

This year has been filled with challenges and achievements and, despite the continued economic uncertainty, I am pleased to report that we near the year end in a positive new business position whilst looking ahead optimistically to 2012.

During the year our asset finance and factoring portfolios witnessed good growth. Most notable is our factoring book which more than doubled in size. Two notable factoring arrangements during the last quarter are particularly worthy of mention:

- An invoice finance facility was established for a 40 year old haulage business to provide working capital to refinance the company's bank overdraft and satisfy 'O' licence operating regulations. Due to the immediacy of the requirement, following an initial meeting a verbal telephone application was processed that enabled documentation to be issued and the facility established, all within 24 hours.
- We arranged the refinancing of a £1m disclosed invoice discounting facility for a foreign based manufacturer supplying the UK construction industry. The facility was granted rapidly at a high advance rate of 95% and was backed by additional security.

Asset finance new business also proved particularly resilient this year, especially in the three months to November 2011 when 40% more business was written than in the same period in 2010. And during November itself, twice as much asset finance new business was written when compared with November last year. We continue to have ample funds to lend and are planning to grow our asset finance lending still further in 2012.

As Christmas nears, once again we will be donating to a range of local and national charities as an alternative to sending Christmas cards. This includes the charity 'Help for Heroes' who we have contributed to in previous years.

Thank you for your continued commitment and for all your efforts throughout 2011, and our warmest wishes for a Happy Christmas and a prosperous and healthy New Year.

Regards,

Barry G Hutchings ACII FHD
Sales and Marketing Director
State Securities plc

State Securities' Core Values

- We always deal with customers, introducers and colleagues in an honest and professional manner
- We work in partnership with our customers and strive to understand their market and their needs
- We take responsibility for our actions and for their consequences
- We always treat people with respect
- The customer is at the centre of all we do