
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 2013. These figures have not been audited.

1(a)(i) Unaudited Consolidated Income Statement for the Quarter and Nine months Ended 30 September 2013

	3rd Qtr 2013	3rd Qtr 2012	+ / (-) %	9 months 2013	9 months 2012	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	11,835	11,017	7.4	35,134	32,559	7.9
Interest expense	(4,247)	(3,614)	17.5	(12,788)	(10,198)	25.4
Net interest income and hiring charges	7,588	7,403	2.5	22,346	22,361	(0.1)
Fees and commissions	183	131	39.7	473	335	41.2
Dividends	50	48	4.2	124	110	12.7
Rental income from investment properties	853	827	3.1	2,369	2,387	(0.8)
Other income	75	57	31.6	216	159	35.8
Income before operating expenses	8,749	8,466	3.3	25,528	25,352	0.7
Staff costs	(3,199)	(2,686)	19.1	(9,785)	(7,670)	27.6
Depreciation of property, plant and equipment	(200)	(245)	(18.4)	(623)	(832)	(25.1)
Depreciation of investment properties	(94)	(94)	-	(283)	(283)	-
Other operating expenses	(1,609)	(1,646)	(2.2)	(4,979)	(4,665)	6.7
Profit from operations before impairment losses	3,647	3,795	(3.9)	9,858	11,902	(17.2)
(Allowances for) Write-back of impairment losses on loans and advances	(60)	132	NM	(362)	(195)	85.6
Profit before income tax	3,587	3,927	(8.7)	9,496	11,707	(18.9)
Income tax expense	(590)	(594)	(0.7)	(1,571)	(1,945)	(19.2)
Profit for the period attributable to equity holders of the Company	2,997	3,333	(10.1)	7,925	9,762	(18.8)

NM: Not Meaningful

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

	3rd Qtr 2013	3rd Qtr 2012	9 months 2013	9 months 2012
Annualised earnings per share (cents)				
- Basic	7.61	11.75	6.70	11.47
- Diluted	7.61	11.75	6.70	11.47

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 2012: previously reported as 105,083,843, currently restated to 113,490,550 following the Rights Issue in November 2012) shares.

There are no potential dilutive ordinary shares for the periods ended 30 September 2013 and 2012.

1(b) Unaudited Consolidated Statement of Comprehensive Income for the Quarter and Nine Months Ended 30 September 2013

	3rd Qtr 2013	3rd Qtr 2012	+ / (-)	9 months 2013	9 months 2012	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	2,997	3,333	(10.1)	7,925	9,762	(18.8)
<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	576	1,585	(63.7)	(15,775)	4,014	NM
Tax relating to items that may be reclassified subsequently to profit or loss	(97)	(270)	(64.1)	2,682	(683)	NM
Other comprehensive income (loss) for the period, net of tax	479	1,315	(63.6)	(13,093)	3,331	NM
Total comprehensive income (loss) for the period	3,476	4,648	(25.2)	(5,168)	13,093	NM

2(a) Statements of Financial Position

	Group		Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	213,619	268,615	213,575	268,560
Other assets	4,379	5,756	4,379	5,756
Investments	204,396	196,803	204,103	196,531
Loans and advances due within twelve months	430,129	391,779	430,129	391,779
Statutory deposits with the Monetary Authority of Singapore ("MAS")	42,655	40,422	42,655	40,422
Total current assets	895,178	903,375	894,841	903,048
Non-current assets				
Property, plant and equipment	16,964	17,495	16,964	17,495
Investment properties	24,923	25,207	24,923	25,207
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,049,102	1,031,546	1,049,102	1,031,546
Total non-current assets	1,090,989	1,074,248	1,091,014	1,074,273
Total assets	1,986,167	1,977,623	1,985,855	1,977,321
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	1,643,113	1,630,041	1,643,845	1,630,770
Other liabilities	17,438	16,135	16,973	15,652
Interest bearing borrowings	12,000	-	12,000	-
SPRING loans due within twelve months (unsecured)	3,775	4,947	3,775	4,947
Provision for employee benefits	219	219	219	219
Current tax payable	2,037	2,713	2,037	2,713
Total current liabilities	1,678,582	1,654,055	1,678,849	1,654,301
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	3,414	3,667	3,414	3,667
Deferred tax liabilities	1,513	4,194	1,473	4,158
Total non-current liabilities	4,927	7,861	4,887	7,825
Total liabilities	1,683,509	1,661,916	1,683,736	1,662,126
Equity attributable to equity holders of the Company				
Share capital	180,008	180,008	180,008	180,008
Reserves	122,650	135,699	122,111	135,187
Total equity	302,658	315,707	302,119	315,195
Total liabilities and equity	1,986,167	1,977,623	1,985,855	1,977,321
OFF BALANCE SHEET ITEMS				
Undrawn Loan Commitments	647,593	558,922	647,593	558,922
Guarantees Issued	3,784	3,734	3,784	3,734
Total off-balance sheet items	651,377	562,656	651,377	562,656
2(b) Net asset value per ordinary share (\$)	1.92	2.00	1.92	2.00

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 2012: 157,625,764) shares.

3 Consolidated Statement of Cash Flows for the Quarter and Nine Months Ended 30 September 2013

	3rd Qtr 2013	3rd Qtr 2012	9 months 2013	9 months 2012
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	3,587	3,927	9,496	11,707
Adjustments for:				
Impact of accrual of interest income	1,556	1,379	1,474	1,328
Impact of accrual of interest expense	781	1,246	1,146	1,725
Depreciation of property, plant and equipment	200	245	623	832
Depreciation of investment properties	94	94	283	283
Allowances for (Write-back of) impairment losses on loans and advances	60	(132)	362	195
Dividends receivable	(46)	-	(116)	-
Operating cash flows before movements in working capital	6,232	6,759	13,268	16,070
Changes in working capital				
Other assets	187	(139)	235	266
Loans and advances	(16,445)	(33,803)	(56,268)	(82,959)
Statutory deposits with the MAS	(72)	(764)	(2,233)	(1,928)
Deposits and savings accounts of customers	(53,359)	36,985	13,072	90,018
Other liabilities	826	716	157	(1,848)
SPRING loans	(549)	(1,135)	(1,425)	(2,413)
Cash (used in) generated from operating activities	(63,180)	8,619	(33,194)	17,206
Income taxes paid	(957)	(2,116)	(2,247)	(4,232)
Net cash (used in) generated from operating activities	(64,137)	6,503	(35,441)	12,974
Investing activities				
Purchase of investments	(1,075)	(4,680)	(23,690)	(4,680)
Purchase of property, plant and equipment and investment properties	(18)	(119)	(91)	(295)
Proceeds from disposal of investments	-	3,000	-	3,000
Dividends received	44	-	107	-
Net cash used in investing activities	(1,049)	(1,799)	(23,674)	(1,975)
Financing activities				
Dividends paid	-	-	(7,881)	(7,356)
Funding from interest bearing borrowings	12,000	-	12,000	-
Net cash generated from (used in) financing activities	12,000	-	4,119	(7,356)
Net (decrease) increase in cash and cash equivalents	(53,186)	4,704	(54,996)	3,643
Cash and cash equivalents at beginning of the period	266,805	219,992	268,615	221,053
Cash and cash equivalents at end of the period	213,619	224,696	213,619	224,696

4 Statements of Changes in Equity

	Share Capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
At January 2012	117,199	73,212	16,014	34,916	241,341
Total comprehensive income for the period	-	-	2,016	6,429	8,445
Final one-tier tax exempt dividend paid for financial year 2011 of 7 cents per share	-	-	-	(7,356)	(7,356)
At 30 June 2012	117,199	73,212	18,030	33,989	242,430
Total comprehensive income for the period	-	-	1,315	3,333	4,648
At 30 September 2012	117,199	73,212	19,345	37,322	247,078
At January 2013	180,008	80,559	20,231	34,909	315,707
Total comprehensive (loss) income for the period	-	-	(13,572)	4,928	(8,644)
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	-	-	-	(7,881)	(7,881)
At 30 June 2013	180,008	80,559	6,659	31,956	299,182
Total comprehensive income for the period	-	-	479	2,997	3,476
At 30 September 2013	180,008	80,559	7,138	34,953	302,658
Company					
At January 2012	117,199	73,212	15,865	34,584	240,860
Total comprehensive income for the period	-	-	2,012	6,422	8,434
Final one-tier tax exempt dividend paid for financial year 2011 of 7 cents per share	-	-	-	(7,356)	(7,356)
At 30 June 2012	117,199	73,212	17,877	33,650	241,938
Total comprehensive income for the period	-	-	1,296	3,328	4,624
At 30 September 2012	117,199	73,212	19,173	36,978	246,562
At January 2013	180,008	80,559	20,053	34,575	315,195
Total comprehensive (loss) income for the period	-	-	(13,577)	4,922	(8,655)
Final one-tier tax exempt dividend paid for financial year 2012 of 5 cents per share	-	-	-	(7,881)	(7,881)
At 30 June 2013	180,008	80,559	6,476	31,616	298,659
Total comprehensive income for the period	-	-	467	2,993	3,460
At 30 September 2013	180,008	80,559	6,943	34,609	302,119

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 2013. 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 2012.

6 Review of Performance

Net loan assets grew 3.9% to \$1,479.2 million as at 30 September 2013 compared to \$1,423.3 million as at 31 December 2012. In tandem with the increase in loan assets, deposits and savings accounts of customers increased by 0.8% to \$1,643.1 million as at 30 September 2013.

The Group registered a profit after tax of \$3 million for the quarter under review and \$7.9 million for the nine months ended 30 September 2013, a decline of 18.8% compared to the same nine-month period last year. The weaker performance was mainly due to the continual compression of the interest margin, higher operating expenses and an increase in the allowances made for impairment losses on loans and advances.

Despite an increase in the loans base, net interest income and hiring charges increased by a marginal 0.1% for the nine months as the current low interest rate environment coupled with the intense market competition continued to compress the interest margin. Operating expenses increased by 16.5% due to an increase in business costs and a one-time reversal of staff costs in the previous period due to overprovision.

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

There was a decline in the fair value of available-for-sale financial assets under Other Comprehensive Income, mainly from revaluation of Singapore Government Securities (“SGS”). The drop in value was due to talks of QE3 tapering later this year which led to expected interest rate hike and a sell-off of bonds. 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 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 advance GDP estimates on 14 October 2013, the Singapore economy contracted by 1.0% on a quarter-on-quarter seasonally-adjusted annualised basis in the third quarter of 2013. On a quarter-on-quarter basis, the manufacturing and construction sectors contracted by 3.4% and 8.8% respectively, whilst the services producing industries grew 1%. The decline in the construction sector was mainly due to weaker public sector construction activities.

For the rest of the year, though the economy is expected to continue to expand, some volatility in growth rates is likely in view of the uncertain global economic conditions. Our operating environment will continue to remain challenging as loan growth is expected to be impacted by the property cooling measures and car financing restrictions as well as the intense market competition. Nevertheless, the Group will continue to prudently grow our loan portfolio and effectively manage our costs to sustain profitability.

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 September 2012: 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 September 2012: 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 30/09/2013</u>		<u>As at 31/12/2012</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	-	15,775	-	4,947
Amount repayable after one year	-	3,414	-	3,667



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
1 November 2013

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 nine months ended 30 September 2013 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
1 November 2013