

Third Quarter and Nine Months Financial Statements Announcement

The Directors of Singapore Finance Ltd are pleased to announce the third quarter and nine months financial statements on consolidated results for the period ended 30 September 2017. These figures have not been audited or reviewed by the Auditors.

1(a) Unaudited Group Results for the Third Quarter and Nine Months ended 30 September 2017

	3 rd Quarter Sep 2017	5 th Quarter Sep 2016	+ / (-)	9 Months Sep 2017	9 Months Sep 2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income and hiring charges	7,682	8,203	(6.4)	23,027	25,500	(9.7)
Interest expense	(2,255)	(3,388)	(33.4)	(7,418)	(10,550)	(29.7)
Net interest and hiring charges	5,427	4,815	12.7	15,609	14,950	4.4
Fee and commission income	304	374	(18.7)	947	1,079	(12.2)
Dividend income	-	-	-	100	100	-
Gain on sale of investments	-	-	-	106	417	(74.6)
Other operating income	86	79	8.9	243	245	(0.8)
Income before operating expenses	5,817	5,268	10.4	17,005	16,791	1.3
Staff costs	(1,829)	(1,917)	(4.6)	(5,573)	(5,717)	(2.5)
Depreciation of property, plant and equipment	(157)	(161)	(2.5)	(483)	(604)	(20.0)
Other operating expenses	(1,221)	(1,711)	(28.6)	(4,152)	(5,557)	(25.3)
Total operating expenses	(3,207)	(3,789)	(15.4)	(10,208)	(11,878)	(14.1)
Profit from operations before allowances	2,610	1,479	76.5	6,797	4,913	38.3
(Allowances)/Write-back for loan losses (net)	(389)	(847)	(54.1)	181	(3,338)	(105.4)
Profit before tax	2,221	632	251.4	6,978	1,575	343.0
Tax expense	(377)	(104)	262.5	(1,183)	(253)	367.6
Profit after tax	1,844	528	249.2	5,795	1,322	338.4

Notes :

In 2015, the Company has changed its financial year end from 30 June to 31 December (please refer to the announcement reference no. SG151204OTHR7A dated 4 December 2015). This announcement covered the period from 1 July 2017 to 30 September 2017 ("3rd Quarter Sep 2017") against comparative period from 1 July 2016 to 30 September 2016 ("5th Quarter Sep 2016").

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

	3rd Quarter Sep 2017	5 th Quarter Sep 2016	9 Months Sep 2017	9 Months Sep 2016
Annualised earnings per share (cents)				
- Basic	4.65	1.33	4.87	1.11
- Diluted	4.65	1.33	4.87	1.11

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 30 September 2017 and 2016.

There are no potential dilutive ordinary shares for the periods ended 30 September 2017 and 2016.

1(c) Unaudited Group Statement of Comprehensive Income for the Third Quarter and Nine Months ended 30 September 2017

	3rd Quarter Sep 2017	5 th Quarter Sep 2016	+ / (-)	9 Months Sep 2017	9 Months Sep 2016	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	1,844	528	249.2	5,795	1,322	338.4
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Net change in fair value of available-for-sale investments	(486)	169	n.m.	889	2,954	(69.9)
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	(106)	(417)	(74.6)
Tax on items that may be reclassified subsequently to profit or loss	83	(29)	n.m.	(133)	(432)	(69.2)
Other comprehensive income for the period, net of tax	(403)	140	n.m.	650	2,105	(69.1)
Total comprehensive income for the period	1,441	668	115.7	6,445	3,427	88.1

n.m. – not meaningful

Notes :

In 2015, 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). This announcement covered the period from 1 July 2017 to 30 September 2017 ("3rd Quarter Sep 2017") against comparative period from 1 July 2016 to 30 September 2016 ("5th Quarter Sep 2016").

2(a) Balance Sheets

	Group		Company	
	30-Sep-17	31-Dec-16	30-Sep-17	31-Dec-16
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	154,332	136,789	154,155	136,627
Statutory deposit with the Monetary Authority of Singapore	20,324	22,180	20,324	22,180
Investments	158,394	116,098	158,394	116,098
Loans and advances	772,170	838,384	772,170	838,384
Others receivables, deposits and prepayments	2,213	3,076	2,212	3,072
Subsidiaries	-	-	125	125
Property, plant and equipment	7,973	8,246	7,973	8,246
Total assets	1,115,406	1,124,773	1,115,353	1,124,732
Equity				
Share capital	168,896	168,896	168,896	168,896
Reserves	86,260	82,989	84,257	81,014
Total equity attributable to owners of the Company	255,156	251,885	253,153	249,910
Liabilities				
Deposits and savings accounts of customers	846,681	856,928	848,847	859,095
Trade and other payables	10,329	12,867	10,114	12,640
Current tax liabilities	1,834	1,724	1,833	1,718
Staff retirement gratuities	1,345	1,276	1,345	1,276
Deferred tax liabilities	61	93	61	93
Total liabilities	860,250	872,888	862,200	874,822
Total equity and liabilities	1,115,406	1,124,773	1,115,353	1,124,732

2(b) Net Asset Value

Net asset value per ordinary share (\$)	1.61	1.59	1.60	1.57
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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 30 September 2017 and 31 December 2016.

3. Consolidated Cash Flow Statement

	3 rd Quarter Sep 2017	5 th Quarter Sep 2016	9 Months Sep 2017	9 Months Sep 2016
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit for the period	1,844	528	5,795	1,322
<u>Adjustments for:-</u>				
Depreciation of property, plant and equipment	157	161	483	604
Bad Debts (recovered) / written off	(5)	-	2	-
Allowances/(Write-back) for loan losses (net)	389	847	(181)	3,338
Gain on sale of investments	-	-	(106)	(417)
Dividend income	-	-	(100)	(100)
Staff retirement gratuity	23	23	69	70
Tax expense	377	104	1,183	253
	2,785	1,663	7,145	5,070
<u>Changes in working capital:</u>				
Statutory deposit with Monetary Authority of Singapore	326	1,234	1,856	1,953
Loans and advances	6,756	27,350	66,393	52,023
Other receivables, deposits and prepayments	336	467	863	2,954
Deposits and savings accounts of customers	7,496	(44,734)	(10,247)	(54,901)
Trade and other payables	(295)	3,142	(2,538)	750
Cash from/(used in) operations	17,404	(10,878)	63,472	7,849
Taxes paid	(615)	-	(1,239)	(160)
Staff retirement gratuities paid	-	-	-	(36)
Net cash flows from/(used in) operating activities	16,789	(10,878)	62,233	7,653
Cash flows from investing activities				
Dividends received	-	-	100	100
Purchase of property, plant and equipment	(81)	(13)	(210)	(60)
Purchase of investments	(145,179)	(83,138)	(292,957)	(302,645)
Proceeds from sale and maturity of investments	119,961	75,625	251,551	307,196
Net cash flows (used in)/from investing activities	(25,299)	(7,526)	(41,516)	4,591
Cash flows from financing activities				
Dividends paid	-	-	(3,174)	-
Net cash flows used in financing activities	-	-	(3,174)	-
Net (decrease)/increase in cash and cash equivalents	(8,510)	(18,404)	17,543	12,244
Cash and cash equivalents at beginning of period	162,842	135,594	136,789	104,946
Cash and cash equivalents at end of period	154,332	117,190	152,332	117,190

Notes :

In 2015, 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).). This announcement covered the period from 1 July 2017 to 30 September 2017 ("3rd Quarter Sep 2017") against comparative period from 1 July 2016 to 30 September 2016 ("5th Quarter Sep 2016").

4(a) Statements of Changes in Equity – Group

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
The Group							
At 1 Jan 2017	168,896	1,353	63,058	(69)	730	17,917	251,885
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,951	3,951
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	1,375	-	-	1,375
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	(106)	-	-	(106)
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(216)	-	-	(216)
Total other comprehensive income	-	-	-	1,053	-	-	1,053
Total comprehensive income for the period	-	-	-	1,053	-	3,951	5,004
Transaction with owners, recorded directly in equity							
Distribution to owner							
Final dividend paid of 2 cents per share in respect of year 2016	-	-	-	-	-	(3,174)	(3,174)
At 30 Jun 2017	168,896	1,353	63,058	984	730	18,694	253,715
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,844	1,844
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(486)	-	-	(486)
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	83	-	-	83
Total other comprehensive income	-	-	-	(403)	-	-	(403)
Total comprehensive income for the period	-	-	-	(403)	-	1,844	1,441
At 30 Sep 2017	168,896	1,353	63,058	581	730	20,538	255,156

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
The Group							
At 1 Jan 2016	168,896	1,353	61,178	(1,944)	730	17,067	247,280
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	794	794
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	2,785	-	-	2,785
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	(417)	-	-	(417)
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(403)	-	-	(403)
Total other comprehensive income	-	-	-	1,965	-	-	1,965
Total comprehensive income for the period	-	-	-	1,965	-	794	2,759
At 30 Jun 2016	168,896	1,353	61,178	21	730	17,861	250,039
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	528	528
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	169	-	-	169
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(29)	-	-	(29)
Total other comprehensive income	-	-	-	140	-	-	140
Total comprehensive income for the period	-	-	-	140	-	528	668
At 30 Sep 2016	168,896	1,353	61,178	161	730	18,389	250,707

4(b) Statements of Changes in Equity – Company

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
The Company							
At 1 Jan 2017	168,896	1,353	63,058	(69)	730	15,942	249,910
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	3,930	3,930
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	1,375	-	-	1,375
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	(106)	-	-	(106)
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(216)	-	-	(216)
Total other comprehensive income	-	-	-	1,053	-	-	1,053
Total comprehensive income for the period	-	-	-	1,053	-	3,930	4,983
Transaction with owners, recorded directly in equity							
Distribution to owner							
Final dividend paid of 2 cents per share in respect of year 2016	-	-	-	-	-	(3,174)	(3,174)
At 30 Jun 2017	168,896	1,353	63,058	984	730	16,698	251,719
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	1,837	1,837
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	(486)	-	-	(486)
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	83	-	-	83
Total other comprehensive income	-	-	-	(403)	-	-	(403)
Total comprehensive income for the period	-	-	-	(403)	-	1,837	1,434
At 30 Sep 2017	168,896	1,353	63,058	581	730	18,535	253,153

	Share Capital \$'000	Capital Reserve \$'000	Statutory Reserve \$'000	Fair Value Reserve \$'000	General Reserve \$'000	Accumulated Profits \$'000	Total \$'000
<u>The Company</u>							
At 1 Jan 2016	168,896	1,353	61,178	(1,944)	730	15,195	245,408
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	721	721
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	2,785	-	-	2,785
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	(417)	-	-	(417)
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(403)	-	-	(403)
Total other comprehensive income	-	-	-	1,965	-	-	1,965
Total comprehensive income for the period	-	-	-	1,965	-	721	2,686
At 30 Jun 2016	168,896	1,353	61,178	21	730	15,916	248,094
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	504	504
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	169	-	-	169
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal	-	-	-	-	-	-	-
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	(29)	-	-	(29)
Total other comprehensive income	-	-	-	140	-	-	140
Total comprehensive income for the period	-	-	-	140	-	504	644
At 30 Sep 2016	168,896	1,353	61,178	161	730	16,420	248,738

- 5 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.

- 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 Number of shares held as treasury shares and the number of subsidiary holdings 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.

- 8 Sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings as at the end of the financial period.**

Not applicable. During the financial period, no shares were held as treasury shares and there were no subsidiary holdings.

9. 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 January 2017.

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 financial period ended 31 December 2016.

10. Review of the Performance of the Company and its Principal Subsidiaries

The Group recorded a profit after tax of \$1.8 million for the third quarter ended 30 September 2017 compared to \$0.5 million for the same period last year. The stronger performance was mainly attributed to higher total income, lower total operating expenses and lower allowances for loan losses.

Profit from operations before allowances was \$2.6 million, \$1.1 million or 76.5% higher vis-à-vis the same quarter last year. Net interest income increased by \$0.6m or 12.7% as the decline in interest expense outweighed the drop in interest income. Total operating expenses were well managed, with the decline of \$0.6 million or 15.4% coming largely from other operating expenses and staff costs.

For the nine months ended 30 September 2017, the Group's operating profit before allowances was \$6.8 million, compared to \$4.9 million during the same period last year. This is chiefly attributed to a decline in operating expenses by \$1.7 million or 14.1%.

In the current weak economic climate, the Group's total loan net of allowances dipped 7.9% to \$772 million compared to \$838 million as at 31 December 2016. In tandem with the lower loan balance, total customers' deposits was managed downwards by 1.2% to \$847 million as at 30 Sep 2017. Net write-back for loan losses amounted to \$0.2 million for the nine months ended 30 Sep 2017 compared to net charge for loan allowances of \$3.3 million for the same period last year. The Group continues to set aside adequate individual and collective allowances for its loan portfolio.

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 announcement.

11. Comments on Significant Trends and Competitive Conditions in the Industry

Based on the Ministry of Trade and Industry (MTI)'s advance GDP estimates on 13 October 2017, the Singapore economy grew by 4.6% on a year-on-year basis in the third quarter of 2017, higher than the 2.9% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 6.3%, an improvement from the 2.4% growth in the second quarter. The strong performance was lifted by a stellar manufacturing sector which expanded 15.5% on a year-on-year basis.

However, although the GDP growth in the first three quarter is now at a robust 3.3% on a year-on-year basis, the official 2017 growth forecast remains unchanged at 2.5% which implies that quarter four growth could slow sharply. Against the backdrop of expected modest economic growth for Singapore with local economic restructuring challenges and global economic uncertainties and volatility, the Group will continue to be proactive in controlling our operating expenses as well as prudent and vigilant in managing and monitoring the business risk of our loan portfolio.

12.(a) Interim Dividend Recommended for Current Financial Period

Nil.

12.(b) Interim Dividend Recommended for Previous Corresponding Period

Nil.

13. 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.

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

15. Other Matters

Nil.

By Order of the Board
Ngiam May Ling
Company Secretary

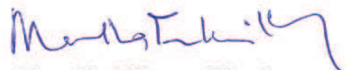
3 November 2017

**CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)
OF THE SGX-ST LISTING MANUAL**

We, Teo Chiang Long and Tan Hui Keng, Martha, being two Directors of Singapore Finance Ltd ("the Company"), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the quarter and nine months ended 30 September 2017 financial results to be false or misleading.

On behalf of the Board of Directors


Teo Chiang Long
Director


Tan Hui Keng, Martha
Director

3 November 2017