
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 2016. 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 2016

	2nd Qtr 2016	2nd Qtr 2015	+ / (-) %	1st Half 2016	1st Half 2015	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	18,329	15,486	18.4	36,597	29,119	25.7
Interest expense	(9,161)	(7,086)	29.3	(18,298)	(12,669)	44.4
Net interest income and hiring charges	9,168	8,400	9.1	18,299	16,450	11.2
Fees and commissions	210	164	28.0	370	303	22.1
Dividends	74	79	(6.3)	80	81	(1.2)
Rental income from investment properties	819	898	(8.8)	1,650	1,776	(7.1)
Other income	106	58	82.8	432	401	7.7
Income before operating expenses	10,377	9,599	8.1	20,831	19,011	9.6
Staff costs	(3,433)	(3,564)	(3.7)	(6,849)	(6,774)	1.1
Depreciation of property, plant and equipment	(186)	(178)	4.5	(369)	(354)	4.2
Depreciation of investment properties	(95)	(95)	0.0	(189)	(189)	0.0
Other operating expenses	(1,649)	(1,708)	(3.5)	(3,305)	(3,202)	3.2
Profit from operations before impairment losses	5,014	4,054	23.7	10,119	8,492	19.2
Allowances for impairment losses on loans and advances	(1,330)	(901)	47.6	(3,458)	(2,233)	54.9
Profit before income tax	3,684	3,153	16.8	6,661	6,259	6.4
Income tax expense	(620)	(495)	25.3	(1,095)	(1,005)	9.0
Profit for the period attributable to equity holders of the Company	3,064	2,658	15.3	5,566	5,254	5.9

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

	2nd Qtr 2016	2nd Qtr 2015	1st Half 2016	1st Half 2015
Annualised earnings per share (cents)				
- Basic	7.78	6.75	7.06	6.67
- Diluted	7.78	6.75	7.06	6.67

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 2015: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2016 and 2015.

1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Half-year Ended 30 June 2016

	2nd Qtr 2016	2nd Qtr 2015	+ / (-)	1st Half 2016	1st Half 2015	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	3,064	2,658	15.3	5,566	5,254	5.9
<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	(826)	(4,845)	(83.0)	11,293	(5,469)	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	140	824	(83.0)	(1,920)	930	NM
Other comprehensive (loss) income for the period, net of tax	(686)	(4,021)	(82.9)	9,373	(4,539)	NM
Total comprehensive income (loss) for the period	2,378	(1,363)	NM	14,939	715	1,989.4

NM: Not meaningful

2(a) Statements of Financial Position as at 30 June 2016

	Group		Company	
	30 Jun 2016 \$'000	31 Dec 2015 \$'000	30 Jun 2016 \$'000	31 Dec 2015 \$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	295,193	309,605	295,144	309,561
Other assets	6,710	6,426	6,710	6,426
Investments	290,461	274,590	290,071	274,181
Loans and advances due within twelve months	667,798	673,640	667,798	673,640
Statutory deposit with the Monetary Authority of Singapore ("MAS")	59,967	59,302	59,967	59,302
Total current assets	1,320,129	1,323,563	1,319,690	1,323,110
Non-current assets				
Property, plant and equipment	16,787	16,736	16,787	16,736
Investment properties	23,886	24,075	23,886	24,075
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,297,488	1,295,774	1,297,488	1,295,774
Total non-current assets	1,338,161	1,336,585	1,338,186	1,336,610
Total assets	2,658,290	2,660,148	2,657,876	2,659,720
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	2,302,916	2,313,861	2,303,657	2,314,601
Other liabilities	28,697	27,863	28,222	27,386
SPRING loans due within twelve months (unsecured)	1,180	1,491	1,180	1,491
Provision for employee benefits	238	238	238	238
Current tax payable	2,365	2,455	2,365	2,455
Total current liabilities	2,335,396	2,345,908	2,335,662	2,346,171
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	231	553	231	553
Deferred tax liabilities	3,061	1,143	3,005	1,083
Total non-current liabilities	3,292	1,696	3,236	1,636
Total liabilities	2,338,688	2,347,604	2,338,898	2,347,807
Equity attributable to equity holders of the Company				
Share capital	180,008	180,008	180,008	180,008
Reserves	139,594	132,536	138,970	131,905
Total equity	319,602	312,544	318,978	311,913
Total liabilities and equity	2,658,290	2,660,148	2,657,876	2,659,720
Off-balance sheet items				
Undrawn loan commitments	453,814	463,897	453,814	463,897
Guarantees issued	3,751	3,951	3,751	3,951
Total off-balance sheet items	457,565	467,848	457,565	467,848
2(b) Net asset value per ordinary share (\$)	2.03	1.98	2.02	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 2015: 157,625,764) shares.

3 Consolidated Statement of Cash Flows for the Quarter and Half-year Ended 30 June 2016

	2nd Qtr 2016	2nd Qtr 2015	1st Half 2016	1st Half 2015
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	3,684	3,153	6,661	6,259
Adjustments for:				
Impact of accrual of interest income	(1,707)	(1,576)	190	297
Impact of accrual of interest expense	(435)	2,094	962	822
Depreciation of property, plant and equipment	186	178	369	354
Depreciation of investment properties	95	95	189	189
Allowances for impairment losses on loans and advances	1,330	901	3,458	2,233
Dividends	(73)	(79)	(80)	(81)
Operating cash flows before movements in working capital	3,080	4,766	11,749	10,073
Changes in working capital				
Other assets	(190)	(228)	90	(426)
Loans and advances	(197)	(86,159)	670	(216,154)
Statutory deposits with the MAS	290	(5,506)	(665)	(6,576)
Deposits and savings accounts of customers	(7,182)	205,933	(10,940)	301,623
Other liabilities	(1,492)	(422)	(133)	(143)
SPRING loans	(214)	(544)	(633)	(1,072)
Cash generated from (used in) operations	(5,905)	117,840	138	87,325
Income taxes paid	(1,185)	(1,118)	(1,185)	(1,116)
Net cash generated from (used in) operating activities	(7,090)	116,722	(1,047)	86,209
Investing activities				
Purchase of investments	-	(32,507)	(5,098)	(61,661)
Purchase of property, plant and equipment and investment properties	(373)	(139)	(420)	(168)
Proceeds from disposal of investments	-	12,000	-	21,000
Dividends received	28	34	34	36
Net cash used in investing activities	(345)	(20,612)	(5,484)	(40,793)
Financing activities				
Dividend paid	(7,881)	(9,458)	(7,881)	(9,458)
Net cash used in financing activities	(7,881)	(9,458)	(7,881)	(9,458)
Net (decrease) increase in cash and cash equivalents	(15,316)	86,652	(14,412)	35,958
Cash and cash equivalents at beginning of the period	310,509	195,087	309,605	245,781
Cash and cash equivalents at end of the period	295,193	281,739	295,193	281,739

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 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
Balance at 1 January 2016	180,008	95,823	5,353	31,360	312,544
Total comprehensive income for the period					
Profit for the period	-	-	-	2,502	2,502
Other comprehensive income for the period - net	-	-	10,059	-	10,059
Total	-	-	10,059	2,502	12,561
Balance at 31 March 2016	180,008	95,823	15,412	33,862	325,105
Total comprehensive income for the period					
Profit for the period	-	-	-	3,064	3,064
Other comprehensive loss for the period - net	-	-	(686)	-	(686)
Total	-	-	(686)	3,064	2,378
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2016	180,008	95,823	14,726	29,045	319,602

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 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
Balance at 1 January 2016	180,008	95,823	5,062	31,020	311,913
Total comprehensive income for the period					
Profit for the period	-	-	-	2,501	2,501
Other comprehensive income for the period - net	-	-	10,064	-	10,064
Total	-	-	10,064	2,501	12,565
Balance at 31 March 2016	180,008	95,823	15,126	33,521	324,478
Total comprehensive income for the period					
Profit for the period	-	-	-	3,056	3,056
Other comprehensive loss for the period - net	-	-	(675)	-	(675)
Total	-	-	(675)	3,056	2,381
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2016	180,008	95,823	14,451	28,696	318,978

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 2016. 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 2015.

6 Review of Performance

Profit from operations before impairment losses was \$5 million for the quarter under review, 23.7% higher compared to the previous corresponding quarter. This was mainly attributed to an increase of 18.4% in interest income and hiring charges from an expanded loan base, partially offset by an increase of 29.3% in interest expense. Total loan allowances increased by 47.6%, mainly from higher provisions for individual impairment in view of the weak economic condition. This resulted in a net profit after tax of \$3 million, 15.3% higher than the previous corresponding quarter. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

For the half year ended 30 June 2016, the Group’s profit from operations before impairment losses increased by 19.2% or \$1.6 million compared to the same period last year. Net interest income and hiring charges rose by 11.2% as the increase of 25.7% in interest income and hiring charges was partially offset by an increase of 44.4% in interest expense. Other income declined by 1.1% and operating expenses increased by 1.8% to support the expansion in business activities. With a 54.9% increase in total loan allowances, net profit after tax increased 5.9% or \$0.3 million to \$5.6 million.

Total loans and advances declined marginally by 0.2% or \$4.1 million from \$1,969.4 million as at 31 December 2015 to \$1,965.3 million as at 30 June 2016. This was an increase of 3.2% or \$61.2 million over the loan base of \$1,904.1 million as at 30 June 2015. In tandem with the lower loan balance, deposits and savings accounts of customers also declined by 0.5% or \$10.9 million to \$2,303 million as at 30 June 2016.

Other Comprehensive Income for the half year ended 30 June 2016 was \$9.4 million as against a loss of \$4.5 million for the same period last year. This was due to an increase in the fair value of available-for-sale financial assets mainly from revaluation of Singapore Government Securities (“SGS”). The bond market has improved from last year as the US Federal Reserve is keeping interest rate hikes on hold and slowed the pace of future increases in view of the global economic slowdown. 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 2016, the Singapore economy grew 2.2% on a year-on-year basis in the second quarter of 2016, marginally higher than the 2.1% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.8%, faster than the 0.2% growth in the preceding quarter.

The manufacturing sector expanded by 0.8%, a reversal from the 0.5% decline in the previous quarter. Growth was supported by an increase in the output of the biomedical manufacturing and electronics clusters. The construction sector grew 2.7%, easing from 4.5% due to a slowdown in private sector construction activities. Services grew 1.7%, the same pace of growth as in the previous quarter, Growth was mainly driven by the wholesale & retail trade and transportation & storage sector.

In the current uncertain economic environment and weakening property market, we expect the business environment to continue to be challenging and competitive. Nevertheless, the Group will continue to prudently manage our loan portfolio while ensuring that our operational costs are well contained 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 2015: 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 2015: 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 2015: Nil).

13 SGX-ST Listing Manual Rule 720(1) – Procurement of undertakings to comply with listing rules from all directors and executive officers

Pursuant to Rule 720(1) of the SGX-ST Listing Manual, the Company has procured undertakings to comply with the Exchange's listing rules from all its directors and executive officers.

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

	<u>As at 30/06/2016</u>		<u>As at 31/12/2015</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	-	1,180	-	1,491
Amount repayable after one year	-	231	-	553

15 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
3 August 2016

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 2016 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Managing Director
3 August 2016