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Full Year * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information

Name of Announcer *	IFS CAPITAL LIMITED
Company Registration No.	198700827C
Announcement submitted on behalf of	IFS CAPITAL LIMITED
Announcement is submitted with respect to *	IFS CAPITAL LIMITED
Announcement is submitted by *	Chionh Yi Chian
Designation *	Company Secretary
Date & Time of Broadcast	26-Feb-2009 19:29:00
Announcement No.	00239

>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	31-12-2008
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**Full Year Unaudited Financial Statement And Dividend Announcement for the Year Ended 31 December 2008****1(a)(i) Consolidated Income Statement for the Full Year Ended 31 December**

		Group		
	Note	Full Year 2008	Full Year 2007	Inc/ (Dec)
		S\$'000	S\$'000	%
Interest income		20,481	23,949	(14.5)
Interest expense		(9,405)	(10,714)	(12.2)
Net interest income		11,076	13,235	(16.3)
Gross written premiums		11,927	15,298	(22.0)
Change in gross provision for unexpired risks		(3,583)	(2,848)	25.8
Gross earned premium revenue		8,344	12,450	(33.0)
Written premiums ceded to reinsurers		(7,194)	(9,115)	(21.1)
Reinsurers' share of change in provision for unexpired risks		2,668	3,027	(11.9)
Reinsured premium expense		(4,526)	(6,088)	(25.7)
Net earned premium revenue		3,818	6,362	(40.0)
Fee and commission income		6,412	7,652	(16.2)
Investment income	(a)	3,559	7,505	(52.6)
Other income	(b)	1,313	463	183.6
		11,284	15,620	(27.8)
Income before operating expenses		26,178	35,217	(25.7)
Business development expenses		(959)	(890)	7.8
Commission expenses		(968)	(992)	(2.4)
Staff costs		(8,378)	(8,877)	(5.6)
General and administrative expenses		(4,831)	(4,946)	(2.3)
		(15,136)	(15,705)	(3.6)
Change in provision for insurance claims		3,731	(55)	NM
Reinsurers' share of change in provision for insurance claims		456	132	245.5
Gross claims paid		(3,125)	(3,896)	(19.8)
Reinsurers' share of claims paid		85	1,738	(95.1)
Net claims - reversal/(incurred)	(h)	1,147	(2,081)	155.1
Operating profit before allowances		12,189	17,431	(30.1)
Allowances for loan losses and impairment of investments	(f)	(6,226)	(6,123)	1.7
Operating profit after allowances		5,963	11,308	(47.3)
Share of after-tax results of associates		1,894	1,369	38.3
Profit before income tax		7,857	12,677	(38.0)
Tax credit	(i)	158	179	(11.7)
Net profit for the year		8,015	12,856	(37.7)

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

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

	Group		
	Full Year 2008	Full Year 2007	Inc/ (Dec)
	S\$'000	S\$'000	%
(a) Investment income			
- Exchange loss	(156)	(255)	(38.8)
- Dividend and fee income	756	395	91.4
- Gain on disposal of equity securities	2,014	6,306	(68.1)
- Remaining proceeds from disposal of an investment in prior year	512	-	NA
- Net change in fair value of financial assets through profit or loss			
- designated as fair value through profit or loss	(811)	2,341	(134.6)
- held-for-trading	(184)	(2,039)	(91.0)
- Investment income from bonds and available-for-sale securities	1,099	1,047	5.0
- Interest income from fixed deposits	403	110	266.4
- Amortisation of held-to-maturity debt securities	(72)	(102)	(29.4)
- Fees paid to fund manager	(2)	(298)	(99.3)
	3,559	7,505	(52.6)
(b) Other Income			
- Write back of provision for contingent liability	907	-	NA
- Others	406	463	(12.3)
	1,313	463	183.6
(c) Amortisation of intangible assets	(194)	(174)	11.5
(d) Depreciation of property, plant and equipment	(882)	(864)	2.1
(e) Exchange gain, net	44	59	(25.4)
(f) (Allowances for)/reversal of loan losses and impairment of investments			
- loans and receivables	(4,279)	(6,173)	(30.7)
- insurance and other receivables	(108)	419	125.8
- equity and debt securities available-for-sale	(1,839)	(369)	398.4
	(6,226)	(6,123)	1.7
(g) (Provisions for)/reversals of unexpired risks net of reinsurers' share	(915)	179	(611.2)
(h) Reversals of insurance claims net of reinsurers' share			
- net change in provision for insurance claims	4,187	77	NM
- net claims paid	(3,040)	(2,158)	40.9
	1,147	(2,081)	155.1
(i) Tax credit			
- current tax expense	(1,747)	(1,634)	6.9
- deferred tax credit/(expense)	700	(2,183)	132.1
- refund and write back of over provision of of prior years' tax	1,205	3,996	(69.8)
	158	179	(11.7)

NM: Not meaningful

NA: Not applicable

1(b)(i) **Balance Sheets**

Note	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	19,066	19,471	18,571	19,011
Intangible assets	406	297	117	118
Subsidiaries	-	-	46,495	46,495
Associates	11,546	11,718	8,145	8,064
Other investments	(a) 29,286	34,597	4,611	4,712
Staff loan	5	-	5	-
Loans, advances, hire purchase and leasing receivables	68,999	73,891	50,728	63,835
Deferred tax assets	1,707	979	1,322	912
	131,015	140,953	129,994	143,147
Current assets				
Derivative financial instruments	117	2	117	2
Reinsurers' share of insurance contract provisions	30,033	26,909	-	-
Insurance receivables	1,759	5,025	-	-
Trade and other receivables	(b) 186,569	234,650	182,542	229,590
Other investments	(a) 18,872	35,720	41	205
Cash and cash equivalents	(c) 25,072	37,785	4,376	2,916
	262,422	340,091	187,076	232,713
Total assets	393,437	481,044	317,070	375,860
Equity attributable to equity holders of the Company				
Share capital	88,032	88,032	88,032	88,032
Other reserves	(d) (2,349)	3,282	(28)	55
Accumulated profits	35,289	32,607	13,259	9,519
Total equity	(d) 120,972	123,921	101,263	97,606
Non-current liabilities				
Interest-bearing borrowings	(e) 61,299	80,007	60,837	80,007
Deferred tax liabilities	114	826	-	-
	61,413	80,833	60,837	80,007
Current liabilities				
Derivative financial instruments	-	7	-	7
Trade and other payables	(f) 25,298	38,573	28,329	26,336
Insurance payables	3,960	7,304	-	-
Interest-bearing borrowings	(e) 139,091	184,235	126,641	170,670
Insurance contract provisions for - gross unexpired risks	34,951	31,368	-	-
- gross insurance claims	6,669	10,400	-	-
Current tax payable	1,083	3,708	-	539
Bank overdrafts (unsecured)	-	695	-	695
	211,052	276,290	154,970	198,247
Total liabilities	272,465	357,123	215,807	278,254
Total equity and liabilities	393,437	481,044	317,070	375,860

Comments on Major Group Balance Sheet Variances

- (a) Investments under non-current and current assets decreased as a result of the disposal of equity investments by the Group as well as the sale of loan stocks held by a subsidiary.
- (b) The decrease in trade and receivables resulted mainly from repayments of factoring receivables and loans and advances.
- (c) The decrease in cash and cash equivalents resulted from the lower placement of fixed deposits by our Group's insurance subsidiary, ECICS Limited's ("ECICS") resulting from the lower proceeds from disposal of investments.
- (d) The decrease in total equity was mainly due to the exchange loss on the translation of net assets of foreign subsidiaries and associates to Singapore dollar as a result of the weakening regional currencies. The exchange loss on translation was recorded under other reserves.
- (e) Interest-bearing borrowings under non-current liabilities decreased from \$80.0 million to \$61.3 million due to reclassification of interest-bearing borrowings of \$15.0 million to current liabilities as the amount will be repayable within the next twelve months. Overall the Group's interest-bearing borrowings decreased from \$264.9 million to \$200.4 million due to repayments during the year.
- (f) Trade and other payables decreased due to:
 - lower factoring amount owing to clients as a result of the decrease in factoring receivables, and
 - set-off of an advance payment relating to the sale of loan stocks held by a subsidiary.

1(b) (ii) Group's Borrowings

	As at 31/12/2008 S\$'000 (Unsecured)	As at 31/12/2007 S\$'000 (Unsecured)
Amount repayable in one year or less, or on demand	139,091	184,930
Amount repayable after one year	61,299	80,007
	200,390	264,937

Details of any collateral

Nil.

1(c) **Consolidated Cash Flow Statement for the Full Year ended 31 December**

	Note	Full Year 2008	Full Year 2007
		S\$'000	S\$'000
Operating activities			
Net profit for the year		8,015	12,856
Adjustments for:			
Share of after-tax results of associates		(1,894)	(1,369)
Amortisation of intangible assets and held-to-maturity debt securities		266	276
Net foreign exchange loss		61	207
Factoring receivables written off		82	-
Depreciation of property, plant and equipment		882	864
Gain on disposal of:			
- equity securities		(2,014)	(6,306)
- property, plant and equipment		(1)	-
Remaining proceeds from disposal of an investment in prior year		(512)	-
Net change in fair value of financial assets and derivatives through profit or loss		873	(143)
Property, plant and equipment written off		1	4
Allowance for impairment of investments		1,839	369
Provisions for/(reversals of)			
- unexpired risks		915	(179)
- insurance claims		(4,187)	(77)
Interest income		(20,481)	(23,949)
Investment Income from bonds and available-for-sale investment		(1,099)	(1,047)
Interest income from held-to-maturity debt securities and fixed deposits		(403)	(110)
Financial expense		138	182
Interest expense		9,405	10,714
Dividend income from investment		(689)	(395)
Tax credit		(158)	(179)
Operating cash flows before changes in working capital		(8,961)	(8,282)
Changes in working capital:			
Factoring receivables		38,025	13,862
Factoring amounts due to clients		(6,236)	(2,180)
Loans, advances, hire purchase and leasing receivables		18,796	(5,381)
Other and insurance receivables		(522)	(101)
Trade, other and insurance payables		(10,356)	5,266
Cash generated from operations		30,746	3,184
Interest received		21,597	24,999
Interest paid		(9,376)	(11,477)
Income taxes paid, (net)		(3,167)	(2,751)
Cash flows from operating activities	(a)	39,800	13,955

1(c) **Consolidated Cash Flow Statement for the Full Year ended 31 December (cont'd)**

	Note	Full Year 2008	Full Year 2007
		S\$'000	S\$'000
Investing activities			
Disbursements of loan to associate, net		(81)	(143)
Investment in associate		-	(2,672)
Purchase of property, plant and equipment		(502)	(324)
Purchase of intangible assets		(308)	(202)
Proceeds from sale of property, plant and equipment		4	-
Purchase of investments		(34,298)	(61,772)
Proceeds from disposal of investments		51,420	57,728
Loan to minority shareholder		-	5
Dividends received from investments		689	395
Dividends received from associates		526	409
Cash flows from/(used in) investing activities	(b)	17,450	(6,576)
Financing activities			
Dividends paid		(5,282)	(17,920)
(Repayments of)/proceeds from term loans		(63,852)	12,172
Proceeds from issue of share option scheme		-	39
Proceeds from rights issue net of incidental expenses		-	10,318
Cash flows (used in)/from financing activities	(c)	(69,134)	4,609
Net (decrease)/increase in cash and cash equivalents		(11,884)	11,988
Cash and cash equivalents at beginning of the year		37,090	25,503
Effect of exchange rate fluctuations on cash held		(134)	(401)
Cash and cash equivalents at end of the year		25,072	37,090
Analysis of cash and cash equivalents			
net of bank overdrafts:			
Fixed deposits		21,413	31,210
Cash at banks and on hand		3,659	6,575
Bank overdrafts		-	(695)
Cash and cash equivalents net of bank overdrafts at end of the year		25,072	37,090

Explanatory Notes to Cash Flow Statement

(a) Cash flows from operating activities

The higher net cash flows from operating activities for 2008 arose from repayments of factoring and loans receivables, partly offset by the set-off of an advance payment relating to the sale of loan stocks held by a subsidiary.

(b) Cash flows from/(used in) investing activities

The net cash flows from investing activities for 2008 arose mainly from lower investments purchased by our subsidiary, ECICS. The new purchases of debt securities held-to-maturity by ECICS were funded by the proceeds on disposal of investments.

(c) Cash flows (used in)/from financing activities

The net cash flows used in financing activities for 2008 was largely due to repayments of interest-bearing borrowings.

1(d)(i) **Statement of Changes in Equity of the Group**

	Currency					
	Share capital	Capital reserves	Fair value reserve	translation reserve	Accumulated profits	Total
Group - 2007	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2007	77,675	128	-	379	37,725	115,907
Exchange differences - translation of net assets of foreign subsidiaries and associates	-	-	-	187	-	187
Capitalisation of statutory legal reserves of an associate	-	54	-	-	(54)	-
Net change in fair value of available-for-sale financial assets, net of tax	-	-	2,534	-	-	2,534
Net gain recognised directly in equity	-	54	2,534	187	(54)	2,721
Net profit for the year	-	-	-	-	12,856	12,856
Total recognised income and expense for the year	-	54	2,534	187	12,802	15,577
78,200 ordinary shares issued pursuant to exercise of IFS (2000) Share Option Scheme	39	-	-	-	-	39
Issue of rights shares, net of expenses	10,318	-	-	-	-	10,318
First and final dividend paid of 17.5 cents per share less tax of 18% in respect of year 2006	-	-	-	-	(14,863)	(14,863)
Interim dividend of 3.0 cents per share less tax at 18% in respect of year 2007	-	-	-	-	(3,057)	(3,057)
At 31 December 2007	88,032	182	2,534	566	32,607	123,921

1(d)(i) **Statement of Changes in Equity of the Group (cont'd)**

Group - 2008	Share	Capital	Fair value	Currency	Accumulated	Total
	capital	reserves	reserve	translation	profits	
	S\$'000	S\$'000	S\$'000	reserve	S\$'000	S\$'000
At 1 January 2008	88,032	182	2,534	566	32,607	123,921
Exchange differences - translation of net assets of foreign subsidiaries and associates	-	-	-	(2,290)	-	(2,290)
Capitalisation of statutory legal reserves of an associate	-	51	-	-	(51)	-
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(3,392)	-	-	(3,392)
Net loss recognised directly in equity	-	51	(3,392)	(2,290)	(51)	(5,682)
Net profit for the year	-	-	-	-	8,015	8,015
Total recognised income and expense for the year	-	51	(3,392)	(2,290)	7,964	2,333
Final one-tier tax exempt dividend of 3.25 cents per share in respect of year 2007	-	-	-	-	(4,039)	(4,039)
Interim one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	-	-	(1,243)	(1,243)
At 31 December 2008	88,032	233	(858)	(1,724)	35,289	120,972

1(d)(i) **Statement of Changes in Equity of the Company**

Company	Share capital	Fair value reserve	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2007	77,675	-	22,114	99,789
Net change in fair value of available-for-sale financial assets, net of tax	-	55	-	55
Net gain recognised directly in equity	-	55	-	55
Net profit for the year	-	-	5,325	5,325
Total recognised income and expense for the year	-	55	5,325	5,380
78,200 ordinary shares issued pursuant to exercise of IFS (2000) Share Option Scheme	39	-	-	39
Issue of rights shares, net of expenses	10,318	-	-	10,318
First and final dividend paid of 17.5 cents per share less tax at 18% in respect of year 2006	-	-	(14,863)	(14,863)
Interim dividend of 3.0 cents per share less tax at 18% in respect of year 2007	-	-	(3,057)	(3,057)
At 31 December 2007	88,032	55	9,519	97,606
At 1 January 2008	88,032	55	9,519	97,606
Net change in fair value of available-for-sale financial assets, net of tax	-	(83)	-	(83)
Net loss recognised directly to equity	-	(83)	-	(83)
Net profit for the year	-	-	9,022	9,022
Total recognised income and expense for the year	-	(83)	9,022	8,939
Final one-tier tax exempt dividend of 3.25 cents per share in respect of year 2007	-	-	(4,039)	(4,039)
Interim one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	(1,243)	(1,243)
At 31 December 2008	88,032	(28)	13,259	101,263

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

Since 31 December 2007, there was no change in the issued share capital of the Company. The share capital of the Company as at 31 December 2008 was 124,287,522 ordinary shares.

As at 31 December 2008, the number of unissued shares under the IFS (2000) Share Option Scheme was 21,500 (as at 31 December 2007: 21,500) that may be converted into ordinary shares.

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

The total number of issued shares as at 31 December 2008 was 124,287,522 (as at 31 December 2007: 124,287,522 issued shares). The Company does not hold any treasury shares.

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

Not applicable.

1(d)(v) Proposed Bonus Issue

The Company is pleased to announce a bonus issue of up to 12,430,902 new ordinary shares in the capital of the Company (the "Bonus Shares") on the basis of one (1) Bonus Share for every ten (10) ordinary shares in the capital of the Company (the "Proposed Bonus Issue") held on a date to be determined by the Directors (the "Book Closure Date"). Fractional entitlements will not be allotted to shareholders but will be aggregated and disposed of in such manner as the Directors in their absolute discretion deem fit for the benefit of the Company.

The Bonus Shares, when allotted and issued, will rank *pari passu* in all respects with the existing ordinary shares in the capital of the Company and with each other, except that the Bonus Shares will not be entitled to any rights, allotments or distributions the record date for which falls before the date of issue of the Bonus Shares. For the avoidance of doubt, holders of the Bonus Shares will not be entitled to the proposed final cash dividend for the financial year ended 31 December 2008 referred to in paragraph 11.

The Proposed Bonus Issue allows the Company to express its appreciation to and reward shareholders of the Company for their loyalty to, and continuing support for, the Company. In addition, the Proposed Bonus Issue is intended to increase the liquidity of the Company's shares by increasing the number of the Company's shares available for trading.

The Proposed Bonus Issue is subject to:

- (a) the approval of the Singapore Exchange Securities Trading Limited (the "SGX-ST") for the listing and quotation of the Bonus Shares on the official list of the Main Board of the SGX-ST; and
- (b) the approval by shareholders of the Company of the general share issue mandate to be sought at the forthcoming Annual General Meeting of the Company pursuant to Rule 806 of the SGX-ST Listing Manual and Section 161 of the Companies Act, Chapter 50.

The Bonus Shares will be issued for nil consideration and the actual number of Bonus Shares that will be issued by the Company will depend on the total issued share capital of the Company as at the Book Closure Date.

As at 26 February 2009, there are 124,287,522 issued shares and 21,500 outstanding options granted under the IFS (2000) Share Option Scheme, such options being exercisable before the Book Closure Date into new ordinary shares in the capital of the Company. Assuming that such options are exercised in full and all new shares are issued pursuant to such exercise by the Book Closure Date and there is no further change in the outstanding issued share capital of the Company as at the Book Closure Date, 12,430,902 Bonus Shares will be issued pursuant to the Bonus Issue. If however none of such options are exercised prior to the Book Closure Date and there is no further change in the outstanding issued share capital of the Company as at the Book Closure Date, 12,428,752 Bonus Shares will be issued pursuant to the Bonus Issue.

The Company will make an application to the SGX-ST for approval for the listing and quotation of the Bonus Shares in due course.

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 2007.

5 Changes in Accounting Policies

The Group has adopted all new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2008. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior period.

On 30 October 2008, the Accounting Standards Council issued the amendments to FRS 39 Financial Instruments: Recognition and Measurement and FRS 107 Financial Instruments: Disclosures – Reclassification of Financial Assets. The amendments permit reclassification of certain financial instruments under prescribed circumstances on or after 1 July 2008. The Group has not reclassified any financial instruments hereunder.

6 Earnings Per Ordinary Share

Earnings per share
- on weighted average number of ordinary shares in issue
- on fully diluted basis

Group	
Full Year 2008	Full Year 2007
6.4 cents	10.8 cents
6.4 cents	10.8 cents

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial year. The weighted number of ordinary shares represents the number of ordinary shares at the beginning of the financial year, adjusted for new ordinary shares issued during the year, multiplied by a time-weighted factor.

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

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

	Group	
	31/12/2008	31/12/2007
Weighted average number of: Ordinary shares used in the calculation of Basic earnings per share	124,287,522	119,038,751
Potential ordinary shares issuable under share option	2,966	18,599
Weighted average number of ordinary issued and potential ordinary shares assuming full conversion	124,290,488	119,057,350

7 Net Asset Value

	Group		Company	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Net asset value per ordinary share based on issued share capital at the end of the financial year	97.3 cts	99.7 cts	81.5 cts	78.5 cts

8 Review of Group Performance

FY 2008 vs FY 2007

Group net profit after tax for the financial year ended 31 December 2008 was \$8.0 million, a decline of 38%, as compared to \$12.9 million in 2007. The severe economic downturn together with the Group's cautious approach in its lending and insurance activities, resulted in a decline of the Group's operating income from its commercial finance and insurance subsidiary as well as fee-based activities and investment income. The decline in the Singapore operations was ameliorated by the better performance achieved by the Group's regional operations with profit contributions from our overseas subsidiaries and associated companies growing from \$1.2 million in 2007 to \$2.3 million in 2008. Our Thailand associates continued to perform well with higher profits achieved due to strong growth in its factoring business while the Indonesian and Malaysian subsidiaries have turned around with full-year profits.

Group earnings per share was 6.4 cents and return on equity was 6.5% while net asset value per share was at 97.3 cents as at 31 December 2008. The Group has further reduced its leverage ratio from 2.7 times as at 31 December 2007 to 2.0 times as at 31 December 2008. In Singapore, the borrowings were reduced by \$63.9 million due to fewer opportunities for its lending and investment activities.

Net interest income declined 16% to \$11.1 million as compared to a year ago, due to loan repayments and lower factoring funds-in-use as well as lower significant interest recoveries from non-performing loans accounts in 2008. Excluding the one-off interest recoveries in 2007, net interest income for 2008 increased by 6%, reflecting an improvement in net interest margin from 3.2% to 3.5%. The Group's loan and factoring receivables outstanding as at 31 December 2008 stood at \$342.1 million as compared to \$417.9 million as at 31 December 2007.

Contributions from the Group's subsidiary, ECICS, have declined due to lower net earned premium revenue of \$3.8 million, a drop of 40% from the previous year. Business volume was lower and higher unexpired risks reserves were provided for insurance policies in force at the reporting date, but this was mitigated by a reversal of net claim of \$1.1 million to the income compared to a charge of \$2.1 million for the previous year. As at 31 December 2008, ECICS' Capital Adequacy Requirement stood at over 500%, which was substantially above the regulatory requirement of 120%.

Non-interest income comprising fees, commission, investment and other income at \$11.3 million were 28% lower than previously. The lower fee and commission income was due to reduced factoring volume and insurance business. Investment income declined by 53% to \$3.6 million in 2008 due to lower divestment gain and fair value loss on financial assets affected by the global financial crisis as opportunities for investment were limited. Included in the divestment gain was an amount of \$1.9 million relating to the disposal of the Group's investment in GBI Realty Pte Ltd. Other income has increased due to a write back of provision for contingent liability of a tax indemnity amounting to \$907,000 no longer required by a subsidiary.

Recent cost control initiatives have resulted in a decrease of 4% in total operating expenses to \$15.1 million. Staff costs declined by 6% due to lower bonus provisions and commission paid to intermediaries and other general administrative expenses were also lower.

Total allowances for loan losses and impairment of investments increased slightly by 2% to \$6.2 million in 2008 as compared to \$6.1 million in 2007. The increase in the allowances for loan losses and impairment of investments resulted mainly from the higher impairment set aside for the Group's debt securities available-for-sale.

9 Variance from Prospect Statement

The current announced results are in line with the prospect statement made in 3Q 2008 announcement dated 4 November 2008.

10 Prospects

In view of the uncertain economic conditions and a credit tightening environment, the Group will continue to maintain liquidity and adopt more prudent credit standards. Factoring, loans and risk underwriting volumes are expected to be lower in the coming year but to sustain profit, the Group has increased interest margin, fee chargeable and insurance premium as well as adopted a more rigorous approach to credit assessment.

2009 will be a challenging year. The Group will continue to emphasise cost control measures such as freezing new headcount and senior staff salaries, as well as cutting down discretionary expenditures.

11 Dividend

(a) Current financial period reported on

Name of Dividend	Proposed Final	Interim (Paid)
Dividend Type	Cash (Ordinary)	Cash (Ordinary)
Dividend Rate	1.0 cent per share	1.0 cent per share
Tax Rate	One-tier tax exempt	One-tier tax exempt
Date of Payment	18 May 2009	18 September 2008

(b) Corresponding period of the immediately preceding financial year

Name of Dividend	Final	Interim
Dividend Type	Cash (Ordinary)	Cash (Ordinary)
Dividend Rate	3.25 cents per share	3.0 cents per share less tax
Tax Rate	One-tier tax exempt	Singapore income tax at 18%
Date of Payment	15 May 2008	18 September 2007

(c) Dividend payment date

18 May 2009, subject to the approval of the Shareholders for the proposed final dividend at the Annual General Meeting.

(d) Book closure date

Subject to the approval of the Shareholders for the proposed final dividend at the Annual General Meeting, the Share Transfer Books and the Register of Members of the Company will be closed on 7 May 2009, for the purpose of determining shareholders' entitlements to the proposed final one-tier tax exempt ordinary cash dividend for the year ended 31 December 2008.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to the close of business at 5.00 p.m. on 6 May 2009 will be registered before entitlements to the proposed final dividend are determined. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 6 May 2009 will be entitled to the proposed final dividend.

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

Not applicable.

13 Group Segment Information

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate taxation.

In presenting information on the basis of geographical segments, total operating income is based on the geographical location of customers.

Total operating income comprises interest income, net earned premiums, fee and commission income and investment income.

Segment assets are based on the geographical location of the assets.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business Segments

The Group's main business segments comprise the following.

- Commercial finance : Financing business focuses on providing services to corporate clients, mainly the small and medium-sized enterprises. The services provided include factoring, accounts receivable financing, trade financing, mortgage financing, working capital, syndicated loans, hire purchase, financing by Spring and International Enterprise Singapore Board under the Singapore Government's Local Enterprise Finance Scheme and Regionalisation Finance Scheme respectively.
- Insurance : The provision of credit insurance facilities to Singapore exporters and the issue of performance bonds and guarantees including holding of equity securities and bonds under the Insurance Fund.
- Private equity, venture capital and other investments : The provision of mezzanine financing, acquisition, holding and disposal of equity and semi-equity interests in private companies (carried out by the Structured Finance and Alternative Finance Units) and long term investments in equity.

Geographical segments

Commercial finance, insurance, private equity, venture capital and other investments segments are managed and operated in four principal geographical areas (2007: four). Singapore and South East Asia are the major markets for financing and insurance activities. The rest of Asia, US and others are the major markets for private equity, venture capital and other investment activities.

13(a) Business Segments

	Commercial finance	Insurance	Private equity, venture capital & other investments	Total
2008	S\$'000	S\$'000	S\$'000	S\$'000
Operating Results				
Total operating income	25,219	6,022	3,029	34,270
Segment results	2,042	2,679	1,242	5,963
Share of after-tax results of associates	1,894	-	-	1,894
Profit before taxation				7,857
Taxation				158
Net profit for the year				8,015
Assets and Liabilities				
Segment assets	275,284	87,949	16,209	379,442
Associates	11,546	-	-	11,546
Unallocated assets				2,449
Total assets				393,437
Segment liabilities	221,110	48,180	810	270,100
Unallocated liabilities				2,365
Total liabilities				272,465
Other Information				
Capital expenditure	675	135	-	810
Depreciation and amortisation	934	127	15	1,076
Property, plant and equipment and intangible assets written off	1	-	-	1

13(a) Business Segments (cont'd)

	Commercial finance	Insurance	Private equity, venture capital & other investments	Total
2007	S\$'000	S\$'000	S\$'000	S\$'000
Operating Results				
Total operating income	28,985	12,578	3,905	45,468
Segment results	2,292	5,752	3,264	11,308
Share of after-tax results of associates	1,369	-	-	1,369
Profit before taxation				12,677
Taxation				179
Net profit for the year				12,856
Assets and Liabilities				
Segment assets	332,360	92,284	43,013	467,657
Associates	11,718	-	-	11,718
Unallocated assets				1,669
Total assets				481,044
Segment liabilities	292,428	51,476	8,106	352,010
Unallocated liabilities				5,113
Total liabilities				357,123
Other Information				
Capital expenditure	424	102	-	526
Depreciation and amortisation	875	163	-	1,038
Property, plant and equipment and intangible assets written off	2	2	-	4

13(b) Geographical Segments

	Singapore	South East Asia	Rest of Asia	US and others	Total
2008	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total operating income	27,515	5,331	620	804	34,270
Segment assets	327,118	43,151	9,687	1,935	381,891
Associates	-	11,546	-	-	11,546
Total assets	327,118	54,697	9,687	1,935	393,437
Capital expenditure	471	339	-	-	810
Depreciation and amortisation	951	125	-	-	1,076
Property, plant and equipment and intangible assets written off	1	-	-	-	1
2007					
Total operating income	36,851	2,197	4,133	2,287	45,468
Segment assets	399,563	40,849	27,096	1,818	469,326
Associates	-	11,718	-	-	11,718
Total assets	399,563	52,567	27,096	1,818	481,044
Capital expenditure	440	86	-	-	526
Depreciation and amortisation	913	125	-	-	1,038
Property, plant and equipment and intangible assets written off	3	1	-	-	4

14 Review of Business and Geographical Segments Performance

The commercial finance segment reported a decrease of 11% in pre-tax profit due mainly to lower interest earned, fees and commission income as a result of lower business volume.

Pre-tax profit of the insurance segment declined 53% from \$5.8 million in 2007 to \$2.7 million in 2008. This was due largely to lower investment income affected by global financial crisis and lower net earned premium and commission income resulting from the decrease in business volume.

Contributions from the private equity, venture capital and other investment segments decreased 62% resulting from lower divestment gains, higher impairment of available-for-sale investments and mark-to-market losses on equity securities affected by the global financial crisis.

Geographically, there was an increase in operating income from Thailand.

15 **Half Yearly Group Income and Profit**

Group		
2008	2007	Inc/ (Dec)
S\$'000	S\$'000	%
Gross Operating Income		
- first half	22,030	(15.4)
- second half	23,438	(33.3)
Total Gross Operating Income	45,468	(24.6)
Operating Profit After Tax		
- first half	5,536	9.5
- second half	7,320	(73.3)
Total Operating Profit After Tax	12,856	(37.7)

16 **Breakdown of the total annual dividend (in dollar value)**

	2008	2007
	S\$'000	S\$'000
Ordinary		
Interim	1,243	3,057
Final	-	4,039
Proposed Final	1,243	-
Total	2,486	7,096

By Order of the Board

Chionh Yi Chian

Company Secretary

26 February 2009