

FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

First quarter financial statements on consolidated results for the period ended 31 March 2011. These figures have not been audited.

1(a)(i) Unaudited Consolidated Income Statement for the Quarter ended 31 March 2011

	1st Qtr 2011	1st Qtr 2010	+ / (-)
	\$'000	\$'000	%
Revenue			
Interest income and hiring charges	10,946	14,207	(23.0)
Interest expense	(2,865)	(3,691)	(22.4)
Net interest income and hiring charges	8,081	10,516	(23.2)
Fees and commissions	104	139	(25.2)
Rental income from investment properties	741	834	(11.2)
Other income	51	92	(44.6)
Income before operating expenses	8,977	11,581	(22.5)
Staff costs	(2,842)	(2,592)	9.6
Depreciation of property, plant and equipment	(399)	(362)	10.2
Depreciation of investment properties	(94)	(94)	-
Other operating expenses	(1,478)	(1,087)	36.0
Profit from operations before impairment losses	4,164	7,446	(44.1)
Write-back of/ (Allowances for) impairment losses on loans and advances	580	(362)	NM
Profit before income tax	4,744	7,084	(33.0)
Income tax expense	(821)	(1,196)	(31.4)
Profit for the period attributable to equity holders of the Company	3,923	5,888	(33.4)

NM: Not meaningful

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

	1st Qtr 2011	1st Qtr 2010
Annualised earnings per share (cents)		
- Basic	14.93	22.41
- Diluted	14.93	22.41

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 105,083,843 (31 March 2010: 105,083,843) shares.

There are no potential dilutive ordinary shares for the periods ended 31 March 2011 and 2010.

1(b) Unaudited Consolidated Statement of Comprehensive Income for the Quarter ended 31 March 2011

	1st Qtr 2011	1st Qtr 2010	+ / (-)
	\$'000	\$'000	%
Profit for the period	3,923	5,888	(33.4)
Available-for-sale financial assets			
- Gains/(Losses) arising during the period	2,688	(3,321)	NM
- Deferred tax adjustment	(457)	564	NM
Other comprehensive income/(loss) for the period, net of tax	2,231	(2,757)	NM
Total comprehensive income for the period attributable to equity holders of the Company	6,154	3,131	96.6

NM: Not meaningful

2(a) Statements of Financial Position as at 31 March 2011

	Group		Company	
	31 Mar 2011	31 Dec 2010	31 Mar 2011	31 Dec 2010
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets				
Cash on deposit, at banks and in hand	313,466	336,290	313,405	336,232
Other assets	3,958	5,092	3,958	5,092
Investments	172,668	170,008	172,408	169,752
Loans and advances due within twelve months	336,887	354,376	336,887	354,376
Statutory deposit with the Monetary Authority of Singapore ("MAS")	26,924	28,590	26,924	28,590
Total current assets	853,903	894,356	853,582	894,042
Non-current assets				
Property, plant and equipment	18,864	19,095	18,864	19,095
Investment properties	25,867	25,961	25,867	25,961
Subsidiary	-	-	25	25
Loans and advances due after twelve months	596,834	605,678	596,834	605,678
Total non-current assets	641,565	650,734	641,590	650,759
Total assets	1,495,468	1,545,090	1,495,172	1,544,801
LIABILITIES AND EQUITY				
Current liabilities				
Deposits and savings accounts of customers	1,229,931	1,282,721	1,230,655	1,283,444
Other liabilities	15,519	17,376	15,029	16,891
SPRING loans due within twelve months (unsecured)	7,307	8,341	7,307	8,341
Provision for employee benefits	219	219	219	219
Current tax payable	9,833	9,022	9,833	9,022
Total current liabilities	1,262,809	1,317,679	1,263,043	1,317,917
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	6,771	8,133	6,771	8,133
Deferred tax liabilities	1,477	1,021	1,443	987
Total non-current liabilities	8,248	9,154	8,214	9,120
Total liabilities	1,271,057	1,326,833	1,271,257	1,327,037
Equity attributable to equity holders of the Company				
Share capital	117,199	117,199	117,199	117,199
Reserves	107,212	101,058	106,716	100,565
Total equity	224,411	218,257	223,915	217,764
Total liabilities and equity	1,495,468	1,545,090	1,495,172	1,544,801
Off-balance sheet items				
Undrawn loan commitments	390,686	303,601	390,686	303,601
Guarantees issued	3,315	3,159	3,315	3,159
Total off-balance sheet items	394,001	306,760	394,001	306,760
2(b) Net asset value per ordinary share (\$)	2.14	2.08	2.13	2.07

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 105,083,843 (31 December 2010: 105,083,843) shares.

3 Consolidated Statement of Cash Flows for the Quarter ended 31 March 2011

	1st Qtr 2011	1st Qtr 2010
	<u>\$'000</u>	<u>\$'000</u>
Operating activities		
Profit before income tax	4,744	7,084
Adjustments for:		
Impact of accrual of interest income	1,183	1,621
Impact of accrual of interest expense	(2,766)	(3,482)
Depreciation of property, plant and equipment	399	362
Depreciation of investment properties	94	94
(Write-back of)/Allowances for impairment losses on loans and advances	(580)	362
Operating cash flows before movements in working capital	<u>3,074</u>	<u>6,041</u>
Changes in working capital		
Other assets	(21)	(234)
Loans and advances	26,913	(15,622)
Statutory deposits with the MAS	1,666	(221)
Deposits and savings accounts of customers	(52,790)	(30,623)
Other liabilities	911	748
SPRING loans	(2,396)	(1,238)
Cash used in operating activities	<u>(22,643)</u>	<u>(41,149)</u>
Income taxes paid	(10)	-
Net cash used in operating activities	<u>(22,653)</u>	<u>(41,149)</u>
Investing activities		
Purchase of property, plant and equipment and investment properties	(171)	-
Net cash used in investing activities	<u>(171)</u>	<u>-</u>
Financing activities		
Repayment of interest bearing borrowings	-	(4,000)
Net cash used in financing activities	<u>-</u>	<u>(4,000)</u>
Net decrease in cash and cash equivalents	<u>(22,824)</u>	<u>(45,149)</u>
Cash and cash equivalents at beginning of the year	<u>336,290</u>	<u>252,113</u>
Cash and cash equivalents at end of the period	<u><u>313,466</u></u>	<u><u>206,964</u></u>

4 Statements of Changes in Equity for the Quarter ended 31 March 2011

	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
Total comprehensive income/(loss) for the period	-	-	(2,757)	5,888	3,131
At 31 March 2010	117,199	60,951	2,515	22,933	203,598
At 1 January 2011	117,199	67,303	6,062	27,693	218,257
Total comprehensive income for the period	-	-	2,231	3,923	6,154
At 31 March 2011	117,199	67,303	8,293	31,616	224,411
Company					
At 1 January 2010	117,199	60,951	5,115	16,715	199,980
Total comprehensive income/(loss) for the period	-	-	(2,752)	5,888	3,136
At 31 March 2010	117,199	60,951	2,363	22,603	203,116
At 1 January 2011	117,199	67,303	5,898	27,364	217,764
Total comprehensive income for the period	-	-	2,228	3,923	6,151
At 31 March 2011	117,199	67,303	8,126	31,287	223,915

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 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 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 2010.

6 Review of Performance

The Group’s loans and advances declined marginally by 2.7% in the first quarter of 2011, from \$960.1 million to \$933.7 million. The decrease was 12.2% or \$130.2 million over the loan base of \$1,063.9 million as at 31 March 2010.

The Group’s profit after tax was \$3.9 million for the quarter under review, a decline of 33.4% as compared to the previous corresponding period. This was mainly attributable to the lower loan balance and interest earning assets coupled with a lower interest yield in the prevailing low interest rate environment.

The increase in the operating expenses was mainly due to higher staff costs resulting from a tightening labour market and the withdrawal of the Jobs Credit Scheme since the second half of 2010 as well as higher promotional costs.

There was a write-back of \$0.6 million in allowances for impairment losses on loans and advances for the quarter as compared to a charge of \$0.4 million in the previous corresponding period. The Group continues to maintain adequate individual and collective impairment allowances in respect of its loan portfolio.

In tandem with the reduced loan balance, deposits and savings accounts of customers decreased by 4.1% to \$1,229.9 million as at 31 March 2011. Cash and bank balances, statutory deposits with MAS as well as available-for-sale (AFS) financial assets totaled \$513.1 million as at 31 March 2011.

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 the Ministry of Trade and Industry (“MTI”)’s advance GDP estimates announced on 14 April 2011, the Singapore economy expanded by 8.5% on a year-on-year basis, compared to 12% in the previous quarter. MTI has not made any revisions to the forecast of 4 to 6 % in the economic growth for the year.

However, the uncertainties arising from the political disturbances in the Middle East and the natural disasters in Japan could have an impact on the positive economic outlook. Also, issues relating to the American and European economies add to the uncertainties. In addition, the recent measures by the Singapore Government to stabilize the local property market are expected to moderate loan growth for residential properties which would likely impact our lending activities.

Against this backdrop and the intensifying competitive business environment, the Group will continue to adopt a cautious and prudent approach in managing its loan portfolio and seeking new businesses. It will continue to strive to maintain its profitability and strengthen its financial position and liquidity.

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 2010: Nil).

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

Nil (31 March 2010: Nil).

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

	<u>As at 31/03/2011</u>		<u>As at 31/12/2010</u>	
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less, or on demand	-	7,307	-	8,341
Amount repayable after one year	-	6,771	-	8,133

12 Other Information

- Income of the Group is derived primarily from financing business and related nominee services. The Group operates in Singapore only.
- Amount of any adjustment for under or overprovision of tax in respect of prior years – Nil
- Amount of any pre-acquisition profits - Nil
- Amount of profits on any sale of investments, property, plant and equipment – Nil

By order of the Board

Lee Sze Leong
Chairman
29 April 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 financial results and the Company's statement of financial position and statement of changes in equity for the three months ended 31 March 2011 to be

false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
29 April 2011