SINGAPURA FINANCE
富雅金融

A Better Idea.

2014 ANNUAL REPORT

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Financial Calendar 2013/2014

12 NOVEMBER 2013
Announcement of Unaudited Financial Results
for First Quarter ended 30 September 2013

7 FEBRUARY 2014
Announcement of Unaudited Financial Results
for Half Year ended 31 December 2013

9 MAY 2014
Announcement of Unaudited Financial Results
for Third Quarter ended 31 March 2014

22 AUGUST 2014
Announcement of Audited Financial Results
for Full Year ended 30 June 2014

16 OCTOBER 2014
Release of Annual Report

31 OCTOBER 2014
Annual General Meeting

11 NOVEMBER 2014
Books Closure Date for Dividend Entitlement
(Subject to Shareholders' Approval at the AGM)

19 NOVEMBER 2014
Dividend Payment Date
(Subject to Shareholders' Approval at the AGM)

Contents

The Singapura Finance Brand

THE BRAND

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

OUR LOGO

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

OUR CHINESE NAME

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

Our Core Values

At Singapura Finance, we believe that our values are our "guiding 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 (S)
We enhance our shareholder value by consistently delivering sustainable earnings in line with our prudent risk management framework.

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

INTEGRITY (I)
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 (C)
We build trust and long-term relationships by being responsive and relevant to our customers' needs.

EFFICIENCY (E)
We leverage on technology and process improvements for continual innovation, capabilities building and enhancement and operational efficiency.

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to start your little ones on the important things in life.

Chairman's
Statement

"The Group managed to record a profit after tax of $5.8 million, an improvement of 10.2% compared to $5.3 million for the previous year"

Teo Chiang Long
Executive Chairman

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 2014.

PERFORMANCE REVIEW

The external operating environment for the past financial year has been challenging. As Singapore economy shifted to a path of lower growth and structural rebalancing due to domestic labour constraints, the year-on-year growth momentum for Singapore gross domestic product ("GDP") has slowed down from 5.0% in the third quarter of 2013 to 2.4% in the second quarter of 2014. Apart from the moderate economic growth, the other key development has been the introduction of the Total Debt Servicing Ratio ("TDSR") framework for property loans in June 2013 by the regulator to stabilise the overheated property market and encourage financial prudence among borrowers. To date there are indications that the property market is stabilising. And with greater prudence on the part of the borrower, the volume of new property financing has also reduced. The continual low interest environment during the current year under review has also posted challenge to our management of the net interest margin as loan yields remain low while cost of retail deposit has slowly been moving up, especially during the last quarter of the financial year.

Despite the external headwinds, the Group managed to record a profit after tax of $5.8 million for the financial year ended 30 June 2014, an improvement of 10.2% compared to $5.3 million for the previous year. The stronger performance was mainly attributed to the rise in total income, which was partly offset by a marginal increase in operating expenses, higher charge for allowances for loan losses and tax expense.

Profit from operations before allowances was $7.4 million, 18.2% higher vis-a-vis the same period last year. The surge in net interest income was a result of higher loan volume as well as interest recovery from non-performing loans. Non-interest income declined due to lower gain on sale of investments, fees and commission and dividend income; but partially cushioned by other operating income which climbed by $0.5 million due to recovery of bad debts previously written off. Total operating expenses increased by $0.6 million, driven largely by higher staff costs and other operating expenses, particularly amortization of commissions to auto-loan dealers.

Total loans net of allowances grew 8.1% to $792 million, largely from the auto loan segment, compared to $733 million as at 30 June 2013. In tandem with the higher loan balance, total deposits also increased 6.2% to $847 million as at 30 June 2014.

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 specific allowances, resulting in a net charge for loan allowances of $0.5 million compared to $0.3 million during the last financial year. The Group continue to set aside adequate specific and collective allowances for the loan portfolio. The Group has

Chairman's Statement

also made additional impairment loss on investments of $0.3 million due to prolonged decline in the market value of a quoted equity investment.

The Group's total equity increased by $4 million to $170 million as at 30 June 2014. Driven by the growth in the loan portfolio, the total assets for the Group reached $1,028 million as at the end of the financial year.

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.

OPERATIONS REVIEW

The rapid regulatory changes and introduction of new macro-prudential policies have necessitated stronger governance and vigilance over compliance and risk management. During the year, the Group has been proactive in strengthening the resources for our Risk Management and Compliance functions to keep pace with the increasing compliance complexities and demands.

The Group is also constantly exploring new avenues to boost productivity and enhance communication and teamwork among the staff. During this financial year, various cross-functional teams were formed to spearhead this initiative to come up with innovative recommendations to improve productivity via technology or streamlining the process flow. To date all the teams have generated excellent ideas and followed through to ensure successful implementation of their recommendations. The Management has been greatly encouraged by the synergy being established and the greater sense of ownership and teamwork being developed among the staff.

A strong branding awareness is critical for an added competitive advantage to reach out to an enlarged pool of customer. The Group continued to enhance awareness of our brand and products through advertising campaigns. Corporate social responsibility events also serve as a platform for promotion and reinforcement of our brand besides fulfilling our commitment to be a good corporate citizen.

For the seventh year running, the Company co-sponsored the highly successfully "Cold Storage Kids Run 2014", a healthy and fun-filled running event for children between the ages of 6 months to 12 years. We were glad to sponsor children from several organisations including Rainbow Centre, Cerebral Palsy Alliance and Eden School. This year, the Group has also committed to contribute and participate in a series of activities organised under the Nature Care Programme by Garden City Fund, National Park Board by funding and volunteering for the nature-related activities. Nature Care Programme is a structured programme for corporations and children to volunteer their time with community groups (i.e. the elderly and children with special needs) as well as increase their awareness and appreciation of nature.

OUTLOOK

Global macroeconomic activities are expected to recover modestly in the second half of 2014. Nonetheless, uncertainties in the global macroeconomic environment remain. In the US, there are uncertainties over the pace at which the Federal Reserve will exit from its accommodative monetary policy. While in China, companies may face debt repayment problems amidst the slowdown in real estate activities and tighter regulations in the shadow banking sector. Finally, should on-going conflicts in the oil-producing regions escalate; there could be upward pressures on oil prices, which would in turn weigh on global growth.

Considering the uncertainties in global macroeconomic environment as well as the domestic structural rebalancing process due to labour constraints, the Ministry of Trade and Industry has narrowed Singapore's 2014 full year GDP growth forecast from 2.0% to 4.0%, to 2.5% to 3.5%.

Given the modest economic outlook and the continual impact of the prudent measures taken by the Government on the financing of property and car loans, the Group expects a moderate growth for the loan portfolio. Nevertheless, the Group will continue to be prudent and proactive in seeking new business opportunities and manage our operating expenses to remain competitive.

RIGHTS ISSUE

On 8 September 2014, the Company has made an announcement on a proposed renounceable non-underwritten rights issue of 79,342,945 new ordinary shares, at an issue price of $1.00, on the basis of 1 rights share for every 1 existing share. The rationale for the proposed rights issue is to strengthen the capital base of the Company and better position the Group to take advantage of opportunities for business growth. The Board look forward to the continual support of all our loyal shareholders in this capital raising exercise to prime the Group for greater heights and growth.

ACKNOWLEDGEMENTS

On behalf of the Board, I thank all our valued customers, shareholders and business partners for their unrelenting support. My appreciation also goes to my fellow Board members for their invaluable guidance and advice and to the Management as well as staff for their dedication and hard work during the past year.

Teo Chiang Long
Executive Chairman

Singapore
8 September 2014

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towards the right direction in securing your future

Board of Directors

TEO CHIANG LONG
Executive Chairman

Mr Teo Chiang Long joined the Board on 10 March 1981 as Director and was appointed as Managing Director & CEO on 1 March 1989. He was appointed as Chairman of the Board on 8 November 2002 and continued as the Managing Director and CEO of the Company. Since 11 September 2007, Mr Teo was appointed as Executive Chairman and was last re-elected as a Director at the Annual General Meeting of the Company on 29 October 2013.

Mr Teo holds a Bachelor of Economics degree from the University of Adelaide, Australia. He is a Fellow Member of CPA Australia and the Singapore Institute of Directors as well as a CA (Singapore), Institute of Singapore Chartered Accountants.

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.

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 29 October 2013.

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 Treasurer of Finance Houses Association of Singapore for a two year term effective from 10 April 2014.

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 29 October 2013.

Mr Phua is the Lead Independent Director, 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. 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.

Mr Phua is a member of the Singapore Institute of Directors. He graduated from the Nanyang University of Singapore with a Bachelor of Commerce degree.

TEOH ENG HONG

Independent Non-Executive Director

Mr Teoh Eng Hong joined the Board of Singapura Finance Ltd as an Independent Non-Executive Director on 18 June 1992. He was last re-appointed as a Director at the Annual General Meeting of the Company held on 29 October 2013.

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.

WILLIAM HO AH SENG

Independent Non-Executive Director

Mr William Ho Ah Seng joined Singapura Finance Ltd as General Manager on 2 April 1983. He was appointed to the Board as Executive Director on 1 March 1989. After his retirement as the Executive Director on 31 January 2008, Mr Ho 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.

Mr Ho had been last re-appointed as a Director at the Annual General Meeting of the Company held on 29 October 2013. He is an Independent Non-Executive Director and a member of the Risk Management Committee.

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

Board of
Directors

YU-FOO YEE SHOON
Independent Non-Executive Director

TAN HUI KENG, MARTHA
Independent Non-Executive Director

Mrs Yu-Foo Yee Shoon joined the Board on 1 November 2011 as an Independent Non-Executive 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.

Mrs Yu-Foo chairs the Publicity and Outreach Committee for the Lee Kuan Yew Fund for Bilingualism. She is a Director of KOP Pte Ltd, 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 Master Degree in Business from Nanyang Technology University.

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 Member, Institute of Singapore Chartered Accountants.

Key Management Staff

TEO CHIANG LONG

Executive Chairman of the Board

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

JAMIE TEO MIANG YEOW

Chief Executive Officer

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

CHUA HAT ENG

Chief Financial Officer

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

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.

RICHARD CHIA

General Manager (Marketing)

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

DESMOND TAN

General Manager (Operations & Process Improvement)

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

Financial Highlights

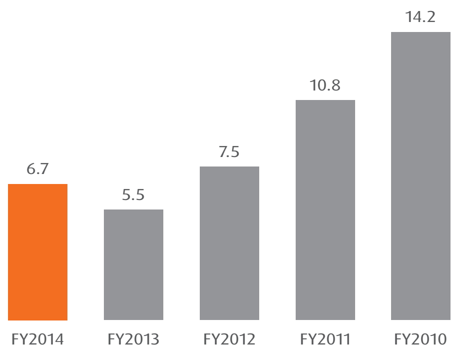
	2014 S$'000	2013 S$'000	2012 S$'000	2011 S$'000	2010 S$'000
Capital Employed					
Total assets	**1,027,950**	986,492	888,995	711,589	804,476
Net assets	**170,271**	166,226	170,308	170,055	167,806
Net assets per share (dollars)	**2.15**	2.1	2.15	2.14	2.11
Share capital					
Issued and fully paid	**90,065**	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	**801,340**	741,503	645,441	497,409	523,586
Deposits	**847,330**	797,738	693,847	514,959	601,566
Profit and Dividend Payout					
Profit before tax	**6,695**	5,478	7,522	10,781	14,190
Profit after tax	**5,795**	5,260	6,672	9,500	11,876
Dividend	**3,967**	3,967	4,760	6,347	7,140
Dividend and Earnings Per Share					
Dividend per share (cents) – tax exempt one-tier	**5.0**	5.0	6.0	8.0	9.0
Earnings per share (cents)	**7.3**	6.6	8.4	12.0	15.0

DIVIDEND POLICY

The Group aims to maintain a strong capital position to ensure market confidence, to support its on-going business and to meet the expectations of depositors, customers and investors alike. Singapura Finance Ltd is also required to comply with regulatory standards of capital requirements through the maintenance of a minimum capital adequacy ratio at all times, and to transfer a requisite proportion of its annual net profit to the statutory reserve which is not available for distribution to shareholders. Our dividend policy aims to provide shareholders with a predictable and sustainable dividend return over the long term by balancing growth with prudent capital management.

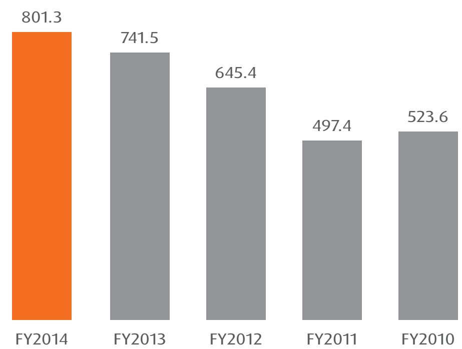
Profit before tax

S$ million



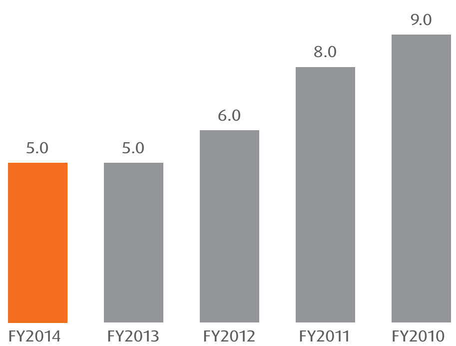
Loans

S$ million



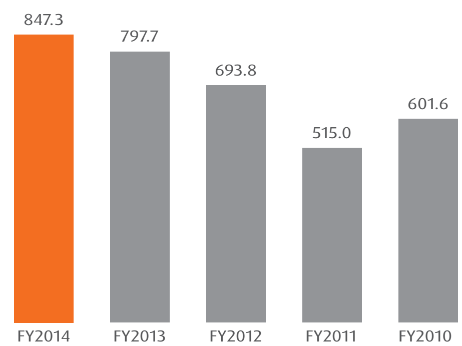
Net Dividend Per Share

cents



Deposits

S$ million



Financial Review

FINANCIAL SUMMARY	2014 $'000	2013 $'000	Variance %
SELECTED INCOME STATEMENT ITEMS			
Net interest income	19,114	16,624	15.0
Non-interest income	2,661	3,396	(21.6)
Total income	21,775	20,020	8.8
Operating expenses	(14,371)	(13,757)	4.5
Profit from operations before allowances	7,404	6,263	18.2
Allowances on loan losses	(459)	(285)	61.1
Impairment loss on investments	(250)	(500)	(50.0)
Profit before tax	6,695	5,478	22.2
Profit after tax attributable to shareholders	5,795	5,260	10.2
SELECTED BALANCE SHEET ITEMS			
Total equity	170,271	166,226	2.4
Total assets	1,027,950	986,492	4.2
Loans and advances (net of allowances)	792,288	732,910	8.1
Deposits and savings accounts of customers	847,330	797,738	6.2
KEY FINANCIAL RATIOS (%)			
Net interest margin	1.97	1.88	
Non-interest income ratio	12.2	17.0	
Cost-to-income ratio	66.0	68.7	
Loans-to-deposits ratio	93.5	91.9	
Non-performing loans ratio			
– Secured by collateral	1.3	1.4	
– Unsecured and fully provided for	0.1	0.1	
Return on equity (1)	3.4	3.2	
Return on total assets (2)	0.6	0.5	
Capital adequacy ratio	20.0	20.9	
PER ORDINARY SHARE DATA			
Basic earnings per share (cents)	7.3	6.6	
Net asset value per share ($)	2.1	2.1	

(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

The external operating environment for the past financial year has been challenging. As Singapore economy shifted to a path of lower growth and structural rebalancing due to domestic labour constraints, the year-on-year growth momentum for Singapore gross domestic product ("GDP") has slowed down from 5.0% in the third quarter of 2013 to 2.4% in the second quarter of 2014. Apart from the moderate economic growth, the other key development has been the introduction of the Total Debt Servicing Ratio ("TDSR") framework for property loans in June 2013 by the regulator to stabilise the overheated property market and encourage financial prudence among borrowers. To date there are indications that the property market is stabilising. And with greater prudence on the part of the borrower, the volume of new property financing has also reduced. The continual low interest environment during the current year under review has also posted challenge to our management of the net interest margin as loan yields remain low while cost of retail deposit has slowly been moving up, especially during the last quarter of the financial year.

Despite the external headwinds, the Group managed to record a profit after tax of $5.8 million for the financial year ended 30 June 2014, an improvement of 10.2% compared to $5.3 million for the previous year. The stronger performance was mainly attributed to the rise in total income, which was partly offset by a marginal increase in operating expenses, higher charge for allowances for loan losses and tax expense.

Financial Review

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The Group's total equity increased by $4 million to $170 million as at 30 June 2014. Driven by the growth in the loan portfolio, the total assets for the Group reached $1,028 million as at the end of the financial year.

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.

	2014 Tax Exempt cents	2013 Tax Exempt cents	Variance cents
Dividend Per Share			
– Final	5	5	0

NET INTEREST INCOME

Average Balance Sheet and Net Interest Margin

	2014			2013		
	Average Balance $'000	Interest $'000	Average Rate %	Average Balance $'000	Interest $'000	Average Rate %
INTEREST-EARNING ASSETS						
Loans and advances	771,089	24,537	3.18	708,948	21,524	3.04
Singapore Government Securities	110,129	1,339	1.22	99,181	1,166	1.18
Other interest-earning assets	88,926	339	0.38	74,703	291	0.39
Total	**970,144**	**26,215**	**2.70**	**882,832**	**22,981**	**2.60**
INTEREST BEARING-LIABILITIES						
Deposits and savings accounts	813,504	7,101	0.87	730,594	6,357	0.87
Total	**813,504**	**7,101**	**0.87**	**730,594**	**6,357**	**0.87**
Net interest income/margin as a percentage of interest-earning assets		**19,114**	**1.97**		**16,624**	**1.88**

Net interest income improved by 14.98% to $19.11 million for the financial year ended 30 June 2014 compared to $16.62 million last year.

The spike in net interest income was mainly attributed to higher total interest income and stable costs of funds. Total interest income increased with the growth in loan volume as well as recovery from non-performing loans. With higher asset yields and constant cost of funds, the Group's net interest margin as a percentage of the interest-earning assets increased 9 basis points from 1.88% to 1.97%.

The table below analyses the change in the net interest income in the financial year ended 30 June 2014 over the same period last year due to the impact of volume and rate changes.

Volume And Rate Analysis INCREASE/(DECREASE) FOR 2014 OVER 2013	Volume $'000	Rate $'000	Total $'000
INTEREST INCOME			
Loans and advances	1,889	1,124	3,013
Singapore Government Securities	129	44	173
Other interest-earning assets	55	(7)	48
Total	**2,073**	**1,161**	**3,234**
INTEREST EXPENSE			
Deposits and savings accounts	721	23	744
Total	**721**	**23**	**744**
NET INTEREST INCOME	**1,352**	**1,138**	**2,490**

Non-Interest Income	2014 $'000	2013 $'000	Variance %
Fees and commissions	860	1,052	(18.3)
Dividends	607	744	(18.4)
Gain on sale of investments	328	1,218	(73.1)
Other operating income	866	382	126.7
Total non-interest income	**2,661**	**3,396**	**(21.6)**

Non-interest income for the year decreased 21.6% to $2.7 million. The decline was primarily due to lower gain on sale of investments. This was partially cushioned by higher other operating income which grew by $0.5m largely due to the recovery of bad debts previously written off.

Operating Expenses	2014 $'000	2013 $'000	Variance %
Staff costs	8,435	8,284	1.8
Depreciation of property, plant and equipment	754	662	13.9
Other operating expenses	5,182	4,811	7.7
Total operating expenses	**14,371**	**13,757**	**4.5**

Operating expenses increased slightly by 4.5% compared to last year. The marginal increase in the staff cost was contributed mainly by the impact of annual salary increment. Depreciation rose with purchase of a leasehold building to be used as a customer centre upon the end of its tenancy while other operating expenses increased primarily due to higher commission expenses to car dealers as the volume of new auto loans expanded during the year.

Impairment Allowances for Loans	2014 $'000	2013 $'000	Variance %
Write-back for individual impairment (net)	548	253	116.6
Allowance for collective impairment	(1,007)	(538)	87.2
Total allowances on loan losses	**(459)**	**(285)**	**61.1**

The net write-back for individual impairment allowances of $0.5 million during the year was higher compared to $0.3 million in the previous financial year due to higher recovery from non- performing loans.

In line with the loan growth, an additional collective impairment allowance of $1.0 million was made at a portfolio level. The resultant impact was a total net charge of $0.5 million for loan allowances compared to $0.3 million last year.

A Better Idea

to navigate in your financial voyage so you can indulge
in the finer things in life.

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

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

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

Corporate
Social Responsibility

Singapura Finance is committed to supporting the causes of the young children in our society. Hence we continued our working partnership with the Enterprise Sports Group to co-sponsor the annual Cold Storage Kids Run, an event that aims to encourage children to start early with healthy lifestyle and eating. During this event, the Company promoted active savings for children by running special promotion for the Singapura Blue Savers Junior Savers account.

Further, as part of our outreach to more children, we also borne the registration and transport cost of 30 children with special needs from 3 organizations, namely Eden School, Rainbow Centre and the Cerebral Palsy Alliance of Singapore in their participation at the Cold Storage Kids Run. Our staff accompanied the children and brought them around to enjoy the various activities during the event. Each child was also given a breakfast meal and a special goodie bag containing stationery, toys and snacks.

Continuing with our commitment to help the less privileged children in our society, we have also partnered up with Nparks in their Nature Care program. This is a community engagement program that connects corporations, children and community through nature related activities. We were paired up with Metta School and Chung Cheng High School whereby our staff mentored the children and guided them through various activities. This program not only enables us to support the children of Metta School in nature based activities which they would otherwise not be able to participate in but it also helps our staff to foster a stronger community spirit as well as increase their awareness and appreciation of nature.

Going forward, the Company will continue with our community engagement, in particulars support for the children and nature. It is our hope that not only can we do our bit to help the community, the experience of volunteering will help instill positive values such as care, kindness and empathy in our staff and enable them to serve as role models to the students and in the community.

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 2012 (the "2012 Code"). Where there is any deviation from 2012 Code, the Company's position in respect of such differences is explained in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Effective Board to lead and control the Company

Role of the Board

The Board is collectively responsible for providing overall strategy and direction to the Management so as to achieve sustainable and successful performance for the Company and its subsidiaries (the "Group").

The Board's 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, including safeguarding of shareholders' interests and the Company's assets.
- Consider and approve key changes to the organisational structure of the Company.
- Review management performance.
- Identify key stakeholder groups and recognise that their perceptions affect the Company's reputation.
- Set the Company's values and standards and ensure that obligations to shareholders and others are understood and met.

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

Board Committees

To ensure that specific issues are subject to in-depth and timely review, certain functions have been delegated to various Board Committees, which would submit its recommendations or decisions to the Board. The five Board Committees are the Executive Committee, Nominating Committee, Remuneration Committee, Risk Management Committee and Audit 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. Unanimous decision by EXCO Members is required for a resolution to be effective, which is passed through circulation in writing.

The composition and key functions of the other four committees are described in the other relevant sections of this report.

- Nominating Committee (Principle 4)
- Remuneration Committee (Principle 7)
- Risk Management Committee (Principle 11)
- Audit Committee (Principle 12)

Corporate Governance

Board Meetings and Attendance

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

- Quarterly and yearly financial announcements;
- Statutory financial statements;
- Major 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 2013 to 30 June 2014 is as follows:

	Board	Audit	Nominating	Remuneration	Risk Management
No. of Meetings Held	5	4	3	3	5
Name of Directors	**No. of Meetings Attended**				
Teo Chiang Long	5	–	–	–	–
Phua Bah Lee	5	4	3	3	–
Teoh Eng Hong	5	4	3	3	5
Jamie Teo Miang Yeow	5	–	–	–	4
William Ho Ah Seng [(a)]	3	–	–	–	3
Yu-Foo Yee Shoon	5	4	3	3	–
Tan Hui Keng, Martha	5	4	3	3	5

Note:
(a) Mr William Ho Ah Seng was re-appointed as a Director at the 2013 Annual General Meeting held on 29 October 2013 and thereupon as a member of the Risk Management Committee.

Training of Directors

A formal letter is sent to newly-appointed Directors upon their appointment explaining their duties and obligations as Directors. New Directors receive appropriate training and briefing in areas such as accounting, legal, the roles and responsibilities of his or her duties as a Director of a listed company 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 are borne by the Company.

Board Composition and Guidance
Principle 2: Strong and independent Board

Board Independence

Currently, the Board comprises seven Directors, all of whom, except for the Executive Chairman and Chief Executive Officer ("CEO"), are non-executive and independent Directors. The five independent Directors are Mr Phua Bah Lee, Mr Teoh Eng Hong, Mr William Ho Ah Seng, Mrs Yu-Foo Yee Shoon and Mdm Tan Hui Keng, Martha.

Independent Directors make up at least half of the Board at all times. The criterion of independence is based on the definition in the 2012 Code. As non-executive members of the Board, the independent Directors do not exercise management functions in the Company. However, all the Directors have equal responsibility and make contributions towards the performance of the Group.

The Board considers its 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.

Three of the independent Directors, namely, Mr Phua Bah Lee, Mr Teoh Eng Hong and Mr William Ho Ah Seng have served the Board for more than nine years from the date of their first appointment. The Nominating Committee (with Mr Phua Bah Lee and Mr Teoh Eng Hong abstaining from deliberation on this matter) and the Board have assessed the independence of each of these three Directors using a holistic approach and taking into account of his contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in his engagement with all relevant parties, rather than solely and arbitrarily on basis of length of service alone. Having performed a rigorous review of their independence, the Nominating Committee (with Mr Phua Bah Lee and Mr Teoh Eng Hong abstaining from deliberation on this matter) and the Board are of the view that each of these three Directors continue to be independent notwithstanding their length of service, because each of them have consistently demonstrated strong independence of judgement and integrity of character in discharging their responsibilities.

Board Composition

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, and an appropriate balance of skills, experience, gender and knowledge of the Company. 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 operations. Details of the Directors' professional qualifications and background can be found on pages 6 to 8.

The Board's non-executive Directors constructively challenge, help develop proposals on strategy, and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The non-executive Directors, led by the Lead Independent Director, meet on a need basis without the presence of Management, in order to facilitate a more effective check on Management.

Chairman and Chief Executive Officer

Principle 3: Clear division of responsibilities between Chairman and CEO

Role of Chairman and CEO

There is a clear division of responsibilities between the Executive Chairman and the CEO, which are set out in writing and agreed by the Board. The Executive Chairman leads the Board to monitor and review the general progress and long-term development of the Company. He ensures the members of the Board receive accurate, timely and clear information in particular about the Company's performance, to enable the Board to make sound decisions, monitor effectively and provide advice to promote the success of the Company. He also encourages constructive relations between the Board and Management, and between the executive and non-executive Directors. 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.

Lead Independent Director

As the Executive Chairman and the CEO are immediate family members and are both part of the executive management team, the Nominating Committee has appointed Mr Phua Bah Lee as the Lead Independent Director 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.

Board Membership

Principle 4: Formal and transparent process for the appointment and re-appointment of Directors

Nominating Committee

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.

The NC has written terms of reference which clearly set out its authority and duties. 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 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.

Criteria and Process for Nomination and Selection of New Directors

The NC identifies and interviews short-listed candidates before formally considering and recommending them for appointment to the Board and where applicable, to the 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 the Company is a finance company, all new appointments to the Board are subject to the approval of the Monetary Authority of Singapore.

Re-appointment of Directors

As a matter of corporate governance, all Directors submit themselves for re-nomination and re-election. Article 85 of the Articles of Association requires one-third of the Directors, or the number nearest to but not less than one-third, to retire by rotation at every Annual General Meeting ("AGM"). These Directors may offer themselves for re-election, if eligible. Directors of or over 70 years of age are required to be re-appointed every year at the AGM under Section 153(6) of the Companies Act before they can continue to act as a Director.

The NC reviews annually the nomination of the relevant Directors for re-election or re-appointments as well the independence of Directors. When considering the nomination of Directors for re-appointment, the NC takes into account their contribution to the effectiveness of the Board as well as their time commitment especially for Directors who have multiple board representations, and also reviews their independence.

Directors' Time Commitment

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. In this regard, the Board has set a general guideline that the maximum number of listed company board representations which a Director may hold (including representation on the Company's Board) should not be more than seven.

Board Performance

Principle 5: Formal annual assessment of the effectiveness of the Board and the contribution by each 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 three 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

Principle 6: Board Members to have complete, adequate and timely information

Complete, Adequate and Timely Information

All Directors have separate and independent access to Management, and unrestricted access to the Company's records and information. They 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 Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the meetings. Such information include background or explanatory information relating to matters to be brought before the Board or Board Committee, and copies of disclosure documents, budgets or latest forecasts. In respect of budgets, any material variance between the projections and actual results are disclosed and explained. 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.

Company Secretary

Directors have separate and independent access to the advice and services of the Company Secretary. The Company Secretary attends all Board meetings and is responsible for, among other things, ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Company Secretary act as channel of communication and information within the Board and its Board Committees and between Management and non-executive Directors. The Company Secretary's responsibilities also include facilitating orientation and assisting with professional development as required. Appointment and removal of the Company Secretary require the approval of the Board.

Independent Professional Advice

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.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing the remuneration packages of Directors

RC Composition and Role

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.

The RC has written terms of reference which clearly set out its authority and duties. The RC's main responsibilities are to review and make recommendations to the Board with regard to the policies and general framework for the remuneration of executive Directors, non-executive Directors and key management personnel ("KMP") and to ascertain that they are fairly remunerated. The RC also reviews and recommends to the Board the specific remuneration packages for each Director as well as for the KMP. The RC covers all aspects of remuneration, including directors' fees, salaries, allowances, bonuses and benefits in kind.

The remuneration packages of executive Directors and KMP 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 and all KMP are on service contracts with fixed appointment periods. RC has reviewed the service contracts and ensured that there are no onerous removal clauses in their service contracts.

Level and Mix of Remuneration

Principle 8: Appropriate remuneration to attract, retain and motivate Directors and key management personnel

Remuneration Policy of Directors and Key Management Personnel ("KMP")

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

The compensation packages for executive Directors and KMP comprise a fixed component (in the form of a base salary and fixed allowances), a variable component (comprising short-term incentives in the form of year-end and variable bonuses and benefits-in-kind, where applicable). The variable components take into account, amongst other factors, the executive Directors' and KMP's performance, the Company's performance and industry practices.

In determining the variable incentives for an executive Director and a KMP, his/her individual performance and contribution is taken into consideration together with the competitive market practices and information gathered from market surveys conducted by the Company's Human Resources department. This is then reviewed along with the Company's performance, taking into consideration specific indicators tracked over time which align with shareholders' interest, risk policies of the Company which promote the long-term success of the Company. Besides profitability, the quality of the Company's core business is also taken into account with the monitoring of the size and robustness of its loan assets and the level of non-performing loans. the Based on its assessment, RC believes that the performance conditions used in determining the variable components of executive Director and KMP have been met.

When reviewing the structure and level of Directors' fees, the RC takes into consideration the Directors' respective roles and responsibilities in the Board and Board Committees, effort and time spent, and changes in the business, corporate governance practices and regulatory rules. The RC also compares the Company's fee structure against industry practices. Other factors taken into consideration in the fee review includes frequency of Board and Board Committee meetings, corporate performance for the financial year under review as well as the corporate and economic outlook in the new financial year, and the interval since the last fee review. No Director is involved in deciding his own remuneration.

Staff retirement gratuity is the only long-term incentive scheme. Staff (including executive Directors) who joined before 2002 are eligible if they work for at least 12 years and until they retire. Apart from the staff retirement gratuity, SFL does not offer shares or grant options with vesting period or employees share scheme.

Disclosure on Remuneration
Principle 9: Clear disclosure on remuneration policies, level and mix

Disclosure of Remuneration
Details of Directors' remuneration for the year ended 30 June 2014 are set out below:

	Base Salary %	Bonus/ Allowances %	Other Benefits[(a)] %	Board/Board Committee Fees[(b)] %
$500,000 to below $750,000				
1. Teo Chiang Long	65.93	24.35	3.27	6.45
2. Jamie Teo Miang Yeow	62.53	26.77	3.03	7.67
Below $250,000				
3. Phua Bah Lee	–	–	–	100.00
4. Teoh Eng Hong	–	–	–	100.00
5. William Ho Ah Seng	–	–	–	100.00
6. Yu-Foo Yee Shoon	–	–	–	100.00
7. Tan Hui Keng, Martha	–	–	–	100.00

Notes:
(a) These relate to long-term incentive scheme, staff retirement gratuity.
(b) These fees comprise Directors' fees for the financial year ended 30 June 2014 which are subject to approval by shareholders as a lump sum at the forthcoming AGM.

The 2012 Code recommends that the Company should fully disclose the remuneration of each individual Director and the CEO on a named basis. After careful deliberation, the Board is of the view that such disclosure would not be in the best interests of the Company or its shareholders, and that the details disclosed in the table above provides an appropriate balance between detailed disclosure and confidentiality in the sensitive area of remuneration. In arriving at its decision, the Board also took into consideration the competitive business environment in which the Group operates, and the negative impact such disclosure may have on the Group.

The 2012 Code recommends that the Company should name and disclose the remuneration of at least the top five KMP (who are not Directors or the CEO) in bands of $250,000/-. In addition, the Company should also disclose in aggregate the total remuneration paid to these KMP. After careful deliberation, the Board is of the view that such disclosure would be disadvantageous to the Group's business interests, given the prevailing highly competitive industry conditions.

Remuneration of Director's Immediate Family Member

The 2012 Code also recommends disclosure of the details of the remuneration of employees who are immediate family members of a Director or the CEO, whose remuneration exceeds $50,000/- during the year, in bands of $50,000/-. Mrs Nguy Jootian, sister of the Executive Chairman, Mr Teo Chiang Long and aunt of CEO Mr Jamie Teo Miang Yeow, is the Company Secretary and a General Manager of the Company. Her remuneration for the year ended 30 June 2014 was within the band of $300,000/- and $350,000/-, and comprised 71.85% base salary and 28.15% bonus/allowances.

ACCOUNTABILITY AND AUDIT

Accountability

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

Accountability of Board and Management

The Directors recognise that they have overall responsibility to ensure accurate financial reporting for the Group.

The Board provides shareholders with quarterly and annual financial results. In presenting these statements, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and position with a commentary at the date of announcement of the competitive conditions within the industry in which it operates.

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

Risk Management and Internal Controls

Principle 11: Sound system of risk management and internal controls

Risk Management

The Board is fully committed to the implementation of sound risk management policies and practices, which are aligned to the Group's overall business strategy and objectives. The Board determines the type and level of business risks that the Group undertakes and, at least annually, reviews the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls.

The Risk Management Committee ("RMC") assists the Board in overseeing risk governance in the Group's business and operations and ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The RMC currently comprises four members. They are independent non-executive Directors Mr Teoh Eng Hong (Chairman), Mdm Tan Hui Keng, Martha and Mr William Ho Ah Seng, and executive Director & CEO, Mr Jamie Teo Miang Yeow. To enhance communications between the Audit Committee and the RMC, Mr Teoh Eng Hong and Mdm Tan Hui Keng, Martha, are members of both committees.

The roles and responsibilities of RMC include the following:

- Oversee and advise the Board on the Group's risk appetite, risk strategy and risk exposure.
- Review and guide Management in the formulation of the Group's risk policies and in the execution of risk assessment processes and mitigation strategies.
- Monitor and manage the risk exposures of the Group.
- Review the effectiveness of the Group's risk management system.

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 & technology 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 the 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, and are supported by written policies and processes in the Lending Guidelines to ensure that 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 credit portfolio and 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 uses 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 set up 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.

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

Operational & Technology Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Technology risk is any risk related to information technology and information security.

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 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 Audit Committee.

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.

Technology risk is managed in accordance to a Technology Risk Management Framework (which covers risk governance, identification, monitoring, assessment, mitigation and reporting), supported by a set of information technology policies and standards, control processes and risk mitigation programs.

Compliance risk is the risk of impairment to the Group's ability to successfully conduct its business as a result of any failure to comply with applicable regulatory requirements. The Compliance Department is responsible for the Group's satisfactory compliance with the relevant regulatory requirements and internal policies. The Compliance Department is an independent function within the organisation which provides support such as carrying out independent checks upon implementation of new or changes in policies and procedures, as well as providing advice on regulatory requirements to relevant departments.

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.

Internal Controls

The Directors recognise that they have overall responsibility for the Group's system of internal controls.

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 Audit Committee. 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

Besides that, all business units perform self-assessment of their processes to evaluate and manage the adequacy and effectiveness of their internal controls, as well as their level of compliance with applicable rules and regulations. The results of the evaluations are reviewed by Management.

The Board has received assurance from the CEO and Chief Financial Officer ("CFO") that as at 30 June 2014:

(a) the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, reviews performed by Management and various Board Committees and the assurance received from the CEO and CFO, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 30 June 2014 to address financial, operational, compliance and information technology risks which the Group considers relevant and material to its operations.

The Board notes that the system of internal controls provides reasonable, but not absolute, assurance that the Group will not be affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

Ethical Standard

The Company manages its business according to the core values of integrity, performance excellence, teamwork, trust and respect to which staff subscribes 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.

Audit Committee

<u>**Principle 12: Establishment of an Audit Committee**</u>

AC Composition and Role

The Audit Committee ("AC") is chaired by Mdm Tan Hui Keng, Martha and comprises Mr Teoh Eng Hong, Mr Phua Bah Lee and Mrs Yu-Foo Yee Shoon, all of whom are independent non-executive Directors. The Board considers that all the AC members, including the AC Chairman, have recent and relevant accounting or related financial management expertise or experience to discharge their duties as an AC member.

The AC has written terms of reference which clearly set out its authority and duties. 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.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

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 the significant financial reporting issues and judgements so as to ensure the integrity of the Group's financial statements and any announcements relating to the Group's financial performance;
- Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls;
- 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 results of the review of the Group's internal controls by the internal and external auditors;
- 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 related party and interested person transactions.

The AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements during their engagement with the external and internal auditors. The AC meets with the external and internal auditors without the presence of Management at least twice during the year.

External Auditor

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 at 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.

Whistle Blowing Policy

In line with 2012 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.

Related Party and Interested Person Transactions

The Company has established policies and procedures on related party and interested persons transactions to ensure that such transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Company's usual business practices and policies, and are not prejudicial to the interest of the Company and its minority shareholders. The AC reviews all related party and interested persons transactions on a quarterly basis.

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 2014 are as follows:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
High Luck Pte Ltd	$1,009,522.69	NIL

The interested person transactions above were carried out on normal business engagements on commercial terms which are not prejudicial to the interest of the Company or its minority shareholders.

Internal Audit

Principle 13: Effective and independent internal audit function that is adequately resourced

Internal Audit Department

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.

Staffed by suitably qualified executives with relevant qualifications and experience, the primary role of the Internal Audit function is to assist the Board to evaluate the reliability, adequacy and effectiveness of internal controls and risk management processes of the Company. 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 AC is also responsible for approving the appointment, remuneration, evaluation, resignation or dismissal of the Head of Internal Audit Department.

The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

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

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Shareholder Rights
Principle 14: Fair and equitable treatment of shareholders

The Company treats all shareholders fairly and equitably. Shareholders are informed of any changes in the Company which are likely to materially affect the price or value of the Company's shares via SGXNET announcements on a timely basis.

All shareholders are entitled to attend and vote at general meetings in person or by proxy, and are informed of the rules, including voting procedures, that govern general meetings of shareholders. 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.

Communication with Shareholders
Principle 15: Regular, effective and fair communication with shareholders

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 also posted on the Company's website at www.singapurafinance.com.sg.

Shareholders and investors may provide feedback or express their views via the enquiry or feedback platform at the Company's website.

In line with our dividend policy which aims to provide shareholders with a predictable and sustainable dividend return over the long term by balancing growth with prudent capital management, the Company is proposing a first and final dividend of 5 cents per share for this financial year.

Conduct of Shareholder Meetings
Principle 16: Greater shareholder participation at general meetings

The Board regards the 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.

A registered shareholder who is unable to attend the meeting may choose to appoint not more than two proxies to attend and vote on his behalf. As the authentication of shareholder identity information and the integrity of the information transmitted is a concern, the Company has decided not to implement voting in absentia by mail or electronic means.

The Board and Management 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.

Separate resolutions on each distinct issue are tabled at the AGM. Detailed information on each resolution is provided in the explanatory notes to the notice of AGM in the Annual Report.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management.

The Board has taken cognizance of the fact that with effect from 1 August 2015, the Company is required by the Listing Rules to conduct the voting of all resolutions put to general meetings by poll. However, as the numbers of shareholders who attend the general meetings are generally not large, it is not cost effective for the Company to conduct poll voting or electronic polling. Therefore, for this year, the Board has decided that voting at the Company's forthcoming AGM on 31 October 2014 will be conducted by way of a show of hands, unless a poll is demanded.

Directors' Report
Year ended 30 June 2014

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 2014.

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
William Ho Ah Seng * (Re-appointed on 29 October 2013)

* 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 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. Mr Ho has subsequently been re-appointed as a director at the 2013 AGM.

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/ date of appointment	Holdings at end of the year	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
Singapura Finance Ltd – ordinary shares				
Teo Chiang Long	2,811	2,811	41,466,748	41,466,748
Phua Bah Lee	82,250	82,250	7,980	7,980
Yu-Foo Yee Shoon	9,000	9,000	10,010	10,010
William Ho Ah Seng	3,625	3,625	–	–

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

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, 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 2014.

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

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

WARRANTS AND SHARE OPTIONS

Warrants

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

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

AUDIT COMMITTEE

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

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

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.

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

22 August 2014

Statement by Directors

Year ended 30 June 2014

In our opinion:

(a) the financial statements set out on pages 39 to 82 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 2014 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

22 August 2014

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 2014, 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 39 to 82.

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 2014 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
22 August 2014

Balance Sheets

As at 30 June 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Assets					
Cash and cash equivalents	4	82,060	91,236	81,974	91,052
Statutory deposit with the Monetary Authority of Singapore		22,847	21,103	22,847	21,103
Investments	5	118,001	132,725	118,001	132,725
Loans and advances	6	792,288	732,910	792,288	732,910
Other receivables, deposits and prepayments	8	3,776	2,146	3,776	2,144
Subsidiaries	9	–	–	125	125
Property, plant and equipment	10	8,855	5,568	8,855	5,568
Deferred tax assets	11	123	804	123	804
Total assets		1,027,950	986,492	1,027,989	986,431
Equity					
Share capital	12	90,065	90,065	90,065	90,065
Reserves	12	80,206	76,161	78,461	74,513
Total equity attributable to owners of the Company		170,271	166,226	168,526	164,578
Liabilities					
Deposits and savings accounts of customers	13	847,330	797,738	849,345	799,624
Trade and other payables	14	8,091	19,862	7,866	19,567
Current tax liabilities		936	1,343	930	1,339
Staff retirement gratuities	15	1,322	1,323	1,322	1,323
Total liabilities		857,679	820,266	859,463	821,853
Total equity and liabilities		1,027,950	986,492	1,027,989	986,431

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

Consolidated
Income Statement
Year ended 30 June 2014

	Note	Group 2014 $'000	Group 2013 $'000
Interest income and hiring charges		26,215	22,981
Interest expense		(7,101)	(6,357)
Net interest and hiring charges		19,114	16,624
Fee and commission income		860	1,052
Dividend income		607	744
Other operating income		1,194	1,600
Income before operating expenses		21,775	20,020
Staff costs		(8,435)	(8,284)
Depreciation of property, plant and equipment	10	(754)	(662)
Other operating expenses		(5,182)	(4,811)
Profit from operations before allowances	16	7,404	6,263
Allowances on loan losses (net)	17	(459)	(285)
Impairment loss on investments		(250)	(500)
Profit before tax		6,695	5,478
Tax expense	18	(900)	(218)
Profit for the year		5,795	5,260
Earnings per share			
Basic earnings per share (cents)	19	7.30	6.63
Diluted earnings per share (cents)	19	7.30	6.63

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

Consolidated Statement of Comprehensive Income

Year ended 30 June 2014

	Group	
	2014	2013
	$'000	$'000
Profit for the year	5,795	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	2,749	(4,803)
Net change in fair value of available-for-sale investments reclassified to profit or loss		
– on disposal	(328)	(1,218)
– on impairment	250	500
Tax on items that may be reclassified subsequently to profit or loss	(454)	939
Other comprehensive income for the year, net of tax	2,217	(4,582)
Total comprehensive income for the year	8,012	678

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

Consolidated Statement of
Changes in Equity
Year ended 30 June 2014

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 2013		90,065	1,353	57,519	(3,767)	730	20,326	166,226
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	5,795	5,795
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments		–	–	–	2,749	–	–	2,749
Net change in fair value of available-for-sale investments transferred to profit or loss								
– on disposal		–	–	–	(328)	–	–	(328)
– on impairment		–	–	–	250	–	–	250
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	(454)	–	–	(454)
Total other comprehensive income		–	–	–	2,217	–	–	2,217
Total comprehensive income for the year		–	–	–	2,217	–	5,795	8,012
Transaction with owners, recorded directly in equity								
Distribution to owners								
Dividends declared and paid	12	–	–	–	–	–	(3,967)	(3,967)
Total transactions with owners		–	–	–	–	–	(3,967)	(3,967)
Transfer from profit for the year to statutory reserve		–	–	1,425	–	–	(1,425)	–
At 30 June 2014		90,065	1,353	58,944	(1,550)	730	20,729	170,271

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 30 June 2014

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.

Statement of

Changes in Equity

Year ended 30 June 2014

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 2013		90,065	1,353	57,519	(3,767)	730	18,678	164,578
Total comprehensive income for the year								
Profit for the year		–	–	–	–	–	5,698	5,698
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments		–	–	–	2,749	–	–	2,749
Net change in fair value of available-for-sale investments transferred to profit or loss								
– on disposal		–	–	–	(328)	–	–	(328)
– on impairment		–	–	–	250	–	–	250
Tax relating to items that may be reclassified subsequently to profit or loss		–	–	–	(454)	–	–	(454)
Total other comprehensive income		–	–	–	2,217	–	–	2,217
Total comprehensive income for the year		–	–	–	2,217	–	5,698	7,915
Transaction with owners, recorded directly in equity								
Distribution to owners								
Dividends declared and paid	12	–	–	–	–	–	(3,967)	(3,967)
Total transactions with owners		–	–	–	–	–	(3,967)	(3,967)
Transfer from profit for the year to statutory reserve		–	–	1,425	–	–	(1,425)	–
At 30 June 2014		90,065	1,353	58,944	(1,550)	730	18,984	168,526

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

Statement of Changes in Equity (cont'd)

Year ended 30 June 2014

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.

Consolidated
Cash Flow Statement
Year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Profit for the year		5,795	5,260
Adjustments for:			
Depreciation of property, plant and equipment		754	662
Property, plant and equipment written off		5	–
Allowances on loan losses (net)		459	285
Impairment loss on investments		250	500
Gain on sale of investments		(328)	(1,218)
Staff retirement gratuities		78	97
Dividend income		(607)	(744)
Tax expense		900	218
		7,306	5,060
Changes in working capital:			
Statutory deposit with the Monetary Authority of Singapore		(1,744)	(4,131)
Loans and advances		(59,837)	(96,112)
Other receivables, deposits and prepayments		(1,630)	(96)
Deposits and savings accounts of customers		49,592	103,891
Trade and other payables		(11,771)	(1,922)
Cash (used in)/generated from operations		(18,084)	6,690
Taxes paid		(1,080)	(570)
Staff retirement gratuities paid		(79)	–
Net cash (used in)/from operating activities		(19,243)	6,120
Cash flows from investing activities			
Purchase of property, plant and equipment		(4,046)	(149)
Dividends received		607	744
Purchase of investments		(22,763)	(92,954)
Proceeds from sale and maturity of investments		40,236	55,880
Net cash from/(used in) investing activities		14,034	(36,479)
Cash flows from financing activities			
Dividends paid		(3,967)	(4,760)
Net cash used in financing activities		(3,967)	(4,760)
Net decrease in cash and cash equivalents		(9,176)	(35,119)
Cash and cash equivalents at 1 July		91,236	126,355
Cash and cash equivalents at 30 June	4	82,060	91,236

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 August 2014.

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 9 to the financial statements.

The financial statements of the Company as at and for the year ended 30 June 2014 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. All financial information presented in Singapore dollars have 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.

2.5 Changes in accounting policies

(i) Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 *Financial Instruments: Disclosures*.

From 1 July 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in note 24.

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, except as explained in note 2.5, which addresses changes in accounting policies.

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) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) 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. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment (cont'd)

(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.

(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, unless it is included in the carrying amount of another asset. 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 and 8 years
Motor vehicles	4 years
Computers	Between 3 and 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(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact 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. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

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 cumulative 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 related services are rendered by employees.

Other long-term benefits

The Group'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. The unwinding of the discount is recognised as finance cost.

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 and expense presented in the income statement include interest on financial assets and liabilities at amortised cost on an effective interest rate basis.

Where charges are added to the principal financed at the commencement of the period, the general principle adopted for crediting income to profit or loss is to spread the income over the period in which the repayments are due using the following bases for the various categories of financing business:–

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. Interest on mortgaged loans is charged on the annual/monthly/daily rest basis and credited to profit or loss in the period to which it relates.

Interest rebate on hire purchase

Term charges on hire purchase and leasing transactions are accounted for using the Rule of 78 (sum of digits) method. The balance of such term charges at the financial year end is carried forward as unearned charges.

Interest income from Singapore Government Securities and debt securities

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 is 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 the Group is able to control the timing of the reversal of temporary difference and 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 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Group that are expected to have a significant effect on the financial statements of the Group and the Company in future financial periods, and which the Group does not plan to early adopt are set out below.

Applicable for the Group's 2015 financial statements

- FRS 112 *Disclosure of Interests in Other Entities* brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries in comparison with the existing disclosures. FRS 112 requires the disclosure of information about the nature, risks and financial effects of these interests.

  FRS 112 is effective for annual periods beginning on or after 1 January 2014 with early adoption permitted.

- Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*, which clarifies the existing criteria for net presentation on the face of the statement of financial position.

  Under the amendments, to qualify for offsetting, the right to set off a financial asset and a financial liability must not be contingent on a future event and must be enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

  The amendments will be applied retrospectively and prior periods in the Group's 2015 financial statements will be restated, where applicable.

  The Group does not expect any significant effect on the financial statements of the Group as financial assets and financial liabilities are not offset and presented on a net basis on the face of the statement of financial position.

4 CASH AND CASH EQUIVALENTS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash at banks and in hand	9,178	7,483	9,092	7,299
Fixed deposits with banks	72,882	83,753	72,882	83,753
	82,060	91,236	81,974	91,052

5 INVESTMENTS

	Group and Company 2014 $'000	2013 $'000
Available-for-sale:		
Singapore Government Securities	107,680	113,458
Quoted equity securities	10,321	19,267
	118,001	132,725

Interest-bearing available-for-sale financial assets of the Group and the Company with a carrying amount of $107,680,000 at 30 June 2014 (2013: $113,458,000) have stated interest rates of 0.40% to 4.00% (2013: 0.17% to 4.00%) and mature in 1 to 13 years.

The credit rating of Singapore Government Securities held at the reporting date accorded by various international credit rating agencies is AAA (2013: AAA).

During the year, the Group recognised an impairment loss of $250,000 (2013: $500,000) on its available-for-sale quoted equity securities in the profit or loss.

6 LOANS AND ADVANCES

	Note	Group and Company 2014 $'000	2013 $'000
Mortgage and other secured loans		625,696	610,911
Hire purchase receivables	7	188,783	141,077
		814,479	751,988
Unearned charges and interest		(13,139)	(10,485)
		801,340	741,503
Allowances for loan losses:			
At 1 July		8,593	8,358
Charge during the year	17	1,425	772
Write-back made during the year	17	(966)	(487)
Amounts written off against allowances		–	(50)
At 30 June		9,052	8,593
		792,288	732,910

6 LOANS AND ADVANCES (CONT'D)

	Group and Company 2014 $'000	Group and Company 2013 $'000
These comprise balances:		
Due within 12 months	73,315	82,002
Due after 12 months	718,973	650,908
	792,288	732,910

As at 30 June 2014, secured loans to directors (including immediate family members) of the Group and Company amounted to $160,000 (2013: $199,000).

7 HIRE PURCHASE RECEIVABLES

	2014 Gross $'000	2014 Interest $'000	2014 Principal $'000	2013 Gross $'000	2013 Interest $'000	2013 Principal $'000
Group and Company						
Within 1 year	6,145	87	6,058	3,056	53	3,003
Between 1 year and 5 years	166,100	9,798	156,302	110,100	6,215	103,885
After 5 years	16,538	1,640	14,898	27,921	2,935	24,986
	188,783	11,525	177,258	141,077	9,203	131,874

8 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Interest receivable	780	718	780	718
Deposits	357	392	357	392
Other receivables	2,277	661	2,277	659
	3,414	1,771	3,414	1,769
Prepayments	362	375	362	375
	3,776	2,146	3,776	2,144

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

9 SUBSIDIARIES

	Company 2014 $'000	Company 2013 $'000
Equity investments, at cost	125	125

9 SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation	Ownership interest 2014 %	Ownership interest 2013 %
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.

10 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 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
Additions	–	3,766	64	–	216	4,046
Written off	–	–	(19)	–	(55)	(74)
At 30 June 2014	2,263	9,119	2,645	279	4,247	18,553
Accumulated depreciation						
At 1 July 2012	1,086	1,784	2,215	279	3,061	8,425
Depreciation charge 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
Depreciation charge for the year	32	227	118	–	377	754
Written off	–	–	(19)	–	(50)	(69)
At 30 June 2014	1,149	2,145	2,443	279	3,682	9,698
Carrying amounts						
At 1 July 2012	1,177	3,569	387	–	948	6,081
At 30 June 2013	1,146	3,435	256	–	731	5,568
At 30 June 2014	1,114	6,974	202	–	565	8,855

10 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Location	Description	Tenure	Carrying amounts 2014 $'000	Carrying amounts 2013 $'000
212 East Coast Road Singapore 428911	2-storey shophouse used as branch premises	Freehold	936	954
203 Henderson Road #02-07 Singapore 159546	Warehouse	Freehold	178	192
Total freehold properties			1,114	1,146
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	996	1,052
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	299	315
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	246	258
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	1,761	1,810
Blk 130 Jurong Gateway Road #01-227 Singapore 600130	1 unit of 2 storey HDB shop house leased out till 17 August 2015	91-year lease commencing Apr 1993	3,672	–
Total leasehold properties			6,974	3,435
			8,088	4,581

11 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 2012 $'000	Recognised in profit or loss (note 18) $'000	Recognised in other comprehensive income $'000	Balance as at 30 June 2013 $'000	Recognised in profit or loss (note 18) $'000	Recognised in other comprehensive income $'000	Balance as at 30 June 2014 $'000
Deferred tax (assets)/liabilities							
Property, plant and equipment	251	(80)	–	171	(49)	–	122
Other receivables	126	(110)	–	16	281	–	297
Staff retirement gratuities	(202)	(17)	–	(219)	(5)	–	(224)
Investments	167	–	(939)	(772)	–	454	(318)
	342	(207)	(939)	(804)	227	454	(123)

12 CAPITAL AND RESERVES

Share capital	Group and Company 2014 No. of shares ('000)	2013 No. of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 July and 30 June	79,343	79,343

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

Reserves	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Capital reserve	1,353	1,353	1,353	1,353
Statutory reserve	58,944	57,519	58,944	57,519
Fair value reserve	(1,550)	(3,767)	(1,550)	(3,767)
Revenue reserve:				
– General	730	730	730	730
– Accumulated profits	20,729	20,326	18,984	18,678
	80,206	76,161	78,461	74,513

12 CAPITAL AND RESERVES (CONT'D)

Reserves (cont'd)

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 comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised.

Dividends

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

	Group and Company	
	2014	2013
	$'000	$'000
First and final, paid by the Company to owners of the Company		
5 cents per qualifying ordinary share (2013: 6 cents)	3,967	4,760

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	
	2014	2013
	$'000	$'000
First and final		
5 cents per ordinary share (2013: 5 cents)	3,967	3,967

13 DEPOSITS AND SAVINGS ACCOUNTS OF CUSTOMERS

These include deposits placed by subsidiaries amounting to $2,015,000 (2013: $1,886,000) in the Company and $158,477,000 (2013: $158,520,000) placed by related parties of the Group and the Company, accepted in the ordinary course of business.

14 TRADE AND OTHER PAYABLES

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Accrued interest payable	3,803	3,495	3,803	3,513
Accrued operating expenses	2,113	1,941	2,108	1,936
Amount due to SPRING Singapore (unsecured)	344	7,120	344	7,120
Deposits for safe deposit boxes and rental deposits	151	125	151	125
Unclaimed dividends	428	409	428	409
Others	1,253	6,772	1,032	6,464
	8,091	19,862	7,866	19,567
These comprise balances:				
Due within 12 months	8,091	13,733	7,866	13,438
Due after 12 months	–	6,129	–	6,129
	8,091	19,862	7,866	19,567

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.

15 STAFF RETIREMENT GRATUITIES

	Group and Company 2014 $'000	Group and Company 2013 $'000
At 1 July	1,323	1,226
Provision made during the year	78	97
Utilised	(79)	–
At 30 June	1,322	1,323

16 PROFIT FROM OPERATIONS BEFORE ALLOWANCES

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

	Group	
	2014 $'000	2013 $'000
Interest income and hiring charges		
Interest income on:		
– loans and advances	24,537	21,524
– bank deposits	339	291
– Singapore Government Securities and debt securities	1,339	1,166
	26,215	22,981
Interest expense		
Interest expense on customer deposits	7,101	6,357
Dividend income		
Quoted equity investments	607	744
Other operating income		
Gain on sale of investments	328	1,218
Bad debts recovered	455	83
Others	411	299
	1,194	1,600
Staff costs		
Salaries and other benefits	7,682	7,534
Contributions to defined contribution plans	753	750
	8,435	8,284
Other operating expenses		
Audit fees paid to auditors		
– provision in respect of current year	85	84
Non-audit fees paid to auditors of the Company	12	34
Property, plant and equipment written-off	5	–
Operating lease expense paid to:		
– related corporations	879	879
– third parties	122	94
Other operating expense paid to:		
– related corporations	64	73
– third parties	4,015	3,647
	5,182	4,811

17 ALLOWANCES ON LOAN LOSSES (NET)

	Note	Group 2014 $'000	Group 2013 $'000
Allowances for loan losses			
– collective		(1,007)	(538)
– specific		(418)	(234)
	6	(1,425)	(772)
Write-back of allowances for loan losses			
– specific		966	487
	6	966	487
Net allowances on loan losses		(459)	(285)

18 TAX EXPENSE

	Note	Group 2014 $'000	Group 2013 $'000
Current tax expense			
Current year		900	998
Adjustment for prior years		(227)	(573)
		673	425
Deferred tax expense			
Origination and reversal of temporary differences		227	(106)
Adjustment for prior years		–	(101)
	11	227	(207)
Total tax expense		900	218
Reconciliation of effective tax rate			
Profit before tax		6,695	5,478
Tax using Singapore tax rate of 17%		1,138	931
Income not subject to tax		(138)	(159)
Non deductible expenses		333	103
Tax incentive		(102)	–
Tax rebate		(32)	(32)
Overprovided in prior years		(227)	(674)
Others		(72)	49
		900	218

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	
	2014 $'000	2013 $'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	5,795	5,260

	No. of shares	
	2014 ('000)	2013 ('000)
Weighted average number of ordinary shares	79,343	79,343

There were no dilutive potential ordinary shares for the years ended 30 June 2014 and 30 June 2013.

20 RELATED PARTIES

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group	
	2014 $'000	2013 $'000
Director fees	380	287
Short-term employee benefits	2,364	2,284
Post-employment benefits	109	256

Directors' remuneration included in key management personnel compensation amounted to $1,430,000 (2013: $1,480,000). Key management personnel refer to the Board of Directors and senior management of the Group.

Other transactions with related corporations

Other than transactions with related corporations separately disclosed in the financial statements, the following related party transaction was carried out in the normal course of business on terms agreed between the parties during the financial year:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Interest on deposits paid to subsidiaries	–	–	15	17
Interest on deposits paid to related parties	506	436	506	436

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:

	2014 $'000	2013 $'000
Guarantees	200	339

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

22 COMMITMENTS

Lease commitments

At 30 June 2014, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group and Company	
	2014 $'000	2013 $'000
Within one year	1,011	818
Between one year and five years	1,608	165
	2,619	983

Other commitments

	Group and Company	
	2014 $'000	2013 $'000
Undrawn credit lines and other commitments to extend credit	213,593	241,338

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 RMC reports regularly to the Board of Directors on its activities.

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.

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.

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

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:

	Note	Group and Company 2014 $'000	Group and Company 2013 $'000
Performing accounts that are			
– past due but not impaired		20,657	15,900
– neither past due nor impaired		769,642	714,538
Gross amount		790,299	730,438
Allowance for collective impairment		(8,663)	(7,656)
Carrying amount		781,636	722,782
Individually impaired			
Substandard (payment not kept current but fully secured)		10,652	10,128
Loss (fully provided for)		389	937
Gross amount		11,041	11,065
Allowance for impairment		(389)	(937)
Carrying amount		10,652	10,128
Net carrying amount	6	792,288	732,910

There are no loans and advances with renegotiated terms that are neither past due nor impaired as at 30 June 2014 (2013: $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.

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

Exposure to credit risk (cont'd)

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
2014		
Substandard	10,652	10,652
Loss	389	–
	11,041	10,652
2013		
Substandard	10,128	10,128
Loss	937	–
	11,065	10,128

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 $800,590,000 (2013: $737,859,000). 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.

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) 2014 $'000	2013 $'000
Concentration by sector		
Hire purchase/block discounting	177,258	137,784
Housing loans secured by property	53,091	57,696
Other loans and advances:		
– Agriculture, mining and quarrying	883	424
– Manufacturing	31,460	30,576
– Building and construction	98,484	80,421
– General commerce	45,051	40,988
– Transport, storage and communication	77,105	56,926
– Investment and holding companies	101,167	112,390
– Professional and private individuals	182,785	202,173
– Others	34,056	22,125
	801,340	741,503

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

23 FINANCIAL RISK MANAGEMENT (CONT'D)

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.

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.

23 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

Maturity analysis of financial liabilities (cont'd)

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
2014							
Deposits and savings accounts of customers	847,330	(855,911)	(125,926)	(188,894)	(472,342)	(68,748)	(1)
Amount due to SPRING Singapore	344	(347)	(141)	(99)	(107)	–	–
Other liabilities*	3,944	(3,944)	(1,770)	(140)	(2,004)	(30)	–
Total financial liabilities	851,618	(860,202)	(127,837)	(189,133)	(474,453)	(68,778)	(1)
Undrawn loan commitments	–	(223,253)	(223,253)	–	–	–	–
Contingent liabilities	–	(200)	(200)	–	–	–	–
	851,618	(1,083,655)	(351,290)	(189,133)	(474,453)	(68,778)	(1)
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)

* 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
2014							
Deposits and savings accounts of customers	849,345	(857,926)	(125,926)	(188,894)	(474,357)	(68,748)	(1)
Amount due to SPRING Singapore	344	(347)	(141)	(99)	(107)	–	–
Other liabilities*	3,719	(3,719)	(1,550)	(135)	(2,004)	(30)	–
Total financial liabilities	853,408	(861,992)	(127,617)	(189,128)	(476,468)	(68,778)	(1)
Undrawn loan commitments	–	(223,253)	(223,253)	–	–	–	–
Contingent liabilities	–	(200)	(200)	–	–	–	–
	853,408	(1,085,445)	(351,070)	(189,128)	(476,468)	(68,778)	(1)
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)

* 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
2014							
Statutory deposit with the Monetary Authority of Singapore	22,847	22,847	–	–	–	–	22,847
Investments	118,001	10,321	2,998	–	5,896	98,786	118,001
Loans and advances	792,288	–	450,721	215,200	93,522	32,845	792,288
Cash and cash equivalents	82,060	9,178	62,380	10,502	–	–	82,060
Other assets*	3,414	3,414	–	–	–	–	3,414
	1,018,610	45,760	516,099	225,702	99,418	131,631	1,018,610
Deposits and savings accounts of customers	847,330	13,521	299,704	466,664	67,440	1	847,330
Amount due to SPRING Singapore	344	–	238	106	–	–	344
Other liabilities	7,747	7,747	–	–	–	–	7,747
	855,421	21,268	299,942	466,770	67,440	1	855,421
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

* 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
2014							
Statutory deposit with the Monetary Authority of Singapore	22,847	22,847	–	–	–	–	22,847
Investments	118,001	10,321	2,998	–	5,896	98,786	118,001
Loans and advances	792,288	–	450,721	215,200	93,522	32,845	792,288
Cash and cash equivalents	81,974	9,092	62,380	10,502	–	–	81,974
Other assets*	3,414	3,414	–	–	–	–	3,414
	1,018,524	45,674	516,099	225,702	99,418	131,631	1,018,524
Deposits and savings accounts of customers	849,345	13,521	299,704	468,679	67,440	1	849,345
Amount due to SPRING Singapore	344	–	238	106	–	–	344
Other liabilities	7,522	7,522	–	–	–	–	7,522
	857,211	21,043	299,942	468,785	67,440	1	857,211
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

* 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 $386,000 (2013: decrease by $398,000). The corresponding impact from a 100 basis point fall is an estimated reduction of $1,446,000 (2013: $691,000) 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 $108 million (2013: $113 million). A 1% increase in prices at the reporting date would have increased equity by $1.1 million (2013: $1.1 million). An equal change in the opposite direction would have decreased equity by $1.1 million (2013: $1.1 million). The analysis is performed on the same basis for 2013.

At the reporting date, the Group has available-for-sale quoted equity securities of approximately $10 million (2013: $19 million). A 10% increase in prices at the reporting date would have increased equity by $1.0 million (2013: $1.9 million). An equal change in the opposite direction would have decreased equity by $1.0 million (2013: $1.9 million) and profit for the year by $Nil (2013: $0.6 million). The analysis is performed on the same basis for 2013.

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:

	2014 $'000	2013 $'000
Share capital	90,065	90,065
Disclosed reserves*	81,756	79,928
Regulatory capital	171,821	169,993
Risk-weighted assets	861,191	812,822
Capital adequacy ratio	19.95%	20.91%

* Exclude fair value reserve

The Group has complied with all externally imposed capital requirements.

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
2014					
Loans and advances	792,288	–	–	792,288	797,279
Statutory deposit with the Monetary Authority of Singapore	22,847	–	–	22,847	22,847
Investments	–	118,001	–	118,001	118,001
Other receivables and deposits*	3,414	–	–	3,414	3,414
Cash and cash equivalents	82,060	–	–	82,060	82,060
	900,609	118,001	–	1,018,610	1,023,601
Trade and other payables	–	–	(8,091)	(8,091)	(8,091)
Deposits and savings accounts of customers	–	–	(847,330)	(847,330)	(848,660)
	–	–	(855,421)	(855,421)	(856,751)
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)

* Excludes prepayments

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
2014					
Loans and advances	792,288	–	–	792,288	797,279
Statutory deposit with the Monetary Authority of Singapore	22,847	–	–	22,847	22,847
Investments	–	118,001	–	118,001	118,001
Other receivables and deposits*	3,414	–	–	3,414	3,414
Cash and cash equivalents	81,974	–	–	81,974	81,974
	900,523	118,001	–	1,018,524	1,023,515
Trade and other payables	–	–	(7,866)	(7,866)	(7,866)
Deposits and savings accounts of customers	–	–	(849,345)	(849,345)	(850,675)
	–	–	(857,211)	(857,211)	(858,541)
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)

* Excludes prepayments

24 FAIR VALUES OF FINANCIAL INSTRUMENTS

In assessing the fair value of financial instruments, the Group uses a variety of methods and make assumptions that are based on market conditions existing at each reporting date.

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

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

Liquid assets and liabilities

The carrying values of statutory deposit with the Monetary Authority of Singapore, other receivables and deposits, cash and cash equivalents and trade and other payables*, approximate their fair values as these balances are short-term in nature or are receivable or payable on demand.

* Exclude amounts due to SPRING Singapore

Investment in debt and equity securities

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

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)

Fair value hierarchy

The table below analyses fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: unobservable inputs for the asset or liability

Financial instruments carried at fair value

Group and Company	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2014					
Financial assets					
Investments	5	118,001	–	–	118,001
2013					
Financial assets					
Investments	5	132,725	–	–	132,725

*Financial instruments not carried at fair value but for which fair values are disclosed**

Group	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2014					
Financial assets					
Loans and advances	6	–	–	797,279	797,279
Financial liabilities					
Deposits and savings accounts of customers	13	–	848,660	–	848,660
Company					
2014					
Financial assets					
Loans and advances	6	–	–	797,279	797,279
Financial liabilities					
Deposits and savings accounts of customers	13	–	850,675	–	850,675

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

25 ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of financial statements requires the Group 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.

27 COMPARATIVE INFORMATION

During the current year, the Group modified the presentation of the balance sheets by presenting assets and liabilities in order of liquidity instead of separate classifications between current and non-current assets or liabilities in the balance sheets. The modified presentation based on order of liquidity provides information that is reliable and more relevant to the operations of the Group.

Comparative amounts in the balance sheets were represented for consistency and the presentation based on order of liquidity did not have any effect on the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of equity and consolidated cash flow statement.

Analysis of Shareholdings

As at 30 September 2014

Class of Shares – Ordinary Shares

Voting Rights – One Vote per Share

SUMMARY OF SHAREHOLDINGS BY SIZE AS AT 30 SEPTEMBER 2014

SIZE OF HOLDINGS	NUMBER OF SHAREHOLDERS	%	NUMBER OF SHARES	%
1 to 999	576	18.60	122,345	0.15
1,000 to 10,000	1,942	62.70	8,205,070	10.34
10,001 to 1,000,000	575	18.57	27,179,340	34.26
1,000,001 AND ABOVE	4	0.13	43,836,190	55.25
TOTAL	3,097	100.00	79,342,945	100.00

TOP 20 SHAREHOLDERS AS AT 30 SEPTEMBER 2014

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	1,273,690	1.61
4	MORPH INVESTMENTS LTD	1,152,000	1.45
5	DBS NOMINEES PTE LTD	924,717	1.17
6	SEOW KHOW MIN	769,687	0.97
7	LEE KHING YOONG VINCENT	765,250	0.96
8	PEH CHIN CHIONG	735,200	0.93
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	0.72
12	OCBC NOMINEES SINGAPORE PTE LTD	461,402	0.58
13	LIM HUI KONG	436,500	0.55
14	CITIBANK NOMINEES SINGAPORE PTE LTD	393,712	0.50
15	ANG CHIAN POH	392,020	0.49
16	CHUAH BEE JIAT	369,000	0.46
17	OU YANG YAN TE	355,118	0.45
18	MALAYAN INTERNATIONAL CORPORATION PRIVATE LIMITED	350,000	0.44
19	PHILLIP SECURITIES PTE LTD	289,876	0.37
20	LALCHAND JETHANAND DARYANANI	263,000	0.33
	TOTAL	52,223,026	65.82

Analysis of Shareholdings

As at 30 September 2014

Substantial Shareholders as at 30 September 2014
(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	–	–
Teo Soo Chuan (M) Sdn Bhd	–	–	4,189,500(2)	5.280
Goh Siok Cheng	71,250	0.090	41,463,937(3)	52.259
Teo Chiang Long	2,811	0.004	41,466,748(4)	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) Teo Soo Chuan (M) Sdn Bhd is deemed to be interested in the 4,189,500 Shares held by Teo Hang Sam Realty Sdn Bhd.

(3) Of the 41,463,937 Shares in which Goh Siok Cheng 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.

(4) 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.

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

SINGAPURA FINANCE
富雅金融

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE FORTY-FIFTH ANNUAL GENERAL MEETING of Singapura Finance Ltd will be held at 391A Orchard Road, Tower A, #26-00, Ngee Ann City, Singapore 238873, on Friday, 31 October 2014 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 2014 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 2014.

3. To approve Directors' fees of $380,000/- for the financial year ended 30 June 2014. [2013: $287,000/-]

4. To re-appoint the following Directors:

   (i) Mr Teo Chiang Long, 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 Teo Chiang Long will, upon re-appointment, continue as Executive Chairman of the Board of Directors and a member of the Executive Committee.

   (ii) 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.

   (iii) 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.

   (iv) Mr William Ho Ah Seng, 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 William Ho Ah Seng will, upon re-appointment, continue as a member of the Risk Management Committee, and is considered to be an Independent Director.

5. To re-elect the following Directors:

   (i) Mrs Yu-Foo Yee Shoon, a Director who will retire by rotation pursuant to Article 85 of the Articles of Association of the Company and who, being eligible, offers herself for re-election.

   Mrs Yu-Foo Yee Shoon will, when re-elected, continue as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees, and is considered to be an Independent Director.

   (ii) Mdm Tan Hui Keng, Martha, a Director who will retire by rotation pursuant to Article 85 of the Articles of Association of the Company and who, being eligible, offers herself for re-election.

   Mdm Tan Hui Keng, Martha will, when re-elected, continue as Chairman of the Audit Committee and member of the Nominating, Remuneration and Risk Management Committees, and is considered to be an Independent Director.

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

As Special Business

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

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

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

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

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

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the 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
16 October 2014

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 Tuesday, 11 November 2014 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 Monday, 10 November 2014 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 Wednesday, 19 November 2014.

BY ORDER OF THE BOARD
Nguy Jootian
Company Secretary

Singapore
16 October 2014

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.

Notice of
Annual General Meeting

Effect of Special Business to be Transacted

Ordinary Resolution 7 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent of the 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 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 7 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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 2014 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.
5. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 16 October 2014.

*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-Fifth Annual General Meeting of the Company to be held on Friday, 31 October 2014 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 Teo Chiang Long		
	(ii) Mr Phua Bah Lee		
	(iii) Mr Teoh Eng Hong		
	(iv) Mr William Ho Ah Seng		
5.	Re-election of Directors retiring under Article 85 of the Articles of Association of the Company:		
	(i) Mrs Yu-Foo Yee Shoon		
	(ii) Mdm Tan Hui Keng, Martha		
6.	Re-appointment of Messrs KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
7.	Approval of the proposed share issue mandate		
8.	Any Other Business		

* Delete as appropriate

Dated this __________ day of ________________ 2014

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

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Our Services

Financing for purchase of

FOR INDIVIDUAL

- HDB Flat
- Private Residential Property
- Commercial Property
- Industrial Property
- Share
- Car
- Motor Cycle
- 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 vehicles
- 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

SINGAPURA FINANCE
富雅金融

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