

Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

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**Third Quarter And Nine Months Unaudited Financial Statements and Dividend Announcement
for the Period Ended 30 September 2016**

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Third Quarter And Nine Months Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 September 2016

1(a)(i) Consolidated Statement of Profit or Loss for the Third Quarter And Nine Months Ended 30 September

	Note	3rd Quarter			9 months		
		2016 S\$'000	2015 S\$'000	+ / (-) %	2016 S\$'000	2015 S\$'000	+ / (-) %
Interest income	1(a)	5,687	6,452	(11.9)	17,342	19,163	(9.5)
Interest expense	(ii)	(1,540)	(1,769)	(12.9)	(4,849)	(5,256)	(7.7)
Net interest income	(a)	4,147	4,683	(11.4)	12,493	13,907	(10.2)
Gross written premiums		4,089	2,309	77.1	10,780	5,993	79.9
Change in gross provision for unexpired risks		(1,712)	203	NM	(2,929)	1,464	NM
Gross earned premium revenue		2,377	2,512	(5.4)	7,851	7,457	5.3
Written premiums ceded to reinsurers		(689)	(1,014)	(32.1)	(2,260)	(2,823)	(19.9)
Reinsurers' share of change in provision for unexpired risks		(537)	(380)	41.3	(1,645)	(1,476)	11.4
Reinsurance premium expense		(1,226)	(1,394)	(12.1)	(3,905)	(4,299)	(9.2)
Net earned premium revenue (i)	(b)	1,151	1,118	3.0	3,946	3,158	25.0
Fee and commission income	(b)	1,709	1,462	16.9	5,606	5,215	7.5
Investment income	(c)	693	(1,250)	NM	2,013	644	NM
Other income		184	45	NM	455	202	125.2
Sub-total (ii)		2,586	257	NM	8,074	6,061	33.2
Non-interest income (i) + (ii)	(b)	3,737	1,375	171.8	12,020	9,219	30.4
Income before operating expenses		7,884	6,058	30.1	24,513	23,126	6.0
Business development expenses		(137)	(155)	(11.6)	(372)	(525)	(29.1)
Commission expenses		(882)	(261)	NM	(2,230)	(621)	NM
Staff costs		(3,062)	(2,966)	3.2	(8,958)	(9,452)	(5.2)
General and administrative expenses		(1,694)	(1,872)	(9.5)	(5,510)	(5,569)	(1.1)
Operating expenses	(d)	(5,775)	(5,254)	9.9	(17,070)	(16,167)	5.6
Change in provision for insurance claims		(380)	1,891	NM	8,971	1,126	NM
Reinsurers' share of change in provision for insurance claims		(946)	(1,758)	(46.2)	(8,564)	(1,395)	NM
Gross claims paid		(354)	(90)	NM	(6,791)	(178)	NM
Reinsurers' share of claims paid/(recovered)		23	10	130.0	4,390	(8)	NM
Net claims (incurred)/reversal	(e)	(1,657)	53	NM	(1,994)	(455)	NM
Operating profit before allowances		452	857	(47.3)	5,449	6,504	(16.2)
Allowances for loan losses and impairment of investments	(f)	(3,954)	(3,262)	21.2	(7,390)	(8,143)	(9.2)
Loss before tax		(3,502)	(2,405)	45.6	(1,941)	(1,639)	18.4
Tax (expense)/credit		(97)	189	NM	(942)	(117)	NM
Loss for the period		(3,599)	(2,216)	62.4	(2,883)	(1,756)	64.2
(Loss)/profit attributable to:							
Owners of the Company		(3,949)	(2,524)	56.5	(3,943)	(2,683)	47.0
Non-controlling interests		350	308	13.6	1,060	927	14.3
Loss for the period		(3,599)	(2,216)	62.4	(2,883)	(1,756)	64.2

Consolidated Statement of Comprehensive Income for the Third Quarter And Nine Months Ended 30 September

Note	3rd Quarter			9 months		
	2016 S\$'000	2015 S\$'000	+ /(-) %	2016 S\$'000	2015 S\$'000	+ /(-) %
1(a) (ii)						
Loss for the period	(3,599)	(2,216)	62.4	(2,883)	(1,756)	64.2
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss						
Net change in fair value of available-for-sale financial assets	(g) 542	40	NM	340	715	(52.4)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(h) -	-	-	-	(747)	(100.0)
Foreign currency translation differences of foreign operations	(i) 1,139	(998)	NM	355	(1,785)	NM
Tax on other comprehensive income	(92)	(7)	NM	(58)	5	NM
Other comprehensive income for the period, net of tax	1,589	(965)	NM	637	(1,812)	NM
Total comprehensive income for the period	(2,010)	(3,181)	(36.8)	(2,246)	(3,568)	(37.1)
Total comprehensive income attributable to:						
Owners of the Company	(2,662)	(3,305)	(19.5)	(3,375)	(4,238)	(20.4)
Non-controlling interests	652	124	NM	1,129	670	68.5
Total comprehensive income for the period	(2,010)	(3,181)	(36.8)	(2,246)	(3,568)	(37.1)

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 for the period:

	3rd Quarter			9 months		
	2016 S\$'000	2015 S\$'000	+ / (-) %	2016 S\$'000	2015 S\$'000	+ / (-) %
Investment income						
- dividend, fee and interest income	409	491	(16.7)	1,757	1,542	13.9
- (loss)/gain on disposal of equity securities	(183)	(231)	(20.8)	229	(143)	NM
- gain on partial redemption of convertible loan	-	-	-	-	747	(100.0)
- net change in fair value of financial assets at fair value through profit or loss	463	(1,551)	NM	121	(1,548)	NM
- amortisation of held-to-maturity debts securities	(15)	(17)	(11.8)	(40)	(59)	(32.2)
- exchange gain/(loss)	19	58	(67.2)	(54)	105	NM
	693	(1,250)	NM	2,013	644	NM
(Loss)/gain on disposal of property, plant and equipment	-	(1)	NM	90	15	NM
Amortisation of intangible assets	(113)	(105)	7.6	(326)	(294)	10.9
Depreciation of property, plant and equipment	(287)	(293)	(2.0)	(823)	(822)	-
Foreign currency differences						
- exchange loss, net	(10)	(725)	(98.6)	(125)	(849)	(85.3)
- realised (loss)/gain on foreign exchange contracts	(185)	-	NM	123	-	NM
- fair value gain/(loss) on foreign exchange forward contracts	146	599	(75.6)	(310)	600	NM
	(49)	(126)	(61.1)	(312)	(249)	25.3
Provision for unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	(1,712)	203	NM	(2,929)	1,464	NM
- reinsurers' share of change in provision for unexpired risks	(537)	(380)	41.3	(1,645)	(1,476)	11.4
	(2,249)	(177)	NM	(4,574)	(12)	NM
Claims (incurred)/reversal, net of reinsurers' share						
- net change in provision for insurance claims	(1,326)	133	NM	407	(269)	NM
- net claims paid	(331)	(80)	NM	(2,401)	(186)	NM
	(1,657)	53	NM	(1,994)	(455)	NM
(Allowances for)/reversal of loan losses and impairment of investments						
- collective provision - loans and receivables	199	(22)	NM	1,450	(298)	NM
- specific provision - loans and receivables	(3,047)	(2,084)	46.2	(4,554)	(4,727)	(3.7)
- specific provision- interest accrual on non performing accounts	(1,106)	(1,156)	(4.3)	(3,786)	(3,118)	21.4
- debt securities	-	-	-	(500)	-	NM
	(3,954)	(3,262)	21.2	(7,390)	(8,143)	(9.2)
Tax (expense)/credit						
- current tax expense	(261)	(326)	(19.9)	(820)	(912)	(10.1)
- deferred tax credit/(expense)	164	515	(68.2)	(122)	860	NM
- underprovision of prior years' tax	-	-	-	-	(65)	(100.0)
	(97)	189	NM	(942)	(117)	NM

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) Net interest income for both 3rd Quarter 2016 ("3Q 2016") and 9 months of 2016 ("9M 2016") declined mainly due to lower loans interest on lower average loan assets portfolio. Loan assets totaling \$25 million were deemed uncollectable and were written off during the period. At the same time, following our initiative to improve our portfolio quality, we had repayment of loans totaling \$19.5 million year to date. As a consequence, our borrowings declined resulting in lower interest expense.
- (b) Non-interest income improved for both 3Q 2016 and 9M 2016 due to higher net earned premium revenue and higher factoring fees. This was mainly due to the higher business volume generated during 3Q 2016 and 9M 2016.
- (c) The higher investment income mainly fair value gain on investments also contributed to the higher non-interest income.
- (d) Operating expenses for both 3Q 2016 and 9M 2016 were generally controlled except for commission expenses which were higher. This represents commission paid to brokers for generating a higher volume of general insurance business for our subsidiary, ECICS Limited.
- (e) The higher net claims incurred for both 3Q 2016 and 9M 2016 was mainly due to additional provision for claims for motor and other general insurance businesses.
- (f) Allowances for loan losses comprise 3 categories: collective provision, specific provision and specific provision - interest accrual on non-performing accounts.

The Group has since implemented a prudent provisioning policy such that if payments are in arrears for 3, 6 and 12 months, a minimum of 10%, 50% and 100% specific provisions will be made irrespective of whether it is deemed collectable. As a consequence, for 3Q 2016, specific new provisions of \$3 million were made.

- (g) The increase in the net change in fair value of available-for-sale financial assets for 3Q 2016 was mainly due to the mark-to-market gain on property-related projects and other equity securities.
- (h) For 9 months of 2015, there was a reclassification from other comprehensive income - net change in fair value of available-for-sale financial assets to realised gain on partial redemption of convertible loan.
- (i) 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 gain for 3Q 2016 and 9M 2016 was mainly due to the strengthening of Indonesian Rupiah and Thai Baht for translation against the Singapore Dollar as at 30 June 2016 and 31 December 2015 respectively.

1(a)(iii) Loss Per Ordinary Share

	Group			
	3rd Quarter		9 months	
	2016	2015	2016	2015
Loss per ordinary share				
- on weighted-average number of ordinary shares in issue (cents)	(2.63)	(1.68)	(2.62)	(1.78)
- on fully diluted basis (cents)	(2.63)	(1.68)	(2.62)	(1.78)

Loss 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 (30 September 2015: 150,387,866).

The basic and fully diluted loss 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	
		30/09/2016 S\$'000	31/12/2015 S\$'000	30/09/2016 S\$'000	31/12/2015 S\$'000
Non-current assets					
Property, plant and equipment		16,940	17,612	14,049	14,491
Intangible assets		654	776	93	119
Investment property	(a)	2,837	1,258	-	-
Subsidiaries	(b)	-	-	85,747	73,587
Loans to subsidiaries		-	-	-	6,615
Other investments	(c)	41,162	51,898	8,159	8,054
Loans, advances, hire purchase and leasing receivables	(d)	36,006	38,191	30,002	32,807
Deferred tax assets		5,743	5,860	740	708
		103,342	115,595	138,790	136,381
Current assets					
Reinsurers' share of insurance contract provisions		10,522	20,731	-	-
Insurance receivables		2,350	2,106	-	-
Trade and other receivables	(e)	181,782	200,364	87,545	104,357
Other investments	(f)	27,408	20,698	617	390
Derivative financial assets	(g)	10	333	10	10
Cash and cash equivalents	(h)	47,549	33,651	16,562	11,344
		269,621	277,883	104,734	116,101
Total assets		372,963	393,478	243,524	252,482
Equity					
Share capital		88,032	88,032	88,032	88,032
Other reserves		(4,250)	(4,818)	998	894
Accumulated profits		14,859	18,802	21,043	21,347
Equity attributable to owners of the Company		98,641	102,016	110,073	110,273
Non-controlling interests		11,917	11,468	-	-
Total equity		110,558	113,484	110,073	110,273
Non-current liabilities					
Interest-bearing borrowings	(i)	16,521	23,200	13,428	19,145
Employee benefits		1,304	1,142	-	-
Deferred tax liabilities		240	187	-	-
		18,065	24,529	13,428	19,145
Current liabilities					
Trade and other payables		7,645	7,110	3,037	3,001
Insurance payables		1,765	1,825	-	-
Bank overdraft (unsecured)	(i)	19	-	-	-
Interest-bearing borrowings	(i)	205,465	210,735	116,986	120,063
Insurance contract provisions for - gross unexpired risks		14,590	11,661	-	-
- gross insurance claims		14,513	23,484	-	-
Derivative financial liability		-	21	-	-
Current tax payable		343	629	-	-
		244,340	255,465	120,023	123,064
Total liabilities		262,405	279,994	133,451	142,209
Total equity and liabilities		372,963	393,478	243,524	252,482

Comments on Major Statements of Financial Position Variances

- (a) As reported in last quarter, the increase in investment property was due to the new office unit purchased by our Thailand subsidiary for future expansion.
- (b) The increase in investment in subsidiaries by \$12.2 million was due to the Company recapitalising the loans to its Indonesian and Malaysian subsidiaries in June 2016 and July 2016 respectively.
- (c) The decrease in other investments under non-current assets at Group level was mainly due to the reclassification of held-to-maturity debt securities maturing within the next twelve months to current assets.
- (d) 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.
- (e) The decrease in trade and other receivables under current assets of the Group and the Company was mainly due to higher repayment of existing loan portfolio and lower new loans drawdown.
- (f) The increase in other investments under current assets of the Group was mainly due to reclassification of held-to-maturity debt securities maturing within the next twelve months to current assets.
- (g) The derivative financial assets as at 31 December 2015 at Group level related mainly to the swap deal for intra-group loan to Malaysian subsidiary denominated in Singapore dollar.
- (h) The increase in the Group's and the Company's cash balances was mainly due to surplus funds from loan repayments and disposal of tradable securities.
- (i) The decrease in interest-bearing borrowings under non-current liabilities of the Group and the Company was mainly due to the reclassification of interest-bearing borrowings maturing within the next twelve months to current liabilities. This resulted in a negative working capital at Company level of \$15.3 million.

The Group's overall interest-bearing borrowings decrease from \$233.9 million as at 31 December 2015 to \$222.0 million as at 30 September 2016 mainly due to utilization of surplus funds for repayment of bank borrowings.

1(b)(ii) Group's Borrowings

	Unsecured	
	As at 30/09/2016 S\$'000	As at 31/12/2015 S\$'000
Amount repayable in one year or less, or on demand	205,484	210,735
Amount repayable after one year	16,521	23,200
	222,005	233,935

Details of any collateral

Nil.

1(b)(iii) Net Asset Value

	Group		Company	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Net asset value per ordinary share based on issued share capital at end of the financial period (cents)	65.6	67.8	73.2	73.3

1(c) **Consolidated Statement of Cash Flows for the Third Quarter And Nine Months Ended 30 September**

	Note	3rd Quarter		9 months	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash flows from operating activities					
Loss for the period		(3,599)	(2,216)	(2,883)	(1,756)
Adjustments for:					
Amortisation of intangible assets and held-to-maturity debt securities		128	122	366	353
Net foreign exchange loss/(gain)		88	(243)	140	(355)
Derivative financial instrument		(147)	-	310	-
Depreciation of property, plant and equipment		287	293	823	822
Loss/(gain) on disposal of equity securities		183	231	(229)	143
Gain on partial redemption of convertible loans		-	-	-	(747)
Loss/(gain) on disposal of property, plant and equipment		-	1	(90)	(15)
Net change in fair value of financial assets at fair value through profit or loss		(463)	1,551	(121)	1,548
Allowance for impairment of investments		-	-	500	-
Provision for/(reversal of), net of reinsurers' share					
- unexpired risks		2,249	177	4,574	12
- insurance claims		1,326	(133)	(407)	269
Interest income		(5,687)	(6,452)	(17,342)	(19,163)
Interest income from investments and fixed deposits		(338)	(309)	(1,006)	(906)
Dividend income from investments		(71)	(182)	(751)	(636)
Interest expense		1,540	1,769	4,849	5,256
Fixed assets written off		-	1	-	1
Tax expense/(credit)		97	(189)	942	117
Operating cash flows before changes in working capital		(4,407)	(5,579)	(10,325)	(15,057)
Changes in working capital:					
Factoring receivables		832	8,372	(5,166)	4,268
Factoring amounts due to clients		(544)	(121)	29	(349)
Loans, advances, hire purchase and leasing receivables		9,984	4,700	26,981	(4,341)
Insurance and other receivables		1,216	683	(573)	(1,162)
Assets held for sale		-	(16)	-	(28)
Trade, other and insurance payables		859	(600)	947	(2,297)
Cash generated from/(used in) operations		7,940	7,439	11,893	(18,966)
Interest received		6,156	6,852	18,430	20,185
Interest paid		(1,754)	1,068	(5,267)	(2,384)
Taxes paid, net		(580)	(564)	(1,118)	(1,258)
Net cash from/(used in) operating activities	(a)	11,762	14,795	23,938	(2,423)

1(c) **Consolidated Statement of Cash Flows for the Third Quarter And Nine Months Ended 30 September (cont'd)**

	Note	3rd Quarter		9 months	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	-	92	15
Purchase of property, plant and equipment		-	(6)	(65)	(1,459)
Purchase of investment property		(43)	22	(1,647)	(1,306)
Purchase of intangible assets		(72)	(47)	(204)	(426)
Purchase of investments		(10,832)	(8,646)	(14,880)	(25,144)
Proceeds from disposal of investments		11,778	8,180	19,002	23,139
Dividend received from investments		71	182	751	636
Net cash from/(used in) investing activities	(b)	902	(315)	3,049	(4,545)
Cash flows from financial activities					
Dividends paid					
- by the Company		-	-	-	(2,256)
- by a subsidiary company to non-controlling interests		-	-	(680)	(753)
(Repayments of)/proceeds from interest-bearing borrowings		(13,467)	(9,692)	(12,486)	14,463
Net cash (used in)/from financing activities	(c)	(13,467)	(9,692)	(13,166)	11,454
Net (decrease)/increase in cash and cash equivalents	(d)	(803)	4,788	13,821	4,486
Cash and cash equivalents at beginning of period		48,107	23,622	33,651	24,013
Effect of exchange rate fluctuations on cash held		226	(148)	58	(237)
Cash and cash equivalents at end of period		47,530	28,262	47,530	28,262
Analysis of cash and cash equivalents					
Fixed deposits		24,191	15,945	24,191	15,945
Cash at banks and on hand		23,358	12,317	23,358	12,317
Bank overdrafts (unsecured)		(19)	-	(19)	-
Cash and cash equivalents at end of period		47,530	28,262	47,530	28,262

Explanatory Notes to Consolidated Statement of Cash Flows

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

The net cash from operating activities in 3Q 2016 and 9M 2016 were mainly due to higher repayment of loans, partly offset by higher drawdown of factoring receivables as compared to the same periods last year.

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

The net cash from investing activities in 3Q 2016 was mainly due to higher proceeds from disposal in investments. The net cash from investing activities in 9M 2016 was mainly due to lower purchase of investments

Details of the purchase of investments of \$10.8 million and proceeds from disposal of investments of \$11.8 million in 3Q 2016 were 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	3,627	3,005
- Quoted debt securities	-	6,250
- Quoted money market fund	7,205	2,523
<u>IFS Group (excluding ECICS Limited)</u>	-	-
Total	<u>10,832</u>	<u>11,778</u>

* 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 3Q 2016 and 9M 2016 was mainly due to utilisation of surplus funds for repayments of interest-bearing borrowings.

(d) Net (decrease)/increase in cash and cash equivalents

The decrease in cash and cash equivalents in 3Q 2016 was mainly due to higher repayments of interest-bearing borrowings, partly offset by net cash from investing activities and higher repayment of loans from operating activities as compared to the same quarter last year. The higher increase in cash and cash equivalents in 9M 2016 was mainly due to higher repayment of loans from operating activities, net cash from investing activities, partly offset by higher drawdown of factoring receivables and repayments of interest-bearing borrowings as compared to the same period last year.

1(d)(i) **Statements of Changes in Equity**

Group	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	
2015								
At 1 January 2015	88,032	(39)	3,702	(7,262)	36,148	120,581	11,221	131,802
Total comprehensive income for 1st half								
(Loss)/profit for 1st half	-	-	-	-	(159)	(159)	619	460
Other comprehensive income	-	-	(60)	(714)	-	(774)	(73)	(847)
Total comprehensive income for 1st half	-	-	(60)	(714)	(159)	(933)	546	(387)
Dividends paid to owners of the Company	-	-	-	-	(2,256)	(2,256)	-	(2,256)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(753)	(753)
At 30 June 2015	88,032	(39)	3,642	(7,976)	33,733	117,392	11,014	128,406
Total comprehensive income for 3rd quarter								
(Loss)/profit for 3rd quarter	-	-	-	-	(2,524)	(2,524)	308	(2,216)
Other comprehensive income	-	-	33	(814)	-	(781)	(184)	(965)
Total comprehensive income for 3rd quarter	-	-	33	(814)	(2,524)	(3,305)	124	(3,181)
At 30 September 2015	88,032	(39)	3,675	(8,790)	31,209	114,087	11,138	125,225
2016								
At 1 January 2016	88,032	38	3,494	(8,350)	18,802	102,016	11,468	113,484
Total comprehensive income for 1st half								
Profit for 1st half	-	-	-	-	6	6	710	716
Other comprehensive income	-	-	(168)	(551)	-	(719)	(233)	(952)
Total comprehensive income for 1st half	-	-	(168)	(551)	6	(713)	477	(236)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(680)	(680)
At 30 June 2016	88,032	38	3,326	(8,901)	18,808	101,303	11,265	112,568
Total comprehensive income for 3rd quarter								
(Loss)/profit for 3rd quarter	-	-	-	-	(3,949)	(3,949)	350	(3,599)
Other comprehensive income	-	-	450	837	-	1,287	302	1,589
Total comprehensive income for 3rd quarter	-	-	450	837	(3,949)	(2,662)	652	(2,010)
At 30 September 2016	88,032	38	3,776	(8,064)	14,859	98,641	11,917	110,558

1(d)(i) Statements of Changes in Equity (cont'd)

<u>Company</u>	Share capital S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2015				
At 1 January 2015	88,032	863	27,585	116,480
Total comprehensive income for 1st half				
Loss for 1st half	-	-	(162)	(162)
Other comprehensive income	-	129	-	129
Total comprehensive income for 1st half	-	129	(162)	(33)
Dividend paid	-	-	(2,256)	(2,256)
At 30 June 2015	88,032	992	25,167	114,191
Total comprehensive income for 3rd quarter				
Loss for 3rd quarter	-	-	(812)	(812)
Other comprehensive income	-	(136)	-	(136)
Total comprehensive income for 3rd quarter	-	(136)	(812)	(948)
At 30 September 2015	88,032	856	24,355	113,243
2016				
At 1 January 2016	88,032	894	21,347	110,273
Total comprehensive income for 1st half				
Profit for 1st half	-	-	1,156	1,156
Other comprehensive income	-	68	-	68
Total comprehensive income for 1st half	-	68	1,156	1,224
At 30 June 2016	88,032	962	22,503	111,497
Total comprehensive income for 3rd quarter				
Loss for 3rd quarter	-	-	(1,460)	(1,460)
Other comprehensive income	-	36	-	36
Total comprehensive income for 3rd quarter	-	36	(1,460)	(1,424)
At 30 September 2016	88,032	998	21,043	110,073

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 30 September 2016 was 150,387,866 ordinary shares.

There were no outstanding convertibles as at 30 September 2016 (30 September 2015: Nil).

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

The total number of issued shares as at 30 September 2016 was 150,387,866 (31 December 2015: 150,387,866 issued shares). The Company does not hold any treasury shares as at 30 September 2016 (30 September 2015: Nil).

As announced in the SGX on 14 October 2016, the Company had issued 225,581,799 Rights Shares on 14 October 2016 which were listed and quoted on the Mainboard of the SGX-ST for trading on 17 October 2016. The Company will adjust the share capital base under the 4th Quarter 2016 announcement of results.

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

3rd Quarter 2016 (“3Q 2016”) versus 3rd Quarter 2015 (“3Q 2015”)

The Group's operating income was 30% higher at \$7.9 million compared to 3Q 2015. This reflects a turnaround in investment income and the Company's ability to generate new businesses. Net loss was higher at \$3.6 million, largely due to a more prudent provisioning policy introduced by the Group this year.

9 months 2016 (“9M 2016”) versus 9 months 2015 (“9M 2015”)

The Group's operating income for 9M 2016 of \$24.5 million was 6% higher compared to \$23.1 million for 9M 2015 attributable to higher net earned premium revenue and non-interest income. After taking into account the higher net claims from our motor and other general insurance businesses and higher specific provision - interest accrual on non performing accounts, the Group's net loss was 64% higher at \$2.9 million compared to \$1.8 million in 9M 2015. Net loss attributable to shareholders after non-controlling interests was 47% higher at \$3.9 million.

The Group's gross loan assets including factoring receivables outstanding were \$295.3 million as at 30 September 2016. This was a decrease 13% when compared against the base of \$338.4 million as at 30 September 2015. The lower loan portfolio was due to the rebalancing of the portfolio to improve our asset quality and the write-off of \$25 million non-performing accounts in 2016.

7 Variance from Prospect Statement

The current announced results are in line with the profit guidance announcement released on 20 September 2016.

8 Prospects

As the outlook for the world economy remains gloomy, the countries we operate in face a general economic slowdown and considerable financial market volatility. The overall outlook for the Asia Pacific region is hurt by various factors including China's slowdown, uncertainties in world financial markets and low commodity prices.

Despite the gloomy world outlook, we remain positive about the future of the Group. We have already strengthened our Risk Management and streamlined our businesses to focus on our core competence, i.e. factoring and leasing. We have also rebalanced our staffing to maximize efficiency.

After recently completing our Rights Issue, our financial position has strengthened substantially. We are well positioned to move forward and to take advantage of any business opportunities that may arise.

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 30 September 2016 (30 September 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> Credit Facility Granted Phillip Credit Pte Ltd	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)	
	9 months 30.09.2016	9 months 30.09.2015
	S\$'000	S\$'000
	973	-
	973	-

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
11 November 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 third quarter and nine months ended 30 September 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Handwritten signature of Lim Hua Min in black ink.

Lim Hua Min
Chairman

Handwritten signature of Eugene Tan in black ink.

Eugene Tan
Group Chief Executive Officer/Director

Handwritten signature of Danny Heng in black ink.

Danny Heng
Group Chief Financial Officer

Singapore

11 November 2016