
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 2014. 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 2014

	2nd Qtr 2014	2nd Qtr 2013	+ / (-) %	1st Half 2014	1st Half 2013	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	12,458	11,571	7.7	25,119	23,299	7.8
Interest expense	(4,697)	(4,265)	10.1	(8,860)	(8,541)	3.7
Net interest income and hiring charges	7,761	7,306	6.2	16,259	14,758	10.2
Fees and commissions	94	141	(33.3)	206	290	(29.0)
Dividends	74	74	0.0	75	74	1.4
Rental income from investment properties	879	744	18.1	1,723	1,516	13.7
Other income	183	51	NM	270	141	91.5
Income before operating expenses	8,991	8,316	8.1	18,533	16,779	10.5
Staff costs	(3,049)	(3,519)	(13.4)	(6,226)	(6,586)	(5.5)
Depreciation of property, plant and equipment	(168)	(206)	(18.4)	(360)	(423)	(14.9)
Depreciation of investment properties	(95)	(95)	0.0	(189)	(189)	0.0
Other operating expenses	(1,560)	(1,669)	(6.5)	(3,113)	(3,370)	(7.6)
Profit from operations before impairment losses	4,119	2,827	45.7	8,645	6,211	39.2
(Allowances for) Write-back of impairment losses on loans and advances	(918)	234	NM	(907)	(302)	NM
Profit before income tax	3,201	3,061	4.6	7,738	5,909	31.0
Income tax expense	(506)	(501)	1.0	(1,271)	(981)	29.6
Profit for the period attributable to equity holders of the Company	2,695	2,560	5.3	6,467	4,928	31.2

NM: Not meaningful

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

	2nd Qtr 2014	2nd Qtr 2013	1st Half 2014	1st Half 2013
Annualised earnings per share (cents)				
- Basic	6.84	6.50	8.21	6.25
- Diluted	6.84	6.50	8.21	6.25

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 2013: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2014 and 2013.

1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Half-year Ended 30 June 2014

	2nd Qtr 2014	2nd Qtr 2013	+ / (-)	1st Half 2014	1st Half 2013	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	2,695	2,560	5.3	6,467	4,928	31.2
<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	2,082	(12,354)	NM	3,594	(16,351)	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	(354)	2,100	NM	(611)	2,779	NM
Other comprehensive income/(loss) for the period, net of tax	1,728	(10,254)	NM	2,983	(13,572)	NM
Total comprehensive income/(loss) for the period	4,423	(7,694)	NM	9,450	(8,644)	NM

2(a) Statements of Financial Position as at 30 June 2014

	Group		Company	
	30 Jun 2014 \$'000	31 Dec 2013 \$'000	30 Jun 2014 \$'000	31 Dec 2013 \$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	197,807	225,668	197,760	225,630
Other assets	5,821	5,853	5,821	5,853
Investments	222,643	206,428	222,287	206,136
Loans and advances due within twelve months	510,660	457,288	510,660	457,288
Statutory deposit with the Monetary Authority of Singapore ("MAS")	47,747	44,881	47,747	44,881
Total current assets	984,678	940,118	984,275	939,788
Non-current assets				
Property, plant and equipment	16,746	17,005	16,746	17,005
Investment properties	24,641	24,830	24,641	24,830
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,140,450	1,089,819	1,140,450	1,089,819
Total non-current assets	1,181,837	1,131,654	1,181,862	1,131,679
Total assets	2,166,515	2,071,772	2,166,137	2,071,467
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	1,826,174	1,740,458	1,826,908	1,741,191
Other liabilities	25,474	17,367	25,003	16,898
SPRING loans due within twelve months (unsecured)	2,700	3,467	2,700	3,467
Provision for employee benefits	231	231	231	231
Current tax payable	2,361	2,136	2,361	2,136
Total current liabilities	1,856,940	1,763,659	1,857,203	1,763,923
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	2,821	3,539	2,821	3,539
Deferred tax liabilities	1,594	983	1,543	943
Total non-current liabilities	4,415	4,522	4,364	4,482
Total liabilities	1,861,355	1,768,181	1,861,567	1,768,405
Equity attributable to equity holders of the Company				
Share capital	180,008	180,008	180,008	180,008
Reserves	125,152	123,583	124,562	123,054
Total equity	305,160	303,591	304,570	303,062
Total liabilities and equity	2,166,515	2,071,772	2,166,137	2,071,467
Off-balance sheet items				
Undrawn loan commitments	637,517	561,334	637,517	561,334
Guarantees issued	3,963	3,784	3,963	3,784
Total off-balance sheet items	641,480	565,118	641,480	565,118
2(b) Net asset value per ordinary share (\$)	1.94	1.93	1.93	1.92

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 2013: 157,625,764) shares.

3 Consolidated Statement of Cash Flows for the Quarter and Half-year Ended 30 June 2014

	2nd Qtr 2014	2nd Qtr 2013	1st Half 2014	1st Half 2013
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	3,201	3,061	7,738	5,909
Adjustments for:				
Impact of accrual of interest income	(1,501)	172	249	(82)
Impact of accrual of interest expense	(377)	652	(1,262)	365
Depreciation of property, plant and equipment	168	206	360	423
Depreciation of investment properties	95	95	189	189
Allowances for (Write-back of) impairment losses on loans and advances	918	(234)	907	302
Dividends	(74)	(70)	(75)	(70)
Operating cash flows before movements in working capital	2,430	3,882	8,106	7,036
Changes in working capital				
Other assets	(62)	(1,861)	32	48
Loans and advances	(87,842)	13,249	(104,910)	(39,823)
Statutory deposits with the MAS	(2,677)	166	(2,866)	(2,161)
Deposits and savings accounts of customers	63,770	6,549	85,715	66,431
Other liabilities	8,010	(748)	9,370	(669)
SPRING loans	(670)	(612)	(1,485)	(876)
Cash (used in) generated from operations	(17,041)	20,625	(6,038)	29,986
Income taxes paid	(1,046)	(1,276)	(1,046)	(1,290)
Net cash (used in) generated from operating activities	(18,087)	19,349	(7,084)	28,696
Investing activities				
Purchase of investments	(12,820)	(6,406)	(12,820)	(22,615)
Purchase of property, plant and equipment and investment properties	(73)	(17)	(101)	(73)
Dividends received	24	63	25	63
Net cash used in investing activities	(12,869)	(6,360)	(12,896)	(22,625)
Financing activities				
Dividend paid	(7,881)	(7,881)	(7,881)	(7,881)
Net cash used in financing activities	(7,881)	(7,881)	(7,881)	(7,881)
Net (decrease) increase in cash and cash equivalents	(38,837)	5,108	(27,861)	(1,810)
Cash and cash equivalents at beginning of the period	236,644	261,697	225,668	268,615
Cash and cash equivalents at end of the period	197,807	266,805	197,807	266,805

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 2013	180,008	80,559	20,231	34,909	315,707
Total comprehensive loss for the period					
Profit for the period	-	-	-	2,368	2,368
Other comprehensive loss for the period - net	-	-	(3,318)	-	(3,318)
Total	-	-	(3,318)	2,368	(950)
Balance at 31 March 2013	180,008	80,559	16,913	37,277	314,757
Total comprehensive loss for the period					
Profit for the period	-	-	-	2,560	2,560
Other comprehensive loss for the period - net	-	-	(10,254)	-	(10,254)
Total	-	-	(10,254)	2,560	(7,694)
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2013	180,008	80,559	6,659	31,956	299,182
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

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 2013	180,008	80,559	20,053	34,575	315,195
Total comprehensive loss for the period					
Profit for the period	-	-	-	2,368	2,368
Other comprehensive loss for the period - net	-	-	(3,331)	-	(3,331)
Total	-	-	(3,331)	2,368	(963)
Balance at 31 March 2013	180,008	80,559	16,722	36,943	314,232
Total comprehensive loss for the period					
Profit for the period	-	-	-	2,554	2,554
Other comprehensive loss for the period - net	-	-	(10,246)	-	(10,246)
Total	-	-	(10,246)	2,554	(7,692)
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2013	180,008	80,559	6,476	31,616	298,659
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

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 2014. 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 2013.

6 Review of Performance

Total loan assets grew 6.7% to \$1,651.1 million as at 30 June 2014 compared to \$1,547.1 million as at 31 December 2013. In tandem with the higher loan balance, deposits and savings accounts of customers also increased 4.9% to \$1,826.2 million as at 30 June 2014.

Profit from operations before impairment losses rose by 45.7% for the quarter under review as compared to the previous corresponding quarter. This was mainly attributed to an increase of 6.2% in net interest income and hiring charges from an increased loan base and 18.1% improvement in rental income as well as 11.2% reduction in operating expenses. However, the increase was partially offset by \$0.9 million in allowances for impairment losses made as compared to a write-back of \$0.2 million in the previous corresponding quarter. This resulted in a \$2.7 million profit after tax for the quarter, a 5.3% increase as compared to the previous corresponding quarter.

For the half year ended 30 June 2014, the Group’s profit after tax increased by 31.2% to \$6.5 million as compared to the corresponding half year period last year. Interest income and hiring charges rose by 7.8% from a higher loan base. This was partially offset by an increase of 3.7% in interest expense resulting in a 10.2% increase in the net interest income and hiring charges. Operating expenses declined by 6.4%. However, allowances for loan losses made increased 200% as additional collective allowances at a portfolio level was made in line with the loan growth.

The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

There was an increase in the fair value of available-for-sale financial assets under Other Comprehensive Income, mainly from revaluation of Singapore Government Securities (“SGS”) as compared to a decline in the corresponding half year period last year. 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 2014, the Singapore economy grew 2.1% on a year-on-year basis in the second quarter of 2014, lower than the 4.7% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 0.8%, a reversal from the 1.6% growth in the preceding quarter.

The main drag was in manufacturing which grew just 0.2%, down from a 9.9% expansion in the previous quarter as electronic goods and transport engineering output fell. The other two key sectors – construction and services – also logged weaker growth in the second quarter. Construction activity rose 5%, down from

6.4% in the preceding quarter, as private-sector building slowed. Services grew 2.8%, down from 3.9% growth in the previous quarter, largely due to slower expansion in the wholesale & retail trade and transportation & storage segments.

Against this backdrop of expected moderate 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 operational costs efficiently.

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 2013: 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 2013: 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 30/06/2014</u>		<u>As at 31/12/2013</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	-	2,700	-	3,467
Amount repayable after one year	-	2,821	-	3,539

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
29 July 2014

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 2014 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
29 July 2014