

SINGAPURA FINANCE LTD
Co. Reg. No. 196900340N

Six Months And Full Year Financial Statements Announcement

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

Note	Group					
	6 months ended 31 Dec 2021	6 months ended 31 Dec 2020	+/-	12 months ended 31 Dec 2021	12 months ended 31 Dec 2020	+/-
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income and hiring charges	14,939	14,874	0.4	29,623	31,438	(5.8)
Interest expense	(2,492)	(5,678)	(56.1)	(5,027)	(13,161)	(61.8)
Net interest income and hiring charges	12,447	9,196	35.4	24,596	18,277	34.6
Fee and commission income	234	235	(0.4)	372	502	(25.9)
Other operating income	451	995	(54.7)	939	1,851	(49.3)
Income before operating expenses	13,132	10,426	26.0	25,907	20,630	25.6
Staff costs	(4,170)	(3,900)	6.9	(8,015)	(7,883)	1.7
Depreciation of property, plant and equipment	(647)	(593)	9.1	(1,201)	(1,156)	3.9
Other operating expenses	(1,905)	(1,838)	3.6	(3,974)	(3,654)	8.8
Total operating expenses	(6,722)	(6,331)	6.2	(13,190)	(12,693)	3.9
Profit from operations before allowances	6,410	4,095	56.5	12,717	7,937	60.2
Allowances for impairment losses on loans and advances	(736)	(815)	(9.7)	(1,184)	(2,317)	(48.9)
Profit before tax	5,674	3,280	73.0	11,533	5,620	105.2
Tax expense	(963)	(459)	109.8	(1,915)	(854)	124.2
Profit after tax	4,711	2,821	67.0	9,618	4,766	101.8
Other comprehensive income						
<u>Items that will not be reclassified subsequently to profit or loss (net of tax):</u>						
Fair value changes of equity investments (net)	(241)	(5,503)	(95.6)	(1,275)	(5,503)	(76.8)
<u>Items that may be reclassified subsequently to profit or loss (net of tax):</u>						
Fair value changes of debt investments (net)	(2,130)	(83)	2,466.3	(4,210)	1,750	n.m.
Total comprehensive income for the period	2,340	(2,765)	n.m.	4,133	1,013	308.0
<u>Earnings per share for the profit for the period attributable to the owners of the Company during the year:</u>						
Basic earnings per share (cents)	5.94	3.56		6.06	3.00	
Diluted earnings per share (cents)	5.94	3.56		6.06	3.00	

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 the periods ended 31 December 2021 and 2020. There are no potential dilutive ordinary shares for the periods ended 31 December 2021 and 2020.

n.m. – not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		\$'000	\$'000	\$'000	\$'000
Assets					
Cash and balances with banks	5	114,768	181,054	114,751	180,963
Statutory deposit with the Monetary Authority of Singapore		24,361	21,421	24,361	21,421
Investments	10.2	130,902	125,001	130,902	125,001
Loans and advances	11	895,966	837,886	895,966	837,886
Others receivables, deposits and prepayments		2,318	1,867	2,317	1,867
Subsidiaries		-	-	125	125
Property, plant and equipment	12	7,450	7,119	7,450	7,119
Deferred tax asset		1,835	720	1,835	720
Total assets		1,177,600	1,175,068	1,177,707	1,175,102
Equity					
Share capital	13	168,896	168,896	168,896	168,896
Reserves		87,480	85,727	85,216	83,503
Total equity attributable to owners of the Company		256,376	254,623	254,112	252,399
Liabilities					
Deposits and savings accounts of customers		907,987	907,474	910,591	909,966
Trade and other payables		9,034	9,463	8,805	9,234
Current tax liabilities		2,636	1,993	2,632	1,988
Staff retirement gratuities		1,567	1,515	1,567	1,515
Total liabilities		921,224	920,445	923,595	922,703
Total equity and liabilities		1,177,600	1,175,068	1,177,707	1,175,102
Net Asset Value					
Net asset value per ordinary share (\$)		1.62	1.60	1.60	1.59

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 2021 and 31 December 2020.

C. Condensed interim consolidated statement of cash flows

	Note	12 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2020 \$'000
Cash flows from operating activities			
Profit for the period		9,618	4,766
<u>Adjustments for:-</u>			
Depreciation of property, plant and equipment		1,201	1,156
Bad Debts written off		11	10
Allowances for impairment losses on loans and advances		1,184	2,317
Property, plant and equipment written off		-	2
Staff retirement gratuity		84	61
Interest on lease liabilities		399	333
Tax expense		1,915	854
		14,412	9,499
<u>Changes in working capital:</u>			
Statutory deposit with Monetary Authority of Singapore		(2,940)	(3,141)
Fixed Deposits with original maturity more than 3 months		46,535	(49,805)
Loans and advances		(59,275)	(104,069)
Other receivables, deposits and prepayments		(451)	89
Deposits and savings accounts of customers		513	61,958
Trade and other payables		(940)	(2,361)
		(2,146)	(87,830)
Cash used in operations		(2,146)	(87,830)
Taxes paid		(1,264)	(1,092)
Staff retirement gratuity paid		(32)	-
		(3,442)	(88,922)
Net cash flows used in operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment		(529)	(211)
Purchase of investments		(277,685)	(547,520)
Proceeds from sale and maturity of investments		265,176	549,584
		(13,038)	1,853
Net cash flows (used in)/generated from investing activities			
Cash flows from financing activities			
Payment of lease liabilities		(891)	(971)
Dividends paid	9	(2,380)	(5,554)
		(3,271)	(6,525)
Net cash flows used in financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of period		131,249	224,843
Cash and cash equivalents at end of period	5	111,498	131,249

D. Condensed interim statements of changes in equity – Group

	Note	Share Capital	Capital Reserve	Regulatory Loss Allowance Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group									
At 1 Jan 2021		168,896	1,353	1,985	75,388	(2,706)	730	8,977	254,623
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	9,618	9,618
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(1,536)	-	-	(1,536)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	261	-	-	261
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(5,072)	-	-	(5,072)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	862	-	-	862
Total other comprehensive income		-	-	-	-	(5,485)	-	-	(5,485)
Total comprehensive income for the year		-	-	-	-	(5,485)	-	9,618	4,133
Transaction with owners, recorded directly in equity									
Final dividend of 1.5 cents per share paid in respect of year 2020	9	-	-	-	-	-	-	(2,380)	(2,380)
Total transactions with owners		-	-	-	-	-	-	(2,380)	(2,380)
Transfer from profit for the year to Statutory Reserve		-	-	-	4,790	-	-	(4,790)	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(1,267)	-	-	-	1,267	-
At 31 Dec 2021		168,896	1,353	718	80,178	(8,191)	730	12,692	256,376
The Group									
At 1 Jan 2020		168,896	1,353	4,026	73,028	1,047	730	10,084	259,164
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	4,766	4,766
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(6,630)	-	-	(6,630)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	1,127	-	-	1,127
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	2,108	-	-	2,108
Tax on items that may be reclassified subsequently to profit or loss		-	-	-	-	(358)	-	-	(358)
Total other comprehensive income		-	-	-	-	(3,753)	-	-	(3,753)
Total comprehensive income for the period		-	-	-	-	(3,753)	-	4,766	1,013
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 1.5 cents per share paid in respect of year 2019	9	-	-	-	-	-	-	(5,554)	(5,554)
Total transactions with owners		-	-	-	-	-	-	(5,554)	(5,554)
Transfer from profit for the year to Statutory Reserve		-	-	-	2,360	-	-	(2,360)	-
Transfer from profit for the year to Statutory Reserve		-	-	-	-	-	-	-	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(2,041)	-	-	-	2,041	-
At 31 Dec 2020		168,896	1,353	1,985	75,388	(2,706)	730	8,977	254,623

D. Condensed interim statements of changes in equity – Company

	Note	Share Capital	Capital Reserve	Regulatory Loss Allowance Reserve	Statutory Reserve	Fair Value Reserve	General Reserve	Accumulated Profits	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Company									
At 1 Jan 2021									
		168,896	1,353	1,985	75,388	(2,706)	730	6,753	252,399
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	9,578	9,578
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(1,536)	-	-	(1,536)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	261	-	-	261
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	(5,072)	-	-	(5,072)
Tax relating to items that may be reclassified subsequently to profit or loss		-	-	-	-	862	-	-	862
Total other comprehensive income		-	-	-	-	(5,485)	-	-	(5,485)
Total comprehensive income for the year		-	-	-	-	(5,485)	-	9,578	4,093
Transaction with owners, recorded directly in equity									
Final dividend of 1.5 cents per share paid in respect of year 2020	9	-	-	-	-	-	-	(2,380)	(2,380)
Total transactions with owners		-	-	-	-	-	-	(2,380)	(2,380)
Transfer from profit for the year to Statutory Reserve		-	-	-	4,790	-	-	(4,790)	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(1,267)	-	-	-	1,267	-
At 31 Dec 2021		168,896	1,353	718	80,178	(8,191)	730	10,428	254,112
The Company									
At 1 Jan 2020									
		168,896	1,353	4,026	73,028	1,047	730	7,915	256,995
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	4,711	4,711
Other comprehensive income									
Items that will not be reclassified subsequently to profit or loss:									
Net change in fair value of equity investments measured at FVOCI		-	-	-	-	(6,630)	-	-	(6,630)
Tax relating to items that will not be reclassified subsequently to profit or loss		-	-	-	-	1,127	-	-	1,127
Items that may be reclassified subsequently to profit or loss:									
Net change in fair value of debt investments measured at FVOCI		-	-	-	-	2,108	-	-	2,108
Tax on items that may be reclassified subsequently to profit or loss		-	-	-	-	(358)	-	-	(358)
Total other comprehensive income		-	-	-	-	(3,753)	-	-	(3,753)
Total comprehensive income for the period		-	-	-	-	(3,753)	-	4,711	958
Transaction with owners, recorded directly in equity									
Final dividend of 2 cents and Special dividend of 1.5 cents per share paid in respect of year 2019	9	-	-	-	-	-	-	(5,554)	(5,554)
Total transactions with owners		-	-	-	-	-	-	(5,554)	(5,554)
Transfer from profit for the year to Statutory Reserve		-	-	-	2,360	-	-	(2,360)	-
Transfer from Regulatory Loss Allowance Reserve to accumulated profits		-	-	(2,041)	-	-	-	2,041	-
At 31 Dec 2020		168,896	1,353	1,985	75,388	(2,706)	730	6,753	252,399

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Singapura Finance Ltd (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those relating to finance companies operating under the Finance Companies Act, Chapter 108.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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.

Coronavirus (COVID-19) pandemic

The COVID-19 pandemic has increased the estimation uncertainty in the preparation of the financial statements.

The estimation uncertainty is associated with:

- the extent and duration of the expected economic downturn (and forecasts for key economic factors including gross domestic product (GDP));
- the extent and duration of the disruption to business arising from the containment measures by government, businesses and consumers to contain the spread of the virus; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Company has developed accounting estimates based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2021 about future events that management believes are reasonable in the circumstances.

There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are also subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements. The significant accounting estimate impacted by these forecasts and associated uncertainties is predominantly related to expected credit losses.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

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.

5. Cash and balances with banks

	----- Group -----		----- Company -----	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Cash at banks and in hand	92,629	131,249	92,612	131,158
Fixed deposits with banks	22,139	49,805	22,139	49,805
Cash and balances with banks in the balance sheet	114,768	181,054	114,751	180,963
Less: Fixed deposits with original maturity more than 3 months	(3,270)	(49,805)	(3,270)	(49,805)
Cash and cash equivalents in the cash flow statement	111,498	131,249	111,481	131,158

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	----- Group -----		----- Company -----	
	31 Dec 2021 \$'000	31 Dec 2020 \$'000	31 Dec 2021 \$'000	31 Dec 2020 \$'000
Financial Assets				
- At amortised cost				
Cash and balances with banks	114,768	181,054	114,751	180,963
Statutory deposit with Monetary Authority of Singapore	24,361	21,421	24,361	21,421
Loans and advances	895,966	837,886	895,966	837,886
Other receivables and deposits (excludes prepayments)	1,375	1,339	1,374	1,339
- At fair value through other comprehensive income (FVOCI)				
Debt instruments	130,902	123,465	130,902	123,465
Unquoted equity instruments	*	1,536	*	1,536
	<u>1,167,372</u>	<u>1,166,701</u>	<u>1,167,354</u>	<u>1,166,610</u>
Financial Liabilities				
Deposits and savings accounts of customers	(907,987)	(907,474)	(910,591)	(909,966)
Trade and other payables	(9,034)	(9,463)	(8,805)	(9,234)
	<u>(917,021)</u>	<u>(916,937)</u>	<u>(919,396)</u>	<u>(919,200)</u>

*Amount less than S\$1,000

7. Profit before taxation

7.1. Significant items

	Group			
	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000	12 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2020 \$'000
Interest income and hiring charges				
Interest income on:				
- loans and advances	13,686	13,541	27,279	27,801
- bank deposits	242	579	516	1,824
- Singapore Government Securities	1,011	754	1,828	1,813
	<u>14,939</u>	<u>14,874</u>	<u>29,623</u>	<u>31,438</u>
Interest expense				
Interest expense on customer deposits	2,492	5,678	5,027	13,161
	<u>2,492</u>	<u>5,678</u>	<u>5,027</u>	<u>13,161</u>
Other operating income				
Bad debts recovered	2	36	20	39
Others	189	169	365	329
Government grant	260	790	554	1,483
	<u>451</u>	<u>995</u>	<u>939</u>	<u>1,851</u>
Staff costs				
Salaries and other benefits	3,746	3,497	7,194	7,046
Contributions to defined contribution plans	424	403	821	837
	<u>4,170</u>	<u>3,900</u>	<u>8,015</u>	<u>7,883</u>

Government grant income includes \$248,000 (31 December 2020: \$1,261,000) recognised during the financial year relating to the Job Support Scheme which is to support employers during the COVID-19 period as announced at Budget 2020, and enhanced at the Resilience, Solidarity and Fortitude Budget and \$260,000 (31 December 2020: \$Nil) of Rental Support Scheme to support business with rental costs affected by tightened measures in Phase 2 (Heightened Alert).

All interest income and hiring charges relates to financial assets that are not fair value through profit or loss.

All interest expense relates to financial liabilities that are not fair value through profit or loss.

	Group			
	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000	12 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2020 \$'000
Other operating expenses				
Audit fees to auditors				
- provision in respect of current year	74	59	158	143
Non-audit fees to auditors of the Company	(9)	13	38	31
Property, plant and equipment written-off	-	1	-	2
Interest expense on lease liabilities				
- related corporations	225	103	365	293
- third parties	17	20	34	40
Other operating expense paid to:				
- related corporations	26	24	51	47
- third parties	1,572	1,618	3,328	3,098
	<u>1,905</u>	<u>1,838</u>	<u>3,974</u>	<u>3,654</u>

7.2. Related party transactions

Key management personnel compensation

Compensation payable to key management personnel comprise:

	Group			
	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000	12 months ended 31 Dec 2021 \$'000	12 months ended 31 Dec 2020 \$'000
Directors' fees	270	230	540	540
Short-term employee benefits	995	672	1,610	1,388
Post-employment benefits	54	45	104	98
	<u>1,319</u>	<u>947</u>	<u>2,254</u>	<u>1,926</u>

Directors' remuneration included in key management personnel compensation amounted to \$1,814,000 (31 December 2020: \$1,609,000). 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			
	6 months ended	6 months ended	12 months ended	12 months ended
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Interest on deposits paid to related parties	521	1,367	1,107	3,407

	Company			
	6 months ended	6 months ended	12 months ended	12 months ended
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Interest on deposits paid to subsidiaries	5	9	9	18
Interest on deposits paid to related parties	521	1,367	1,107	3,407

8. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group			
	6 months ended	6 months ended	12 months ended	12 months ended
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Tax expense				
Current year	972	479	1,907	909
Deferred tax debit/(credit)				
Origination and reversal of temporary differences	(9)	(20)	8	(55)
	963	459	1,915	854

9. Dividend

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

	Group and Company	
	12 months ended	12 months ended
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Paid by the Company to owners of the Company		
First and final		
1.5 cents per qualifying ordinary share (2020: 2 cents)	2,380	3,174
Special		
0 cent per qualifying ordinary share (2020:1.5 cents)	-	2,380
	2,380	5,554
Dividend per share (net of tax) (cents)	1.5	3.5

10. Fair value of financial instruments

10.1. Fair value measurement

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. For financial assets and liabilities not carried at fair value on the financial statements, the Group has determined that their fair values were not materially different from the carrying amounts at the reporting date. The carrying amounts and fair values of financial instruments of the Group are described below.

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

Financial instruments for which fair value approximates the carrying amount

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

Investment in Singapore Government Securities and equity securities

The fair values of FVOCI-debt instruments are determined by reference to their quoted closing bid prices at the reporting date.

The fair value of the FVOCI-equity instrument is determined by reference to a recent transaction price (2020: discounted cash flows method).

10.2 Financial assets at fair value through other comprehensive income

The financial assets at fair value through other comprehensive income comprise the following:

	Group and Company	
	31 Dec 2021	31 Dec 2020
Investments	\$'000	\$'000
Singapore Government Securities	130,902	123,465
Unquoted equity securities	*	1,536
	<u>130,902</u>	<u>125,001</u>

*Amount less than S\$1,000

During the financial year, the Group disposed part of its investment in unquoted equity securities of an entity amounting to S\$1,361,000 in exchange for shares in the holding company of the entity of the same value. Please refer to SGX-ST announcement referenced SG210524OTHRIMMV made on 24 May 2021 for details.

10.3 Fair value hierarchy

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- 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.

The following table presented the assets measured at fair value:

Group and Company	Level 1	Level 2	Level 3	Total
Financial assets	\$'000	\$'000	\$'000	\$'000
31 December 2021				
FVOCI investments	130,902	–	*	130,902
31 December 2020				
FVOCI investments	123,465	–	1,536	125,001

*Amount less than S\$1,000

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values.

Financial instruments carried at fair value

Description	Valuation technique	Unobservable input	Sensitivity to changes in significant unobservable inputs
FVOCI-equity instrument	Recent transaction price (2020: Discounted cash flows)	N/A (2020: Weighted average cost of capital, expected cash flows)	N/A (2020: The estimated fair value would increase (decrease) if: <ul style="list-style-type: none"> • the expected cash flows were higher (lower); or • the WACC was lower (higher) <p>A 5% increase (decrease) in the WACC and 10% (decrease) increase in expected cash flows would not significant (decrease) increase the fair value)</p>

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group and Company Equity investment at FVOCI \$'000
At 1 January 2020	6,805
Purchases	1,361
Total gains recognised in other comprehensive income	
- Net change in fair value of FVOCI financial assets	(6,630)
At 31 December 2020	1,536
At 1 January 2021	1,536
Purchases	1,361
Disposals	(1,361)
Total gains recognised in other comprehensive income	
- Net change in fair value of FVOCI financial assets	(1,536)
At 31 December 2021	*

*Amount less than \$1,000

11. Loans and advances

	Group and Company	
	31 Dec 2021	31 Dec 2020
	\$'000	\$'000
Mortgage and other secured loans	716,526	661,852
Unsecured loans	17,938	15,418
Hire purchase receivables	178,715	180,067
	<u>913,179</u>	<u>857,337</u>
Unearned charges and interest	(11,536)	(12,704)
	<u>901,643</u>	<u>844,633</u>
Allowances for loan losses	(5,677)	(6,747)
	<u>895,966</u>	<u>837,886</u>
These comprise balances:		
Due within 12 months	102,224	75,093
Due after 12 months	793,742	762,793
	<u>895,966</u>	<u>837,886</u>

The movements in the allowance for loan losses during the year was as follows:

	Group and Company			
	12-month ECL	Lifetime ECL- not credit impaired	Lifetime ECL – credit impaired	Total
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 Jan 2020	712	141	5,800	6,653
Allowances for	1,312	684	321	2,317
Amounts written off	-	-	(2,223)	(2,223)
Balance as at 31 Dec 2020	<u>2,024</u>	<u>825</u>	<u>3,898</u>	<u>6,747</u>
Allowances for/(write-back)	1,399	(248)	33	1,184
Amounts written off	-	-	(2,254)	(2,254)
Balance as at 31 Dec 2021	<u>3,423</u>	<u>577</u>	<u>1,677</u>	<u>5,677</u>

12. Property, plant and equipment

During the year ended 31 December 2021, the Group acquired fixed assets amounting to \$529,000 (31 December 2020: \$209,000) and right-of-use assets of \$1,003,000 (31 December 2020: \$Nil).

13. Share capital

	Group and Company			
	31 Dec 2021		31 Dec 2020	
	Number of shares '000	Amount \$'000	Number of shares '000	Amount \$'000
Fully paid ordinary shares, with no par value:				
At the beginning and end of financial year	<u>158,686</u>	<u>168,896</u>	<u>158,686</u>	<u>168,896</u>

The Company did not hold any treasury shares as at 31 December 2021.

The Company's subsidiaries did not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

14. Non-current assets and liabilities

Assets and liabilities other than those disclosed below are current.

	----- Group -----		----- Company -----	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
	\$'000	\$'000	\$'000	\$'000
Assets				
Investments	95,870	59,891	95,870	59,891
Loans and advances	793,742	762,793	793,742	762,793
Other receivables, deposits and prepayments	323	352	323	352
Subsidiaries	–	–	125	125
Property, plant and equipment	7,450	7,119	7,450	7,119
Deferred tax assets	1,835	720	1,835	720
	<u>899,220</u>	<u>830,875</u>	<u>899,345</u>	<u>831,000</u>
Liabilities				
Deposits and savings accounts of customers	121,948	20,647	121,948	20,647
Trade and other payables	256	69	256	69
Staff retirement gratuities	1,546	1,515	1,546	1,515
	<u>123,750</u>	<u>22,231</u>	<u>123,750</u>	<u>22,231</u>

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of Singapura Finance Ltd and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

For the year ended 31 December 2021, the Group recorded a profit after tax of \$9.6 million, a significant improvement of 101.8% compared to the same period last year. The stronger performance was primarily attributed to higher net interest income and hiring charges and lower impairment allowances on loans.

Net interest income and hiring charges rose by 34.6% to \$24.6 million compared to \$18.3 million in the previous corresponding period. This was mainly attributable to the decline in interest expenses by \$8.1 million driven by lower deposit rates. Non-interest income declined by \$1.0 million mainly due to lower Government Covid-19 grants. Total operating expenses increased by 3.9% compared to same period last year mainly due to higher other operating expenses and staff costs as the Group continued to invest in digital transformation.

There was a net charge for loan impairment losses amounting to \$1.2 million for the year ended 31 December 2021 compared to \$2.3 million during the same period last year. This was mainly attributed to additional allowances for not credit-impaired loans with the uncertainty in the current COVID-19 pandemic environment. With the higher allowances for not credit-impaired loans, \$1.3 million was released from Regulatory Loss Allowance Reserve to accumulated profits. The transfers are reflected in the Statement of Changes in Equity. The Group continues to set aside adequate allowances in respect of its loan portfolio.

The Group's shareholders' funds remains robust at \$256 million as at 31 December 2021, 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.

Fair value reserve for the year ended 31 December 2021 declined by \$5.5 million. This is mainly due to decrease in the fair value of the Singapore Government Securities (SGS). The Group purchases SGS for the purposes of maintaining minimum liquid assets as required under the Finance Companies Act.

The Group's total loan, net of allowances, increased by 6.9% to \$896 million as at 31 December 2021 compared to \$838 million as at 31 December 2020. Total deposits remained largely unchanged at about \$908 million as at 31 December 2021 and 31 December 2020.

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.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The Ministry of Trade and Industry (“MTI”) announced on 17 February 2022 that the Singapore economy grew by 6.1% on a year-on-year basis in the fourth quarter of 2021, moderating from the 7.5% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 2.3% in the fourth quarter of 2021, faster than the 1.5% growth in the preceding quarter. For the whole of 2021, the economy grew by 7.6%, rebounding from the 4.1% contraction in 2020.

Domestically, our high vaccination rate and steady rollout of booster shots will continue to facilitate the progressive easing of domestic and border restrictions, which will support the recovery of consumer-facing sectors and alleviate labour shortages in the construction and marine & offshore engineering sectors, and support their recovery sectors that are reliant on migrant workers. Air travel and visitor arrivals are also expected to improve with the loosening of travel restrictions and expansion of Vaccinated Travel Lanes (“VTL”).

The global economy has performed broadly in line with expectations. Advanced economies which have achieved high vaccination rates and also started booster shots, such as the US and key Eurozone economies, have largely removed restriction measures even amidst the spread of the highly-infectious Delta and Omicron variants. This has helped to sustain their economic recoveries. By contrast, COVID-19 outbreaks and the re-imposition of restrictions had disrupted the recoveries of key Southeast Asian economies, although some of these restrictions are being gradually lifted as their respective domestic health situations stabilise.

Looking ahead, the recovery of various sectors in 2022 is expected to remain uneven. Authorities expect more economic activity to resume globally in 2022 barring the materialisation of downside risks arising from the evolution of the virus or other global developments such as China's economic slowdown and protracted global supply chain disruptions. However, the Government has also warned of supply chain disruption and rising energy commodity prices, leading to inflation. This could in turn result in an earlier or larger increase in interest rates than anticipated and may trigger a tightening of global financial conditions.

Amid an uneven recovery at home and lingering uncertainty over global growth, Singapore's economic growth is expected to slow to between 3% and 5% in 2022. We are cautiously optimistic of our domestic operating environment for 2022 with our high vaccination rates. The Group will continue to forge ahead, paying close attention to commercial risks and positioning for growth when the economic rebound and consumers and business regain confidence for post-COVID-19 recovery.

5. 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.

6. Borrowings and debt securities

Group's borrowings and debt securities as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

Nil.

7. Dividend Information

7a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes.

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 2.0 cents per share and a special one-tier tax exempt dividend of 2.0 cents per share in cash for the year ended 31 December 2021.

Name of Dividend	First & final	Special
Dividend Type	Cash	Cash
Dividend Rate	2.0 cents per share	2.0 cent per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Dividend	\$3,173,718	\$3,173,718
Total Annual Dividend		
Ordinary	\$6,347,436	
Preference	-	
Total	<u>\$6,347,436</u>	

The book closure and dividend payment dates are subject to shareholders' approval at the forthcoming Annual General Meeting and will be announced at a later date.

7b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	First & final	Special
Dividend Type	Cash	Cash
Dividend Rate	1.5 cents per share	Nil cent per share
Tax Rate	Tax exempt one-tier	Tax exempt one-tier
Total Dividend	\$2,380,288	\$Nil
Total Annual Dividend		
Ordinary	\$2,380,288	
Preference	-	
Total	<u>\$2,380,288</u>	

8. Half-Yearly Income and Profit After Tax

	Year ended 31 December 2021	Year ended 31 December 2020	Increase/ (Decrease)
	\$'000	\$'000	%
Total Income			
First Half Year	12,775	10,204	25.2
Second Half Year	13,132	10,426	26.0
Profit After Tax			
First Half Year	4,907	1,945	152.3
Second Half Year	4,711	2,821	67.0

9. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

11. Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

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 year
Jamie Teo Miang Yeow	48	Son of Executive Chairman [Teo Chiang Long]	Chief Executive Officer Year appointed : 2007 Oversees the business activities and operations of the Group	Nil

Confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month and full year ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Teo Chiang Long
Director

Tan Hui Keng, Martha
Director

By Order of the Board
Tan Wee Sin
Company Secretary

18 February 2022