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**SECOND QUARTER AND HALF-YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**


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Second quarter and half year financial statements on consolidated results for the period ended 30 June 2013. These figures have not been audited.

**1(a)(i) Unaudited Consolidated Income Statement for the Quarter and Half-year Ended 30 June 2013**

	2nd Qtr 2013	2nd Qtr 2012	+ / (-) %	1st Half 2013	1st Half 2012	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>						
Interest income and hiring charges	11,571	10,650	8.6	23,299	21,542	8.2
Interest expense	(4,265)	(3,391)	25.8	(8,541)	(6,584)	29.7
<b>Net interest income and hiring charges</b>	<b>7,306</b>	<b>7,259</b>	<b>0.6</b>	<b>14,758</b>	<b>14,958</b>	<b>(1.3)</b>
Fees and commissions	141	127	11.0	290	204	42.2
Dividends	74	62	19.4	74	62	19.4
Rental income from investment properties	744	776	(4.1)	1,516	1,560	(2.8)
Other income	51	53	(3.8)	141	102	38.2
<b>Income before operating expenses</b>	<b>8,316</b>	<b>8,277</b>	<b>0.5</b>	<b>16,779</b>	<b>16,886</b>	<b>(0.6)</b>
Staff costs	(3,519)	(1,815)	93.9	(6,586)	(4,984)	32.1
Depreciation of property, plant and equipment	(206)	(259)	(20.5)	(423)	(587)	(27.9)
Depreciation of investment properties	(95)	(94)	1.1	(189)	(189)	-
Other operating expenses	(1,669)	(1,540)	8.4	(3,370)	(3,019)	11.6
<b>Profit from operations before impairment losses</b>	<b>2,827</b>	<b>4,569</b>	<b>(38.1)</b>	<b>6,211</b>	<b>8,107</b>	<b>(23.4)</b>
Write-back of (Allowances for) impairment losses on loans and advances	234	(493)	NM	(302)	(327)	(7.6)
<b>Profit before income tax</b>	<b>3,061</b>	<b>4,076</b>	<b>(24.9)</b>	<b>5,909</b>	<b>7,780</b>	<b>(24.0)</b>
Income tax expense	(501)	(691)	(27.5)	(981)	(1,351)	(27.4)
<b>Profit for the period attributable to equity holders of the Company</b>	<b>2,560</b>	<b>3,385</b>	<b>(24.4)</b>	<b>4,928</b>	<b>6,429</b>	<b>(23.3)</b>

NM: Not meaningful

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

	2nd Qtr 2013	2nd Qtr 2012	1st Half 2013	1st Half 2012
Annualised earnings per share (cents)				
- Basic	6.50	11.93	6.25	11.33
- Diluted	6.50	11.93	6.25	11.33

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 157,625,764 (30 June 2012: previously reported as 105,083,843, currently restated to 113,490,550 following the Rights Issue in November 2012) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2013 and 2012.

**1(b) Unaudited Consolidated Statement of Comprehensive Income for the Quarter and Half-year Ended 30 June 2013**

	<b>2nd Qtr 2013</b>	2nd Qtr 2012	+ / (-)	<b>1st Half 2013</b>	1st Half 2012	+ / (-)
	<b>\$'000</b>	\$'000	%	<b>\$'000</b>	\$'000	%
<b>Profit for the period</b>	<b>2,560</b>	3,385	(24.4)	<b>4,928</b>	6,429	(23.3)
<b><u>Other comprehensive income</u></b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Net change in fair value of available-for-sale financial assets	<b>(12,354)</b>	2,354	NM	<b>(16,351)</b>	2,429	NM
Tax relating to items that may be reclassified subsequently to profit or loss	<b>2,100</b>	(400)	NM	<b>2,779</b>	(413)	NM
<b>Other comprehensive (loss) income for the period, net of tax</b>	<b>(10,254)</b>	1,954	NM	<b>(13,572)</b>	2,016	NM
<b>Total comprehensive (loss) income for the period</b>	<b>(7,694)</b>	5,339	NM	<b>(8,644)</b>	8,445	NM

**2(a) Statements of Financial Position as at 30 June 2013**

	Group		Company	
	30 Jun 2013 \$'000	31 Dec 2012 \$'000	30 Jun 2013 \$'000	31 Dec 2012 \$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash on deposit, at banks and in hand	266,805	268,615	266,763	268,560
Other assets	6,003	5,756	6,003	5,756
Investments	202,861	196,803	202,583	196,531
Loans and advances due within twelve months	386,833	391,779	386,833	391,779
Statutory deposit with the Monetary Authority of Singapore ("MAS")	42,583	40,422	42,583	40,422
<b>Total current assets</b>	<b>905,085</b>	<b>903,375</b>	<b>904,765</b>	<b>903,048</b>
<b>Non-current assets</b>				
Property, plant and equipment	17,146	17,495	17,146	17,495
Investment properties	25,017	25,207	25,017	25,207
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,076,013	1,031,546	1,076,013	1,031,546
<b>Total non-current assets</b>	<b>1,118,176</b>	<b>1,074,248</b>	<b>1,118,201</b>	<b>1,074,273</b>
<b>Total assets</b>	<b>2,023,261</b>	<b>1,977,623</b>	<b>2,022,966</b>	<b>1,977,321</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Deposits and savings accounts of customers	1,696,472	1,630,041	1,697,202	1,630,770
Other liabilities	15,831	16,135	15,366	15,652
SPRING loans due within twelve months (unsecured)	4,054	4,947	4,054	4,947
Provision for employee benefits	219	219	219	219
Current tax payable	2,404	2,713	2,404	2,713
<b>Total current liabilities</b>	<b>1,718,980</b>	<b>1,654,055</b>	<b>1,719,245</b>	<b>1,654,301</b>
<b>Non-current liabilities</b>				
SPRING loans due after twelve months (unsecured)	3,684	3,667	3,684	3,667
Deferred tax liabilities	1,415	4,194	1,378	4,158
<b>Total non-current liabilities</b>	<b>5,099</b>	<b>7,861</b>	<b>5,062</b>	<b>7,825</b>
<b>Total liabilities</b>	<b>1,724,079</b>	<b>1,661,916</b>	<b>1,724,307</b>	<b>1,662,126</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	180,008	180,008	180,008	180,008
Reserves	119,174	135,699	118,651	135,187
<b>Total equity</b>	<b>299,182</b>	<b>315,707</b>	<b>298,659</b>	<b>315,195</b>
<b>Total liabilities and equity</b>	<b>2,023,261</b>	<b>1,977,623</b>	<b>2,022,966</b>	<b>1,977,321</b>
<b>Off-balance sheet items</b>				
Undrawn loan commitments	587,026	558,922	587,026	558,922
Guarantees issued	3,759	3,734	3,759	3,734
<b>Total off-balance sheet items</b>	<b>590,785</b>	<b>562,656</b>	<b>590,785</b>	<b>562,656</b>
<b>2(b) Net asset value per ordinary share (\$)</b>	<b>1.90</b>	<b>2.00</b>	<b>1.89</b>	<b>2.00</b>

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 157,625,764 (31 December 2012: 157,625,764) shares.

**3 Consolidated Statement of Cash Flows for the Quarter and Half-year Ended 30 June 2013**

	<b>2nd Qtr 2013</b>	2nd Qtr 2012	<b>1st Half 2013</b>	1st Half 2012
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>Operating activities</b>				
Profit before income tax	<b>3,061</b>	4,076	<b>5,909</b>	7,780
Adjustments for:				
Impact of accrual of interest income	<b>172</b>	(1,256)	<b>(82)</b>	(51)
Impact of accrual of interest expense	<b>652</b>	585	<b>365</b>	479
Depreciation of property, plant and equipment	<b>206</b>	259	<b>423</b>	587
Depreciation of investment properties	<b>95</b>	94	<b>189</b>	189
(Write-back of) Allowances for impairment losses on loans and advances	<b>(234)</b>	493	<b>302</b>	327
Dividends receivable	<b>(70)</b>	-	<b>(70)</b>	-
Operating cash flows before movements in working capital	<b>3,882</b>	4,251	<b>7,036</b>	9,311
<b>Changes in working capital</b>				
Other assets	<b>(1,861)</b>	56	<b>48</b>	405
Loans and advances	<b>13,249</b>	(61,164)	<b>(39,823)</b>	(49,156)
Statutory deposits with the MAS	<b>166</b>	(1,635)	<b>(2,161)</b>	(1,164)
Deposits and savings accounts of customers	<b>6,549</b>	27,311	<b>66,431</b>	53,033
Other liabilities	<b>(748)</b>	(2,572)	<b>(669)</b>	(2,564)
SPRING loans	<b>(612)</b>	181	<b>(876)</b>	(1,278)
Cash generated from (used in) operating activities	<b>20,625</b>	(33,572)	<b>29,986</b>	8,587
Income taxes paid	<b>(1,276)</b>	(2,116)	<b>(1,290)</b>	(2,116)
Net cash generated from (used in) operating activities	<b>19,349</b>	(35,688)	<b>28,696</b>	6,471
<b>Investing activities</b>				
Purchase of investments	<b>(6,406)</b>	-	<b>(22,615)</b>	-
Purchase of property, plant and equipment and investment properties	<b>(17)</b>	(76)	<b>(73)</b>	(176)
Dividends received	<b>63</b>	-	<b>63</b>	-
Net cash used in investing activities	<b>(6,360)</b>	(76)	<b>(22,625)</b>	(176)
<b>Financing activities</b>				
Dividend paid	<b>(7,881)</b>	(7,356)	<b>(7,881)</b>	(7,356)
Net cash used in financing activities	<b>(7,881)</b>	(7,356)	<b>(7,881)</b>	(7,356)
Net increase (decrease) in cash and cash equivalents	<b>5,108</b>	(43,120)	<b>(1,810)</b>	(1,061)
Cash and cash equivalents at beginning of the period	<b>261,697</b>	263,112	<b>268,615</b>	221,053
<b>Cash and cash equivalents at end of the period</b>	<b>266,805</b>	219,992	<b>266,805</b>	219,992

#### 4 Statements of Changes in Equity

	Share Capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
At 1 January 2012	117,199	73,212	16,014	34,916	241,341
Total comprehensive income for the period	-	-	62	3,044	3,106
At 31 March 2012	117,199	73,212	16,076	37,960	244,447
Total comprehensive income for the period	-	-	1,954	3,385	5,339
Final one-tier tax exempt dividend paid for financial year 2011 of 7 cents per share	-	-	-	(7,356)	(7,356)
At 30 June 2012	117,199	73,212	18,030	33,989	242,430
<b>At 1 January 2013</b>	<b>180,008</b>	<b>80,559</b>	<b>20,231</b>	<b>34,909</b>	<b>315,707</b>
Total comprehensive (loss) income for the period	-	-	(3,318)	2,368	(950)
At 31 March 2013	180,008	80,559	16,913	37,277	314,757
Total comprehensive (loss) income for the period	-	-	(10,254)	2,560	(7,694)
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	-	-	-	(7,881)	(7,881)
At 30 June 2013	180,008	80,559	6,659	31,956	299,182
<b>Company</b>					
At 1 January 2012	117,199	73,212	15,865	34,584	240,860
Total comprehensive income for the period	-	-	49	3,043	3,092
At 31 March 2012	117,199	73,212	15,914	37,627	243,952
Total comprehensive income for the period	-	-	1,963	3,379	5,342
Final one-tier tax exempt dividend paid for financial year 2011 of 7 cents per share	-	-	-	(7,356)	(7,356)
At 30 June 2012	117,199	73,212	17,877	33,650	241,938
<b>At 1 January 2013</b>	<b>180,008</b>	<b>80,559</b>	<b>20,053</b>	<b>34,575</b>	<b>315,195</b>
Total comprehensive (loss) income for the period	-	-	(3,331)	2,368	(963)
At 31 March 2013	180,008	80,559	16,722	36,943	314,232
Total comprehensive (loss) income for the period	-	-	(10,246)	2,554	(7,692)
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	-	-	-	(7,881)	(7,881)
At 30 June 2013	180,008	80,559	6,476	31,616	298,659

## **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 2013. 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 2012.

## **6 Review of Performance**

Total loan assets grew 2.8% to \$1,462.8 million as at 30 June 2013 compared to \$1,423.3 million as at 31 December 2012. In tandem with the higher loan balance, deposits and savings accounts of customers also increased 4.1% to \$1,696.5 million as at 30 June 2013.

The Group’s profit after tax was \$2.6 million for the quarter under review and \$4.9 million for the half year ended 30 June 2013, a decline of 23.3% compared to the corresponding half year period last year. The current persistently low interest rate environment coupled with the intense market competition continued to reduce the interest margin and yields on loan assets.

For the half year under review, interest income and hiring charges rose by 8.2% from an increased loan base. This was more than offset by a 29.7% increase in interest costs from higher interest rates as well as a larger deposit base resulting in a decrease of 1.3% in the net interest income and hiring charges. In addition, higher operating expenses were incurred mainly due to an increase in business costs. Also in the previous period, there was a one-time reversal of staff costs due to over provision.

Allowances for loan losses declined by 7.6% for the half year ended 30 June 2013 compared to the same period last year. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

There was a decline in the fair value of available-for-sale financial assets under Other Comprehensive Income, mainly from revaluation of Singapore Government Securities (“SGS”). The drop in value was due to talks of QE3 tapering later this year which led to expected interest rate hike and a sell-off of bonds. The Group purchases SGS as part of its liquid assets for purpose of maintaining the minimum liquid assets required under the Finance Companies’ Act.

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.

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

According to the Ministry of Trade and Industry’s advance GDP estimates, the Singapore economy grew by 15.2% on a quarter-on-quarter seasonally-adjusted annualised basis, compared to 1.8% growth in the previous quarter. The improvement was mainly due to the manufacturing sector which expanded by an annualised and seasonally adjusted 37.6%, turning around from a decline of 12.7% in the previous quarter.

However, with the slowdown in China and continued weakness in the European Union which is Singapore’s largest export market, we remain cautious about the economic outlook.

Our operating environment will continue to remain challenging as loan growth is expected to be impacted by the property cooling measures and car financing restrictions as well as the intense market competition. However, the Group will continue to prudently grow our loan portfolio and effectively manage our costs to sustain profitability.

## **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 2012: Nil).

## **10 Status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 of the SGX Listing Manual and whether the use of the proceeds is in accordance with the stated use.**

No proceeds have been raised from any offerings pursuant to Chapter 8 of the SGX Listing Manual since the end of the previous period reported.

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

Nil (30 June 2012: Nil).

## **12 Shareholders’ mandate for interested party transactions (“IPT”)**

The Group has not sought any shareholders’ mandate for IPTs pursuant to Rule 920 of the SGX-ST Listing Manual.

## **13 Comparative Figures of the Group’s Borrowings and Debt Securities**

	<u>As at 30/06/2013</u>		<u>As at 31/12/2012</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	-	4,054	-	4,947
Amount repayable after one year	-	3,684	-	3,667

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**14 Other Information**

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

By order of the Board

Lee Sze Leong  
Chairman  
6 August 2013

**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 2013 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong  
Chairman  
6 August 2013