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**THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT**


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Third quarter and nine months financial statements on consolidated results for the period ended 30 September 2016. These figures have not been audited.

**1(a) (i) Unaudited Consolidated Statement of Profit or Loss for the Quarter and Nine months Ended 30 September 2016**

	3rd Qtr 2016	3rd Qtr 2015	+ / (-) %	9 months 2016	9 months 2015	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>						
Interest income and hiring charges	19,131	16,614	15.1	55,728	45,733	21.9
Interest expense	(9,525)	(7,488)	27.2	(27,822)	(20,157)	38.0
<b>Net interest income and hiring charges</b>	<b>9,606</b>	<b>9,126</b>	<b>5.3</b>	<b>27,906</b>	<b>25,576</b>	<b>9.1</b>
Fees and commissions	263	138	90.6	633	441	43.5
Dividends	55	65	(15.4)	135	146	(7.5)
Rental income from investment properties	884	891	(0.8)	2,534	2,667	(5.0)
Other income	178	107	66.4	610	508	20.1
<b>Income before operating expenses</b>	<b>10,986</b>	<b>10,327</b>	<b>6.4</b>	<b>31,818</b>	<b>29,338</b>	<b>8.5</b>
Staff costs	(3,467)	(3,432)	1.0	(10,316)	(10,206)	1.1
Depreciation of property, plant and equipment	(199)	(176)	13.1	(569)	(530)	7.4
Depreciation of investment properties	(94)	(94)	-	(283)	(283)	-
Other operating expenses	(1,684)	(1,540)	9.4	(4,989)	(4,742)	5.2
<b>Profit from operations before impairment losses</b>	<b>5,542</b>	<b>5,085</b>	<b>9.0</b>	<b>15,661</b>	<b>13,577</b>	<b>15.3</b>
Allowances for impairment losses on loans and advances	(625)	(915)	(31.7)	(4,083)	(3,148)	29.7
<b>Profit before income tax</b>	<b>4,917</b>	<b>4,170</b>	<b>17.9</b>	<b>11,578</b>	<b>10,429</b>	<b>11.0</b>
Income tax expense	(815)	(655)	24.4	(1,910)	(1,660)	15.1
<b>Profit for the period attributable to equity holders of the Company</b>	<b>4,102</b>	<b>3,515</b>	<b>16.7</b>	<b>9,668</b>	<b>8,769</b>	<b>10.3</b>

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

	3rd Qtr 2016	3rd Qtr 2015	9 months 2016	9 months 2015
Annualised earnings per share (cents)				
- Basic	10.41	8.92	8.18	7.42
- Diluted	10.41	8.92	8.18	7.42

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 2015: 157,625,764) shares.

There are no potential dilutive ordinary shares for the periods ended 30 September 2016 and 2015.



**1(b) Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Quarter and Nine Months Ended 30 September 2016**

	3rd Qtr 2016	3rd Qtr 2015	+ / (-) %	9 months 2016	9 months 2015	+ / (-) %
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Profit for the period</b>	<b>4,102</b>	3,515	16.7	<b>9,668</b>	8,769	10.3
<b><u>Other comprehensive income</u></b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Net change in fair value of available-for-sale financial assets	<b>2,001</b>	957	109	<b>13,294</b>	(4,512)	NM
Income tax relating to components of other comprehensive income that may be reclassified subsequently	<b>(340)</b>	(163)	109	<b>(2,260)</b>	767	NM
<b>Other comprehensive income (loss) for the period, net of tax</b>	<b>1,661</b>	794	109.2	<b>11,034</b>	(3,745)	NM
<b>Total comprehensive income for the period</b>	<b>5,763</b>	4,309	33.7	<b>20,702</b>	5,024	312.1

NM: Not meaningful



**2(a) Statements of Financial Position as at 30 September 2016**

	Group		Company	
	30-Sep 2016	31-Dec 2015	30-Sep 2016	31-Dec 2015
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash on deposit, at banks and in hand	347,250	309,605	347,198	309,561
Other assets	5,219	6,426	5,219	6,426
Investments	277,528	274,590	277,134	274,181
Loans and advances due within twelve months	689,977	673,640	689,977	673,640
Statutory deposit with the Monetary Authority of Singapore ("MAS")	59,572	59,302	59,572	59,302
<b>Total current assets</b>	<b>1,379,546</b>	<b>1,323,563</b>	<b>1,379,100</b>	<b>1,323,110</b>
<b>Non-current assets</b>				
Property, plant and equipment	16,597	16,736	16,597	16,736
Investment properties	23,790	24,075	23,790	24,075
Subsidiary	-	-	25	25
Loans and advances due after twelve months	1,279,840	1,295,774	1,279,840	1,295,774
<b>Total non-current assets</b>	<b>1,320,227</b>	<b>1,336,585</b>	<b>1,320,252</b>	<b>1,336,610</b>
<b>Total assets</b>	<b>2,699,773</b>	<b>2,660,148</b>	<b>2,699,352</b>	<b>2,659,720</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Deposits and savings accounts of customers	2,328,771	2,313,861	2,329,514	2,314,601
Interest bearing borrowing	5,000	-	5,000	-
Other liabilities	32,853	27,863	32,377	27,386
SPRING loans due within twelve months (unsecured)	1,129	1,491	1,129	1,491
Provision for employee benefits	238	238	238	238
Current tax payable	2,291	2,455	2,291	2,455
<b>Total current liabilities</b>	<b>2,370,282</b>	<b>2,345,908</b>	<b>2,370,549</b>	<b>2,346,171</b>
<b>Non-current liabilities</b>				
SPRING loans due after twelve months (unsecured)	724	553	724	553
Deferred tax liabilities	3,402	1,143	3,345	1,083
<b>Total non-current liabilities</b>	<b>4,126</b>	<b>1,696</b>	<b>4,069</b>	<b>1,636</b>
<b>Total liabilities</b>	<b>2,374,408</b>	<b>2,347,604</b>	<b>2,374,618</b>	<b>2,347,807</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	180,008	180,008	180,008	180,008
Reserves	145,357	132,536	144,726	131,905
<b>Total equity</b>	<b>325,365</b>	<b>312,544</b>	<b>324,734</b>	<b>311,913</b>
<b>Total liabilities and equity</b>	<b>2,699,773</b>	<b>2,660,148</b>	<b>2,699,352</b>	<b>2,659,720</b>
<b>Off-balance sheet items</b>				
Undrawn loan commitments	426,652	463,897	426,652	463,897
Guarantees issued	3,451	3,951	3,451	3,951
<b>Total off-balance sheet items</b>	<b>430,103</b>	<b>467,848</b>	<b>430,103</b>	<b>467,848</b>
<b>2 (b) Net asset value per ordinary share (\$)</b>	<b>2.06</b>	<b>1.98</b>	<b>2.06</b>	<b>1.98</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 2015: 157,625,764) shares.



### 3 Consolidated Statement of Cash Flows for the Quarter and Nine Months ended 30 September 2016

	3rd Qtr 2016	3rd Qtr 2015	9 months 2016	9 months 2015
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Profit before income tax	4,917	4,170	11,578	10,429
Adjustments for:				
Impact of accrual of interest income	1,304	1,822	1,494	2,119
Impact of accrual of interest expense	2,885	2,937	3,847	3,759
Depreciation of property, plant and equipment	199	176	569	530
Depreciation of investment properties	94	94	283	283
Allowances for impairment losses on loans and advances	551	915	4,009	3,148
Loss on disposal of property, plant and equipment	-	4	-	4
Dividends receivable	(55)	(64)	(135)	(145)
Operating cash flows before movements in working capital	<u>9,895</u>	<u>10,054</u>	<u>21,645</u>	<u>20,127</u>
<b>Changes in working capital</b>				
Other assets	(318)	(114)	(228)	(540)
Loans and advances	(5,083)	(27,250)	(4,413)	(243,404)
Statutory deposits with the MAS	395	(2,158)	(270)	(8,734)
Deposits and savings accounts of customers	22,003	29,812	11,063	331,435
Other liabilities	5,123	1,830	4,990	1,687
SPRING loans	442	(532)	(191)	(1,604)
Cash generated from operating activities	<u>32,457</u>	<u>11,642</u>	<u>32,596</u>	<u>98,967</u>
Income taxes paid	(888)	(839)	(2,074)	(1,955)
Net cash generated from operating activities	<u>31,569</u>	<u>10,803</u>	<u>30,522</u>	<u>97,012</u>
<b>Investing activities</b>				
Purchase of investments	(9,902)	(31,468)	(15,000)	(93,129)
Purchase of property, plant and equipment and investment properties	(8)	(32)	(428)	(200)
Proceeds from disposal of investments	25,343	18,000	25,343	39,000
Dividends received	55	19	89	55
Net cash generated from (used in) investing activities	<u>15,488</u>	<u>(13,481)</u>	<u>10,004</u>	<u>(54,274)</u>
<b>Financing activities</b>				
Dividend paid	-	-	(7,881)	(9,458)
Funding from interest bearing borrowings	5,000	-	5,000	-
Net cash generated from (used in) financing activities	<u>5,000</u>	<u>-</u>	<u>(2,881)</u>	<u>(9,458)</u>
Net increase (decrease) in cash and cash equivalents	<u>52,057</u>	<u>(2,678)</u>	<u>37,645</u>	<u>33,280</u>
Cash and cash equivalents at beginning of the period	<u>295,193</u>	<u>281,739</u>	<u>309,605</u>	<u>245,781</u>
<b>Cash and cash equivalents at end of the period</b>	<u>347,250</u>	<u>279,061</u>	<u>347,250</u>	<u>279,061</u>



#### 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 2015	180,008	92,619	9,524	31,208	313,359
Total comprehensive income (loss) for the period					
Profit for the period	-	-	-	5,254	5,254
Other comprehensive loss for the period - net	-	-	(4,539)	-	(4,539)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(4,539)</b>	<b>5,254</b>	<b>715</b>
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2014 of 6 cents per share	-	-	-	(9,458)	(9,458)
Balance at 30 June 2015	180,008	92,619	4,985	27,004	304,616
Total comprehensive income for the period					
Profit for the period	-	-	-	3,515	3,515
Other comprehensive income for the period - net	-	-	794	-	794
<b>Total</b>	<b>-</b>	<b>-</b>	<b>794</b>	<b>3,515</b>	<b>4,309</b>
Balance at 30 September 2015	180,008	92,619	5,779	30,519	308,925
<b>Balance at 1 January 2016</b>	<b>180,008</b>	<b>95,823</b>	<b>5,353</b>	<b>31,360</b>	<b>312,544</b>
<b>Total comprehensive income for the period</b>					
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,566</b>	<b>5,566</b>
<b>Other comprehensive income for the period - net</b>	<b>-</b>	<b>-</b>	<b>9,373</b>	<b>-</b>	<b>9,373</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,373</b>	<b>5,566</b>	<b>14,939</b>
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	14,726	29,045	319,602
<b>Total comprehensive income for the period</b>					
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,102</b>	<b>4,102</b>
<b>Other comprehensive income for the period - net</b>	<b>-</b>	<b>-</b>	<b>1,661</b>	<b>-</b>	<b>1,661</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,661</b>	<b>4,102</b>	<b>5,763</b>
Balance at 30 September 2016	180,008	95,823	16,387	33,147	325,365



#### 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 2015	180,008	92,619	9,266	30,871	312,764
Total comprehensive income (loss) for the period					
Profit for the period	-	-	-	5,246	5,246
Other comprehensive loss for the period - net	-	-	(4,585)	-	(4,585)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(4,585)</b>	<b>5,246</b>	<b>661</b>
Transactions with owners, recognised directly in equity					
Final one-tier tax exempt dividend paid for financial year 2014 of 6 cents per share	-	-	-	(9,458)	(9,458)
<b>Balance at 30 June 2015</b>	<b>180,008</b>	<b>92,619</b>	<b>4,681</b>	<b>26,659</b>	<b>303,967</b>
Total comprehensive income for the period					
Profit for the period	-	-	-	3,510	3,510
Other comprehensive income for the period - net	-	-	821	-	821
<b>Total</b>	<b>-</b>	<b>-</b>	<b>821</b>	<b>3,510</b>	<b>4,331</b>
<b>Balance at 30 September 2015</b>	<b>180,008</b>	<b>92,619</b>	<b>5,502</b>	<b>30,169</b>	<b>308,298</b>
<b>Balance at 1 January 2016</b>	<b>180,008</b>	<b>95,823</b>	<b>5,062</b>	<b>31,020</b>	<b>311,913</b>
Total comprehensive income for the period					
Profit for the period	-	-	-	5,557	5,557
Other comprehensive income for the period - net	-	-	9,389	-	9,389
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,389</b>	<b>5,557</b>	<b>14,946</b>
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)
<b>Balance at 30 June 2016</b>	<b>180,008</b>	<b>95,823</b>	<b>14,451</b>	<b>28,696</b>	<b>318,978</b>
Total comprehensive income for the period					
Profit for the period	-	-	-	4,098	4,098
Other comprehensive income for the period - net	-	-	1,658	-	1,658
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,658</b>	<b>4,098</b>	<b>5,756</b>
<b>Balance at 30 September 2016</b>	<b>180,008</b>	<b>95,823</b>	<b>16,109</b>	<b>32,794</b>	<b>324,734</b>

## **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**

Profit from operations before impairment losses increased by \$0.5 million or 9% for the quarter under review as compared to the previous corresponding quarter last year. This mainly arose from an increase of \$2.5 million or 15.1% in interest income and hiring charges due to higher loan yield. This was partially offset by an increase in interest expense of \$2 million or 27.2% due to higher interest payable on deposits resulting from larger deposit base and higher prevailing interest rates.

For the nine months ended 30 September 2016, the Group’s profit from operations before impairment losses increased by \$2.1 million or 15.3% as compared to the previous corresponding period last year. This mainly arose similarly from an increase of \$10 million or 21.9% in interest income and hiring charges due to higher loan yield. This was partially offset by higher interest expense \$7.7 million or 38% due to higher interest payable on deposits resulting from larger deposit base and higher prevailing interest rates.

Net allowances for impairment losses on loans and advances amounted to \$0.6 million and \$4.1 million for the quarter and nine months ended 30 September 2016 respectively. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

With Singapore economy heading to slower growth, coupled with slow loans growth and low interest rates, the net loan assets stood at \$1,970 million, reflecting a marginal growth of 0.02% compared to previous year’s base of \$1,969 million. Deposits and savings accounts of customers also grew at a modest rate of 0.6% to \$2,329 million as at 30 September 2016.

There was an increase in the fair value of available-for-sale financial assets under Other Comprehensive Income, mainly from revaluation of Singapore Government Securities (“SGS”). The bond market has improved from last year as the US Federal Reserve has kept interest rate hikes on hold and slowed the pace of future increases 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 the financial period and the date of this report.

## **7 Comments on Significant Trends and Competitive Conditions in the Industry**

According to the Advance Estimates released by the Ministry of Trade and Industry on 14 Oct 2016, the Singapore economy contracted by 4.1% on a quarter-on-quarter seasonally adjusted annualized basis in third quarter 2016, following the marginal 0.2% expansion in second quarter. The decline was concentrated in the manufacturing sector, reflecting sluggish external conditions. In line with the slump in trade flows, performance in the transport and storage sector was also lacklustre, with a contraction in the average volume of sea cargo handled in third quarter, compared with second quarter. However there were partial offsets from other growing areas in the economy, including tourism-related activities and public infrastructure construction.

The Monetary Authority of Singapore has projected the overall growth in the Singapore economy to take a step-down in second half of 2016 from the 2.0% recorded in the first half of 2016. Full year GDP growth is likely to come in at the lower of the 1-2% of forecast range in line with the warning issued by Government of Singapore that Singapore could suffer negative economic growth in some quarters this year even though Government does not expect an outright recession.

In view of this weak economic outlook, we expect the business environment to continue to be challenging and competitive. Nevertheless, the Group will continue to prudently manage our loan portfolio while ensuring that our operational costs are well contained to remain competitive.

## **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 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 reported.

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

Nil (30 September 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.



**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**

	As at 30/9/2016		As at 31/12/2015	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less on demand	-	6,129	-	1,491
Amount repayable after one year	-	724	-	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  
27 October 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 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 2016 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong  
Managing Director  
27 October 2016