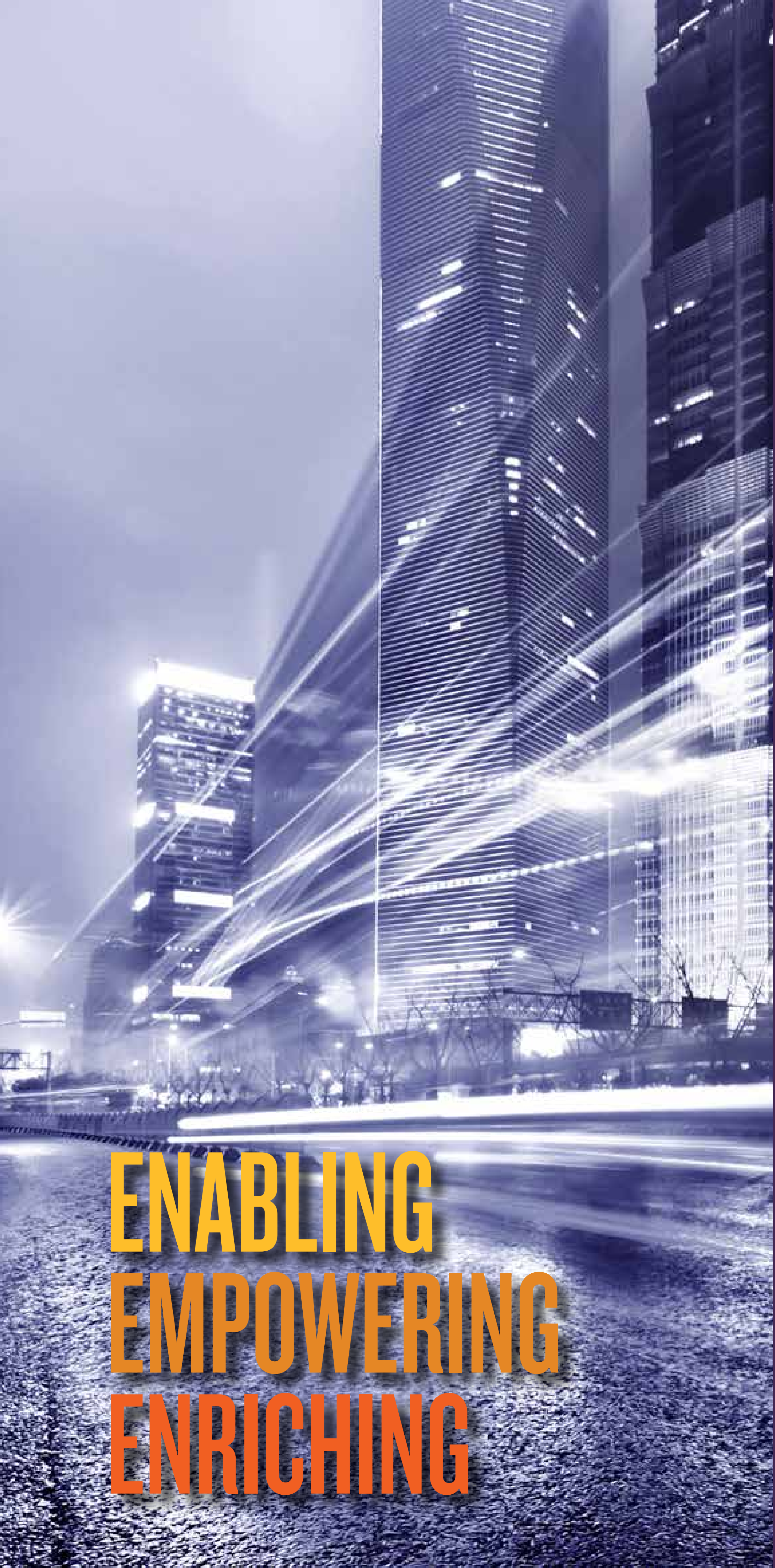


SINGAPURA FINANCE
富雅金融

ENABLING EMPOWERING ENRICHING

Annual Report 2013

ENABLING • EMPOWERING • ENRICHING

As a premier homegrown provider of financial services, Singapura Finance Ltd is focused on achieving the intentions and objectives of our stakeholders – our associates, shareholders, customers and human capital. By providing customised financial solutions, we ENABLE initiatives, EMPOWER sustainable growth, and ENRICH every journey to success, and in turn achieve returns on the investments of our stakeholders.

FINANCIAL CALENDAR 2012/2013

9 November 2012
Announcement of Unaudited Financial Results for First Quarter ended 30 September 2012

8 February 2013
Announcement of Unaudited Financial Results for Half Year ended 31 December 2012

10 May 2013
Announcement of Unaudited Financial Results for Third Quarter ended 31 March 2013

28 August 2013
Announcement of Audited Financial Results for Full Year ended 30 June 2013

14 October 2013
Release of Annual Report

29 October 2013
Annual General Meeting

7 November 2013
Books Closure Date for Dividend Entitlement (Subject to Shareholders' Approval at the AGM)

15 November 2013
Dividend Payment Date (Subject to Shareholders' Approval at the AGM)

Contents

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 assist them in making informed decisions. We understand their needs and package practical deals to suit their lifestyles 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.

OUR CORE VALUES

At Singapura Finance, we believe that our values are our "guideing beacon" for organizational development and growth. At Singapura Finance, our core values are: Shareholder Value, People Development, Integrity, Customer Focus and Efficiency (S.P.I.C.E).

- **SHAREHOLDER VALUE**
  We enhance our shareholder value by consistently delivering sustainable earnings in line with our prudent risk management framework.

- **PEOPLE DEVELOPMENT**
  We value and develop our people and trust each other in delivering their best, fostering cooperativeness, teamwork and providing a supportive environment.

- **INTEGRITY**
  We are open and fair in our dealings while maintaining highest integrity at all times. We strive for excellence and professionalism in what we do.

- **CUSTOMER FOCUS**
  We build trust and long-term relationships by being responsive and relevant to our customers' needs.

- **EFFICIENCY**
  We leverage on technology and process improvements for continual innovation, capabilities building and enhancement and operational efficiency.


ENABLING
YOUR FIRST STEPS
AND EVERY ENDEAVOUR BEYOND

CHAIRMAN'S STATEMENT

... the Group will strive to grow our loan portfolio prudently whilst managing our operating expenses to remain competitive.

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 2013.

PERFORMANCE REVIEW

During the year under review, Singapore's open economy continued to be affected by the weak external demand which adversely affected the manufacturing and wholesale trade sectors. The Singapore GDP year-on-year growth was sluggish at between 0% to 1.5% especially during the first nine months of the year before improving to 3.8% in the second quarter of 2013. The Singapore Dollar interest rate, which closely tracked the US Dollar interest rate, remained at an exceptional low level throughout the year. As a result of the continual low interest environment coupled with the relentless market competition, interest margin was subjected to immense pressure and deteriorated further during the year. Against such challenging external backdrop, and the need to provide additional collective impairment for the loan allowance, the Group profit after tax for the current year declined 21.2% to $5.3 million.

Profit from operations before allowances contracted by $0.5 million or 7.6% vis-à-vis the same period last year. Total income fell by $0.6 million while operating expenses were largely at the same level as last year. The decline in the total income was largely attributable to the $0.3 million drop in both net interest income and non-interest income respectively.

Net interest income for the financial year, which constitutes 83.0% of the Group's total income, compared to 82.2% last year, suffered from the lower interest yield despite higher loan growth. Net interest income declined by 2.00% to $16.62 million for the financial year ended 30 Jun 2013 compared to $16.96 million last year. The marginal decrease in the net interest income was driven predominantly by higher cost of deposits and lower yield from the loans and advances. The reduction in non-interest income came largely from lower dividend income and gains from sale of investments.

Operating expenses were capped at the same level as last year. The marginal increase in the staff cost, was contributed mainly by the impact of annual salary increment. 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 continued to contract during the year.

In line with the loan growth during the year, the Group has set aside additional collective allowances at a portfolio level. The additional collective allowances were cushioned by write back of individual allowances, resulting in a $0.3 million charge for loan allowances. For the same period last year, there was a net write-back in loan allowances of $0.7 million. The Group has also made an impairment loss on investments of $0.5 million due to prolonged decline in the market value of a quoted equity investment.

Total loans and advances grew 15.0% as the Group continues to seek higher loan volume in order to cushion the negative impact of lower yield from our assets. In tandem with the higher loan balance, total deposits also increased 15.0% to $798 million as at 30 June 2013.

CHAIRMAN'S STATEMENT

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 5 cents per share for the year under review. In light of the weaker earnings for this financial year, the Board is not recommending any special dividend.

OPERATIONS REVIEW

The Group continued to seek ways to improve customer service and productivity to enhance our competitiveness. In 2009, we gave our customers the ease to make loan repayment at their choice location, even after office hours at AXS stations. During the year, we extended this service to our savings deposit customers to allow them to deposit funds into their accounts via the AXS stations.

Despite the imperative to grow our loan base to compensate for the falling interest yield, the Group has always been mindful to ensure that our prudent credit underwriting standards are not compromised. Under the purview of the Board Risk Management Committee, the Group has continued to seek ways to strengthen and enhance our risk management policies and processes. During the year, the Internal Audit team has been strengthened to keep pace with the increasing legal and regulatory demands and to maintain a strong internal control environment.

As a corporate citizen, the Group is committed to causes that champion the needs of the young. For six consecutive years, we have continued to co-sponsor the "Cold Storage Kids Run 2013". This annual event, which drew over 5,000 participants between the ages of 6 months to 12 years aims to encourage children to adopt a healthy lifestyle. It was also an excellent opportunity for the Group to create and reinforce awareness of our brand and products. We have again sponsored children from several organisations such as Cerebral Palsy Alliance Singapore (formerly known as The Spastic Children's Association of Singapore); Rainbow Centre and Katong School. Our staff partnered the children during the run and accompanied them for various activities around the event site.

OUTLOOK

Global macroeconomic conditions are expected to pick up gradually in the second half of 2013. In the US, the economy is expected to grow modestly, supported by private domestic demand. While the Eurozone is expected to remain in recession, improving sentiments and economic activity point to a potential easing of the downturn in the coming months. In Asia, the growth outlook for China looks fragile as recent policies to rein in credit expansion could potentially weigh on investment growth. For the ASEAN economies, growth is likely to remain modest, supported by resilient domestic demand. Nonetheless, risks to the global growth outlook remain.

Against this macroeconomic backdrop, the growth outlook for the Singapore economy is expected to improve slightly. Barring downside risks, the Singapore economy is expected to grow by 2.5% to 3.5% in 2013.

Notwithstanding the improvement in economy outlook, with the recent prudent measures by the government on the financing of property and car loans, the Group expects a moderation in the growth for these two main loan segments. Nevertheless, the Group will strive to grow our loan portfolio prudently whilst managing our operating expenses to remain competitive.

ACKNOWLEDGEMENTS

We wish to acknowledge a procedural mistake with regard to Mr William Ho's directorship. During the financial year, Mr William Ho attained the age of 70 years on 26 July 2012 and no shareholder approval was sought for his re-appointment as a Director at the last Annual General Meeting held on 25 October 2012 (the "2012 AGM"). Accordingly, under Section 153(2) of the Companies Act, Chapter 50, Mr William Ho's office as a Director was deemed to be vacated at the conclusion of the 2012 AGM.

Mr William Ho will be proposed for appointment as a Director, subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 29 October 2013. Mr Ho will, upon appointment as a Director be re-appointed as a member of the Risk Management Committee, and be considered to be an independent Director. With his vast experience, we look forward to his continued contribution to the Company.

On behalf of the Board, I thank all our shareholders, customers and business partners for their unwavering support. I also wish to express my appreciation to the fellow Board members for their guidance and to the staff for their hard work and dedication during the past year.

Teo Chiang Long
Executive Chairman

Singapore
10 September 2013

EMPOWERING
YOUR ASPIRATIONS
AND REALISING YOUR POTENTIAL TO GROW

BOARD OF DIRECTORS

TEO CHIANG LONG
Executive Chairman

JAMIE TEO MIANG YEOW
Chief Executive Officer

PHUA BAH LEE
Independent Non-Executive Director

MR 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 25 October 2012.

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 the Singapore Institute of Directors.

Mr Teo is a Senior Honorary Council Member of the Singapore Chinese Chamber of Commerce & Industry and Vice President of Ngee Ann Kongsi Committee of Management.

Mr Teo is a Director of Singapore Teochew Foundation Limited and Bright Vision Hospital. 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.

MR 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 21 October 2011.

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

Mr Teo holds a Bachelor of Arts and a Master in Business Administration from the University of Adelaide, Australia. He holds directorships in several private companies. He is the Honorary Treasurer of Ngee Ann Kongsi Committee of Management, 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 is an Honorary Secretary of Finance Houses Association of Singapore for a two year term effective from 17 April 2012.

MR 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 25 October 2012.

Mr Phua is the Lead Independent Director and Chairman of the Remuneration Committee and a member of the Audit and Nominating Committees.

Mr Phua is a Director of Metro Holdings 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.

BOARD OF DIRECTORS

TEOH ENG HONG
Independent Non-Executive Director

WILLIAM HO AH SENG
Independent Non-Executive Director

MR 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 25 October 2012.

Mr Teoh is the Chairman of the Risk Management Committee and is a member of the Audit, 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.

MR WILLIAM HO AH SENG

Independent Non-Executive Director (up to 25 October 2012)

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 continued to serve on the Board as a non-executive and non-independent Director and as a member of the Risk Management Committee. Having ceased to be an employee of the Company for more than three financial years and having regard to the criteria for independence of directors as set out in the Code of Corporate Governance 2005, and based on the Nominating Committee's assessment bearing in mind all salient factors, Mr Ho was considered to be an Independent Director with effect from 26 August 2011. He had been last re-elected as a Director at the Annual General Meeting of the Company held on 21 October 2011.

On 10 September 2013, the Company announced that Mr Ho had ceased to be a Director on 25 October 2012. As stated in the announcement, Mr Ho reached the age of 70 on 26 July 2012. Due to an inadvertent error, no shareholder approval was sought at the Annual General Meeting held on 25 October 2012 (the "2012 AGM") for his re-appointment as Director and for him to hold office until the next Annual General Meeting, being the Forty-Fourth Annual General Meeting to be held on 29 October 2013 (the "2013 AGM"). Accordingly, under Section 153(2) of the Companies Act, Chapter 50, Mr Ho vacated office as a Director at the conclusion of the 2012 AGM. The Company is accordingly proposing the appointment of Mr Ho as a Director at the 2013 AGM, at which his appointment will be subject to shareholders' approval. Mr Ho will, upon appointment as a Director, be re-appointed as a member of the Risk Management Committee, and be considered to be an Independent Director.

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

BOARD OF DIRECTORS

YU-FOO YEE SHOON
Independent Non-Executive Director

MRS YU-FOO YEE SHOON

Independent Non-Executive Director

Mrs Yu-Foo Yee Shoon joined the Board on 1 November 2011 as an Independent Director. Mrs Yu-Foo also sits on the Nominating Committee as Chairman; and is a member of Audit and Remuneration Committees. She was last re-elected as a Director at the Annual General Meeting of the Company held on 25 October 2012.

Mrs Yu-Foo was Minister of State for Ministry of Community Development, Youth and Sports ("MCYS") from August 2004 to May 2011. From November 2001 to July 2004, she was Mayor of the Bukit Timah Community Development Council ("CDC") which subsequently expanded to become the South West CDC.

From June 1999 to October 2001, Mrs Yu-Foo was the Senior Parliamentary Secretary for the then Ministry of Community Development and Sports ("MCDS"). She was an Elected Member of Parliament from 1984 to May 2011, before she retired from politics. Mrs Yu-Foo is the longest serving woman politician in Singapore.

From 1971-1999, she held various appointments in the Civil Service. She was Board member of statutory boards, government linked companies and NTUC co-operatives. Over the years, she had been Vice Chairman of NTUC Insurance Co-operative (INCOME), Vice President, Assistant Secretary-General and Deputy Secretary-General of NTUC. She was the first woman to chair the NTUC Central Co-operative Fund Committee and was a founder of NTUC Childcare. She was Founder Chairman of ComCare and NTUC Foodfare. Her other appointments include Member of the Professional Advisory Council of NTUC Childcare Co-operative Ltd, Chairman of the Board of Trustees of the Singapore National Co-operative Federation ("SNCF") and Chairman of the MCYS Central Co-operative Fund Committee. She was also Independent Director of the listed companies, Kian Ann Engineering Ltd, Singapore Telecommunications Ltd (now known as SingTel) and Singapore Bus Service (now known as ComfortDelgro Corporation).

Mrs Yu-Foo chairs the Publicity and Outreach Committee for the Lee Kuan Yew Fund for Bilingualism. Her other directorship includes ARA Trust Management (Dynasty) Pte Ltd and Honourable Chairman of Silkrouteasia Capital Partners Pte Ltd.

Currently, Mrs Yu-Foo is Advisor to Nuri Holdings (S) Pte Ltd, Global Yellow Pages Ltd, Dimensions International College Pte Ltd as well as Hyflux Ltd. She graduated from Nanyang University with a Bachelor of Commerce and a Masters Degree in Business from Nanyang Technology University.

TAN HUI KENG, MARTHA
Independent Non-Executive Director

MDM TAN HUI KENG, MARTHA

Independent Non-Executive Director

Mdm Tan Hui Keng, Martha joined the Board on 1 November 2011 as an Independent Non-Executive Director. Mdm Tan also sits on the Audit Committee as Chairman; and is a member of the Nominating, Remuneration and Risk Management Committees. She was last re-elected as a Director at the Annual General Meeting of the Company held on 25 October 2012.

Mdm Tan is currently an Independent Non-Executive Director of HL Global Enterprise Limited. She was an audit partner of KPMG (now known as KPMG LLP) from 1989 to 2005. Mdm Tan has more than 25 years of experience in the public accounting field, which includes auditing, taxation, public listings, due diligence, mergers and acquisitions, internal control reviews and general business advisory services.

Mdm Tan holds a Degree (Honours) in Accountancy from the University of Singapore and is also a Fellow Chartered Accountant of Singapore.

KEY MANAGEMENT

MR TEO CHIANG LONG

Executive Chairman of the Board

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

MR JAMIE TEO MIANG YEOW

Chief Executive Officer

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

MR 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 Singapore Chartered Accountants.

MRS NGUY JOOTIAN

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.

MR RICHARD CHIA

General Manager (Marketing)

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

MR DESMOND TAN

General Manager (Operations & Process Improvement)

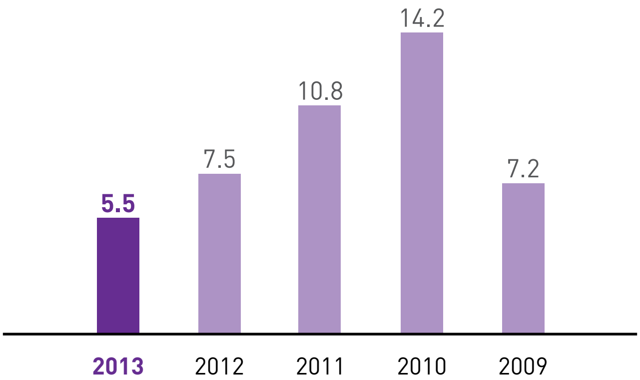
Mr Tan joined Singapura Finance Ltd as General Manager (Operations & Process Improvement) in June 2007. He is a member of the Investment Committee. Mr Tan has close to 20 years of experience in the financial industry where he has held various management positions. Prior to joining Singapura Finance Ltd,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

FINANCIAL HIGHLIGHTS

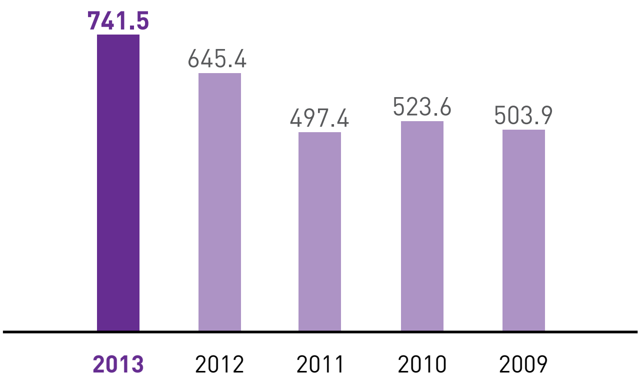
	2013 S$'000	2012 S$'000	2011 S$'000	2010 S$'000	2009 S$'000
Capital Employed					
Total assets	**986,492**	888,995	711,589	804,476	738,213
Net assets	**166,226**	170,308	170,055	167,806	158,046
Net assets per share (dollars)	**2.1**	2.15	2.14	2.11	1.99
Share Capital					
Issued and fully paid	**90,065**	90,065	90,065	90,065	90,065
Number of shares issued (thousands)	**79,343**	79,343	79,343	79,343	79,343
Loans and Deposits					
Loans before allowances	**741,503**	645,441	497,409	523,586	503,943
Deposits	**797,738**	693,847	514,959	601,566	550,722
Profit and Dividend Payout					
Profit before tax	**5,478**	7,522	10,781	14,190	7,175
Profit after tax	**5,260**	6,672	9,500	11,876	6,068
Dividend	**3,967**	4,760	6,347	7,140	4,760
Dividend and Earnings Per Share					
Dividend per share (cents) - tax exempt one - tier	**5.0**	6.0	8.0	9.0	6.0
Earnings per share (cents)[1]	**6.6**	8.4	12.0	15.0	7.7

[1] Earnings per share for FY2013 is calculated based on profit after tax on weighted average of 79,342,945 shares in issue for FY2013 and FY2012.

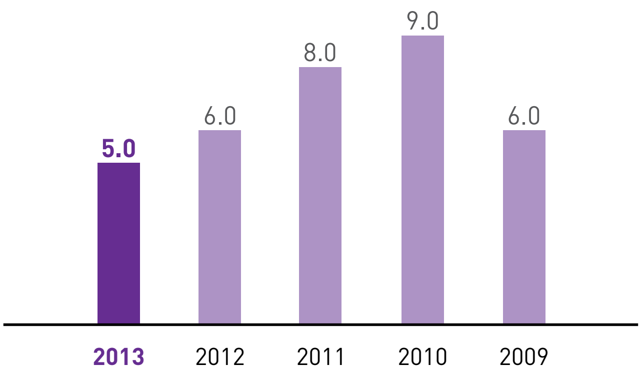
Profit before tax
S$ million



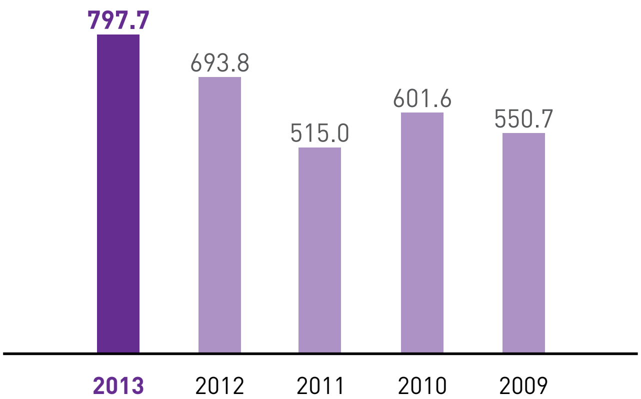
Loans
S$ million



Net Dividend Per Share
cents



Deposits
S$ million



FINANCIAL REVIEW

FINANCIAL SUMMARY	2013 $'000	2012 $'000	Variance %
SELECTED INCOME STATEMENT ITEMS			
Net interest income	16,624	16,961	(2.0)
Non-interest income	3,396	3,664	(7.3)
Total income	20,020	20,625	(2.9)
Operating expenses	(13,757)	(13,847)	(0.6)
Profit from operations before allowances	6,263	6,778	(7.6)
(Allowances)/Write-back on loan losses	(285)	744	(138.3)
Impairment loss on investments	(500)	-	n.m.
Profit before tax	5,478	7,522	(27.2)
Profit after tax attributable to shareholders	5,260	6,672	(21.2)
n.m. - not meaningful			
SELECTED BALANCE SHEET ITEMS			
Total equity	166,226	170,308	(2.4)
Total assets	986,492	888,995	11.0
Loans and advances (net of allowances)	732,910	637,083	15.0
Deposits and savings accounts of customers	797,738	693,847	15.0
KEY FINANCIAL RATIOS (%)			
Net interest margin	1.88	2.35	
Non-interest income ratio	17.0	17.8	
Cost-to-income ratio	68.7	67.1	
Loans-to-deposits ratio	91.9	91.8	
Non-performing loans ratio			
- Secured by collateral	1.4	2.2	
- Unsecured and fully provided for	0.1	0.2	
Return on equity[1]	3.2	3.9	
Return on total assets[2]	0.5	0.8	
PER ORDINARY SHARE DATA			
Basic earnings per share (cents)	6.6	8.4	
Net asset value per share ($)	2.10	2.15	

[1] Return on equity is computed based on ordinary shareholders' equity 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, Singapore's open economy continued to be affected by the weak external demand which adversely affected the manufacturing and wholesale trade sectors. The Singapore GDP year-on-year growth was sluggish at between 0% to 1.5% especially during the first nine months of the year before improving to 3.8% in the second quarter of 2013. The Singapore Dollar interest rate, which closely tracked the US Dollar interest rate, remained at an exceptional low level throughout the year. As a result of the continual low interest environment coupled with the relentless market competition, interest margin was subjected to immense pressure and deteriorated further during the year. Against such challenging external backdrop, and the need to provide additional collective impairment for the loan allowance, the Group profit after tax for the current year declined 21.2% to $5.3 million.

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FINANCIAL REVIEW

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Total loans and advances grew 15.0% as the Group continues to seek higher loan volume in order to cushion the negative impact of lower yield from our assets. In tandem with the higher loan balance, total deposits also increased 15.0% to $798 million as at 30 June 2013.

The Group's total equity as at 30 June 2013 was $166 million.

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 5 cents per share for the year under review. The lower dividend payout is in line with the weaker performance for this financial year.

	2013 Tax Exempt cents	2012 Tax Exempt cents	Variance cents
Dividend Per Share			
-Final	5	6	(1)

NET INTEREST INCOME	2013			2012		
Average Balance Sheet and Net Interest Margin	**Average Balance $'000**	**Interest $'000**	**Average Rate %**	**Average Balance $'000**	**Interest $'000**	**Average Rate %**
INTEREST-EARNING ASSETS						
Loans and advances	708,948	21,524	3.04	563,922	19,853	3.52
Singapore Government Securities	99,181	1,166	1.18	78,061	814	1.04
Other interest-earning assets	74,703	291	0.39	79,747	291	0.36
Total	**882,832**	**22,981**	**2.60**	**721,730**	**20,958**	**2.90**
INTEREST BEARING-LIABILITIES						
Desposits and savings accounts	730,594	6,357	0.87	558,995	3,997	0.72
Total	**730,594**	**6,357**	**0.87**	**558,995**	**3,997**	**0.72**
Net interest income/margin as a percentage of interest-earning assets		**16,624**	**1.88**		**16,961**	**2.35**

Net interest income declined by 2.00% to $16.62 million for the financial year ended 30 Jun 2013 compared to $16.96 million last year.

FINANCIAL REVIEW

The marginal decrease in the net interest income was driven predominantly by higher cost of deposits and lower yield from the loans and advances. Despite higher loan volume, the continual low interest rate environment during the financial year and intense competition from the market resulted in the loan yield coming down from 3.52% to 3.04% during the current year. With falling asset yields and increasing cost of funds, the Group's net interest margin as a percentage of the interest-earning assets declined from 2.35% to 1.88%.

The table below analyses the change in the net interest income in the financial year ended 30 June 2013 over the same period last year due to the impact of volume and rate changes.

VOLUME AND RATE ANALYSIS INCREASE/(DECREASE) FOR 2013 OVER 2012	Volume $'000	Rate $'000	Total $'000
INTEREST INCOME			
Loans and advances	5,105	(3,434)	1,671
Singapore Government Securities	220	132	352
Other interest-earning assets	(18)	18	-
TOTAL	**5,306**	**(3,283)**	**2,023**
INTEREST EXPENSE			
Deposits and savings accounts	1,236	1,124	2,360
TOTAL	**1,236**	**1,124**	**2,360**
NET INTEREST INCOME	**4,071**	**(4,408)**	**(337)**

NON-INTEREST INCOME	2013 $'000	2012 $'000	Variance %
Fees and Commissions	1,052	1,026	2.5
Dividends	744	908	(18.1)
Gain on sale of investments	1,218	1,348	(9.6)
Other operating income	382	382	-
TOTAL NON-INTEREST INCOME	**3,396**	**3,664**	**(7.3)**

Non-interest income for the year decreased 7.3% to $3.4 million. The decline was primarily due to lower dividend income and gain on sale of investments.

OPERATING EXPENSES	2013 $'000	2012 $'000	Variance %
Staff costs	8,284	8,189	1.2
Depreciation of property, plant and equipment	662	705	(6.1)
Other operating expenses	4,811	4,953	(2.9)
TOTAL OPERATING EXPENSES	**13,757**	**13,847**	**(0.6)**

Operating expenses were capped at the same level as last year. The marginal increase in the staff cost, was contributed mainly by the impact of annual salary increment. 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 continued to contract during the year.

IMPAIRMENT ALLOWANCE FOR LOANS	2013 $'000	2012 $'000	Variance %
Write-back for individual impairment (net)	254	744	(65.9)
Allowance for collective impairment	(539)	-	n.m.
TOTAL (ALLOWANCES)/WRITE-BACK ON LOAN LOSSES	**(285)**	**744**	**(138.3)**

n.m. - not meaningful

The net write-back for individual impairment allowances of $0.3 million during the year is lower compared to $0.7 million in the previous financial year. In line with the loan growth, an additional collective impairment allowance of $539k is made at a portfolio level. The resultant impact was a total net charge of $0.3 million for loan allowances versus a net write-back of $0.7 million during last year

ENRICHING EVERY EXPERIENCE

WHILE YOU REAP THE FRUITION OF YOUR TOILS

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Executive
Teo Chiang Long
(Executive Chairman)

Jamie Teo Miang Yeow
(Chief Executive Officer)

Independent Non-Executive
Phua Bah Lee
Teoh Eng Hong
Yu-Foo Yee Shoon
Tan Hui Keng, Martha

AUDIT COMMITTEE
Tan Hui Keng, Martha (Chairman)
Phua Bah Lee
Teoh Eng Hong
Yu-Foo Yee Shoon

NOMINATING COMMITTEE
Yu-Foo Yee Shoon (Chairman)
Phua Bah Lee
Teoh Eng Hong
Tan Hui Keng, Martha

REMUNERATION COMMITTEE
Phua Bah Lee (Chairman)
Teoh Eng Hong
Yu-Foo Yee Shoon
Tan Hui Keng, Martha

RISK MANAGEMENT COMMITTEE
Teoh Eng Hong (Chairman)
Jamie Teo Miang Yeow
Tan Hui Keng, Martha

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

COMPANY SECRETARY
Nguy Jootian
Blandina Chia Swee Hoon
(Assistant Company Secretary)

SHARE REGISTRAR & SHARE TRANSFER OFFICE
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: 62276660
Fax: 62251452

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

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

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

OUR SERVICES

Financing for purchase of:

For Individual
- HDB Flat
- Private Residential Property
- Commercial Property
- Industrial Property
- Share
- Car
- Truck and Bus
- Pleasure Craft

For Business/Corporate
- Equipment and Machinery
- Commercial Vehicle
- Construction Equipment
- Commercial Property
- Industrial Property
- Share
- Vessel

Others
- Block Discounting for commercial vehicles and motor cycles
- Floor Stock Financing for vehicles
- Equipment financing under the Local Enterprise Finance Scheme (LEFS) for Small Medium Enterprise

***Deposit**
- Singapura Blue Sky Junior Savers Savings Account
- Singapura Blue Sky Adult Savers Savings Account
- Singapura Blue Sky Bonus Savers Savings Account
- Singapura Blue Sky Gold Savers Savings Account
- Singapura Blue Sky Fixed Deposit

*** Deposit Insurance Scheme:**
Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S$50,000 in aggregate per depositor per Scheme member by law.

Others
- Safe Deposit Box
(City HQ & Bedok Customer Centre)

OUR 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

Woodlands
302 Woodlands Street 31
#01-271
Singapore 730302
Tel: 6368 0113

CORPORATE GOVERNANCE

Singapura Finance Ltd ("SFL" or the "Company") 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 ["2005 Code"] adopted by the Singapore Exchange Securities Trading Ltd ("SGX-ST").

The revised Code of Corporate Governance 2012 ["2012 Code"] was issued in May 2012. Whilst it will only be applicable to SFL in respect of its financial year commencing 1 July 2013, SFL has nevertheless already complied with some of the key revised guidelines under the 2012 Code, in particular, those relating to the board risk committee.

THE BOARD OF DIRECTORS

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

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

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

Board Composition and Balance

SFL defines the independence of its Directors in accordance with the Code of Corporate Governance 2005. The Board currently comprises six Directors, of which four are independent Directors. The four independent Directors are Mr Phua Bah Lee, Mr Teoh Eng Hong, Mrs Yu-Foo Yee Shoon and Mdm Tan Hui Keng, Martha. Mr Ong Pang Boon, who previously served as an independent Director, retired at last year's Annual General Meeting ("AGM") which was held on 25 October 2012. The two executive Directors are Executive Chairman Mr Teo Chiang Long and CEO Mr Jamie Teo Miang Yeow.

On 10 September 2013, the Company announced that Mr William Ho Ah Seng, who had been a Director of the Company since 1 March 1989, had ceased to be a Director on 25 October 2012. As stated in the announcement, Mr Ho reached the age of 70 on 26 July 2012. Due to an inadvertent error, no shareholder approval was sought at the Annual General Meeting held on 25 October 2012 (the "2012 AGM") for his re-appointment as Director and for him to hold office until the next Annual General Meeting, being the Forty-Fourth Annual General Meeting to be held on 29 October 2013 (the "2013 AGM"). Accordingly, under Section 153(2) of the Companies Act, Chapter 50, Mr Ho vacated office as a Director at the conclusion of the 2012 AGM. The Company is accordingly proposing the appointment of Mr Ho as a Director at the 2013 AGM, at which his appointment will be subject to shareholders' approval. Mr Ho will, upon appointment as a Director, be re-appointed as a member of the Risk Management Committee, and will be considered to be an independent Director.

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 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 8.

CORPORATE GOVERNANCE

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.

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, the granting of loans, guarantees or credit facilities within the authority limits delegated by the Board, and approving new product proposals.

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 meets at least four times 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's operations.

The attendance of the Directors at Board and Board Committee meetings from 1 July 2012 to 30 June 2013 is as follows :

	Board	Audit	Nominating	Remuneration	Risk Management
No. of Meetings Held	4	4	4	4	4
Name of Directors	**No. of Meeting Attended**				
Teo Chiang Long	4	–	–	–	–
Ong Pang Boon (a)	1	1	1	1	–
Phua Bah Lee	4	4	4	4	–
Teoh Eng Hong	4	4	4	4	4
Jamie Teo Miang Yeow	4	–	–	–	4
William Ho Ah Seng (b)	1	–	–	–	1
Yu-Foo Yee Shoon	4	4	4	4	–
Tan Hui Keng, Martha	4	4	4	4	4

Notes :

(a) Mr Ong Pang Boon retired at last year's AGM which was held on 25 October 2012. Consequently, he also ceased to act as the Chairman of the Nominating Committee and as a member of the Audit Committee and Remuneration Committee.

(b) Mr William Ho Ah Seng vacated office as a Director at the conclusion of last year's AGM which was held on 25 October 2012. Consequently, he also ceased to act as a member of the Risk Management Committee.

Training of Directors

New Directors receive appropriate training (including training on his or her duties as a Director and how to discharge those duties) when they are first appointed to the Board. There is also 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.

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 make up at least one-third of the Board at all times. The criterion of independence is based on the definition in the 2005 Code.

CORPORATE GOVERNANCE

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 independent 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. Mr Phua Bah Lee replaced Mr Ong Pang Boon as the LID when the latter retired on 25 October 2012.

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 four members of the Nominating Committee ["NC"] are independent non-executive Directors. The members are Mrs Yu-Foo Yee Shoon (Chairman), Mr Phua Bah Lee, Mr Teoh Eng Hong and Mdm Tan Hui Keng, Martha. Mrs Yu-Foo Yee Shoon was appointed Chairman of the NC in place of Mr Ong Pang Boon on 25 October 2012.

The main role of the NC is to assess and recommend candidates for appointment and re-appointment on the Board and Board Committees.

The NC in reviewing and recommending to the Board any new Director appointment takes into consideration the current Board size and its mix, the competing time commitments faced by Directors with multiple Board representations, 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.

The NC is also charged with the responsibility of determining annually whether a Director is independent. Where a Director has multiple Board representations, the NC also considers if such a Director is able to adequately carry out his/her responsibilities as a Director of the Company.

The NC also reviews the composition of the Board and assesses annually the effectiveness of the Board as a whole and the contribution by each individual Director.

Board Evaluation Process

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board. The NC assesses the Board's performance as a whole annually using objective and appropriate quantitative and qualitative criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NC including its recommendations, if any, for improvements are presented to the Board.

The annual evaluation process for each individual Director's performance comprises 3 parts: (a) background information concerning the Director including his attendance records at Board and Board Committee meetings; (b) questionnaire for completion by each individual Board member; and (c) the NC's evaluation based on certain assessment parameters. The questionnaires and the assessment parameters were recommended by the NC and approved by the Board. The completed questionnaires are then reviewed by the NC before the NC completes its evaluation of the individual Directors.

The results of the individual evaluation of each of the Directors are also used by the NC, in its consultation with the Board Chairman, to review, where appropriate, the composition of the Board and Board Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

Board Evaluation Criteria

The qualitative criteria are set out in a questionnaire covering 3 main areas relating to Board composition, roles and responsibilities, conduct of meetings and access to information.

The quantitative criteria used to evaluate the overall Board performance comprises quarterly performance indicators which include a comparison of the Company's performance for the financial period under review against the performance of the Company and industry peers for the corresponding period over the past 3 years and the longer term indicators such as the Company's total shareholder return over a 5-year period.

Individual Director Evaluation Criteria

Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Board Committee meetings including his contribution to Board processes and the business strategies and performance of the Company.

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 four members of the Remuneration Committee ["RC"] are independent non-executive Directors. The members are Mr Phua Bah Lee (Chairman), Mr Teoh Eng Hong, Mrs Yu-Foo Yee Shoon and Mdm Tan Hui Keng, Martha. Mr Ong Pang Boon ceased to be a member of the RC when he retired at last year's AGM on 25 October 2012.

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

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

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

The 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 2013 are set out below:

	Number of Directors	
Remuneration Band	**2013**	**2012**
$500,000 to below $750,000	2	2
$250,000 to below $500,000	–	–
Below $250,000	6	6
	8	**8**

Summary compensation table for the year ended 30 June 2013.

	Base Salary %	Bonus/ Allowances %	Ex-gratia payment (c) %	Board/Board Committee Fees (a) %
Teo Chiang Long	66.32	27.07	–	6.61
Jamie Teo Miang Yeow	62.94	31.15	–	5.91
Ong Pang Boon (b)	–	–	89.82	10.18
Phua Bah Lee	–	–	–	100.00
Teoh Eng Hong	–	–	–	100.00
William Ho Ah Seng (d)	–	–	–	100.00
Yu-Foo Yee Shoon	–	–	–	100.00
Tan Hui Keng, Martha	–	–	–	100.00

Notes :

(a) These fees comprise Directors' fees for the financial year ended 30 June 2013 which are subject to approval by shareholders as a lump sum at the forthcoming AGM.

(b) Mr Ong Pang Boon retired at last year's AGM which was held on 25 October 2012. Consequently, he also ceased to act as the Chairman of the Nominating Committee and as a member of the Audit Committee and Remuneration Committee. The Board/Board Committee fees payable to him for the financial year ended 30 June 2013 are pro-rated accordingly.

(c) One time ex-gratia payment to Mr Ong Pang Boon for his invaluable contributions during his 27 years of directorship.

(d) Mr William Ho Ah Seng vacated office as a Director at the conclusion of last year's AGM which was held on 25 October 2012. Consequently, he also ceased to act as a member of the Risk Management Committee. The Board/ Board Committee fees payable to him for the financial year ended 30 June 2013 are pro-rated accordingly.

The remuneration of the top five 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 2005 Code also requires disclosure in respect of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds $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 2013 was within the band of $250,000/- and $500,000/-, and comprised 68.37% base salary and 31.63% 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 four members who are independent non-executive Directors. The members are Mdm Tan Hui Keng, Martha (Chairman), Mr Teoh Eng Hong, Mr Phua Bah Lee and Mrs Yu-Foo Yee Shoon. Effective 25 October 2012, Mr Ong Pang Boon ceased to be a member of the AC and Mdm Tan Hui Keng, Martha took over the chairmanship from Mr Teoh Eng Hong, who remains a member of the AC.

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;
- Making 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 [2005] 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. For details of the fees paid to the external auditors in respect of audit and non-audit services during the financial year, please refer to note 16 of the Notes to the Financial Statements.

The AC is satisfied that the external auditors have the requisite expertise and resources to perform their duties. Accordingly, the AC has nominated KPMG for re-appointment as the external auditor in the forthcoming AGM. The external auditors have confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company is thus in compliance with Rule 712 and Rule 715 of the SGX-ST Listing Manual in relation to the appointment of the Group's 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 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 management provides all Directors periodically with accounts and reports on the Group's financial performance and commentary on the competitive conditions within the industry in which the Company operates, which are reviewed by the Board at each Board meeting prior to release of the announcements on quarterly and full-year results of the Group. Periodic reports covering the Group's financial performance are also provided to all Board members. Apart from the periodic updates provided by the management, the Directors may at any time seek further information from, and discussion with, the management on the Group's operations and performance.

The Company's external auditors carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls focusing primarily on financial controls, to the extent set out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit, and the external auditor's recommendation to address such non-compliance and weaknesses, are reported to the AC. The management, with the assistance of internal auditors, follows up on external auditor's recommendations as part of its role in the review of the Company's internal control systems

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by the management, various Board committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls were adequate as at 30 June 2013 to address financial, operational and compliance risks, which the Group considers relevant and material to its operations.

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 directly to the AC. The internal auditors report to the Chairman of the AC on audit issues and to the Chief Executive Officer 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 a key 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.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions and the aggregate value of Interested Person Transactions disclosed as required under Rule 907 of the SGX-ST Listing Manual during the financial year ended 30 June 2013 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	$1,019,474.27	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 has appointed a Risk Management Committee ["RMC"] to oversee the overall risk management of the Group's businesses and operations.

The RMC currently comprises three members. They are independent non-executive Directors Mr Teoh Eng Hong (Chairman) and Mdm Tan Hui Keng, Martha, and executive Director & CEO, Mr Jamie Teo Miang Yeow. Mr William Ho ceased to be a member of the RMC on 25 October 2012 when he vacated his office as a Director.

The roles and responsibilities of the RMC are to formulate, review and approve the risk management policies, systems 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 subjected to approval by the Board upon concurrence by the RMC.

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

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

Credit Risk

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

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

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

The Credit Portfolio Committee ["CPC"] manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, 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, determines the appropriate levels of liquidity and ensures that funding is managed cost effectively, and reviews contingency plans for liquidity crises.

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 re-pricing 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' demands for loan drawdowns, as well as any unanticipated cash funding needs.

Liquidity stress testing is performed to assess and plan for the impact of various scenarios which may put the Company's liquidity at risk.

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

To pro-actively manage operational risk, each department undertakes regular operational risk and control self-assessments which involve identifying and assessing inherent risks, as well as assessing the effectiveness of controls to mitigate the identified risks. Where necessary, action plans are formulated based on the severity of the assessed residual risk after considering the mitigating controls. In addition, the internal audit function provides the assurance by checking the system of internal controls through regular and ongoing audit procedures and reports on the effectiveness of internal controls to Management and the AC.

Management provides an attestation to the RMC on the state of business continuity management readiness, extent of alignment to MAS guidelines and declaration of residual risk.

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 to 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 :

(a) on short-term considerations;
(b) while in possession of unpublished material price-sensitive information in relation to such securities; and
(c) during the period commencing one month before the date of announcement of the quarterly and full-year financial results.

DIRECTORS' REPORT

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 2013.

Directors

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

Teo Chiang Long
Phua Bah Lee
Teoh Eng Hong
Yu-Foo Yee Shoon
Tan Hui Keng, Martha
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	
	Holdings at beginning of the year	**Holding at end of the year**	**Holdings at beginning of the year**	**Holding at end of the year**
Singapura Finance Ltd				
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
Yu-Foo Yee Shoon				
- ordinary shares	9,000	9,000	10,010	10,010

DIRECTORS' REPORT

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 2013.

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.

DIRECTORS' REPORT

Audit Committee

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

With effect from 25 October 2012

Tan Hui Keng, Martha, (Chairman) independent, non-executive director
Phua Bah Lee, independent, non-executive director
Teoh Eng Hong, independent, non-executive director
Yu-Foo Yee Shoon, independent, non-executive director

Prior to 25 October 2012

Teoh Eng Hong (Chairman), independent, non-executive director
Ong Pang Boon, independent, non-executive director (resigned on 25 October 2012)
Phua Bah Lee, independent, non-executive director
Yu-Foo Yee Shoon, independent, non-executive director
Tan Hui Keng, Martha, independent, non-executive director

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

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

The Audit Committee also reviewed the following:

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

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

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

DIRECTORS' REPORT

Auditors

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

On behalf of the Board of Directors

Teo Chiang Long
Director

Tan Hui Keng, Martha
Director

28 August 2013

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 36 to 79 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 2013 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

Tan Hui Keng, Martha
Director

28 August 2013

INDEPENDENT AUDITORS' REPORT

Members of the Company
Singapura Finance Ltd

Report on the financial statements

We have audited the accompanying financial statements of Singapura Finance Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2013, 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 36 to 79.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group, the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 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.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Singapura Finance Ltd

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
Chartered Accountants

Singapore
28 August 2013

BALANCE SHEETS
As at 30 June 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Assets					
Property, plant and equipment	4	5,568	6,081	5,568	6,081
Subsidiaries	5	–	–	125	125
Loans and advances	6	650,908	595,469	650,908	595,469
Deferred tax assets	8	804	–	804	–
Total non-current assets		657,280	601,550	657,405	601,675
Statutory deposit with the Monetary Authority of Singapore		21,103	16,972	21,103	16,972
Loans and advances	6	82,002	41,614	82,002	41,614
Investments	9	132,725	100,454	132,725	100,454
Other receivables, deposits and prepayments	10	2,146	2,050	2,144	2,050
Cash and cash equivalents	11	91,236	126,355	91,052	126,244
Total current assets		329,212	287,445	329,026	287,334
Total assets		986,492	888,995	986,431	889,009
Equity					
Share capital	12	90,065	90,065	90,065	90,065
Reserves	12	76,161	80,243	74,513	78,676
Total equity attributable to owners of the Company		166,226	170,308	164,578	168,741
Liabilities					
Deferred tax liabilities	8	–	342	–	342
Trade and other payables	13	6,129	7,112	6,129	7,112
Staff retirement gratuities	14	1,323	1,226	1,323	1,226
Total non-current liabilities		7,452	8,680	7,452	8,680
Trade and other payables	13	13,733	14,672	13,438	14,438
Deposits and savings accounts of customers	15	797,738	693,847	799,624	695,668
Current tax payable		1,343	1,488	1,339	1,482
Total current liabilities		812,814	710,007	814,401	711,588
Total liabilities		820,266	718,687	821,853	720,268
Total equity and liabilities		986,492	888,995	986,431	889,009

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

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2013

	Note	Group 2013 $'000	Group 2012 $'000
Interest income and hiring charges		22,981	20,958
Interest expense		(6,357)	(3,997)
Net interest and hiring charges		16,624	16,961
Fee and commission income		1,052	1,026
Dividend income		744	908
Other operating income		1,600	1,730
Income before operating expenses		20,020	20,625
Staff costs		(8,284)	(8,189)
Depreciation of property, plant and equipment	4	(662)	(705)
Other operating expenses		(4,811)	(4,953)
Profit from operations before allowances	16	6,263	6,778
(Allowances)/write-back on loan losses (net)	17	(285)	744
Impairment loss on investments	9	(500)	–
Profit before tax		5,478	7,522
Tax expense	18	(218)	(850)
Profit for the year		5,260	6,672
Earnings per share			
Basic earnings per share (cents)	19	6.63	8.41
Diluted earnings per share (cents)	19	6.63	8.41

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 30 June 2013

	Group	
	2013	2012
	$'000	$'000
Profit for the year	5,260	6,672
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net change in fair value of available-for-sale investments	(4,803)	1,261
Net change in fair value of available-for-sale investments transferred to profit or loss		
- on disposal	(1,218)	(1,348)
- on impairment	500	–
Tax relating to items that may be reclassified subsequently to profit or loss	939	15
Other comprehensive income for the year, net of tax	(4,582)	(72)
Total comprehensive income for the year	678	6,600

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

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 2012		90,065	1,353	56,219	815	730	21,126	170,308
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	5,260	5,260
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments		–	–	–	(4,803)	–	–	(4,803)
Net change in fair value of available-for-sale investments transferred to profit or loss								
- on disposal		–	–	–	(1,218)	–	–	(1,218)
- on impairment		–	–	–	500	–	–	500
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	939	–	–	939
Total other comprehensive income		–	–	–	(4,582)	–	–	(4,582)
Total comprehensive income for the year		–	–	–	(4,582)	–	5,260	678
Transaction with owners, recorded directly in equity								
Distribution to owners								
Dividends declared and paid	12	–	–	–	–	–	(4,760)	(4,760)
Total transactions with owners		–	–	–	–	–	(4,760)	(4,760)
Transfer from profit for the year to statutory reserve		–	–	1,300	–	–	(1,300)	–
At 30 June 2013		90,065	1,353	57,519	(3,767)	730	20,326	166,226

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2013

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 2011		90,065	1,353	54,569	887	730	22,451	170,055
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	6,672	6,672
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments		–	–	–	1,261	–	–	1,261
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal		–	–	–	(1,348)	–	–	(1,348)
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	15	–	–	15
Total other comprehensive income		–	–	–	(72)	–	–	(72)
Total comprehensive income for the year		–	–	–	(72)	–	6,672	6,600
Transaction with owners, recorded directly in equity								
Distribution to owners								
Dividends declared and paid	12	–	–	–	–	–	(6,347)	(6,347)
Total transactions with owners		–	–	–	–	–	(6,347)	(6,347)
Transfer from profit for the year to statutory reserve		–	–	1,650	–	–	(1,650)	–
At 30 June 2012		90,065	1,353	56,219	815	730	21,126	170,308

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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

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 2012		90,065	1,353	56,219	815	730	19,559	168,741
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	5,179	5,179
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments		–	–	–	(4,803)	–	–	(4,803)
Net change in fair value of available-for-sale investments transferred to profit or loss								
- on disposal		–	–	–	(1,218)	–	–	(1,218)
- on impairment		–	–	–	500	–	–	500
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	939	–	–	939
Total other comprehensive income		–	–	–	(4,582)	–	–	(4,582)
Total comprehensive income for the year		–	–	–	(4,582)	–	5,179	597
Transaction with owners, recorded directly in equity								
Distribution to owners								
Dividends declared and paid	12	–	–	–	–	–	(4,760)	(4,760)
Total transactions with owners		–	–	–	–	–	(4,760)	(4,760)
Transfer from profit for the year to statutory reserve		–	–	1,300	–	–	(1,300)	–
At 30 June 2013		90,065	1,353	57,519	(3,767)	730	18,678	164,578

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

STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2013

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 2011		90,065	1,353	54,569	887	730	20,963	168,567
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	6,593	6,593
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments		–	–	–	1,261	–	–	1,261
Net change in fair value of available-for-sale investments transferred to profit or loss on disposal		–	–	–	(1,348)	–	–	(1,348)
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	15	–	–	15
Total other comprehensive income		–	–	–	(72)	–	–	(72)
Total comprehensive income for the year		–	–	–	(72)	–	6,593	6,521
Transaction with owners, recorded directly in equity								
Distribution to owners								
Dividends declared and paid	12	–	–	–	–	–	(6,347)	(6,347)
Total transactions with owners		–	–	–	–	–	(6,347)	(6,347)
Transfer from profit for the year to statutory reserve		–	–	1,650	–	–	(1,650)	–
At 30 June 2012		90,065	1,353	56,219	815	730	19,559	168,741

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

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Profit for the year		5,260	6,672
Adjustments for:			
Depreciation of property, plant and equipment		662	705
Property, plant and equipment written off		–	2
Allowances/(write-back) on loan losses (net)		285	(744)
Impairment loss on investments		500	–
Gain on sale of investments		(1,218)	(1,348)
Staff retirement gratuities		97	86
Dividend income		(744)	(908)
Tax expense		218	850
		5,060	5,315
Changes in working capital:			
Statutory deposit with the Monetary Authority of Singapore		(4,131)	(2,489)
Loans and advances		(96,112)	(148,045)
Other receivables, deposits and prepayments		(96)	219
Deposits and savings accounts of customers		103,891	178,888
Trade and other payables		(1,922)	(844)
Cash generated from operations		6,690	33,044
Taxes paid		(570)	(1,800)
Staff retirement gratuities paid		–	(12)
Net cash from operating activities		6,120	31,232
Cash flows from investing activities			
Purchase of property, plant and equipment		(149)	(1,361)
Dividends received		744	908
Purchase of investments		(92,954)	(147,513)
Proceeds from sale and maturity of investments		55,880	180,114
Net cash (used in)/from investing activities		(36,479)	32,148
Cash flows from financing activities			
Dividends paid		(4,760)	(6,347)
Net cash used in financing activities		(4,760)	(6,347)
Net (decrease)/increase in cash and cash equivalents		(35,119)	57,033
Cash and cash equivalents at 1 July		126,355	69,322
Cash and cash equivalents at 30 June	11	91,236	126,355

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

NOTES TO THE FINANCIAL STATEMENTS
Year ended 30 June 2013

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 August 2013.

1 Domicile and activities

Singapura Finance Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 150 Cecil Street, #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 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

2 Basis of preparation

2.1 Statement of compliance

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

2.2 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.

2.3 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.

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 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 when 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.

(iii) Accounting for subsidiaries

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

3.2 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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 or 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 operating income/other operating 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)

3.2 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 as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Freehold land is not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

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

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.3 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, which is the date that 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.

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand 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. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3.4(i)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

(ii) Non-derivative financial liabilities

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

The Group derecognises a financial liability when its contractual obligations are discharged, 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 classifies non-derivative financial liabilities into other financial liabilities category. 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.

Other financial liabilities comprise deposits and savings accounts of customers and trade and other payables.

(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.

3 Significant accounting policies (cont'd)

3.4 Impairment

(i) Non-derivative financial assets

A financial asset is assessed at the end of each reporting period 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.

Loans and receivables

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

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) 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 financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to 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.

3 Significant accounting policies (cont'd)

3.4 Impairment (cont'd)

(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 related 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 or CGU. 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 CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the CGU (group of CGUs) 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.

3.5 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Other long-term benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is accrued annually at a specified rate based on salaries paid to employees during the year. Benefits are only applicable to employees who joined before 28 December 2002 and completed 12 years of continuous service.

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.

3 Significant accounting policies (cont'd)

3.6 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.7 Revenue

Interest income is recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition of the financial assets and is not revised subsequently unless contractually adjusted.

The calculation of the effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

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 is recognised as it accrues in profit or loss using the effective interest method.

Interest income from bank deposits

Interest income from bank deposits is recognised in profit or loss as it accrues on an effective interest method.

Dividend income

Dividend income is recognised in profit or loss when the shareholder's right to receive payment is established, which in the case of quoted securities normally the ex-dividend date.

3 Significant accounting policies (cont'd)

3.8 Tax

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 temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. 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 taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.9 Lease payments

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.

3 Significant accounting policies (cont'd)

3.10 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.11 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 2012, and have not been applied in preparing these financial statements. Those new standards, amendments to standards and interpretations that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods are set out below.

Applicable for the Group's 2014 financial statements

FRS 113 *Fair Value Measurement*, which replaces the existing guidance on fair value measurement in different FRSs with a single definition of fair value. The standard also establishes a framework for measuring fair values and sets out the disclosure requirements for fair value measurements.

The adoption of this standard will require the Group to re-assess the bases used for determining the fair values computed for both measurement and disclosures purposes and would result in more extensive disclosures on fair value measurements. On initial application of the standard, the Group does not expect substantial changes to the bases used for determining fair values.

4 Property, plant and equipment

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Furniture and office equipment $'000	Motor vehicles $'000	Computers $'000	Total $'000
Group and Company						
Cost						
At 1 July 2011	2,263	5,353	2,429	279	2,857	13,181
Additions	–	–	192	–	1,169	1,361
Written off	–	–	(19)	–	(17)	(36)
At 30 June 2012	2,263	5,353	2,602	279	4,009	14,506
Additions	–	–	19	–	130	149
Written off	–	–	(21)	–	(53)	(74)
At 30 June 2013	2,263	5,353	2,600	279	4,086	14,581
Accumulated depreciation						
At 1 July 2011	1,054	1,650	2,069	279	2,702	7,754
Depreciation for the year	32	134	164	–	375	705
Written off	–	–	(18)	–	(16)	(34)
At 30 June 2012	1,086	1,784	2,215	279	3,061	8,425
Depreciation for the year	31	134	150	–	347	662
Written off	–	–	(21)	–	(53)	(74)
At 30 June 2013	1,117	1,918	2,344	279	3,355	9,013
Carrying amounts						
At 1 July 2011	1,209	3,703	360	–	155	5,427
At 30 June 2012	1,177	3,569	387	–	948	6,081
At 30 June 2013	1,146	3,435	256	–	731	5,568

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

Location	Description	Tenure	Carrying amount 2013 $'000	Carrying amount 2012 $'000
212 East Coast Road Singapore 428911	2-storey shophouse used as branch premises	Freehold	954	972
203 Henderson Road #02-07 Singapore 159546	Warehouse	Freehold	192	205
Total freehold properties			1,146	1,177

4 Property, plant and equipment (cont'd)

Location	Description	Tenure	Carrying amount 2013 $'000	2012 $'000
Blk 202 Bedok North Street 1 #01-471/473/475/477 Singapore 460202	3 units of office space used as branch premises and 1 unit leased out	86-year lease commencing July 1992	1,052	1,107
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	315	332
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	258	272
Blk 302 Woodlands Street 31 #01-271 Singapore 730302	1 unit of 2 storey HDB shop house used as branch premises	99-year lease commencing Oct 1992	1,810	1,858
Total leasehold properties			3,435	3,569
			4,581	4,746

5 Subsidiaries

	Company 2013 $'000	2012 $'000
Equity investments, at cost	125	125

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Ownership interest 2013 %	2012 %
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 2013 $'000	Group and Company 2012 $'000
Mortgage and other secured loans		610,911	524,540
Hire purchase and leasing receivables	7	141,077	131,794
		751,988	656,334
Unearned charges and interest		(10,485)	(10,893)
		741,503	645,441
Allowances for loan losses:			
At 1 July		8,358	9,115
Charge during the year	17	772	93
Write-back made during the year	17	(487)	(837)
Amounts written off against allowances		(50)	(13)
At 30 June		8,593	8,358
		732,910	637,083
These comprise balances:			
Due within 12 months		82,002	41,614
Due after 12 months		650,908	595,469
		732,910	637,083

As at 30 June 2013, secured loans to directors (including immediate family members) of the Group and Company amounted to $199,000 (2012: $237,000).

7 Hire purchase and leasing receivables

	2013 Gross $'000	2013 Interest $'000	2013 Principal $'000	2012 Gross $'000	2012 Interest $'000	2012 Principal $'000
Group and Company						
Within 1 year	3,056	53	3,003	6,094	172	5,922
Between 1 year and 5 years	110,100	6,215	103,885	86,015	5,508	80,507
After 5 years	27,921	2,935	24,986	39,685	4,517	35,168
	141,077	9,203	131,874	131,794	10,197	121,597

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 2011 $'000	Recognised in profit or loss (note 18) $'000	Recognised in other comprehensive income $'000	Balance as at 30 June 2012 $'000	Recognised in profit or loss (note 18) $'000	Recognised in other comprehensive income $'000	Balance as at 30 June 2013 $'000
Deferred tax (assets)/ liabilities							
Property, plant and equipment	70	181	–	251	(80)	–	171
Other receivables	395	(269)	–	126	(110)	–	16
Staff retirement gratuities	(181)	(21)	–	(202)	(17)	–	(219)
Investments	182	–	(15)	167	–	(939)	(772)
	466	(109)	(15)	342	(207)	(939)	(804)

9 Investments

	Group and Company 2013 $'000	Group and Company 2012 $'000
Available-for-sale:		
Singapore Government Securities	113,458	85,155
Quoted equity securities	19,267	15,299
	132,725	100,454

Interest-bearing available-for-sale financial assets of the Group and the Company with a carrying amount of $113,458,000 at 30 June 2013 (2012: $85,155,000) have stated interest rates of 0.17% to 4.00% (2012: 1.125% to 4.00%) and mature in 1 to 14 years.

The credit rating of Singapore Government Securities held at the reporting date accorded by various international credit rating agencies is AAA (2012: AAA).

During the year, the Group recognised an impairment loss of $500,000 (2012: Nil) on its available-for-sale quoted equity securities in the profit or loss due to prolonged decline in the market value of a quoted equity investment.

10 Other receivables, deposits and prepayments

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Interest receivable	718	545	718	545
Deposits	392	357	392	357
Other receivables	661	853	659	853
	1,771	1,755	1,769	1,755
Prepayments	375	295	375	295
	2,146	2,050	2,144	2,050

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	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash at banks and in hand	7,483	7,238	7,299	7,127
Fixed deposits with banks	83,753	119,117	83,753	119,117
	91,236	126,355	91,052	126,244

12 Capital and reserves

Share capital

	Group and Company	
	2013	2012
	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.

12 Capital and reserves (cont'd)

Reserves

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	1,353	1,353	1,353	1,353
Statutory reserve	57,519	56,219	57,519	56,219
Fair value reserve	(3,767)	815	(3,767)	815
Revenue reserve:				
- General	730	730	730	730
- Accumulated profits	20,326	21,126	18,678	19,559
	76,161	80,243	74,513	78,676

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.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2013	**2012**
	$'000	**$'000**
First and final, paid by the Company to owners of the Company		
6 cents per ordinary share (2012: 6 cents)	4,760	4,760
Special, paid by the Company to owners of the Company		
Nil cents per ordinary share (2012: 2 cents)	–	1,587

12 Capital and reserves (cont'd)

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Group and Company	
	2013	2012
	$'000	$'000
First and final		
5 cents per ordinary share (2012: 6 cents)	3,967	4,760

13 Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Accrued interest payable	3,495	2,590	3,513	2,590
Accrued operating expenses	1,941	1,947	1,936	1,942
Amount due to SPRING Singapore (unsecured)	7,120	9,865	7,120	9,865
Deposits for safe deposit boxes and rental deposits	125	129	125	129
Unclaimed dividends	409	399	409	399
Others	6,772	6,854	6,464	6,625
	19,862	21,784	19,567	21,550
These comprise balances:				
Due within 12 months	13,733	14,672	13,438	14,438
Due after 12 months	6,129	7,112	6,129	7,112
	19,862	21,784	19,567	21,550

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	
	2013	2012
	$'000	$'000
At 1 July	1,226	1,152
Provision made during the year	97	86
Utilised	–	(12)
At 30 June	1,323	1,226

15 Deposits and savings accounts of customers

These include deposits placed by subsidiaries amounting to $1,886,000 (2012: $1,821,000) in the Company and $158,520,000 (2012: $152,931,000) placed by related parties of 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	
	2013	2012
	$'000	$'000
Interest income and hiring charges		
Interest income on:		
- loans and advances	21,524	19,853
- bank deposits	291	291
- Singapore Government Securities and debt securities	1,166	814
	22,981	20,958
Interest expense		
Interest expense on customer deposits	6,357	3,997
Dividend income		
Quoted equity investments	744	908
Other operating income		
Gain on sale of investments	1,218	1,348
Bad debts recovered	83	4
Others	299	378
	1,600	1,730

16 Profit from operations before allowances (cont'd)

	Group 2013 $'000	Group 2012 $'000
Staff costs		
Salaries and other benefits	7,534	7,428
Contributions to defined contribution plans	750	761
	8,284	8,189
Other operating expenses		
Audit fees paid to auditors		
- provision in respect of current year	84	143
Non-audit fees paid to auditors of the Company	34	27
Property, plant and equipment written-off	–	2
Operating lease expense paid to:		
- related corporations	879	919
- third parties	94	93
Other operating expense paid to:		
- related corporations	73	77
- third parties	3,647	3,692
	4,811	4,953

17 (Allowances)/write-back on loan losses (net)

	Note	Group 2013 $'000	Group 2012 $'000
Allowances for loan losses	6	(772)	(93)
Write-back of allowances for loan losses	6	487	837
		(285)	744

18 Tax expense

	Note	Group 2013 $'000	Group 2012 $'000
Current tax expense			
Current year		998	959
Overprovided in prior years		(573)	–
		425	959
Deferred tax expense			
Origination and reversal of temporary differences		(106)	(18)
Overprovided in prior years		(101)	(91)
	8	(207)	(109)
Total tax expense		218	850

	Group 2013 $'000	Group 2012 $'000
Reconciliation of effective tax rate		
Profit before tax	5,478	7,522
Tax calculated using Singapore tax rate of 17%	931	1,279
Income not subject to tax	(159)	(188)
Expenses not deductible for tax purposes	103	60
Tax incentive	–	(596)
Tax rebate	(32)	–
Overprovided in prior years	(674)	(91)
Others	49	386
	218	850

The tax incentive mainly pertains to enhanced capital allowance for qualifying expenditure incurred on acquisition of automation equipment and training of employees under the Productivity and Innovative Credit Scheme.

19 Earnings per share

	Group 2013 $'000	Group 2012 $'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	5,260	6,672

	No. of shares 2013 ('000)	No. of shares 2012 ('000)
Weighted average number of ordinary shares	79,343	79,343

There were no dilutive potential ordinary shares for the years ended 30 June 2013 and 30 June 2012.

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. Related parties may be individuals or other entities.

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group 2013 $'000	Group 2012 $'000
Director fees	287	311
Short-term employee benefits	2,284	2,293
Post-employment benefits	256	102

Directors' remuneration included in key management personnel compensation amounted to $1,480,000 (2012: $1,373,000). Key management personnel refer to the Board of Directors and senior management of the Group.

20 Related parties (cont'd)

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	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Interest on deposits paid to subsidiaries	–	–	17	13
Interest on deposits paid to related parties	436	299	436	299

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:

	2013	**2012**
	$'000	**$'000**
Guarantees	339	339

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

22 Commitments

Lease commitments

At 30 June 2013, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group and Company	
	2013	**2012**
	$'000	**$'000**
Within one year	818	973
Between one year and five years	165	719
	983	1,692

22 Commitments (cont'd)

Other commitments

	Group and Company	
	2013	2012
	$'000	$'000
Undrawn credit lines and other commitments to extend credit	241,338	203,781

The Group and the Company entered into an option to purchase a property which has a purchase price of $3,600,000. Subsequent to the year end, the Group and the Company exercised the option to purchase the property.

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.

23 Financial risk management (cont'd)

Credit risk (cont'd)

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the RMC, which 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 RMC 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 RMC. Credit risk concentration is addressed by setting a credit portfolio mix limit and monitoring the limit on a regular basis.

Credit stress tests are also conducted periodically to determine the impact of security values and other stress parameters on the loan portfolio. This allows the Group to assess the potential financial impact of losses arising from plausible adverse scenarios on the Group's loan portfolio.

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of the financial assets in the statements of financial position, reduced by the value of the collateral held.

Loans and advances to customers can be analysed as follows:

		Group and Company	
	Note	**2013**	**2012**
		$'000	**$'000**
Performing accounts that are			
- past due but not impaired		5,379	1,214
- neither past due nor impaired		725,059	629,020
Gross amount		730,438	630,234
Allowance for collective impairment		(7,656)	(7,117)
Carrying amount		722,782	623,117
Individually impaired			
Substandard (payment not kept current but fully secured)		10,128	13,966
Loss (fully provided for)		937	1,241
Gross amount		11,065	15,207
Allowance for impairment		(937)	(1,241)
Carrying amount		10,128	13,966
Net carrying amount	6	732,910	637,083

23 Financial risk management (cont'd)

Credit risk (cont'd)

Exposure to credit risk (cont'd)

There are no loans and advances with renegotiated terms that are neither past due nor impaired as at 30 June 2013 (2012: $Nil).

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

The Group writes off wholly or partially loan balances (together with any related allowances for impairment losses) when the Group determines that the debts are irrecoverable, 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
2013		
Substandard	10,128	10,128
Loss	937	–
	11,065	10,128
2012		
Substandard	13,966	13,966
Loss	1,241	–
	15,207	13,966

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 financial effect of collateral and other security enhancements held against loans and advances on maximum credit risk exposure amounted to $737,859,000 (2012: $635,394,000). The Group's claim against such collateral will be limited to the obligations of the respective obligors.

As at the reporting date, the Group did not repossess any collateral held as security.

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 (Gross)	
	2013	2012
	$'000	$'000
Concentration by sector		
Hire purchase/block discounting	137,784	121,597
Housing loans secured by property	57,696	48,984
Other loans and advances:		
- Agriculture, mining and quarrying	424	–
- Manufacturing	30,576	38,367
- Building and construction	80,421	45,510
- General commerce	40,988	35,495
- Transport, storage and communication	56,926	56,992
- Investment and holding companies	112,390	96,228
- Professional and private individuals	202,173	173,767
- Others	22,125	28,501
	741,503	645,441

At the reporting date, there was no significant concentration of credit risk.

Liquidity risk

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

Management of liquidity risk

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

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

Liquidity risk is managed in accordance to the Group's liquidity framework of policies, contingency funding plan, controls and limits approved by the Asset and Liability Committee (ALCO). This framework ensures that liquidity risk is monitored and managed in a manner that ensures sufficient sources of funds are available over a range of market conditions. Stress testing is conducted under the name specific crisis and general market crisis scenarios. This is undertaken to assess and plan for the impact of the scenarios which may put the Group's liquidity at risk.

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.

23 Financial risk management (cont'd)

Liquidity risk (cont'd)

Maturity analysis of financial liabilities

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

The expected cash flows on these instruments may 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
2013							
Deposits and savings accounts of customers	797,738	(805,459)	(114,914)	(183,446)	(431,171)	(75,882)	(46)
Amount due to SPRING Singapore	7,120	(7,144)	(266)	(194)	(552)	(6,132)	–
Other liabilities*	9,247	(9,247)	(7,171)	(115)	(1,961)	–	–
Total financial liabilities	814,105	(821,850)	(122,351)	(183,755)	(433,684)	(82,014)	(46)
Undrawn loan commitments	–	(241,338)	(241,338)	–	–	–	–
Contingent liabilities	–	(339)	(339)	–	–	–	–
	814,105	(1,063,527)	(364,028)	(183,755)	(433,684)	(82,014)	(46)
2012							
Deposits and savings accounts of customers	693,847	(700,145)	(109,857)	(181,518)	(343,599)	(65,128)	(43)
Amount due to SPRING Singapore	9,865	(9,972)	(588)	(478)	(1,768)	(7,138)	–
Other liabilities*	9,329	(9,329)	(7,315)	(177)	(1,837)	–	–
Total financial liabilities	713,041	(719,446)	(117,760)	(182,173)	(347,204)	(72,266)	(43)
Undrawn loan commitments	–	(203,781)	(203,781)	–	–	–	–
Contingent liabilities	–	(339)	(339)	–	–	–	–
	713,041	(923,566)	(321,880)	(182,173)	(347,204)	(72,266)	(43)

* Exclude accrued interest payable

23 Financial risk management (cont'd)

Liquidity risk (cont'd)

Maturity analysis of financial liabilities (cont'd)

Company	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
2013							
Deposits and savings accounts of customers	799,624	(807,345)	(116,800)	(183,446)	(431,171)	(75,882)	(46)
Amount due to SPRING Singapore	7,120	(7,144)	(266)	(194)	(552)	(6,132)	–
Other liabilities*	8,934	(8,934)	(6,863)	(110)	(1,961)	–	–
Total financial liabilities	815,678	(823,423)	(123,929)	(183,750)	(433,684)	(82,014)	(46)
Undrawn loan commitments	–	(241,338)	(241,338)	–	–	–	–
Contingent liabilities	–	(339)	(339)	–	–	–	–
	815,678	(1,065,100)	(365,606)	(183,750)	(433,684)	(82,014)	(46)
2012							
Deposits and savings accounts of customers	695,668	(701,966)	(111,678)	(181,518)	(343,599)	(65,128)	(43)
Amount due to SPRING Singapore	9,865	(9,972)	(588)	(478)	(1,768)	(7,138)	–
Other liabilities*	9,095	(9,095)	(7,085)	(173)	(1,837)	–	–
Total financial liabilities	714,628	(721,033)	(119,351)	(182,169)	(347,204)	(72,266)	(43)
Undrawn loan commitments	–	(203,781)	(203,781)	–	–	–	–
Contingent liabilities	–	(339)	(339)	–	–	–	–
	714,628	(925,153)	(323,471)	(182,169)	(347,204)	(72,266)	(43)

* Exclude accrued interest payable

23 Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

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 changes 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.

Risk management policy

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.

23 Financial risk management (cont'd)

Market risk (cont'd)

Exposure to interest rate risk (cont'd)

A summary of the Group's and Company'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
2013							
Statutory deposit with the Monetary Authority of Singapore	21,103	21,103	–	–	–	–	21,103
Investments	132,725	19,267	9,999	–	8,117	95,342	132,725
Loans and advances	732,910	–	336,456	300,912	67,697	27,845	732,910
Cash and cash equivalents	91,236	7,483	78,733	5,020	–	–	91,236
Other assets*	1,771	1,771	–	–	–	–	1,771
	979,745	49,624	425,188	305,932	75,814	123,187	979,745
Deposits and savings accounts of customers	797,738	6,550	292,468	424,111	74,564	45	797,738
Amount due to SPRING Singapore	7,120	–	451	539	6,130	–	7,120
Other liabilities	12,742	12,742	–	–	–	–	12,742
	817,600	19,292	292,919	424,650	80,694	45	817,600
2012							
Statutory deposit with the Monetary Authority of Singapore	16,972	16,972	–	–	–	–	16,972
Investments	100,454	15,299	–	2,021	–	83,134	100,454
Loans and advances	637,083	–	274,415	242,801	88,805	31,062	637,083
Cash and cash equivalents	126,355	7,238	119,117	–	–	–	126,355
Other assets*	1,755	1,755	–	–	–	–	1,755
	882,619	41,264	393,532	244,822	88,805	114,196	882,619
Deposits and savings accounts of customers	693,847	627	291,441	339,666	62,071	42	693,847
Amount due to SPRING Singapore	9,865	–	1,038	1,715	7,112	–	9,865
Other liabilities	11,919	11,919	–	–	–	–	11,919
	715,631	12,546	292,479	341,381	69,183	42	715,631

* Exclude prepayments

23 Financial risk management (cont'd)

Market risk (cont'd)

Exposure to interest rate risk (cont'd)

Company	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
2013							
Statutory deposit with the Monetary Authority of Singapore	21,103	21,103	–	–	–	–	21,103
Investments	132,725	19,267	9,999	–	8,117	95,342	132,725
Loans and advances	732,910	–	336,456	300,912	67,697	27,845	732,910
Cash and cash equivalents	91,052	7,299	78,733	5,020	–	–	91,052
Other assets*	1,769	1,769	–	–	–	–	1,769
	979,559	49,438	425,188	305,932	75,814	123,187	979,559
Deposits and savings accounts of customers	799,624	6,550	294,354	424,111	74,564	45	799,624
Amount due to SPRING Singapore	7,120	–	451	539	6,130	–	7,120
Other liabilities	12,447	12,447	–	–	–	–	12,447
	819,191	18,997	294,805	424,650	80,694	45	819,191
2012							
Statutory deposit with the Monetary Authority of Singapore	16,972	16,972	–	–	–	–	16,972
Investments	100,454	15,299	–	2,021	–	83,134	100,454
Loans and advances	637,083	–	274,415	242,801	88,805	31,062	637,083
Cash and cash equivalents	126,244	7,127	119,117	–	–	–	126,244
Other assets*	1,755	1,755	–	–	–	–	1,755
	882,508	41,153	393,532	244,822	88,805	114,196	882,508
Deposits and savings accounts of customers	695,668	627	291,441	339,666	63,892	42	695,668
Amount due to SPRING Singapore	9,865	–	1,038	1,715	7,112	–	9,865
Other liabilities	11,685	11,685	–	–	–	–	11,685
	717,218	12,312	292,479	341,381	71,004	42	717,218

* Exclude prepayments

23 Financial risk management (cont'd)

Market risk (cont'd)

Sensitivity analysis

Interest rate risk

Interest rate sensitivity analyses are performed under various interest rate scenarios using simulation modelling 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 $398,000 (2012: decrease by $327,000). The corresponding impact from a 100 basis point fall is an estimated reduction of $691,000 (2012: $817,000) 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 $113 million (2012: $85 million). A 1% increase in prices at the reporting date would have increased equity by $1.1 million (2012: $0.9 million). An equal change in the opposite direction would have decreased equity by $1.1 million (2012: $0.9 million). The analysis is performed on the same basis for 2012.

At the reporting date, the Group has available-for-sale quoted equity securities of approximately $19 million (2012: $15 million). A 10% increase in prices at the reporting date would have increased equity by $1.9 million (2012: $1.5 million). An equal change in the opposite direction would have decreased equity by $1.9 million (2012: $1.5 million) and profit for the year by $0.6 million (2012: Nil). The analysis is performed on the same basis for 2012.

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.

23 Financial risk management (cont'd)

Capital management

Regulatory capital

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

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

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

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

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

	2013 $'000	2012 $'000
Share capital	90,065	90,065
Disclosed reserves*	79,928	79,428
Regulatory capital	169,993	169,493
Risk-weighted assets	841,862	750,063
Capital adequacy ratio	20.19%	22.60%

* Exclude fair value reserve

23 Financial risk management (cont'd)

Accounting classifications and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

Group	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
2013					
Loans and advances	732,910	–	–	732,910	737,160
Statutory deposit with the Monetary Authority of Singapore	21,103	–	–	21,103	21,103
Investments	–	132,725	–	132,725	132,725
Other receivables and deposits	1,771	–	–	1,771	1,771
Cash and cash equivalents	91,236	–	–	91,236	91,236
	847,020	132,725	–	979,745	983,995
Trade and other payables	–	–	(19,862)	(19,862)	(19,875)
Deposits and savings accounts of customers	–	–	(797,738)	(797,738)	(798,829)
	–	–	(817,600)	(817,600)	(818,704)
2012					
Loans and advances	637,083	–	–	637,083	641,372
Statutory deposit with the Monetary Authority of Singapore	16,972	–	–	16,972	16,972
Investments	–	100,454	–	100,454	100,454
Other receivables and deposits	1,755	–	–	1,755	1,755
Cash and cash equivalents	126,355	–	–	126,355	126,355
	782,165	100,454	–	882,619	886,908
Trade and other payables	–	–	(21,784)	(21,784)	(21,845)
Deposits and savings accounts of customers	–	–	(693,847)	(693,847)	(694,633)
	–	–	(715,631)	(715,631)	(716,478)

23 Financial risk management (cont'd)

Accounting classifications and fair values (cont'd)

Company	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000	Fair value $'000
2013					
Loans and advances	732,910	–	–	732,910	737,160
Statutory deposit with the Monetary Authority of Singapore	21,103	–	–	21,103	21,103
Investments	–	132,725	–	132,725	132,725
Other receivables and deposits	1,769	–	–	1,769	1,768
Cash and cash equivalents	91,052	–	–	91,052	91,052
	846,834	132,725	–	979,559	983,808
Trade and other payables	–	–	(19,567)	(19,567)	(19,579)
Deposits and savings accounts of customers	–	–	(799,624)	(799,624)	(800,715)
	–	–	(819,191)	(819,191)	(820,294)
2012					
Loans and advances	637,083	–	–	637,083	641,372
Statutory deposit with the Monetary Authority of Singapore	16,972	–	–	16,972	16,972
Investments	–	100,454	–	100,454	100,454
Other receivables and deposits	1,755	–	–	1,755	1,755
Cash and cash equivalents	126,244	–	–	126,244	126,244
	782,054	100,454	–	882,508	886,797
Trade and other payables	–	–	(21,550)	(21,550)	(21,612)
Deposits and savings accounts of customers	–	–	(695,668)	(695,668)	(696,441)
	–	–	(717,218)	(717,218)	(718,053)

24 Fair values of financial instruments

Accounting classifications and fair values (cont'd)

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.

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 six 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.

24 Fair values of financial instruments (cont'd)

Deposits and savings accounts of customers (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
2013		**$'000**
Financial assets		
Investments	9	132,725
2012		
Financial assets		
Investments	9	100,454

25 Accounting estimates and judgement

The preparation of financial statements requires the Company to make certain estimates and to form judgements about the application of its accounting policies. The most significant area where estimates and judgements have been made is set out below.

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 disclosed in the financial statements accordingly.

ANALYSIS OF SHAREHOLDINGS

As at 16 September 2013

Class of Shares – Ordinary Shares
Voting Rights – One Vote per Share

SUMMARY OF SHAREHOLDINGS BY SIZE AS AT 16 SEPTEMBER 2013

SIZE OF HOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 999	412	13.99	115,015	0.14
1,000 to 10,000	1,958	66.51	8,356,082	10.53
10,001 to 1,000,000	570	19.36	27,059,973	34.11
1,000,001 AND ABOVE	4	0.14	43,811,875	55.22
TOTAL	2,944	100.00	79,342,945	100.00

TOP 20 SHAREHOLDERS AS AT 16 SEPTEMBER 2013

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	1,249,375	1.58
4	MORPH INVESTMENTS LTD	1,152,000	1.45
5	DBS NOMINEES PTE LTD	905,000	1.14
6	SEOW KHOW MIN	769,687	0.97
7	LEE KHING YOONG VINCENT	765,250	0.96
8	PEH CHIN CHIONG	765,200	0.96
9	LEE CHEE KHUEN	659,450	0.83
10	SEE BENG LIAN JANICE	646,904	0.82
11	KOH GEOK HUAY MRS TEO GEOK HUAY	575,000	0.73
12	LIM HUI KONG	436,500	0.55
13	OCBC NOMINEES SINGAPORE PTE LTD	419,949	0.53
14	CITIBANK NOMINEES SINGAPORE PTE LTD	410,832	0.52
15	ANG CHIAN POH	382,020	0.48
16	CHUAH BEE JIAT	369,000	0.47
17	OU YANG YAN TE	352,118	0.44
18	MALAYAN INTERNATIONAL CORPORATION PRIVATE LIMITED	350,000	0.44
19	PHILLIP SECURITIES PTE LTD	285,698	0.36
20	TAN CHEE JIN	253,000	0.32
	TOTAL	52,157,483	65.74

ANALYSIS OF SHAREHOLDINGS
As at 16 September 2013

Substantial Shareholders as at 16 September 2013

(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 47.50% 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-FOURTH ANNUAL GENERAL MEETING of Singapura Finance Ltd will be held at 391A Orchard Road, Tower A, #26 00, Ngee Ann City, Singapore 238873, on Tuesday, 29 October 2013 at 11.00 a.m. for the purpose of transacting the following business:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2013 and the Directors' Report and the Auditors' Report thereon.

2. To declare a first & final dividend (one-tier tax-exempt) of 5 cents per share, for the financial year ended 30 June 2013.

3. To approve Directors' fees of $287,000/- for the financial year ended 30 June 2013. [2012: $311,000/-]

4. To re-appoint the following Directors:

   (i) Mr Phua Bah Lee, who will retire under Section 153(6) of the Companies Act, Chapter 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   Mr Phua Bah Lee will, upon re-appointment, continue as Lead Independent Director, Chairman of the Remuneration Committee and member of the Audit and Nominating Committees, and is considered to be an Independent Director.

   (ii) Mr Teoh Eng Hong, who will retire under Section 153(6) of the Companies Act, Chapter 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company.

   Mr Teoh Eng Hong will, upon re-appointment, continue as Chairman of the Risk Management Committee and member of the Audit, Nominating, Remuneration and Executive Committees, and is considered to be an Independent Director.

5. To re-elect the following Directors:

   (i) Mr Teo Chiang Long, a Director who will retire by rotation pursuant to Article 85 of the Articles of Association of the Company and who, being eligible, offers himself for re-election.

   (ii) Mr Jamie Teo Miang Yeow, a Director who will retire by rotation pursuant to Article 85 of the Articles of Association of the Company and who, being eligible, offers himself for re-election.

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 resolutions which will be proposed as Ordinary Resolutions:

(i) "That pursuant to Section 153(6) of the Companies Act, Chapter 50, Mr William Ho Ah Seng be and is hereby appointed as a Director of the Company to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company."

(ii) "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 total number of issued shares in the capital of the Company excluding treasury shares (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) shall not exceed 20 per cent of the total number of issued shares in the capital of the Company excluding treasury shares (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 total number of issued shares in the capital of the Company excluding treasury shares 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 bonus issue or 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 Jootian
Company Secretary

Singapore
14 October 2013

Notice of Books Closure and Dividend Payment Date

NOTICE IS ALSO HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on Thursday, 7 November 2013 for the preparation of dividend warrants. Duly completed transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road #05-01, Singapore 068902, up to 5.00 p.m. on Wednesday, 6 November 2013 will be registered before entitlements to the proposed dividend are determined. Payment of the dividend, if approved by shareholders at the Annual General Meeting, will be paid on Friday, 15 November 2013.

BY ORDER OF THE BOARD
Nguy Jootian
Company Secretary

Singapore
14 October 2013

NOTICE OF ANNUAL GENERAL MEETING

Notes:-

1. A Shareholder of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies 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(i) is to appoint Mr William Ho Ah Seng as a Director of the Company to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. Mr Ho had been a Director of the Company since 1 March 1989. On 10 September 2013, the Company announced that Mr Ho had ceased to be a Director on 25 October 2012. As stated in the announcement, Mr Ho reached the age of 70 on 26 July 2012. Due to an inadvertent error, no shareholder approval was sought at the Annual General Meeting held on 25 October 2012 (the "2012 AGM") for his re-appointment as Director and for him to hold office until the next Annual General Meeting, being the Forty-Fourth Annual General Meeting to be held on 29 October 2013 (the "2013 AGM"). Accordingly, under Section 153(2) of the Companies Act, Chapter 50, Mr Ho vacated office as a Director at the conclusion of the 2012 AGM. The Company is accordingly proposing the appointment of Mr Ho as a Director at the 2013 AGM, at which his appointment will be subject to shareholders' approval. Mr Ho will, upon appointment as a Director, be re-appointed as a member of the Risk Management Committee, and will be considered to be an Independent Director. Key information on Mr Ho can be found on page 7 of the Annual Report 2013.

Ordinary Resolution 7(ii) 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 total number of issued shares (excluding treasury 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 total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution 7(ii) 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(ii) is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

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

SINGAPURA FINANCE
富雅金融

PROXY FORM

IMPORTANT

1. For investors who have used their CPF moneys to buy shares in the capital of Singapura Finance Ltd, the Annual Report 2013 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 observers 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) ____________ (NRIC/Passport No.)

of ____ (Address)

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

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)
*and/or			

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-Fourth Annual General Meeting of the Company to be held on Tuesday, 29 October 2013 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	Ordinary Resolution	For	Against
	Ordinary Business		
1.	Adoption of Directors' and Auditors' Reports, Statement by Directors and Audited Financial Statements		
2.	Declaration of Dividend		
3.	Approval of Directors' Fees		
4.	Re-appointment of Directors under Section 153(6) of the Companies Act, Chapter 50: (i) Mr Phua Bah Lee		
	(ii) Mr Teoh Eng Hong		
5.	Re-election of Directors retiring under Article 85 of the Articles of Association of the Company: (i) Mr Teo Chiang Long		
	(ii) Mr Jamie Teo Miang Yeow		
6.	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration.		
	Special Business		
7.	(i) Appointment of Mr William Ho Ah Seng as a Director under Section 153(6) of the Companies Act, Chapter 50		
	(ii) Approval of the proposed share issue mandate		
8.	Any Other Business		

* Delete as appropriate

Dated this __________ day of ______________ 2013

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 Members , 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 Members, 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 Members. 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 member 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 member of the Company.
3. Where a member 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 member 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 member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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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 LTD
150 Cecil Street #01-00
Singapore 069543
www.singapurafinance.com.sg

Singapura Finance Ltd and its Subsidiaries
Registration Number 196900340N AP No.: 0475