
SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

Second quarter and half year financial statements on consolidated results for the period ended 30 June 2011. These figures have not been audited.

1(a)(i) Unaudited Consolidated Income Statement for the Quarter and Half-year Ended 30 June 2011

| | 2nd Qtr 2011 | 2nd Qtr 2010 | + / (-) | 1st Half 2011 | 1st Half 2010 | + / (-) |
|--|-----------------|-----------------|---------------|------------------|------------------|---------------|
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Revenue | | | | | | |
| Interest income and hiring charges | 10,738 | 13,804 | (22.2) | 21,684 | 28,011 | (22.6) |
| Interest expense | (2,682) | (3,530) | (24.0) | (5,547) | (7,221) | (23.2) |
| Net interest income and hiring charges | 8,056 | 10,274 | (21.6) | 16,137 | 20,790 | (22.4) |
| Fees and commissions | 111 | 158 | (29.7) | 215 | 297 | (27.6) |
| Dividends | 59 | 57 | 3.5 | 59 | 57 | 3.5 |
| Rental income from investment properties | 700 | 748 | (6.4) | 1,441 | 1,582 | (8.9) |
| Other income | 78 | 80 | (2.5) | 129 | 172 | (25.0) |
| Income before operating expenses | 9,004 | 11,317 | (20.4) | 17,981 | 22,898 | (21.5) |
| Staff costs | (2,876) | (2,894) | (0.6) | (5,718) | (5,486) | 4.2 |
| Depreciation of property, plant and equipment | (374) | (370) | 1.1 | (773) | (732) | 5.6 |
| Depreciation of investment properties | (95) | (95) | - | (189) | (189) | - |
| Other operating expenses | (1,433) | (1,346) | 6.5 | (2,911) | (2,433) | 19.6 |
| Profit from operations before impairment losses | 4,226 | 6,612 | (36.1) | 8,390 | 14,058 | (40.3) |
| Write-back of/ (Allowances for) impairment losses on loans and advances | (183) | 1,136 | NM | 397 | 774 | (48.7) |
| Profit before income tax | 4,043 | 7,748 | (47.8) | 8,787 | 14,832 | (40.8) |
| Income tax expense | (646) | (1,366) | (52.7) | (1,467) | (2,562) | (42.7) |
| Profit for the period attributable to equity holders of the Company | 3,397 | 6,382 | (46.8) | 7,320 | 12,270 | (40.3) |

NM: Not meaningful

1(a)(ii) Earnings Per Share of the Group

| | 2nd Qtr 2011 | 2nd Qtr 2010 | 1st Half 2011 | 1st Half 2010 |
|---------------------------------------|-----------------|-----------------|------------------|------------------|
| Annualised earnings per share (cents) | | | | |
| - Basic | 12.93 | 24.29 | 13.93 | 23.35 |
| - Diluted | 12.93 | 24.29 | 13.93 | 23.35 |

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 105,083,843 (2010: 105,083,843) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2011 and 2010.

1(b) Unaudited Consolidated Statement of Comprehensive Income for the Quarter and Half-year Ended 30 June 2011

| | 2nd Qtr 2011 | 2nd Qtr 2010 | + / (-) | 1st Half 2011 | 1st Half 2010 | + / (-) |
|--|-------------------------|-------------------------|----------------|--------------------------|--------------------------|----------------|
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Profit for the period | 3,397 | 6,382 | (46.8) | 7,320 | 12,270 | (40.3) |
| Available-for-sale financial assets | | | | | | |
| - Profit for the period | 2,188 | 11,821 | (81.5) | 4,876 | 8,500 | (42.6) |
| - Income tax adjustment | (372) | (2,009) | (81.5) | (829) | (1,445) | (42.6) |
| Other comprehensive income for the period, net of tax | 1,816 | 9,812 | (81.5) | 4,047 | 7,055 | (42.6) |
| Total comprehensive income for the period attributable to equity holders of the Company | 5,213 | 16,194 | (67.8) | 11,367 | 19,325 | (41.2) |

2(a) Statements of Financial Position

| | Group | | Company | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 30 Jun 2011 \$'000 | 31 Dec 2010 \$'000 | 30 Jun 2011 \$'000 | 31 Dec 2010 \$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash on deposit, at banks and in hand | 273,670 | 336,290 | 273,602 | 336,232 |
| Other assets | 5,690 | 5,092 | 5,690 | 5,092 |
| Investments | 174,871 | 170,008 | 174,623 | 169,752 |
| Loans and advances due within twelve months | 352,822 | 354,376 | 352,822 | 354,376 |
| Statutory deposit with the Monetary Authority of Singapore ("MAS") | 28,813 | 28,590 | 28,813 | 28,590 |
| Total current assets | 835,866 | 894,356 | 835,550 | 894,042 |
| Non-current assets | | | | |
| Property, plant and equipment | 18,586 | 19,095 | 18,586 | 19,095 |
| Investment properties | 25,772 | 25,961 | 25,772 | 25,961 |
| Subsidiary | - | - | 25 | 25 |
| Loans and advances due after twelve months | 610,694 | 605,678 | 610,694 | 605,678 |
| Total non-current assets | 655,052 | 650,734 | 655,077 | 650,759 |
| Total assets | 1,490,918 | 1,545,090 | 1,490,627 | 1,544,801 |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities | | | | |
| Deposits and savings accounts of customers | 1,234,461 | 1,282,721 | 1,235,184 | 1,283,444 |
| Other liabilities | 13,968 | 17,376 | 13,480 | 16,891 |
| SPRING loans due within twelve months (unsecured) | 7,100 | 8,341 | 7,100 | 8,341 |
| Provision for employee benefits | 219 | 219 | 219 | 219 |
| Current tax payable | 7,816 | 9,022 | 7,816 | 9,022 |
| Total current liabilities | 1,263,564 | 1,317,679 | 1,263,799 | 1,317,917 |
| Non-current liabilities | | | | |
| SPRING loans due after twelve months (unsecured) | 6,390 | 8,133 | 6,390 | 8,133 |
| Deferred tax liabilities | 1,848 | 1,021 | 1,816 | 987 |
| Total non-current liabilities | 8,238 | 9,154 | 8,206 | 9,120 |
| Total liabilities | 1,271,802 | 1,326,833 | 1,272,005 | 1,327,037 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 117,199 | 117,199 | 117,199 | 117,199 |
| Reserves | 101,917 | 101,058 | 101,423 | 100,565 |
| Total equity | 219,116 | 218,257 | 218,622 | 217,764 |
| Total liabilities and equity | 1,490,918 | 1,545,090 | 1,490,627 | 1,544,801 |
| Off-balance sheet items | | | | |
| Undrawn Loan Commitments | 414,765 | 303,601 | 414,765 | 303,601 |
| Guarantees Issued | 3,139 | 3,159 | 3,139 | 3,159 |
| Total off-balance sheet items | 417,904 | 306,760 | 417,904 | 306,760 |
| 2(b) Net asset value per ordinary share (\$) | 2.09 | 2.08 | 2.08 | 2.07 |

The net asset value per ordinary share of the Group and of the Company is calculated based on the net assets of the Group and of the Company and the number of ordinary shares in issue of 105,083,843 (31 December 2010: 105,083,843) shares.

3 Consolidated Statement of Cash Flows for the Quarter and Half-year Ended 30 June 2011

| | 2nd Qtr 2011 | 2nd Qtr 2010 | 1st Half 2011 | 1st Half 2010 |
|---|-----------------|-----------------|------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Operating activities | | | | |
| Profit before income tax | 4,043 | 7,748 | 8,787 | 14,832 |
| Adjustments for: | | | | |
| Impact of accrual of interest income | (1,344) | (1,772) | (161) | (151) |
| Impact of accrual of interest expense | (77) | 275 | (2,843) | (3,207) |
| Depreciation of property, plant and equipment | 374 | 370 | 773 | 732 |
| Depreciation of investment properties | 95 | 95 | 189 | 189 |
| Property, plant and equipment written off | - | 19 | - | 19 |
| (Write-back of)/ allowances for impairment losses on loans and advances | 183 | (1,136) | (397) | (774) |
| Dividends receivable | (55) | (53) | (55) | (53) |
| Operating cash flows before movements in working capital | 3,219 | 5,546 | 6,293 | 11,587 |
| Changes in working capital | | | | |
| Other assets | (362) | (364) | (383) | (598) |
| Loans and advances | (29,978) | 61,958 | (3,065) | 46,336 |
| Statutory deposits with the MAS | (1,889) | (303) | (223) | (524) |
| Deposits and savings accounts of customers | 4,529 | 34,534 | (48,261) | 3,911 |
| Other liabilities | (1,472) | (662) | (561) | 86 |
| SPRING loans | (588) | (1,591) | (2,984) | (2,829) |
| Cash generated from operating activities | (26,541) | 99,118 | (49,184) | 57,969 |
| Income taxes paid | (2,663) | (1,491) | (2,673) | (1,491) |
| Net cash generated from operating activities | (29,204) | 97,627 | (51,857) | 56,478 |
| Investing activities | | | | |
| Purchase of property, plant and equipment and investment properties | (96) | (223) | (267) | (223) |
| Proceeds from disposal of investments | - | 3,920 | - | 3,920 |
| Dividends received | 12 | 11 | 12 | 11 |
| Net cash from/(used in) investing activities | (84) | 3,708 | (255) | 3,708 |
| Financing activities | | | | |
| Dividend paid | (10,508) | (8,407) | (10,508) | (8,407) |
| Repayment of interest bearing borrowings | - | - | - | (4,000) |
| Net cash used in financing activities | (10,508) | (8,407) | (10,508) | (12,407) |
| Net (decrease)/increase in cash and cash equivalents | (39,796) | 92,928 | (62,620) | 47,779 |
| Cash and cash equivalents at beginning of the period | 313,466 | 206,964 | 336,290 | 252,113 |
| Cash and cash equivalents at end of the period | 273,670 | 299,892 | 273,670 | 299,892 |

4 Statements of Changes in Equity

| | Share Capital | Statutory reserve | Fair value reserve | Accumulated profits | Total |
|--|------------------|----------------------|-----------------------|------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Group | | | | | |
| At 1 January 2010 | 117,199 | 60,951 | 5,272 | 17,045 | 200,467 |
| Total comprehensive income/(loss) for the period | - | - | (2,757) | 5,888 | 3,131 |
| At 31 March 2010 | 117,199 | 60,951 | 2,515 | 22,933 | 203,598 |
| Total comprehensive income for the period | - | - | 9,812 | 6,382 | 16,194 |
| Final one-tier tax exempt dividend paid for financial year 2009 of 8 cents per share | - | - | - | (8,407) | (8,407) |
| At 30 June 2010 | 117,199 | 60,951 | 12,327 | 20,908 | 211,385 |
| At 1 January 2011 | 117,199 | 67,303 | 6,062 | 27,693 | 218,257 |
| Total comprehensive income for the period | - | - | 2,231 | 3,923 | 6,154 |
| At 31 March 2011 | 117,199 | 67,303 | 8,293 | 31,616 | 224,411 |
| Total comprehensive income for the period | - | - | 1,816 | 3,397 | 5,213 |
| Final one-tier tax exempt dividend paid for financial year 2010 of 10 cents per share | - | - | - | (10,508) | (10,508) |
| At 30 June 2011 | 117,199 | 67,303 | 10,109 | 24,505 | 219,116 |
| Company | | | | | |
| At 1 January 2010 | 117,199 | 60,951 | 5,115 | 16,715 | 199,980 |
| Total comprehensive income/(loss) for the period | - | - | (2,752) | 5,888 | 3,136 |
| At 31 March 2010 | 117,199 | 60,951 | 2,363 | 22,603 | 203,116 |
| Total comprehensive income for the period | - | - | 9,822 | 6,380 | 16,202 |
| Final one-tier tax exempt dividend paid for financial year 2009 of 8 cents per share | - | - | - | (8,407) | (8,407) |
| At 30 June 2010 | 117,199 | 60,951 | 12,185 | 20,576 | 210,911 |
| At 1 January 2011 | 117,199 | 67,303 | 5,898 | 27,364 | 217,764 |
| Total comprehensive income for the period | - | - | 2,228 | 3,923 | 6,151 |
| At 31 March 2011 | 117,199 | 67,303 | 8,126 | 31,287 | 223,915 |
| Total comprehensive income for the period | - | - | 1,825 | 3,390 | 5,215 |
| Final one-tier tax exempt dividend paid for financial year 2010 of 10 cents per share | - | - | - | (10,508) | (10,508) |
| At 30 June 2011 | 117,199 | 67,303 | 9,951 | 24,169 | 218,622 |

5 Accounting Policies and Comparative Figures

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRSs”).

In the current financial period, the Group has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2011. The adoption of these new/ revised FRSs and INT FRSs does not result in changes to the Group’s and Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

The accounting policies and methods of computation adopted in the financial statements are consistent with those applied in the financial statements for the year ended 31 December 2010.

6 Review of Performance

Loan assets grew marginally by 0.4% to \$963.5 million as at 30 June 2011 as compared to the loan base of \$960.1 million as at 31 December 2010 and was a decrease of 3.9% or \$39.5 million over the loan base of \$1,003.1 million as at 30 June 2010.

Deposits and savings accounts of customers declined 3.8% from \$1,282.7 million as at 31 December 2010 to \$1,234.5 million as at 30 June 2011. Cash and bank balances, statutory deposits with MAS as well as available-for-sale (AFS) financial assets totaled \$477.4 million as at 30 June 2011.

The Group’s profit after tax for the quarter under review was \$3.4 million, 46.8% lower than a year ago. For the half year ended 30 June 2011, the profit after tax also fell by 40.3% to \$7.3 million. The decline was mainly attributed to the decrease in the net interest income of 21.6% for the quarter and 22.4% for the half year under review.

Interest income and hiring charges for the quarter and half year under review declined by 22.2% and 22.6% respectively resulting from lower average loan balances and yield as compared to the previous corresponding period. This was partly offset by a decrease in the interest expense due to the low interest rate environment.

The Group continues to maintain adequate individual and collective impairment allowances in respect of 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 financial period and the date of this report.

7 Comments on Significant Trends and Competitive Conditions in the Industry

The Singapore economy is projected to grow 5 to 7% this year after a record 14.5% expansion in 2010.

According to the Ministry of Trade and Industry’s advance GDP estimates, the Singapore economy grew by 0.5% on a year-on-year basis, down from 9.3% in the previous quarter. The moderation in growth reflected a slowdown across many sectors. The main decline was in the manufacturing sector which shrank 5.5% from a year ago, dragged down by an easing of demand for semiconductor chips and production falls in the biomedical sector.

For the second half of 2011, the downside risks to recovery in the global economy are posed by the worsening eurozone debt crisis and its impact on the financial markets as well as rising unemployment in the US. This would likely lead to a decline in consumer confidence and spending in Europe and the US which are Asia’s biggest export destinations, resulting in further slowdown in the economy.

Against this backdrop and the challenging operating environment, the Group will continue to focus on its niche markets, seek new business opportunities and prudently manage and grow its loan portfolio as appropriate. It will continue to improve on operational efficiency, optimize its resources and manage its operating costs to maintain profitability and a strong financial position.

8 Dividends

No dividend has been recommended for the present financial period.

Dividend declared for the previous corresponding period – Nil.

9 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 other purpose since the end of the previous period reported.

There has been no change in the Company's share capital arising from the above issues.

As at the end of the financial period, there were no outstanding convertibles (30 June 2010: Nil).

10 Sales, transfers, disposal, cancellation and /or use of treasury shares as at the end of the financial period.

Nil (30 June 2010: Nil).

11 Comparative Figures of the Group's Borrowings and Debt Securities

| | <u>As at 30/06/2011</u> | | <u>As at 31/12/2010</u> | |
|--|--------------------------|----------------------------|--------------------------|----------------------------|
| | <u>Secured</u> \$'000 | <u>Unsecured</u> \$'000 | <u>Secured</u> \$'000 | <u>Unsecured</u> \$'000 |
| Amount repayable in one year or less, or on demand | - | 7,100 | - | 8,341 |
| Amount repayable after one year | - | 6,390 | - | 8,133 |

12 Other Information

- Income of the Group is derived primarily from financing business and related nominee services. The Group operates in Singapore only.
- Amount of any adjustment for under or overprovision of tax in respect of prior years - Nil
- Amount of any pre-acquisition profits - Nil
- Amount of profits on any sale of investments, property, plant and equipment - Nil

By order of the Board

Lee Sze Leong
Chairman
4 August 2011



Directors' Confirmation

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited interim financial results and the Company's statement of financial position and statements of changes in equity for the quarter and the half year ended 30 June 2011 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
4 August 2011