



**THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**

Third quarter and nine months financial statements on consolidated results for the period ended 30 September 2019. These figures have not been audited.

**1(a)(i) Unaudited Consolidated Statement of Profit or Loss for the Quarter and Nine Months Ended 30 September 2019**

	3rd Qtr 2019	3rd Qtr 2018	+ / (-) %	9 months 2019	9 months 2018	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>						
Interest income and hiring charges	21,895	19,300	13.4	63,656	55,685	14.3
Interest expense	(10,590)	(7,666)	38.1	(29,715)	(20,605)	44.2
<b>Net interest income and hiring charges</b>	<b>11,305</b>	<b>11,634</b>	<b>(2.8)</b>	<b>33,941</b>	<b>35,080</b>	<b>(3.2)</b>
Fees and commissions	272	365	(25.5)	796	861	(7.5)
Dividends	26	26	0.0	127	121	5.0
Rental income from investment properties	808	825	(2.1)	2,434	2,456	(0.9)
Other income	267	45	493.3	517	373	38.6
<b>Income before operating expenses</b>	<b>12,678</b>	<b>12,895</b>	<b>(1.7)</b>	<b>37,815</b>	<b>38,891</b>	<b>(2.8)</b>
Staff costs	(4,067)	(3,866)	5.2	(12,030)	(11,185)	7.6
Depreciation of property, plant and equipment	(268)	(274)	(2.2)	(740)	(771)	(4.0)
Depreciation of investment properties	(94)	(94)	0.0	(283)	(283)	-
Other operating expenses	(2,464)	(2,038)	20.9	(6,712)	(5,748)	16.8
<b>Total Operating Expenses</b>	<b>(6,893)</b>	<b>(6,272)</b>	<b>9.9</b>	<b>(19,765)</b>	<b>(17,987)</b>	<b>9.9</b>
<b>Profit from operations before allowances</b>	<b>5,785</b>	<b>6,623</b>	<b>(12.7)</b>	<b>18,050</b>	<b>20,904</b>	<b>(13.7)</b>
Write-back of / (Allowances for) credit losses on loans and other assets	5	0	NM	(260)	393	NM
<b>Profit before income tax</b>	<b>5,790</b>	<b>6,623</b>	<b>(12.6)</b>	<b>17,790</b>	<b>21,297</b>	<b>(16.5)</b>
Income tax expense	(983)	(1,103)	(10.9)	(2,966)	(3,568)	(16.9)
<b>Profit for the period attributable to equity holders of the Company</b>	<b>4,807</b>	<b>5,520</b>	<b>(12.9)</b>	<b>14,824</b>	<b>17,729</b>	<b>(16.4)</b>

NM: Not Meaningful

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

	3rd Qtr 2019	3rd Qtr 2018	9 months 2019	9 months 2018
Annualised earnings per share (cents)				
- Basic	12.20	14.01	12.54	15.00
- Diluted	12.20	14.01	12.54	15.00

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 September 2018: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 September 2019 and 2018.

**1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Nine Months Ended 30 September 2019**

	3rd Qtr 2019	3rd Qtr 2018	+ / (-)	9 months 2019	9 months 2018	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the period</b>	<b>4,807</b>	5,520	(12.9)	<b>14,824</b>	17,729	(16.4)
<u>Other comprehensive income</u>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Gain on disposal of equity investments at FVOCI	14	-	NM	24	-	NM
Net change in fair value of Equity Investments at FVOCI	(475)	486	NM	(244)	318	NM
Income tax relating to items that will not be reclassified subsequently to profit or loss	78	(83)	NM	37	(54)	NM
	<b>(383)</b>	403	NM	<b>(183)</b>	264	NM
<b>Items that may be reclassified subsequently to profit or loss</b>						
Net change in fair value of Debt Investments at FVOCI	1,025	(7)	NM	1,251	(5,279)	NM
Income tax relating to items that may be reclassified subsequently to profit or loss	(175)	1	NM	(213)	897	NM
	<b>850</b>	(6)	NM	<b>1,038</b>	(4,382)	NM
<b>Other comprehensive income for the period - net of tax</b>	<b>467</b>	397	17.6	<b>855</b>	(4,118)	NM
<b>Total comprehensive income for the period</b>	<b>5,274</b>	5,917	(10.9)	<b>15,679</b>	13,611	15.2

NM: Not meaningful

FVOCI: Fair Value through Other Comprehensive Income

**2(a) Statements of Financial Position as at 30 September 2019**

	Group		Company	
	30 Sep 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
Cash on deposit, at banks and in hand	236,721	317,119	236,654	317,040
Statutory deposit with the Monetary Authority of Singapore ("MAS")	66,272	62,580	66,272	62,580
Investments	320,813	300,550	320,417	300,213
Loans and advances	2,196,125	2,081,004	2,196,125	2,081,004
Other receivables, deposits and prepayments	9,703	8,408	9,703	8,408
Subsidiary	-	-	25	25
Property, plant and equipment	23,445	21,436	23,445	21,436
Investment properties	22,658	22,942	22,658	22,942
<b>Total assets</b>	<b>2,875,737</b>	<b>2,814,039</b>	<b>2,875,299</b>	<b>2,813,648</b>
<b>LIABILITIES AND EQUITY</b>				
Deposits and balances of customers	2,457,648	2,402,886	2,458,414	2,403,642
Other liabilities	33,008	28,670	32,525	28,170
Enterprise Singapore loans (unsecured)	10,258	9,706	10,258	9,706
Provision for employee benefits	268	268	268	268
Current tax payable	4,887	7,657	4,887	7,657
Deferred tax liabilities	2,018	1,847	1,961	1,800
<b>Total liabilities</b>	<b>2,508,087</b>	<b>2,451,034</b>	<b>2,508,313</b>	<b>2,451,243</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	180,008	180,008	180,008	180,008
Reserves	187,642	182,997	186,978	182,397
<b>Total equity</b>	<b>367,650</b>	<b>363,005</b>	<b>366,986</b>	<b>362,405</b>
<b>Total liabilities and equity</b>	<b>2,875,737</b>	<b>2,814,039</b>	<b>2,875,299</b>	<b>2,813,648</b>
<b>Off-balance sheet items</b>				
Undrawn loan commitments	531,985	520,994	531,985	520,994
Guarantees issued	2,291	2,293	2,291	2,293
<b>Total off-balance sheet items</b>	<b>534,276</b>	<b>523,287</b>	<b>534,276</b>	<b>523,287</b>
<b>2(b) Net asset value per ordinary share (\$)</b>	<b>2.33</b>	<b>2.30</b>	<b>2.33</b>	<b>2.30</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 2018: 157,625,764) shares.

### 3 Consolidated Statement of Cash Flows for the Quarter and Nine Months Ended 30 September 2019

	3rd Qtr 2019	3rd Qtr 2018	9 months 2019	9 months 2018
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax	5,789	6,623	17,789	21,297
Adjustments for:				
Impact of accrual of interest income	850	1,606	535	1,540
Impact of accrual of interest expense	1,812	(1,406)	8,897	(3,148)
Depreciation of property, plant and equipment	268	274	740	771
Depreciation of investment properties	94	94	283	283
(Write-back of) / Allowances for credit losses on loans and other assets	(5)	0	260	(393)
Gain on disposal of investments	(206)	-	(206)	-
Dividends	(27)	(26)	(127)	(121)
Operating cash flows before movements in working capital	<b>8,575</b>	7,165	<b>28,171</b>	20,229
<b>Changes in working capital</b>				
Other assets	511	(41)	(2,042)	(524)
Loans and advances	(55,289)	(116,975)	(115,381)	(148,385)
Statutory deposits with the MAS	(3,157)	(4,274)	(3,692)	(6,523)
Deposits and balances of customers	91,164	143,536	54,762	214,629
Other liabilities	(2,708)	(1,077)	(4,558)	(3,308)
Enterprise Singapore loans	881	141	552	2,585
Cash generated from / (used in) operating activities	<b>39,977</b>	28,475	<b>(42,188)</b>	78,703
Income taxes paid	(2,876)	(1,352)	(5,740)	(3,155)
Net cash generated from / (used in) operating activities	<b>37,101</b>	27,123	<b>(47,928)</b>	75,548
<b>Investing activities</b>				
Purchase of property, plant and equipment and investment properties	(2,245)	(4,719)	(2,728)	(5,101)
Dividends received	26	26	66	102
Purchase of investments	(136,488)	(99,802)	(248,990)	(299,804)
Proceeds from disposal and maturity of investments	112,219	82,180	230,237	262,180
Net cash (used in) investing activities	<b>(26,488)</b>	(22,315)	<b>(21,415)</b>	(42,623)
<b>Financing activities</b>				
Cash payments of lease liabilities	(7)	-	(21)	-
Dividend paid	0	-	(11,034)	(11,034)
Net cash used in financing activities	<b>(7)</b>	-	<b>(11,055)</b>	(11,034)
Net increase / (decrease) in cash and cash equivalents	<b>10,606</b>	4,808	<b>(80,398)</b>	21,891
Cash and cash equivalents at beginning of the period	<b>226,115</b>	267,651	<b>317,119</b>	250,568
<b>Cash and cash equivalents at end of the period</b>	<b>236,721</b>	272,459	<b>236,721</b>	272,459

#### Note

The high cash movements for investments related mainly to the replacements of short-term MAS Bills, which form part of the liquid assets to be maintained for regulatory purposes.

#### 4 Statements of Changes in Equity

Group	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000		\$'000	\$'000	\$'000
<b>2019</b>						
Balance at 1 January 2019	180,008	110,964	8,391	8,473	55,169	363,005
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,964	4,964
Other comprehensive income for the period - net	-	-	-	(649)	8	(641)
<b>Total</b>	-	-	-	(649)	4,972	4,323
Transfer to Regulatory Loss Allowance Reserve	-	-	41	-	(41)	-
Balance at 31 March 2019	180,008	110,964	8,432	7,824	60,100	367,328
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,053	5,053
Other comprehensive income for the period - net	-	-	-	1,029	-	1,029
<b>Total</b>	-	-	-	1,029	5,053	6,082
Transfer to Regulatory Loss Allowance Reserve	-	-	774	-	(774)	-
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2018 of 7 cents per share	-	-	-	-	(11,034)	(11,034)
Balance at 30 June 2019	180,008	110,964	9,206	8,853	53,345	362,376
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,807	4,807
Other comprehensive income for the period - net	-	-	-	456	11	467
<b>Total</b>	-	-	-	456	4,818	5,274
Transfer to Regulatory Loss Allowance Reserve	-	-	144	-	(144)	-
Balance at 30 September 2019	180,008	110,964	9,350	9,309	58,019	367,650
<b>2018</b>						
Balance at 31 December 2017	180,008	104,960		9,731	43,024	337,723
Adjustment on initial application of SFRS(I) 9	-	-		-	13,546	13,546
Adjustment on initial application of revised MAS Notice 811	-	-	6,761	-	(6,761)	-
Balance at 1 January 2018	180,008	104,960	6,761	9,731	49,809	351,269
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,184	6,184
Other comprehensive income for the period - net	-	-	-	(2,554)	-	(2,554)
<b>Total</b>	-	-	-	(2,554)	6,184	3,630
Transfer from Regulatory Loss Allowance Reserve	-	-	(326)	-	326	-
Balance at 31 March 2018	180,008	104,960	6,435	7,177	56,319	354,899
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,025	6,025
Other comprehensive income for the period - net	-	-	-	(1,961)	-	(1,961)
<b>Total</b>	-	-	-	(1,961)	6,025	4,064
Transfer to Regulatory Loss Allowance Reserve	-	-	1,260	-	(1,260)	-
Transactions with owners, recognised directly in equity						
Final one-tier tax exempt dividend paid for financial year 2017 of 7 cents per share	-	-	-	-	(11,034)	(11,034)
Balance at 30 June 2018	180,008	104,960	7,695	5,216	50,050	347,929
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,520	5,520
Other comprehensive income for the period - net	-	-	-	397	-	397
<b>Total</b>	-	-	-	397	5,520	5,917
Transfer to Regulatory Loss Allowance Reserve	-	-	308	-	(308)	-
Balance at 30 September 2018	180,008	104,960	8,003	5,613	55,262	353,846

#### 4 Statements of Changes in Equity

Company	Share capital	Statutory reserve	Regulatory Loss Allowance Reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000		\$'000	\$'000	\$'000
<b>2019</b>						
Balance at 1 January 2019	180,008	110,964	8,391	8,243	54,799	362,405
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,964	4,964
Other comprehensive income for the period - net	-	-	-	(713)	8	(705)
Total	-	-	-	(713)	4,972	4,259
Transfer to Regulatory Loss Allowance Reserve	-	-	41	-	(41)	-
Balance at 31 March 2019	180,008	110,964	8,432	7,530	59,730	366,664
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,045	5,045
Other comprehensive income for the period - net	-	-	-	1,018	-	1,018
Total	-	-	-	1,018	5,045	6,063
Transfer to Regulatory Loss Allowance Reserve	-	-	774	-	(774)	-
<b>Transactions with owners, recognised directly in equity</b>						
Final one-tier tax exempt dividend paid for financial year 2018 of 7 cents per share	-	-	-	-	(11,034)	(11,034)
Balance at 30 June 2019	180,008	110,964	9,206	8,548	52,967	361,693
Total comprehensive income for the period						
Profit for the period	-	-	-	-	4,801	4,801
Other comprehensive income for the period - net	-	-	-	481	11	492
Total	-	-	-	481	4,812	5,293
Transfer to Regulatory Loss Allowance Reserve	-	-	144	-	(144)	-
Balance at 30 September 2019	180,008	110,964	9,350	9,029	57,635	366,986
<b>2018</b>						
Balance at 31 December 2017	180,008	104,960	-	9,510	42,666	337,144
Adjustment on initial application of SFRS(l) 9	-	-	-	-	13,546	13,546
Adjustment on initial application of revised MAS Notice 811	-	-	6,761	-	(6,761)	-
Balance at 1 January 2018	180,008	104,960	6,761	9,510	49,451	350,690
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,184	6,184
Other comprehensive income for the period - net	-	-	-	(2,560)	-	(2,560)
Total	-	-	-	(2,560)	6,184	3,624
Transfer from Regulatory Loss Allowance Reserve	-	-	(326)	-	326	-
Balance at 31 March 2018	180,008	104,960	6,435	6,950	55,961	354,314
Total comprehensive income for the period						
Profit for the period	-	-	-	-	6,016	6,016
Other comprehensive income for the period - net	-	-	-	(1,988)	-	(1,988)
Total	-	-	-	(1,988)	6,016	4,028
Transfer to Regulatory Loss Allowance Reserve	-	-	1,260	-	(1,260)	-
<b>Transactions with owners, recognised directly in equity</b>						
Final one-tier tax exempt dividend paid for financial year 2017 of 7 cents per share	-	-	-	-	(11,034)	(11,034)
Balance at 30 June 2018	180,008	104,960	7,695	4,962	49,683	347,308
Total comprehensive income for the period						
Profit for the period	-	-	-	-	5,513	5,513
Other comprehensive income for the period - net	-	-	-	396	-	396
Total	-	-	-	396	5,513	5,909
Transfer to Regulatory Loss Allowance Reserve	-	-	308	-	(308)	-
Balance at 30 September 2018	180,008	104,960	8,003	5,358	54,888	353,217

## **5 Accounting Policies and Comparative Figures**

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period as in the audited financial statements for the year ended 31 December 2018 except for the changes arising from the first time adoption of SFRS(I)16 Leases, which is effective for annual periods beginning on or after 1 January 2019.

The adoption of SFRS (I)16 Leases does not have any material impact on the financial statements of the Group and the Company for the current financial period under review.

## **6 Review of Performance**

The Group registered a net profit after tax of \$4.8 million for the third quarter of 2019, a decline of 12.9% versus the same period last year. The weaker performance was mainly due to higher operating expenses.

For the nine months ended 30 September 2019, the Group’s net profit after tax was \$14.8 million, lower by \$2.9 million or 16.4% compared to a year ago. Net interest income and hiring charges decreased by 3.2% to \$33.9 million compared to \$35.1 million in the previous corresponding period. This was primarily attributable to the \$9.1 million increase in interest expense, driven by both higher deposit rates as well as higher average deposit base over the same period last year.

Total operating expense edged up by 9.9% mainly due to higher staff costs with the increase in staff headcount and other operating expense incurred to support business activities and on-going capabilities building projects.

Additional allowances for credit losses of \$0.3 million were made during the nine months ended 30 September 2019 compared to write back of \$0.4 million in the previous corresponding period. The Group continues to maintain adequate loss allowances in respect of its loan portfolio and other assets.

In compliance with the revised regulatory requirement for loan allowance, there was an additional transfer of \$0.1 million from the accumulated profit to the Regulatory Loan Allowance Reserve for the quarter under review. The transfer is reflected in the Statement of Changes in the Equity.

Other Comprehensive Income for the nine months ended 30 September 2019 was \$0.9 million, attributed largely to the increase in fair value of Singapore Government Securities (“SGS”) bonds. The Group purchases SGS as part of its liquid assets for the purpose of maintaining the minimum liquid asset required under the Finance Companies Act.

Loans and advances grew by \$115.1 million or 5.5% during the period, from \$2,081.0 million as at 31 December 2018 to \$2,196.1 million as at 30 September 2019. In tandem with the higher loan balance, deposits and balances of customers also increased by \$54.8 million (2.3%) from \$2.40 billion as at 31 December 2018 to \$2.46 billion as of 30 September 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.

## **7 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 October 2019, the Singapore economy grew by 0.1% on a year-on-year basis in the third quarter of 2019, the same pace of growth as in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised

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basis, the economy expanded by 0.6%, a turnaround from the 2.7% contraction in the preceding quarter.

The economy continued to be dragged down by the weakness in the manufacturing sector, which contracted by 3.5% on a year-on-year basis in the third quarter, extending the 3.3% decline in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the manufacturing sector shrank by 0.4%, moderating from the 4.2% contraction in the preceding quarter.

The construction sector grew by 2.7% on a year-on-year basis in the third quarter, extending the 2.8% expansion in the previous quarter. Growth in the sector was supported by a pickup in both public and private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector shrank by 1.1%, a slower pace of decline as compared to the 5.3% contraction in the second quarter.

The services producing industries' growth moderated to 0.9% on a year-on-year basis in the third quarter, down from the 1.1% expansion in the previous quarter. Growth during the quarter was primarily supported by the finance & industry sector, the other services industries and the business service sector. On the other hand, trade-related services sectors such as wholesale trade were weighed down by weak external demand, as well as negative spillovers from the downturn in the electronics and precision engineering clusters. On a quarter-on-quarter seasonally-adjusted annualised basis, the services producing industries grew by 0.7%, a reversal from the 1.4% decline in the preceding quarter.

In view of the expected anaemic economic growth for the last quarter of 2019, the Group will continue to be vigilant in our credit granting criteria and proactive in the management of our net interest margin. The Group will also be disciplined in cost control, balancing between the need for capabilities building as well as remaining competitive.

## **8 Dividends**

No dividend has been recommended for the current financial period as we do have the policy of interim dividend payment.

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 September 2018: Nil).

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

Not applicable. During the financial period, no shares were held as treasury shares.

## **11 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 (30 September 2018: Nil).



**12 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.

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

	As at 30/09/2019		As at 31/12/2018	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Enterprise Singapore Loans	-	10,258	-	9,706

**14 Other Information**

Amount of profits on any sale of investments, property, plant and equipment :

- \$23,500 gain from sale of equity investments for nine months ended 30 September 2019 (Nine months ended 30 September 2018: Nil)
- \$205,663 gain from sale of Singapore Government Securities for nine months ended 30 September 2019 (Nine months ended 30 September 2018: Nil)

By order of the Board

Lee Sze Leong  
Managing Director  
29 October 2019

**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 nine months ended 30 September 2019 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong  
Managing Director  
29 October 2019