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**First Quarter \* 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
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Designation *	Company Secretary
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The details of the announcement start here ...

For the Financial Period Ended *	31-03-2009
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**First Quarter Unaudited Financial Statement And Dividend Announcement for the Period Ended 31 March 2009**

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**First Quarter Unaudited Financial Statement And Dividend Announcement for the Period Ended 31 March 2009****1(a)(i) Consolidated Statement of Comprehensive Income for the Three Months Ended 31 March**

		<b>Group</b>		
		<b>1Q 2009 S\$'000</b>	<b>1Q 2008 S\$'000</b>	<b>Change %</b>
	Note			
Interest income		4,221	5,271	(19.9)
Interest expense		(1,759)	(2,535)	(30.6)
<b>Net interest income</b>		<b>2,462</b>	2,736	(10.0)
Gross written premiums		1,981	3,544	(44.1)
Change in gross provision for unexpired risks	1(a)(ii)(f)	3,051	588	418.9
<b>Gross earned premium revenue</b>		<b>5,032</b>	4,132	21.8
Written premiums ceded to reinsurers		(1,349)	(2,083)	(35.3)
Reinsurers' share of change in the provision for unexpired risks	1(a)(ii)(f)	(2,157)	(440)	390.2
<b>Reinsured premium expense</b>		<b>(3,506)</b>	(2,523)	39.0
<b>Net earned premium revenue</b>		<b>1,526</b>	1,609	(5.2)
Fee and commission income		1,215	1,590	(23.6)
Investment income	1(a)(ii)(a)	427	86	396.5
Other income	1(a)(ii)(b)	323	80	303.8
		<b>1,965</b>	1,756	11.9
<b>Income before operating expenses</b>		<b>5,953</b>	6,101	(2.4)
Business development expenses		(117)	(272)	(57.0)
Commission expenses		(63)	(323)	(80.5)
Staff costs		(1,689)	(2,356)	(28.3)
General and administrative expenses		(891)	(1,054)	(15.5)
		<b>(2,760)</b>	(4,005)	(31.1)
Change in provision for insurance claims		(2,722)	4,104	(166.3)
Reinsurers' share of change in provision for insurance claims		2,513	139	NM
Gross claims paid		(1,214)	(2,864)	(57.6)
Reinsurers' share of claims paid		850	(45)	NM
<b>Net claims (incurred)/reversal</b>	1(a)(ii)(g)	<b>( 573)</b>	1,334	(143.0)
<b>Operating profit before allowances</b>		<b>2,620</b>	3,430	(23.6)
Allowances for loan losses and impairment of investments	1(a)(ii)(h)	(2,048)	(654)	213.2
<b>Operating profit after allowances</b>		<b>572</b>	2,776	(79.4)
Share of after-tax results of associates		474	638	(25.7)
<b>Profit before income tax</b>		<b>1,046</b>	3,414	(69.4)
Tax expense	1(a)(ii)(i)	(218)	(169)	29.0
<b>Net profit for the period attributable to Owners of the Group</b>		<b>828</b>	3,245	(74.5)

NM – not meaningful

1(a)(i) **Consolidated Statement of Comprehensive Income for the Three Months Ended 31 March (cont'd)**

	<b>Group</b>		
	<b>1Q 2009 S\$'000</b>	<b>1Q 2008 S\$'000</b>	<b>Change %</b>
<b>Net profit for the period</b>	<b>828</b>	3,245	(74.5)
<b>Other comprehensive income</b>			
Available-for-sale financial assets - net movement in fair value reserve	<b>(241)</b>	(1,616)	(85.1)
Translation differences relating to financial statements of foreign subsidiaries and associates	<b>381</b>	(1,016)	(137.5)
Income tax relating to components of other comprehensive income	<b>41</b>	291	(85.9)
<b>Other comprehensive income for the period, net of tax</b>	<b>181</b>	(2,341)	(107.7)
<b>Total comprehensive income for the period attributable to Owners of the Group</b>	<b>1,009</b>	904	11.6

**Note to Statement of Comprehensive Income**

**Tax effects relating to each component of other comprehensive income of the Group**

	<b>1Q 2009 S\$'000</b>			<b>1Q 2008 S\$'000</b>		
	<b>Before tax</b>	<b>Tax benefit</b>	<b>Net of tax</b>	<b>Before tax</b>	<b>Tax benefit</b>	<b>Net of tax</b>
Available-for-sale financial assets - net movement in fair value reserve	<b>(241)</b>	<b>41</b>	<b>(200)</b>	(1,616)	291	(1,325)
Translation differences relating to financial statements of foreign subsidiaries and associate	<b>381</b>	<b>-</b>	<b>381</b>	(1,016)	-	(1,016)
<b>Other comprehensive income</b>	<b>140</b>	<b>41</b>	<b>181</b>	(2,632)	291	(2,341)

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

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

	<b>Group</b>		
	<b>1Q 2009 S\$'000</b>	<b>1Q 2008 S\$'000</b>	<b>Change %</b>
(a) Investment income			
- exchange loss	-	(153)	(100.0)
- dividend and fee income	-	35	(100.0)
- gain on disposal of equity securities	<b>167</b>	133	25.6
- net change in fair value of financial assets through profit or loss			
- designated as fair value through profit or loss	<b>(336)</b>	775	(143.4)
- held-for-trading	<b>11</b>	(993)	(101.1)
- investment income from bonds	<b>274</b>	190	44.2
- interest income from fixed deposits and unquoted available-for-sale investments	<b>282</b>	120	135.0
- amortisation of held-to-maturity debt securities	<b>29</b>	(20)	(245.0)
- fees paid to fund manager	-	(1)	(100.0)
	<b>427</b>	86	396.5
(b) Other income			
- write back of provision for contingent tax liability	<b>132</b>	-	NM
- recoveries of loans and advances	<b>50</b>	24	108.3
- others	<b>141</b>	56	151.8
	<b>323</b>	80	303.8
(c) Amortisation of intangible assets	<b>(73)</b>	(43)	69.8
(d) Depreciation of property, plant and equipment	<b>(218)</b>	(220)	(0.9)
(e) Exchange (loss)/gain, net	<b>(161)</b>	135	(219.3)
(f) Reversal of unexpired risks, net of reinsurers' share			
- change in gross provision for unexpired risks	<b>3,051</b>	588	418.9
- reinsurers' share of change in the provision for unexpired risks	<b>(2,157)</b>	(440)	390.2
	<b>894</b>	148	504.1
(g) Claims (incurred)/reversal, net of reinsurers' share			
- net change in provision for insurance claims	<b>(209)</b>	4,243	(104.9)
- net claims paid	<b>(364)</b>	(2,909)	(87.5)
	<b>(573)</b>	1,334	(143.0)
(h) Allowances for loan losses and impairment of investments			
- loans and receivables	<b>(1,811)</b>	(316)	473.1
- equity securities available-for-sale	<b>(237)</b>	(338)	(29.9)
	<b>(2,048)</b>	(654)	213.2
(i) Tax expense			
- current tax expense	<b>(278)</b>	(397)	(30.0)
- deferred tax credit	<b>60</b>	118	(49.2)
- refund and write back of overprovision of prior years' tax	-	110	(100.0)
	<b>(218)</b>	( 169)	29.0

(a)(iii) **Earnings Per Ordinary Share**

	<b>Group</b>	
	<b>31/03/2009</b>	31/03/2008
Earnings per share		
- on weighted average number of ordinary shares in issue	<b>0.7 cents</b>	2.6 cents
- on fully diluted basis	<b>0.7 cents</b>	2.6 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 period. The weighted number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the period, 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 period outstanding.

The calculation of the above earnings per share has not been adjusted for the effects of the proposed bonus issue with book closure date on 6 May 2009.

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

	<b>Group</b>	
	<b>31/03/2009</b>	31/03/2008
Weighted average number of :		
Ordinary shares used in the calculation of		
Basic earnings per share	<b>124,287,522</b>	124,287,522
Potential ordinary shares issuable under share option	-	6,143
Weighted average number of ordinary issued and potential ordinary shares assuming full conversion	<b>124,287,522</b>	124,293,665

## 1(b)(i) Statement of Financial Positions

	Note	Group		Company	
		31/03/2009 S\$'000	31/12/2008 S\$'000	31/03/2009 S\$'000	31/12/2008 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		18,853	19,066	18,405	18,571
Intangible assets		528	406	114	117
Subsidiaries		-	-	46,495	46,495
Associates	(a)	24,241	11,546	19,994	8,145
Other investments	(b)	32,619	29,286	5,792	4,611
Loans, advances, hire purchase and leasing receivables	(c)	49,397	68,999	37,478	50,728
Deferred tax assets		1,785	1,707	1,418	1,322
		<b>127,423</b>	<b>131,010</b>	<b>129,696</b>	<b>129,989</b>
<b>Current assets</b>					
Derivative financial instruments		-	117	-	117
Reinsurers' share of insurance contract provisions		30,389	30,033	-	-
Insurance receivables		3,873	1,759	-	-
Trade and other receivables	(d)	166,605	186,574	161,666	182,547
Other investments	(b)	11,220	18,872	49	41
Cash and cash equivalents	(e)	64,962	25,072	38,247	4,376
		<b>277,049</b>	<b>262,427</b>	<b>199,962</b>	<b>187,081</b>
<b>Total assets</b>		<b>404,472</b>	<b>393,437</b>	<b>329,658</b>	<b>317,070</b>
<b>Equity attributable to equity holders of the Company</b>					
Share capital		88,032	88,032	88,032	88,032
Other reserves		(2,168)	(2,349)	(28)	(28)
Accumulated profits		36,117	35,289	12,621	13,259
<b>Total equity</b>		<b>121,981</b>	<b>120,972</b>	<b>100,625</b>	<b>101,263</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings		57,574	61,299	57,574	60,837
Deferred tax liabilities		103	114	-	-
		<b>57,677</b>	<b>61,413</b>	<b>57,574</b>	<b>60,837</b>
<b>Current liabilities</b>					
Derivative financial instruments		1	-	1	-
Trade and other payables		23,178	25,298	26,789	28,329
Insurance payables		4,856	3,960	-	-
Interest-bearing borrowings	(f)	154,329	139,091	144,629	126,641
Insurance contract provisions for					
- gross unexpired risks		31,900	34,951	-	-
- gross insurance claims		9,391	6,669	-	-
Current tax payable		1,119	1,083	-	-
Bank overdraft (unsecured)		40	-	40	-
		<b>224,814</b>	<b>211,052</b>	<b>171,459</b>	<b>154,970</b>
<b>Total liabilities</b>		<b>282,491</b>	<b>272,465</b>	<b>229,033</b>	<b>215,807</b>
<b>Total equity and liabilities</b>		<b>404,472</b>	<b>393,437</b>	<b>329,658</b>	<b>317,070</b>

### **Comments on Major Group Statement of Finance Positions Variances**

- (a) The increase in associates under non-current assets was due to a short-term loan to the Group's Thailand associate amounting to \$12.1 million.
- (b) The increase in investments under non-current assets resulted from the Group's insurance subsidiary, ECICS Limited's ("ECICS") purchase of corporate bonds following the maturity of existing debts securities under current assets.
- (c) The lower loans, advances, hire purchase and leasing receivables under non-current assets resulted from the reclassification of amounts repayable within the next twelve months to current assets as well as fewer new loans drawn down.
- (d) The decrease in trade and other receivables resulted mainly from repayment of factoring receivables and loans and advances.
- (e) The cash and cash equivalents comprise mainly fixed deposits of \$58.9 million and cash at banks and in hand of \$6.1 million. The increase in the cash balances resulted from loan and receivable repayments as well as proceeds from borrowings drawn down pending deployment.
- (f) Interest-bearing borrowings under current liabilities increased due to additional borrowings.

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

	<b>As at 31/03/2009</b>	As at 31/12/2008
	<b>S\$'000</b>	S\$'000
	<b>(Unsecured)</b>	(Unsecured)
Amount repayable in one year or less, or on demand	<b>154,369</b>	139,091
Amount payable after one year	<b>57,574</b>	61,299
	<b>211,943</b>	200,390

**Details of any collateral**

Nil.

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

	<b>Group</b>		<b>Company</b>	
	<b>31/03/2009</b>	31/12/2008	<b>31/03/2009</b>	31/12/2008
Net asset value per ordinary share based on issued share capital at end of the financial period	<b>98.1 cents</b>	97.3 cents	<b>81.0 cents</b>	81.5 cents

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

	Note	1Q 2009 S\$'000	1Q 2008 S\$'000
<b>Operating activities</b>			
Net profit for the period		828	3,245
Adjustments for:			
Share of after-tax results of associates		(474)	(638)
Amortisation of intangible assets and held-to-maturity debt securities		44	63
Net foreign exchange loss		(16)	23
Depreciation of property, plant and equipment		218	220
Gain on disposal of equity securities		(167)	(133)
Net change in fair value of financial assets		325	218
Net change in fair value of derivatives		119	(5)
Property, plant and equipment written off		2	5
Allowance for impairment of investments		237	338
Provisions for/(reversals of)			
- unexpired risks		(894)	(148)
- insurance claims		209	(4,243)
Interest income		(4,221)	(5,271)
Investment income from bonds		(274)	(190)
Interest income from available-for-sale investments and fixed deposits		(282)	(120)
Financial expense		22	43
Interest expense		1,759	2,535
Dividend income from investment		-	(35)
Tax expense		218	169
<b>Operating cash flows before changes in working capital</b>		<b>(2,347)</b>	<b>(3,924)</b>
<b>Changes in working capital:</b>			
Factoring receivables		11,114	10,279
Factoring amounts due to clients		(2,929)	(5,682)
Loans, advances, hire purchase and leasing receivables		27,551	7,692
Other and insurance receivables		(1,456)	4,433
Trade and other payables		1,221	(9,700)
<b>Cash generated from operations</b>		<b>33,154</b>	<b>3,098</b>
Interest received		4,949	5,542
Interest paid		(1,297)	(2,678)
Income tax paid		(166)	(11)
Income tax refund		-	110
<b>Cash flows from operating activities</b>	(a)	<b>36,640</b>	<b>6,061</b>

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

	1Q 2009 S\$'000	1Q 2008 S\$'000
Note		
<b>Investing activities</b>		
Disbursement of loans to associate, net	(11,849)	(297)
Purchase of property, plant and equipment	(7)	(265)
Purchase of intangible assets	(194)	(19)
Purchase of investments	(5,799)	(8,536)
Proceeds from disposal of investments	9,774	19,347
Dividends received from investments	-	35
<b>Cash flows (used in)/from investing activities</b>	<b>(8,075)</b>	<b>10,265</b>
<b>Financing activities</b>		
Proceeds from/(repayments of) interest-bearing borrowings	<b>11,262</b>	(16,626)
<b>Cash flows from/(used in) financing activities</b>	<b>11,262</b>	(16,626)
<b>Net increase/(decrease) in cash and cash equivalents</b>		
	<b>39,827</b>	( 300)
Cash and cash equivalents at beginning of the period	<b>25,072</b>	37,090
Effect of exchange rate fluctuations on cash held	<b>23</b>	(11)
<b>Cash and cash equivalents at end of the period</b>	<b>64,922</b>	<b>36,779</b>
<b>Analysis of cash and cash equivalents net of bank overdrafts</b>		
Fixed deposits	<b>58,846</b>	30,449
Cash at banks and on hand	<b>6,116</b>	6,528
Bank overdrafts	<b>(40)</b>	(198)
<b>Cash and cash equivalents net of bank overdrafts at end of the period</b>	<b>64,922</b>	<b>36,779</b>

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

### (a) Cash flows from operating activities

The Group generated significant cash flow from operations in 1Q 2009 of \$33.2 million resulting in an increase of cash flow from operating activities from \$6.1 million in 1Q 2008 to \$36.6 million in 1Q 2009. The increase was attributable to repayments of factoring and loans receivables as well as increase in the trade and other payables. The decrease in 1Q 2008 trade and other payables was due to the set-off of an advance payment relating to the sale of loan stock held by a subsidiary.

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

The net cash flow used in 1Q 2009 was mainly to provide a short-term loan of \$12.1 million to the Group's Thailand associate to settle its existing bank borrowing upon maturity as well as lower proceeds from disposal of investments. The higher proceeds in 1Q 2008 included an amount relating to the sale of loan stock held by a subsidiary.

The new purchases of held-to-maturity debt securities were funded by proceeds from the maturity of the existing debt securities.

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

The net cash flow from financing activities in 1Q 2009 was largely due to proceeds from additional interest-bearing borrowings.

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

<b>Group</b>	Share capital S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<b>2008</b>						
At 1 January 2008	88,032	182	2,534	566	32,607	123,921
Total comprehensive income for the period	-	-	(1,325)	(1,016)	3,245	904
At 31 March 2008	88,032	182	1,209	(450)	35,852	124,825
<b>2009</b>						
At 1 January 2009	88,032	233	(858)	(1,724)	35,289	120,972
Total comprehensive income for the period	-	-	(200)	381	828	1,009
At 31 March 2009	88,032	233	(1,058)	(1,343)	36,117	121,981

<b>Company</b>	Share capital S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
<b>2008</b>				
At 1 January 2008	88,032	55	9,519	97,606
Total comprehensive income for the period	-	11	507	518
At 31 March 2008	88,032	66	10,026	98,124
<b>2009</b>				
At 1 January 2009	88,032	(28)	13,259	101,263
Total comprehensive income for the period	-	-	(638)	(638)
At 31 March 2009	88,032	(28)	12,621	100,625

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

Since 31 December 2008, there was no change in the issued share capital of the Company. The share capital of the Company as at 31 March 2009 was 124,287,522 ordinary shares.

As at 31 March 2009, the number of unissued shares under the IFS (2000) Share Option Scheme was 21,500 (as at 31 March 2008: 21,500) that may be converted into ordinary shares.

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

The total number of issued shares as at 31 March 2009 was 124,287,522 (as at 31 December 2008: 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.

**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 2008.

#### **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 has adopted the following FRSs:

- FRS 1 (Revised 2008) Presentation of Financial Statements
- FRS 23 (Revised 2007) Borrowing Costs
- Amendments to FRS 32 Financial Instruments: Presentation and FRS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards and FRS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 Share-based Payment - Vesting Conditions and Cancellations
- FRS 108 Operating Segments
- Improvements to FRSs 2008
- Amendments to FRS 107 - Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments.

The adoption of these new/revised FRSs does not result in any substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements. The main impact from the application of FRS 1 (Revised 2008) relates to a change of presentation of all non-owner changes in the equity in a Statement of Comprehensive Income. This change does not affect the recognition or measurement of the entity's transactions. Previously, such non-owner changes are included in the Statement of Changes in Equity.

## **6 Review of Group Performance**

### **1Q 2009 vs 1Q 2008**

The Group faced a very challenging first quarter during which business volume declined significantly. However, the Group has managed to increase yields substantially and its cost containment strategy has paid off. The Group generated strong cash flow from its operations and improved its gearing.

The Group posted income before operating expenses of \$5.9 million, a slight decline of 2% as compared to \$6.1 million in 1Q 2008. After deducting for operating expenses but before deducting net claims incurred and allowances for loan losses, there was an improvement in operating profit of 52% from \$2.1 million to \$3.2 million. The Group set aside higher impairment for loan losses, investments and insurance claims of \$2.6 million resulting in the Group net profit after tax including share of associates' results of \$0.8 million, a decrease of 75% over the corresponding quarter in 2008. However, the comparative 1Q 2008's profit was skewed by an exceptional write back of excess provision of an insurance claim settled which resulted in a reversal of net claims of \$1.3 million.

Whilst there was a decline in the Singapore operations due to the more severe contraction here, contributions from the Group's overseas subsidiaries and associates were comparable to 1Q 2008 at \$0.6 million. The Group's Thailand operation was equity accounted for as associated companies in 1Q 2009's results as the completion of their acquisitions as subsidiaries occurred after 31 March 2009.

The Group loan assets including factoring receivables as at 31 March 2009 stood at \$280.1 million as compared to \$392.8 million as at 31 March 2008. A more cautious lending and rigorous credit approach adopted resulted in a drop in the business volume and lower net interest income by 10%. However, the decline was partly mitigated by an increase in the average net interest margin from 3.6% in 1Q 2008 to 4.9% in 1Q 2009 as a result of higher pricing charged out and lower funding costs.

Net earned premium revenue from ECICS declined 5% from \$1.6 million in 1Q 2008 to \$1.5 million in 1Q 2009 resulting from lower credit insurance and bonds and guarantee business volume written. With a decline in recovery of provision for insurance claims previously provided for, there was a net claims incurred amounting to \$0.6 million as compared to a reversal of net claims amounting to \$1.3 million to income in 1Q 2008.

Non-interest income comprising fees, commission, investment and other income rose by 12% from \$1.8 million to \$2.0 million in 1Q 2009. As the Group has disposed most of its equity portfolio held under ECICS' insurance reserves previously, the higher investment income of \$0.4 million in 1Q 2009 came mainly from interest earned from bonds, deposits and available-for-sale investments.

Operating expenses for 1Q 2009 fell 31% to \$2.8 million compared to \$4.0 million in 1Q 2008 due to tighter cost control. Staff costs decreased 28% due to lower provisions for bonus and crediting of grant under the government's Jobs Credit Scheme. Other discretionary expenses such as business development and commission expenses paid to intermediaries were also significantly lower due to lower marketing expenditures and reduced business activity expenses. With lower operating costs, the Group's cost-to-income ratio improved 18% points to 45% in 1Q 2009.

An additional impairment of \$1.8 million was set aside for loan losses which was partly affected by the higher US dollar exchange rate on the Group's non-performing loans denominated in US dollar.

As at end of March 2009, the Group has significant cash and cash equivalents amounting to \$65.0 million held in reserve assets such as fixed deposits and bonds pending deployment. These lower yielding assets had also affected the Group's net interest income as yields on these assets were substantially lower. The Group continued to maintain its leverage and gearing ratios at 2.1 times and 1.7 times respectively (as at 31 December 2008: leverage ratio was 2.0 times and gearing ratio was 1.7 times). However, excluding the cash reserves held, the net leverage and gearing ratios would be 1.7 times and 1.4 times respectively.

## **7 Variance from Prospect Statement**

The current announced results are in line with the prospect statement made in 4Q 2008 announcement dated 26 February 2009.

## **8 Prospects**

Prospects for the rest of 2009 continue to be challenging amid the adverse effects of the global economic recession.

Within Southeast Asia, the Singapore operations were most impacted in 1Q 2009 by the financial crisis and prospects for recovery remain weak. Thailand is expected to continue to perform well and Indonesia has made a strong start in the year with yields increasing. Malaysia had lower 1Q 2009's results but its business is expected to pick up for the remaining part of the year.

The Group's emphasis on strengthening its financial position has resulted in strong cash flow generated from operations and significant reduction in operating expenses and net gearing. This stronger financial position will provide the basis for the Group's future growth when market conditions improve.

The Group is expected to be profitable for the year.

**9 Dividend**

(a) Current financial period reported on

Nil.

(b) Corresponding period of the immediately preceding financial year

Nil.

(c) Dividend payment date

Not applicable.

(d) Book closure date

Not applicable.

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

No dividend is declared for the period ended 31 March 2009 (31 March 2008: Nil).

By Order of the Board

**Chionh Yi Chian**

**Company Secretary**

13 May 2009



**IFS Capital Limited**

(Registration no: 198700827C)

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

On behalf of the Board of Directors of IFS Capital Limited ("the Company"), we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the quarter ended 31 March 2009 to be false or misleading in any material aspect.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read 'Lim Hua Min'.

**Lim Hua Min**  
**Chairman**

A handwritten signature in black ink, appearing to read 'Lee Soon Kie'.

**Lee Soon Kie**  
**Group Chief Executive Officer/Director**

Singapore  
13 May 2009