

---

**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 2017. 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 2017**

	2nd Qtr 2017	2nd Qtr 2016	+ / (-) %	1st Half 2017	1st Half 2016	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>						
Interest income and hiring charges	17,347	18,329	(5.4)	35,800	36,597	(2.2)
Interest expense	(6,685)	(9,161)	(27.0)	(14,584)	(18,298)	(20.3)
<b>Net interest income and hiring charges</b>	<b>10,662</b>	<b>9,168</b>	<b>16.3</b>	<b>21,216</b>	<b>18,299</b>	<b>15.9</b>
Fees and commissions	218	210	3.8	452	370	22.1
Dividends	73	74	(1.4)	73	80	(8.8)
Rental income from investment properties	828	819	1.1	1,703	1,650	3.2
Other income	2,631	106	2,382.2	2,709	432	527.1
<b>Income before operating expenses</b>	<b>14,412</b>	<b>10,377</b>	<b>38.9</b>	<b>26,153</b>	<b>20,831</b>	<b>25.5</b>
Staff costs	(3,797)	(3,433)	10.6	(7,163)	(6,849)	4.6
Depreciation of property, plant and equipment	(168)	(186)	(9.8)	(339)	(369)	(8.2)
Depreciation of investment properties	(94)	(95)	(0.7)	(188)	(189)	(0.3)
Other operating expenses	(1,707)	(1,649)	3.5	(3,507)	(3,305)	6.1
<b>Profit from operations before impairment losses</b>	<b>8,646</b>	<b>5,014</b>	<b>72.4</b>	<b>14,956</b>	<b>10,119</b>	<b>47.8</b>
(Allowances for)/write-back of impairment losses on loans and advances	(1,515)	(1,330)	13.9	(1,138)	(3,458)	(67.1)
<b>Profit before income tax</b>	<b>7,131</b>	<b>3,684</b>	<b>93.6</b>	<b>13,818</b>	<b>6,661</b>	<b>107.4</b>
Income tax expense	(1,118)	(620)	80.3	(2,218)	(1,095)	102.5
<b>Profit for the period attributable to equity holders of the Company</b>	<b>6,013</b>	<b>3,064</b>	<b>96.2</b>	<b>11,600</b>	<b>5,566</b>	<b>108.4</b>

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

	2nd Qtr 2017	2nd Qtr 2016	1st Half 2017	1st Half 2016
Annualised earnings per share (cents)				
- Basic	15.26	7.78	14.72	7.06
- Diluted	15.26	7.78	14.72	7.06

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 2016: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2017 and 2016.



**1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Half-year Ended 30 June 2017**

	2nd Qtr 2017	2nd Qtr 2016	+ / (-) %	1st Half 2017	1st Half 2016	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the period</b>	<b>6,013</b>	3,064	96.2	<b>11,600</b>	5,566	108.4
<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	<b>1,988</b>	(826)	NM	<b>6,734</b>	11,293	(40.4)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss on disposal	<b>(2,426)</b>	-	NM	<b>(2,426)</b>	-	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	<b>74</b>	140	(46.8)	<b>(732)</b>	(1,920)	(61.9)
<b>Other comprehensive income for the period - net</b>	<b>(363)</b>	(686)	(47.0)	<b>3,575</b>	9,373	(61.9)
<b>Total comprehensive income for the period</b>	<b>5,650</b>	2,378	137.6	<b>15,175</b>	14,939	1.6

NM: Not meaningful

## 2(a) Statements of Financial Position as at 30 June 2017

	Group		Company	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
	\$'000	\$'000	\$'000	\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash on deposit, at banks and in hand	233,587	405,753	233,529	405,705
Other assets	6,361	7,725	6,361	7,725
Investments	255,406	265,653	255,046	265,297
Loans and advances due within twelve months	473,248	450,149	473,248	450,149
Statutory deposit with the Monetary Authority of Singapore ("MAS")	54,962	58,281	54,962	58,281
<b>Total current assets</b>	<b>1,023,563</b>	<b>1,187,561</b>	<b>1,023,146</b>	<b>1,187,157</b>
<b>Non-current assets</b>				
Property, plant and equipment	16,088	16,410	16,088	16,410
Investment properties	23,507	23,698	23,507	23,698
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,384,468	1,455,307	1,384,468	1,455,307
<b>Total non-current assets</b>	<b>1,424,063</b>	<b>1,495,415</b>	<b>1,424,088</b>	<b>1,495,440</b>
<b>Total assets</b>	<b>2,447,627</b>	<b>2,682,976</b>	<b>2,447,234</b>	<b>2,682,597</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Deposits and savings accounts of customers	2,082,315	2,319,272	2,083,061	2,320,016
Other liabilities	27,500	36,776	27,020	36,295
SPRING loans due within twelve months (unsecured)	1,563	1,203	1,563	1,203
Provision for employee benefits	260	260	260	260
Current tax payable	3,746	2,917	3,746	2,917
<b>Total current liabilities</b>	<b>2,115,385</b>	<b>2,360,428</b>	<b>2,115,651</b>	<b>2,360,691</b>
<b>Non-current liabilities</b>				
SPRING loans due after twelve months (unsecured)	2,928	1,260	2,928	1,260
Deferred tax liabilities	2,106	1,374	2,055	1,323
<b>Total non-current liabilities</b>	<b>5,034</b>	<b>2,634</b>	<b>4,983</b>	<b>2,583</b>
<b>Total liabilities</b>	<b>2,120,419</b>	<b>2,363,062</b>	<b>2,120,633</b>	<b>2,363,274</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	180,008	180,008	180,008	180,008
Reserves	147,200	139,906	146,593	139,315
<b>Total equity</b>	<b>327,208</b>	<b>319,914</b>	<b>326,601</b>	<b>319,323</b>
<b>Total liabilities and equity</b>	<b>2,447,627</b>	<b>2,682,976</b>	<b>2,447,234</b>	<b>2,682,597</b>
<b><u>Off-balance sheet items</u></b>				
Undrawn loan commitments	399,004	419,645	399,004	419,645
Guarantees issued	4,611	4,320	4,611	4,320
<b>Total off-balance sheet items</b>	<b>403,615</b>	<b>423,965</b>	<b>403,615</b>	<b>423,965</b>
<b>2(b) Net asset value per ordinary share (\$)</b>	<b>2.08</b>	<b>2.03</b>	<b>2.07</b>	<b>2.03</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 2016: 157,625,764) shares.

### 3 Consolidated Statement of Cash Flows for the Quarter and Half-year Ended 30 June 2017

	2nd Qtr 2017	2nd Qtr 2016	1st Half 2017	1st Half 2016
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax	7,131	3,684	13,818	6,661
Adjustments for:				
Impact of accrual of interest income	(495)	(1,707)	1,648	190
Impact of accrual of interest expense	(3,749)	(435)	(129)	962
Depreciation of property, plant and equipment	168	186	339	369
Depreciation of investment properties	94	95	188	189
Allowances for / (Write-back of) impairment losses on loans and advances	1,515	1,330	1,137	3,458
Gain on disposal of investments	(2,426)	-	(2,426)	-
Dividends	(73)	(73)	(73)	(80)
Operating cash flows before movements in working capital	<b>2,165</b>	<b>3,080</b>	<b>14,502</b>	<b>11,749</b>
<b>Changes in working capital</b>				
Other assets	(80)	(190)	(27)	90
Loans and advances	(11,873)	(197)	46,602	670
Statutory deposits with the MAS	533	290	3,319	(665)
Deposits and savings accounts of customers	(72,024)	(7,182)	(236,828)	(10,940)
Other liabilities	(5,928)	(1,492)	(9,275)	(133)
SPRING loans	1,567	(214)	2,029	(633)
Cash (used in) generated from operating activities	<b>(85,640)</b>	<b>(5,905)</b>	<b>(179,678)</b>	<b>138</b>
Income taxes paid	(1,389)	(1,185)	(1,389)	(1,185)
Net cash used in operating activities	<b>(87,029)</b>	<b>(7,090)</b>	<b>(181,067)</b>	<b>(1,047)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment and investment properties	(2)	(373)	(14)	(420)
Dividends received	62	28	62	34
Purchase of investments	(67,692)	-	(67,692)	(5,098)
Proceeds from disposal and maturity of investments	84,426	-	84,426	-
Net cash generated from (used in) investing activities	<b>16,794</b>	<b>(345)</b>	<b>16,782</b>	<b>(5,484)</b>
<b>Financing activities</b>				
Dividend paid	(7,881)	(7,881)	(7,881)	(7,881)
Net cash used in financing activities	<b>(7,881)</b>	<b>(7,881)</b>	<b>(7,881)</b>	<b>(7,881)</b>
Net decrease in cash and cash equivalents	<b>(78,116)</b>	<b>(15,316)</b>	<b>(172,166)</b>	<b>(14,412)</b>
Cash and cash equivalents at beginning of the period	<b>311,703</b>	<b>310,508</b>	<b>405,753</b>	<b>309,605</b>
<b>Cash and cash equivalents at end of the period</b>	<b>233,587</b>	<b>295,193</b>	<b>233,587</b>	<b>295,193</b>

#### 4 Statements of Changes in Equity

	Share capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
Balance at 1 January 2017	180,008	99,288	6,736	33,881	319,914
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	5,587	5,587
Other comprehensive income for the period - net	-	-	3,938	-	3,938
Total	-	-	3,938	5,587	9,526
Balance at 31 March 2017	180,008	99,288	10,674	39,469	329,440
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	6,013	6,013
Other comprehensive income for the period - net	-	-	(363)	-	(363)
Total	-	-	(363)	6,013	5,650
<b>Transactions with owners, recognised directly in equity</b>					
Final one-tier tax exempt dividend paid for financial year 2016 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2017	180,008	99,288	10,311	37,600	327,208
Balance at 1 January 2016	180,008	95,823	5,353	31,360	312,544
<b>Total comprehensive income for the period</b>					
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
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	3,064	3,064
Other comprehensive income for the period - net	-	-	(686)	-	(686)
Total	-	-	(686)	3,064	2,378
<b>Transactions with owners, recognised directly in equity</b>					
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2016	180,008	95,823	14,726	29,045	319,602



#### 4 Statements of Changes in Equity

	Share capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company</b>					
Balance at 1 January 2017	180,008	99,288	6,490	33,536	319,323
Total comprehensive income for the period					
Profit for the period	-	-	-	5,587	5,587
Other comprehensive income for the period - net	-	-	3,916	-	3,916
Total	-	-	3,916	5,587	9,503
Balance at 31 March 2017	180,008	99,288	10,406	39,123	328,826
Total comprehensive income for the period					
Profit for the period	-	-	-	6,001	6,001
Other comprehensive income for the period - net	-	-	(344)	-	(344)
Total	-	-	(344)	6,001	5,656
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2016 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2017	180,008	99,288	10,062	37,242	326,601
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
Total comprehensive income for the period					
Profit for the period	-	-	-	3,056	3,056
Other comprehensive income for the period - net	-	-	(675)	-	(675)
Total	-	-	(675)	3,056	2,381
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2015 of 5 cents per share	-	-	-	(7,881)	(7,881)
Balance at 30 June 2016	180,008	95,823	14,451	28,696	318,978

## **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 2017. 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 2016.

## **6 Review of Performance**

For the quarter under review, the Group’s performance was healthy, reporting a net profit after tax of \$6.0 million. This represents an improvement of \$3.0 million or 96.2% compared to the same period last year. The better performance was attributed to the \$2.4 million gain from the sale of Singapore Government Securities (“SGS”) bonds, higher net interest income and hiring charges (\$1.5 million), which was driven by lower funding costs; while operating expenses increased marginally due to higher staff costs. Total loan allowances edged up by \$0.2 million (13.9%) mainly due to higher collective loan allowances.

For the half-year ended 30 June 2017, the Group’s after-tax profit more than doubled from \$5.6 million to \$11.6 million year-on-year. This was boosted by better interest margin as well as gains arising from sale of SGS bonds. Net interest income rose by \$2.9 million (15.9%) in tandem with the lower interest expense, which declined by \$3.7 million (20.3%); but partially offset by a drop of \$0.8 million (2.2%) in interest income due to lower loan balance. Other income increased by \$2.3 million mainly from the \$2.4 million gain from sale of SGS bonds. Operating expenses increased by \$0.5 million (4.5%) mainly from higher staff costs (\$0.3 million) and other operating expenses (\$0.2 million) in an effort to drive new business activities. Allowances for loan losses declined notably by \$2.3 million (67.1%) mainly from reduction in individual loan allowances. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

Total loans and advances came down marginally by \$47.7 million (2.5%) from \$1,905.5 million as at 31 December 2016 to \$1,857.7 million as at 30 June 2017. In tandem with the lower loan balance, deposits and savings accounts of customers also declined by \$237.0 million (10.2%) from \$2,319 million as at 31 December 2016 to \$2,082 million as of 30 June 2016. Accordingly, loan-to-deposit ratio rose from 82.2% to 89.2%.

Other Comprehensive Income for the half year ended 30 June 2017 was \$3.6 million, a decrease of \$5.8 million (61.9%) against the corresponding period last year. This was primarily due to the realisation of \$2.4 million gain from the SGS portfolio coupled with lower appreciation in the prices of the SGS compared to the same 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**

Based on advance estimates released by the Ministry of Trade and Industry on 14 July 2017, the Singapore economy grew by 2.5 per cent on a year-on-year basis in the second quarter of 2017, the same pace of growth as in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.4 per cent, in contrast to the 1.9 per cent contraction in the preceding quarter.

The manufacturing sector expanded by 8.0 per cent on a year-on-year basis in the second quarter, extending the 8.5 per cent growth in the previous quarter. Growth was supported mainly by the electronics and precision engineering clusters. The construction sector contracted by 5.6 per cent on a year-on-year basis in the second quarter, following the 6.1 per cent decline in the previous quarter. The sector was weighed down by a weakness in both private sector and public sector construction activities. The services producing industries grew by 1.7 per cent on a year-on-year basis in the second quarter, faster than the 1.4 per cent growth in the previous quarter. Growth was supported primarily by the transportation & storage and business services sectors.

In the midst of expected modest economic growth in the second half of 2017, the Group will continue to be prudent in our credit lending and proactive in our management of interest margin as well as operational expenses so as to remain competitive.

## **8 Dividends**

No dividend has been recommended for the current 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 2016: 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 nor does it have any IPTs (30 June 2016: Nil).





**12 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

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

	As at 30/6/2017		As at 31/12/2016	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	-	1,563	-	1,203
Amount repayable after one year	-	2,928	-	1,260

**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  
Managing Director  
28 July 2017

**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 2017 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong  
Managing Director  
28 July 2017