
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 2012. These figures have not been audited.

1(a)(i) Unaudited Consolidated Income Statement for the Quarter and Half-year Ended 30 June 2012

	2nd Qtr 2012	2nd Qtr 2011	+ / (-)	1st Half 2012	1st Half 2011	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue						
Interest income and hiring charges	10,650	10,738	(0.8)	21,542	21,684	(0.7)
Interest expense	(3,391)	(2,682)	26.4	(6,584)	(5,547)	18.7
Net interest income and hiring charges	7,259	8,056	(9.9)	14,958	16,137	(7.3)
Fees and commissions	127	111	14.4	204	215	(5.1)
Dividends	62	59	5.1	62	59	5.1
Rental income from investment properties	776	700	10.9	1,560	1,441	8.3
Other income	53	78	(32.1)	102	129	(20.9)
Income before operating expenses	8,277	9,004	(8.1)	16,886	17,981	(6.1)
Staff costs	(1,815)	(2,876)	(36.9)	(4,984)	(5,718)	(12.8)
Depreciation of property, plant and equipment	(259)	(374)	(30.7)	(587)	(773)	(24.1)
Depreciation of investment properties	(94)	(95)	(1.1)	(189)	(189)	-
Other operating expenses	(1,540)	(1,433)	7.5	(3,019)	(2,911)	3.7
Profit from operations before impairment losses	4,569	4,226	8.1	8,107	8,390	(3.4)
(Allowances for)/write-back of impairment losses on loans and advances	(493)	(183)	NM	(327)	397	NM
Profit before income tax	4,076	4,043	0.8	7,780	8,787	(11.5)
Income tax expense	(691)	(646)	7.0	(1,351)	(1,467)	(7.9)
Profit for the period attributable to equity holders of the Company	3,385	3,397	(0.4)	6,429	7,320	(12.2)

NM: Not meaningful

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

	2nd Qtr 2012	2nd Qtr 2011	1st Half 2012	1st Half 2011
Annualised earnings per share (cents)				
- Basic	12.88	12.93	12.24	13.93
- Diluted	12.88	12.93	12.24	13.93

The Group's basic earnings per share is calculated based on the weighted average number of ordinary shares in issue of 105,083,843 (2011: 105,083,843) shares.

There are no potential dilutive ordinary shares for the periods ended 30 June 2012 and 2011.

1(b) Unaudited Consolidated Statement of Comprehensive Income for the Quarter and Half-year Ended 30 June 2012

	2nd Qtr 2012	2nd Qtr 2011	+ / (-)	1st Half 2012	1st Half 2011	+ / (-)
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	3,385	3,397	(0.4)	6,429	7,320	(12.2)
Other comprehensive income						
- Net change in fair value of available-for-sale financial assets	2,354	2,188	7.6	2,429	4,876	(50.2)
- Income tax on other comprehensive income	(400)	(372)	7.5	(413)	(829)	(50.2)
Other comprehensive income for the period, net of tax	1,954	1,816	7.6	2,016	4,047	(50.2)
Total comprehensive income for the period attributable to equity holders of the Company	5,339	5,213	2.4	8,445	11,367	(25.7)

2(a) Statements of Financial Position

	Group		Company	
	30 Jun 2012 \$'000	31 Dec 2011 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
<u>ASSETS</u>				
Current assets				
Cash on deposit, at banks and in hand	219,992	221,053	219,955	220,982
Other assets	5,304	5,601	5,304	5,601
Investments	174,687	172,314	174,444	172,077
Loans and advances due within twelve months	385,945	426,388	385,945	426,388
Statutory deposit with the Monetary Authority of Singapore ("MAS")	36,411	35,247	36,411	35,247
Total current assets	822,339	860,603	822,059	860,295
Non-current assets				
Property, plant and equipment	17,735	18,146	17,735	18,146
Investment properties	25,395	25,584	25,395	25,584
Subsidiary	-	-	25	25
Loans and advances due after twelve months	842,539	753,267	842,539	753,267
Total non-current assets	885,669	796,997	885,694	797,022
Total assets	1,708,008	1,657,600	1,707,753	1,657,317
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Deposits and savings accounts of customers	1,431,538	1,378,505	1,432,265	1,379,231
Other liabilities	13,222	15,305	12,763	14,808
SPRING loans due within twelve months (unsecured)	5,786	6,513	5,786	6,513
Provision for employee benefits	224	224	224	224
Current tax payable	6,030	6,795	6,030	6,795
Total current liabilities	1,456,800	1,407,342	1,457,068	1,407,571
Non-current liabilities				
SPRING loans due after twelve months (unsecured)	5,336	5,887	5,336	5,887
Deferred tax liabilities	3,442	3,030	3,411	2,999
Total non-current liabilities	8,778	8,917	8,747	8,886
Total liabilities	1,465,578	1,416,259	1,465,815	1,416,457
Equity attributable to equity holders of the Company				
Share capital	117,199	117,199	117,199	117,199
Reserves	125,231	124,142	124,739	123,661
Total equity	242,430	241,341	241,938	240,860
Total liabilities and equity	1,708,008	1,657,600	1,707,753	1,657,317
<u>Off-balance sheet items</u>				
Undrawn loan commitments	428,491	360,603	428,491	360,603
Guarantees issued	4,554	3,034	4,554	3,034
Total off-balance sheet items	433,045	363,637	433,045	363,637
2(b) Net asset value per ordinary share (\$)	2.31	2.30	2.30	2.29

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 2011: 105,083,843) shares.

3 Consolidated Statement of Cash Flows for the Quarter and Half-year Ended 30 June 2012

	2nd Qtr 2012	2nd Qtr 2011	1st Half 2012	1st Half 2011
	\$'000	\$'000	\$'000	\$'000
Operating activities				
Profit before income tax	4,076	4,043	7,780	8,787
Adjustments for:				
Impact of accrual of interest income	(1,256)	(1,344)	(51)	(161)
Impact of accrual of interest expense	585	(77)	479	(2,843)
Depreciation of property, plant and equipment	259	374	587	773
Depreciation of investment properties	94	95	189	189
Allowances for/(write-back of) impairment losses on loans and advances	493	183	327	(397)
Dividends receivable	-	(55)	-	(55)
Operating cash flows before movements in working capital	<u>4,251</u>	<u>3,219</u>	<u>9,311</u>	<u>6,293</u>
Changes in working capital				
Other assets	56	(362)	405	(383)
Loans and advances	(61,164)	(29,978)	(49,156)	(3,065)
Statutory deposits with the MAS	(1,635)	(1,889)	(1,164)	(223)
Deposits and savings accounts of customers	27,311	4,529	53,033	(48,261)
Other liabilities	(2,572)	(1,472)	(2,564)	(561)
SPRING loans	181	(588)	(1,278)	(2,984)
Cash (used in)/generated from operating activities	<u>(33,572)</u>	<u>(26,541)</u>	<u>8,587</u>	<u>(49,184)</u>
Income taxes paid	(2,116)	(2,663)	(2,116)	(2,673)
Net cash (used in)/generated from operating activities	<u>(35,688)</u>	<u>(29,204)</u>	<u>6,471</u>	<u>(51,857)</u>
Investing activities				
Purchase of property, plant and equipment and investment properties	(76)	(96)	(176)	(267)
Dividends received	-	12	-	12
Net cash used in investing activities	<u>(76)</u>	<u>(84)</u>	<u>(176)</u>	<u>(255)</u>
Financing activities				
Dividend paid	(7,356)	(10,508)	(7,356)	(10,508)
Net cash used in financing activities	<u>(7,356)</u>	<u>(10,508)</u>	<u>(7,356)</u>	<u>(10,508)</u>
Net decrease in cash and cash equivalents	<u>(43,120)</u>	<u>(39,796)</u>	<u>(1,061)</u>	<u>(62,620)</u>
Cash and cash equivalents at beginning of the period	<u>263,112</u>	<u>313,466</u>	<u>221,053</u>	<u>336,290</u>
Cash and cash equivalents at end of the period	<u><u>219,992</u></u>	<u><u>273,670</u></u>	<u><u>219,992</u></u>	<u><u>273,670</u></u>

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 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
Total comprehensive income for the period	-	-	1,816	3,397	5,213
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
At 1 January 2012	117,199	73,212	16,014	34,916	241,341
Total comprehensive income for the period	-	-	62	3,044	3,106
At 31 March 2012	117,199	73,212	16,076	37,960	244,447
Total comprehensive income for the period	-	-	1,954	3,385	5,339
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
Company					
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
Total comprehensive income for the period	-	-	1,825	3,390	5,215
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
At 1 January 2012	117,199	73,212	15,865	34,584	240,860
Total comprehensive income for the period	-	-	49	3,043	3,092
At 31 March 2012	117,199	73,212	15,914	37,627	243,952
Total comprehensive income for the period	-	-	1,963	3,379	5,342
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

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 2012. 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 2011.

6 Review of Performance

The Group’s loan assets stood at \$1,228.5 million as at 30 June 2012 which was an increase of 4.1% or \$48.8 million over the loans base of \$1,179.7 million as at 31 December 2011 and an increase of 27.5%, over the loans base of \$963.5 million as at 30 June 2011. In tandem with the higher loan balance, deposits and savings accounts of customers also increased 3.8%, from \$1,378.5 million as at 31 December 2011 to \$1,431.5 million as at 30 June 2012.

Despite a higher loans base, the Group’s profit after tax declined by 0.4% to \$3.39 million for the quarter under review compared to the previous corresponding period. For the half year ended 30 June 2012, profit after tax declined by 12.2% compared to the previous corresponding period as the persistently low interest rate environment coupled with the price competition in the lending sector continued to reduce the interest margin and yields on loan assets.

For the half year under review, a decrease of 0.7% in interest income and hiring charges coupled with an increase of 18.7% in interest costs from a higher deposit base resulted in a decrease of 7.3% in the net interest income and hiring charges. This was partially offset by a decrease of 8.5% in operating expenses, largely due to a decrease in staff costs from a lower provision in staff bonus.

Allowances for loan losses was \$0.3 million for the half year ended 30 June 2012 vis-à-vis a write-back of \$0.4million in the same period last year. 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’s advance GDP estimates, the Singapore economy contracted by 1.1% on a quarter-on-quarter seasonally-adjusted annualised basis, compared to 9.4% expansion in the preceding quarter.

Europe’s financial and economic crises and a further slowdown in China’s growth are likely to continue to pose downside risks to the Singapore economy, leading to a contraction of its exports as well as domestic consumption.

Given the expected slower pace of growth and the keen business competition, 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 June 2011: Nil).

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

Nil (30 June 2011: Nil).

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 2011: Nil).

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

	<u>As at 30/06/2012</u>		<u>As at 31/12/2011</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	-	5,786	-	6,513
Amount repayable after one year	-	5,336	-	5,887

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 investments, property, plant and equipment - Nil

By order of the Board

Lee Sze Leong
Chairman
2 August 2012

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 2012 to be false or misleading.

On behalf of the Board of Directors

Lee Sze Leong
Chairman
2 August 2012