

Half Year Financial Statements Announcement

The Directors of Singapura Finance Ltd are pleased to announce the second quarter and half year financial statements on consolidated results for the period ended 30 June 2018. These figures have not been audited or reviewed by the Auditors.

1(a) Unaudited Group Results for the Second Quarter and Half Year ended 30 June 2018

	2 nd Quarter Jun 2018	2 nd Quarter Jun 2017	+ / (-)	6 Months Jun 2018	6 Months Jun 2017	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Interest income and hiring charges	6,777	7,721	(12.2)	14,064	15,345	(8.3)
Interest expense	(1,840)	(2,488)	(26.0)	(3,784)	(5,163)	(26.7)
Net interest and hiring charges	4,937	5,233	(5.7)	10,280	10,182	1.0
Fee and commission income	169	329	(48.6)	462	643	(28.1)
Dividend income	-	100	(100.0)	15	100	(85.0)
Gain on sale of investments	-	-	n.m.	-	106	(100.0)
Other operating income	107	77	39.0	271	157	72.6
Income before operating expenses	5,213	5,739	(9.2)	11,028	11,188	(1.4)
Staff costs	(1,895)	(1,773)	6.9	(3,703)	(3,744)	(1.1)
Depreciation of property, plant and equipment	(179)	(166)	7.8	(336)	(326)	3.1
Other operating expenses	(1,091)	(1,472)	(25.9)	(2,262)	(2,931)	(22.8)
Total operating expenses	(3,165)	(3,411)	(7.2)	(6,301)	(7,001)	(10.0)
Profit from operations before impairment losses	2,048	2,328	(12.0)	4,727	4,187	12.9
Write-back/(Allowance) of impairment losses on loans and advances	220	430	(48.8)	(1,072)	570	(288.1)
Profit before tax	2,268	2,758	(17.8)	3,655	4,757	(23.2)
Tax expense	(382)	(468)	(18.4)	(615)	(806)	(23.7)
Profit after tax	1,886	2,290	(17.6)	3,040	3,951	(23.1)

n.m. – not meaningful

1(b) Earnings Per Share of the Group

	2 nd Quarter Jun 2018	2 nd Quarter Jun 2017	6 Months Jun 2018	6 Months Jun 2017
Annualised earnings per share (cents)				
- Basic	4.76	5.77	3.83	4.98
- Diluted	4.76	5.77	3.83	4.98

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 June 2018 and 2017.

There are no potential dilutive ordinary shares for the periods ended 30 June 2018 and 2017.

1(c) Unaudited Group Statement of Comprehensive Income for the Second Quarter and Half Year ended 30 June 2018

	2nd Quarter Jun 2018	2 nd Quarter Jun 2017	+ / (-)	6 Months Jun 2018	6 Months Jun 2017	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	1,886	2,290	(17.6)	3,040	3,951	(23.1)
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	733	n.m.	NA	1,375	n.m.
Net change in fair value of available-for-sale investments reclassified to profit or loss on disposal ⁽¹⁾	NA	-	n.m.	NA	(106)	n.m.
Net change in fair value of investments measured at FVOCI ⁽¹⁾	(536)	-	n.m.	(1,508)	-	n.m.
Tax on items that may be reclassified subsequently to profit or loss	91	(125)	(172.8)	256	(216)	(218.5)
Other comprehensive income for the period, net of tax	(445)	608	(173.2)	(1,252)	1,053	(218.9)
Total comprehensive income for the period	1,441	2,898	(50.3)	1,788	5,004	(64.3)

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	
	30-Jun-18	31-Dec-17	30-Jun-18	31-Dec-17
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	87,151	137,628	87,004	137,434
Statutory deposit with the Monetary Authority of Singapore	17,882	20,778	17,882	20,778
Investments	133,488	161,013	133,488	161,013
Loans and advances	701,517	746,689	701,517	746,689
Others receivables, deposits and prepayments	1,918	2,063	1,918	2,058
Subsidiaries	-	-	125	125
Property, plant and equipment	8,051	7,902	8,051	7,902
Deferred tax assets	270	27	270	27
Total assets	950,277	1,076,100	950,255	1,076,026
Equity				
Share capital	168,896	168,896	168,896	168,896
Reserves	82,773	85,100	80,695	83,074
Total equity attributable to owners of the Company	251,669	253,996	249,591	251,970
Liabilities				
Deposits and savings accounts of customers	688,008	808,278	690,298	810,445
Trade and other payables	7,272	10,548	7,042	10,336
Current tax liabilities	1,911	1,910	1,907	1,907
Staff retirement gratuities	1,417	1,368	1,417	1,368
Total liabilities	698,608	822,104	700,664	824,056
Total equity and liabilities	950,277	1,076,100	950,255	1,076,026

2(b) Net Asset Value

Net asset value per ordinary share (\$)	1.59	1.60	1.57	1.59
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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 June 2018 and 31 December 2017.

3. Consolidated Cash Flow Statement

	2 nd Quarter Jun 2018	2 nd Quarter Jun 2017	6 Months Jun 2018	6 Months Jun 2017
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit for the period	1,886	2,290	3,040	3,951
<u>Adjustments for:-</u>				
Depreciation of property, plant and equipment	179	166	336	326
Bad Debts written off	24	5	24	7
(Write-back)/Allowance of impairment losses on loans and advances	(220)	(430)	1,072	(570)
Property, plant and equipment written off	14	-	14	-
Gain on sale of investments	-	-	-	(106)
Dividend income	-	(100)	(15)	(100)
Staff retirement gratuity	25	23	49	46
Tax expense	382	468	615	806
	2,290	2,422	5,135	4,360
<u>Changes in working capital:</u>				
Statutory deposit with Monetary Authority of Singapore	844	992	2,896	1,530
Loans and advances	6,702	26,626	44,722	59,637
Other receivables, deposits and prepayments	49	289	145	527
Deposits and savings accounts of customers	(36,465)	(22,070)	(120,270)	(17,743)
Trade and other payables	(960)	(1,207)	(3,277)	(2,243)
Cash (used in)/from operations	(27,540)	7,052	(70,649)	46,068
Taxes paid	(600)	(617)	(600)	(623)
Net cash flows (used in)/from operating activities	(28,140)	6,435	(71,249)	45,445
Cash flows from investing activities				
Dividends received	-	100	15	100
Purchase of property, plant and equipment	(416)	(126)	(499)	(129)
Purchase of investments	(160,734)	(74,801)	(279,497)	(147,779)
Proceeds from sale and maturity of investments	165,760	76,967	305,514	131,590
Net cash flows from/(used in) investing activities	4,610	2,140	25,533	(16,218)
Cash flows from financing activities				
Dividends paid	(4,761)	(3,174)	(4,761)	(3,174)
Net cash flows used in financing activities	(4,761)	(3,174)	(4,761)	(3,174)
Net (decrease)/increase in cash and cash equivalents	(28,291)	5,401	(50,477)	26,053
Cash and cash equivalents at beginning of period	115,442	157,441	137,628	136,789
Cash and cash equivalents at end of period	87,151	162,842	87,151	162,842

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	-	-	-	-	-	-	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	-	-	-	-	(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	-	-	48	-	-	-	(48)	-
At 31 Mar 2018	168,896	1,353	48	65,488	(498)	730	18,972	254,989
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	1,886	1,886
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI	-	-	-	-	(536)	-	-	(536)
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)	-	1,886	1,441
Transaction with owners, recorded directly in equity								
Final dividend paid of 2 cents per share and Special dividend paid of 1 cent in respect of year 2017	-	-	-	-	-	-	(4,761)	(4,761)
Total transactions with owners	-	-	-	-	-	-	(4,761)	(4,761)
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	897	-	-	-	(897)	-
At 30 Jun 2018	168,896	1,353	945	65,488	(943)	730	15,200	251,669

FVOCI - Fair Value through Other Comprehensive Income

4(a) Statements of Changes in Equity – Group (cont'd)

	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	-	-	-	-	-	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	-	-	-	642	-	-	642
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	-	-	-	(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
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,290	2,290
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	733	-	-	733
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	-	-	-	(125)	-	-	(125)
Total other comprehensive income	-	-	-	608	-	-	608
Total comprehensive income for the period	-	-	-	608	-	2,290	2,898
Transaction with owners, recorded directly in equity							
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

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	-	-	-	-	-	-	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	-	-	-	-	-	-	1,128	1,128
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI	-	-	-	-	(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)	-	1,128	321
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	48	-	-	-	(48)	-
At 31 Mar 2018	168,896	1,353	48	65,488	(498)	730	16,920	252,937
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	1,860	1,860
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI	-	-	-	-	(536)	-	-	(536)
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)	-	1,860	1,415
Transaction with owners, recorded directly in equity								
Final dividend paid of 2 cents per share and Special dividend paid of 1 cent in respect of year 2017	-	-	-	-	-	-	(4,761)	(4,761)
Total transactions with owners	-	-	-	-	-	-	(4,761)	(4,761)
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	897	-	-	-	(897)	-
At 30 Jun 2018	168,896	1,353	945	65,488	(943)	730	13,122	249,591

FVOCI - Fair Value through Other Comprehensive Income

4(b) Statements of Changes in Equity – Company (cont'd)

	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	-	-	-	-	-	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	-	-	-	642	-	-	642
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	-	-	-	(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
Total comprehensive income for the period							
Profit for the period	-	-	-	-	-	2,284	2,284
Other comprehensive income							
Items that may be reclassified subsequently to profit or loss:							
Net change in fair value of available-for-sale investments	-	-	-	733	-	-	733
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	-	-	-	(125)	-	-	(125)
Total other comprehensive income	-	-	-	608	-	-	608
Total comprehensive income for the period	-	-	-	608	-	2,284	2,892
Transaction with owners, recorded directly in equity							
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

- 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.

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.

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 declined by 12.0% to \$2.0 million for the quarter under review compared to \$2.3 million for the previous corresponding quarter. Total income slipped by \$0.5 million or 9.2% cushioned by a decline of \$0.2 million or 7.2% in total operating expenses.

As the decline in interest income and hiring charges outpaced the decrease in interest costs, net interest income dropped by \$0.3 million or 5.7%. Non-interest income fell by \$0.2 million or 45.5% with lower fees and commission and dividend income. Total operating expenses were well managed with the decline coming largely from other operating expenses.

For the half year ended 30 June 2018, the Group's operating profit before allowances was \$4.7 million, compared to \$4.2 million during the same period last year. Total income contracted marginally by \$0.2 million or 1.4% compared to the same period last year mainly due to lower non-interest income. This is cushioned by a decline in operating expenses by \$0.7 million or 10.0%.

Net allowances for loan impairment losses amounted to \$1.1 million for the half year ended 30 June 2018 compared to a net write back of \$0.6 million for the same period last year. The Group continues to set aside adequate impairment allowances for its loan portfolio.

The Group registered a profit after tax of \$3.0 million for the half year ended 30 June 2018, a decline of \$0.9 million or 23.1% compared to the same period last year.

Loans and advances dipped 6.0% to \$701 million compared to \$747 million as at 31 December 2017. In tandem with the lower loan balance, total customers' deposits was managed downwards by 14.9% to \$688 million as at 30 June 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

Based on the Ministry of Trade and Industry (MTI)'s advance GDP estimates on 13 July 2018, the Singapore economy grew by 3.8% on a year-on-year basis in the second quarter of 2018, moderating from the 4.3% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded at a slower pace of 1.0% in contrast to the 1.5% growth in the preceding quarter.

On 6 July 2018, the Government further tightened the cooling measures on residential properties with higher additional buyer's stamp duties and tighter loan limits in its bid to reel in the swift rise in private home prices. The new measures will dampen the loan growth for residential property purchases. Meanwhile, the threats of heightened global trade tensions, market volatilities and competitive pressure on funding costs continue to persist. Notwithstanding the potential volatilities and challenges ahead, Group will continue to be vigilant in risk monitoring, prudent in credit granting criteria as well as proactive in the management of interest margin.

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 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 and half year ended 30 June 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

10 August 2018