

## Half Year Financial Statements Announcement

The Directors of Singapura Finance Ltd are pleased to announce the half year financial statements on consolidated results for the period ended 30 June 2020. These figures have not been audited or reviewed by the Auditors.

### 1(a) Unaudited Group Results for the Half Year ended 30 June 2020

	<b>6 Months Jun 2020</b>	6 Months Jun 2019	+ / (-)
	<b>\$'000</b>	\$'000	%
Interest income and hiring charges	<b>16,564</b>	15,749	5.2
Interest expense	<b>(7,483)</b>	(4,410)	69.7
<b>Net interest income and hiring charges</b>	<b>9,081</b>	11,339	(19.9)
Fee and commission income	<b>267</b>	273	(2.2)
Other operating income	<b>856</b>	265	223.0
<b>Income before operating expenses</b>	<b>10,204</b>	11,877	(14.1)
Staff costs	<b>(3,983)</b>	(3,933)	1.3
Depreciation of property, plant and equipment & Right of Use assets	<b>(563)</b>	(569)	(1.1)
Other operating expenses <sup>(1)</sup>	<b>(1,816)</b>	(1,916)	(5.2)
<b>Total operating expenses</b>	<b>(6,362)</b>	(6,418)	(0.9)
<b>Profit from operations before allowances</b>	<b>3,842</b>	5,459	(29.6)
(Allowances)/Write-back for impairment losses on loans and advances	<b>(1,502)</b>	1,286	(216.8)
<b>Profit before tax</b>	<b>2,340</b>	6,745	(65.3)
Tax expense	<b>(395)</b>	(1,145)	(65.5)
<b>Profit after tax</b>	<b>1,945</b>	5,600	(65.3)

<sup>(1)</sup> Includes interest on lease liabilities amounting to \$210,000 (30 June 2019: \$304,000).

### 1(b) Earnings per Share of the Group

	<b>6 Months Jun 2020</b>	6 Months Jun 2019
Annualised earnings per share (cents)		
- Basic	<b>2.45</b>	7.06
- Diluted	<b>2.45</b>	7.06

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 2020 and 2019.

There are no potential dilutive ordinary shares for the periods ended 30 June 2020 and 2019.

**1(c) Unaudited Group Statement of Comprehensive Income for the Half Year ended 30 June 2020**

	<b>6 Months Jun 2020</b>	6 Months Jun 2019	+ / (-)
	<b>\$'000</b>	\$'000	%
<b>Profit for the period</b>	<b>1,945</b>	5,600	(65.3)
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Net change in fair value of investments measured at FVOCI *	<b>2,209</b>	278	694.6
Tax relating to items that may be reclassified subsequently to profit or loss	<b>(376)</b>	(47)	(700.0)
<b>Other comprehensive income for the period, net of tax</b>	<b>1,833</b>	231	693.5
<b>Total comprehensive income for the period</b>	<b>3,778</b>	5,831	(35.2)

\*FVOCI - Fair Value through Other Comprehensive Income

## 2(a) Balance Sheets

	Group		Company	
	30-Jun-20 \$'000	31-Dec-19 \$'000	30-Jun-20 \$'000	31-Dec-19 \$'000
<b>Assets</b>				
Cash and cash equivalents	221,721	224,843	221,631	224,759
Statutory deposit with the Monetary Authority of Singapore	21,087	18,280	21,087	18,280
Investments	135,437	131,587	135,437	131,587
Loans and advances	804,819	736,144	804,819	736,144
Others receivables, deposits and prepayments	1,723	1,956	1,723	1,955
Subsidiaries	-	-	125	125
Property, plant and equipment	7,200	7,492	7,200	7,492
Right of Use assets	362	574	362	574
<b>Total assets</b>	<b>1,192,349</b>	<b>1,120,876</b>	<b>1,192,384</b>	<b>1,120,916</b>
<b>Equity</b>				
Share capital	168,896	168,896	168,896	168,896
Reserves	88,492	90,268	86,304	88,099
<b>Total equity attributable to owners of the Company</b>	<b>257,388</b>	<b>259,164</b>	<b>255,200</b>	<b>256,995</b>
<b>Liabilities</b>				
Deposits and savings accounts of customers	918,689	845,516	921,131	847,958
Trade and other payables	11,065	11,529	10,847	11,300
Lease liabilities	658	933	658	933
Current tax liabilities	2,603	2,176	2,602	2,172
Staff retirement gratuities	1,502	1,454	1,502	1,454
Deferred tax liabilities	444	104	444	104
<b>Total liabilities</b>	<b>934,961</b>	<b>861,712</b>	<b>937,184</b>	<b>863,921</b>
<b>Total equity and liabilities</b>	<b>1,192,349</b>	<b>1,120,876</b>	<b>1,192,384</b>	<b>1,120,916</b>

## 2(b) Net Asset Value

Net asset value per ordinary share (\$)	1.62	1.63	1.61	1.62
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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 2020 and 31 December 2019.

### 3. Consolidated Cash Flow Statement

	6 Months Jun 2020	6 Months Jun 2019
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit for the period	1,945	5,600
<u>Adjustments for:-</u>		
Depreciation of property, plant and equipment & Right of Use assets	563	569
Bad Debts written off	8	3
Allowances/(Write-back) for impairment losses on loans and advances	1,502	(1,286)
Property, plant and equipment written off	1	2
Staff retirement gratuity	48	48
Interest on lease liabilities	210	304
Tax expense	395	1,145
	<b>4,672</b>	6,385
<u>Changes in working capital:</u>		
Statutory deposit with Monetary Authority of Singapore	(2,807)	1,883
Loans and advances	(70,185)	(4,238)
Other receivables, deposits and prepayments	233	89
Deposits and savings accounts of customers	73,173	(64,727)
Trade and other payables	(464)	(2,362)
<b>Cash from/(used in) operations</b>	<b>4,622</b>	(62,970)
Taxes paid	(3)	(825)
Staff retirement gratuities paid	-	(93)
<b>Net cash flows from/(used in) operating activities</b>	<b>4,619</b>	(63,888)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(60)	(136)
Purchase of investments	(396,231)	(554,136)
Proceeds from sale and maturity of investments	394,589	598,045
<b>Net cash flows (used in)/from investing activities</b>	<b>(1,702)</b>	43,773
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(485)	(444)
Dividends paid	(5,554)	(6,347)
<b>Net cash flows used in financing activities</b>	<b>(6,039)</b>	(6,791)
<b>Net decrease in cash and cash equivalents</b>	<b>(3,122)</b>	(26,906)
Cash and cash equivalents at beginning of period	224,843	115,519
<b>Cash and cash equivalents at end of period</b>	<b>221,721</b>	88,613

#### 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
<b>The Group</b>								
<b>At 1 Jan 2020</b>	<b>168,896</b>	<b>1,353</b>	<b>4,026</b>	<b>73,028</b>	<b>1,047</b>	<b>730</b>	<b>10,084</b>	<b>259,164</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	1,945	1,945
<b>Other comprehensive income</b>								
<b>Items that may be reclassified subsequently to profit or loss:</b>								
Net change in fair value of investments measured at FVOCI	-	-	-	-	2,209	-	-	2,209
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	-	(376)	-	-	(376)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,833</b>	<b>-</b>	<b>-</b>	<b>1,833</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,833</b>	<b>-</b>	<b>1,945</b>	<b>3,778</b>
<b>Transaction with owners, recorded directly in equity</b>								
Final dividend of 2 cents and Special dividend of 1.5 cents per share paid in respect of year 2019	-	-	-	-	-	-	(5,554)	(5,554)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,554)</b>	<b>(5,554)</b>
Transfer from Regulatory Loss Allowance Reserve to accumulated profits	-	-	(1,604)	-	-	-	1,604	-
<b>At 30 Jun 2020</b>	<b>168,896</b>	<b>1,353</b>	<b>2,422</b>	<b>73,028</b>	<b>2,880</b>	<b>730</b>	<b>8,079</b>	<b>257,388</b>
<b>The Group</b>								
<b>At 1 Jan 2019</b>	<b>168,896</b>	<b>1,353</b>	<b>1,854</b>	<b>69,308</b>	<b>194</b>	<b>730</b>	<b>15,148</b>	<b>257,483</b>
<b>Effect of adopting new accounting standard SFRS(I) 16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(306)</b>	<b>(306)</b>
<b>Restated balance as at 1 Jan 2019</b>	<b>168,896</b>	<b>1,353</b>	<b>1,854</b>	<b>69,308</b>	<b>194</b>	<b>730</b>	<b>14,842</b>	<b>257,177</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	5,600	5,600
<b>Other comprehensive income</b>								
<b>Items that may be reclassified subsequently to profit or loss:</b>								
Net change in fair value of investments measured at FVOCI	-	-	-	-	278	-	-	278
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	-	(47)	-	-	(47)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>-</b>	<b>-</b>	<b>231</b>
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>231</b>	<b>-</b>	<b>5,600</b>	<b>5,831</b>
<b>Transaction with owners, recorded directly in equity</b>								
Final dividend of 2 cents and Special dividend of 2 cents per share paid in respect of year 2018	-	-	-	-	-	-	(6,347)	(6,347)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,347)</b>	<b>(6,347)</b>
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	1,128	-	-	-	(1,128)	-
<b>At 30 Jun 2019</b>	<b>168,896</b>	<b>1,353</b>	<b>2,982</b>	<b>69,308</b>	<b>425</b>	<b>730</b>	<b>12,967</b>	<b>256,661</b>

FVOCI - Fair Value through Other Comprehensive Income

#### 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
<b>The Company</b>								
<b>At 1 Jan 2020</b>	<b>168,896</b>	<b>1,353</b>	<b>4,026</b>	<b>73,028</b>	<b>1,047</b>	<b>730</b>	<b>7,915</b>	<b>256,995</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	1,926	1,926
<b>Other comprehensive income</b>								
<b>Items that may be reclassified subsequently to profit or loss:</b>								
Net change in fair value of investments measured at FVOCI	-	-	-	-	2,209	-	-	2,209
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	-	(376)	-	-	(376)
Total other comprehensive income	-	-	-	-	1,833	-	-	1,833
<b>Total comprehensive income for the period</b>	-	-	-	-	1,833	-	1,926	3,759
<b>Transaction with owners, recorded directly in equity</b>								
Final dividend of 2 cents and Special dividend of 1.5 cents per share paid in respect of year 2019	-	-	-	-	-	-	(5,554)	(5,554)
<b>Total transactions with owners</b>	-	-	-	-	-	-	(5,554)	(5,554)
Transfer from Regulatory Loss Allowance Reserve to accumulated profits	-	-	(1,604)	-	-	-	1,604	-
<b>At 30 Jun 2020</b>	<b>168,896</b>	<b>1,353</b>	<b>2,422</b>	<b>73,028</b>	<b>2,880</b>	<b>730</b>	<b>5,891</b>	<b>255,200</b>
<b>The Company</b>								
<b>At 1 Jan 2019</b>	<b>168,896</b>	<b>1,353</b>	<b>1,854</b>	<b>69,308</b>	<b>194</b>	<b>730</b>	<b>13,026</b>	<b>255,361</b>
<b>Effect of adopting new accounting standard SFRS(I) 16</b>	-	-	-	-	-	-	(306)	(306)
<b>Restated balance as at 1 Jan 2019</b>	<b>168,896</b>	<b>1,353</b>	<b>1,854</b>	<b>69,308</b>	<b>194</b>	<b>730</b>	<b>12,720</b>	<b>255,055</b>
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	-	-	5,582	5,582
<b>Other comprehensive income</b>								
<b>Items that may be reclassified subsequently to profit or loss:</b>								
Net change in fair value of investments measured at FVOCI	-	-	-	-	278	-	-	278
Tax on items that may be reclassified subsequently to profit or loss	-	-	-	-	(47)	-	-	(47)
Total other comprehensive income	-	-	-	-	231	-	-	231
<b>Total comprehensive income for the period</b>	-	-	-	-	231	-	5,582	5,813
<b>Transaction with owners, recorded directly in equity</b>								
Final dividend of 2 cents and Special dividend of 2 cents per share paid in respect of year 2018	-	-	-	-	-	-	(6,347)	(6,347)
<b>Total transactions with owners</b>	-	-	-	-	-	-	(6,347)	(6,347)
Transfer from accumulated profits to Regulatory Loss Allowance Reserve	-	-	1,128	-	-	-	(1,128)	-
<b>At 30 Jun 2019</b>	<b>168,896</b>	<b>1,353</b>	<b>2,982</b>	<b>69,308</b>	<b>425</b>	<b>730</b>	<b>10,827</b>	<b>254,521</b>

FVOCI - Fair Value through Other Comprehensive Income

**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 has 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 2020.

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.

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 2019.

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

For the half year ended 30 June 2020, the Group recorded a profit after tax of \$1.9 million, a decline of 65.3% as compared to the same period last year. The weaker performance was primarily attributed to lower net interest income and hiring charges and higher impairment allowances on loans.

Net interest income and hiring charges decreased by \$2.2 million or 19.9% as increase in cost of deposits outpaced the rise in interest income with a higher loan base. This was buffered by the Government's Job Support Scheme grant which was included and disclosed as other operating income in the Profit and Loss Statement. Total operating expenses was well managed and remained largely unchanged.

There was a net charge for loan impairment losses amounting to \$1.5 million for the half year ended 30 June 2020 as compared to a net write back of \$1.3 million during the same period last year. This was mainly attributed to additional allowances for non-impaired loans with the weaker economic outlook in the current COVID-19 pandemic environment. With the higher allowances for non-impaired loans, \$1.6 million was released from Regulatory Loss Allowance Reserve to accumulated profit. The transfers are reflected in the Statement of Changes in the Equity. The Group continues to set aside adequate specific and collective allowances in respect of its loan portfolio.

The Group's total loan, net of allowances, increased by 9.3% to \$805 million as at 30 June 2020 compared to \$736 million as at 31 December 2019. In tandem with the higher loan balances, the Group has managed the total deposits upwards by 8.7% to \$919 million as at 30 June 2020 compared to \$846 million as at 31 December 2019.

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 report.

## **11 Comments on Significant Trends and Competitive Conditions in the Industry**

According to the Ministry of Trade and Industry ("MTI")'s advance GDP estimates on 14 July 2020, the Singapore economy shrank by 12.6% on a year-on-year basis in the second quarter of 2020, due to the Circuit Breaker ("CB") measures that were implemented from 7 April to June to slow the spread of COVID-19, which included the suspension of non-essential services and closure of most workplace premises, as well as weak external demand amidst a global economic downturn precipitated by the COVID-19 pandemic. On 26 May 2020, MTI has revised downwards the GDP growth forecast for 2020 to "-7.0% to -4.0%".

With the dismal outlook for Singapore and the global economies, the Group expects business to slow down and credit conditions to remain extraordinarily difficult for all. In order to safeguard the economy from disruption and uncertainties, MAS has announced a slew of relief measures to ease the financial strain on individuals and cash flow constraints faced by businesses. The Group extends support to our existing customers by offering interest/ principal moratoriums as part of our suite of relief measures.

The Group is monitoring the COVID-19 situation closely and will continue to manage our expenses tightly to push forward our efforts to digitalise our services and processes. The Group will also continue to monitor our customers' payment patterns closely even as we work hand-in-hand to support those who have opted for interest/ principal moratoriums during these difficult times. In the meantime, the Group will continue to be prudent and lend to customers with a good track record. The Group is confident that with our strong capital and liquidity positions and disciplined risk and cost management, the Group is able to weather this crisis and emerge stronger.



**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 half year ended 30 June 2020 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

7 August 2020