

SING INVESTMENTS & FINANCE LTD (Co. Reg. No. 196400348D)

Second Quarter And Half-Year Financial Statements

Second quarter and half-year financial statements on consolidated results for the period ended 30 June 2008. These figures have not been audited.

1(a)(i) Group income statements for the quarter and half year ended 30 June 2008

	2nd Qtr 2008	2nd Qtr 2007	+ / (-)	1st Half 2008	1st Half 2007	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	16,050	14,952	7.3	32,906	29,927	10.0
Interest expense	(7,943)	(9,099)	(12.7)	(16,950)	(18,353)	(7.6)
Net interest income and hiring charges	8,107	5,853	38.5	15,956	11,574	37.9
Fees and commissions	273	277	(1.4)	500	504	(0.8)
Dividends	39	47	(17.0)	49	61	(19.7)
Rental income from investment properties	759	562	35.1	1,544	639	NM
Profit on sale of investments	-	-	NM	-	5	NM
Profit on sale of property, plant and equipment	-	1,185	NM	-	1,185	NM
Other income	1	3	(66.7)	3	9	(66.7)
Income before operating expenses	9,179	7,927	15.8	18,052	13,977	29.2
Staff costs	(2,688)	(1,981)	35.7	(5,058)	(3,876)	30.5
Depreciation of property, plant and equipment	(231)	(228)	1.3	(430)	(448)	(4.0)
Depreciation of investment property	(92)	(86)	7.0	(183)	(134)	36.6
Other expenses	(1,314)	(1,652)	(20.5)	(2,600)	(2,696)	(3.6)
Profit from operations before impairment losses	4,854	3,980	22.0	9,781	6,823	43.4
(Allowances for)/write-back of impairment losses on loans and advances	(31)	337	NM	(197)	224	NM
Profit before income tax	4,823	4,317	11.7	9,584	7,047	36.0
Income tax expense	(929)	(701)	32.5	(1,759)	(1,144)	53.8
Profit for the period attributable to equity holders of the Company	3,894	3,616	7.7	7,825	5,903	32.6

NM: Not meaningful

1(a)(ii) Earnings Per Share of the Group

	2nd Qtr 2008	2nd Qtr 2007	1st Half 2008	1st Half 2007
Annualised earnings per share (cents)				
- based on weighted average number of shares	14.82	15.11	14.89	12.34
- on a diluted basis	14.82	15.11	14.89	12.34

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 105,083,843 (2007: 95,701,683) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2008 and 2007.

1(b)(i) Balance Sheets as at 30 June 2008

	<u>Group</u>		<u>Company</u>	
	30 Jun 2008	31 Dec 2007	30 Jun 2008	31 Dec 2007
	\$'000	\$'000	\$'000	\$'000
Non-currents assets				
Property, plant and equipment	19,514	19,742	19,514	19,742
Investment property	26,296	26,216	26,296	26,216
Subsidiary	-	-	25	25
Loans and advances due after twelve months	989,825	905,037	989,825	905,037
Deferred tax assets	20	20	20	20
	1,035,655	951,015	1,035,680	951,040
Current assets				
Statutory deposit with the Monetary Authority of Singapore	42,819	39,079	42,819	39,079
Loans and advances due within twelve months	415,514	399,335	415,514	399,335
Investments	200,260	184,181	199,997	183,872
Other assets	5,277	4,286	5,277	4,286
Cash on deposit, at banks and in hand	45,939	147,650	45,875	147,586
	709,809	774,531	709,482	774,158
Total assets	1,745,464	1,725,546	1,745,162	1,725,198
Equity attributable to equity holders of the Company				
Share capital	117,199	117,199	117,199	117,199
Reserves	59,319	71,668	58,779	71,092
Total equity	176,518	188,867	175,978	188,291
Non-current liabilities				
Medium Term Notes	-	50,000	-	50,000
SPRING loans due after twelve months (unsecured)	9,495	7,868	9,495	7,868
	9,495	57,868	9,495	57,868
Current liabilities				
Medium Term Notes	50,000	-	50,000	-
Deposits and savings accounts of customers	1,470,546	1,438,790	1,471,243	1,439,482
Other liabilities	25,463	27,556	25,002	27,090
SPRING loans due within twelve months (unsecured)	8,186	7,735	8,186	7,735
Employee benefits	193	193	193	193
Current tax payable	5,063	4,537	5,065	4,539
	1,559,451	1,478,811	1,559,689	1,479,039
Total liabilities	1,568,946	1,536,679	1,569,184	1,536,907
Total equity and liabilities	1,745,464	1,725,546	1,745,162	1,725,198
1(b)(ii) Net asset value per ordinary share (\$)	1.68	1.80	1.67	1.79

The net asset value per ordinary share of the Group and of the Company is calculated based on the net assets of the Group and of the Company and the number of ordinary shares in issue of 105,083,843 (2007: 105,083,843) shares.

1(c) Consolidated cash flow statement

	2nd Qtr 2008	2nd Qtr 2007	1st Half 2008	1st Half 2007
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit for the period	3,894	3,616	7,825	5,903
Adjustments for:				
Impact of accrual of interest income	(1,631)	(1,171)	(248)	(352)
Impact of accrual of interest expense	2,455	487	(418)	1,060
Depreciation of property, plant and equipment	231	228	430	448
Depreciation of investment property	92	86	183	134
Profit on disposal of investments	-	3	-	(5)
Profit on disposal of property, plant and equipment	-	(1,185)	-	(1,185)
Allowances for impairment losses/(write-back of) on loans and advances	31	(337)	197	(224)
Income tax expense	929	701	1,759	1,144
	6,001	2,428	9,728	6,923
Changes in working capital:				
Loans and advances	(54,708)	(58,330)	(103,164)	(127,714)
Other assets	(97)	212	(841)	394
Deposits and savings accounts of customers	41,315	(76,046)	31,756	14,412
Other liabilities	(1,858)	114	(1,675)	1,072
SPRING loans	(64)	(970)	2,078	(1,470)
Cash generated from operations	(9,411)	(132,592)	(62,118)	(106,383)
Income taxes paid	(1,338)	(1,049)	(1,235)	(1,052)
Cash flows from operating activities	(10,749)	(133,641)	(63,353)	(107,435)
Investing activities				
Purchase of investments	-	-	-	(6)
Purchase of property, plant and equipment and investment property	(437)	(751)	(465)	(3,109)
Proceeds from disposal of investments	-	-	-	29
Proceeds from disposal of property, plant and equipment	-	1,265	-	1,265
Cash flows from investing activities	(437)	514	(465)	(1,821)
Financing activities				
Dividends paid	(6,305)	(24,981)	(6,305)	(24,981)
Proceeds from issue of rights shares	-	32,769	-	32,769
Cash flows from financing activities	(6,305)	7,788	(6,305)	7,788
Net increase in cash and cash equivalents	(17,491)	(125,339)	(70,123)	(101,468)
Cash and cash equivalents as at beginning of period	317,357	381,855	368,018	356,421
Fair value adjustments of Singapore Government securities	(13,541)	607	(11,570)	2,170
Cash and cash equivalents at end of the period	286,325	257,123	286,325	257,123
			30 Jun 2008	30 Jun 2007
			\$'000	\$'000
Cash on deposit, at banks, and in hand			45,939	69,086
Statutory deposit with the Monetary Authority of Singapore			42,819	33,714
Singapore Government Securities			197,567	154,323
			286,325	257,123

1(d) Statement of changes in equity for the half year ended 30 June 2008

	Share capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
At 1 January 2007	84,430	43,046	4,832	33,024	165,332
Adjustment to fair value of investments recognised directly in equity	-	-	1,889	-	1,889
Profit for the period	-	-	-	2,287	2,287
Total income for the period	-	-	1,889	2,287	4,176
At 31 March 2007	84,430	43,046	6,721	35,311	169,508
Adjustment to fair value of investments recognised directly in equity	-	-	733	-	733
Profit for the period	-	-	-	3,616	3,616
Total recognised income for the period	-	-	733	3,616	4,349
Issue of Rights shares	32,769	-	-	-	32,769
Final and special dividends paid for FY 2006 of 4 and 36.6 cents per share less tax at 18%, respectively	-	-	-	(24,981)	(24,981)
At 30 June 2007	117,199	43,046	7,454	13,946	181,645
At 1 January 2008	117,199	49,367	7,912	14,389	188,867
Adjustment to fair value of investments recognised directly in equity	-	-	1,775	-	1,775
Profit for the period	-	-	-	3,931	3,931
Total income for the period	-	-	1,775	3,931	5,706
At 31 March 2008	117,199	49,367	9,687	18,320	194,573
Adjustment to fair value of investments recognised directly in equity	-	-	(13,644)	-	(13,644)
Profit for the period	-	-	-	3,894	3,894
Total income for the period	-	-	(13,644)	3,894	(9,750)
Annual dividend paid for FY2007 of 6 cents per share, one tier tax exempt	-	-	-	(6,305)	(6,305)
Adjustment to allowance in collective impairment for loans and advances *	-	-	-	(2,000)	(2,000)
At 30 June 2008	117,199	49,367	(3,957)	13,909	176,518

*This adjustment relates to a precautionary measure taken by the Group to build up its collective impairment provision for loan and advances to enable it to cushion the impact of any adverse change in the market condition.

	Share capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
At 1 January 2007	84,430	43,046	4,629	32,720	164,825
Adjustment to fair value of investments recognised directly in equity	-	-	1,824	-	1,824
Profit for the period	-	-	-	2,287	2,287
Total income for the period	-	-	1,824	2,287	4,111
At 31 March 2007	84,430	43,046	6,453	35,007	168,936
Adjustment to fair value of investments recognised directly in equity	-	-	690	-	690
Profit for the period	-	-	-	3,615	3,615
Total income for the period	-	-	690	3,615	4,305
Issue of Rights shares	32,769	-	-	-	32,769
Final and special dividends paid for FY 2006 of 4 and 36.6 cents per share less tax at 18%, respectively	-	-	-	(24,981)	(24,981)
At 30 June 2007	117,199	43,046	7,143	13,641	181,029
At 1 January 2008	117,199	49,367	7,661	14,064	188,291
Adjustment to fair value of investments recognised directly in equity	-	-	1,788	-	1,788
Profit for the period	-	-	-	3,929	3,929
Total income for the period	-	-	1,788	3,929	5,717
At 31 March 2008	117,199	49,367	9,449	17,993	194,008
Adjustment to fair value of investments recognised directly in equity	-	-	(13,610)	-	(13,610)
Profit for the period	-	-	-	3,885	3,885
Total income for the period	-	-	(13,610)	3,885	(9,725)
Annual dividend paid for FY2007 of 6 cents per share, one tier tax exempt	-	-	-	(6,305)	(6,305)
Adjustment to allowance in collective impairment for loans and advances *	-	-	-	(2,000)	(2,000)
At 30 June 2008	117,199	49,367	(4,161)	13,573	175,978

*This adjustment relates to a precautionary measure taken by the Company to build up its collective impairment provision for loan and advances to enable it to cushion the impact of any adverse change in the market condition.

2 Accounting Policies and Comparative Figures

For the current financial year, the following new or revised financial reporting standards ("FRS") and interpretation came into effect on 1 January 2008, the adoption of which does not have a material impact on recognition and measurement of the financial statements for the financial year under review.

- INT FRS 111 FRS102 Group and Treasury Share transactions
- INT FRS 112 Service Concession Arrangements
- INT FRS 114 FRS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

In view of the present uncertainty in the economy and the current volatility in the financial market, the Group is building up its collective impairment provision (CIP) on its loan assets from its retained earnings to enable it to cushion the impact of any adverse change in the market condition. The Group will progressively make adjustments to build up this provision for year 2008 and year 2009.

Save for the above accounting treatment,

- 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 31 December 2007 and
- the financial statements are prepared in accordance with Singapore FRS

3 Review of Performance

The Group's loan assets was \$1,405.3 million as at 30 June 2008, an increase of 7.7% or \$100.9 million over the loans base of \$1,304.4 million as at 31 December 2007 and an increase of 22.2% or \$255.4 million over the loans base of \$1,149.9 million as at 30 June 2007.

The Group's profit after tax increased 32.6% to \$7.8 million from \$5.9 million in the previous corresponding period attributed to the higher operating revenue which rose by 10.0%, improved interest spreads as well as higher rental income from SIF building. However, these increases were partly offset by higher operating expenses.

The Group continues to maintain a healthy loan portfolio with non-performing loan ratio of 1.4% as at 30 June 2008. As stated under Point 2 on 'Accounting Policies and Comparative Figures', the Group has made an adjustment of \$2.0 million from its accumulated profits to CIP for the quarter under review.

Included in the Group's equity as at 30 June 2008 were unrealised fair value losses of \$ 4.0 million mainly from revaluation of its portfolio of Singapore Government securities (SGS) the prices of which have declined sharply towards the latter part of the 2nd quarter. The Group purchases SGS as part of its liquid assets for purpose of maintaining the minimum liquid assets required under the Finance Companies' Act. It is unlikely that the fair value losses would have any adverse effect on the financial performance of the Group.

In the opinion of the Directors, no significant event has arisen between 30 June 2008 and the date of this report which would materially affect the results of the Group and the Company for the year just ended.

4 Current Year Prospects

The sub-prime crisis and its knock-on effect on the world's financial markets, a looming US recession as well as the high inflation rate have led to a slower growth in the Singapore economy.

Against this backdrop, the Group will adopt a cautious and prudent approach in managing its loan portfolio whilst still remaining focused on providing its main credit products to SMEs and loans to individuals. It will continue to strengthen its deposits base and enhance its facilities to provide better services to its customers as well as building sustainable growth.

5 Dividends

No dividend has been recommended for the present financial period.

Dividend declared for the previous corresponding period – 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 other purpose since the end of the previous period reported.

There has been no change in the Company's share capital arising from the above issues.

As at the end of the current financial period, there were no outstanding convertibles (30 June 2008: Nil).

7 Comparative Figures of the Group's Borrowings and Debt Securities

	As at 30/06/2008		As at 31/12/2007	
	<u>Secured</u> (\$ '000)	<u>Unsecured</u> (\$ '000)	<u>Secured</u> (\$ '000)	<u>Unsecured</u> (\$ '000)
Amount repayable in one year or less , or on demand	-	58,186	-	7,735
Amount repayable after one year	-	9,495	-	57,868

8 Other Information

- (a) Income of the Group is derived primarily from financing business and related nominee services. The Group operates in Singapore only.
- (b) Amount of any adjustment for under or overprovision of tax in respect of prior years - Nil
- (c) Amount of any pre-acquisition profits - Nil
- (d) Amount of profits on any sale of investments and/or properties - Nil

By order of the Board

Lee Sze Leong
Chairman
7 August 2008

Directors' Confirmation

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited interim financial results for the quarter and the half year ended 30 June 2008 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
7 August 2008