

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

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Full Year Unaudited Financial Statements and Dividend Announcement for the Year Ended 31 December 2016

1(a)(i) Consolidated Statement of Profit or Loss for the Fourth Quarter And Full Year Ended 31 December

	Note	4th Quarter			Full Year		
		2016 S\$'000	2015 S\$'000	+ /(-) %	2016 S\$'000	2015 S\$'000	+ /(-) %
Interest income		5,326	6,059	(12.1)	22,668	25,222	(10.1)
Interest expense		(1,386)	(1,724)	(19.6)	(6,235)	(6,980)	(10.7)
Net interest income	(a)	3,940	4,335	(9.1)	16,433	18,242	(9.9)
Gross written premiums		3,815	2,027	88.2	14,595	8,020	82.0
Change in gross provision for unexpired risks		(1,166)	387	NM	(4,095)	1,851	NM
Gross earned premium revenue		2,649	2,414	9.7	10,500	9,871	6.4
Written premiums ceded to reinsurers		(891)	(468)	90.4	(3,151)	(3,291)	(4.3)
Reinsurers' share of change in provision for unexpired risks		1,139	(645)	NM	(506)	(2,121)	(76.1)
Reinsured premium expense		248	(1,113)	NM	(3,657)	(5,412)	(32.4)
Net earned premium revenue (i)		2,897	1,301	122.7	6,843	4,459	53.5
Fee and commission income		1,816	1,770	2.6	7,422	6,985	6.3
Investment income		396	874	(54.7)	2,409	1,518	58.7
Other income		144	109	32.1	599	311	92.6
Sub-total (ii)		2,356	2,753	(14.4)	10,430	8,814	18.3
Non-interest income (i) + (ii)	(b)	5,253	4,054	29.6	17,273	13,273	30.1
Income before operating expenses		9,193	8,389	9.6	33,706	31,515	7.0
Business development expenses		(186)	(264)	(29.5)	(558)	(789)	(29.3)
Commission expenses		(986)	(391)	152.2	(3,216)	(1,012)	NM
Staff costs		(3,141)	(3,083)	1.9	(12,099)	(12,535)	(3.5)
General and administrative expenses		(1,359)	(1,524)	(10.8)	(6,869)	(7,093)	(3.2)
Operating expenses	(c)	(5,672)	(5,262)	7.8	(22,742)	(21,429)	6.1
Change in provision for insurance claims		4,689	(7,705)	NM	13,660	(6,579)	NM
Reinsurers' share of change in provision for insurance claims		(4,614)	5,137	NM	(13,178)	3,742	NM
Gross claims recovered/(paid)		105	(1,704)	NM	(6,686)	(1,882)	NM
Reinsurers' share of claims (recovered)/paid		(534)	1,122	NM	3,856	1,114	NM
Net claims incurred	(d)	(354)	(3,150)	(88.8)	(2,348)	(3,605)	(34.9)
Operating profit/(loss) before allowances		3,167	(23)	NM	8,616	6,481	32.9
Allowances for loan losses and impairment of other assets	(e)	(994)	(10,965)	(90.9)	(8,384)	(19,108)	(56.1)
Profit/(loss) before tax		2,173	(10,988)	NM	232	(12,627)	NM
Tax expense		(413)	(1,134)	(63.6)	(1,355)	(1,251)	8.3
Profit/(loss) for the period/year		1,760	(12,122)	NM	(1,123)	(13,878)	(91.9)
Attributable to:							
Owners of the Company		1,378	(12,468)	NM	(2,565)	(15,151)	(83.1)
Non-controlling interests		382	346	10.4	1,442	1,273	13.3
		1,760	(12,122)	NM	(1,123)	(13,878)	(91.9)

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

1(a)(i) Consolidated Statement of Comprehensive Income for the Fourth Quarter And Full Year Ended 31 December

Note	4th Quarter			Full Year		
	2016 S\$'000	2015 S\$'000	+ /(-) %	2016 S\$'000	2015 S\$'000	+ /(-) %
Profit/(loss) for the period/year	1,760	(12,122)	NM	(1,123)	(13,878)	(91.9)
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Defined benefit plan remeasurements	201	184	9.2	201	184	9.2
Tax on items that will not be reclassified to profit or loss	(40)	(46)	(13.0)	(40)	(46)	(13.0)
	161	138	16.7	161	138	16.7
Items that are or may be reclassified subsequently to profit or loss						
Net change in fair value of available-for-sale financial assets	(i) 1,075	(218)	NM	1,415	497	184.7
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	-	-	-	-	(747)	NM
Foreign currency translation differences of foreign operations	(ii) 989	424	133.3	1,344	(1,361)	NM
Tax on other comprehensive income	(188)	37	NM	(246)	42	NM
	1,876	243	NM	2,513	(1,569)	NM
Other comprehensive income for the period/year, net of tax	2,037	381	NM	2,674	(1,431)	NM
Total comprehensive income for the period/year	3,797	(11,741)	NM	1,551	(15,309)	NM
Attributable to:						
Owners of the Company	3,096	(12,071)	NM	(279)	(16,309)	(98.3)
Non-controlling interests	701	330	112.4	1,830	1,000	83.0
	3,797	(11,741)	NM	1,551	(15,309)	NM

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

Notes:

- (i) Net change in fair value of available-for-sale financial assets was mainly due to mark-to-market gain on property-related projects.
- (ii) Foreign currency translation differences of foreign operations arose mainly from the translation of financial statements of foreign operations whose functional currencies are Thai Baht, Malaysian Ringgit and Indonesian Rupiah.

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/year

	4th Quarter			Full Year		
	2016 S\$'000	2015 S\$'000	+/(-) %	2016 S\$'000	2015 S\$'000	+/(-) %
Investment income						
- dividend, fee and interest income	419	797	(47.4)	2,176	2,339	(7.0)
- gain/(loss) on disposal of equity securities	13	(29)	NM	242	(172)	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	(128)	133	NM	(7)	(1,415)	(99.5)
- amortisation of held-to-maturity debts securities	(18)	(15)	20.0	(58)	(74)	(21.6)
- exchange gain/(loss)	110	(12)	NM	56	93	(39.8)
	396	874	(54.7)	2,409	1,518	58.7
Gain/(loss) on disposal of property, plant and equipment	1	(3)	NM	91	12	NM
Amortisation of intangible assets	(116)	(106)	9.4	(442)	(400)	10.5
Depreciation of property, plant and equipment	(287)	(272)	5.5	(1,110)	(1,094)	1.5
Foreign currency differences						
- exchange gain/(loss), net	114	224	(49.1)	(11)	(625)	(98.2)
- realised (loss)/gain on foreign exchange contracts	(1)	131	NM	122	131	(6.9)
- fair value gain/(loss) on foreign exchange forward contracts	3	(278)	NM	(307)	322	NM
	116	77	50.6	(196)	(172)	14.0
Provision for unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	(1,166)	387	NM	(4,095)	1,851	NM
- reinsurers' share of change in provision for unexpired risks	1,139	(645)	NM	(506)	(2,121)	(76.1)
	(27)	(258)	(89.5)	(4,601)	(270)	NM
Claims incurred, net of reinsurers' share						
- net change in provision for insurance claims	75	(2,568)	NM	482	(2,837)	NM
- net claims paid	(429)	(582)	(26.3)	(2,830)	(768)	NM
	(354)	(3,150)	(88.8)	(2,348)	(3,605)	(34.9)
(Allowances for)/reversal of loan losses and impairment of other assets						
- collective provision – loans and receivables	(207)	509	NM	1,243	211	NM
- specific provision – loans and receivables	(184)	(9,877)	(98.1)	(4,738)	(14,604)	(67.6)
- specific provision – interest accrual and fee on non performing accounts	(603)	(1,274)	(52.7)	(4,389)	(4,392)	(0.1)
- assets held for sale	-	5	(100)	-	5	(100.0)
- debt securities	-	-	-	(500)	-	NM
- other assets	-	(328)	NM	-	(328)	NM
	(994)	(10,965)	(90.9)	(8,384)	(19,108)	(56.1)
Tax expense						
- current tax expense	(318)	(264)	20.5	(1,138)	(1,176)	(3.2)
- deferred tax expense	(176)	(1,570)	(88.8)	(298)	(710)	(58.0)
- overprovision of prior years' tax	81	700	(88.4)	81	635	(87.2)
	(413)	(1,134)	(63.6)	(1,355)	(1,251)	8.3

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

Comments on Major Consolidated Statement of Profit or Loss Variances

- (a) Net interest income for both 4th Quarter 2016 ("4Q 2016") and full year 2016 ("FY 2016") decreased by 9% when compared to the corresponding periods in 2015 mainly attributable to lower loans interests earned from lower average loan assets portfolio. For the year ended 31 December 2016, a total amount of \$29.6 million deemed uncollectable loans were written off. We also had lower quality loans totaling \$21.1 million that were repaid.

At the same time interest expense fell by 11% due to the lower bank borrowings.

As a result net income margin improved slightly from 5.9 per cent in 2015 to 6.1 per cent in 2016.

- (b) Non-interest income surged 30 per cent to \$17.3 million; mainly due to: -

- i. Higher net earned premiums from the maid and motor insurance.
- ii. Higher investment income was recorded in FY 2016. In FY 2015 the Group recorded a fair value loss on its quoted equity investments of \$1.4 million due to weak market sentiment.
- iii. Higher fees and commission following an increase in our factoring volume.

- (c) The increase in operating expenses for both 4Q 2016 and FY 2016 was largely due to the higher commission expenses incurred; in line with the higher volume of broker-referred business in maid and motor insurance

- (d) Net claims incurred for both 4Q 2016 and FY 2016 fell mainly due to reversal of specific provision for claims no longer required for performance bonds.

- (e) Allowances for loan losses and impairment of other assets reduced significantly by 56% year-on-year due to the absence of high level of impairment on loans and advances and factoring receivables made in the previous financial year.

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

	Group			
	4th Quarter		Full Year	
Earnings / (Loss) per ordinary share:	2016	2015	2016	2015
- on weighted-average number of ordinary shares in issue	0.41 cents	(8.29) cents	(1.30) cents	(10.07) cents
- on fully diluted basis	0.41 cents	(8.29) cents	(1.30) cents	(10.07) cents
Net profit / (loss) attributable to shareholders:	\$1,378,000	\$(12,468,000)	\$(2,565,000)	\$(15,151,000)
Number of shares in issue:				
- weighted-average number of ordinary shares in issue	336,738,048	150,387,866	197,229,988	150,387,866
- on fully diluted basis	336,738,048	150,387,866	197,229,988	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	
	31/12/2016 S\$'000	31/12/2015 S\$'000	31/12/2016 S\$'000	31/12/2015 S\$'000
Non-current assets				
	15,697	17,612	13,898	14,491
	588	776	100	119
(a)	3,914	1,258	-	-
	-	-	85,747	73,587
	-	-	-	6,615
(b)	49,194	51,898	8,134	8,054
(c)	43,004	38,191	35,957	32,807
	5,434	5,860	660	708
	117,831	115,595	144,496	136,381
Current assets				
	7,047	20,731	-	-
	1,933	2,106	-	-
(d)	215,366	200,364	103,921	104,357
(b)	29,542	20,698	553	390
	-	333	-	10
	33,724	33,651	12,029	11,344
	287,612	277,883	116,503	116,101
Total assets	405,443	393,478	260,999	252,482
Equity				
(e)	137,302	88,032	137,302	88,032
	(2,651)	(4,818)	978	894
	16,356	18,802	21,140	21,347
Equity attributable to owners of the Company	151,007	102,016	159,420	110,273
Non-controlling interests	12,618	11,468	-	-
Total equity	163,625	113,484	159,420	110,273
Non-current liabilities				
(f)	13,033	23,200	10,938	19,145
	1,118	1,142	-	-
	339	187	-	-
	14,490	24,529	10,938	19,145
Current liabilities				
	11,540	7,110	6,778	3,001
	2,273	1,825	-	-
(f)	187,390	210,735	83,863	120,063
	15,756	11,661	-	-
	9,824	23,484	-	-
	-	21	-	-
	545	629	-	-
	227,328	255,465	90,641	123,064
Total liabilities	241,818	279,994	101,579	142,209
Total equity and liabilities	405,443	393,478	260,999	252,482

1(b)(i) Comments on Major Statements of Financial Position Variances

- (a) During the financial year, the increase in investment property was due to an additional office unit acquired by our Thailand subsidiary for the purpose of generating rental income.
- (b) Variance in other investments relates mainly to the reclassification of held-to-maturity debt securities maturing within the next twelve months from Non-current assets to Current assets.
- (c) The increase in loans, advances, hire purchase and leasing receivables was mainly due to disbursements of new loans to our customers.
- (d) Trade and other receivables increased by 7% to \$215.4 million mainly due to the higher factoring receivables.
- (e) During the 4th quarter of 2016, the Company completed its Rights Issue exercise and issued 225,581,799 new ordinary shares at an issue price of S\$0.22 per share. Accordingly share capital increased from \$88.0 million to \$137.3 million as at 31 December 2016.
- (f) Overall interest-bearing borrowings (non-current and current portions) decreased by \$33.5 million (14%) to \$200.4 million mainly due to the repayment of bank borrowings via net proceeds raised from the Rights Issue.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	Unsecured	
	As at 31-Dec-16 S\$'000	As at 31-Dec-15 S\$'000
Amount repayable in one year or less, or on demand	187,390	210,735
Amount repayable after one year	13,033	23,200
	<u>200,423</u>	<u>233,935</u>

Details of any collateral

Nil

1(b)(iii) Net Asset Value

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Net asset value per ordinary share based on issued share capital at end of the financial year	40.2 cents	67.8 cents	42.4 cents	73.3 cents

1(c) **Consolidated Statement of Cash Flows for the Fourth Quarter And Full Year Ended 31 December**

	Note	4th Quarter		Full Year	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Cash flows from operating activities					
Loss for the period		1,760	(12,122)	(1,123)	(13,878)
Adjustments for:					
Amortisation of intangible assets and held-to-maturity debt securities		134	121	500	474
Net foreign exchange (gain)/loss		(49)	116	91	(239)
Depreciation of property, plant and equipment		287	272	1,110	1,094
(Gain)/loss on disposal of equity securities		(13)	29	(242)	172
Gain on partial redemption of convertible loans		-	-	-	(747)
(Gain)/loss on disposal of property, plant and equipment		(1)	3	(91)	(12)
Net change in fair value of financial assets at fair value through profit or loss		128	(133)	7	1,415
Allowance for impairment of investments		-	-	500	-
Allowance for impairment of other assets		-	328	-	328
Derivative financial instruments		(3)	(302)	307	(302)
Provision for/(reversal of), net of reinsurers' share					
- unexpired risks		27	258	4,601	270
- insurance claims		(75)	2,568	(482)	2,837
Interest income		(5,326)	(6,059)	(22,668)	(25,222)
Interest income from investments and fixed deposits		(295)	(300)	(1,301)	(1,206)
Dividend income from investments		(124)	(497)	(875)	(1,133)
Interest expense		1,386	1,724	6,235	6,980
Fixed assets written off		1	-	1	1
Tax expense		413	1,134	1,355	1,251
Operating cashflows before changes in working capital		(1,750)	(12,860)	(12,075)	(27,917)
Changes in working capital:					
Factoring receivables		(17,917)	(3,972)	(23,083)	296
Factoring amounts due to clients		3,360	870	3,389	521
Loans, advances, hire purchase and leasing receivables		(19,977)	21,502	7,004	17,133
Insurance and other receivables		528	908	(45)	(254)
Trade, other and insurance payables		1,167	780	2,114	(1,517)
Cash (used in)/generated from operations		(34,589)	7,228	(22,696)	(11,738)
Interest received		5,475	6,298	23,905	26,483
Interest paid		(1,459)	(4,390)	(6,726)	(6,774)
Tax paid, net		(69)	(39)	(1,187)	(1,297)
Net cash (used in)/from operating activities	(a)	(30,642)	9,097	(6,704)	6,674

1(c) **Consolidated Statement of Cash Flows for the Fourth Quarter And Full Year Ended 31 December (cont'd.)**

		4th Quarter		Full Year	
	Note	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		-	2	92	17
Purchase of property, plant and equipment		(50)	(19)	(1,762)	(2,784)
Purchase of intangible assets		(48)	(110)	(252)	(536)
Purchase of investments		(21,805)	(1,250)	(36,685)	(26,394)
Proceeds from redemption/disposal of investments		12,701	3,254	31,703	26,393
Dividend received from investments		124	476	875	1,112
Net cash (used in)/from investing activities	(b)	(9,078)	2,353	(6,029)	(2,192)
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		(23,549)	(6,090)	(36,035)	8,373
Proceeds from issue of Rights Shares, net of expenses		49,270	-	49,270	-
Net cash from/(used in) financing activities	(c)	25,721	(6,090)	12,555	5,364
Net (decrease)/increase in cash and cash equivalents	(d)	(13,999)	5,360	(178)	9,846
Cash and cash equivalents at beginning of period/year		47,530	28,262	33,651	24,013
Effect of exchange rate fluctuations on cash held		193	29	251	(208)
Cash and cash equivalents at end of period/year		33,724	33,651	33,724	33,651
Analysis of cash and cash equivalents					
Fixed deposits		20,241	21,894	20,241	21,894
Cash at banks and on hand		13,483	11,757	13,483	11,757
Cash and cash equivalents at end of period/year		33,724	33,651	33,724	33,651

Explanatory Notes to Consolidated Statement of Cash Flows

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

The net cash from operating activities in 4Q 2016 and FY 2016 was mainly due to drawdown of factoring receivables and loans as compared to the same periods in 2015.

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

Despite the higher proceeds from redemption/disposal of investments, the net cash used in investing activities in 4Q 2016 and FY 2016 was mainly due to higher purchase of investments as compared to the same periods in 2015.

Details of the purchase of investments of \$21.8 million and proceeds from redemption/disposal of investments of \$12.7 million for 4Q 2016 were as follows:-

<u>Details</u>	<u>Purchase of investments</u> S\$'000	<u>Proceeds from redemption/ disposal of investments</u> S\$'000
<u>ECICS Limited *</u>		
- Quoted equity securities	1,586	741
- Quoted debt securities	5,647	-
- Quoted money market fund	13,255	9,940
- Unquoted debt securities	1,317	2,000
<u>IFS Group (excluding ECICS Limited)</u>		
- Quoted equity securities	-	10
- Union membership upon liquidation	-	10
Total	<u>21,805</u>	<u>12,701</u>

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

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

The net cash from financing activities in 4Q 2016 and FY 2016 resulted mainly from proceeds from issue of Rights Shares, net of expenses, after utilisation of surplus funds for repayments of interest-bearing borrowings.

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

Overall, the net decrease in cash and cash equivalents for 4Q 2016 and FY 2016 resulted mainly from drawdown of factoring receivables and loans; and net cash used in investing activities, after application of net cash from financing activities through the proceeds from issue of Rights Share.

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

Group	Attributable to owners of the Company						Non-controlling interests S\$'000	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		
2015								
At 1 January 2015	88,032	(39)	3,702	(7,262)	36,148	120,581	11,221	131,802
Total comprehensive income for the year								
(Loss)/profit for the year	-	-	-	-	(15,151)	(15,151)	1,273	(13,878)
Other comprehensive income	-	-	(208)	(1,088)	138	(1,158)	(273)	(1,431)
Total comprehensive income for the year	-	-	(208)	(1,088)	(15,013)	(16,309)	1,000	(15,309)
Capitalisation of statutory legal reserves of a subsidiary	-	77	-	-	(77)	-	-	-
Dividends paid to owners of the Company	-	-	-	-	(2,256)	(2,256)	-	(2,256)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(753)	(753)
At 31 December 2015	88,032	38	3,494	(8,350)	18,802	102,016	11,468	113,484
2016								
At 1 January 2016	88,032	38	3,494	(8,350)	18,802	102,016	11,468	113,484
Total comprehensive income for the year								
(Loss)/profit for the year	-	-	-	-	(2,565)	(2,565)	1,442	(1,123)
Other comprehensive income	-	-	1,169	998	119	2,286	388	2,674
Total comprehensive income for the year	-	-	1,169	998	(2,446)	(279)	1,830	1,551
Issues of Rights Shares, net of expenses	49,270	-	-	-	-	49,270	-	49,270
Dividends paid to non-controlling interests	-	-	-	-	-	-	(680)	(680)
At 31 December 2016	137,302	38	4,663	(7,352)	16,356	151,007	12,618	163,625

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 the year				
Loss for the year	-	-	(3,982)	(3,982)
Other comprehensive income	-	31	-	31
Total comprehensive income for the year	-	31	(3,982)	(3,951)
Dividend paid	-	-	(2,256)	(2,256)
At 31 December 2015	88,032	894	21,347	110,273
2016				
At 1 January 2016	88,032	894	21,347	110,273
Total comprehensive income for the year				
Loss for the year	-	-	(207)	(207)
Other comprehensive income	-	84	-	84
Total comprehensive income for the year	-	84	(207)	(123)
Issues of Rights Shares, net of expenses	49,270	-	-	49,270
At 31 December 2016	137,302	978	21,140	159,420

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

	Number of Ordinary Shares (excluding treasury shares)	
	As at	As at
	31-Dec-16	31-Dec-15
Balance at beginning of the period	150,387,866	150,387,866
Rights issue of shares	225,581,799	-
Balance at end of period	375,969,665	150,387,866

During the 4th quarter of 2016, the Company undertake a renounceable non-underwritten rights issue ("**Rights Issue**") of up to 225,581,799 new ordinary shares in the share capital of the Company ("**Rights Shares**") at an issue price of S\$0.22 for each Rights Share on the basis of three (3) Rights Shares for every two (2) existing ordinary shares in the share capital of the Company ("**Shares**").

The Rights Shares has been issued and allotted on 14 October 2016 and listed for quotation on the Mainboard of the SGX-ST on 17 October 2016. The Rights Shares rank pari passu in all respects with the Shares.

There were no outstanding convertibles as at 31 December 2016 and 31 December 2015.

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

As at 31 December 2016, the issued and paid up share capital excluding treasury shares of the Company comprised of 375,969,665 (31 December 2015: 150,387,866) ordinary shares.

The Company does not hold any treasury shares as at 31 December 2016 and 31 December 2015.

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 Group's auditors.

3 Auditors' Report

Not applicable.

4 Accounting Policies

Except as disclosed under paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as that 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 year, 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 year under review.

6 Review of Group Performance

4th Quarter 2016 (“4Q 2016”) versus 4th Quarter 2015 (“4Q 2015”)

As a result of the lower net claims (resulting from a reversal of provision), the Group reported an operating profit of \$3.1 million compared to a marginal loss of \$23,000 in 4Q 2015.

Meanwhile the absence of high level of impairment on loans and advances and factoring receivables has also resulted the allowances for loan losses and impairment of other assets to reduce significantly from \$11.0 million in 4Q 2015 to \$994,000 in 4Q 2016.

Consequently the Group recorded a before tax profit of \$2.1 million in 4Q.

2016 versus 2015

Compared to a loss of \$12.6 million incurred in FY 2015, the Group recorded its first profit before tax (after three consecutive years of losses) of \$232,000 in FY 2016; contributed by the jump in non-interest income and a reduction in net claims incurred and allowances for loan losses.

Following the rebalancing of our loans portfolio, non-performing loans (NPLs) fell to \$26.0 million from a high of \$47.0 million while gross loan assets (including factoring receivables) stood at \$331.4 million as at 31 December 2016.

This was a marginal decrease of 0.5% against the base of \$333.0 million as at 31 December 2015; indicating that despite the rebalancing of our loans portfolio to improve the assets quality and the write-off of \$29.6 million of non-performing accounts in 2016, the Group is in good momentum in picking up new businesses to support its growth trends.

7 Variance from Prospect Statement

The current announced results are in line with the prospect statement as disclosed in the Group’s 3rd Quarter 2016 results announcement dated 11 November 2016.

8 Prospects

Business conditions in 2017 are likely to remain difficult. The region we operate in is heavily trade-dependent so there is a real risk that the rising wave of anti-globalisation sentiment, as reflected in Brexit and the election of Donald Trump as US President, will produce actual protectionist measures which could hurt the region’s export and foreign direct investment prospects. At the same time, some of the region’s large economies such as China and South Korea face strong headwinds.

Nevertheless, we remain optimistic. Export growth in the countries we operate in has been improving in recent months while governments have stepped up spending especially for infrastructure projects to support economic growth. This is positive for our targeted clients, the small and medium enterprises (SMEs) as they are likely to benefit through higher business volumes. However, these SMEs remain financially under-served as the larger financial institutions appear to be restructuring to focus on larger enterprises rather than SMEs.

As the Group overcomes the financial challenges it faced in the past three years, it is now in a better position to seize this opportunity to become more entrenched as a significant financier of SMEs and our client base is increasing as a result. In 2016, our factored volume reached an all-time high of \$1.3 billion, representing an increase of \$100 million over the previous year.

Barring unexpected developments, the Group believes it should continue to improve its performance in 2017.

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 financial year ended 31 December 2016 (31 December 2015: Nil).

11 Group Segment Information

Operating Segments

The Group has three reportable segments which relate to the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The reportable segment presentation is prepared based on the Group's management and internal reporting structure. As some of the activities of the Group are integrated, internal cost allocation has been made in preparing the segment information such as the Group's centralized support costs and funding costs. Inter-segment pricing where appropriate, is determined on an arm's length basis. The Group's CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Credit financing : Credit financing encompasses providing commercial/financial services to corporate clients, mainly the small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing, mortgage financing, working capital, financing for overseas operations, hire purchase as well as participating in financing by SPRING and International Enterprise Singapore Board under the Singapore Government's Local Enterprise Finance Scheme and Internationalisation Finance Scheme respectively.
- Insurance : The provision of full range general insurance business lines in the Singapore market including credit insurance and bonds and guarantees.
- Private equity, venture capital and other investments : The provision of development capital in the form of mezzanine financing, convertible debt instruments and direct private equity investments.

Total operating income comprises interest income, net earned premiums, fee and commission income and investment income. Performance is measured based on segment profit before tax.

Information about reportable segments:

<u>Business Segments</u>	Credit financing S\$'000	Insurance S\$'000	Private equity and other investments S\$'000	Others S\$'000	Total S\$'000
2016					
<i>Operating Results</i>					
Total operating income	29,366	9,159	817	-	39,342
Reportable segment profit/ (loss) before tax	593	(927)	566	-	232
Net interest income	16,433	-	-	-	16,433
Net earned premium revenue	-	6,843	-	-	6,843
Non-interest income	7,262	2,322	846	-	10,430
Other material non-cash items					
- Allowances for loan losses and impairment of investments	(7,900)	(484)	-	-	(8,384)
- Depreciation and amortisation	(1,243)	(309)	-	-	(1,552)
<i>Assets and Liabilities</i>					
Reportable segment assets	299,094	69,903	30,459	5,987	405,443
Capital expenditure	266	64	-	-	330
Reportable segment liabilities	211,194	29,268	479	877	241,818
2015					
<i>Operating Results</i>					
Total operating income	31,678	5,354	1,152	-	38,184
Reportable segment (loss)/ profit before tax	(9,298)	(4,011)	682	-	(12,627)
Net interest income	18,242	-	-	-	18,242
Net earned premium revenue	-	4,459	-	-	4,459
Non-interest income	6,767	895	1,152	-	8,814
Other material non-cash items					
- (Allowances for)/reversal of loan losses and impairment of investments	(18,933)	153	(328)	-	(19,108)
- Depreciation and amortisation	(1,177)	(278)	(38)	-	(1,493)
<i>Assets and Liabilities</i>					
Reportable segment assets	277,101	80,572	28,963	6,842	393,478
Capital expenditure	2,885	435	328	-	3,648
Reportable segment liabilities	240,681	38,194	330	789	279,994

Geographical segments

Geographical segments are analyzed by four principal geographical areas. *Singapore, Thailand, Malaysia, Indonesia* and *Others* are the major markets for credit financing and insurance activities. *Others* are also the markets for private equity and other investment activities.

In presenting information on the basis of geographical segments, segment operating income is based on the geographical location in which revenue is generated. Segment assets are based on the geographical location of the assets.

Geographical information	Operating income S\$'000	Non-current assets S\$'000	Total assets S\$'000
31 December 2016			
Singapore	19,873	14,300	231,208
Thailand	14,400	5,720	154,659
Malaysia	3,089	165	10,620
Indonesia	1,980	14	8,317
Others	-	-	639
	39,342	20,199	405,443
31 December 2015			
Singapore	17,348	15,153	235,210
Thailand	14,347	4,227	140,251
Malaysia	3,883	235	12,099
Indonesia	2,236	31	5,146
Others	370	-	772
	38,184	19,646	393,478

12 Review of Segments Performance

Business Segment

Credit financing segment turned around to report a pre-tax profit of \$593,000 in 2016 mainly due to lower allowances provided for loan losses. Operating income was 7% lower at \$29.4 million mainly on lower interest income. Expenses remained almost flat at \$15.2 million. Allowances for loan losses dropped significantly due to lower collective provision and specific provisions required as the impairment were recognised previously.

Insurance segment reported a lower pre-tax loss of \$927,000 in 2016 compared to \$4.0 million in 2015 mainly due to lower net claims incurred and aided by improved investment income.

Private equity and other investments segment posted a lower pre-tax profit of \$566,000 compared to \$682,000 in 2015 mainly due to absence of gain on partial redemption of convertible loan despite a fair value gain on investments of \$163,000.

Geographical Segment

The increase in income before operating expenses from *Singapore* was attributable mainly to higher net earned premium revenue, fee and commission and investment income. While revenue from *Thailand* remained almost comparable, the decrease in revenue from *Malaysia* and *Indonesia* was mainly due to lower interest income.

The decrease in total assets from *Singapore* was mainly due to the lower reinsurers' share of insurance contract provisions of ECICS due to the change in business mix and the pay-down of lower quality loans and partially offsetted by the growth in factoring receivables. The decrease in total assets from *Malaysia* was mainly due to the lower loan portfolio resulting from the write off of uncollectable assets. The increase in total assets from *Thailand* was mainly due to higher loan portfolios. The increase in total assets from *Indonesia* was mainly from the picking up of new business, mostly during the last quarter of the year.

13 Half Yearly Group Income and Profit/(Loss)

	Group		
	2016 S\$'000	2015 S\$'000	+/(-) %
Gross Operating Income			
- first half	19,667	20,398	(3.6)
- second half	19,675	17,786	10.6
Total Gross Operating Income	39,342	38,184	3.0
Operating Profit/(Loss) After Tax			
- first half	716	460	55.7
- second half	(1,839)	(14,338)	(87.2)
Total Operating Loss After Tax	(1,123)	(13,878)	(91.9)

14 Breakdown of the Total Annual Dividend (in dollar value)

	2016 S\$'000	2015 S\$'000
Ordinary		
First and Final	-	-
Proposed First and Final	-	-
Total	-	-

15 Interested Person Transactions Mandate

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

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	
	12 months 31-Dec-16	12 months 31-Dec-15
	S\$'000	S\$'000
<u>Name of Interested Person</u>		
Credit Facility Granted		
Phillip Credit Pte Ltd	1,295	-
	1,295	-

16 Confirmation - Undertaking 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.

17 Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the SGX-ST Listing Manual

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lim Wah Tong	60	Brother of Mr Lim Hua Min, a director and deemed substantial shareholder of the Company	Non-Executive Director of ECICS Limited (a wholly-owned subsidiary of the Company) since 2003	Nil

By Order of the Board

Chionh Yi Chian
Company Secretary
23 February 2017