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**Third Quarter \* Financial Statement And Dividend Announcement**


\* Asterisks denote mandatory information

Name of Announcer *	IFS CAPITAL LIMITED
Company Registration No.	198700827C
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Announcement is submitted with respect to *	IFS CAPITAL LIMITED
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The details of the announcement start here ...

For the Financial Period Ended *	30-09-2009
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**Third Quarter And Nine Months Unaudited Financial Statement And Dividend Announcement  
for the Period Ended 30 September 2009**

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### Third Quarter And Nine Months Unaudited Financial Statement And Dividend Announcement for the Period Ended 30 September 2009

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

	Note 1(a) (ii)	3Q 2009 S\$'000	3Q 2008 S\$'000	+ /(-) %	9 months 2009 S\$'000	9 months 2008 S\$'000	+ /(-) %
Interest income		5,125	5,084	0.8	14,520	15,176	(4.3)
Interest expense		(1,537)	(2,221)	(30.8)	(5,181)	(6,937)	(25.3)
<b>Net interest income</b>		<b>3,588</b>	<b>2,863</b>	<b>25.3</b>	<b>9,339</b>	<b>8,239</b>	<b>13.4</b>
Gross written premiums		1,794	1,804	(0.6)	5,367	8,794	(39.0)
Change in gross provision for unexpired risks	(f)	531	2,704	(80.4)	18,744	3,751	399.7
<b>Gross earned premium revenue</b>		<b>2,325</b>	<b>4,508</b>	<b>(48.4)</b>	<b>24,111</b>	<b>12,545</b>	<b>92.2</b>
Written premiums ceded to reinsurers		(1,219)	(1,124)	8.5	(3,470)	(5,342)	(35.0)
Reinsurers' share of change in the provision for unexpired risks	(f)	(255)	(2,106)	(87.9)	(16,504)	(2,639)	NM
<b>Reinsured premium expense</b>		<b>(1,474)</b>	<b>(3,230)</b>	<b>(54.4)</b>	<b>(19,974)</b>	<b>(7,981)</b>	<b>150.3</b>
<b>Net earned premium revenue</b>		<b>851</b>	<b>1,278</b>	<b>(33.4)</b>	<b>4,137</b>	<b>4,564</b>	<b>(9.4)</b>
Fee and commission income		1,609	1,503	7.1	4,717	4,922	(4.2)
Investment income	(a)	421	468	(10.0)	1,316	2,824	(53.4)
Other income	(b)	265	46	476.1	731	260	181.2
<b>Non-interest income</b>		<b>2,295</b>	<b>2,017</b>	<b>13.8</b>	<b>6,764</b>	<b>8,006</b>	<b>(15.5)</b>
<b>Income before operating expenses</b>		<b>6,734</b>	<b>6,158</b>	<b>9.4</b>	<b>20,240</b>	<b>20,809</b>	<b>(2.7)</b>
Business development expenses		(181)	(221)	(18.1)	(503)	(759)	(33.7)
Commission expenses		(88)	(143)	(38.5)	(251)	(681)	(63.1)
Staff costs		(2,253)	(2,322)	(3.0)	(6,336)	(6,768)	(6.4)
General and administrative expenses		(1,410)	(1,289)	9.4	(3,871)	(3,721)	4.0
		(3,932)	(3,975)	(1.1)	(10,961)	(11,929)	(8.1)
Change in provision for insurance claims		2,047	92	NM	(559)	3,280	(117.0)
Reinsurers' share of change in provision for insurance claims		(2,086)	63	NM	301	559	(46.2)
Gross claims paid		(2,261)	303	NM	(3,479)	(2,876)	21.0
Reinsurers' share of claims paid		2,064	(287)	NM	2,927	(1)	NM
<b>Net claims (incurred)/reversal</b>	(g)	<b>(236)</b>	<b>171</b>	<b>(238.0)</b>	<b>(810)</b>	<b>962</b>	<b>(184.2)</b>
<b>Operating profit before allowances</b>		<b>2,566</b>	<b>2,354</b>	<b>9.0</b>	<b>8,469</b>	<b>9,842</b>	<b>(14.0)</b>
Allowances for loan losses and impairment of investments	(h)	(605)	(115)	426.1	(4,137)	(1,950)	112.2
<b>Operating profit after allowances</b>		<b>1,961</b>	<b>2,239</b>	<b>(12.4)</b>	<b>4,332</b>	<b>7,892</b>	<b>(45.1)</b>
Negative goodwill on acquisition of a subsidiary		-	-	-	850	-	NM
Share of after-tax results of associate		-	589	(100.0)	474	1,763	(73.1)
<b>Profit before income tax</b>		<b>1,961</b>	<b>2,828</b>	<b>(30.7)</b>	<b>5,656</b>	<b>9,655</b>	<b>(41.4)</b>
Tax expense	(i)	(246)	(526)	(53.2)	(1,021)	(1,290)	(20.9)
<b>Net profit for the period</b>		<b>1,715</b>	<b>2,302</b>	<b>(25.5)</b>	<b>4,635</b>	<b>8,365</b>	<b>(44.6)</b>
<b>Attributable to:</b>							
<b>Owners of the Group</b>		<b>1,695</b>	<b>2,302</b>	<b>(26.4)</b>	<b>4,600</b>	<b>8,365</b>	<b>(45.0)</b>
<b>Minority interests</b>		<b>20</b>	<b>-</b>	<b>NM</b>	<b>35</b>	<b>-</b>	<b>NM</b>
<b>Net profit for the period</b>		<b>1,715</b>	<b>2,302</b>	<b>(25.5)</b>	<b>4,635</b>	<b>8,365</b>	<b>(44.6)</b>

**Consolidated Statement of Comprehensive Income for the Third Quarter and Nine Months Ended 30 September 2009**

	<b>3Q 2009 S\$'000</b>	<b>3Q 2008 S\$'000</b>	<b>+ / (-) %</b>	<b>9 months 2009 S\$'000</b>	<b>9 months 2008 S\$'000</b>	<b>+ / (-) %</b>
<b>Net profit for the period</b>	<b>1,715</b>	2,302	(25.5)	<b>4,635</b>	8,365	(44.6)
<b>Other comprehensive income</b>						
Available-for-sale financial assets - net movement in fair value reserve	<b>487</b>	(1,639)	(129.7)	<b>792</b>	(1,849)	(142.8)
Translation differences relating to financial statements of foreign subsidiaries and associates	<b>(125)</b>	460	(127.2)	<b>507</b>	(1,515)	(133.5)
Income tax relating to components of other comprehensive income	<b>(83)</b>	295	(128.1)	<b>(135)</b>	333	(140.5)
<b>Other comprehensive income for the period, net of tax</b>	<b>279</b>	(884)	(131.6)	<b>1,164</b>	(3,031)	(138.4)
<b>Total comprehensive income for the period</b>	<b>1,994</b>	1,418	40.6	<b>5,799</b>	5,334	8.7
<b>Attributable to:</b>						
<b>Owners of the Group</b>	<b>1,980</b>	1,418	39.6	<b>5,770</b>	5,334	8.2
<b>Minority interests</b>	<b>14</b>	-	NM	<b>29</b>	-	NM
<b>Total comprehensive income for the period</b>	<b>1,994</b>	1,418	40.6	<b>5,799</b>	5,334	8.7

NM – not meaningful

Certain comparative figures have been reclassified from “Other Income” to “Investment Income” and “General Administrative Expenses” to “Allowances for Loan Losses and Impairment of Investments” to conform with the year-end audited accounts presentation.

## Note to Statement of Comprehensive Income

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

	3Q 2009 S\$'000			3Q 2008 S\$'000		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
Available-for-sale financial assets – net movement in fair value reserve	487	(83)	404	(1,639)	295	(1,344)
Translation differences relating to financial statements of foreign subsidiaries and associate	(125)	-	(125)	460	-	460
<b>Other comprehensive income</b>	<b>362</b>	<b>(83)</b>	<b>279</b>	<b>(1,179)</b>	<b>295</b>	<b>(884)</b>

	9 months 2009 S\$'000			9 months 2008 S\$'000		
	Before tax	Tax expense	Net of tax	Before tax	Tax benefit	Net of tax
Available-for-sale financial assets – net movement in fair value reserve	792	(135)	657	(1,849)	333	(1,516)
Translation differences relating to financial statements of foreign subsidiaries and associate	507	-	507	(1,515)	-	(1,515)
<b>Other comprehensive income</b>	<b>1,299</b>	<b>(135)</b>	<b>1,164</b>	<b>(3,364)</b>	<b>333</b>	<b>(3,031)</b>

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

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

	3Q 2009 S\$'000	3Q 2008 S\$'000	+ / (-) %	9 months 2009 S\$'000	9 months 2008 S\$'000	+ / (-) %
(a) Investment income						
- exchange loss	-	8	(100.0)	-	(160)	(100.0)
- dividend and fee income	-	33	(100.0)	10	130	(92.3)
- gain on disposal of equity securities	33	-	NM	286	1,470	(80.5)
- remaining proceeds from disposal of an investment in prior year	-	-	-	-	512	(100.0)
- net change in fair value of financial assets through profit or loss						
- designated as fair value through profit or loss	-	247	(100.0)	(336)	332	(201.2)
- held-for-trading	12	(188)	(106.4)	22	(470)	(104.7)
- interest income from bonds, available-for-sale investments and fixed deposits	346	381	(9.2)	1,249	1,072	16.5
- amortisation of held-to-maturity debt securities	30	(13)	(330.8)	85	(60)	(241.7)
- fees paid to fund manager	-	-	-	-	(2)	(100.0)
	<b>421</b>	<b>468</b>	<b>(10.0)</b>	<b>1,316</b>	<b>2,824</b>	<b>(53.4)</b>
(b) Other income						
- write back of provision for indemnity for contingent tax liabilities	145	-	NM	277	-	NM
- recoveries of loans and advances	17	23	(26.1)	68	141	(51.8)
- others	103	23	347.8	386	119	224.4
	<b>265</b>	<b>46</b>	<b>476.1</b>	<b>731</b>	<b>260</b>	<b>181.2</b>
(c) Amortisation of intangible assets	(120)	(58)	106.9	(287)	(144)	99.3
(d) Depreciation of property, plant and equipment	(261)	(222)	17.6	(739)	(662)	11.6
(e) Exchange gain/(loss), net	(20)	(259)	(92.3)	(108)	(47)	129.8
(f) Reversal of unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	531	2,704	(80.4)	18,744	3,751	399.7
- reinsurers' share of change in the provision for unexpired risks	(255)	(2,106)	(87.9)	(16,504)	(2,639)	NM
	<b>276</b>	<b>598</b>	<b>(53.8)</b>	<b>2,240</b>	<b>1,112</b>	<b>101.4</b>
(g) Claims (incurred)/reversal, net of reinsurers' share						
- net change in provision for insurance claims	(39)	155	(125.2)	(258)	3,839	(106.7)
- net claims paid	(197)	16	NM	(552)	(2,877)	(80.8)
	<b>(236)</b>	<b>171</b>	<b>(238.0)</b>	<b>(810)</b>	<b>962</b>	<b>(184.2)</b>
(h) (Allowances for)/reversals of loan losses and impairment of investments						
- loans and receivables	187	(121)	(254.5)	(2,089)	(2,111)	(1.0)
- equity securities available-for-sale	(792)	6	NM	(2,048)	161	NM
	<b>(605)</b>	<b>(115)</b>	<b>426.1</b>	<b>(4,137)</b>	<b>(1,950)</b>	<b>112.2</b>
(i) Tax expense						
- current tax expense	(805)	(623)	29.2	(1,688)	(1,674)	0.8
- deferred tax credit	323	106	204.7	431	274	57.3
- refund and write back of overprovision of prior years' tax	236	(9)	NM	236	110	114.5
	<b>(246)</b>	<b>(526)</b>	<b>(53.2)</b>	<b>(1,021)</b>	<b>(1,290)</b>	<b>(20.9)</b>

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

	<b>Group</b>			
	<b>3Q 2009</b>	3Q 2008	<b>9 months 2009</b>	9 months 2008
Earnings per share				
- on weighted average number of ordinary shares in issue	<b>1.3 cents</b>	1.7 cents	<b>3.4 cents</b>	6.1 cents
- on fully diluted basis	<b>1.3 cents</b>	1.7 cents	<b>3.4 cents</b>	6.1 cents

The comparative figures have been adjusted for the effects of one Bonus Share for every ten existing ordinary shares.

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 been adjusted for the effects of the bonus issue of 12,428,740 ordinary shares 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>30/09/2009</b>	30/09/2008
Weighted average number of :		
Ordinary shares used in the calculation of		
Basic earnings per share	<b>136,716,262</b>	136,716,262 *
Potential ordinary shares issuable under share option	-	5,920
Weighted average number of ordinary issued and potential ordinary shares assuming full conversion	<b>136,716,262</b>	136,722,182

\*Adjusted for the effects of one Bonus Share for every ten existing ordinary shares.

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

	Note	Group		Company	
		30/09/2009 S\$'000	31/12/2008 S\$'000	30/09/2009 S\$'000	31/12/2008 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		20,011	19,066	18,072	18,571
Intangible assets	(a)	2,883	406	112	117
Subsidiaries	(b)	-	-	54,404	46,495
Associates	(b)	-	11,546	-	8,145
Other investments	(c)	36,155	29,286	5,793	4,611
Loans, advances, hire purchase and leasing receivables	(d)	56,077	68,999	40,150	50,728
Deferred tax assets		2,010	1,707	1,373	1,322
		<b>117,136</b>	<b>131,010</b>	<b>119,904</b>	<b>129,989</b>
<b>Current assets</b>					
Derivative financial instruments		-	117	-	117
Reinsurers' share of insurance contract provisions	(h)	13,830	30,033	-	-
Insurance receivables		1,215	1,759	-	-
Trade and other receivables	(e)	192,082	186,574	128,655	182,547
Other investments	(c)	9,191	18,872	-	41
Cash and cash equivalents	(f)	32,830	25,072	6,158	4,376
		<b>249,148</b>	<b>262,427</b>	<b>134,813</b>	<b>187,081</b>
<b>Total assets</b>		<b>366,284</b>	<b>393,437</b>	<b>254,717</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		(883)	(2,349)	(31)	(28)
Accumulated profits		38,350	35,289	13,633	13,259
		<b>125,499</b>	<b>120,972</b>	<b>101,634</b>	<b>101,263</b>
Minority interests		427	-	-	-
<b>Total equity</b>		<b>125,926</b>	<b>120,972</b>	<b>101,634</b>	<b>101,263</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings		55,191	61,299	54,643	60,837
Deferred tax liabilities		116	114	-	-
		<b>55,307</b>	<b>61,413</b>	<b>54,643</b>	<b>60,837</b>
<b>Current liabilities</b>					
Trade and other payables		23,208	25,298	24,200	28,329
Insurance payables		3,746	3,960	-	-
Interest-bearing borrowings	(g)	133,599	139,091	74,240	126,641
Insurance contract provisions for - gross unexpired risks	(h)	16,207	34,951	-	-
- gross insurance claims		7,228	6,669	-	-
Current tax payable		1,063	1,083	-	-
		<b>185,051</b>	<b>211,052</b>	<b>98,440</b>	<b>154,970</b>
<b>Total liabilities</b>		<b>240,358</b>	<b>272,465</b>	<b>153,083</b>	<b>215,807</b>
<b>Total equity and liabilities</b>		<b>366,284</b>	<b>393,437</b>	<b>254,717</b>	<b>317,070</b>

### **Comments on Major Group Statement of Financial Position Variances**

- (a) The increase in intangible assets was due to the consolidation of the balance sheet of the Thailand subsidiary, IFS Capital Holdings (Thailand) Limited ("IFSCH"), which included a goodwill of \$1.9 million. This goodwill arose from its previous purchase of 49.2% shareholding interest in IFS Capital Thailand Public Company Limited ("IFST") in January 2007 from Bank of Ayudhya Public Company Limited and other shareholders.
- (b) The 2008's interest in associates amount relates to the Group's interest in the Thailand companies, IFSCH and IFST, which became subsidiaries on 1 April 2009, following the acquisition of additional shareholdings.
- (c) The increase in other 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.
- (d) 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.
- (e) The increase in trade and other receivables resulted mainly from higher factoring receivables due to consolidation of the Thailand operations.
- (f) The cash and cash equivalent comprises mainly fixed deposits of \$26.3 million and cash at banks and in hand of \$6.5 million. The increase in the cash balances resulted mainly from loan and receivable repayments.
- (g) Interest-bearing borrowings under current liabilities decreased due mainly to repayment of short-term borrowings and redemption of notes under the Medium Term Notes Programme, partly offset by the consolidation of the Thailand subsidiary's borrowings.
- (h) Insurance contract provisions for gross unexpired risks decreased by 54% from \$35 million as at 31 December 2008 to \$16.2 million as at 30 September 2009. This was due to the reversal of prior years' unearned premium to income as a result of lower new gross premium written in 2009 as well as a downward revision in the expected loss ratio for bonds and guarantees issued. Consequently, the reinsurers' share of insurance contract provisions under current assets also decreased.

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

	<b>As at 30/09/2009 S\$'000 (Unsecured)</b>	<b>As at 31/12/2008 S\$'000 (Unsecured)</b>
Amount repayable in one year or less, or on demand	<b>133,599</b>	139,091
Amount payable after one year	<b>55,191</b>	61,299
	<b>188,790</b>	200,390

**Details of any collateral**

Nil.

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

	<b>Group</b>		<b>Company</b>	
	<b>30/09/2009</b>	31/12/2008	<b>30/09/2009</b>	31/12/2008
Net asset value per ordinary share based on issued share capital at end of the financial period	<b>91.8 cents</b>	88.5 cents *	<b>74.3 cents</b>	74.1 cents *

\*Adjusted for the effects of one Bonus Share for every ten existing ordinary shares.

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

Note	<b>3Q 2009 S\$'000</b>	<b>3Q 2008 S\$'000</b>	<b>9 months 2009 S\$'000</b>	<b>9 months 2008 S\$'000</b>
<b>Operating activities</b>				
Net profit for the period	1,715	2,302	4,635	8,365
Adjustments for:				
Share of after-tax results of associates	-	(589)	(474)	(1,763)
Amortisation of intangible assets and held-to-maturity debt securities	90	71	202	204
Negative goodwill	-	-	(850)	-
Net foreign exchange loss	44	171	17	208
Depreciation of property, plant and equipment	261	222	739	662
Gain on disposal of equity securities	(33)	-	(286)	(1,470)
Gain on disposal of property, plant and equipment	-	-	(16)	-
Remaining proceeds from disposal of an investment in previous year	-	-	-	(512)
Net change in fair value of financial assets through profit and loss	(12)	(59)	314	138
Net change in fair value of derivatives	-	4	117	-
Property, plant and equipment written off	-	3	2	4
Allowance for impairment of investments (Reversals of)/provisions for net of reinsurers' share	792	(6)	2,048	(161)
- unexpired risks	(276)	(598)	(2,240)	(1,112)
- insurance claims	39	(155)	258	(3,839)
Interest income	(5,125)	(5,084)	(14,520)	(15,176)
Dividend income from investment	-	-	(10)	(63)
Interest income from bonds, available-for-sale investments and fixed deposits	(346)	(381)	(1,249)	(1,072)
Financial expense	35	28	82	109
Interest expense	1,537	2,221	5,181	6,937
Tax expense	246	526	1,021	1,290
<b>Operating cash flows before changes in working capital</b>	<b>(1,033)</b>	<b>(1,324)</b>	<b>(5,029)</b>	<b>(7,251)</b>
<b>Changes in working capital:</b>				
Factoring receivables	4,752	(2,564)	24,540	13,442
Factoring amounts due to clients	(912)	2,691	(4,526)	(3,436)
Loans, advances, hire purchase and leasing receivables	22,960	(28,002)	60,007	(13,128)
Other and insurance receivables	2,858	(2,412)	2,513	116
Trade and other payables	(568)	702	2,439	(9,633)
<b>Cash generated from operations</b>	<b>28,057</b>	<b>(30,909)</b>	<b>79,944</b>	<b>(19,890)</b>
Interest received	5,720	5,456	16,015	16,260
Interest paid	(1,812)	(2,043)	(5,817)	(7,365)
Income tax paid	(1,751)	(1,398)	(3,146)	(3,911)
Income tax refund	274	-	274	110
<b>Cash flows from/(used in) operating activities</b>	<b>30,488</b>	<b>(28,894)</b>	<b>87,270</b>	<b>(14,796)</b>

(a)

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

Note	3Q 2009 S\$'000	3Q 2008 S\$'000	9 months 2009 S\$'000	9 months 2008 S\$'000
<b>Investing activities</b>				
Repayment of loans to associate, net	-	(211)	-	(79)
Proceeds from sale of property, plant & equipment	2	-	62	-
Net cash outflow on acquisition of subsidiaries	-	-	(5,645)	-
Purchase of property, plant and equipment	(100)	(69)	(199)	(431)
Purchase of intangible assets	(129)	(367)	(711)	(432)
Purchase of investments	(8,544)	(12,683)	(14,402)	(31,297)
Proceeds from disposal of investments	4,033	10,111	16,000	45,364
Dividends received from investments	-	-	10	588
<b>Cash flows (used in)/from investing activities</b>	<b>(4,738)</b>	<b>(3,219)</b>	<b>(4,885)</b>	<b>13,713</b>
<b>Financing activities</b>				
Repayment of interest-bearing borrowings	(41,233)	27,048	(73,358)	(10,015)
Dividends paid				
- by the company	-	(1,243)	(1,243)	(5,282)
- by a subsidiary company to minority shareholder	-	-	(23)	-
<b>Cash flows (used in)/from financing activities</b>	<b>(41,233)</b>	<b>25,805</b>	<b>(74,624)</b>	<b>(15,297)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(15,483)</b>	<b>(6,308)</b>	<b>7,761</b>	<b>(16,380)</b>
Cash and cash equivalents at beginning of the period	48,326	26,966	25,072	37,090
Effect of exchange rate fluctuations on cash held	(13)	5	(3)	(47)
<b>Cash and cash equivalents at end of the period</b>	<b>32,830</b>	<b>20,663</b>	<b>32,830</b>	<b>20,663</b>
<b>Analysis of cash and cash equivalents net of bank overdrafts</b>				
Fixed deposits	26,294	13,090	26,294	13,090
Cash at banks and on hand	6,536	7,719	6,536	7,719
Bank overdrafts	-	(146)	-	(146)
<b>Cash and cash equivalents net of bank overdrafts at end of the period</b>	<b>32,830</b>	<b>20,663</b>	<b>32,830</b>	<b>20,663</b>

## Explanatory Notes to Statement of Cash Flows

Cash and cash equivalents for 3Q 2009 decreased by \$15.5 million as compared to \$6.3 million in 3Q 2008. As for the nine months of 2009, cash and cash equivalents increased by \$7.8 million as compared to a decrease of \$16.4 million in the same period last year.

Despite the lower operating profit generated for 3Q 2009 and the nine months ended 30 September 2009, the Group generated cash from operations of \$28 million and \$80 million respectively, due mainly to lower new drawdowns and higher repayments from loans and factoring receivables. The cash generated were utilized for repayment of interest-bearing borrowings. For the nine months of 2009, the increase in cash and cash equivalents was due to higher loan repayments of \$60 million against loan disbursements of \$13.1 million in the same period last year.

### (a) Cash flows from operating activities

The Group generated significant cash flows from operating activities for 3Q 2009 and nine months ended 30 September 2009 of \$30.5 million and \$87.3 million respectively as compared to 2008's cash flows used in operating activities. The increase was mainly attributable to repayments of factoring and loans receivables as well as increase in trade and other payables. The decrease in trade and other payables for the nine months ended 30 September 2008 was due to the set-off of an advance payment relating to the sale of loan stock held by a subsidiary.

### (b) Net cash outflow on acquisition of subsidiaries

The effects of the acquisition of subsidiaries for the Group's Thailand operations on the statement of cash flows are:

<b>Net assets acquired</b>	<b>S\$'000</b>
Property, plant and equipment	1,549
Intangible assets	2,030
Trade and other receivables	80,204
Other investments	54
Cash and cash equivalents	5,929
Trade and other payables	(5,343)
Interest-bearing borrowings	(71,076)
<b>Net identifiable assets and liabilities</b>	<b>13,347</b>
Purchase consideration paid	(6)
Minority interests' share	(917)
Negative goodwill acquired	(850)
Net cash outflow	11,574
Cash acquired	(5,929)
<b>Net cash outflow</b>	<b>5,645</b>

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

The higher cash outflow in 3Q 2009 as compared to same quarter last year was due to the lower proceeds from disposal of investments.

The net cash flows used in the nine months ended 30 September 2009 resulted from lower proceeds from disposal of investments as well as cash outflow on acquisition of the subsidiaries. The higher proceeds from disposal of investments for the nine months ended 30 September 2008 included a one-off amount relating to the sale of loan stock held by a subsidiary.

(d) Cash flows used in financing activities

The net cash flows used in financing activities in 3Q 2009 and nine months ended 30 September 2009 was largely due to redemption of the \$45 million notes under the Medium Term Note Programme upon maturity as well as repayment of short-term 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	Minority interests S\$'000	Total equity S\$'000
<b>2008</b>								
At 1 January 2008	88,032	182	2,534	566	32,607	123,921	-	123,921
Total comprehensive income for the period	-	-	(172)	(1,975)	6,063	3,916	-	3,916
Final one-tier tax exempt dividend of 3.25 cents per share in respect of year 2007	-	-	-	-	(4,039)	(4,039)	-	(4,039)
At 30 June 2008	88,032	182	2,362	(1,409)	34,631	123,798	-	123,798
Total comprehensive income for the period	-	-	(1,344)	460	2,302	1,418	-	1,418
Interim one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	-	-	(1,243)	(1,243)	-	(1,243)
At 30 September 2008	88,032	182	1,018	(949)	35,690	123,973	-	123,973
<b>2009</b>								
At 1 January 2009	88,032	233	(858)	(1,724)	35,289	120,972	-	120,972
Total comprehensive income for the period	-	-	253	632	2,905	3,790	15	3,805
Capitalisation of statutory legal reserves of a subsidiary	-	296	-	-	(296)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	375	375
Dividend paid to minority interests	-	-	-	-	-	-	23	23
Final one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	-	-	(1,243)	(1,243)	-	(1,243)
At 30 June 2009	88,032	529	(605)	(1,092)	36,655	123,519	413	123,932
Total comprehensive income for the period	-	-	404	(119)	1,695	1,980	14	1,994
At 30 September 2009	88,032	529	(201)	(1,211)	38,350	125,499	427	125,926

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

<u>Company</u>	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	-	(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
Total comprehensive income 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
<b>2009</b>				
<b>At 1 January 2009</b>	<b>88,032</b>	<b>(28)</b>	<b>13,259</b>	<b>101,263</b>
Total comprehensive income for the period	-	(3)	559	556
Final one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	(1,243)	(1,243)
<b>At 30 June 2009</b>	<b>88,032</b>	<b>(31)</b>	<b>12,575</b>	<b>100,576</b>
Total comprehensive income for the period	-	-	1,058	1,058
<b>At 30 September 2009</b>	<b>88,032</b>	<b>(31)</b>	<b>13,633</b>	<b>101,634</b>

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

Changes in the Share Capital of the Company for the period

<b>30/09/2009</b>	31/12/2008
<b>124,287,522</b>	124,287,522
<b>12,428,740</b>	-
<b>136,716,262</b>	124,287,522

Number of ordinary shares as at beginning of period

Issue of Bonus Shares

Number of ordinary shares as at end of period

Ordinary Share Options as at

Outstanding number of share options under the IFS (2000)

Option scheme that may be converted into ordinary shares

<b>30/09/2009</b>	31/12/2008
<b>21,500</b>	21,500

The Company has allotted and issued 12,428,740 new ordinary shares pursuant to the Bonus Issue of one bonus share for every ten existing shares held by the Shareholders of the Company on 6 May 2009. The Bonus Shares were listed and quoted on the Singapore Exchange Securities Trading Limited on 12 May 2009.

Other than shares issued pursuant to the Bonus Issue as disclosed above, no other shares were issued during the financial period under review.

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

The total number of issued shares as at 30 September 2009 was 136,716,262 (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
- FRS 27 Consolidated and Separate Financial Statements - Cost of an investment in a subsidiary, jointly controlled entity or associate
- 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

### **3Q 2009 vs 3Q 2008**

The 3Q 2009 financials include the consolidation of the Thailand operations' results as it became a 98.2% owned-subsiary from 1 April 2009, whereas in 3Q 2008, the Thailand operations were equity accounted for under "share of after-tax results of associates."

For 3Q 2009, despite the decline in the net earned premium revenue of the Group's insurance subsidiary by 33%, Group income before operating expenses increased by 9% due to the increase in net interest income as well as fees and commission income contributed mainly by the Thailand subsidiary. After accounting for operating expenses, provision for insurance claims and net claims paid, Group operating profit before allowances for loan losses and impairment of investments improved 9% to \$2.6 million. The better operating performance was, however, negated by additional impairment of \$792,000 on equity investments, which brought the Group net profit after tax to \$1.7 million, a decrease of 26% when compared to 3Q 2008.

On a sequential quarter on quarter basis, Group profit after tax for 3Q 2009 was down 18% from \$2.1 million in 2Q 2009 as 2Q 2009 included a negative goodwill of \$850,000 on the Group's additional acquisition in the Thailand operations. Excluding the one-off negative goodwill, the 3Q 2009's Group profit after tax was up 38%.

### **Nine Months Ended 30 September 2009 vs Nine Months Ended 30 September 2008**

Group net profit after tax for the nine months ended 30 September 2009 declined 45% to \$4.6 million as compared to the same period last year. Although the consolidation of the Thailand subsidiaries and the recognition of the negative goodwill have contributed largely to the Group profit, the lower profit was mainly attributable to higher claims incurred and allowances for loan losses and impairment of investments.

Group total comprehensive income for the nine months ended 30 September 2009 improved 9% to \$5.8 million. This was due to the improvements in fair value reserve of available-for-sale investments and foreign currency translation differences of the regional subsidiaries.

Group income before operating expenses fell slightly by 3% to \$20.2 million as compared to the corresponding period in 2008 due to lower net earned premium revenue, lower fee and commission income as well as lower investment income. However, the decline was mitigated by higher net interest income.

Although there was a decline in the Group factoring and loan assets from \$424.2 million a year ago to \$310.4 million as at 30 September 2009, the higher net interest margin achieved and the consolidation of six months' contributions from the Thailand operations helped to increase the net interest income by 13%. Average net interest margin rose from 3.9% in 2008 to 5.1% in 2009 due to lower funding costs and higher pricing charged out.

Gross written premiums in respect of the insurance subsidiary declined 39% to \$5.4 million. However, gross earned premium revenue increased 92% due to higher write back of gross provision for unexpired risks to income. This arose from lesser insurance business written which resulted in a net reversal of unearned premium to earned premium income as well as a lower expected loss ratio required for bonds and guarantees for the nine months ended 30 September 2009. After accounting for premiums ceded to reinsurers, the net earned premium declined 9% to \$4.1 million.

Non-interest income comprising fees, commission, investment and other income at \$6.8 million was 16% lower than the same period last year. The lower fee and commission income was due to reduced insurance business while the lower investment income was a result of a non-recurring gain from the disposal of some investments in the previous nine months of 2008 and fair value loss on financial assets affected by the global financial crisis.

Total operating costs declined 8% due to continued cost control measures. Staff costs declined 6% mainly due to lower bonus provision and Jobs Credit Grant. Other discretionary expenses such as business expenses and commission expenses paid to intermediaries were lower due to lower marketing expenditures and reduced business activity expenses. Excluding the six months' operating expenses of the Group's Thailand subsidiaries consolidated in the nine months of 2009, operating expenses would show a higher decline of 20% to \$9.6 million.

With lower recoveries of insurance claims previously provided for, there was a net claims charge of \$810,000 to income in the current period as compared to a reversal of net claims of \$962,000 to income in the same period last year. As a result of the claims incurred, operating profit before allowances fell 14% to \$8.5 million.

Allowances for loan losses and impairment of investments were higher at \$4.1 million as compared to \$2 million in the previous period. The additional impairment was mainly set aside for equity investments.

The Group's overseas subsidiaries, in particular Thailand and Indonesia, continued to post higher profits with contributions increasing from \$1.9 million in the same period last year to \$2.2 million.

The Group continued to generate strong cash flows from operating activities of \$87.3 million for the nine months of 2009. Including the consolidation of the Thailand subsidiaries' liabilities, the Group leverage and gearing ratios were 1.8 times and 1.5 times respectively (as at 31 December 2008: leverage ratio was 2.0 times and gearing ratio was 1.7 times). Excluding the Thailand subsidiaries, the leverage and gearing ratios would be lower by 0.4 times to 1.4 times and 1.1 times respectively.

## **7 Variance from Prospect Statement**

The current announced results are in line with the prospect statement as disclosed in the Group's 2Q 2009 results announcement dated 13 August 2009.

## 8 Prospects

There are encouraging signs of a recovery. However, there remains doubts over the sustainability of this recovery. The Group will continue to be cautious in expanding its commercial and insurance business and pursue new business initiatives under its Alternative or Structured Finance operations as the market recovers.

The insurance business and the regional operations in Thailand and Indonesia are expected to continue to perform well 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 30 September 2009.

By Order of the Board

**Chionh Yi Chian**

**Company Secretary**

12 November 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 third quarter and nine months ended 30 September 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 be 'LHM'.

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

A handwritten signature in black ink, appearing to be 'LSK'.

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

Singapore  
12 November 2009