SINGAPURA FINANCE LTD
Co. Reg. No. 196900340N

First Quarter Financial Statements Announcement

The Directors of Singapura Finance Ltd are pleased to announce the first quarter financial statements on consolidated results for the period ended 31 March 2018. These figures have not been audited or reviewed by the Auditors.

1(a) Unaudited Group Income Statement for the Quarter ended 31 March 2018

	1st Quarter Mar 2018	1st Quarter Mar 2017	+ / (-)
	$'000	$'000	%
Interest income and hiring charges	**7,287**	7,624	(4.4)
Interest expense	**(1,944)**	(2,675)	(27.3)
Net interest and hiring charges	**5,343**	4,949	8.0
Fee and commission income	**293**	314	(6.7)
Dividend income	**15**	-	n.m.
Gain on sale of investments	**-**	106	(100)
Other operating income	**164**	80	105
Income before operating expenses	**5,815**	5,449	6.7
Staff costs	**(1,808)**	(1,971)	(8.3)
Depreciation of property, plant and equipment	**(157)**	(160)	(1.9)
Other operating expenses	**(1,171)**	(1,459)	(19.7)
Total operating expenses	**(3,136)**	(3,590)	(12.6)
Profit from operations before allowances	**2,679**	1,859	44.1
(Allowances)/write-back for impairment loss on loans (net) [(1)]	**(1,292)**	140	(1,022.9)
Profit before tax	**1,387**	1,999	(30.6)
Tax expense	**(233)**	(338)	(31.1)
Profit after tax	**1,154**	1,661	(30.5)

n.m. – not meaningful

[(1)] The allowances for impairment loss on loans for the first quarter ended 31 March 2018 were computed based on Expected Credit Loss ("ECL") model in accordance with SFRS(I) 9 *Financial Instruments* which takes effect from 1 January 2018. Prior period comparatives were prepared in accordance with FRS 39 *Financial Instruments: Recognition and Measurement* and have not been restated. Please refer to Item 9 Accounting Policies on page 7 for more details.

1(b) Earnings Per Share of the Group

Annualised earnings per share (cents)	**1st Quarter Mar 2018**	1st Quarter Mar 2017
- Basic	**2.91**	4.19
- Diluted	**2.91**	4.19

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 periods ended 31 March 2018 and 2017.

There are no potential dilutive ordinary shares for the periods ended 31 March 2018 and 2017.

1(c) Unaudited Group Statement of Comprehensive Income for the Quarter ended 31 March 2018

	1st Quarter Mar 2018	1st Quarter Mar 2017	+ / (-)
	$'000	$'000	%
Profit for the period	**1,154**	1,661	(30.5)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of available-for-sale investments (1)	**NA**	642	n.m.
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal (1)	**NA**	(106)	n.m.
Net change in fair value of investments measured at FVOCI (1)	**(972)**	NA	n.m.
Tax relating to Items that may be reclassified subsequently to profit or loss	**165**	(91)	(281.3)
Other comprehensive income for the period, net of tax	**(807)**	445	(281.3)
Total comprehensive income for the period	**347**	2,106	(83.5)

n.m. – not meaningful

NA – Not Applicable

(1) Following the change in the classification and measurement requirements of financial assets in applying SFRS(I) 9 *Financial Instruments* with effect from 1 January 2018, available-for-sale investments in the prior period comparatives are now presented as investments measured at Fair Value through Other Comprehensive Income ("FVOCI").

2(a) Balance Sheets

	Group		Company	
	31-Mar-18	31-Dec-17	**31-Mar-18**	31-Dec-17
	$'000	$'000	**$'000**	$'000
Assets				
Cash and cash equivalents	**115,442**	137,628	**115,327**	137,434
Statutory deposit with the Monetary Authority of Singapore	**18,726**	20,778	**18,726**	20,778
Investments	**139,049**	161,013	**139,049**	161,013
Loans and advances	**708,023**	746,689	**708,023**	746,689
Others receivables, deposits and prepayments	**1,967**	2,063	**1,966**	2,058
Subsidiaries	**-**	-	**125**	125
Property, plant and equipment	**7,828**	7,902	**7,828**	7,902
Deferred tax assets	**207**	27	**207**	27
Total assets	**991,242**	1,076,100	**991,251**	1,076,026
Equity				
Share capital	**168,896**	168,896	**168,896**	168,896
Reserves	**86,093**	85,100	**84,041**	83,074
Total equity attributable to owners of the Company	**254,989**	253,996	**252,937**	251,970
Liabilities				
Deposits and savings accounts of customers	**724,473**	808,278	**726,763**	810,445
Trade and other payables	**8,231**	10,548	**8,007**	10,336
Current tax liabilities	**2,157**	1,910	**2,152**	1,907
Staff retirement gratuities	**1,392**	1,368	**1,392**	1,368
Total liabilities	**736,253**	822,104	**738,314**	824,056
Total equity and liabilities	**991,242**	1,076,100	**991,251**	1,076,026

2(b) Net Asset Value

Net asset value per ordinary share ($)	**1.61**	1.60	**1.59**	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 March 2018 and 31 December 2017.

3 Consolidated Cash Flow Statement

	1st Quarter Mar 2018	1st Quarter Mar 2017
	$'000	$'000
Cash flows from operating activities		
Profit for the period	**1,154**	1,661
Adjustments for:-		
Depreciation of property, plant and equipment	**157**	160
Allowances/(write-back) for impairment loss on loans (net)	**1,292**	(140)
Gain on sale of investments	**-**	(106)
Dividend income	**(15)**	-
Bad debts written off	**-**	2
Staff retirement gratuity	**24**	23
Tax expense	**233**	338
	2,845	1,938
Changes in:		
Statutory deposit with Monetary Authority of Singapore	**2,052**	538
Loans and advances	**38,020**	33,011
Other receivables, deposits and prepayments	**96**	238
Deposits and savings accounts of customers	**(83,805)**	4,327
Trade and other payables	**(2,317)**	(1,036)
Cash (used in)/from operations	**(43,109)**	39,016
Taxes paid	**-**	(6)
Net cash (used in)/from operating activities	**(43,109)**	39,010
Cash flows from investing activities		
Purchase of property, plant and equipment	**(83)**	(3)
Purchase of investments	**(118,763)**	(72,978)
Dividends	**15**	-
Proceeds from sale and maturity of investments	**139,754**	54,623
Net cash from/(used in) investing activities	**20,923**	(18,358)
Net (decrease)/increase in cash and cash equivalents	**(22,186)**	20,652
Cash and cash equivalents at beginning of period	**137,628**	136,789
Cash and cash equivalents at end of period	**115,442**	157,441

4(a) Statements of Changes in Equity – Group

	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 31 Dec 2017	**168,896**	**1,353**	**-**	**65,488**	**309**	**730**	**17,220**	**253,996**
Effect of adopting new accounting standard [(1)]	**-**	**-**	**-**	**-**	**-**	**-**	**646**	**646**
Restated balance as at 1 Jan 2018	**168,896**	**1,353**	**-**	**65,488**	**309**	**730**	**17,866**	**254,642**
Total comprehensive income for the period								
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**1,154**	**1,154**
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI [(2)]	**-**	**-**	**-**	**-**	**(972)**	**-**	**-**	**(972)**
Tax on items that may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**165**	**-**	**-**	**165**
Total other comprehensive income	**-**	**-**	**-**	**-**	**(807)**	**-**	**-**	**(807)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(807)**	**-**	**1,154**	**347**
Transfer from accumulated profits to Regulatory Loss Allowance Reserve[(3)]	-	-	48	-	-	-	(48)	-
At 31 Mar 2018	**168,896**	**1,353**	**48**	**65,488**	**(498)**	**730**	**18,972**	**254,989**
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	**-**	**-**	**-**	**-**	**-**	**-**	**1,661**	**1,661**
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments [(2)]	**-**	**-**	**-**	**-**	**642**	**-**	**-**	**642**
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal [(2)]	**-**	**-**	**-**	**-**	**(106)**	**-**	**-**	**(106)**
Tax on items that may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**(91)**	**-**	**-**	**(91)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**445**	**-**	**-**	**445**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**445**	**-**	**1,661**	**2,106**
At 31 Mar 2017	**168,896**	**1,353**	**-**	**63,058**	**376**	**730**	**19,578**	**253,991**

[(1)] This is the transition impact on the adoption of SFRS(I) 9 on 1 January 2018. Based on the ECL model under SFRS(I) 9, there is a reversal/decrease of $0.6 million in the opening balance of allowances for loan losses as at 1 January 2018 and a corresponding credit/increase to accumulated profits.

[(2)] Following the change in the classification and measurement requirements of financial assets in applying SFRS(I) 9 Financial Instruments with effect from 1 January 2018, available-for-sale investments in the prior period comparatives are now presented as investments measured at Fair Value through Other Comprehensive Income ("FVOCI").

[(3)] A revised regulatory requirement of maintaining Minimum Regulatory Loss Allowance ("MRLA") for non-credit-impaired exposures became effective on the same date as SFRS(I) 9. If allowances under SFRS(I) 9 falls below the MRLA, the Group will be required to set up a non-distributable Regulatory Loss Allowance Reserve ("RLAR") to set aside the additional amount required.

4(b) Statements of Changes in Equity – Company

	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 31 Dec 2017	**168,896**	**1,353**	**-**	**65,488**	**309**	**730**	**15,194**	**251,970**
Effect of adopting new accounting standard [(1)]	**-**	**-**	**-**	**-**	**-**	**-**	**646**	**646**
Restated balance as at 1 Jan 2018	**168,896**	**1,353**	**-**	**65,488**	**309**	**730**	**15,840**	**252,616**
Total comprehensive income for the period								
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**1,129**	**1,129**
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI [(2)]	**-**	**-**	**-**	**-**	**(972)**	**-**	**-**	**(972)**
Tax on items that may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**165**	**-**	**-**	**165**
Total other comprehensive income	**-**	**-**	**-**	**-**	**(807)**	**-**	**-**	**(807)**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(807)**	**-**	**1,129**	**322**
Transfer from accumulated profits to Regulatory Loss Allowance Reserve [(3)]	-	-	48	-	-	-	(48)	-
At 31 Mar 2018	**168,896**	**1,353**	**48**	**65,488**	**(498)**	**730**	**16,920**	**252,937**
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	**-**	**-**	**-**	**-**	**-**	**-**	**1,646**	**1,646**
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of available-for-sale investments [(2)]	**-**	**-**	**-**	**-**	**642**	**-**	**-**	**642**
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal [(2)]	**-**	**-**	**-**	**-**	**(106)**	**-**	**-**	**(106)**
Tax on items that may be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**(91)**	**-**	**-**	**(91)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**445**	**-**	**-**	**445**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**445**	**-**	**1,646**	**2,091**
At 31 Mar 2017	**168,896**	**1,353**	**-**	**63,058**	**376**	**730**	**17,588**	**252,001**

[(1)] This is the transition impact on the adoption of SFRS(I) 9 on 1 January 2018. Based on the ECL model under SFRS(I) 9, there is a reversal/decrease of $0.6 million in the opening balance of allowances for loan losses as at 1 January 2018 and a corresponding credit/increase to accumulated profits.

[(2)] Following the change in the classification and measurement requirements of financial assets in applying SFRS(I) 9 Financial Instruments with effect from 1 January 2018, available-for-sale investments in the prior period comparatives are now presented as investments measured at Fair Value through Other Comprehensive Income ("FVOCI").

[(3)] A revised regulatory requirement of maintaining Minimum Regulatory Loss Allowance ("MRLA") for non-credit-impaired exposures became effective on the same date as SFRS(I) 9. If allowances under SFRS(I) 9 falls below the MRLA, the Group will be required to set up a non-distributable Regulatory Loss Allowance Reserve ("RLAR") to set aside the additional amount required.

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 year, the Group have adopted all the relevant new or revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which came into effect from 1 January 2018. The initial adoption of SFRS(I) does not have a material impact on the Group's financial statements except SFRS(I) 9 *Financial Instruments*.

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model ("ECL") for calculating impairment of financial assets, and new hedge accounting requirements. There is no material impact in the area of classification and measurement and the Group does not apply any hedge accounting.

Based on the ECL model under SFRS(I) 9, there is a reversal/decrease $0.6 million in the opening balance of allowances for loan losses as at 1 January 2018, with a corresponding credit/increase to accumulated profits.

In addition, a revised regulatory requirement of maintaining Minimum Regulatory Loss Allowance ("MRLA") for non-credit-impaired exposures became effective on the same date as SFRS(I) 9. If allowances under SFRS(I) 9 falls below the MRLA, the Group will be required to set up a non-distributable Regulatory Loss Allowance Reserve ("RLAR") to set aside the additional amount required. As the allowances under SFRS(I) 9 is above the MRLA as at 1 January 2018, the Group was not required to set aside additional allowances to RLAR.

Except as described above, the accounting policies and methods of computation used in the financial statements for the period under review are consistent with those applied in the audited financial statements for the year ended 31 December 2017.

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

The Group's profit from operations before allowances for the first quarter ended 31 March 2018 was $2.7 million, $0.8 million or 44.1% higher vis-à-vis the same period last year. This is mainly attributed to higher total income and lower operating expenses.

Total income improved by $0.4 million or 6.7% primarily due to the decline in interest expense which outweighed the drop in interest income. Total operating expenses were well managed, with the decline of $0.4 million or 12.6% coming largely from other operating expenses.

Net allowances for impairment loss on loan amounted to $1.3 million for the first quarter ended 31 March 2018. For the same period last year, there was a net write back for impairment loss on loan of $0.1 million. The Group continues to set aside adequate impairment allowances in respect of its loan portfolio.

The Group registered a profit after tax of $1.2 million for the first quarter ended 31 March 2018, a decline of $0.5 million or 30.5% compared to the same period last year.

Total loan net of allowances dipped 5.2% to $708 million compared to $747 million as at 31 December 2017. In line with the lower loan balance, total customers' deposits was managed downwards by 10.4% to $724 million as at 31 March 2018 compared to $808 million as at 31 December 2017.

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

According to Ministry of Trade and Industry ("MTI")'s advance GDP estimates on 13 April 2018, the Singapore economy grew by 4.3% on a year-on-year basis in the first quarter of 2018, higher than the 3.6% growth in the fourth quarter of last year. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.4%, a moderation from the 2.1% growth in the preceding quarter.

Given the increased volatility in global economic outlook and the likely competitive pressures on the funding costs, the Group expects a challenging time ahead. Nevertheless, the Group will continue to be prudent in seeking new business opportunities and be proactive in managing our interest margin, credit exposure and operating expenses to remain competitive.

12(a) Interim Dividend Recommended for the Current Quarter

Nil

12(b) Interim Dividend Recommended for Previous Corresponding Quarter

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 Negative Confirmation by the Board pursuant to Rule 705(5)

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the quarter ended 31 March 2018 financial results to be false or misleading in any material aspect.

16 Other Matters

Nil

On behalf of the Board of Directors

Teo Chiang Long
Director

Tan Hui Keng, Martha
Director

By Order of the Board

Ngiam May Ling
Company Secretary

11 May 2018