

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 2019. These figures have not been audited or reviewed by the Auditors.

1(a) Unaudited Group Income Statement for the Quarter ended 31 March 2019

	1 st Quarter Mar 2019	1 st Quarter Mar 2018	+ / (-)
	\$'000	\$'000	%
Interest income and hiring charges	8,712	7,287	19.6
Interest expense	(2,203)	(1,944)	13.3
Net interest and hiring charges	6,509	5,343	21.8
Fee and commission income	196	293	(33.1)
Dividend income	-	15	(100.0)
Other operating income	177	164	7.9
Income before operating expenses	6,882	5,815	18.3
Staff costs	(1,936)	(1,808)	7.1
Depreciation of property, plant and equipment & Right of Use assets	(268)	(157)	70.7
Other operating expenses ⁽¹⁾	(953)	(1,171)	(18.6)
Total operating expenses	(3,157)	(3,136)	0.7
Profit from operations before allowances	3,725	2,679	39.0
Write-back/(Allowances) for impairment losses on loans and advances	1,227	(1,292)	(195.0)
Profit before tax	4,952	1,387	257.0
Tax expense	(840)	(233)	260.5
Profit after tax	4,112	1,154	256.3

⁽¹⁾ Includes interest on lease liabilities amounting to \$145,000 (31 March 2018: \$Nil).

1(b) Earnings per Share of the Group

	1 st Quarter Mar 2019	1 st Quarter Mar 2018
Annualised earnings per share (cents)		
- Basic	10.36	2.91
- Diluted	10.36	2.91

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 2019 and 2018.

There are no potential dilutive ordinary shares for the periods ended 31 March 2019 and 2018.

1(c) Unaudited Group Statement of Comprehensive Income for the Quarter ended 31 March 2019

	1st Quarter Mar 2019	1 st Quarter Mar 2018	+ / (-)
	\$'000	\$'000	%
Profit for the period	4,112	1,154	256.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net change in fair value of investments measured at FVOCI*	(154)	(972)	(84.2)
Tax relating to Items that may be reclassified subsequently to profit or loss	26	165	(84.2)
Other comprehensive income for the period, net of tax	(128)	(807)	(84.1)
Total comprehensive income for the period	3,984	347	1,048.1

*FVOCI - Fair Value through Other Comprehensive Income

2(a) Balance Sheets

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	93,112	115,519	93,041	115,348
Statutory deposit with the Monetary Authority of Singapore	18,190	18,641	18,190	18,641
Investments	183,642	172,753	183,642	172,753
Loans and advances	668,903	680,441	668,903	680,441
Others receivables, deposits and prepayments	1,577	1,597	1,577	1,593
Subsidiaries	-	-	125	125
Property, plant and equipment	7,781	7,937	7,781	7,937
Right of Use assets	719	-	719	-
Deferred tax assets	76	45	76	45
Total assets	974,000	996,933	974,054	996,883
Equity				
Share capital	168,896	168,896	168,896	168,896
Reserves	92,265	88,587	90,133	86,465
Total equity attributable to owners of the Company	261,161	257,483	259,029	255,361
Liabilities				
Deposits and savings accounts of customers	695,043	726,519	697,455	728,826
Trade and other payables	12,258	9,243	12,032	9,014
Lease liabilities	1,043	-	1,043	-
Current tax liabilities	3,061	2,223	3,061	2,217
Staff retirement gratuities	1,434	1,465	1,434	1,465
Total liabilities	712,839	739,450	715,025	741,522
Total equity and liabilities	974,000	996,933	974,054	996,883

2(b) Net Asset Value

Net asset value per ordinary share (\$)	1.65	1.61	1.63	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 31 March 2019 and 31 December 2018.

3 Consolidated Cash Flow Statement

	1st Quarter Mar 2019	1st Quarter Mar 2018
	\$'000	\$'000
Cash flows from operating activities		
Profit for the period	4,112	1,154
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment & Right of Use assets	268	157
Property, plant and equipment written off	2	-
(Write-back)/Allowances for impairment losses on loans and advances	(1,227)	1,292
Dividend income	-	(15)
Staff retirement gratuities	24	24
Interest on lease liabilities	145	-
Tax expense	840	233
	4,164	2,845
<u>Changes in:</u>		
Statutory deposit with Monetary Authority of Singapore	451	2,052
Loans and advances	12,765	38,020
Other receivables, deposits and prepayments	20	96
Deposits and savings accounts of customers	(31,476)	(83,805)
Trade and other payables	3,015	(2,317)
Cash used in operations	(11,061)	(43,109)
Taxes paid	(7)	-
Staff retirement gratuities paid	(55)	-
Net cash used in operating activities	(11,123)	(43,109)
Cash flows from investing activities		
Purchase of property, plant and equipment	(30)	(83)
Purchase of investments	(324,482)	(118,763)
Dividends received	-	15
Proceeds from sale and maturity of investments	313,439	139,754
Net cash (used in)/from investing activities	(11,073)	20,923
Cash flows from financing activities		
Payment of lease liabilities	(211)	-
Net cash used in financing activities	(211)	-
Net decrease in cash and cash equivalents	(22,407)	(22,186)
Cash and cash equivalents at beginning of period	115,519	137,628
Cash and cash equivalents at end of period	93,112	115,442

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 1 Jan 2019	168,896	1,353	1,854	69,308	194	730	15,148	257,483
Effect of adopting new accounting standard SFRS(l) 16	-	-	-	-	-	-	(306)	(306)
Restated balance as at 1 Jan 2019	168,896	1,353	1,854	69,308	194	730	14,842	257,177
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	4,112	4,112
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI	-	-	-	-	(154)	-	-	(154)
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	-	26	-	-	26
Total other comprehensive income	-	-	-	-	(128)	-	-	(128)
Total comprehensive income for the period	-	-	-	-	(128)	-	4,112	3,984
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	946	-	-	-	(946)	-
At 31 Mar 2019	168,896	1,353	2,800	69,308	66	730	18,008	261,161
The Group								
At 1 Jan 2018	168,896	1,353	-	65,488	309	730	17,220	253,996
Effect of adopting new accounting standard SFRS(l) 9	-	-	-	-	-	-	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

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 1 Jan 2019	168,896	1,353	1,854	69,308	194	730	13,026	255,361
Effect of adopting new accounting standard SFRS(I) 16	-	-	-	-	-	-	(306)	(306)
Restated balance as at 1 Jan 2019	168,896	1,353	1,854	69,308	194	730	12,720	255,055
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	-	4,102	4,102
Other comprehensive income								
Items that may be reclassified subsequently to profit or loss:								
Net change in fair value of investments measured at FVOCI	-	-	-	-	(154)	-	-	(154)
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	-	26	-	-	26
Total other comprehensive income	-	-	-	-	(128)	-	-	(128)
Total comprehensive income for the period								
	-	-	-	-	(128)	-	4,102	3,974
Transfer from accumulated profits to Regulatory Loss Allowance Reserve								
	-	-	946	-	-	-	(946)	-
At 31 Mar 2019	168,896	1,353	2,800	69,308	66	730	15,876	259,029
The Company								
At 1 Jan 2018	168,896	1,353	-	65,488	309	730	15,194	251,970
Effect of adopting new accounting standard SFRS(I) 9	-	-	-	-	-	-	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	-	-	-	-	(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								
	-	-	48	-	-	-	(48)	-
At 31 Mar 2018	168,896	1,353	48	65,488	(498)	730	16,920	252,937

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)") and interpretations ("INT FRS") which came into effect for the Group from 1 January 2019.

The adoption of these new or revised SFRS(I) and INT FRS does not have any material impact on the financial statements of the Group for the financial year under review except for SFRS(I)16 *Leases*.

SFRS(I) 16 requires all operating leases to be capitalised as Right of Use ("ROU") assets and depreciated on straight line basis while the corresponding lease liabilities ("LL") will be reduced using a single discount rate. Under the modified retrospective approach, the Group recognised a ROU assets of \$0.7 million and LL of \$1.0 million for its operating leases with a corresponding decrease in accumulated profits of \$0.3 million.

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 2018.

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

The Group recorded a profit after tax of \$4.1 million for the first quarter ended 31 March 2019, more than double the \$1.2 million for the same period last year. The stronger performance was mainly attributed to higher net interest income and a net write back on loan impairment losses.

Net interest income increased by \$1.2 million or 21.8% mainly due to higher recovery from non-performing loans despite the increase in cost of funds. Total operating expenses were well managed with increase in staff cost and depreciation cushioned by decline in other operating expenses.

For the first quarter ended 31 March 2019, there was a \$1.2 million net write back on loans impairment losses. For the same period last year, there was a net charge for loans allowances of \$1.3 million. The Group continues to set aside adequate specific and collective allowances in respect of its loan portfolio.

Total loan net of allowances dipped 1.7% to \$669 million as at 31 March 2019 compared to \$680 million as at 31 December 2018. In line with the lower loan balance, total customers' deposits was managed downwards by 4.3% to \$695 million as at 31 March 2019 compared to \$727 million as at 31 December 2018.

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 12 April 2019, the Singapore economy grew by 1.3% on a year-on-year basis in the first quarter of 2019, moderating from the 1.9% growth in the fourth quarter of last year. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 2.0%, faster than the 1.4% growth in the preceding quarter.

Given the prevailing volatility in global economic outlook, 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 2019 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 May 2019