
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 2015. These figures have not been audited.

1(a)(i) Unaudited Consolidated Statement of Profit or Loss for the Quarter and Half-year Ended 30 June 2015

	2nd Qtr 2015	2nd Qtr 2014	+ / (-) %	1st Half 2015	1st Half 2014	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	15,486	12,458	24.3	29,119	25,119	15.9
Interest expense	(7,086)	(4,697)	50.9	(12,669)	(8,860)	43.0
Net interest income and hiring charges	8,400	7,761	8.2	16,450	16,259	1.2
Fees and commissions	164	94	74.5	303	206	47.1
Dividends	79	74	6.8	81	75	8.0
Rental income from investment properties	898	879	2.2	1,776	1,723	3.1
Other income	58	183	(68.3)	401	270	48.5
Income before operating expenses	9,599	8,991	6.8	19,011	18,533	2.6
Staff costs	(3,564)	(3,049)	16.9	(6,774)	(6,226)	8.8
Depreciation of property, plant and equipment	(178)	(168)	6.0	(354)	(360)	(1.7)
Depreciation of investment properties	(95)	(95)	0.0	(189)	(189)	0.0
Other operating expenses	(1,708)	(1,560)	9.5	(3,202)	(3,113)	2.9
Profit from operations before impairment losses	4,054	4,119	(1.6)	8,492	8,645	(1.8)
Allowances for impairment losses on loans and advances	(901)	(918)	(1.9)	(2,233)	(907)	146.2
Profit before income tax	3,153	3,201	(1.5)	6,259	7,738	(19.1)
Income tax expense	(495)	(506)	(2.2)	(1,005)	(1,271)	(20.9)
Profit for the period attributable to equity holders of the Company	2,658	2,695	(1.4)	5,254	6,467	(18.8)

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

	2nd Qtr 2015	2nd Qtr 2014	1st Half 2015	1st Half 2014
Annualised earnings per share (cents)				
- Basic	6.75	6.84	6.67	8.21
- Diluted	6.75	6.84	6.67	8.21

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 2014: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2015 and 2014.

1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Half-year Ended 30 June 2015

	2nd Qtr 2015	2nd Qtr 2014	+ / (-)	1st Half 2015	1st Half 2014	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	2,658	2,695	(1.4)	5,254	6,467	(18.8)
<u>Other comprehensive income</u>						
Items that may be reclassified subsequently to profit or loss						
Net change in fair value of available-for-sale financial assets	(4,845)	2,082	NM	(5,469)	3,594	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	824	(354)	NM	930	(611)	NM
Other comprehensive (loss) income for the period, net of tax	(4,021)	1,728	NM	(4,539)	2,983	NM
Total comprehensive (loss) income for the period	(1,363)	4,423	NM	715	9,450	(92.4)

NM: Not meaningful

2(a) Statements of Financial Position as at 30 June 2015

	Group		Company	
	30 Jun 2015 \$'000	31 Dec 2014 \$'000	30 Jun 2015 \$'000	31 Dec 2014 \$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	281,739	245,781	281,692	245,735
Other assets	5,642	5,271	5,642	5,271
Investments	265,998	231,004	265,574	230,636
Loans and advances due within twelve months	793,343	628,084	793,343	628,084
Statutory deposit with the Monetary Authority of Singapore ("MAS")	57,114	50,538	57,114	50,538
Total current assets	1,403,836	1,160,678	1,403,365	1,160,264
Non-current assets				
Property, plant and equipment	16,577	16,763	16,577	16,763
Investment properties	24,263	24,452	24,263	24,452
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,110,748	1,062,086	1,110,748	1,062,086
Total non-current assets	1,151,588	1,103,301	1,151,613	1,103,326
Total assets	2,555,424	2,263,979	2,554,978	2,263,590
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	2,223,051	1,921,428	2,223,789	1,922,165
Other liabilities	21,151	20,473	20,678	19,995
SPRING loans due within twelve months (unsecured)	1,903	2,242	1,903	2,242
Provision for employee benefits	252	252	252	252
Current tax payable	2,232	2,343	2,232	2,343
Total current liabilities	2,248,589	1,946,738	2,248,854	1,946,997
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	1,128	1,861	1,128	1,861
Deferred tax liabilities	1,091	2,021	1,029	1,968
Total non-current liabilities	2,219	3,882	2,157	3,829
Total liabilities	2,250,808	1,950,620	2,251,011	1,950,826
Equity attributable to equity holders of the Company				
Share capital	180,008	180,008	180,008	180,008
Reserves	124,608	133,351	123,959	132,756
Total equity	304,616	313,359	303,967	312,764
Total liabilities and equity	2,555,424	2,263,979	2,554,978	2,263,590
Off-balance sheet items				
Undrawn loan commitments	583,356	650,103	583,356	650,103
Guarantees issued	4,295	4,546	4,295	4,546
Total off-balance sheet items	587,651	654,649	587,651	654,649
2(b) Net asset value per ordinary share (\$)	1.93	1.99	1.93	1.98

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 2014: 157,625,764) shares.

3 Consolidated Statement of Cash Flows for the Quarter and Half-year Ended 30 June 2015

	2nd Qtr 2015	2nd Qtr 2014	1st Half 2015	1st Half 2014
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	3,153	3,201	6,259	7,738
Adjustments for:				
Impact of accrual of interest income	(1,576)	(1,501)	297	249
Impact of accrual of interest expense	2,094	(377)	822	(1,262)
Depreciation of property, plant and equipment	178	168	354	360
Depreciation of investment properties	95	95	189	189
Allowances for impairment losses on loans and advances	901	918	2,233	907
Dividends	(79)	(74)	(81)	(75)
Operating cash flows before movements in working capital	4,766	2,430	10,073	8,106
Changes in working capital				
Other assets	(228)	(62)	(426)	32
Loans and advances	(86,159)	(87,842)	(216,154)	(104,910)
Statutory deposits with the MAS	(5,506)	(2,677)	(6,576)	(2,866)
Deposits and savings accounts of customers	205,933	63,770	301,623	85,715
Other liabilities	(422)	8,010	(143)	9,370
SPRING loans	(544)	(670)	(1,072)	(1,485)
Cash generated from (used in) operations	117,840	(17,041)	87,325	(6,038)
Income taxes paid	(1,118)	(1,046)	(1,116)	(1,046)
Net cash generated from (used in) operating activities	116,722	(18,087)	86,209	(7,084)
Investing activities				
Purchase of investments	(32,507)	(12,820)	(61,661)	(12,820)
Purchase of property, plant and equipment and investment properties	(139)	(73)	(168)	(101)
Proceeds from disposal of investments	12,000	-	21,000	-
Dividends received	34	24	36	25
Net cash used in investing activities	(20,612)	(12,869)	(40,793)	(12,896)
Financing activities				
Dividend paid	(9,458)	(7,881)	(9,458)	(7,881)
Net cash used in financing activities	(9,458)	(7,881)	(9,458)	(7,881)
Net increase (decrease) in cash and cash equivalents	86,652	(38,837)	35,958	(27,861)
Cash and cash equivalents at beginning of the period	195,087	236,644	245,781	225,668
Cash and cash equivalents at end of the period	281,739	197,807	281,739	197,807

4 Statements of Changes in Equity

	Share Capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
Balance at 1 January 2014	180,008	86,291	4,533	32,759	303,591
Total comprehensive income for the period					
Profit for the period	-	-	-	3,772	3,772
Other comprehensive income for the period - net	-	-	1,255	-	1,255
Total	-	-	1,255	3,772	5,027
Balance at 31 March 2014	180,008	86,291	5,788	36,531	308,618
Total comprehensive income for the period					
Profit for the period	-	-	-	2,695	2,695
Other comprehensive income for the period - net	-	-	1,728	-	1,728
Total	-	-	1,728	2,695	4,423
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2013 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2014	180,008	86,291	7,516	31,345	305,160
Balance at 1 January 2015	180,008	92,619	9,524	31,208	313,359
Total comprehensive income for the period					
Profit for the period	-	-	-	2,596	2,596
Other comprehensive loss for the period - net	-	-	(518)	-	(518)
Total	-	-	(518)	2,596	2,078
Balance at 31 March 2015	180,008	92,619	9,006	33,804	315,437
Total comprehensive loss for the period					
Profit for the period	-	-	-	2,658	2,658
Other comprehensive loss for the period - net	-	-	(4,021)	-	(4,021)
Total	-	-	(4,021)	2,658	(1,363)
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2014 of 6 cents per share	-	-	-	(9,458)	(9,458)
Balance at 30 June 2015	180,008	92,619	4,985	27,004	304,616

4 Statements of Changes in Equity

	Share Capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
Balance at 1 January 2014	180,008	86,291	4,338	32,425	303,062
Total comprehensive income for the period					
Profit for the period	-	-	-	3,771	3,771
Other comprehensive income for the period - net	-	-	1,256	-	1,256
Total	-	-	1,256	3,771	5,027
Balance at 31 March 2014	180,008	86,291	5,594	36,196	308,089
Total comprehensive income for the period					
Profit for the period	-	-	-	2,688	2,688
Other comprehensive income for the period - net	-	-	1,674	-	1,674
Total	-	-	1,674	2,688	4,362
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2013 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2014	180,008	86,291	7,268	31,003	304,570
Balance at 1 January 2015	180,008	92,619	9,266	30,871	312,764
Total comprehensive income for the period					
Profit for the period	-	-	-	2,595	2,595
Other comprehensive loss for the period - net	-	-	(544)	-	(544)
Total	-	-	(544)	2,595	2,051
Balance at 31 March 2015	180,008	92,619	8,722	33,466	314,815
Total comprehensive loss for the period					
Profit for the period	-	-	-	2,651	2,651
Other comprehensive loss for the period - net	-	-	(4,041)	-	(4,041)
Total	-	-	(4,041)	2,651	(1,390)
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2014 of 6 cents per share	-	-	-	(9,458)	(9,458)
Balance at 30 June 2015	180,008	92,619	4,681	26,659	303,967

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 2015. 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 2014.

6 Review of Performance

Total loan assets grew 12.7% to \$1,904.1 million as at 30 June 2015 compared to \$1,690.2 million as at 31 December 2014. In tandem with the higher loan balance, deposits and savings accounts of customers also increased 15.7% to \$2,223.1 million as at 30 June 2015.

Profit after tax declined by 1.4% for the quarter under review compared to the previous corresponding quarter. Though interest income and hiring charges rose 24.3% from an expanded loan base, this was partially offset by a 50.9% increase in interest costs, resulting in an increase of 8.2% in net interest income and hiring charges. The increase in income was more than offset by a 13.8% increase in other operating expenses largely attributed to higher staff costs.

For the half year ended 30 June 2015, the Group’s profit from operations before impairment losses declined by 1.8% compared to the same period last year. Net interest income and hiring charges rose by a marginal 1.2% as the increase of 15.9% in interest income and hiring charges was partially offset by an increase of 43% in interest expense from an increased deposit base and higher average interest costs. Other operating expenses increased by 6.4% to support the expansion in business activities.

The Group’s profit after tax for the half year declined by \$1.2 million or 18.8% to \$5.3 million compared to the same period last year, mainly attributable to an increase in loan allowances.

In line with the loan growth, the Group has set aside additional collective impairment allowances at a portfolio level which accounted for the main increase of \$1.3 million charge for total loan allowances for the half year 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 expected interest rate hikes. 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 advance estimates released by the Ministry of Trade and Industry on 14 July 2015, the Singapore economy grew 1.7% on a year-on-year basis in the second quarter of 2015, lower than the 2.8% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 4.6%, a reversal from the 4.2% growth in the preceding quarter.

The main drag was in manufacturing which contracted by 4%, extending the 2.7% decline in the previous

quarter. The contraction was largely due to a fall in output in the biomedical manufacturing and transport engineering clusters. The construction sector expanded 2.7%, an improvement from the 2.1% growth in the previous quarter with growth supported by stronger expansion in public sector building activities. Services producing industries grew 3%, easing from 4.2% in the previous quarter. The moderation in growth was largely due to slower expansion in the wholesale & retail trade and business services sectors, as well as a contraction in the transportation & storage sector.

With the slowdown in economic growth and the continual impact of the property cooling measures and car financing restrictions, we expect the business environment to continue to be challenging and competitive. Nevertheless, the Group will strive to grow our loan portfolio prudently and manage our interest margin and operational costs to remain competitive.

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 2014: 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 2014: 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 nor does it have any IPTs (30 June 2014: Nil).

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

	<u>As at 30/06/2015</u>		<u>As at 31/12/2014</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Amount repayable in one year or less, or on demand	-	1,903	-	2,242
Amount repayable after one year	-	1,128	-	1,861

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
Managing Director
29 July 2015

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 2015 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Managing Director
29 July 2015