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First Quarter Results * Financial Statement And Related Announcement

* Asterisks denote mandatory information

Name of Announcer *	IFS CAPITAL LIMITED
Company Registration No.	198700827C
Announcement submitted on behalf of	IFS CAPITAL LIMITED
Announcement is submitted with respect to *	IFS CAPITAL LIMITED
Announcement is submitted by *	Chionh Yi Chian
Designation *	Company Secretary
Date & Time of Broadcast	12-May-2011 18:38:40
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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-03-2011

Description	The following are attached: (1) First Quarter Financial Results for the period ended 31 March 2011 (2) Presentation Slides for the First Quarter 2011 Results

Attachments

1Q_2011_Financial_Results.pdf

1Q_2011_Presentation_Slides.pdf

Total size = **142K**

(2048K size limit recommended)

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IFS Capital Limited

(Registration no: 198700827C)

First Quarter Unaudited Financial Statements And Dividend Announcement for the Period Ended 31 March 2011

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First Quarter Unaudited Financial Statements And Dividend Announcement for the Period Ended 31 March 2011

1(a)(i) Consolidated Income Statement for the Three Months Ended 31 March

	Note 1(a) (ii)	1Q 2011 S$'000	1Q 2010 S$'000	+/(-) %
Interest income		**4,142**	6,809	(39.2)
Interest expense		**(962)**	(1,208)	(20.4)
Net interest income	(a)	**3,180**	5,601	(43.2)
Gross written premiums		**1,910**	2,093	(8.7)
Change in gross provision for unexpired risks		**(29)**	(225)	(87.1)
Gross earned premium revenue		**1,881**	1,868	0.7
Written premiums ceded to reinsurers		**(1,344)**	(1,295)	3.8
Reinsurers' share of change in the provision for unexpired risks		**23**	189	(87.8)
Reinsured premium expense		**(1,321)**	(1,106)	19.4
Net earned premium revenue	(b)	**560**	762	(26.5)
Fee and commission income	(c)	**1,864**	1,538	21.2
Investment income	(d)	**674**	(377)	NM
Other income	(e)	**95**	328	(71.0)
Non-interest income		**2,633**	1,489	76.8
Income before operating expenses		**6,373**	7,852	(18.8)
Business development expenses		**(198)**	(194)	2.1
Commission expenses		**(52)**	(61)	(14.8)
Staff costs		**(2,648)**	(2,238)	18.3
General and administrative expenses		**(1,534)**	(1,645)	(6.8)
Operating expenses	(f)	**(4,432)**	(4,138)	7.1
Change in provision for insurance claims		**(140)**	(152)	(7.9)
Reinsurers' share of change in provision for insurance claims		**72**	82	(12.2)
Gross claims paid		**462**	20	NM
Reinsurers' share of claims (paid)/recovered		**(325)**	8	NM
Net claims reversal/(incurred)		**69**	(42)	NM
Operating profit before allowances		**2,010**	3,672	(45.3)
Allowances for loan losses and impairment of investments	(g)	**(554)**	(1,405)	(60.6)
Operating profit before income tax		**1,456**	2,267	(35.8)
Income tax expense	(h)	**(217)**	(827)	(73.8)
Profit for the period		**1,239**	1,440	(14.0)
Profit attributable to:				
Owners of the Company		**1,004**	1,423	(29.4)
Non-controlling interests		**235**	17	NM
Profit for the period		**1,239**	1,440	(14.0)

Consolidated Statement of Comprehensive Income for the Three Months Ended 31 March

	Note 1(a) (ii)	1Q 2011 S$'000	1Q 2010 S$'000	+/(-) %
Profit for the period		**1,239**	1,440	(14.0)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	(d)	**(187)**	936	NM
Foreign currency translation differences of foreign operations	(i)	**(891)**	933	NM
Income tax on other comprehensive income		**31**	(159)	NM
Other comprehensive income for the period, net of income tax		**(1,047)**	1,710	NM
Total comprehensive income for the period		**192**	3,150	(93.9)
Attributable to:				
Owners of the Company		**215**	3,121	(93.1)
Non-controlling interests		**(23)**	29	NM
Total comprehensive income for the period		**192**	3,150	(93.9)

NM – not meaningful

1(a)(ii) Explanatory Notes to Consolidated Income Statement

The following items have been included in arriving at Group net profit for the period:

	1Q 2011 S$'000	1Q 2010 S$'000	+/(-) %
Investment income			
- dividend, fee and interest income	**357**	382	(6.5)
- gain on disposal of equity securities	**304**	11	NM
- net change in fair value of financial assets through profit or loss	**(21)**	(824)	(97.5)
- amortisation of held-to-maturity debts securities	**34**	54	(37.0)
	674	(377)	NM
Other Income			
- recoveries of loans and investments	**62**	116	(46.6)
- others	**33**	212	(84.4)
	95	328	(71.0)
Amortization of intangible assets	**(202)**	(331)	(39.0)
Depreciation of property, plant and equipment	**(284)**	(266)	6.8
Exchange (loss)/gain, net	**(81)**	12	NM
Provision for unexpired risks, net of reinsurers' share			
- change in gross provision for unexpired risks	**(29)**	(225)	(87.1)
- reinsurers' share of change in the provision for unexpired risks	**23**	189	(87.8)
	(6)	(36)	(83.3)
Claims reversal/(incurred), net of reinsurers' share			
- net change in provision for insurance claims	**(68)**	(70)	(2.9)
- net claims recovered	**137**	28	389.3
	69	(42)	NM
Allowances for loan losses and impairment of investments			
- loans and receivables	**(553)**	(1,405)	(60.6)
- equity securities available-for-sale	**(1)**	-	NM
	(554)	(1,405)	(60.6)
Income tax expense			
- current tax expense	**(580)**	(687)	(15.6)
- deferred tax expense	**(444)**	(184)	141.3
- refund and write back of overprovision of prior years' tax	**807**	44	NM
	(217)	(827)	(73.8)

1(a)(ii) Explanatory Notes to Consolidated Income Statement (cont'd)

Comments on Major Consolidated Income Statement Variances

(a) The decrease in net interest income for 1Q 2011 by 43% was mainly due to lower business volume and lower recoveries of suspended interest. In 1Q 2010, there was a one-off recovery of current and prior years' interest of $2.3 million from repayments of a significant property loan. Excluding this exceptional recovery, net interest income for 1Q 2011 was a smaller drop of 3.7%.

(b) The net earned premium revenue was lower due to lower premium from extension of existing bonds and lower credit insurance volume for 1Q 2011.

(c) The increase in fee and commission income was mainly due to higher loan-related income and factoring service fees as well as higher underwriting commission on reinsurance premium ceded out for bonds and guarantees.

(d) The investment income was mainly attributable to gain on disposal of equity securities as well as lower fair value loss on investments. As for 1Q 2010, the net change in fair value of financial assets was mainly related to the fair value loss through profit and loss on a derivative for hedging an available-for-sale quoted equity security. The corresponding fair value gain on this quoted equity security was recognized directly to other comprehensive income and presented within equity in the fair value reserve in 1Q 2010.

(e) The decrease in other income was mainly due to lower recoveries of loans and investments and lower write-back of other miscellaneous income.

(f) Operating expenses increased by 7% from $4.1 million in 1Q 2010 to $4.4 million in 1Q 2011, led by higher staff costs which went up 18% and mitigated by lower general and administrative expenses. The higher staff costs were attributable to increased headcount and annual salary increment. The decrease in general and administrative expenses was mainly due to lower amortization charge on intangible assets.

(g) The lower allowances for loan losses and impairment of investments was due to lower specific allowances required to be set aside.

(h) The decrease in income tax expense resulted from lower profit before income tax, higher write back of overprovision of prior years' tax and partly offset by higher deferred tax expense.

(i) The loss on the foreign currency translation differences of foreign operations in 1Q 2011 was due mainly to the weakening of Thai Baht for translation against the Singapore Dollar.

1(a)(iii) Earnings Per Ordinary Share

	Group	
	31/03/2011	31/03/2010
Earnings per share		
- on weighted average number of ordinary shares in issue	**0.67 cents**	0.95 cents
- on fully diluted basis	**0.67 cents**	0.95 cents

The comparative figures have been adjusted for the effects of one bonus share for every ten existing ordinary shares issued on 5 May 2010.

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding.

The effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows:

	Group		
	31/03/2011	31/03/2010	
Weighted average number of :			
Ordinary shares used in the calculation of			
Basic earnings per share	**150,387,866**	150,387,866	*
Potential ordinary shares issuable under share option	**231**	1,593	
Weighted average number of ordinary issued shares and potential ordinary shares assuming full conversion	**150,388,097**	150,389,459	

***** Adjusted for the effects of one bonus share for every ten existing ordinary shares issued on 5 May 2010.

1(b)(i) Balance Sheets

	Note	Group 31/03/2011 S$'000	Group 31/12/2010 S$'000	Company 31/03/2011 S$'000	Company 31/12/2010 S$'000
Non-current assets					
Property, plant and equipment		**19,865**	20,167	**17,104**	17,274
Intangible assets		**2,745**	2,943	**417**	463
Subsidiaries	(a)	**-**	-	**71,624**	60,928
Other investments		**35,942**	37,874	**7,143**	7,226
Loans, advances, hire purchase and leasing receivables	(b)	**35,092**	31,596	**25,890**	24,439
Deferred tax assets		**2,597**	3,135	**29**	-
		96,241	95,715	**122,207**	110,330
Current assets					
Derivative financial instruments		**-**	938	**-**	938
Reinsurers' share of insurance contract provisions		**10,784**	10,690	**-**	-
Insurance receivables		**437**	663	**-**	-
Trade and other receivables		**168,568**	168,378	**87,177**	87,918
Other investments	(c)	**10,728**	15,662	**-**	1,243
Cash and cash equivalents	(d)	**44,810**	33,691	**5,624**	8,825
		235,327	230,022	**92,801**	98,924
Total assets		**331,568**	325,737	**215,008**	209,254
Equity					
Share capital		**88,032**	88,032	**88,032**	88,032
Other reserves		**(1,200)**	(539)	**162**	231
Accumulated profits		**46,059**	45,183	**22,040**	21,012
Equity attributable to owners of the Company		**132,891**	132,676	**110,234**	109,275
Non-controlling interests		**9,171**	9,194	**-**	-
Total equity		**142,062**	141,870	**110,234**	109,275
Non-current liabilities					
Interest-bearing borrowings	(e)	**17,925**	16,938	**10,936**	11,588
Employee benefits		**681**	666	**-**	-
Deferred tax liabilities		**51**	126	**-**	10
		18,657	17,730	**10,936**	11,598
Current liabilities					
Trade and other payables	(f)	**11,964**	15,007	**18,190**	21,782
Insurance payables		**2,451**	2,067	**-**	-
Interest-bearing borrowings	(e)	**136,427**	129,007	**75,381**	66,265
Insurance contract provisions for					
- gross unexpired risks		**12,844**	12,814	**-**	-
- gross insurance claims		**5,250**	5,110	**-**	-
Bank overdraft (unsecured)		**-**	34	**-**	34
Current tax payable		**1,913**	2,098	**267**	300
		170,849	166,137	**93,838**	88,381
Total liabilities		**189,506**	183,867	**104,774**	99,979
Total equity and liabilities		**331,568**	325,737	**215,008**	209,254

Comments on Major Balance Sheet Variances

(a) The increase in investment in subsidiaries by $10.7 million was due to the Company's subscription of the increased share capital of the Indonesia and Malaysia subsidiaries in March 2011.

(b) The increase in loans, advances and hire purchase and leasing receivables under non-current assets was mainly due to new drawdown of leasing loans in the Thailand subsidiary's book.

(c) The decrease in other investments under current assets was due to the maturity of held-to-maturity debt securities.

(d) The cash and cash equivalents comprise fixed deposits of $34.9 million and cash at banks and in hand of $9.9 million. The increase in the cash balances was mainly due to funds received from maturity of held-to-maturity debt securities and the surplus funds of the subsidiaries arising from the increase in share capital.

(e) The Group's overall interest-bearing borrowings increased from $145.9 million as at 31 December 2010 to $154.4 million as at 31 March 2011 mainly due to funds required for capital injection into the subsidiaries.

(f) The decrease in trade and other payables was mainly due to the lower factoring amount owing to clients and lower clients' security deposits.

1(b)(ii) Group's Borrowings

	As at 31/03/2011 S$'000 (Unsecured)	As at 31/12/2010 S$'000 (Unsecured)
Amount repayable in one year or less, or on demand	**136,427**	129,041
Amount payable after one year	**17,925**	16,938
	154,352	145,979

Details of any collateral

Nil.

1(b)(iii) Net Asset Value

	Group		Company	
	31/03/2011	31/12/2010	**31/03/2011**	31/12/2010
Net asset value per ordinary share based on issued share capital at end of the financial period	**88.4 cents**	88.2 cents	**73.3 cents**	72.7 cents

1(c) Consolidated Statement of Cash Flows for the Three Months Ended 31 March

	Note	**1Q 2011 S$'000**	1Q 2010 S$'000
Cash flows from operating activities			
Profit for the period		**1,239**	1,440
Adjustments for:			
Amortisation of intangible assets and held-to-maturity debt securities		**168**	277
Net foreign exchange loss/(gain)		**1**	(51)
Depreciation of property, plant and equipment		**284**	266
Employee benefits		**15**	-
Gain on disposal of equity securities		**(304)**	(11)
Net change in fair value of financial assets through profit or loss		**21**	824
Net change in fair value of derivatives		**938**	-
Allowance for impairment of investments		**1**	-
Provisions for, net of reinsurers' share			
- unexpired risks		**6**	36
- insurance claims		**68**	70
Interest income		**(4,142)**	(6,809)
Interest income from investments and fixed deposits		**(355)**	(382)
Dividend income from investment		**(2)**	(1)
Interest expense		**962**	1,208
Tax expense		**217**	827
Operating cashflows before changes in working capital		**(883)**	(2,306)
Changes in working capital:			
Factoring receivables		**(7,166)**	(3,323)
Factoring amounts due to clients		**(1,240)**	(3,351)
Loans, advances, hire purchase and leasing receivables		**1,535**	8,258
Insurance and other receivables		**(133)**	(649)
Trade, other and insurance payables		**(926)**	(1,003)
Cash used in operations		**(8,813)**	(2,374)
Interest received		**4,638**	7,343
Interest paid		**(1,282)**	(1,013)
Income taxes paid, net		**-**	(16)
Income tax refund		**55**	-
Net cash (used in)/from operating activities	(a)	**(5,402)**	3,940

1(c) Consolidated Statement of Cash Flows for the Three Months Ended 31 March (cont'd)

	Note	1Q 2011 S$'000	1Q 2010 S$'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(27)**	(484)
Purchase of intangible assets		**(13)**	(63)
Purchase of investments		**(5,560)**	(6,052)
Proceeds from disposal of investments		**12,543**	2,117
Dividend received from investments and associate		**2**	1
Net cash from/(used in) investing activities	(b)	**6,945**	(4,481)
Cash flows from financing activities			
Proceeds from interest-bearing borrowings		**9,733**	12,679
Net cash from financing activities	(c)	**9,733**	12,679
Net increase in cash and cash equivalents	(d)	**11,276**	12,138
Cash and cash equivalents at beginning of the period		**33,657**	26,652
Effect of exchange rate fluctuations on cash held		**(123)**	166
Cash and cash equivalents at end of the period		**44,810**	38,956
Analysis of cash and cash equivalents			
Fixed deposits		**34,950**	21,051
Cash at banks and on hand		**9,860**	17,905
Cash and cash equivalents at end of the period		**44,810**	38,956

Explanatory Notes to Statement of Cash Flows

(a) Net cash (used in)/from operating activities

The net cash used in operating activities was mainly due to lower repayments from loans, advances, hire purchase and leasing receivables and higher drawdown of factoring receivables as compared to 1Q 2010.

(b) Net cash from/(used in) investing activities

The net cash from investing activities resulted from higher proceeds from disposal of investments as compared to 1Q 2010.

(c) Net cash from financing activities

The lower net cash from financing activities was partly due to higher proceeds from disposal of investments which were available for use in operations, resulting in lower borrowings.

(d) Net increase in cash and cash equivalents

Overall, the net increase in cash and cash equivalents in 1Q 2011 was $11.3 million as compared to $12.1 million in 1Q 2010 due mainly to lower repayments from loans, advances, hire purchase and leasing receivables, higher drawdown of factoring receivables and lower proceeds from interest-bearing borrowings, partly offset by higher proceeds from disposal of investments.

1(d)(i) Statement of Changes in Equity

Group	Share capital S$'000	Capital reserve S$'000	Fair value reserve S$'000	Translation reserve S$'000	Accumulated profits S$'000	Total S$'000	Non-controlling interests S$'000	Total S$'000
	Attributable to owners of the Company							
2010								
At 1 January 2010	88,032	529	(629)	(1,123)	40,281	127,090	432	127,522
Total comprehensive income for the period	-	-	777	921	1,423	3,121	29	3,150
At 31 March 2010	88,032	529	148	(202)	41,704	130,211	461	130,672
2011								
At 1 January 2011	**88,032**	**(816)**	**1,230**	**(953)**	**45,183**	**132,676**	**9,194**	**141,870**
Total comprehensive income for the period	**-**	**-**	**(156)**	**(633)**	**1,004**	**215**	**(23)**	**192**
Capitalisation of statutory legal reserve of a subsidiary	**-**	**128**	**-**	**-**	**(128)**	**-**	**-**	**-**
At 31 March 2011	**88,032**	**(688)**	**1,074**	**(1,586)**	**46,059**	**132,891**	**9,171**	**142,062**

Company	Share capital S$'000	Fair value reserve S$'000	Accumulated profits S$'000	Total S$'000
2010				
At 1 January 2010	88,032	101	15,332	103,465
Total comprehensive income for the period	-	-	669	669
At 31 March 2010	88,032	101	16,001	104,134
2011				
At 1 January 2011	**88,032**	**231**	**21,012**	**109,275**
Total comprehensive income for the period	**-**	**(69)**	**1,028**	**959**
At 31 March 2011	**88,032**	**162**	**22,040**	**110,234**

1(d)(ii) Changes in Company's Share Capital

Since 31 December 2010, there was no change in the issued share capital of the Company. The share capital of the Company as at 31 March 2011 was 150,387,866 ordinary shares.

As at 31 March 2011, the number of unissued share under the IFS (2000) Share Option Scheme was 11,800 (as at 31 March 2010: 21,500) that may be converted into ordinary shares.

1(d)(iii) Total Number of Issued Shares Excluding Treasury Shares

The total number of issued shares as at 31 March 2011 was 150,387,866 (as at 31 December 2010: 150,387,866 issued shares). The Company does not hold any treasury shares.

1(d)(iv) Sales, Transfers, Disposal, Cancellation and/or use of Treasury Shares

Not applicable.

2 Audit

The figures have not been audited or reviewed by the Company's auditors.

3 Auditors' Report

Not applicable.

4 Accounting Policies

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those of the audited annual financial statements for the year ended 31 December 2010.

5 Changes in Accounting Policies

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRSs).

For the current financial period, the Group adopted the new/revised FRSs that are effective for annual periods beginning on or after 1 January 2011.

The following are the new or amended FRSs that are relevant to the Group:

- FRS 24 Related Party Disclosures
- Improvements to FRSs issued in 2010 (where applicable)

The adoption of these new/revised FRSs does not have any significant impact on the financial statements for the financial period under review.

6 Review of Group Performance

1Q 2011 versus 1Q 2010

The Group reported a net profit after tax of $1.2 million, a decrease of 14% as compared to $1.4 million in 1Q 2010. The decrease in profit was mainly due to lower net interest income and higher operating expenses, partly offset by higher non-interest income and lower allowances for loan losses. The comparative 1Q 2010's profit was boosted by an exceptional recovery of current and prior years' interest of $2.3 million from repayment of a significant property loan.

After taking into account the non-controlling interests, the Group's profit attributable to shareholders was $1.0 million, as compared to $1.4 million in 1Q 2010.

The Group's loan assets including factoring receivables as at 31 March 2011 stood at $248.9 million, a marginal increase of 1.6% over the base of $245.0 million as at 31 December 2010. In the light of competition, Group net interest margins for 1Q 2011 declined from 6.5% the last financial year to 5.9% but remained stable as compared to the previous corresponding quarter.

The Singapore operation has had a slow start and reported a lower profit for the 1Q 2011 but business volume has picked up after the quarter end. Our insurance subsidiary, ECICS Limited, posted a lower profit of $674,000, a decline of 20% as compared to $840,000 in 1Q 2010. The lower profit was mainly due to lower net earned premium revenue, lower investment and other income and higher operating expenses, mitigated by write back of provision of insurance receivables.

Our Malaysian operation continued to increase its business volume and improve its profitability as compared to a loss previously. For 1Q 2011, all the regional subsidiaries remained profitable and contributed a total net profit after tax and after non-controlling interests of $722,000, an increase of 6% from a year ago. The improvement in the contribution was attributable mainly to higher fees and commission income as well as lower allowances for loan losses and income tax expense.

7 Variance from Prospect Statement

The current announced results are in line with the prospect statement as disclosed in the Group's 2010 full year results announcement dated 24 February 2011.

8 Prospects

Responding to the brightening outlook for our regional businesses, the Group increased the share capital of its subsidiaries in Indonesia and Malaysia. The Thai business continues to grow even amidst the competitive business environment. The Group is assessing new businesses and licenses in the region.

In Singapore, the bond and guarantee business is expected to remain favorable on the back of the promising outlook for construction and manufacturing sector. The credit insurance business is expected to expand further due to the increased sale volume in the wake of the favorable regional economies. The trade credit insurance segment is also expected to achieve higher take up rate due to the premium subsidy under the Trade Credit Insurance Scheme introduced by International Enterprise Singapore.

Barring unforeseen circumstances, the Group is expected to remain profitable for 2011.

9 Dividend

(a) Current financial period reported on

Nil.

(b) Corresponding period of the immediately preceding financial year

Nil.

(c) Dividend payment date

Not applicable.

(d) Book closure date

Not applicable.

10 If no dividend has been declared (recommended), a statement to that effect

No dividend is declared for the period ended 31 March 2011 (31 March 2010: Nil).

By Order of the Board

Chionh Yi Chian

Company Secretary

12 May 2011

IFS Capital Limited

(Registration no: 198700827C)

Confirmation By The Board Pursuant to Rule 705(4) of the Listing Manual

On behalf of the Board of Directors of IFS Capital Limited ("the Company"), we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the quarter ended 31 March 2011 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Hua Min	**Lee Soon Kie**
Chairman	**Group Chief Executive Officer/Director**

Singapore

12 May 2011

IFS Capital Limited

First Quarter 2011 Results

Presentation

13 May 2011

IFS Capital Limited

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Disclaimer

The following presentation may contain forward looking statements by the management of IFS Capital Limited ("IFS") relating to events and financial trends or performance for future period. Such forward looking statements are based on current views of management and a number of estimates and assumptions including, but not limited to, prevailing economic and market conditions, which are subject to uncertainties as these may change over time. In many cases these are outside the control of IFS and thus no assurance can be given that these events or financial trends or performance will happen. In particular, such statements are not, and should not be construed, as a representation as to or a forecast or projection of the future performance of IFS. It should be noted that the actual performance of IFS may vary significantly from such statements.

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"$"means Singapore dollars unless otherwise indicated.

IFS Capital Limited (Reg. No. 198700827C)

Highlights

1Q 2011 vs 1Q 2010

- **Net profit after tax declined 14% from $1.4 million in 1Q 2010 to $1.2 million in 1Q 2011. Comparative 1Q 2010's profit included an exceptional recovery of current and prior years' interest of $2.3 million from repayment of a significant property loan. Excluding this recovery, net interest income for 1Q 2011 was a smaller drop of 3.7%.**

- **Singapore operation has had a slow start and reported a lower profit. However, business volume has picked up after the end of 1Q 2011 and continued in 2Q 2011. The regional operations continue to perform well and improved its profitability.**

Group Performance Review

Lower 1Q 2011 profit due to:

- **In view of competition, Group net interest margins declined from 6.5% the last financial year to 5.9% but remained stable as compared to the previous corresponding quarter.**

- **Operating expenses increased 7% to $4.4 million in 1Q 2011, led by higher staff costs and mitigated by lower general administrative (GA) expenses. Staff costs increased 18% mainly due to increased headcount and annual salary increment, GA expenses decreased 7% due to lower amortisation charge on intangible assets.**

Group Performance Review (cont'd)

Lower 1Q 2011 profit due to (cont'd):

Partly offset by:

- **Higher fee and commission income from higher loan-related income and factoring service fees; and higher underwriting commission on reinsurance premium ceded out for bonds and guarantees.**

- **Investment income gain from disposal of equity securities of $304,000 and lower fair value loss on investments of $21,000 (1Q 2010: loss $824,000).**

- **Lower allowances and impairment of $554,000 (1Q 2010: $1.4 million) due to lower specific allowances required.**

IFS Capital Limited

Group Income Statement

(S$'000)	1Q 2011	1Q 2010	+/(-) %
Net Interest Income	**3,180**	5,601	(43.2)
Net Earned Premium Revenue	**560**	762	(26.5)
Non-Interest Income	**2,633**	1,489	76.8
Total Income	**6,373**	7,852	(18.8)
Operating Expenses	**(4,432)**	(4,138)	7.1
Operating Profit before Net Claims & Allowances	**1,941**	3,714	(47.7)
Net Claims Reversal/(Incurred)	**69**	(42)	NM
Allowances	**(554)**	(1,405)	(60.6)
Profit before Income Tax	**1,456**	2,267	(35.8)
Income Tax Expense	**(217)**	(827)	(73.8)
Profit after Income Tax	**1,239**	1,440	(14.0)
Attributable Profit after NCI	**1,004**	1,423	(29.4)

IFS Capital Limited

Group Operating Expenses

(S$'000)	1Q 2011	%	1Q 2010	%	+/(-) %
Commission	52	1.2	61	1.5	(14.8)
Business Development	198	4.5	194	4.7	2.1
Staff Costs	2,648	59.7	2,238	54.1	18.3
Depreciation & Amortisation	486	11.0	597	14.4	(18.6)
General Administration	1,048	23.6	1,048	25.3	-
Total	4,432	100.0	4,138	100.0	7.1
Cost-to-Income Ratio	69.0%		51.8%		33.2

IFS Capital Limited

Key Financial Ratios

	1Q 2011	1Q 2010	+/(-) %
Return on Ave Equity – After Tax (%)	**0.76**	1.11	(31.5)
Return on Total Assets (%)	**0.37**	0.39	(5.1)
Earnings per Share (cts) *	**0.67**	0.95	(29.5)
Net Asset Value per Share (cts) *	**88.4**	86.6	2.1
Leverage (times)	**1.3**	1.8	(27.8)
Gearing (times)	**1.2**	1.5	(20.0)

* Adjusted for Bonus Issue 1 for 10 on 5 May 2010.

IFS Capital Limited

Regional Operations – Indonesia, Malaysia & Thailand

(S$'000)	1Q 2011	1Q 2010	+/(-) %
Net Interest Income	**1,820**	1,968	(7.5)
Non-Interest Income	**1,073**	856	25.4
Operating Expenses	**(1,552)**	(1,419)	9.4
Operating Profit before Allowances	**1,341**	1,405	(4.6)
Allowances	**(117)**	(249)	(53.0)
Profit before Income Tax	**1,224**	1,156	5.9
Income Tax	**(267)**	(456)	(41.5)
Profit after Income Tax (PAT)	**957**	700	36.7
Group's share of PAT based on % of shareholdings	**722**	683	5.7

Regional Operations (cont'd)
- Indonesia, Malaysia & Thailand

- **Overseas subsidiaries remained profitable and contributed a total net profit after tax and after non-controlling interests of $722,000, increase 6% from a year ago.**

- **Improvement in contribution arose from higher fees and commission income from higher business volume; lower allowances for loan losses and income tax expense, offset by higher operating expenses.**

IFS Capital Limited

ECICS Limited

(S$'000)	1Q 2011	1Q 2010	+/(-) %
Net Earned Premium Revenue	605	807	(25.0)
Fee and Investment Income	645	878	(26.5)
Claims Reversal/(Incurred)	69	(42)	NM
Operating Expenses	(859)	(648)	32.6
Operating Profit before Allowances	460	995	(53.8)
Reversal of/(Allowances for) Insurance Receivables	169	(6)	NM
Profit before Income Tax	629	989	(36.4)
Income Tax Credit/(Expense)	45	(149)	NM
Profit after Income Tax	674	840	(19.8)

(Before intragroup transactions elimination)

ECICS Limited

- Lower profit for 1Q 2011 mainly due to:
  - lower net earned premium due to lower premium from extension of existing bonds and lower credit insurance volume,
  - lower fee and investment income,
  - higher operating expenses, mitigated by
  - write back of provision for insurance receivables.
- Well capitalized. CAR ratio above the regulatory requirement of 120%.

Prospects

- Responding to brightening outlook for our regional businesses, the Group increased the share capital of its subsidiaries in Indonesia and Malaysia. The Thai business continues to grow even amidst the competitive business environment. The Group is assessing new businesses and licenses in the region.

- Bond and guarantee business is expected to remain favorable on the back of promising outlook for construction and manufacturing sector. Credit insurance business is expected to expand further due to the increased sale volume in the wake of the favorable regional economies. Trade credit insurance is also expected to achieve higher take up rate due to the premium subsidy under the Trade Credit Insurance Scheme introduced by International Enterprise Singapore.

- Group continues to be liquid and lowly geared which will enable it to fund further expansion.

- Overall business volumes have increased, albeit towards the end of 1Q 2011. Hence, this has not yet flowed into income.