effort to improve our customer services, the Group has extended the operating hours to 5.30pm on weekdays for our two Customer Centres, namely Bedok and Ang Mo Kio, to provide greater convenience to our customers in the heartlands. The Group has also sought to maximise the location of our Customer Centres. By the end of this year we will relocate our Customer Centre at Bugis to Woodlands town, where we will endeavour to serve an enlarged pool of customers in the Northern part of the nation.

For the fourth year running, as part of our corporate social responsibility programme, we continue to sponsor 18 children from The Spastic Children's Association of Singapore, Cerebral Palsy Centre in their participation of the "Cold Storage Kids Run 2011". This is an event where the Group has been one of the main sponsors since its inception in 2008. The event has been a huge success where both our staff and the children from the Association had a fun time spurring each other to complete the race. It was also a great opportunity for the Group to create greater awareness of our brand and products.

LOOKING AHEAD

Going forward, the economic outlook for the coming year is less sanguine compared to a year ago and uncertainties have clearly increased. The anaemic growth and weak employment prospects in the US economy coupled with the sovereign debt crisis in the Euro zone are likely to cause sluggish global growth. Singapore being an open economy will not be insulated from the external headwinds and is expected to experience moderation in economic activities in the year ahead.

In the midst of this challenging environment, the Group will continue to focus on our niche markets with prudence and seek out other business opportunities to grow our business. The Group will also continue to seek ways to improve our customer services through extended banking hours and relocating our Customer Centre to serve a wider pool of customers. With our strong capital position and focus strategy, the Group is confident that we will be able to meet all the challenges as well as opportunities ahead.

APPRECIATION

On behalf of the Board, I would like to thank our shareholders and customers for their continued support. My appreciation goes to all staff and management for their unwavering dedication and hard work. Finally, I would like to express my gratitude to my fellow Board Members for their wise counsel and invaluable contributions during the past year.

Teo Chiang Long
Executive Chairman

Singapore
22 August 2011

FINANCIAL HIGHLIGHTS

	2011 S$'000	2010 S$'000	2009 S$'000	2008 S$'000	2007 S$'000
CAPITAL EMPLOYED					
Total assets	**711,589**	804,476	738,213	647,339	737,668
Net assets	**170,055**	167,806	158,046	154,327	146,672
Net assets per share (dollars)	**2.14**	2.11	1.99	1.98	2.16
SHARE CAPITAL					
Issued and fully paid	**90,065**	90,065	90,065	88,649	78,714
Number of shares issued (thousands)	**79,343**	79,343	79,343	77,927	67,992
LOANS AND DEPOSITS					
Loans before allowances	**497,409**	523,586	503,943	458,328	473,037
Deposits	**514,959**	601,566	550,722	458,159	547,694
PROFIT AND DIVIDEND PAYOUT					
Profit before tax	**10,781**	14,190	7,175	11,672	14,815
Profit after tax	**9,500**	11,876	6,068	9,824	12,155
Dividend (net)	**6,347**	7,140	4,760	6,261	5,747
Bonus dividend (net)	**-**	-	-	-	13,541
DIVIDEND AND EARNINGS PER SHARE					
Gross dividend per share (cents) [1]	**8.0**	9.0	6.0	8.0	9.0
Net dividend per share (cents) [2]	**8.0**	9.0	6.0	8.0	7.4
Net bonus dividend per share (cents)	**-**	-	-	-	25.0
Earnings per share (cents) [3]	**12.0**	15.0	7.7	13.0	20.7

(1) One-tier tax exempt dividend for FY2008 to FY2011, and gross dividend before tax for FY2007.

(2) One-tier tax exempt dividend for FY2008 to FY2011, and net dividend after tax for FY2007.

(3) Earnings per share for FY2011 is calculated based on profit after tax on weighted average of 79,342,945 shares in issue for FY2011 and FY2010.

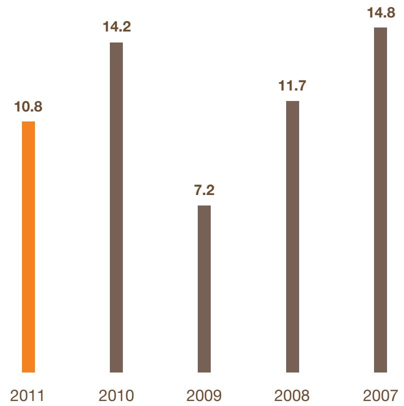
Profit Before Tax $10.8m

Total Assets $711.6m

Net Dividend Per Share 8 cents

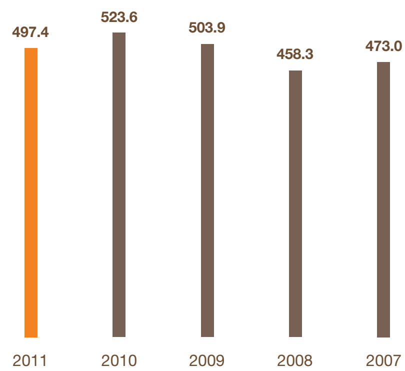
PROFIT BEFORE TAX

S$ million



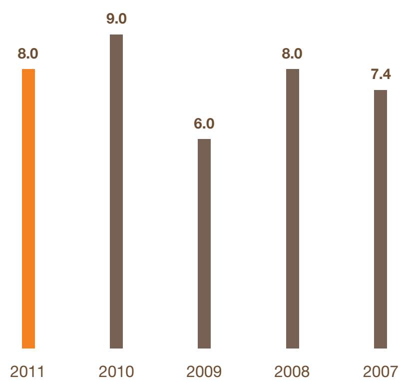
LOANS

S$ million



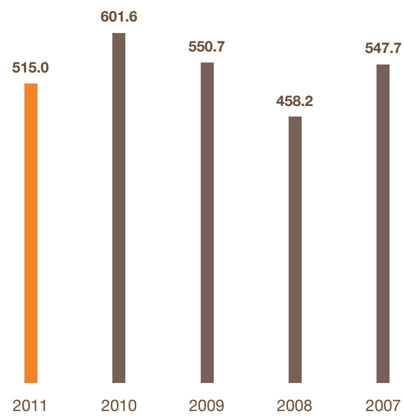
NET DIVIDEND PER SHARE

cents



DEPOSITS

S$ million



BOARD OF DIRECTORS

TEO CHIANG LONG
Executive Chairman

Mr Teo Chiang Long joined the Board on 10 March 1981 as Director and was appointed as Managing Director & CEO on 1 March 1989. He was appointed as Chairman of the Board on 8 November 2002 and continued as the Managing Director and CEO of the Company. Since 11 September 2007, Mr Teo was appointed as Executive Chairman and was last re-elected as a Director at the Annual General Meeting of the Company on 15 October 2010.

Mr Teo holds a Bachelor of Economics degree from the University of Adelaide, Australia. He is a Fellow Member of the Certified Public Accountants ("CPA") Australia and is also a fellow member of the Singapore Institute of Directors.

Mr Teo is a member of the Chinese Development Assistance Council Board of Directors, Senior Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry and President of Ngee Ann Kongsi Council.

Mr Teo is the Non-Executive Chairman of Cerebos Pacific Limited and AXA Insurance Singapore Pte Ltd. He 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.

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 Executive and Risk Management 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 15 October 2010.

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.


Teo Chiang Long


Phua Bah Lee

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 15 October 2010.

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 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 15 October 2010.

Mr Teoh is the Chairman of the Audit and Risk Management Committees and is a member of the Nominating, Remuneration and Executive Committees.

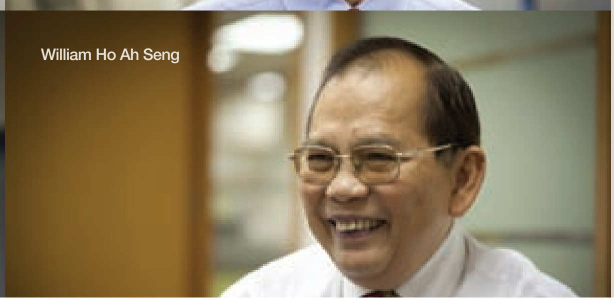
Mr Teoh was with Shell Group of Companies for over 30 years and had held various senior management positions and directorships in various oil and chemicals companies associated with Shell. Hence he has extensive experience in many aspects of the oil and chemical related businesses. Mr Teoh holds a Bachelor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

WILLIAM HO AH SENG
Independent
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. Mr Ho has ceased to be an employee of the Company for more than three financial years. Accordingly, having regard to the criteria for independence of directors as set out currently in the Code of Corporate Governance 2005, and based on the Nominating Committee's assessment bearing in mind all salient factors, Mr Ho is to be considered an independent Director with effect from 26 August 2011. He was last re-elected as a Director at the Annual General Meeting of the Company held on 23 October 2009.

Mr Ho 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

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

JAMIE TEO MIANG YEOW
Chief Executive Officer

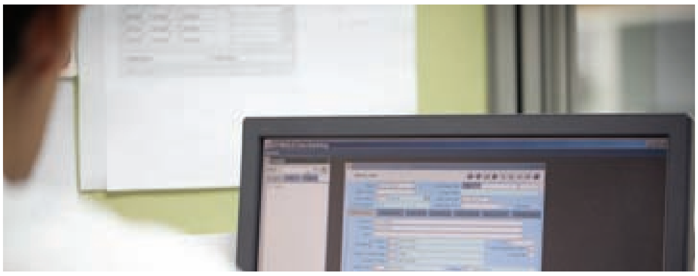
(Please refer to Profile write-up on page 6)

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 and dealer relationships, pricing, credit and 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. 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 SOCIAL RESPONSIBILITY

As a corporate citizen, Singapura Finance is committed to causes that champion the needs of the young. Over the course of the year, we have supported organisations and played a role in events that seek to improve the lives of the underprivileged and serve to inculcate good habits in children.

COLD STORAGE KIDS RUN

We continue to be proud co-sponsors of the Cold Storage Kids Run for the fourth year running. This year's event in May 2011 saw 4,000 children between the ages of one and 12 participate in the run which aims to encourage the very young to adopt a healthy lifestyle. To commemorate the event, the Company produced a specially designed coin bank which was distributed to all participants, along with an exclusive stationery bag.

Beyond monetary contributions and gifts, we also adopted 18 children from The Spastic Children's Association of Singapore, Cerebral Palsy Centre for the event. Staff of Singapura Finance partnered the children during the run and accompanied them for the activities around the event site. Each child was also given a specially prepared goodie bag containing food, toys and stationery.

CHARITY AUCTION

In support of the Singapore Children's Society, we organised a Charity Auction featuring the props from the photo shoot of our latest advertisement. The private auction among the Company's staff in October 2010 drew enthusiastic responses with Singapura Finance matching the proceeds dollar for dollar.

OTHER CONTRIBUTIONS

Singapura Finance was one of the co-sponsors of Miss Jane Peng's participation in the Sahara Race which forms part of the iconic 4 Deserts Series of races. Held in October 2010, Miss Peng's 250km self-supported foot race across the Sahara Desert was in a bid to raise funds for World Vision's VisionFund in aid of impoverished families. Furthering our support, Miss Peng's Sahara and Antarctica photos were featured in the Company's 2011 calendar.

In a move to encourage the young from low income families, we donated a collection of pencil cases which were commissioned for our customers to benefit the needy and disadvantaged children under TOUCH Community Services' TOUCH Young Arrows.

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
William Ho Ah Seng
(wef 26 August 2011)

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

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

EXECUTIVE COMMITTEE
Teo Chiang Long
(Chairman)
Teoh Eng Hong
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
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150 Cecil Street #01-00
Singapore 069543
Tel: 68800633
Fax: 62258310
www.singapurafinance.com.sg

CORPORATE GOVERNANCE

Singapura Finance Ltd ("SFL") 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 2005 ["Code"] adopted by the Singapore Exchange Securities Trading Ltd ("SGX-ST"). Although not a requirement for our finance company, the Company has taken additional measures, where possible, to adopt the revised key principles and guidelines on corporate governance issued by the Monetary Authority of Singapore in December 2010 ["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.

Code Principle 16: The Board may establish an Executive Committee to assist in the discharge of its duties.

Board Composition and Balance

SFL currently defines the independence of its Directors in accordance with the Code of Corporate Governance 2005. As at the date of this report, 26 August 2011, the Board comprises six Directors, of which four are independent Directors. The four independent Directors are Mr Ong Pang Boon, Mr Phua Bah Lee, Mr Teoh Eng Hong and Mr William Ho. Mr William Ho who was previously an executive Director retired from employment with the Company on 31 January 2008. Following his retirement as an employee of the Company, Mr Ho continued to serve on the Board as a non-executive and non-independent Director. Mr Ho has ceased to be an employee of the Company for more than three financial years. Accordingly, having regard to the criteria for independence of directors as set out currently in the Code, and based on the Nominating Committee's assessment bearing in mind all salient factors, Mr Ho is to be considered an independent Director with effect from 26 August 2011. 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 to 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.
- Consider and approve key changes to the organisational structure of the Company.
- Review management performance.
- Set the Company's values and standards and ensure that obligations to shareholders and others are understood and met.

CORPORATE GOVERNANCE

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.

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;
- Appointment of Senior Management and nomination of Board Directors;
- Interested person transactions; and
- Risk Management strategies and Corporate Governance matters.

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:

	Board	Audit Committee	Nominating	Remuneration	Risk Management
No. of Meetings Held	5	5	3	3	5
Name of Directors			**No. of Meetings Attended**		
Teo Chiang Long	5	-	-	-	-
Ong Pang Boon	5	5	3	3	-
Phua Bah Lee	5	5	3	3	-
Teoh Eng Hong	5	5	3	3	5
Jamie Teo Miang Yeow	5	-	-	-	5
William Ho Ah Seng	5	-	-	-	5

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 programme 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. An in-house seminar on some latest developments in corporate governance was conducted by invited external speakers in January 2011.

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 daily operations 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.

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.

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.

Lead Independent Director

As the Executive Chairman and CEO are related by close family ties and are both part of the executive management team, the Nominating Committee had appointed Mr Ong Pang Boon as the Lead Independent Director ("LID") mainly to serve as the principal liaison on Board issues between the non-executive Directors and the Executive Chairman and to address any queries and shareholders' concerns.

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.

CORPORATE GOVERNANCE

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 ongoing 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.

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.

Two executive Directors are currently on service contracts with fixed appointment period and there are no onerous removal clauses in their service contracts.

Details of Directors' remuneration for the year ended 30 June 2011 are set out below:

	Number of Directors	
Remuneration Band	**2011**	**2010**
$500,000 to below $750,000	2	2
$250,000 to below $500,000	-	-
Below $250,000	4	4
	6	6

Summary compensation table for the year ended 30 June 2011.

	Base Salary	Bonus/Allowances	Board/Board Committee* Fees
	%	%	%
Teo Chiang Long	58.14	35.66	6.20
Jamie Teo Miang Yeow	56.49	37.86	5.65
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 2011 which are subject to approval by shareholders as a lump sum at the forthcoming AGM.

The remuneration of the top 5 key executives who are not Directors is not disclosed in bands of $250,000/- in this report. The Board is of the view that such a disclosure is not in the best interest of the Company given the prevailing highly competitive industry conditions.

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 2011 was within the band of $250,000/- and $500,000/-, which comprised 63.90% of base salary and 36.10% 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 is 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' programmes 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.

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 2011 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	$1,009,554.55	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.

The RMC comprised three members. They are Mr Teoh Eng Hong, independent Director, as the Chairman of RMC; Mr William Ho, independent Director (Mr William Ho became an independent Director as of 26 August 2011 and during the financial year ended June 2011, he was an non-independent and non-executive Director) and Mr Jamie Teo Miang Yeow, executive Director & CEO.

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.

Based on its review of the risk management function programmes during the financial year, the RMC was of the view that the risk management processes of the Company was adequate.

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, analyses 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 pre-empt 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 measure 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.

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 of 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 ongoing 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.

Date: 26 August 2011

FINANCIAL REVIEW

FINANCIAL SUMMARY

	2011 $'000	2010 $'000	Variance %
SELECTED INCOME STATEMENT ITEMS			
Net interest income	19,790	23,684	(16.4)
Non-interest income	4,626	3,670	26.0
Total income	24,416	27,354	(10.7)
Operating expenses	(13,866)	(13,890)	(0.2)
Profit from operations before allowances	10,550	13,464	(21.6)
Writeback on loan losses	231	726	(68.2)
Profit before income tax	10,781	14,190	(24.0)
Profit after tax attributable to shareholders	9,500	11,876	(20.0)
SELECTED BALANCE SHEET ITEMS			
Total equity	170,055	167,806	1.3
Total assets	711,589	804,476	(11.5)
Loans and advances (net of allowances)	488,294	514,148	(5.0)
Deposits and savings accounts of customers	514,959	601,566	(14.4)
KEY FINANCIAL RATIOS (%)			
Net interest margin	2.67	3.25	
Non-interest income ratio	18.9	13.4	
Cost-to-income ratio	56.8	50.8	
Loans-to-deposits ratio	94.8	85.5	
Non-performing loans ratio			
- Secured by collateral	3.3	3.3	
- Unsecured and fully provided for	0.4	0.4	
Return on equity [(1)]	5.6	7.1	
Return on total assets [(2)]	1.3	1.5	
PER ORDINARY SHARE DATA			
Basic earnings per share (cents)	12.0	15.0	
Net asset value per share ($)	2.14	2.11	

(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.

ANALYSIS OF PERFORMANCE

During the year under review from July 2010 to June 2011, Singapore's economic growth moderate to a more normal pace after an exceptional recovery in 2010 from the global financial crisis that started in 2008. The Singapore GDP growth averaged 4.7% in the first half of 2011 compared to 17.9% in the same period in 2010. In tandem with the economic slowdown, the Group profit after tax for the current year was $9.5 million, a decline of 20.0% from the previous year. The weaker performance was primarily due to lower net interest income as interest margin was squeezed under a low interest rate environment and intense price competition from the other financial institutions.

Profit from operations before allowances was $10.6 million, 21.6% lower vis-à-vis the same period last year. Total income contracted by 10.7%, while due to Group's disciplined approach to cost control, total operating expenses was marginally lower than last year by 0.2%.

The decline in the total income was largely attributable to the $3.9 million drop in net interest income but partially compensated by the $1.0 million growth in the non-interest income.

Net interest income for the financial year, which constitutes 81.1% of the Group's total income, compared to 86.6% last year, suffered from the lower interest yield as well as lower average loan balances. The Group's net interest margin as a percentage of the interest-earning assets narrowed from 3.25% in the last financial year to 2.67% as the asset yields fell faster than the cost of funds.

The improvement in non-interest income came largely from higher gains from sale of investments and other operating income. Operating expenses were capped at the same level as last year whereby the increase in the staff costs, due to the absence of Job Credit Scheme in the current year, was largely offset by the decrease in the commission expenses to car dealers as the volume of new auto loans contracted during the year.

Against a backdrop of continual economic recovery during the year, the Group managed to achieve a net writeback of $0.2 million for allowances for loan losses versus $0.7 million net writeback during the previous year.

Total loans and advances net of allowances declined by 5.0% to $488 million compared to $514 million a year ago as our auto loan portfolio contracted due to the sluggish car sales volume arising from the sharp decline in the Certificate of Entitlement ("COE") quota during the year under review. In line with the lower loan balance, the Group has also actively managed the total deposits downwards from $602 million to $515 million as at 30 June 2011.

The Group's total equity as at 30 June 2011 rose 1.3% to $170 million contributed by $2.2 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 and a special one-tier tax exempt dividend of 2 cents per share for the year under review.

	2011 Tax Exempt cents	2010 Tax Exempt cents	Variance cents
Dividend Per Share			
- Final	6	6	-
- Special	2	3	(1)
TOTAL	8	9	(1)

NET INTEREST INCOME

Average Balance Sheet and Net Interest Margin

Interest-earning Assets and Interest-bearing Liabilities

	2011			2010		
	Average Balance $'000	Interest $'000	Average Rate %	Average Balance $'000	Interest $'000	Average Rate %
INTEREST-EARNING ASSETS						
Loans and advances	516,037	22,808	4.42	529,860	26,388	4.98
Singapore Government Securities	157,499	1,283	0.81	160,002	2,197	1.37
Other interest-earning assets	66,505	103	0.15	38,293	61	0.16
Total	**740,041**	**24,194**	**3.27**	**728,155**	**28,646**	**3.93**
INTEREST-BEARING LIABILITIES						
Deposits and savings accounts	566,965	4,404	0.78	552,726	4,962	0.90
Total	**566,965**	**4,404**	**0.78**	**552,726**	**4,962**	**0.90**
Net interest income/margin as a percentage of interest-earning assets		**19,790**	**2.67**		**23,684**	**3.25**

Net interest income declined by 16.4% to $19.8 million for the financial year ended June 2011 compared to $23.7 million for the same period last year.

The decrease in the net interest income was driven predominantly by lower yield from all the interest-earning assets. The low interest rate environment during the financial year coupled with intense competition from the industry players resulted in the asset yields coming down from 3.93% to 3.27% during the current year. With the asset yields falling at a faster pace than the cost of funds, the Group's net interest margin as a percentage of the interest-earning assets narrowed from 3.25% to 2.67%.

As shown in the volume and rate analysis below, the net interest income suffered from both the contraction in the rate for the interest earning assets as well as lower loan volume. Although the cost of deposits came down marginally it was not adequate to cushion the negative impact from the compression of asset yields.

Volume and Rate Analysis

INCREASE/(DECREASE) FOR 2011 OVER 2010	Volume $'000	Rate $'000	Total $'000
INTEREST INCOME			
Loans and advances	(688)	(2,892)	(3,580)
Singapore Government Securities	(34)	(880)	(914)
Other assets	45	(3)	42
Total	**(677)**	**(3,775)**	**(4,452)**
INTEREST EXPENSE			
Deposits and savings accounts	128	(686)	(558)
Total	128	(686)	(558)
Net interest income	**(805)**	**(3,089)**	**(3,894)**

NON-INTEREST INCOME

	2011 $'000	2010 $'000	Variance %
Fees and commissions	139	170	(18.2)
Dividends	559	587	(4.8)
Gain on sale of investments	2,054	1,458	40.9
Other operating income	1,874	1,455	28.8
Total non-interest income	**4,626**	**3,670**	**26.0**

Non-interest income for the year rose by 26.0% to $4.6 million. The growth was primarily from higher gain on sale of investments coupled with higher fees arising from early redemption of auto loans, which is reflected under the other operating income caption.

OPERATING EXPENSES

	2011 $'000	2010 $'000	Variance %
Staff costs	7,417	6,872	7.9
Depreciation of property, plant and equipment	494	600	(17.7)
Other operating expenses	5,955	6,418	(7.2)
Total operating expenses	**13,866**	**13,890**	**(0.2)**

With the Group's disciplined approach to cost control, the total operating expenses for the current year was marginally lower than last year by 0.2%. The increase in the staff costs was primarily due to the absence of Job Credit Scheme in the current year and the impact of annual salary increment. However the increase in staff cost was largely offset by the decrease in the commission expenses to car dealers as the volume of new auto loans contracted during the year as well as lower depreciation charges.

IMPAIRMENT ALLOWANCES FOR LOANS

	2011 $'000	2010 $'000	Variance %
Writeback on loan losses (net)	231	726	(68)
Total writeback on loan losses	**231**	**726**	**(68)**

The level of impairment allowances for loan for the current financial year is a reflection of the continual recovery and growth in the Singapore economy, where the Group managed to have a net writeback of $0.2 million this year versus a $0.7 million net writeback for loan allowances in the previous financial year.

DIRECTORS' REPORT

Year ended 30 June 2011

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 2011.

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:

	Shareholdings registered in the name of directors		Other shareholdings in which the directors are deemed to have an interest	
Singapura Finance Ltd	**Holdings at beginning of the year**	**Holdings at end of the year**	**Holdings at beginning of the year**	**Holdings at end of the year**
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 2011.

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.

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.

Share 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 five 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.

DIRECTORS' REPORT

Year ended 30 June 2011

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.

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

22 August 2011

STATEMENT BY DIRECTORS

Year ended 30 June 2011

In our opinion:

(a) the financial statements set out on pages 31 to 65 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 2011 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 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

22 August 2011

INDEPENDENT AUDITORS' REPORT

To the Members of the Company, Singapura Finance Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Singapura Finance Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2011, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 65.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group 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 2011 and the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
22 August 2011

BALANCE SHEETS

As at 30 June 2011

		Group		Company	
	Note	2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Assets					
Property, plant and equipment	4	5,427	3,845	5,427	3,845
Subsidiaries	5	-	-	125	125
Loans and advances due after 12 months	6	449,060	434,356	449,060	434,356
Total non-current assets		454,487	438,201	454,612	438,326
Statutory deposit with the Monetary Authority of Singapore		14,483	15,736	14,483	15,736
Loans and advances due within 12 months	6	39,234	79,792	39,234	79,792
Investments	9	131,794	178,682	131,794	178,682
Other receivables, deposits and prepayments	10	2,269	3,902	2,269	3,902
Cash and cash equivalents	11	69,322	88,163	69,288	88,112
Total current assets		257,102	366,275	257,068	366,224
Total assets		711,589	804,476	711,680	804,550
Equity					
Share capital	12	90,065	90,065	90,065	90,065
Reserves	12	79,990	77,741	78,502	76,317
Total equity attributable to owners of the Company		170,055	167,806	168,567	166,382
Liabilities					
Deferred tax liabilities	8	466	489	466	489
Trade and other payables	13	7,530	14,893	7,530	14,893
Staff retirement gratuities	14	1,152	1,061	1,152	1,061
Total non-current liabilities		9,148	16,443	9,148	16,443
Trade and other payables	13	15,098	15,287	14,874	15,064
Deposits and savings accounts of customers	15	514,959	601,566	516,767	603,296
Current tax payable		2,329	3,374	2,324	3,365
Total current liabilities		532,386	620,227	533,965	621,725
Total liabilities		541,534	636,670	543,113	638,168
Total equity and liabilities		711,589	804,476	711,680	804,550

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

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000
Interest income and hiring charges		24,194	28,646
Interest expense		(4,404)	(4,962)
Net interest and hiring charges		19,790	23,684
Fee and commission income		139	170
Dividend income		559	587
Other operating income		3,928	2,913
Income before operating expenses		24,416	27,354
Staff costs		(7,417)	(6,872)
Depreciation of property, plant and equipment	4	(494)	(600)
Other operating expenses		(5,955)	(6,418)
Profit from operations before allowances	16	10,550	13,464
Writeback on loan losses (net)	17	231	726
Profit before income tax		10,781	14,190
Income tax expense	18	(1,281)	(2,314)
Profit for the year		9,500	11,876
Earnings per share			
Basic earnings per share (cents)	19	11.97	14.97
Diluted earnings per share (cents)	19	11.97	14.97

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2011

	Group	
	2011	**2010**
	$'000	**$'000**
Profit for the year	9,500	11,876
Other comprehensive income		
Net change in fair value of available-for-sale investments	1,920	4,644
Net change in fair value of available-for-sale investments transferred to profit or loss	(2,054)	(1,458)
Income tax on other comprehensive income	23	(542)
Other comprehensive income for the year, net of income tax	(111)	2,644
Total comprehensive income for the year	9,389	14,520

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2011

		Attributable to equity holders of the Company						
	Note	Share capital	Capital reserve	Statutory reserve	Fair value reserve	General reserve	Accumulated profits	Total
Group		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2010		90,065	1,353	52,209	998	730	22,451	167,806
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	9,500	9,500
Other comprehensive income								
Net change in fair value of available-for-sale investments		-	-	-	1,920	-	-	1,920
Net change in fair value of available-for-sale investments transferred to profit or loss		-	-	-	(2,054)	-	-	(2,054)
Income tax on other comprehensive income		-	-	-	23	-	-	23
Total other comprehensive income		-	-	-	(111)	-	-	(111)
Total comprehensive income for the year		-	-	-	(111)	-	9,500	9,389
Transactions with owners, recorded directly in equity								
Distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(7,140)	(7,140)
Total distributions to owners		-	-	-	-	-	(7,140)	(7,140)
Transfer from profit after tax to statutory reserve		-	-	2,360	-	-	(2,360)	-
At 30 June 2011		90,065	1,353	54,569	887	730	22,451	170,055

Group	Note	Share capital $'000	Capital reserve $'000	Statutory reserve $'000	Fair value reserve $'000	General reserve $'000	Accumulated profits $'000	Total $'000
		Attributable to equity holders of the Company						
At 1 July 2009		90,065	1,353	49,259	(1,646)	730	18,285	158,046
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	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								
Distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(4,760)	(4,760)
Total 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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2011

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 2010		90,065	1,353	52,209	998	730	21,027	166,382
Total comprehensive income for the year								
Profit for the year		-	-	-	-	-	9,436	9,436
Other comprehensive income								
Net change in fair value of available-for-sale investments		-	-	-	1,920	-	-	1,920
Net change in fair value of available-for-sale investments transferred to profit or loss		-	-	-	(2,054)	-	-	(2,054)
Income tax on other comprehensive income		-	-	-	23	-	-	23
Total other comprehensive income		-	-	-	(111)	-	-	(111)
Total comprehensive income for the year		-	-	-	(111)	-	9,436	9,325
Transactions with owners, recorded directly in equity								
Distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(7,140)	(7,140)
Total distributions to owners		-	-	-	-	-	(7,140)	(7,140)
Transfer from profit after tax to statutory reserve		-	-	2,360	-	-	(2,360)	-
At 30 June 2011		90,065	1,353	54,569	887	730	20,963	168,567

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

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 for the year		-	-	-	-	-	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								
Distributions to owners								
Final dividend paid to equity holders	12	-	-	-	-	-	(4,760)	(4,760)
Total 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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Profit for the year		9,500	11,876
Adjustments for:			
Depreciation of property, plant and equipment		494	600
Property, plant and equipment written off		-	20
Writeback on loan losses		(231)	(726)
Bad debts written off		-	12
Gain on sale of investments		(2,054)	(1,458)
Staff retirement gratuities		91	92
Dividend income		(559)	(587)
Income tax expense		1,281	2,314
		8,522	12,143
Changes in working capital:			
Statutory deposit with the Monetary Authority of Singapore		1,253	(734)
Loans and advances		26,085	(21,632)
Other receivables, deposits and prepayments		1,633	1,606
Deposits and savings accounts of customers		(86,607)	50,844
Trade and other payables		(7,552)	2,630
Cash (used in)/generated from operating activities		(56,666)	44,857
Income taxes paid		(2,326)	81
Net cash (used in)/from operating activities		(58,992)	44,938
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,076)	(235)
Dividends received		559	587
Purchase of investments		(418,286)	(338,386)
Proceeds from sale and maturity of investments		467,094	326,893
Net cash from/(used in) investing activities		47,291	(11,141)
Cash flows from financing activities			
Dividends paid		(7,140)	(4,760)
Net cash used in financing activities		(7,140)	(4,760)
Net (decrease)/increase in cash and cash equivalents		(18,841)	29,037
Cash and cash equivalents at 1 July		88,163	59,126
Cash and cash equivalents at 30 June	11	69,322	88,163

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 August 2011.

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 financial statements of the Company as at and for the year ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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 for certain financial assets and financial liabilities which are measured at fair values.

(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 significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 25.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(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.

(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

(i) Recognition and measurement

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.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit and loss as incurred.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Property, Plant and Equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation 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. Freehold land is not depreciated.

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.

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, cash and cash equivalents and statutory deposit with Monetary Authority of Singapore.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Non-derivative Financial Instruments (cont'd)

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

Cash and cash equivalents

Cash and cash equivalents comprise 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 expire.

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.

(iii) Share capital

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) Non-derivative 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, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Impairment (cont'd)

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

Loans and receivables

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 allowance 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.

Available-for-sale financial assets

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity or profit or loss. The cumulative loss that is reclassified from equity to 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 recognised previously in profit or loss. Changes in impairment provisions attributable to application of the effective interest method 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) 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. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU 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").

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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) 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 income from Singapore Government Securities and debt securites

Interest income from Singapore Government Securities and debt securities are recognised as it accrues using the effective interest method.

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.

(g) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Income Tax (cont'd)

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.

(h) 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.

(i) New Standards and Interpretations Not Adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

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 2009	2,263	3,397	2,912	279	2,678	11,529
Additions	-	-	100	-	135	235
Written off	-	-	(611)	-	-	(611)
At 30 June 2010	2,263	3,397	2,401	279	2,813	11,153
Additions	-	1,956	35	-	85	2,076
Written off	-	-	(7)	-	(41)	(48)
At 30 June 2011	2,263	5,353	2,429	279	2,857	13,181
Accumulated depreciation						
At 1 July 2009	991	1,430	2,367	180	2,331	7,299
Depreciation for the year	31	86	144	69	270	600
Written off	-	-	(591)	-	-	(591)
At 30 June 2010	1,022	1,516	1,920	249	2,601	7,308
Depreciation for the year	32	134	156	30	142	494
Written off	-	-	(7)	-	(41)	(48)
At 30 June 2011	1,054	1,650	2,069	279	2,702	7,754
Carrying amounts						
At 1 July 2009	1,272	1,967	545	99	347	4,230
At 30 June 2010	1,241	1,881	481	30	212	3,845
At 30 June 2011	1,209	3,703	360	-	155	5,427

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Location	Description	Tenure	Carrying amount 2011 $'000	Carrying amount 2010 $'000
212 East Coast Road Singapore 428911	2-storey shophouse used as branch premises	Freehold	990	1,008
203 Henderson Road #02-07 Singapore 159546	Warehouse	Freehold	219	233
Total freehold properties			1,209	1,241
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	1,163	1,217
Blk 101 Towner Road #01-230 Singapore 322101	1st storey used as branch premises and 2nd storey is used as office	89-year lease commencing January 1993	348	365
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	285	299
Blk 302 Woodland Street 31 #01-271 Singapore 760302	1 unit of 2 storey HDB shop house currently leased out	99-year lease commencing Oct 1992	1,907	-
Total leasehold properties			3,703	1,881
			4,912	3,122

5 SUBSIDIARIES

	Company 2011 $'000	Company 2010 $'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 2011 %	Effective equity held by the Group 2010 %
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.

6 LOANS AND ADVANCES

	Note	Group and Company 2011 $'000	2010 $'000
Mortgage and other secured loans		341,862	326,888
Hire purchase and leasing receivables	7	171,983	220,236
		513,845	547,124
Unearned charges and interest		(16,436)	(23,538)
		497,409	523,586
Allowances for loan losses:			
At 1 July		9,438	12,141
Charge during the year	17	862	871
Writeback made during the year	17	(1,093)	(1,597)
Amounts written off against allowances		(92)	(1,977)
At 30 June		9,115	9,438
	23	488,294	514,148
These comprise balances:			
Due within 12 months		39,234	79,792
Due after 12 months		449,060	434,356
		488,294	514,148

As at 30 June 2011, secured loans to directors (including immediate family members) of the Group and Company amounted to $49,931 (2010: $84,345).

7 HIRE PURCHASE AND LEASING RECEIVABLES

	2011 Gross $'000	2011 Interest $'000	2011 Principal $'000	2010 Gross $'000	2010 Interest $'000	2010 Principal $'000
Group and Company						
Within 1 year	4,331	136	4,195	4,288	192	4,096
Between 1 year and 5 years	93,343	6,192	87,151	90,970	5,987	84,983
After 5 years	74,309	9,213	65,096	124,978	16,684	108,294
	171,983	15,541	156,442	220,236	22,863	197,373

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

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 2009 $'000	Recognised in profit or loss (note 18) $'000	Recognised in other comprehensive income $'000	Balance as at 30 June 2010 $'000	Recognised in profit or loss (note 18) $'000	Recognised in other comprehensive income $'000	Balance as at 30 June 2011 $'000
Deferred tax liabilities/ (assets)							
Property, plant and equipment	103	(33)	-	70	-	-	70
Loans and advances	526	(131)	-	395	-	-	395
Staff retirement gratuities	(165)	(16)	-	(181)	-	-	(181)
Investments	(337)	-	542	205	-	(23)	182
	127	(180)	542	489	-	(23)	466

9 INVESTMENTS

	Group and Company	
	2011 $'000	2010 $'000
Available-for-sale:		
Singapore Government Securities and debt securities	118,412	164,231
Quoted equity securities	13,382	14,451
	131,794	178,682

The credit rating of Singapore Government Securities held at the reporting date accorded by various international credit rating agencies is AAA (2010: AAA).

10 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest receivable	360	512	360	512
Deposits	378	599	378	599
Other receivables	1,291	2,583	1,291	2,583
Loans and receivables	2,029	3,694	2,029	3,694
Prepayments	240	208	240	208
	2,269	3,902	2,269	3,902

Other receivables include repayments made by customers using electronic payments and have yet to be received by the Company at the reporting date.

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash at banks and in hand	5,022	5,161	4,988	5,110
Fixed deposits with banks	64,300	83,002	64,300	83,002
	69,322	88,163	69,288	88,112

12 CAPITAL AND RESERVES

Share Capital

	Group and Company	
	2011	2010
	No. of shares ('000)	No. of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 July and 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	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Capital reserve	1,353	1,353	1,353	1,353
Statutory reserve	54,569	52,209	54,569	52,209
Fair value reserve	887	998	887	998
Revenue reserve:				
- General	730	730	730	730
- Accumulated profits	22,451	22,451	20,963	21,027
	79,990	77,741	78,502	76,317

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

12 CAPITAL AND RESERVES (CONT'D)

Dividends

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

	Group and Company	
	2011	**2010**
	$'000	**$'000**
First and final, one-tier tax exempt		
6 cents per ordinary share (2010: 6 cents) in respect of year 2010	4,760	4,760
Special one-tier tax exempt		
3 cents per ordinary share in respect (2010: Nil) of year 2010	2,380	-

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	
	2011	**2010**
	$'000	**$'000**
First and final, one-tier tax exempt		
6 cents per ordinary share (2010: 6 cents) in respect of year 2011	4,760	4,760
Special one-tier tax exempt		
2 cents per ordinary share in respect (2010: 3 cents) of year 2011	1,587	2,380

13 TRADE AND OTHER PAYABLES

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Accrued interest payable	1,891	2,507	1,891	2,507
Accrued operating expenses	1,803	1,979	1,799	1,975
Amount due to SPRING Singapore (unsecured)	17,440	24,295	17,440	24,295
Deposits for safe deposit boxes and rental deposits	164	137	164	137
Unclaimed dividends	394	379	394	379
Others	936	883	716	664
	22,628	30,180	22,404	29,957
These comprise balances:				
Due within 12 months	15,098	15,287	14,874	15,064
Due after 12 months	7,530	14,893	7,530	14,893
	22,628	30,180	22,404	29,957

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.

14 STAFF RETIREMENT GRATUITIES

	Group and Company	
	2011	2010
	$'000	$'000
At 1 July	1,061	969
Provision made during the year	91	92
At 30 June	1,152	1,061

15 DEPOSITS AND SAVINGS ACCOUNTS OF CUSTOMERS

These include deposits placed by subsidiaries amounting to $1,808,000 (2010: $1,730,000) in the Company and Nil (2010: 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	
	2011	2010
	$'000	$'000
Interest income and hiring charges		
Interest income on:		
- loans and advances to other persons	22,808	26,388
- bank deposits	103	61
- Singapore Government Securities and debt securities	1,283	2,197
	24,194	28,646
Interest expense		
Interest expense on deposits paid to other persons	4,404	4,962
Dividend income		
Quoted equity investments	559	587
Other operating income		
Gain on sale of investments	2,054	1,458
Others	1,874	1,455
	3,928	2,913
Staff costs		
Salaries and other benefits	6,897	6,526
Government grants – Jobs Credit Scheme	-	(211)
Contributions to defined contribution plans	520	557
	7,417	6,872

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

16 PROFIT FROM OPERATIONS BEFORE ALLOWANCES (CONT'D)

	Group	
	2011 $'000	2010 $'000
Other operating expenses		
Non-audit fees paid to auditors of the Company	60	52
Property, plant and equipment written-off	-	20
Bad debts written off	-	12
Operating lease expense paid to:		
- related corporations	958	958
- other persons	90	78
Other operating expense paid to:		
- related corporations	70	68
- other persons	4,777	5,230
	5,955	6,418

17 WRITEBACK ON LOAN LOSSES (NET)

		Group	
	Note	2011 $'000	2010 $'000
Allowances for loan losses	6	(862)	(871)
Writeback of allowances for loan losses	6	1,093	1,597
		231	726

18 INCOME TAX EXPENSE

	Note	Group 2011 $'000	Group 2010 $'000
Current tax expense			
Current year		1,834	2,521
Adjustment for prior years		(553)	(27)
		1,281	2,494
Deferred tax expense			
Movement in temporary differences		-	(180)
	8	-	(180)
Total income tax expense		1,281	2,314

Reconciliation of effective tax rate

	2011 $'000	2010 $'000
Profit before income tax	10,781	14,190
Tax calculated using Singapore tax rate of 17%	1,833	2,412
Income not subject to tax	(121)	(131)
Expenses not deductible for tax purposes	33	60
Overprovided in prior years	(553)	(27)
Others	89	-
	1,281	2,314

19 EARNINGS PER SHARE

	Group 2011 $'000	Group 2010 $'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	9,500	11,876

	No. of shares 2011 ('000)	No. of shares 2010 ('000)
Weighted average number of ordinary shares	79,343	79,343

There were no potential dilutive ordinary shares for the years ended 30 June 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

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	
	2011 $'000	2010 $'000
Director fees	250	250
Short-term employee benefits	2,316	2,198
Post-employment benefits	112	104

Directors' remuneration included in key management personnel compensation amounted to $1,356,000 (2010: $1,330,000).

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	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest on deposits paid to subsidiaries	-	-	15	10

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:

	2011 $'000	2010 $'000
Guarantees	250	650

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

22 CAPITAL COMMITMENTS

Lease Commitments

At 30 June 2011, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group and Company	
	2011	2010
	$'000	$'000
Within one year	790	899
Between one year and five years	117	696
	907	1,595

Other Commitments

	Group and Company	
	2011	2010
	$'000	$'000
Undrawn credit lines and other commitments to extend credit	107,227	122,246

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.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Risk Management Committee (RMC), which is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All major policy decisions and approval on risk exposures including loan limits are approved by the Board of Directors upon concurrence by the RMC. 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (cont'd)

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 review and 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.

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 the reporting date before collateral held (or other credit enhancements) amounted to $488,294,000 (2010: $514,148,000) for the Group and the Company.

Loans and advances to customers can be analysed as follows:

	Note	Group and Company 2011 $'000	Group and Company 2010 $'000
Performing accounts that are			
- past due but not impaired		1,361	6,605
- neither past due nor impaired		477,813	497,526
Gross amount		479,174	504,131
Allowance for collective impairment		(7,117)	(7,117)
Carrying amount		472,057	497,014
Individually impaired			
Substandard (payment not kept current but fully secured)		16,237	17,134
Loss (fully provided for)		1,998	2,321
Gross amount		18,235	19,455
Allowance for impairment		(1,998)	(2,321)
Carrying amount		16,237	17,134
Net carrying amount	6	488,294	514,148

There are no loans and advances defined as being with renegotiated terms, that are neither past due nor impaired as at 30 June 2011 (2010: $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.

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (cont'd)

Exposure to credit risk (cont'd)

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.

	Gross Amount $'000	Amount net of allowances for impairment $'000
30 June 2011		
Substandard	16,237	16,237
Loss	1,998	-
	18,235	16,237
30 June 2010		
Substandard	17,134	17,134
Loss	2,321	-
	19,455	17,134

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	
	2011 $'000	2010 $'000
Against loans and advances to customers that are:		
Individually impaired	24,481	28,163
Past due but not impaired	3,310	8,948
Neither past due nor impaired	926,046	931,171
	953,837	968,282

The Group did not take possession of any collateral held as security in 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit Risk (cont'd)

Exposure to credit risk (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	
	2011	2010
	$'000	$'000
Gross carrying amount		
Concentration by sector		
Hire purchase/block discounting	156,450	197,394
Housing loans secured by property to be purchased	44,071	53,339
Other loans and advances:		
- Manufacturing	37,884	21,670
- Building and construction	11,075	21,217
- General commerce	11,185	13,012
- Transport, storage and communication	34,762	39,458
- Investment and holding companies	53,835	44,184
- Professional and private individuals	123,861	99,656
- Others	24,286	33,656
	497,409	523,586

At the reporting 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 associates 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 Group's non-derivatives financial liabilities, loan commitments and contingent liabilities at the reporting date, which are based on contractual undiscounted cash flows (excluding interest payments) at the earliest date the Group can be required to pay.

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity Risk (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
30 June 2011								
Non-derivative financial liabilities								
Deposits and savings accounts of customers	514,959	(519,152)	(95,709)	(134,079)	(215,384)	(73,884)	(96)	-
Amount due to SPRING Singapore	17,440	(18,035)	(3,498)	(1,400)	(5,388)	(7,749)	-	-
Other liabilities*	3,297	(3,297)	(800)	(72)	(1,809)	-	-	(616)
Undrawn loan commitments	-	(107,227)	(107,227)	-	-	-	-	-
Contingent liabilities	-	(250)	-	-	(250)	-	-	-
	535,696	(647,961)	(207,234)	(135,551)	(222,831)	(81,633)	(96)	(616)
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*	3,378	(3,378)	(662)	(137)	(1,934)	-	-	(645)
Undrawn loan commitments	-	(122,246)	(122,246)	-	-	-	-	-
Contingent liabilities	-	(650)	-	-	(650)	-	-	-
	629,239	(759,102)	(225,710)	(128,944)	(340,856)	(62,841)	(106)	(645)

* Exclude 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 2011

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Market Risk (cont'd)

Interest rate risk (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 2011							
Statutory deposit with the Monetary Authority of Singapore	14,483	14,483	-	-	-	-	14,483
Investments	131,794	13,382	65,987	9,966	2,042	40,417	131,794
Loans and advances	488,294	-	189,858	153,928	92,554	51,954	488,294
Cash and cash equivalents	69,322	5,022	63,300	1,000	-	-	69,322
Other assets*	2,029	2,029	-	-	-	-	2,029
	705,922	34,916	319,145	164,894	94,596	92,371	705,922
Deposits and savings accounts of customers	514,959	3,299	227,266	211,622	72,679	93	514,959
Amount due to SPRING Singapore	17,440	-	4,775	5,135	7,530	-	17,440
Other liabilities	5,188	5,188	-	-	-	-	5,188
	537,587	8,487	232,041	216,757	80,209	93	537,587
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*	3,694	3,694	-	-	-	-	3,694
	800,423	39,042	436,893	105,340	106,963	112,185	800,423
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
	631,746	9,068	228,874	332,452	58,388	2,964	631,746

* Exclude prepayments

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Market Risk (cont'd)

Interest rate risk (cont'd)

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 decrease by $286,000 (2010: increase by $858,000). The corresponding impact from a 100 basis point fall is an estimated reduction of $533,000 (2010: $766,000) 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 reporting date, the Group has available-for-sale Singapore Government Securities and debt securities of approximately $118 million (2010: $164 million). A 1% increase in prices at the reporting date would have increased equity by $1.2 million (2010: $1.6 million). An equal change in the opposite direction would have decreased equity by $1.2 million (2010: $1.6 million). The analysis is performed on the same basis for 2010.

At the reporting date, the Group has available-for-sale quoted equity securities of approximately $13 million (2010: $14 million). A 10% increase in prices at the reporting date would have increased equity by $1.3 million (2010: $1.4 million). An equal change in the opposite direction would have decreased equity by $1.3 million (2010: $1.4 million). The analysis is performed on the same basis for 2010.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Capital Management (cont'd)

Regulatory capital (cont'd)

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

	2011 $'000	2010 $'000
Share capital	90,065	90,065
Disclosed reserves*	79,103	76,743
Regulatory capital	169,168	166,808
Risk-weighted assets	534,083	562,427
Capital adequacy ratio	31.67%	29.66%

* 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 reporting date.

Although management have employed their best judgement in the estimation of fair values, there is inevitably a significant element of subjectivity involved in the calculations. Therefore, the fair value estimates presented below are not necessarily indicative of the amounts the Group could have realised in a sales transaction at the reporting date.

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 and trade and other payables*, approximate their fair values as these balances are short-term in nature or are receivable or payable on demand.

* Exclude amounts due to SPRING Singapore

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 the reporting date.

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 the reporting 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.

Amount due to SPRING Singapore

The fair value of amounts due to SPRING Singapore that mature within twelve months of the reporting date is assumed to equate to the carrying value. The fair value of all other amounts due to SPRING Singapore was calculated using discounted cash flow models based on the maturity of the balances. The discount rates applied in this exercise were based on the current interest rates of the amounts due to SPRING Singapore.

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 the reporting 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:

	2011		2010	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Group				
Financial assets				
Loans and advances	488,294	492,184	514,148	518,471
Financial liabilities				
Amount due to SPRING Singapore	(17,440)	(17,681)	(24,295)	(24,817)
Deposits and savings accounts of customers	(514,959)	(515,294)	(601,566)	(602,146)
Net financial liabilities	(44,105)	(40,791)	(111,713)	(108,492)
Unrecognised gain		3,314		3,221

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 June 2011

24 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

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	Group and Company Level 1 $'000
30 June 2011		
Assets		
Investments	9	131,794
30 June 2010		
Assets		
Investments	9	178,682

25 ACCOUNTING ESTIMATES AND JUDGEMENT

Impairment losses on loans and advances

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 and advances 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 2011

Class of Shares - Ordinary Shares
Voting Rights - One Vote Per Share

SIZE OF HOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 999	441	14.69	128,241	0.16
1,000 to 10,000	1,991	66.32	8,381,586	10.57
10,001 to 1,000,000	565	18.82	25,716,378	32.41
1,000,001 and above	5	0.17	45,116,740	56.86
TOTAL	3,002	100.00	79,342,945	100.00

TOP 20 SHAREHOLDERS AS AT 8 SEPTEMBER 2011

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	1,383,895	1.74
4	DBS NOMINEES PTE LTD	1,170,345	1.48
5	MORPH INVESTMENTS LTD	1,152,000	1.45
6	PEH CHIN CHIONG	798,200	1.01
7	SEOW KHOW MIN	769,687	0.97
8	LEE KHING YOONG VINCENT	722,250	0.91
9	SEE BENG LIAN JANICE	632,904	0.80
10	LEE CHEE KHUEN	609,450	0.77
11	KOH GEOK HUAY MRS TEO GEOK HUAY	575,000	0.72
12	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	456,089	0.58
13	LIM HUI KONG	411,500	0.52
14	CITIBANK NOMINEES SINGAPORE PTE LTD	395,194	0.50
15	KOH BENG LING	383,750	0.48
16	CHUAH BEE JIAT	369,000	0.47
17	ANG CHIAN POH	360,020	0.45
18	MALAYAN INTERNATIONAL CORPORATION PRIVATE LIMITED	350,000	0.44
19	OU YANG YAN TE	349,118	0.44
20	PHILLIP SECURITIES PTE LTD	310,761	0.39
	TOTAL	52,609,663	66.31

SUBSTANTIAL SHAREHOLDERS AS AT 8 SEPTEMBER 2011

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

	Number of shares			
Name	**Direct Interest**	**%**	**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-SECOND 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, 21 October 2011 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 2011 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 2 cents per share, for the financial year ended 30 June 2011.

3. To approve Directors' fees of $250,000/-. [2010: $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 Jamie Teo Miang Yeow, 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 William Ho Ah Seng, 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 William Ho Ah Seng, when re-elected, would be considered as independent Director and is a member of the Risk Management Committee.

6. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS

7. 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,

   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.

ANY OTHER BUSINESS

8. To transact any other business which may properly be transacted at an Annual General Meeting of the Company.

BY ORDER OF THE BOARD
Nguy Joo Tian
Company Secretary

Singapore
6 October 2011

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 Wednesday, 2 November 2011 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 Tuesday, 1 November 2011 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 Friday, 11 November 2011.

BY ORDER OF THE BOARD
Nguy Joo Tian
Company Secretary

Singapore
6 October 2011

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 7 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 7 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 7 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

1. 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.
2. 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.
3. 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.
4. 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-Second Annual General Meeting of the Company to be held on 21 October 2011 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) Jamie Teo Miang Yeow		
	(ii) William Ho Ah Seng		
6.	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	Approval of the proposed share issue mandate		
8.	Any Other Business		

Dated this __________ day of ____________________ 2011

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.

1st fold here

SINGAPURA FINANCE
富雅金融

Affix
Postage
Stamp

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

2nd fold here

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 fulfil 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 Singapura 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

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Singapura Finance Ltd and its Subsidiaries Registration Number: 196900340N   AP No.: 0472