
FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

First quarter financial statements on consolidated results for the period ended 31 March 2016. These figures have not been audited.

1(a)(i) Unaudited Consolidated Statement of Profit or Loss for the Quarter ended 31 March 2016

	1st Qtr 2016	1st Qtr 2015	+ / (-)
	\$'000	\$'000	%
Revenue			
Interest income and hiring charges	18,268	13,633	34.0
Interest expense	(9,137)	(5,583)	63.7
Net interest income and hiring charges	9,131	8,050	13.4
Fees and commissions	160	139	15.1
Dividends	6	2	200.0
Rental income from investment properties	831	878	(5.4)
Other income	326	343	(5.0)
Income before operating expenses	10,454	9,412	11.1
Staff costs	(3,416)	(3,210)	6.4
Depreciation of property, plant and equipment	(183)	(176)	4.0
Depreciation of investment properties	(94)	(94)	-
Other operating expenses	(1,656)	(1,494)	10.8
Profit from operations before impairment losses	5,105	4,438	15.0
Allowances for impairment losses on loans and advances	(2,128)	(1,332)	59.8
Profit before income tax	2,977	3,106	(4.2)
Income tax expense	(475)	(510)	(6.9)
Profit for the period	2,502	2,596	(3.6)

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

	1st Qtr 2016	1st Qtr 2015
Annualised earnings per share (cents)		
- Basic	6.35	6.59
- Diluted	6.35	6.59

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 2015: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 31 March 2016 and 2015.

1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter ended 31 March 2016

	1st Qtr 2016	1st Qtr 2015	+ / (-)
	<u>\$'000</u>	<u>\$'000</u>	<u>%</u>
Profit for the period	2,502	2,596	(3.6)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets	12,119	(624)	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	(2,060)	106	NM
Other comprehensive income (loss) for the period, net of tax	10,059	(518)	NM
Total comprehensive income for the period	12,561	2,078	504.5

NM – Not meaningful

2(a) Statements of Financial Position as at 31 March 2016

	Group		Company	
	31 Mar 2016 \$'000	31 Dec 2015 \$'000	31 Mar 2016 \$'000	31 Dec 2015 \$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	310,509	309,605	310,461	309,561
Other assets	4,531	6,426	4,531	6,426
Investments	291,525	274,590	291,122	274,181
Loans and advances due within twelve months	659,977	673,640	659,977	673,640
Statutory deposit with the Monetary Authority of Singapore ("MAS")	60,257	59,302	60,257	59,302
Total current assets	1,326,799	1,323,563	1,326,348	1,323,110
Non-current assets				
Property, plant and equipment	16,600	16,736	16,600	16,736
Investment properties	23,981	24,075	23,981	24,075
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,306,442	1,295,774	1,306,442	1,295,774
Total non-current assets	1,347,023	1,336,585	1,347,048	1,336,610
Total assets	2,673,822	2,660,148	2,673,396	2,659,720
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	2,310,098	2,313,861	2,310,839	2,314,601
Other liabilities	30,623	27,863	30,142	27,386
SPRING loans due within twelve months (unsecured)	1,311	1,491	1,311	1,491
Provision for employee benefits	238	238	238	238
Current tax payable	2,930	2,455	2,930	2,455
Total current liabilities	2,345,200	2,345,908	2,345,460	2,346,171
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	314	553	314	553
Deferred tax liabilities	3,203	1,143	3,144	1,083
Total non-current liabilities	3,517	1,696	3,458	1,636
Total liabilities	2,348,717	2,347,604	2,348,918	2,347,807
Equity attributable to equity holders of the Company				
Share capital	180,008	180,008	180,008	180,008
Reserves	145,097	132,536	144,470	131,905
Total equity	325,105	312,544	324,478	311,913
Total liabilities and equity	2,673,822	2,660,148	2,673,396	2,659,720
Off-balance sheet items				
Undrawn loan commitments	465,614	463,897	465,614	463,897
Guarantees issued	4,096	3,951	4,096	3,951
Total off-balance sheet items	469,710	467,848	469,710	467,848
2(b) Net asset value per ordinary share (\$)	2.06	1.98	2.06	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 ended 31 March 2016

	1st Qtr 2016	1st Qtr 2015
	<u>\$'000</u>	<u>\$'000</u>
Operating activities		
Profit before income tax	2,977	3,106
Adjustments for:		
Impact of accrual of interest income	1,897	1,873
Impact of accrual of interest expense	1,397	(1,272)
Depreciation of property, plant and equipment	183	176
Depreciation of investment properties	94	94
Allowances for impairment losses on loans and advances	2,128	1,332
Dividends	(7)	(2)
Operating cash flows before movements in working capital	<u>8,669</u>	<u>5,307</u>
Changes in working capital		
Other assets	280	(198)
Loans and advances	867	(129,995)
Statutory deposit with the MAS	(955)	(1,070)
Deposits and savings accounts of customers	(3,758)	95,690
Other liabilities	1,359	279
SPRING loans	(419)	(528)
Cash generated from operations	<u>6,043</u>	<u>(30,515)</u>
Income taxes refunded	-	2
Net cash generated from operating activities	<u>6,043</u>	<u>(30,513)</u>
Investing activities		
Purchase of investments	(5,098)	(29,154)
Purchase of property, plant and equipment and investment properties	(47)	(29)
Proceeds from disposal of investments	-	9,000
Dividends received	6	2
Net cash used in investing activities	<u>(5,139)</u>	<u>(20,181)</u>
Net increase (decrease) in cash and cash equivalents	904	(50,694)
Cash and cash equivalents at beginning of the year	<u>309,605</u>	<u>245,781</u>
Cash and cash equivalents at end of the period	<u><u>310,509</u></u>	<u><u>195,087</u></u>

4 Statements of Changes in Equity for the Quarter ended 31 March 2016

	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
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
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
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

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

Total loans and advances declined marginally by 0.2% or \$3 million from \$1,969.4 million as at 31 December 2015 to \$1,966.4 million as at 31 March 2016. This was an increase of 8.1% or \$147.6 million over the loan base of \$1,818.8 million as at 31 March 2015.

Interest income and hiring charges rose 34% or \$4.6 million compared to the same period last year, driven mainly by higher loan volume. However, this was partially offset by an increase of 63.7% or \$3.6 million in interest expense from a higher deposit base and rates, resulting in an increase of 13.4% or \$1.1 million in the net interest income and hiring charges. Operating expenses increased by 7.5% or \$0.4 million, mainly from higher staff costs and business expenses incurred to support the increase in business activities.

Profit from operations before impairment losses rose by 15% or \$0.7 million compared to the same period last year. However, the increase was more than offset by a 59.8% or \$0.8 million increase in allowances for impairment losses as higher provision was made for individual impairment. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

With the additional loan provisions, the Group’s profit after tax contracted by 3.6% or \$0.1 million compared to the same period last year.

Other Comprehensive Income for the first quarter of 2016 was \$10.1 million as against a loss of \$0.5 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 now adopting a cautious and gradual approach to interest rate hikes 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 financial year 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’s advance GDP estimates on 14 April 2016, the Singapore economy grew by 1.8% on a year-on-year basis in the first quarter of 2016, the same pace of growth as in the previous quarter. Growth was flat on a quarter-on-quarter seasonally-adjusted annualised basis, in contrast to the 6.2% expansion in the preceding quarter.

Growth was supported by the robust expansion in the construction sector, which grew by 6.2% year-on-year in the first quarter, an improvement from the 4.9% growth recorded in the preceding quarter.

Meanwhile, the manufacturing sector contracted by 2.0% following the 6.7% decline in the preceding quarter. The sector was primarily weighed down by a decline in the output of the transport engineering, precision engineering and electronics clusters. Growth in the services producing industries moderated to 1.9%, easing from the 2.8% in the preceding period. The growth was supported mainly by the wholesale & retail trade and finance & insurance sectors.

With the uncertain economic outlook, the volatility of the interest rate environment and the continued impact of the cooling measures leading to weak loan demand, the Group will continue to be prudent in growing its loan portfolio. We will continue to manage our business risk and operational costs to remain competitive.

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 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.

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

Nil (31 March 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 (31 March 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 31/03/2016</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	-	1,311	-	1,491
Amount repayable after one year	-	314	-	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
25 April 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 financial results and the Company's statement of financial position and statement of changes in equity for the three months ended 31 March 2016 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Managing Director
25 April 2016