

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

## Full Year Financial Statements and Dividend Announcement

Full year financial statements on consolidated results for the year ended 31 December 2008. These figures have been audited.

### 1(a)(i) Consolidated Profit and Loss statement for the year ended 31 December 2008

	Group		
	2008	2007	Increase/ (Decrease)
	\$'000	\$'000	%
<b>Revenue</b>			
Interest income and hiring charges	66,436	63,491	4.6
Interest expense	(31,997)	(36,609)	(12.6)
<b>Net interest income and hiring charges</b>	<b>34,439</b>	26,882	28.1
Fees and commissions	808	1,150	(29.7)
Dividends	118	136	(13.2)
Rental income from investment properties	3,068	1,858	65.1
Other income	184	1,411	(87.0)
<b>Income before operating expenses</b>	<b>38,617</b>	31,437	22.8
Staff costs	(10,219)	(8,739)	16.9
Depreciation of property, plant and equipment	(958)	(949)	0.9
Depreciation of investment properties	(366)	(309)	18.4
Other operating expenses	(5,456)	(6,231)	(12.4)
<b>Profit from operations before impairment losses</b>	<b>21,618</b>	15,209	42.1
(Allowances for)/write-back of impairment losses on loans and advances	(13,360)	157	NM
<b>Profit before income tax</b>	<b>8,258</b>	15,366	(46.3)
Income tax expense	(2,738)	(2,700)	1.4
<b>Profit for the year attributable to equity holders of the Group</b>	<b>5,520</b>	12,666	(56.4)

NM: Not meaningful

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

	2008	2007
Annualised earnings per share (cents)		
- based on weighted average number of shares	5.25	13.23
- on a diluted basis	5.25	13.23

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 years ended 31 December 2008 and 2007.

## 1(b)(i) Balance Sheets as at 31 December 2008

	Group		Company	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash on deposit, at banks and in hand	52,249	147,650	52,168	147,586
Other assets	5,045	4,286	5,045	4,286
Investments	240,564	184,181	240,356	183,872
Loans and advances due within twelve months	491,951	399,335	491,951	399,335
Statutory deposit with the Monetary Authority of Singapore (MAS)	44,076	39,079	44,076	39,079
Total current assets	833,885	774,531	833,596	774,158
<b>Non-current assets</b>				
Property, plant and equipment	20,630	19,742	20,630	19,742
Investment properties	26,718	26,216	26,718	26,216
Subsidiary	-	-	25	25
Loans and advances due after twelve months	900,736	905,037	900,736	905,037
Deferred tax assets	-	20	-	20
Total non-current assets	948,084	951,015	948,109	951,040
Total assets	1,781,969	1,725,546	1,781,705	1,725,198
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Deposits and savings accounts of customers	1,459,082	1,438,790	1,459,784	1,439,482
Other liabilities	30,358	27,556	29,869	27,090
Interest bearing borrowings (unsecured)	21,000	-	21,000	-
Medium-term notes due within twelve months (unsecured)	50,000	-	50,000	-
SPRING loans due within twelve months (unsecured)	7,012	7,735	7,012	7,735
Employee benefits	225	193	225	193
Current tax payable	5,270	4,537	5,270	4,539
Total current liabilities	1,572,947	1,478,811	1,573,160	1,479,039
<b>Non-current liabilities</b>				
Medium-term notes due after twelve months (unsecured)	-	50,000	-	50,000
SPRING loans due after twelve months (unsecured)	8,966	7,868	8,966	7,868
Deferred tax liabilities	3,386	-	3,359	-
Total non-current liabilities	12,352	57,868	12,325	57,868
Total liabilities	1,585,299	1,536,679	1,585,485	1,536,907
<b>Equity attributable to equity holders of the Company</b>				
Share capital	117,199	117,199	117,199	117,199
Reserves	79,471	71,668	79,021	71,092
Total equity	196,670	188,867	196,220	188,291
Total liabilities and equity	1,781,969	1,725,546	1,781,705	1,725,198
<b>1(b)(ii) Net asset value per ordinary share (\$)</b>	<b>1.87</b>	1.80	<b>1.87</b>	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 for the year ended 31 December 2008

	Group	
	2008	2007
	\$'000	\$'000
<b>Operating activities</b>		
Profit before income tax	8,258	15,366
Adjustments for:		
Impact of accrual of interest income	(511)	(730)
Impact of accrual of interest expense	2,314	2,250
Depreciation of property, plant and equipment	958	949
Depreciation of investment properties	366	309
Property, plant and equipment written off	9	233
Profit on disposal of investments	-	(5)
Profit on disposal of property, plant and equipment	-	(1,185)
Allowances for (Write-back of) impairment losses on loans and advances	13,360	(157)
	<b>24,754</b>	17,030
<b>Changes in working capital</b>		
Other assets	(432)	449
Loans and advances	(101,675)	(282,296)
Statutory deposits with MAS	(4,997)	(7,872)
Deposits and savings accounts of customers	20,292	272,054
Other liabilities	487	2,155
SPRING loans	375	(2,427)
Provision for employee benefits	32	44
Cash used in operations	(61,164)	(863)
Income taxes paid	(2,220)	(2,209)
Cash flows used in operating activities	<b>(63,384)</b>	(3,072)
<b>Investing activities</b>		
Purchase of investments	(43,989)	(34,318)
Purchase of property, plant and equipment and investment properties	(2,723)	(5,319)
Proceeds from disposal of investments	-	29
Proceeds from disposal of property, plant and equipment	-	1,266
Cash flows used in investing activities	<b>(46,712)</b>	(38,342)
<b>Financing activities</b>		
Dividends paid	(6,305)	(24,980)
Interest-bearing borrowings	21,000	-
Net proceeds from issue of rights shares	-	32,769
Cash flows from financing activities	<b>14,695</b>	7,789
Net decrease in cash and cash equivalents	<b>(95,401)</b>	(33,625)
Cash and cash equivalents at beginning of the year	<b>147,650</b>	181,275
Cash and cash equivalents at end of the year	<b>52,249</b>	147,650

Please refer to Note 2 on comparative figures.

**1(d) Statement of changes in equity for the year ended 31 December 2008**

<u>Group</u>	<u>Share capital</u> \$'000	<u>Statutory reserve</u> \$'000	<u>Fair value reserve</u> \$'000	<u>Accumulated profits</u> \$'000	<u>Total</u> \$'000
At 1 January 2007	84,430	43,046	4,832	33,024	165,332
Adjustment to fair value of investments recognised directly in equity	-	-	3,080	-	3,080
Profit for the year	-	-	-	12,666	12,666
Total recognised income for the year	-	-	3,080	12,666	15,746
Transfer from accumulated profits to statutory reserve	-	6,321	-	(6,321)	-
Issue of Rights Shares	32,769	-	-	-	32,769
Final and special dividends paid for FY2006 of 4 and 36.6 cents per share less tax at 18% respectively	-	-	-	(24,980)	(24,980)
<b>At 31 December 2007</b>	<b>117,199</b>	<b>49,367</b>	<b>7,912</b>	<b>14,389</b>	<b>188,867</b>
Adjustment to fair value of investments recognised directly in equity	-	-	12,210	-	12,210
Deferred tax liability arising on adjustment to fair value of investments recognised directly in equity	-	-	(3,622)	-	(3,622)
Profit for the year	-	-	-	5,520	5,520
Total recognised income for the year	-	-	8,588	5,520	14,108
Transfer from accumulated profits to statutory reserve	-	2,759	-	(2,759)	-
Final one tier tax exempt dividend paid for FY2007 of 6 cents	-	-	-	(6,305)	(6,305)
<b>At 31 December 2008</b>	<b>117,199</b>	<b>52,126</b>	<b>16,500</b>	<b>10,845</b>	<b>196,670</b>

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Fair value reserve</u>	<u>Accumulated profits</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>Company</u></b>					
At 1 January 2007	84,430	43,046	4,629	32,720	164,825
Adjustment to fair value of investments recognised directly in equity	-	-	3,032	-	3,032
Profit for the year	-	-	-	12,645	12,645
Total recognised income for the year	-	-	3,032	12,645	15,677
Transfer from accumulated profits to statutory reserve	-	6,321	-	(6,321)	-
Issue of Rights Shares	32,769	-	-	-	32,769
Final and special dividends paid for FY2006 of 4 and 36.6 cents per share less tax at 18% respectively	-	-	-	(24,980)	(24,980)
<b>At 31 December 2007</b>	<b>117,199</b>	<b>49,367</b>	<b>7,661</b>	<b>14,064</b>	<b>188,291</b>
Adjustment to fair value of investments recognised directly in equity	-	-	12,311	-	12,311
Deferred tax liability arising on adjustment to fair value of investments recognised directly in equity	-	-	(3,595)	-	(3,595)
Profit for the year	-	-	-	5,518	5,518
Total recognised income for the year	-	-	8,716	5,518	14,234
Transfer from accumulated profits to statutory reserve	-	2,759	-	(2,759)	-
Final one tier tax exempt dividend paid for FY2007 of 6 cents	-	-	-	(6,305)	(6,305)
<b>At 31 December 2008</b>	<b>117,199</b>	<b>52,126</b>	<b>16,377</b>	<b>10,518</b>	<b>196,220</b>

## 2 Accounting Policies and Comparative Figures

In the current financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

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.

The financial statements are prepared in accordance with FRS.

Certain reclassifications have been made to the prior year's consolidated cash flows to enhance presentation of the nature of the balances. As a result, certain line items on the face of the consolidated cash flow statement have been amended to conform with the current year's presentation.

	Previously <u>reported</u> <u>2007</u> \$'000	<u>Reclassification</u> <u>2007</u> \$'000	After <u>reclassifications</u> <u>2007</u> \$'000
<b>Group</b>			
<b><u>Cash and cash equivalents</u></b>			
Cash on deposit, at banks and in hand	147,650	-	147,650
Statutory deposit with the Monetary Authority of Singapore	39,079	(39,079)	-
Singapore Government securities	<u>181,289</u>	<u>(181,289)</u>	-
	<u>368,018</u>	<u>(220,368)</u>	<u>147,650</u>

## 3 Review of Performance

The Group's loan assets was \$1,392.7 million as at 31 December 2008, an increase of 6.8% or \$88.3 million over the loans base of \$1,304.4 million as at 31 December 2007.

The Group's profit from operations before impairment allowances for the year rose by 42.1% compared to the previous year. The increase was mainly attributed to an increase in interest income and hiring charges, rental income coupled with a reduction in interest expense.

However, the Group's profit after tax for the year ended 31 December 2008 decreased by 56.4% compared to the previous year. This was mainly attributed to the provision of \$12 million for the year ended 31 December 2008 in collective impairment provision on its loans assets in view of the current economic crisis and the slowdown in our economy.

In the opinion of the Directors, no significant event has arisen between 31 December 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 current global economic crisis has caused a slowdown in the Singapore economy. This contraction is expected to last for several quarters and the Singapore economy is expected to contract between -5% and -2% in 2009 as compared to an estimated growth rate of 1.2% for 2008.

In view of the uncertain market outlook, the Group has adopted a cautious stance in its lending activities. It has taken more stringent measures to monitor the performance of its loan portfolio and its asset quality as well as implemented cost cutting measures to maintain reasonable profitability.

## 5 Dividends

The Board of Directors is pleased to recommend a first and final dividend of 2.5 cents per share tax-exempt (one-tier tax) in respect of the financial year 2008 for approval by the shareholders at the next Annual General Meeting.

	<u>Latest Year (2008)</u>	<u>Previous Year (2007)</u>
Name of Dividend	First and final	First and final
Dividend Type	Cash	Cash
Dividend	2.5 cents per share one-tier tax exempt	6 cents per share one-tier tax exempt

### a) Total Annual Dividend

	<u>Latest Year (\$'000)</u>	<u>Previous Year (\$'000)</u>
Ordinary	\$2,627	\$6,305
Preference	-	-
Total:	<u>\$2,627</u>	<u>\$6,305</u>

### (b) Date Payable

Subject to approval by the shareholders at the next Annual General Meeting and to be announced at a later date.

### (c) Books closure date

Subject to approval by the shareholders at the next Annual General Meeting and to be announced at a later date.

## 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.

30,023,243 fully paid ordinary shares issued at \$1.10 per share pursuant to a rights exercise undertaken by the Company during 2007.

For 2008 - Nil.

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

	<u>As at 31/12/2008</u>		<u>As at 31/12/2007</u>	
	<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	-	78,012	-	7,735
Amount repayable after one year	-	8,966	-	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.

	<u>2008</u> \$'000	<u>2007</u> \$'000	<u>Increase/ (Decrease)</u> %
Interest income and hiring charges reported for first half year	32,906	29,927	9.95
Interest income and hiring charges reported for second half year	33,530	33,564	(0.10)
Operating profit reported for first half year	5,825	5,903	(1.32)
Operating (loss)/profit reported for second half year	(305)	6,763	NM

- (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. (2007:\$1.190m)

By order of the Board

Lee Sze Leong  
Chairman  
20 February 2009

### 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 audited financial results and the Company's balance sheet, statement of changes in equity for the year ended 31 December 2008 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong  
Chairman  
20 February 2009

**The auditors' report on the full financial statements of Sing Investments & Finance Limited for the financial year ended 31 December 2008 is as follows:**

**“INDEPENDENT AUDITORS’ REPORT**

To: Members of Sing Investments & Finance Limited

We have audited the accompanying financial statements of Sing Investments & Finance Limited (the “Company”) and its subsidiary (the “Group”), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the profit and loss statement, statement of changes in equity and cash flow statement of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The financial statements for the year ended 31 December 2007 were audited by another firm of auditors whose report dated 15 February 2008 expressed an unqualified opinion on those statements.

**Management’s Responsibility**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the “Act”) and Singapore Financial Reporting Standards. This responsibility includes: 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**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 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 judgment, 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 the internal control relevant to the company’s preparation and fair presentation of the financial statements 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 company’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,

- a) the consolidated financial statements of the Group and 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 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2008 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended; and
- b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

Date: 20 February 2009"