SINGAPURA FINANCE LTD
Co. Reg. No. 196900340N

Full Year (18 Months) Financial Statements And Dividend Announcement

The Directors of Singapura Finance Ltd are pleased to announce the audited financial statements on consolidated results for full year (18 months) ended 31 December 2016. These figures have been audited in accordance with Singapore Standards on Auditing.

1 (a) Audited Consolidated Income Statement for the 18 months ended 31 December 2016

	18 Months 1 Jul 15 to 31 Dec 16 (1)	18 Months 1 Jul 14 to 31 Dec 15 (2)	Increase/ (Decrease)
	$'000	$'000	%
Interest income and hiring charges	**51,108**	49,101	4.1
Interest expense	**(19,732)**	(15,305)	28.9
Net interest and hiring charges	**31,376**	33,796	(7.2)
Fee and commission income	**2,141**	1,430	49.7
Dividend income	**324**	514	(37.0)
Gain on sale of investments	**539**	83	549.4
Other operating income	**644**	681	(5.4)
Income before operating expenses	**35,024**	36,504	(4.1)
Staff costs	**(12,108)**	(13,700)	(11.6)
Depreciation of property, plant and equipment	**(1,176)**	(1,141)	3.1
Other operating expenses	**(11,641)**	(11,739)	(0.8)
Total operating expenses	**(24,925)**	(26,580)	(6.2)
Profit from operations before allowances	**10,099**	9,924	1.8
Allowances on loan losses (net)	**(4,688)**	(1,920)	144.2
Impairment loss on investments	**(740)**	(1,140)	(35.1)
Profit before tax	**4,671**	6,864	(31.9)
Tax expense	**(771)**	(1,151)	(33.0)
Profit for the period	**3,900**	5,713	(31.7)

Notes :

(1) This announcement covered a 18 month period from 1 July 2015 to 31 December 2016. The Company has changed its financial year end from 30 June to 31 December (please refer to the announcement reference no. SG151204OTHRAK7A dated 4 December 2015). The financial period for FY2015/2016 will now cover a 18 month period from 1 July 2015 to 31 December 2016.

(2) The 18 month period results ended 31 December 2015, which is computed by adding the results of the 6 month period ended 31 December 2015 to that of 12 month period ended 30 June 2015, is presented for comparative purposes. The previous audited financial statements were for the 12 months ended 30 June 2015.

1 (b) Earnings per ordinary share of the group:-

	18 months Dec 2016	18 months Dec 2015 [(1)]
Based on the weighted average number of ordinary shares in issue (cents); and	**2.46**	4.06
On a fully diluted basis (cents)	**2.46**	4.06

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 158,685,890 for 18 months ended 31 December 2016 (18 months ended 31 December 2015 : 140,828,039 shares).

There are no potential dilutive ordinary shares for the 18 months ended 31 December 2016 and 2015.

1(c) Audited Consolidated Statement of Comprehensive Income for the 18 months ended 31 December 2016

	18 Months Dec 2016	18 Months Dec 2015 [(1)]	+ / (-)
	$'000	$'000	%
Profit for the period	**3,900**	5,713	(31.7)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale investments	**2,908**	(1,532)	n.m.
Net change in fair value of available-for-sale investments transferred to profit or loss			
- on disposal	**(539)**	(83)	549.4
- on impairment	**740**	1,140	(35.1)
Tax relating to items that may be reclassified subsequently to profit or loss	**(529)**	81	n.m.
Other comprehensive income for the period, net of tax	**2,580**	(394)	n.m.
Total comprehensive income for the period	**6,480**	5,319	21.8

n.m. – not meaningful

Note :

(1) The 18 month period results ended 31 December 2015, which is computed by adding the results of the 6 month period ended 31 December 2015 to that of 12 month period ended 30 June 2015, is presented for comparative purposes. The previous audited financial statements were for the 12 months ended 30 June 2015.

2 (a) Balance sheets

	Group		Company	
	31 December 2016	30 June 2015	**31 December 2016**	30 June 2015
	$'000	$'000	**$'000**	$'000
Assets				
Cash and cash equivalents	**136,789**	140,625	**136,627**	140,589
Statutory deposit with the Monetary Authority of Singapore	**22,180**	24,358	**22,180**	24,358
Investments	**116,098**	122,512	**116,098**	122,512
Loans and advances	**838,384**	935,483	**838,384**	935,483
Others receivables, deposits and prepayments	**3,076**	6,168	**3,072**	6,168
Subsidiaries	**-**	-	**125**	125
Property, plant and equipment	**8,246**	8,667	**8,246**	8,667
Total assets	**1,124,773**	1,237,813	**1,124,732**	1,237,902
Equity				
Share capital	**168,896**	168,896	**168,896**	168,896
Reserves	**82,989**	79,683	**81,014**	77,862
Total equity attributable to owners of the Company	**251,885**	248,579	**249,910**	246,758
Liabilities				
Deposits and savings accounts of customers	**856,928**	978,143	**859,095**	980,285
Trade and other payables	**12,867**	9,049	**12,640**	8,823
Current tax liabilities	**1,724**	655	**1,718**	649
Staff retirement gratuities	**1,276**	1,350	**1,276**	1,350
Deferred tax liabilities	**93**	37	**93**	37
Total liabilities	**872,888**	989,234	**874,822**	991,144
Total equity and liabilities	**1,124,773**	1,237,813	**1,124,732**	1,237,902

2 (b) Net Asset Value

Net asset value per ordinary share ($)	**1.59**	1.57	**1.57**	1.56

The net asset value per share is calculated based on the number of shares of 158,685,890 ordinary shares in issue at the end of 31 December 2016 and 30 June 2015.

3 Consolidated cash flow statement

	GROUP	
	18 Months Dec 2016 $'000	18 Months Dec 2015 (1) $'000
Cash flows from operating activities		
Profit for the period	**3,900**	5,713
Adjustments for:-		
Depreciation of property, plant and equipment	**1,176**	1,141
Property, plant and equipment written off	**3**	10
Gain on disposal of property, plant and equipment	**(42)**	(63)
Allowances on loan losses (net)	**4,688**	1,920
Impairment loss on investments	**740**	1,140
Gain on sale of investments	**(539)**	(83)
Staff retirement gratuities	**155**	142
Dividend income	**(324)**	(514)
Tax expense	**771**	1,151
	10,528	10,557
Changes in working capital:		
Statutory deposit with Monetary Authority of Singapore	**2,178**	(2,553)
Loans and advances	**92,411**	(145,534)
Other receivables, deposits and prepayments	**3,092**	(2,545)
Deposits and savings accounts of customers	**(121,215)**	99,607
Trade and other payables	**3,818**	4,070
Cash used in operations	**(9,188)**	(36,398)
Taxes paid	**(175)**	(1,047)
Staff retirement gratuities paid	**(229)**	(217)
Net cash used in operating activities	**(9,592)**	(37,662)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(758)**	(1,225)
Proceeds from sale of property, plant and equipment	**42**	63
Dividends received	**324**	514
Purchase of investments	**(441,578)**	(63,132)
Proceeds from sale and maturity of investments	**450,900**	52,638
Net cash from/(used in) investing activities	**8,930**	(11,142)
Cash flows from financing activities		
Proceeds from issue of shares	**-**	78,831
Dividends paid	**(3,174)**	(7,141)
Net cash (used in)/from financing activities	**(3,174)**	71,690
Net (decrease)/increase in cash and cash equivalents	**(3,836)**	22,886
Cash and cash equivalents at 1 July	**140,625**	82,060
Cash and cash equivalents at 31 December	**136,789**	104,946

Note :

(1) The 18 month period results ended 31 December 2015, which is computed by adding the results of the 6 month period ended 31 December 2015 to that of 12 month period ended 30 June 2015, is presented for comparative purposes. The previous audited financial statements were for the 12 months ended 30 June 2015.

4 (a) Consolidated statements of changes in equity

	Share Capital	Capital Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
At 1 July 2015	**168,896**	**1,353**	**61,178**	**(2,649)**	**730**	**19,071**	**248,579**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	**3,900**	**3,900**
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	**2,908**	-	-	**2,908**
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	**(539)**	-	-	**(539)**
- on impairment	-	-	-	**740**	-	-	**740**
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	**(529)**	-	-	**(529)**
Total other comprehensive income	-	-	-	**2,580**	-	-	**2,580**
Total comprehensive income for the period	-	-	-	**2,580**	-	**3,900**	**6,480**
Transaction with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends declared and paid	-	-	-	-	-	**(3,174)**	**(3,174)**
Total transactions with owners	-	-	-	-	-	**(3,174)**	**(3,174)**
Transfer from profit for the period to statutory reserve	-	-	**1,880**	-	-	**(1,880)**	-
At 31 December 2016	**168,896**	**1,353**	**63,058**	**(69)**	**730**	**17,917**	**251,885**
The Group [(1)]							
At 1 July 2014	**90,065**	**1,353**	**58,944**	**(1,550)**	**730**	**20,729**	**170,271**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	**5,713**	**5,713**
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	**(1,532)**	-	-	**(1,532)**
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	-	-	-	**(83)**	-	-	**(83)**
- on impairment	-	-	-	**1,140**	-	-	**1,140**
Tax relating to items that may be reclassified subsequently to profit or loss	-	-	-	**81**	-	-	**81**
Total other comprehensive income	-	-	-	**(394)**	-	-	**(394)**
Total comprehensive income for the period	-	-	-	**(394)**	-	**5,713**	**5,319**
Transaction with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends declared and paid	-	-	-	-	-	**(7,141)**	**(7,141)**
Issue of Rights Shares	**78,831**	-	-	-	-	-	**78,831**
Total transactions with owners	**78,831**	-	-	-	-	**(7,141)**	**71,690**
Transfer from profit for the period to statutory reserve	-	-	**2,234**	-	-	**(2,234)**	-
At 31 December 2015	**168,896**	**1,353**	**61,178**	**(1,944)**	**730**	**17,067**	**247,280**

(1) The 18 month period results ended 31 December 2015, which is computed by adding the results of the 6 month period ended 31 December 2015 to that of 12 month period ended 30 June 2015, is presented for comparative purposes. The previous audited financial statements were for the 12 months ended 30 June 2015.

4 (b) Statement of changes in equity

	Share Capital	Capital Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Company							
At 1 July 2015	**168,896**	**1,353**	**61,178**	**(2,649)**	**730**	**17,250**	**246,758**
Total comprehensive income for the period							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**3,746**	**3,746**
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	**-**	**-**	**-**	**2,908**	**-**	**-**	**2,908**
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	**-**	**-**	**-**	**(539)**	**-**	**-**	**(539)**
- on impairment	**-**	**-**	**-**	**740**	**-**	**-**	**740**
Tax relating to items that may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**(529)**	**-**	**-**	**(529)**
Total other comprehensive income	**-**	**-**	**-**	**2,580**	**-**	**-**	**2,580**
Total comprehensive income for the period	**-**	**-**	**-**	**2,580**	**-**	**3,746**	**6,326**
Transaction with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends declared and paid	**-**	**-**	**-**	**-**	**-**	**(3,174)**	**(3,174)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(3,174)**	**(3,174)**
Transfer from profit for the period to statutory reserve	**-**	**-**	**1,880**	**-**	**-**	**(1,880)**	**-**
At 31 December 2016	**168,896**	**1,353**	**63,058**	**(69)**	**730**	**15,942**	**249,910**
The Company [(1)]							
At 1 July 2014	**90,065**	**1,353**	**58,944**	**(1,550)**	**730**	**18,984**	**168,526**
Total comprehensive income for the period							
Profit for the period	**-**	**-**	**-**	**-**	**-**	**5,586**	**5,586**
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	**-**	**-**	**-**	**(1,532)**	**-**	**-**	**(1,532)**
Net change in fair value of available-for-sale investments transferred to profit or loss							
- on disposal	**-**	**-**	**-**	**(83)**	**-**	**-**	**(83)**
- on impairment	**-**	**-**	**-**	**1,140**	**-**	**-**	**1,140**
Tax relating to items that may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**81**	**-**	**-**	**81**
Total other comprehensive income	**-**	**-**	**-**	**(394)**	**-**	**-**	**(394)**
Total comprehensive income for the period	**-**	**-**	**-**	**(394)**	**-**	**5,586**	**5,192**
Transaction with owners, recorded directly in equity							
Contributions by and distributions to owners							
Dividends declared and paid	**-**	**-**	**-**	**-**	**-**	**(7,141)**	**(7,141)**
Issue of Rights Shares	**78,831**	**-**	**-**	**-**	**-**	**-**	**78,831**
Total transactions with owners	**78,831**	**-**	**-**	**-**	**-**	**(7,141)**	**71,690**
Transfer from profit for the period to statutory reserve	**-**	**-**	**2,234**	**-**	**-**	**(2,234)**	**-**
At 31 December 2015	**168,896**	**1,353**	**61,178**	**(1,944)**	**730**	**15,195**	**245,408**

(1) The 18 month period results ended 31 December 2015, which is computed by adding the results of the 6 month period ended 31 December 2015 to that of 12 month period ended 30 June 2015, is presented for comparative purposes. The previous audited financial statements were for the 12 months ended 30 June 2015.

5 Group's borrowings and debt securities

Nil.

6 Changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported.

Nil.

7 Sales, transfers, disposal, cancellation and / or use of treasury shares as at the end of the financial period.

Not applicable. During the financial period, no shares were held as treasury shares.

8 Accounting Policies

For the current financial period, the Group and the Company have adopted all the relevant new or revised Financial Reporting Standards ("FRS") and interpretations ("INT FRS") which came into effect for the Group and the Company from 1 July 2015.

The adoption of these new or revised FRS and INT FRS does not have any material impact on the financial statements of the Group and the Company for the financial period under review.

The accounting policies and methods of computation adopted in the financial statements for the financial period under review are consistent with those applied in the financial statements for the year ended 30 June 2015.

9 Review of the Performance of the Company and its Principal Subsidiaries

The Group's profit from operations before allowances for the 18 months ended 31 December 2016 was $10.1 million, 1.8% higher vis-à-vis the same period last year. This was a result of strict discipline in the management of operating costs in the light of lower income. Net interest income contracted by $2.4 million or 7.2% as the rise in interest costs more than offset the growth in interest income. The drop in net interest income was partially compensated by higher non-interest income particularly fee and commission income and gain on sale of investments.

Net allowances for loan losses amounted to $4.7 million for the 18 months ended 31 December 2016. This is a reflection of the prevailing challenging economic conditions, especially in some sectors, like the oil and gas sector. For the same period last year, there was a net charge for loan allowances of $1.9 million. The Group continues to set aside adequate specific and collective allowances for the loan portfolio.

The Group has also made impairment loss on investments of $0.7 million due to prolonged decline in the market value of quoted equity investments. The investments have been disposed during the first quarter of 2016.

The Group registered a profit after tax of $3.9 million for the 18 months ended 31 December 2016. Notwithstanding the weaker performance, the Group's shareholders' funds remains strong at $252 million as at 31 December 2016, and is more than adequate to buffer further volatility in the current economic slowdown. Our capital adequacy ratio continues to be well above the regulatory minimum requirement.

Total loan net of allowances decreased by 10.4% to $838 million compared to $935 million as at 30 June 2015 in the midst of a challenging economic environment. To match the lower loan balance, total customers' deposits was managed downwards by 12.4% to $857 million as at 31 December 2016.

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen which is likely to affect substantially the results of the operations of the Group and the Company in the interval between the end of the financial period and the date of this report.

10 Comments on Significant Trends and Competitive Conditions in the Industry

Statistics from the Ministry of Trade and Industry ("MTI") showed that the Singapore economy grew by 2.9% on a year-on-year basis in the fourth quarter of 2016, faster than the 1.2% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 12.3%, a turnaround from the 0.4% decline in the preceding quarter. For the whole year of 2016, the economy grew by 2.0%, above MTI's earlier announced GDP growth forecast of "1.0% to 1.5%".

For 2017, MTI has maintained the GDP growth forecast at "1.0% to 3.0%". Singapore's economy is expected to remain subdued with local economic restructuring challenges and slowdown in the global trade and the uncertainties of any policy changes from the newly elected US Administration. Nevertheless, the Group will continue to be prudent in seeking new business opportunities and be proactive in managing our credit exposure and operating expenses to remain competitive.

11 Dividends

Subject to shareholders' approval at the forthcoming Annual General Meeting, the Board of Directors is recommending a first and final dividend (one-tier tax-exempt) of 2 cents per share for the 18 months ended 31 December 2016.

	18 Months ended 31 December 2016	12 Months ended 30 June 2015
Name of Dividend	First & final	First & final
Dividend Type	Cash	Cash
Dividend Rate	2 cents per share	2 cents per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Annual Dividend		
Ordinary	$3,173,718	$3,173,718
Preference	-	-
Total	$3,173,718	$3,173,718

12 Closure of Books and Dividend Payment Date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on Tuesday, 9 May 2017 for the preparation of dividend warrants. Duly completed registrable 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, 8 May 2017 will be registered to determine shareholders' entitlement to the dividend. Payment of dividend, if approved by shareholders at the Annual General Meeting to be held at 391A Orchard Road, Tower A, #26-00, Ngee Ann City Singapore 238873 on Friday, 28 April 2017 at 11.00 a.m., will be paid on Tuesday, 16 May 2017.

13 Segmented revenue and results for business or geographical segments

Segment reporting is not required as the Group operates only in one segment. Its activities relate to financing business. All activities are carried out in the Republic of Singapore.

14. Half-Yearly Income and Profit After Tax

	18 Months ended 31 December 2016	18 Months ended 31 December 2015 (1)	Increase/ (Decrease)
	$'000	$'000	%
Total Income			
First Half Year	12,511	11,722	6.7%
Second Half Year	11,523	12,271	(6.1%)
Third Half Year	10,990	12,511	(12.2%)
Profit After Tax			
First Half Year	1,170	3,179	(63.2%)
Second Half Year	794	1,364	(41.8%)
Third Half Year	1,936	1,170	65.5%

(1) The 18 month period results ended 31 December 2015, which is computed by adding the results of the 6 month period ended 31 December 2015 to that of 12 month period ended 30 June 2015, is presented for comparative purposes. The previous audited financial statements were for the 12 months ended 30 June 2015.

15. Shareholders' mandate for Interested Party Transactions

The Group has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920 of the SGX-ST Listing Manual.

16. The Company confirms that it has procured the undertakings required under Rule 720(1) from all its directors and executive officers.

17. Report of person occupying managerial position who are related to a Director, Chief Executive Officer or Substantial Shareholder pursuant to Rule 704(13) of the Listing Rules

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the period
Jamie Teo Miang Yeow	43	Son of Executive Chairman [Teo Chiang Long]	Chief Executive Officer Year appointed : 2007 Oversees the business activities and operations of the Group	Nil
Nguy Jootian	70	Sister of Executive Chairman [Teo Chiang Long] and aunt of Chief Executive Officer [Jamie Teo Miang Yeow]	General Manager/ Company Secretary Year Appointed : 1993 Oversees human resources administration, Realty & Nominees Services, and Corporate Secretarial matters	Nguy Jootian retired as Company Secretary and General Manager on 3 August 2015 and 31 August 2015 respectively

By Order of the Board

Ngiam May Ling
Company Secretary

24 February 2017

Independent auditors' report

Members of the Company
Singapura Finance Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Singapura Finance Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2016, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the period from 1 July 2015 to 31 December 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 Singapore Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the period from 1 July 2015 to 31 December 2016.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Allowance for loan losses amounting to $13,204,000</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group's loans and advances to customers represent 76% of its total assets.

The adequacy of allowance for loan losses was identified as a key focus area in our audit as it involves a considerable degree of judgement in assessing the adequacy of the allowances.

In addition, the Group has to meet regulatory requirements relating to maintenance of collective impairment allowances.</td><td>Our audit procedures included assessing the controls over approving, recording and monitoring of loans and advances. We also assessed the controls over impairment allowances for individually significant loans and advances.

We performed a sample of credit reviews on individually significant loans and advances by critically assessing the credit grading and any objective evidence of impairment.

We reviewed the Group's assumptions in assessing specific impairment for exposures subject to individual impairment assessment on a sample basis. We critically assessed the realisation of collateral and other possible source of repayment.

We also assessed the Group's comparison of collective impairment provided against its historical loss data and ascertained that the parameters used agree to underlying supporting documents.

We recomputed management's calculation to ascertain that the Group's collective impairment is maintained in accordance to regulatory requirements.</td></tr>
<tr><td colspan="2">Our findings

The Group has adequate controls in place to identify and record impaired loans and advances. The impairment estimates were within an acceptable range of outcomes.</td></tr>
</table>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the analysis of shareholdings which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the analysis of shareholdings, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Hong Cho Hor Ian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 February 2017