

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 2011. These figures have not been audited.

1(a)(i) Unaudited Consolidated Income Statement for the Quarter and Nine months Ended 30 September 2011

	3rd Qtr 2011	3rd Qtr 2010	+ / (-) %	9 months 2011	9 months 2010	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	10,847	12,857	(15.6)	32,531	40,868	(20.4)
Interest expense	(2,749)	(3,312)	(17.0)	(8,296)	(10,533)	(21.2)
Net interest income and hiring charges	8,098	9,545	(15.2)	24,235	30,335	(20.1)
Fees and commissions	127	122	4.1	342	419	(18.4)
Dividends	15	9	66.7	74	66	12.1
Rental income from investment properties	720	748	(3.7)	2,161	2,330	(7.3)
Other income	79	5,490	(98.6)	208	5,662	(96.3)
Income before operating expenses	9,039	15,914	(43.2)	27,020	38,812	(30.4)
Staff costs	(3,041)	(4,130)	(26.4)	(8,759)	(9,616)	(8.9)
Depreciation of property, plant and equipment	(376)	(381)	(1.3)	(1,149)	(1,113)	3.2
Depreciation of investment properties	(94)	(94)	-	(283)	(283)	-
Other operating expenses	(1,759)	(1,167)	50.7	(4,670)	(3,600)	29.7
Profit from operations before impairment losses	3,769	10,142	(62.8)	12,159	24,200	(49.8)
Write-back of/(Allowances for) impairment losses on loans and advances	8,033	(141)	NM	8,430	633	NM
Profit before income tax	11,802	10,001	18.0	20,589	24,833	(17.1)
Income tax expense	(1,974)	(1,567)	26.0	(3,441)	(4,129)	(16.7)
Profit for the period attributable to equity holders of the Company	9,828	8,434	16.5	17,148	20,704	(17.2)

NM: Not Meaningful

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

	3rd Qtr 2011	3rd Qtr 2010	9 months 2011	9 months 2010
Annualised earnings per share (cents)				
- Basic	37.41	32.10	21.76	26.27
- Diluted	37.41	32.10	21.76	26.27

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 105,083,843 (2010: 105,083,843) shares.

There are no potential dilutive ordinary shares for the periods ended 30 September 2011 and 2010.

1(b) Unaudited Consolidated Statement of Comprehensive Income for the Quarter and Nine Months Ended 30 September 2011

	3rd Qtr 2011	3rd Qtr 2010	+ / (-) %	9 months 2011	9 months 2010	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	9,828	8,434	16.5	17,148	20,704	(17.2)
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	9,704	7,056	37.5	14,580	15,556	(6.3)
Reclassification to Income Statement from Fair Value Reserve on disposal of available-for-sale financial assets	-	(5,389)	NM	-	(5,389)	NM
Income tax on other comprehensive income	(1,650)	(283)	NM	(2,479)	(1,728)	43.5
Other comprehensive income for the period, net of tax	8,054	1,384	NM	12,101	8,439	43.4
Total comprehensive income for the period attributable to equity holders of the Company	17,882	9,818	82.1	29,249	29,143	0.4

NM: Not Meaningful

3 Consolidated Statement of Cash Flows for the Quarter and Nine Months Ended 30 September 2011

	3rd Qtr 2011	3rd Qtr 2010	9 months 2011	9 months 2010
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	11,802	10,001	20,589	24,833
Adjustments for:				
Impact of accrual of interest income	1,552	2,335	1,391	2,184
Impact of accrual of interest expense	417	(977)	(2,426)	(4,184)
Depreciation of property, plant and equipment	376	381	1,149	1,113
Depreciation of investment properties	94	94	283	283
Property, plant and equipment written off	-	22	-	41
(Write-back of)/allowances for impairment losses on loans and advances	(8,033)	141	(8,430)	(633)
Profit on disposal of property, plant and equipment	-	(52)	-	(52)
Profit on disposal of investments	-	(5,390)	-	(5,390)
Dividends receivable	(11)	(5)	(66)	(58)
Operating cash flows before movements in working capital	6,197	6,550	12,490	18,137
Changes in working capital				
Other assets	(365)	(415)	(748)	(1,013)
Loans and advances	(186,542)	6,888	(189,607)	53,224
Statutory deposits with the MAS	(2,354)	2,032	(2,577)	1,508
Deposits and savings accounts of customers	28,462	(100,639)	(19,799)	(96,728)
Other liabilities	917	2,127	356	2,213
SPRING loans	(518)	(2,081)	(3,502)	(4,910)
Cash used in operating activities	(154,203)	(85,538)	(203,387)	(27,569)
Income taxes paid	(2,476)	(1,249)	(5,149)	(2,740)
Net cash used in operating activities	(156,679)	(86,787)	(208,536)	(30,309)
Investing activities				
Purchase of property, plant and equipment and investment properties	(63)	(274)	(330)	(497)
Proceeds from disposal of investments	9,645	86,855	9,645	90,775
Proceeds from disposal of property, plant and equipment	-	52	-	52
Dividends received	11	5	23	16
Net cash generated from investing activities	9,593	86,638	9,338	90,346
Financing activities				
Dividends paid	-	-	(10,508)	(8,407)
Funding from interest-bearing borrowings	18,000	-	18,000	-
Repayment of interest-bearing borrowings	-	-	-	(4,000)
Net cash generated from/(used in) financing activities	18,000	-	7,492	(12,407)
Net (decrease)/increase in cash and cash equivalents	(129,086)	(149)	(191,706)	47,630
Cash and cash equivalents at beginning of the period	273,670	299,892	336,290	252,113
Cash and cash equivalents at end of the period	144,584	299,743	144,584	299,743

4 Statements of Changes in Equity

	Share Capital	Statutory reserve	Fair value reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Group					
At 1 January 2010	117,199	60,951	5,272	17,045	200,467
Profit for the period	-	-	-	12,270	12,270
Other comprehensive income for the period	-	-	7,055	-	7,055
Total comprehensive income for the period	-	-	7,055	12,270	19,325
Final one-tier tax exempt dividend paid for financial year 2009 of 8 cents per share	-	-	-	(8,407)	(8,407)
At 30 June 2010	117,199	60,951	12,327	20,908	211,385
Profit for the period	-	-	-	8,434	8,434
Other comprehensive income for the period	-	-	1,384	-	1,384
Total comprehensive income for the period	-	-	1,384	8,434	9,818
At 30 September 2010	117,199	60,951	13,711	29,342	221,203
At January 2011	117,199	67,303	6,062	27,693	218,257
Profit for the period	-	-	-	7,320	7,320
Other comprehensive income for the period	-	-	4,047	-	4,047
Total comprehensive income for the period	-	-	4,047	7,320	11,367
Final one-tier tax exempt dividend paid for financial year 2010 of 10 cents per share	-	-	-	(10,508)	(10,508)
At 30 June 2011	117,199	67,303	10,109	24,505	219,116
Profit for the period	-	-	-	9,828	9,828
Other comprehensive income for the period	-	-	8,054	-	8,054
Total comprehensive income for the period	-	-	8,054	9,828	17,882
At 30 September 2011	117,199	67,303	18,163	34,333	236,998
Company					
At 1 January 2010	117,199	60,951	5,115	16,715	199,980
Profit for the period	-	-	-	12,268	12,268
Other comprehensive income for the period	-	-	7,070	-	7,070
Total comprehensive income for the period	-	-	7,070	12,268	19,338
Final one-tier tax exempt dividend paid for financial year 2009 of 8 cents per share	-	-	-	(8,407)	(8,407)
At 30 June 2010	117,199	60,951	12,185	20,576	210,911
Profit for the period	-	-	-	8,429	8,429
Other comprehensive income for the period	-	-	1,372	-	1,372
Total comprehensive income for the period	-	-	1,372	8,429	9,801
At 30 September 2010	117,199	60,951	13,557	29,005	220,712
At January 2011	117,199	67,303	5,898	27,364	217,764
Profit for the period	-	-	-	7,313	7,313
Other comprehensive income for the period	-	-	4,053	-	4,053
Total comprehensive income for the period	-	-	4,053	7,313	11,366
Final one-tier tax exempt dividend paid for financial year 2010 of 10 cents per share	-	-	-	(10,508)	(10,508)
At 30 June 2011	117,199	67,303	9,951	24,169	218,622
Profit for the period	-	-	-	9,823	9,823
Other comprehensive income for the period	-	-	8,073	-	8,073
Total comprehensive income for the period	-	-	8,073	9,823	17,896
At 30 September 2011	117,199	67,303	18,024	33,992	236,518

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 FRSs (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2011. 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 impact 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 2010.

6 Review of Performance

The Group’s profit after tax for the quarter under review was \$9.8 million, 16.5% higher than a year ago. The increase was primarily due to a write-back of \$8 million in allowance for impairment on losses on loans and advances as a result of the economic recovery, offset in part by a profit of \$5.4 million registered from the sale of investments in Singapore government securities in the previous corresponding period.

Net interest income and hiring charges decreased by 15.2% for the quarter and 20.1% for the nine months as a result of lower average loan balances and interest yields. Operating expenses decreased by 8.7% for the quarter but increased by 1.7% for the nine months as compared to the previous corresponding period.

For the nine months ended 30 September 2011, the Group’s profit after tax declined by 17.2% to \$17.1 million as interest spread continued to narrow due to intense competition in the lending sector and the prevailing low interest rate environment.

The Group’s loan assets stood at \$1,158.1 million as at 30 September 2011 which was an increase of 20.6% or \$198 million over the loans base of \$960.1 million as at 31 December 2010 and an increase of 16.3% or \$162 million over the loans base of \$996.1 million as at 30 September 2010.

Deposits and savings accounts of customers declined by 1.5% from \$1,282.7 million as at 31 December 2010 to \$1,262.9 million as at 30 September 2011. Cash and bank balances, statutory deposits with MAS as well as available-for-sale (AFS) financial assets totaled \$350.7 million as at 30 September 2011.

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 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, the Singapore economy grew by 5.9% on a year-on-year basis in the third quarter for 2011 and growth is expected to be around 5% for the year.

The 5.9% growth in the third quarter was mainly due to a pick-up in growth in the biomedical manufacturing cluster. However, the quarter-on-quarter growth of the other sectors registered declines which indicate a slowdown in the economy. For the rest of the year, growth could be weighed down by the softening global economic conditions.

Given the expected slower pace of growth and the keen competition from the other financial institutions, the Group will continue to adopt a cautious and prudent approach in managing and growing its loan portfolio. The group will continue to manage our operating costs and maintain 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 2010: Nil).

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

Nil (30 September 2010: Nil).

11 The Group does not have any IPTs nor obtained any shareholders' mandate for IPTs.

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

	<u>As at 30/09/2011</u>		<u>As at 31/12/2010</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	-	24,844	-	8,341
Amount repayable after one year	-	6,128	-	8,133

13 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
 - i) Investments – Nil (2010: \$5,389,513)
 - ii) Property, plant and equipment – Nil (2010: \$52,174)

By order of the Board

Lee Sze Leong
Chairman
04 November 2011



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 2011 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
04 November 2011