

## Financial Statements and Related Announcement::First Quarter Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	IFS CAPITAL LIMITED
<b>Securities</b>	IFS CAPITAL LIMITED - SG1A35000706 - I49
<b>Stapled Security</b>	No

## Announcement Details

<b>Announcement Title</b>	Financial Statements and Related Announcement
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## Additional Details

<b>For Financial Period Ended</b>	31/03/2016
<b>Attachments</b>	<a href="#">Q1 2016 Financial Results.pdf</a> Total size =245K

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**First Quarter Unaudited Financial Statements and Dividend Announcement for the Period Ended 31 March 2016**

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**First Quarter Unaudited Financial Statements and Dividend Announcement for the Period Ended 31 March 2016****1(a)(i) Consolidated Statement of Profit or Loss for the Three Months Ended 31 March**

	Note	1st Quarter		
		2016 S\$'000	2015 S\$'000	+ / (-) %
Interest income	(ii)	5,769	6,470	(10.8)
Interest expense		(1,666)	(1,735)	(4.0)
<b>Net interest income</b>	(a)	<b>4,103</b>	<b>4,735</b>	<b>(13.3)</b>
Gross written premiums		2,894	2,299	25.9
Change in gross provision for unexpired risks		(256)	509	NM
Gross earned premium revenue		2,638	2,808	(6.1)
Written premiums ceded to reinsurers		(720)	(1,222)	(41.1)
Reinsurers' share of change in provision for unexpired risks		(517)	(477)	8.4
Reinsurance premium expense		(1,237)	(1,699)	(27.2)
<b>Net earned premium revenue</b>	(b)	<b>1,401</b>	<b>1,109</b>	<b>26.3</b>
Fee and commission income	(c)	1,660	2,013	(17.5)
Investment income	(d)	277	989	(72.0)
Other income	(e)	125	87	43.7
<b>Non-interest income</b>		<b>2,062</b>	<b>3,089</b>	<b>(33.2)</b>
<b>Income before operating expenses</b>		<b>7,566</b>	<b>8,933</b>	<b>(15.3)</b>
Business development expenses		(108)	(146)	(26.0)
Commission expenses		(558)	(189)	195.2
Staff costs		(2,988)	(3,505)	(14.8)
General and administrative expenses		(1,841)	(1,613)	14.1
<b>Operating expenses</b>		<b>(5,495)</b>	<b>(5,453)</b>	<b>0.8</b>
Change in provision for insurance claims		6,482	796	NM
Reinsurers' share of change in provision for insurance claims		(5,224)	(652)	NM
Gross claims paid		(4,723)	(17)	NM
Reinsurers' share of claims paid		3,176	(19)	NM
<b>Net claims (incurred)/reversal</b>	(f)	<b>(289)</b>	<b>108</b>	<b>NM</b>
<b>Operating profit before allowances</b>		<b>1,782</b>	<b>3,588</b>	<b>(50.3)</b>
Allowances for loans and receivables losses	(g)	(1,504)	(2,694)	(44.2)
<b>Profit/(loss) before tax</b>		<b>278</b>	<b>894</b>	<b>(68.9)</b>
Tax expense		(421)	(265)	58.9
<b>(Loss)/profit for the period</b>		<b>(143)</b>	<b>629</b>	<b>NM</b>
<b>(Loss)/profit attributable to:</b>				
<b>Owners of the Company</b>		<b>(497)</b>	<b>315</b>	<b>NM</b>
<b>Non-controlling interests</b>		<b>354</b>	<b>314</b>	<b>12.7</b>
<b>(Loss)/profit for the period</b>		<b>(143)</b>	<b>629</b>	<b>NM</b>

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

	Note	1st Quarter		
		2016 S\$'000	2015 S\$'000	+ / (-) %
<b>(Loss)/profit for the period</b>	1(a) (ii)	<b>(143)</b>	629	NM
<b>Other comprehensive income</b>				
<b><i>Items that are or may be reclassified subsequently to profit or loss</i></b>				
Net change in fair value of available-for-sale financial assets	(h)	<b>273</b>	165	65.5
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(i)	-	(241)	(100.0)
Foreign currency translation differences of foreign operations	(j)	<b>(930)</b>	2,079	NM
Tax on other comprehensive income		<b>(47)</b>	13	NM
<b>Other comprehensive income for the period, net of tax</b>		<b>(704)</b>	2,016	NM
<b>Total comprehensive income for the period</b>		<b>(847)</b>	2,645	NM
<b>Total comprehensive income attributable to:</b>				
<b>Owners of the Company</b>		<b>(951)</b>	1,740	NM
<b>Non-controlling interests</b>		<b>104</b>	905	(88.5)
<b>Total comprehensive income for the period</b>		<b>(847)</b>	2,645	NM

NM – not meaningful/more than +/- 200%

**1(a)(ii) Explanatory Notes to Consolidated Statement of Profit or Loss**

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

	1st Quarter		
	2016 S\$'000	2015 S\$'000	+ / (-) %
Investment income			
- dividend, fee and interest income	368	359	2.5
- gain on disposal of equity securities	149	55	170.9
- gain on partial redemption of convertible loan	-	241	(100.0)
- net change in fair value of financial assets at fair value through profit or loss	(158)	270	NM
- amortisation of held-to-maturity debt securities	(12)	(24)	(50.0)
- exchange (loss)/gain	(70)	88	NM
	<b>277</b>	<b>989</b>	<b>(72.0)</b>
Gain on disposal of property, plant and equipment	23	-	NM
Amortisation of intangible assets	(105)	(86)	22.1
Depreciation of property, plant and equipment	(270)	(270)	-
Foreign currency differences			
- exchange gain, net	94	29	NM
- realised gain on foreign exchange contracts	355	-	NM
- fair value loss on foreign exchange forward contracts	(670)	-	NM
	<b>(221)</b>	<b>29</b>	<b>NM</b>
(Provision for)/reversal of unexpired risks, net of reinsurers' share			
- change in gross provision for unexpired risks	(256)	509	NM
- reinsurers' share of change in provision for unexpired risks	(517)	(477)	8.4
	<b>(773)</b>	<b>32</b>	<b>NM</b>
Claims (incurred)/reversal, net of reinsurers' share			
- net change in provision for insurance claims	1,258	144	NM
- net claims paid	(1,547)	(36)	NM
	<b>(289)</b>	<b>108</b>	<b>NM</b>
Allowances for loans and receivables losses	(1,504)	(2,694)	(44.2)
Tax expense			
- current tax expense	(310)	(345)	(10.1)
- deferred tax (expense)/credit	(111)	145	NM
- underprovision of prior years' tax	-	(65)	(100.0)
	<b>(421)</b>	<b>(265)</b>	<b>58.9</b>

**1(a)(ii) Explanatory Notes to Consolidated Statement of Profit or Loss (cont'd)**

**Comments on Major Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income Variances**

- (a) The decline in net interest income for 1st Quarter 2016 ("1Q 2016") was mainly due to lower factoring and loans interests on lower funds-in-use and average loan assets portfolio.
- (b) The growth in gross written premiums of the insurance subsidiary, ECICS Limited ("ECICS") for 1Q 2016 was attributable mainly to maid and motor insurances on higher business volume. With a charge on change in gross provision for unexpired risks reserve compared to a write back for 1st Quarter 2015 (1Q 2015), gross earned premium revenue was 6% lower at \$2.7 million. However, with lower premiums ceded to reinsurers, net earned premium revenue surged 26% to \$1.4 million.
- (c) The lower fee and commission income was mainly due to lower reinsurance commission received and lower financing fee income.
- (d) The lower investment income was mainly due to fair value loss on quoted equity investments of \$158,000 compared to gain of \$270,000 in 1Q 2015, coupled with absence of gain on partial redemption of convertible loan. The gain on partial redemption of convertible loan of \$241,000 in 1Q 2015 was reclassified from other comprehensive income.
- (e) The higher other income was mainly due to revenue received from intellectual property related to a copyright.
- (f) The net claims incurred for 1Q 2016 related to additional specific provisions, mainly on maid, motor and general insurance businesses, coupled with provision for claims incurred but not reported. The net claims reversal in 1Q 2015 related mainly to write-back of provision for credit insurance and bond and guarantee clients, partly offset by provision for claims incurred but not reported.
- (g) The lower allowances for loans and receivables losses were mainly attributable to write-back of collective provision for factoring on lower default loss ratio and lower individual impairment required.

**1(a)(ii) Explanatory Notes to Consolidated Statement of Profit or Loss (cont'd)**

**Comments on Major Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income Variances (cont'd)**

- (h) The increase in net change in fair value of available-for-sale financial assets for 1Q 2016 was mainly due to higher mark-to-market gain on property-related projects.
- (i) For 1Q 2015, there was a reclassification from other comprehensive income - net change in fair value of available-for-sale financial assets to realised gain as explained in (d) above.
- (j) The foreign currency translation differences arose from the translation of financial statements of foreign operations whose functional currencies were different from that of the Group's presentation currency. The translation loss for 1Q 2016 was mainly due to the weakening of Thai Baht for translation against the Singapore Dollar as at 31 December 2015. The translation gain for 1Q 2015 was mainly due to the further strengthening of Thai Baht for translation against the Singapore Dollar as at 31 December 2014.

**1(a)(iii) (Loss)/Earnings Per Ordinary Share**

	<b>Group</b>	
	<b>1st Quarter</b>	
	<b>2016</b>	<b>2015</b>
(Loss)/earnings per share		
- on weighted-average number of ordinary shares in issue (cents)	<b>(0.33)</b>	0.21
- on fully diluted basis (cents)	<b>(0.33)</b>	0.21

(Loss)/earnings per ordinary share on existing issued share capital is computed based on the weighted-average number of shares in issue during the financial period of 150,387,866 (31 March 2015: 150,387,866).

The basic and fully diluted (loss)/earnings per ordinary share are the same as the Group did not have any potential dilutive ordinary share outstanding for the above reporting financial periods.

## 1(b)(i) Statements of Financial Position

	Note	Group		Company	
		31/03/2016 S\$'000	31/12/2015 S\$'000	31/03/2016 S\$'000	31/12/2015 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		17,347	17,612	14,354	14,491
Intangible assets		696	776	110	119
Investment property		1,215	1,258	-	-
Subsidiaries		-	-	73,587	73,587
Loans to subsidiaries		-	-	6,615	6,615
Other investments		52,149	51,898	8,075	8,054
Loans, advances, hire purchase and leasing receivables	(a)	32,381	38,191	26,192	32,807
Deferred tax assets		5,812	5,860	642	708
		<b>109,600</b>	<b>115,595</b>	<b>129,575</b>	<b>136,381</b>
<b>Current assets</b>					
Reinsurers' share of insurance contract provisions		14,990	20,731	-	-
Insurance receivables		2,144	2,106	-	-
Trade and other receivables	(b)	192,321	200,364	102,774	104,357
Other investments	(c)	22,123	20,698	365	390
Derivative financial assets	(d)	10	333	10	10
Cash and cash equivalents	(e)	42,848	33,651	21,373	11,344
		<b>274,436</b>	<b>277,883</b>	<b>124,522</b>	<b>116,101</b>
<b>Total assets</b>		<b>384,036</b>	<b>393,478</b>	<b>254,097</b>	<b>252,482</b>
<b>Equity</b>					
Share capital		88,032	88,032	88,032	88,032
Other reserves		(5,272)	(4,818)	928	894
Accumulated profits		18,305	18,802	21,450	21,347
<b>Equity attributable to owners of the Company</b>		<b>101,065</b>	<b>102,016</b>	<b>110,410</b>	<b>110,273</b>
Non-controlling interests		11,572	11,468	-	-
<b>Total equity</b>		<b>112,637</b>	<b>113,484</b>	<b>110,410</b>	<b>110,273</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings	(f)	21,180	23,200	18,150	19,145
Employee benefits		1,169	1,142	-	-
Deferred tax liabilities		231	187	-	-
		<b>22,580</b>	<b>24,529</b>	<b>18,150</b>	<b>19,145</b>
<b>Current liabilities</b>					
Trade and other payables		8,437	7,110	3,587	3,001
Insurance payables		1,691	1,825	-	-
Interest-bearing borrowings	(f)	208,491	210,735	121,950	120,063
Insurance contract provisions for - gross unexpired risks		11,917	11,661	-	-
- gross insurance claims		17,002	23,484	-	-
Derivative financial liabilities	(d)	361	21	-	-
Current tax payable		920	629	-	-
		<b>248,819</b>	<b>255,465</b>	<b>125,537</b>	<b>123,064</b>
<b>Total liabilities</b>		<b>271,399</b>	<b>279,994</b>	<b>143,687</b>	<b>142,209</b>
<b>Total equity and liabilities</b>		<b>384,036</b>	<b>393,478</b>	<b>254,097</b>	<b>252,482</b>



### **Comments on Major Statements of Financial Position Variances**

- (a) The decrease in loans, advances, hire purchase and leasing receivables under non-current assets of the Group and the Company was mainly due to reclassification of receivables maturing within the next twelve months to current assets - trade and other receivables.
- (b) The decrease in trade and other receivables under current assets of the Group was mainly due to higher repayment of existing loan portfolio, lower new loans drawdown and lower factoring receivables recorded by Indonesia and Thailand operations.
- (c) The increase in other investments under current assets at Group level was mainly due to ECICS' reclassification of held-to-maturity debt securities maturing within the next twelve months to current assets.
- (d) The derivative financial assets and liabilities related mainly to the swap deals for intra-group loan to Malaysia subsidiary denominated in Singapore dollar.
- (e) The Group's cash and cash equivalents comprise fixed deposits of \$26.5 million and cash at banks and in hand of \$16.3 million. The increase in the cash balances was mainly due to higher fixed deposits placements by the Company with higher surplus funds from loan repayments.
- (f) The decrease in interest-bearing borrowings under non-current liabilities of the Group and the Company was mainly due to reclassification of interest-bearing borrowings maturing within the next twelve months to current liabilities. This has resulted in a negative working capital at Company level of \$1.0 million.

The Group's overall interest-bearing borrowings decreased from \$233.9 million as at 31 December 2015 to \$229.7 million as at 31 March 2016 mainly due to utilisation of surplus funds for repayment of bank borrowings.

1(b)(ii) **Group's Borrowings**

	<b>Unsecured</b>	
	<b>As at 31/03/2016</b>	<b>As at 31/12/2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Amount repayable in one year or less, or on demand	<b>208,491</b>	210,735
Amount repayable after one year	<b>21,180</b>	23,200
	<b>229,671</b>	233,935

**Details of any collateral**

Nil.

1(b)(iii) **Net Asset Value**

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2016</b>	<b>31/12/2015</b>	<b>31/03/2016</b>	<b>31/12/2015</b>
Net asset value per ordinary share based on issued share capital at end of the financial period (cents)	<b>67.2</b>	67.8	<b>73.4</b>	73.3

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

	Note	1st Quarter	
		2016 S\$'000	2015 S\$'000
<b>Cash flows from operating activities</b>			
(Loss)/profit for the period		(143)	629
Adjustments for:			
Amortisation of intangible assets and held-to-maturity debt securities		117	110
Net foreign exchange loss/(gain)		59	(89)
Depreciation of property, plant and equipment		270	270
Gain on disposal of equity securities		(149)	(55)
Gain on partial redemption of convertible loans		-	(241)
Gain on disposal of property, plant and equipment		(23)	-
Net change in fair value of financial assets at fair value through profit or loss		158	(270)
Derivative financial instruments		670	-
Provision for/(reversal of), net of reinsurers' share			
- unexpired risks		773	(32)
- insurance claims		(1,258)	(144)
Interest income		(5,769)	(6,470)
Interest income from investments and fixed deposits		(320)	(299)
Dividend income from investments		(48)	(60)
Interest expense		1,666	1,735
Tax expense		421	265
<b>Operating cash flows before changes in working capital</b>		<b>(3,576)</b>	<b>(4,651)</b>
<b>Changes in working capital:</b>			
Factoring receivables		1,370	(2,456)
Factoring amounts due to clients		656	(351)
Loans, advances, hire purchase and leasing receivables		10,478	1,991
Insurance and other receivables		(294)	357
Assets held for sale		-	(9)
Trade, other and insurance payables		381	(1,371)
<b>Cash generated from/(used in) operations</b>		<b>9,015</b>	<b>(6,490)</b>
Interest received		6,157	6,886
Interest paid		(1,796)	(1,686)
Taxes refund, net		-	39
<b>Net cash from/(used in) operating activities</b>	(a)	<b>13,376</b>	<b>(1,251)</b>

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

	Note	1st Quarter	
		2016 S\$'000	2015 S\$'000
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		23	-
Purchase of property, plant and equipment		(29)	(2,775)
Purchase of intangible assets		(28)	(327)
Purchase of investments		(4,048)	(6,330)
Proceeds from disposal of investments		2,554	6,837
Dividends received from investments		48	60
<b>Net cash used in investing activities</b>	(b)	<b>(1,480)</b>	<b>(2,535)</b>
<b>Cash flows from financing activities</b>			
(Repayments of)/proceeds from interest-bearing borrowings		(2,543)	7,460
<b>Net cash (used in)/from financing activities</b>	(c)	<b>(2,543)</b>	<b>7,460</b>
<b>Net increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period	(d)	33,651	24,013
Effect of exchange rate fluctuations on cash held		(156)	356
<b>Cash and cash equivalents at end of period</b>		<b>42,848</b>	<b>28,043</b>
<b>Analysis of cash and cash equivalents</b>			
Fixed deposits		26,526	15,545
Cash at banks and on hand		16,322	12,498
<b>Cash and cash equivalents at end of period</b>		<b>42,848</b>	<b>28,043</b>

## **Explanatory Notes to Statement of Cash Flows**

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

The net cash from operating activities in 1Q 2016 was mainly due to repayments of factoring receivables; advances, hire purchase and leasing receivables. The net cash used in operating activities in 1Q 2015 was mainly due to drawdown of factoring receivables, partly offset by repayments of loans, advances, hire purchase and leasing receivables.

(b) Net cash used in investing activities

The lower net cash used in investing activities in 1Q 2016 was mainly due to lower purchase of property, plant and equipment and lower proceeds from disposal of investments as compared to 1Q 2015.

Details of the purchase of investments of \$4.0 million and proceeds from disposal of investments of \$2.6 million for 1Q 2016 are as follows:-

<u>Details</u>	<u>Purchase of investments</u> S\$'000	<u>Proceeds from disposal of investments</u> S\$'000
<u>ECICS Limited *</u>		
- Quoted equity securities	12	2,514
- Quoted debt securities	2,036	-
- Unquoted debt securities	2,000	-
<u>IFS Group (excluding ECICS Limited)</u>		
- Unquoted equity securities	-	40
<b>Total</b>	<b>4,048</b>	<b>2,554</b>

\* MAS regulated insurance company, within the exception of Rules 704(17) and 704(18) of the Listing Manual.

(c) Net cash (used in)/from financing activities

The net cash used in financing activities in 1Q 2016 was due to utilisation of surplus funds for repayments of interest-bearing borrowings. The net cash from financing activities in 1Q 2015 resulted from additional interest-bearing borrowings to fund drawdown of new loans and factoring receivables.

(d) Net increase in cash and cash equivalents

The higher net increase in cash and cash equivalents in 1Q 2016 resulted mainly from higher repayments of factoring receivables; loans, advances, hire purchase and leasing receivables, coupled with lower purchase of investments, partly offset by repayment of interest-bearing borrowings and lower proceeds from disposal of investments as compared to 1Q 2015.

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

	Attributable to owners of the Company							Total equity S\$'000
	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	
<b>Group</b>								
<b>2015</b>								
<b>At 1 January 2015</b>	88,032	(39)	3,702	(7,262)	36,148	120,581	11,221	131,802
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	315	315	314	629
Other comprehensive income	-	-	(63)	1,488	-	1,425	591	2,016
<b>Total comprehensive income for the period</b>	-	-	(63)	1,488	315	1,740	905	2,645
<b>At 31 March 2015</b>	88,032	(39)	3,639	(5,774)	36,463	122,321	12,126	134,447
<b>2016</b>								
<b>At 1 January 2016</b>	88,032	38	3,494	(8,350)	18,802	102,016	11,468	113,484
<b>Total comprehensive income for the period</b>								
(Loss)/profit for the period	-	-	-	-	(497)	(497)	354	(143)
Other comprehensive income	-	-	226	(680)	-	(454)	(250)	(704)
<b>Total comprehensive income for the period</b>	-	-	226	(680)	(497)	(951)	104	(847)
<b>At 31 March 2016</b>	88,032	38	3,720	(9,030)	18,305	101,065	11,572	112,637

	Share capital S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
	<b>Company</b>			
<b>2015</b>				
<b>At 1 January 2015</b>	88,032	863	27,585	116,480
<b>Total comprehensive income for the period</b>				
Loss for the period	-	-	(1,221)	(1,221)
Other comprehensive income	-	25	-	25
<b>Total comprehensive income for the period</b>	-	25	(1,221)	(1,196)
<b>At 31 March 2015</b>	88,032	888	26,364	115,284
<b>2016</b>				
<b>At 1 January 2016</b>	88,032	894	21,347	110,273
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	103	103
Other comprehensive income	-	34	-	34
<b>Total comprehensive income for the period</b>	-	34	103	137
<b>At 31 March 2016</b>	88,032	928	21,450	110,410

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

Since 31 December 2015, there was no change in the issued share capital of the Company. The share capital of the Company as at 31 March 2016 was 150,387,866 ordinary shares.

There were no outstanding convertibles as at 31 March 2016 (31 March 2015: Nil).

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

The total number of issued shares as at 31 March 2016 was 150,387,866 (31 December 2015: 150,387,866 issued shares). The Company does not hold any treasury shares as at 31 March 2016 (31 March 2015: Nil).

**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 2015.

**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 2016. The following are the new or amended FRSs that are relevant to the Group:

- Improvements to FRSs (November 2014)
- Amendments to FRS 27 *Separate Financial Statements: Equity Method in Separate Financial Statements*
- Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to FRS 111 *Joint Arrangements : Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 28 *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*

The adoption of the above amended FRS does not have any significant impact on the financial statements for the financial period under review.

## **6 Review of Group Performance**

### **1st Quarter 2016 (“1Q 2016”) versus 1st Quarter 2015 (“1Q 2015”)**

The Group's operating income was 15% lower at \$7.6 million, with lower net interest income and non-interest income. After taking into account the net claims incurred and with operating expenses remained almost unchanged, the Group achieved an operating profit before allowances of \$1.8 million. After accounting for a lower allowances for loan losses and higher tax expense, the Group reported a net loss of \$143,000 as compared to a net profit of \$629,000 in 1Q 2015. Net loss attributable to shareholders after non-controlling interests (“NCI”) was \$497,000.

The Group's loan assets including factoring receivables outstanding were \$319.4 million as at 31 March 2016. This was a decrease of 4% and 11% against the bases of \$333.0 million as at 31 December 2015 and \$358.7 million as at 31 March 2015 respectively due to lower factoring receivables and lesser new loans drawdown.

For the regional operations, our Thailand subsidiary reported a 13% increase in net profit after NCI to \$964,000 mainly due to write back of provision for loan losses as compared to allowance in 1Q 2015. Our Malaysian subsidiary reported a net loss of \$69,000 as compared to \$59,000 in 1Q 2015, mainly due to lower revenue, cushioned by lower operating expenses and provision for loan losses. Our Indonesian subsidiary posted a net loss of \$960,000 as compared to a net profit of \$80,000 in 1Q 2015, mainly affected by higher allowance for loan losses.

Overall, regional operations recorded a net loss after NCI of \$193,000 as compared to a net profit of \$763,000 in 1Q 2015.



## **7 Variance from Prospect Statement**

The current announced results are in line with the prospect statement as disclosed in the Group's 2015 full year results announcement dated 18 February 2016.

## **8 Prospects**

The outlook for the rest of 2016 remains clouded by relatively weak global economic growth and volatilities in the financial markets, dampening the business potential in the countries we operate in. As such, we will still continue to be prudent and disciplined in our approach to new client acquisition and credits risks while leveraging on core business strengths like factoring services.

We will continue to focus on building our factoring portfolios where risks have been mitigated by existing customer relationships and/or financially strong sources of repayment like the government and large corporations.

Our insurance arm, ECICS had made sustained progress in building its business in a very competitive industry. We are happy that its value-oriented approach has given consumers in Singapore an alternative choice in a market filled with offerings from the large incumbents.

Looking ahead, we remain committed to develop our core business strengths and will continue with our broad strategy as an alternative regional financier for SMEs and a competitive value-oriented general insurer, while staying open and prepared to spearhead new business initiatives.

## **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 2016 (31 March 2015: Nil).

**11 Interested Person Transactions Mandate**

There is no general mandate obtained from shareholders on Interested Person Transactions.

<u>Name of Interested Person</u>	<b>Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</b>	
	<b>3 months 31.03.2016</b>	<b>3 months 31.03.2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Credit Facility Granted</b> Phillip Credit Pte Ltd	<b>221</b>	-
	<b>221</b>	-

**12 Confirmation – Undertakings from all Directors and Executive Officers**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

By Order of the Board

**Chionh Yi Chian**  
**Company Secretary**  
6 May 2016



**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 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

A handwritten signature in blue ink, appearing to be 'Lim Hua Min'.

**Lim Hua Min**  
Chairman

A handwritten signature in blue ink, appearing to be 'Eugene Tan'.

**Eugene Tan**  
Group Chief Executive Officer/Director

A handwritten signature in black ink, appearing to be 'Danny Heng'.

**Danny Heng**  
Group Chief Financial Officer

Singapore  
6 May 2016