

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

First quarter financial statements on consolidated results for the period ended 31 March 2014. These figures have not been audited.

1(a)(i) Unaudited Consolidated Statement of Profit or Loss for the Quarter ended 31 March 2014

	1st Qtr 2014	1st Qtr 2013	+ / (-)
	\$'000	\$'000	%
Revenue			
Interest income and hiring charges	12,661	11,728	8.0
Interest expense	(4,163)	(4,276)	(2.6)
Net interest income and hiring charges	8,498	7,452	14.0
Fees and commissions	112	149	(24.8)
Dividends	1	-	NM
Rental income from investment properties	844	772	9.3
Other income	87	90	(3.3)
Income before operating expenses	9,542	8,463	12.7
Staff costs	(3,177)	(3,067)	3.6
Depreciation of property, plant and equipment	(192)	(217)	(11.5)
Depreciation of investment properties	(94)	(94)	-
Other operating expenses	(1,553)	(1,701)	(8.7)
Profit from operations before impairment losses	4,526	3,384	33.7
Write-back of (Allowances for) impairment losses on loans and advances	11	(536)	NM
Profit before income tax	4,537	2,848	59.3
Income tax expense	(765)	(480)	59.4
Profit for the period attributable to equity holders of the Company	3,772	2,368	59.3

NM: Not meaningful

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

	1st Qtr 2014	1st Qtr 2013
Annualised earnings per share (cents)		
- Basic	9.57	6.01
- Diluted	9.57	6.01

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 157,625,764 (31 March 2013: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 31 March 2014 and 2013.

1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter ended 31 March 2014

	1st Qtr 2014	1st Qtr 2013	+ / (-)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Profit for the period	3,772	2,368	59.3
<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	1,512	(3,997)	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	(257)	679	NM
Other comprehensive income/(loss) for the period, net of tax	<u>1,255</u>	<u>(3,318)</u>	<u>NM</u>
Total comprehensive income/(loss) for the period	<u>5,027</u>	<u>(950)</u>	<u>NM</u>

2(a) Statements of Financial Position as at 31 March 2014

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	236,644	225,668	236,610	225,630
Other assets	4,134	5,853	4,134	5,853
Investments	207,815	206,428	207,524	206,136
Loans and advances due within twelve months	483,625	457,288	483,625	457,288
Statutory deposit with the Monetary Authority of Singapore ("MAS")	45,070	44,881	45,070	44,881
Total current assets	977,288	940,118	976,963	939,788
Non-current assets				
Property, plant and equipment	16,843	17,005	16,843	17,005
Investment properties	24,734	24,830	24,734	24,830
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,080,561	1,089,819	1,080,561	1,089,819
Total non-current assets	1,122,138	1,131,654	1,122,163	1,131,679
Total assets	2,099,426	2,071,772	2,099,126	2,071,467
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	1,762,403	1,740,458	1,763,137	1,741,191
Other liabilities	17,842	17,367	17,377	16,898
SPRING loans due within twelve months (unsecured)	2,973	3,467	2,973	3,467
Provision for employee benefits	231	231	231	231
Current tax payable	2,901	2,136	2,901	2,136
Total current liabilities	1,786,350	1,763,659	1,786,619	1,763,923
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	3,218	3,539	3,218	3,539
Deferred tax liabilities	1,240	983	1,200	943
Total non-current liabilities	4,458	4,522	4,418	4,482
Total liabilities	1,790,808	1,768,181	1,791,037	1,768,405
Equity attributable to equity holders of the Company				
Share capital	180,008	180,008	180,008	180,008
Reserves	128,610	123,583	128,081	123,054
Total equity	308,618	303,591	308,089	303,062
Total liabilities and equity	2,099,426	2,071,772	2,099,126	2,071,467
Off-balance sheet items				
Undrawn loan commitments	599,637	561,334	599,637	561,334
Guarantees issued	3,994	3,784	3,994	3,784
Total off-balance sheet items	603,631	565,118	603,631	565,118
2(b) Net asset value per ordinary share (\$)	1.96	1.93	1.95	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 ended 31 March 2014

	1st Qtr 2014	1st Qtr 2013
	<u>\$'000</u>	<u>\$'000</u>
Operating activities		
Profit before income tax	4,537	2,848
Adjustments for:		
Impact of accrual of interest income	1,750	(254)
Impact of accrual of interest expense	(885)	(287)
Depreciation of property, plant and equipment	192	217
Depreciation of investment properties	94	94
(Write-back of) Allowances for impairment losses on loans and advances	(11)	536
Dividends	(1)	-
Operating cash flows before movements in working capital	<u>5,676</u>	<u>3,154</u>
Changes in working capital		
Other assets	94	1,909
Loans and advances	(17,068)	(53,072)
Statutory deposits with the MAS	(189)	(2,327)
Deposits and savings accounts of customers	21,945	59,882
Other liabilities	1,360	79
SPRING loans	(815)	(264)
Cash generated from operations	<u>11,003</u>	<u>9,361</u>
Income taxes paid	-	(14)
Net cash generated from operating activities	<u>11,003</u>	<u>9,347</u>
Investing activities		
Purchase of investments	-	(16,209)
Purchase of property, plant and equipment and investment properties	(28)	(56)
Dividends received	1	-
Net cash used in investing activities	<u>(27)</u>	<u>(16,265)</u>
Net increase (decrease) in cash and cash equivalents	<u>10,976</u>	<u>(6,918)</u>
Cash and cash equivalents at beginning of the year	<u>225,668</u>	<u>268,615</u>
Cash and cash equivalents at end of the period	<u><u>236,644</u></u>	<u><u>261,697</u></u>

4 Statements of Changes in Equity for the Quarter ended 31 March 2014

	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 income 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
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
Company					
Balance at 1 January 2013	180,008	80,559	20,053	34,575	315,195
Total comprehensive income 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
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

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

Loans and advances increased by 1.1% in the first quarter of 2014, from \$1,547.1 million as at 31 December 2013 to \$1,564.2 million as at 31 March 2014.

The Group registered a profit after tax of \$3.8 million for the quarter under review, an increase of 59.3% as compared to the previous corresponding period. The increase was mainly attributed to an increase in the loan base and an improvement in the interest spread.

Interest income and hiring charges grew by 8% mainly from a higher loan base whilst interest expense decreased by 2.6% from a lower cost of deposits, resulting in a 14% increase in the net interest income and hiring charges. Operating expenses were marginally lower by 1.2%.

In addition, there was a write-back of \$0.01 million in allowances for impairment losses on loans and advances for the quarter as compared to \$0.5 million allowances made in the previous corresponding period. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

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 April 2014, the Singapore economy grew 5.1% on a year-on-year basis, lower than the 5.5% growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew just 0.1%, moderating from the 6.1% expansion in the preceding quarter.

The growth was boosted by strong growth in the manufacturing sector which saw a sharp rebound in the biomedical manufacturing output and stronger growth in chemicals output as well as the growth in the construction sector on the back of more public sector building activity. However, the services sector grew at a slower pace due to slower growth in the wholesale & retail trade and finance & insurance sectors. The global economic outlook has improved and barring any headwinds from the US Federal Reserve’s bond-buying slowdown and global tensions over Ukraine, the Singapore economy is projected to expand 2–4% in 2014.

Against this backdrop, we expect the Singapore business environment to continue to be challenging and competitive. The property cooling measures and car financing restrictions are expected to continue to moderate loan growth. Nevertheless, the Group will strive to grow our loan portfolio prudently and manage our operational costs efficiently.

8 Dividend

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 (31 March 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 (31 March 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 nor does it have any IPTs (31 March 2013: Nil).

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

	<u>As at 31/03/2014</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	-	2,973	-	3,467
Amount repayable after one year	-	3,218	-	3,539

14 Other Information

- Income of the Group is derived primarily from financing business and related nominee services. The Group operates in Singapore only.
- Amount of any adjustment for under or overprovision of tax in respect of prior years – Nil
- 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
25 April 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 financial results and the Company's statement of financial position and statement of changes in equity for the three months ended 31 March 2014 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
25 April 2014