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Third Quarter * Financial Statement And Dividend Announcement

* Asterisks denote mandatory information

Name of Announcer *	IFS CAPITAL LIMITED
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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
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The details of the announcement start here ...

For the Financial Period Ended *	30-09-2008
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Third Quarter And Nine Months Unaudited Financial Statement And Dividend Announcement for the Period Ended 30 September 2008

1(a)(i) Consolidated Income Statement for the Third Quarter And Nine Months Ended 30 September

	Group					
	3rd Qtr 2008	3rd Qtr 2007	Inc/ (Dec)	9 months 2008	9 months 2007	Inc/ (Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	5,084	5,755	(11.7)	15,176	17,072	(11.1)
Interest expense	(2,221)	(2,792)	(20.5)	(6,937)	(8,029)	(13.6)
Net interest income	2,863	2,963	(3.4)	8,239	9,043	(8.9)
Gross written premiums	1,804	3,590	(49.7)	8,794	12,082	(27.2)
Change in gross provision for unexpired risks	2,704	(1,025)	(363.8)	3,751	(3,810)	(198.5)
Gross earned premium revenue	4,508	2,565	75.8	12,545	8,272	51.7
Written premiums ceded to reinsurers	(1,124)	(2,041)	(44.9)	(5,342)	(7,228)	(26.1)
Reinsurers' share of change in provision for unexpired risks	(2,106)	1,891	(211.4)	(2,639)	3,427	(177.0)
Reinsured premium expense	(3,230)	(150)	NM	(7,981)	(3,801)	110.0
Net earned premium revenue	1,278	2,415	(47.1)	4,564	4,471	2.1
Fee and commission income	1,503	2,034	(26.1)	4,922	5,927	(17.0)
Investment income	468	(27)	NM	2,312	4,737	(51.2)
Other income	46	50	(8.0)	772	430	79.5
Income before operating expenses	6,158	7,435	(17.2)	20,809	24,608	(15.4)
Business development expenses	(221)	(222)	(0.5)	(759)	(616)	23.2
Commission expenses	(143)	(297)	(51.9)	(681)	(681)	-
Staff costs	(2,322)	(1,900)	22.2	(6,768)	(6,646)	1.8
General and administrative expenses	(1,289)	(1,349)	(4.4)	(3,721)	(3,742)	(0.6)
	(3,975)	(3,768)	5.5	(11,929)	(11,685)	2.1
Change in provision for insurance claims	92	2,344	(96.1)	3,280	(722)	(554.3)
Reinsurers' share of change in provision for insurance claims	63	(1,378)	(104.6)	559	180	210.6
Gross claims recovered/(paid)	303	(1,559)	(119.4)	(2,876)	(1,932)	48.9
Reinsurers' share of claims paid	(287)	770	(137.3)	(1)	963	(100.1)
Net claims - reversal/(incurred)	171	177	(3.4)	962	(1,511)	(163.7)
Operating profit before allowances	2,354	3,844	(38.8)	9,842	11,412	(13.8)
Allowances for loan losses and impairment of investments	(115)	(1,391)	(91.7)	(1,950)	(3,836)	(49.2)
Operating profit after allowances	2,239	2,453	(8.7)	7,892	7,576	4.2
Share of after-tax results of associates	589	504	16.9	1,763	1,029	71.3
Profit before income tax	2,828	2,957	(4.4)	9,655	8,605	12.2
Tax expense	(526)	(231)	127.7	(1,290)	(343)	276.1
Net profit for the period	2,302	2,726	(15.6)	8,365	8,262	1.2

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 period:

	Group					
	3rd Qtr 2008	3rd Qtr 2007	Inc/ (Dec)	9 months 2008	9 months 2007	Inc/ (Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) Investment income						
- Exchange (loss)/gain	8	(112)	(107.1)	(160)	(115)	39.1
- Dividend and fee income	33	118	(72.0)	130	339	(61.7)
- Gain/(loss) on disposal of equity securities						
- held-for-trading	-	1,450	(100.0)	(576)	3,119	(118.5)
- available-for-sale	-	34	(100.0)	2,046	76	NM
- Net change in fair value of financial assets through profit or loss						
- designated as fair value through profit or loss	247	-	NA	332	-	NA
- held-for-trading	(188)	(1,773)	(89.4)	(470)	742	(163.3)
- Investment income from bonds	271	298	(9.1)	696	727	(4.3)
- Interest income from fixed deposits and investments	110	1	NM	376	108	248.1
- Amortisation of held-to-maturity debt securities	(13)	(30)	(56.7)	(60)	(76)	(21.1)
- Fees paid to fund manager	-	(13)	(100.0)	(2)	(183)	(98.9)
	468	(27)	NM	2,312	4,737	(51.2)
(b) Amortisation of intangible assets	(58)	(42)	38.1	(144)	(125)	15.2
(c) Depreciation of property, plant and equipment	(222)	(221)	0.5	(662)	(651)	1.7
(d) Exchange loss, net	(259)	(31)	735.5	(47)	(41)	14.6
(e) (Allowances for)/reversal of loan losses and impairment of investments						
- loans and receivables	111	(1,515)	(107.3)	(1,786)	(4,181)	(57.3)
- insurance and other receivables	(232)	124	287.1	(325)	433	175.1
- equity securities available-for-sale	6	-	NA	161	(88)	(283.0)
	(115)	(1,391)	(91.7)	(1,950)	(3,836)	(49.2)
(f) Reversals of/(provisions for) net of reinsurers' share						
- unexpired risks	598	866	(30.9)	1,112	(383)	(390.3)
- insurance claims	155	966	(84.0)	3,839	(542)	(808.3)
(g) Tax expense						
- current tax expense	(623)	(2,066)	(69.8)	(1,674)	(1,392)	20.3
- deferred tax credit/(expense)	106	(197)	153.8	274	(2,212)	112.4
- refund and write back of over provision of prior years' tax	(9)	2,032	(100.4)	110	3,261	(96.6)
	(526)	(231)	127.7	(1,290)	(343)	276.1

NM: Not meaningful

NA: Not applicable

The 2007's comparative figure for the amount of \$735k relating to tax refund has been reclassified from "Other Income" to "Tax Expense" to conform with the year-end audited accounts presentation.

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

Note	Group		Company	
	30/09/2008	31/12/2007	30/09/2008	31/12/2007
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
	19,230	19,471	18,720	19,011
Property, plant and equipment				
	586	297	114	118
Intangible assets				
	-	-	46,495	46,495
Subsidiaries				
	11,562	11,718	8,143	8,064
Associates				
	32,074	34,597	4,669	4,712
Other investments				
	6	-	6	-
Staff loan				
	84,460	73,891	65,077	63,834
Loans, advances, hire purchase and leasing receivables	(a)			
	1,237	979	1,208	913
Deferred tax assets				
	149,155	140,953	144,432	143,147
Current assets				
	24,829	26,909	-	-
Reinsurers' share of insurance contract provisions				
	2,083	5,025	-	-
Insurance receivables				
	226,647	234,650	218,878	229,590
Trade and other receivables	(b)			
	-	2	-	2
Derivative financial instruments				
	23,989	35,720	70	205
Other investments	(c)			
	20,809	37,785	2,882	2,916
Cash and cash equivalents	(d)			
	298,357	340,091	221,830	232,713
Total assets				
	447,512	481,044	366,262	375,860
Equity attributable to equity holders of the Company				
	88,032	88,032	88,032	88,032
Share capital				
	251	3,282	19	55
Other reserves				
	35,690	32,607	13,539	9,519
Accumulated profits				
Total equity				
	123,973	123,921	101,590	97,606
Non-current liabilities				
	62,477	80,007	61,006	80,007
Interest-bearing borrowings	(e)			
	477	826	-	-
Deferred tax liabilities				
	62,954	80,833	61,006	80,007
Current liabilities				
	28,421	38,573	27,951	26,336
Trade and other payables	(f)			
	4,060	7,303	-	-
Insurance payables				
	191,750	184,236	175,377	170,670
Interest-bearing borrowings	(e)			
	-	7	-	7
Derivative financial instruments				
	27,617	31,368	-	-
Insurance contract provisions for - gross unexpired risks				
	7,120	10,400	-	-
- gross insurance claims				
	146	695	146	695
Bank overdrafts (unsecured)				
	1,471	3,708	192	539
Current tax payable				
	260,585	276,290	203,666	198,247
Total liabilities				
	323,539	357,123	264,672	278,254
Total equity and liabilities				
	447,512	481,044	366,262	375,860

Comments on Major Group Balance Sheet Variances

- (a) Loans, advances, hire purchase and leasing receivables under non-current assets increased as a result of new draw down of loans and advances in the subsidiary companies' book during the later half of 3Q 2008.
- (b) The decrease in trade and receivables resulted mainly from factoring repayments.
- (c) Investments under current assets decreased as a result of the sale of loan stocks held by a subsidiary as well as the disposal of equity investments by the Group.
- (d) The decrease in cash and cash equivalents resulted partly from the Group's insurance subsidiary, ECICS Limited's ("ECICS") utilisation of its cash reserves to invest in debt securities.
- (e) Interest-bearing borrowings under non-current liabilities decreased from \$80.0 million to \$62.5 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 \$254.4 million due to repayments during the period.
- (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 30/09/2008 S\$'000 (Unsecured)	As at 31/12/2007 S\$'000 (Unsecured)
Amount repayable in one year or less, or on demand	191,896	184,931
Amount repayable after one year	62,477	80,007
	254,373	264,938

Details of any collateral

Nil.

1(c) **Consolidated Cash Flow Statement for the Third Quarter and Nine Months ended 30 September**

	3rd Qtr 2008	3rd Qtr 2007	9 months 2008	9 months 2007
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Net profit for the period	2,302	2,726	8,365	8,262
Adjustments for:				
Share of after-tax results of associates	(589)	(504)	(1,763)	(1,029)
Amortisation of intangible assets and held-to-maturity debt securities	71	72	204	201
Foreign currency translation	171	30	208	30
Depreciation of property, plant and equipment	222	221	662	651
Gain on disposal of equity securities	-	(1,484)	(1,470)	(3,195)
Other income - receipt of retention sum arising from gain on disposal of an associate in previous year	-	-	(512)	-
Net change in fair value of financial assets through profit or loss	(55)	2,052	138	(463)
Property, plant and equipment written off	3	2	4	3
Allowance for impairment of investments	(6)	-	(161)	88
(Reversals of)/provisions for net of reinsurers' share				
- unexpired risks	(598)	(866)	(1,112)	383
- insurance claims	(155)	(966)	(3,839)	542
Interest income	(5,084)	(5,755)	(15,176)	(17,072)
Interest income from bonds, held-to-maturity debt securities and fixed deposits	(381)	(299)	(1,072)	(835)
Financial expense	28	41	109	141
Interest expense	2,221	2,792	6,937	8,029
Dividend income	-	(118)	(63)	(339)
Tax expense	526	231	1,290	343
Operating cash flows before changes in working capital	(1,324)	(1,825)	(7,251)	(4,260)
Changes in working capital:				
Factoring receivables	(2,564)	(439)	13,442	14,426
Factoring amounts due to clients	2,691	2,668	(3,436)	(2,181)
Loans, advances, hire purchase and leasing receivables	(28,002)	(6,934)	(13,128)	(10,475)
Trade and other receivables	(2,412)	(563)	116	(1,026)
Trade and other payables	702	(5,686)	(9,633)	(4,054)
Cash generated from operations	(30,909)	(12,779)	(19,890)	(7,570)
Interest received	5,456	5,952	16,260	17,776
Interest paid	(2,043)	(2,485)	(7,365)	(8,455)
Income taxes paid	(1,398)	(1,641)	(3,911)	(3,269)
Income tax refund	-	503	110	1,238
Cash flows used in operating activities	(28,894)	(10,450)	(14,796)	(280)

Note

(a)

1(c) **Consolidated Cash Flow Statement for the Third Quarter and Nine Months ended 30 September (cont'd)**

	Note	3rd Qtr 2008	3rd Qtr 2007	9 months 2008	9 months 2007
		S\$'000	S\$'000	S\$'000	S\$'000
Investing activities					
(Disbursements)/repayment of loan to associate, net		(211)	32	(79)	(4)
Investment in associate		-	-	-	(2,672)
Purchase of property, plant and equipment		(69)	(15)	(431)	(238)
Purchase of intangible assets		(367)	(35)	(432)	(137)
Purchase of investments, net		(12,683)	(23,556)	(31,297)	(28,824)
Proceeds from sale/redemption of investments		10,111	25,617	45,364	39,513
Repayment of loan by minority shareholder		-	1	-	6
Dividends received from investments and associates		-	339	588	794
Cash flows (used in)/from investing activities	(b)	(3,219)	2,383	13,713	8,438
Financing activities					
Proceeds from/(repayments of) term loans		27,048	10,172	(10,015)	4,103
Dividends paid		(1,243)	(3,057)	(5,282)	(17,919)
Proceeds from issue of share option scheme		-	-	-	39
Proceeds from rights issue net of incidental expenses		-	-	-	10,318
Cash flows from/(used in) financing activities	(c)	25,805	7,115	(15,297)	(3,459)
Net (decrease)/ increase in cash and cash equivalents		(6,308)	(952)	(16,380)	4,699
Cash and cash equivalents at beginning of the period		26,966	31,045	37,090	25,503
Effect of exchange rate fluctuations on cash held		5	(66)	(47)	(175)
Cash and cash equivalents at end of the period		20,663	30,027	20,663	30,027
Analysis of cash and cash equivalents					
net of bank overdrafts:					
Fixed deposits		13,090	23,955	13,090	23,955
Cash at banks and on hand		7,719	6,223	7,719	6,223
Bank overdrafts		(146)	(151)	(146)	(151)
Cash and cash equivalents net of bank overdrafts					
at end of the period		20,663	30,027	20,663	30,027

Explanatory notes to Cash Flow Statement

(a) Cash flows used in operating activities

The higher net cash used in operating activities on a quarter-on-quarter basis resulted from new draw down of loans.

The higher net cash used in operating activities for the nine months ended 30 September 2008 resulted from new draw down of loans and the set-off of an advance payment relating to the sale of loan stocks held by a subsidiary.

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

The net cash used in investing activities on a quarter-on-quarter basis arose mainly from ECICS' utilisation of its cash reserves to invest in debt securities.

The higher net cash flows from investing activities for the nine months ended 30 September 2008 arose mainly from the disposal of equity investments.

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

The cash flows from financing activities on a quarter-on-quarter basis was largely due to proceeds from term loan borrowings.

The net cash used in financing activities for the nine months ended 30 September 2008 relates mainly to repayment of 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	77,676	128	-	379	37,724	115,907
Exchange differences - translation of net assets of foreign subsidiaries and associates	-	-	-	788	-	788
Net change in fair value of available-for-sale financial assets, net of tax	-	-	2,881	-	-	2,881
Net gain recognised directly in equity	-	-	2,881	788	-	3,669
Net profit for the period	-	-	-	-	5,536	5,536
Total recognised income and expense for the period	-	-	2,881	788	5,536	9,205
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	-	-	-	-	(14,862)	(14,862)
At 30 June 2007	88,033	128	2,881	1,167	28,398	120,607
Exchange differences - translation of net assets of foreign subsidiaries and associates	-	-	-	(388)	-	(388)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(1,650)	-	-	(1,650)
Net loss recognised directly in equity	-	-	(1,650)	(388)	-	(2,038)
Net profit for the period	-	-	-	-	2,726	2,726
Total recognised income and expense for the period	-	-	(1,650)	(388)	2,726	688
Interim dividend of 3.0 cents per share less tax at 18% in respect of year 2007	-	-	-	-	(3,057)	(3,057)
At 30 September 2007	88,033	128	1,231	779	28,067	118,238

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

	Share	Capital	Fair value	Currency	Accumulated	Total
	capital	reserves	reserve	translation	profits	
Group - 2008	S\$'000	S\$'000	S\$'000	S\$'000	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	-	-	-	(1,975)	-	(1,975)
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(172)	-	-	(172)
Net loss recognised directly in equity	-	-	(172)	(1,975)	-	(2,147)
Net profit for the period	-	-	-	-	6,063	6,063
Total recognised income and expense for the period	-	-	(172)	(1,975)	6,063	3,916
Final one-tier exempt dividend of 3.25 cents per share in respect of year 2007	-	-	-	-	(4,039)	(4,039)
At 30 June 2008	88,032	182	2,362	(1,409)	34,631	123,798
Exchange differences - translation of net assets of foreign subsidiaries and associates	-	-	-	460	-	460
Net change in fair value of available-for-sale financial assets, net of tax	-	-	(1,344)	-	-	(1,344)
Net gain/(loss) recognised directly in equity	-	-	(1,344)	460	-	(884)
Net profit for the period	-	-	-	-	2,302	2,302
Total recognised income and expense for the period	-	-	(1,344)	460	2,302	1,418
Interim one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	-	-	(1,243)	(1,243)
At 30 September 2008	88,032	182	1,018	(949)	35,690	123,973

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

	Share capital	Fair value reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company - 2007				
At 1 January 2007	77,676	-	22,114	99,790
Net profit for the period	-	-	2,363	2,363
Total recognised income and expense for the period	-	-	2,363	2,363
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	-	-	(14,862)	(14,862)
At 30 June 2007	88,033	-	9,615	97,648
Net profit for the period	-	-	1,235	1,235
Total recognised income and expense for the period	-	-	1,235	1,235
Interim dividend of 3.0 cents per share less tax at 18% in respect of year 2007	-	-	(3,057)	(3,057)
As at 30 September 2007	88,033	-	7,793	95,826

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

	Share capital	Fair value reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company - 2008				
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	-	(23)	-	(23)
Net loss recognised directly in equity	-	(23)	-	(23)
Net profit for the period	-	-	4,751	4,751
Total recognised income and expense for the period	-	(23)	4,751	4,728
Final one-tier tax exempt dividend of 3.25 cents per share in respect of year 2007	-	-	(4,039)	(4,039)
At 30 June 2008	88,032	32	10,231	98,295
Net change in fair value of available-for-sale financial assets, net of tax	-	(13)	-	(13)
Net loss recognised directly in equity	-	(13)	-	(13)
Net profit for the period	-	-	4,551	4,551
Total recognised income and expense for the period	-	(13)	4,551	4,538
Interim one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	(1,243)	(1,243)
At 30 September 2008	88,032	19	13,539	101,590

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 30 September 2008 was 124,287,522 ordinary shares.

As at 30 September 2008, the number of unissued shares under the IFS (2000) Share Option Scheme was 21,500 (as at 30 September 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 30 September 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.

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.

6 Earnings Per Ordinary Share

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

3rd Qtr 2008	3rd Qtr 2007	9 months 2008	9 months 2007
1.9 cents	2.3 cents	6.7 cents	7.0 cents
1.9 cents	2.3 cents	6.7 cents	7.0 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 effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows:

Weighted average number of:
 Ordinary shares used in the calculation of
 Basic earnings per share
 Potential ordinary shares issuable under share option

Weighted average number of ordinary issued and potential
 ordinary shares assuming full conversion

Group	
30/09/2008	30/09/2007
124,287,522	117,238,409
5,920	23,182
124,293,442	117,261,591

7 Net Asset Value

Net asset value per ordinary share
 based on issued share capital at
 the end of the financial period

Group		Company	
30/09/2008	31/12/2007	30/09/2008	31/12/2007
99.7 cts	99.7 cts	81.7 cts	78.5 cts

8 Review of Group Performance

3Q 2008 vs 3Q 2007

Group profit before tax declined by 4% to \$2.8 million compared to the corresponding quarter in 2007 while profit after tax was \$2.3 million, down by 16% from \$2.7 million.

The continued effects of the current financial turmoil together with the Group's cautious lending and insurance activities resulted in a decline of the Group's operating income in net interest income, net earned premium revenue as well as fee and commission income. An investment income of \$0.5 million was recorded for the 3Q 2008 due to the recognition of the fair value gain through profit or loss of an investment. While operating expenses were higher by 5% mainly due to increased staff costs, this was partly offset by the lower allowances for impairment of loans and advances. Our Thailand associates posted higher profits by 17% to \$0.6 million.

Nine Months Ended 30 September 2008 vs Nine Months Ended 30 September 2007

At the pre-tax level, Group profit of \$9.7 million was 12% higher than the corresponding period of last year with increased contributions from the Group's overseas subsidiaries and associated companies, lower allowances for impairment of loans and investments as well as a reversal of claims provision.

However, due to higher tax expense, Group net profit after tax increased marginally by 1% to \$8.4 million as compared to the same period last year. In 2007, the Group had a lower income tax expense due to some tax refunds and write back of overprovision for prior years' tax.

All our regional operations performed well with total contributions growing significantly from \$0.5 million in the first nine months of 2007 to \$1.9 million in the first nine months of 2008.

Net earned premium revenue from ECICS increased slightly to \$4.6 million from \$4.5 million as a result of lower unexpired risks reserves required for insurance policies in force at the reporting date. There was also a write back of excess provision upon the settlement of an insurance claim resulting in a reversal of net claim of \$1.0 million to the income compared to a charge of \$1.5 million for the same period last year.

With effect from 1 January 2008, ECICS, a registered insurer, has to comply with the Risk Based Capital Adequacy Requirement (“CAR”) of 120%. As at 30 September 2008, ECICS’ CAR stood at over 600%, which was substantially above the regulatory requirement.

Due to lower factoring funds-in-use as well as lower significant interest recoveries from non-performing loans accounts in the current period, net interest income declined by 9% to \$8.2 million as compared to 2007. Excluding the one-off interest recoveries in 2007, net interest income for 2008 would have increased by 4%. The Group loan and factoring receivables outstanding as at 30 September 2008 was \$424.2 million as compared to \$419.1 million as at 30 September 2007. The growth in loan assets was mainly contributed by our subsidiaries in Indonesia and Malaysia.

Non-interest income comprising fees, commission, investment and other income at \$8.0 million were 28% lower than last year. The lower fee and commission income was due to reduced factoring volume and insurance business while the lower investment income was attributed to lower divestment gain and fair value loss on financial assets affected by the global financial crisis.

Total operating costs were up slightly by 2% to \$11.9 million mainly as a result of higher business related expenses such as marketing expenditures and commission paid to intermediaries.

Total allowances for loan losses and impairment of investments decreased by 49% to \$2.0 million as compared to \$3.8 million for the same period last year. The higher allowances for loan losses in 2007 were mainly due to an impairment charge made on the Group’s exposure to a non-performing factoring client, EC-Asia International Limited amounting to US\$6.23 million (approximately S\$8.94 million). As at 30 September 2008, as a result of a substantial amount of the exposure having already been provided for in the accounts, the Group does not expect its full year results to be materially impacted.

9 Variance from Prospect Statement

The current announced results are in line with the prospect statement made in 2Q 2008 announcement dated 12 August 2008.

10 **Prospects**

Current economic prospects have deteriorated significantly. In view of such uncertainties, the Group has adopted a more pro-active and rigorous approach to managing its business, particularly in areas of slow growth and high risk.

The Group expects to be less profitable in the current year than in 2007.

11 **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) Books closure date

Not applicable.

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

No dividend is declared for the period ended 30 September 2008 (30 September 2007: Nil).

By Order of the Board

Chionh Yi Chian

Company Secretary

4 November 2008



IFS Capital Limited

(Registration no: 198700827C)

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

On behalf of the Board of Directors of IFS Capital Limited ("the Company"), we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the third quarter and nine months ended 30 September 2008 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Hua Min
Chairman

Singapore

4 November 2008

Lee Soon Kie
Group Chief Executive Officer/Director