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Second Quarter Results * Financial Statement And Related 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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>> Announcement Details

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2010
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Description	<p>The following are attached:</p> <p>(1) Second Quarter Financial Results for the period ended 30 June 2010 (2) Presentation Slides for the Second Quarter 2010 Results</p>
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Attachments

 [2Q_2010_Results.pdf](#)
 [HY_2010_Presentation_Slides.pdf](#)
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**Second Quarter And Half-Year Unaudited Financial Statements And Dividend Announcement
for the Period Ended 30 June 2010**

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**Second Quarter And Half-Year Unaudited Financial Statements And Dividend Announcement for the Period Ended 30 June 2010****1(a)(i) Consolidated Income Statement for the Second Quarter And Half-Year Ended 30 June**

	Note	2nd Qtr 2010 S\$'000	2nd Qtr 2009 S\$'000	+ / (-) %	1st Half 2010 S\$'000	1st Half 2009 S\$'000	+ / (-) %
Interest income	1(a)	6,141	5,174	18.7	12,950	9,395	37.8
Interest expense	(ii)	(1,159)	(1,885)	(38.5)	(2,367)	(3,644)	(35.0)
Net interest income	(a)	4,982	3,289	51.5	10,583	5,751	84.0
Gross written premiums		1,940	1,592	21.9	4,033	3,573	12.9
Change in gross provision for unexpired risks		837	15,162	(94.5)	612	18,213	(96.6)
Gross earned premium revenue		2,777	16,754	(83.4)	4,645	21,786	(78.7)
Written premiums ceded to reinsurers		(975)	(902)	8.1	(2,270)	(2,251)	0.8
Reinsurers' share of change in the provision for unexpired risks		(684)	(14,092)	(95.1)	(495)	(16,249)	(97.0)
Reinsured premium expense		(1,659)	(14,994)	(88.9)	(2,765)	(18,500)	(85.1)
Net earned premium revenue	(b)	1,118	1,760	(36.5)	1,880	3,286	(42.8)
Fee and commission income	(c)	2,516	1,893	32.9	4,054	3,108	30.4
Investment income	(d)	434	468	(7.3)	57	895	(93.6)
Other income		9	143	(93.7)	337	466	(27.7)
Non-interest income		2,959	2,504	18.2	4,448	4,469	(0.5)
Income before operating expenses		9,059	7,553	19.9	16,911	13,506	25.2
Business development expenses		(203)	(205)	(1.0)	(397)	(322)	23.3
Commission expenses		(110)	(100)	10.0	(171)	(163)	4.9
Staff costs	(e)(i)	(2,722)	(2,394)	13.7	(4,960)	(4,083)	21.5
General and administrative expenses	(e)(ii)	(1,810)	(1,570)	15.3	(3,455)	(2,461)	40.4
Operating expenses	(e)	(4,845)	(4,269)	13.5	(8,983)	(7,029)	27.8
Change in provision for insurance claims		(340)	116	NM	(492)	(2,606)	(81.1)
Reinsurers' share of change in provision for insurance claims		180	(126)	NM	262	2,387	(89.0)
Gross claims paid		(77)	(4)	NM	(57)	(1,218)	(95.3)
Reinsurers' share of claims paid		13	13	-	21	863	(97.6)
Net claims incurred		(224)	(1)	NM	(266)	(574)	(53.7)
Operating profit before allowances		3,990	3,283	21.5	7,662	5,903	29.8
Allowances for loan losses and impairment of investments		(1,145)	(1,484)	(22.8)	(2,550)	(3,532)	(27.8)
Operating profit after allowances		2,845	1,799	58.1	5,112	2,371	115.6
Negative goodwill on acquisition of a subsidiary		-	850	(100.0)	-	850	(100.0)
Share of after-tax results of associates		-	-	-	-	474	(100.0)
Profit before income tax		2,845	2,649	7.4	5,112	3,695	38.3
Tax expense	(f)	(826)	(557)	48.3	(1,653)	(775)	113.3
Profit for the period		2,019	2,092	(3.5)	3,459	2,920	18.5
Profit attributable to:							
Owners of the Company		2,007	2,077	(3.4)	3,430	2,905	18.1
Non-controlling interests		12	15	(20.0)	29	15	93.3
Profit for the period		2,019	2,092	(3.5)	3,459	2,920	18.5

Consolidated Statement of Comprehensive Income for the Second Quarter and Half-Year Ended 30 June

	Note	2nd Qtr	2nd Qtr	+ / (-)	1st Half	1st Half	+ / (-)
	1(a)	2010	2009	%	2010	2009	%
	(ii)	S\$'000	S\$'000		S\$'000	S\$'000	
Profit for the period		2,019	2,092	(3.5)	3,459	2,920	18.5
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	(d)	73	546	(86.6)	1,009	305	230.8
Foreign currency translation differences of foreign operations		(66)	251	NM	867	632	37.2
Income tax on other comprehensive income		(13)	(93)	(86.0)	(172)	(52)	230.8
Other comprehensive income for the period, net of income tax		(6)	704	NM	1,704	885	92.5
Total comprehensive income for the period		2,013	2,796	(28.0)	5,163	3,805	35.7
Attributable to:							
Owners of the Company		2,001	2,781	(28.0)	5,122	3,790	35.1
Non-controlling interests		12	15	(20.0)	41	15	173.3
Total comprehensive income for the period		2,013	2,796	(28.0)	5,163	3,805	35.7

NM – not meaningful

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

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

	2nd Qtr 2010 S\$'000	2nd Qtr 2009 S\$'000	+ /(-) %	1st Half 2010 S\$'000	1st Half 2009 S\$'000	+ /(-) %
Investment income						
- dividend, fee and interest income	457	357	28.0	839	913	(8.1)
- gain on disposal of equity securities	31	86	(64.0)	42	253	(83.4)
- net change in fair value of financial assets through profit or loss	(118)	(1)	NM	(942)	(326)	189.0
- amortisation of held-to-maturity debts securities	64	26	146.2	118	55	114.6
	434	468	(7.3)	57	895	(93.6)
Other Income						
- write back of provision for indemnity for contingent tax liabilities	-	-	-	-	132	(100.0)
- recoveries of loans and investments	3	53	(94.3)	119	103	15.5
- gain on disposal of property, plant & equipment	-	16	(100.0)	-	16	(100.0)
- others	6	74	(91.9)	218	215	1.4
	9	143	(93.7)	337	466	(27.7)
Amortization of intangible assets	(219)	(94)	133.0	(550)	(167)	229.3
Depreciation of property, plant and equipment	(310)	(260)	19.2	(576)	(478)	20.5
Exchange (loss)/gain, net	(18)	73	NM	(6)	(88)	(93.2)
Reversal of unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	837	15,162	(94.5)	612	18,213	(96.6)
- reinsurers' share of change in the provision for unexpired risks	(684)	(14,092)	(95.1)	(495)	(16,249)	(97.0)
	153	1,070	(85.7)	117	1,964	(94.0)
Claims incurred, net of reinsurers' share						
- net change in provision for insurance claims	(160)	(10)	NM	(230)	(219)	5.0
- net claims (paid)/recovered	(64)	9	NM	(36)	(355)	(89.9)
	(224)	(1)	NM	(266)	(574)	(53.7)
Allowances for loan losses and impairment of investments						
- loans and receivables	(1,145)	(465)	146.2	(2,550)	(2,276)	12.0
- equity securities available-for-sale	-	(1,019)	(100.0)	-	(1,256)	(100.0)
	(1,145)	(1,484)	(22.8)	(2,550)	(3,532)	(27.8)
Tax expense						
- current tax expense	(908)	(605)	50.1	(1,595)	(883)	80.6
- deferred tax (expense)/credit	(516)	48	NM	(700)	108	NM
- refund and write back of overprovision of prior years' tax	598	-	NM	642	-	NM
	(826)	(557)	48.3	(1,653)	(775)	113.3

1(a)(ii) Explanatory Notes to Consolidated Income Statement (cont'd)

Comments on Major Consolidated Income Statement Variances

- (a) The increase in net interest income for 2nd Quarter 2010 ("2Q 2010") was mainly due to higher average net interest margin, recoveries of interest previously suspended for non-performing accounts as well as higher contributions from the Group's Thailand operations.

For 1st Half of 2010 ("1H 2010"), the increase was partly due to recoveries of interest previously suspended for non-performing accounts, recognition of current and prior years' interest from repayments of a significant property loan upon completion of its development project, higher net interest margin and the six months' consolidation effects of the Thailand operations compared with three months' contribution for 1st Half 2009 ("1H 2009").

- (b) For 2Q 2010 and 1H 2010, the decline in net earned premium revenue of the Group's insurance subsidiary, ECICS Limited ("ECICS"), was due to lower net write back of change in the provision for unexpired risks to income resulting from lower business underwritten. The higher write back in 2nd Quarter 2009 ("2Q 2009") and 1H 2009 was due to the reduction of expected future loss factor on the bonds and guarantees business based on the review by the actuary.

- (c) The increase in fee and commission income for both 2Q 2010 and 1H 2010 was mainly due to the higher insurance ceded out, higher profit commission earned from the reinsurance Quota Share Treaty as well as higher factoring fee income contributed by the Thailand operations.

- (d) The lower investment income in 1H 2010 was attributable to a fair value loss on a derivative for hedging an available-for-sale quoted investment. The corresponding fair value gain on this quoted investment was recognized directly to other comprehensive income and presented within equity in the fair value reserve.

- (e) The higher 2Q 2010 operating expenses were due to the following:

- (i) Increased staff costs due partly to increased headcount of the overseas subsidiaries from the expansion of business units, reduced payment received under the Jobs Credit Scheme and higher other staff related expenses.
- (ii) Increased general and administrative expenses due to higher professional fees incurred on business related projects, higher amortization on software development due to systems upgrading and intangible assets arising from business combination.

Higher operating expenses for 1H 2010 were due to the reasons as explained above as well as the full six months' consolidation effects of the Thailand operations.

- (f) The higher tax expense for 2Q 2010 was in line with the higher profit before income tax as well as the higher corporate tax rates of the foreign subsidiaries, partly offset by a write back of overprovision of prior years' tax.

The higher tax expense for 1H 2010 was mainly due to the full six months' consolidation effects of the Thailand operations as well as the higher corporate tax rates of the foreign subsidiaries, partly offset by a write back of overprovision of prior years' tax.

1(a)(iii) Earnings Per Ordinary Share

	Group			
	2nd Qtr 2010	2nd Qtr 2009	1st Half 2010	1st Half 2009
Earnings per share				
- on weighted average number of ordinary shares in issue	1.3 cents	1.4 cents	2.3 cents	1.9 cents
- on fully diluted basis	1.3 cents	1.4 cents	2.3 cents	1.9 cents

The comparative figures have been adjusted for the effects of one bonus share for every ten existing ordinary shares issued on 5 May 2010.

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.

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 one bonus share for every ten existing ordinary shares issued on 5 May 2010.

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

	Group	
	30/06/2010	30/06/2009
Weighted average number of :		
Ordinary shares used in the calculation of		
Basic earnings per share	150,387,866	150,387,866 *
Potential ordinary shares issuable under share option	1,217	-
Weighted average number of ordinary issued shares and potential ordinary shares assuming full conversion	150,389,083	150,387,866

*Adjusted for the effects of one bonus share for every ten existing ordinary shares issued on 5 May 2010.

1(b)(i) Balance Sheets

	Note	Group		Company	
		30/06/2010 S\$'000	31/12/2009 S\$'000	30/06/2010 S\$'000	31/12/2009 S\$'000
Non-current assets					
Property, plant and equipment		20,582	20,579	17,596	17,915
Intangible assets	(a)	3,189	1,998	543	114
Subsidiaries		-	-	55,927	55,927
Other investments	(b)	30,639	40,250	6,568	5,973
Loans, advances, hire purchase and leasing receivables	(c)	39,588	43,788	31,107	30,822
Deferred tax assets		1,639	2,416	474	1,254
		95,637	109,031	112,215	112,005
Current assets					
Reinsurers' share of insurance contract provisions		10,752	10,985	-	-
Insurance receivables		1,037	323	-	-
Trade and other receivables	(d)	183,160	197,907	101,596	114,993
Other investments	(b)	31,009	12,172	8,470	980
Cash and cash equivalents	(e)	29,713	26,652	9,250	5,848
		255,671	248,039	119,316	121,821
Total assets		351,308	357,070	231,531	233,826
Equity					
Share capital		88,032	88,032	88,032	88,032
Other reserves	(f)	620	(1,223)	24	101
Accumulated profits		41,509	40,281	16,474	15,332
Total equity attributable to equity holders of the Company		130,161	127,090	104,530	103,465
Non-controlling interests		448	432	-	-
Total equity		130,609	127,522	104,530	103,465
Non-current liabilities					
Interest-bearing borrowings	(g)	42,298	45,361	34,737	45,361
Deposit on leasing receivables		1,541	3,327	-	-
Deferred tax liabilities		450	369	-	-
		44,289	49,057	34,737	45,361
Current liabilities					
Derivative financial instruments		362	-	356	-
Trade and other payables		18,080	20,009	22,932	20,679
Insurance payables		1,553	3,285	-	-
Interest-bearing borrowings	(g)	135,688	136,455	68,976	64,321
Insurance contract provisions for - gross unexpired risks		12,695	13,307	-	-
- gross insurance claims		5,624	5,132	-	-
Current tax payable		2,408	2,303	-	-
		176,410	180,491	92,264	85,000
Total liabilities		220,699	229,548	127,001	130,361
Total equity and liabilities		351,308	357,070	231,531	233,826

Comments on Major Balance Sheet Variances

- (a) The increase in intangible assets was due to an investment of \$1.2 million in copyright of a film production made by the Group's newly incorporated subsidiary, IFS Capital Intellectual Property Private Limited.
- (b) The decrease in other investments under non-current assets of the Group was due to the reclassification of corporate bonds maturing within the next twelve months to current assets. The increase in other investments under current assets was also due to new purchases of equity and debts securities by the Company and its subsidiary, ECICS.
- (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 loans.
- (e) The cash and cash equivalents comprise fixed deposits of \$18.9 million and cash at banks and in hand of \$10.8 million. The increase in the cash balances was mainly due to funds from loans repayment by customers pending deployment.
- (f) The Group's other reserves was a positive of \$620,000 as at 30 June 2010 (31 December 2009: a negative reserve of \$1.2 million) due to an improvement in fair value of available-for-sale investments and strengthening of the foreign currencies of the regional subsidiaries for translation against Singapore Dollar.
- (g) The Company's interest-bearing borrowings under non-current liabilities decreased from \$45.4 million to \$34.7 million due mainly to reclassification of interest-bearing borrowings of \$10.7 million to current liabilities as the amount will be repayable within the next twelve months. Overall, the Group's interest-bearing borrowings decreased from \$181.8 million as at 31 December 2009 to \$178.0 million as at 30 June 2010 due to repayment of short-term borrowings.

1(b)(ii) Group's Borrowings

	As at 30/06/2010 S\$'000 (Unsecured)	As at 31/12/2009 S\$'000 (Unsecured)
Amount repayable in one year or less, or on demand	135,688	136,455
Amount payable after one year	42,298	45,361
	177,986	181,816

Details of any collateral

Nil.

1(b)(iii) Net Asset Value

	Group		Company	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
Net asset value per ordinary share based on issued share capital at end of the financial period	86.6 cents	84.5 cents *	69.5 cents	68.8 cents *

*Adjusted for the effects of one bonus share for every ten existing ordinary shares issued on 5 May 2010.

1(c) **Consolidated Statement of Cash Flows for the Second Quarter and Half-Year Ended 30 June**

	2nd Qtr 2010 S\$'000	2nd Qtr 2009 S\$'000	1st Half 2010 S\$'000	1st Half 2009 S\$'000
Note				
Cash flows from operating activities				
Profit for the period	2,019	2,092	3,459	2,920
Adjustments for:				
Share of after-tax results of associates	-	-	-	(474)
Amortisation of intangible assets and held-to-maturity debt securities	155	68	432	112
Negative goodwill	-	(850)	-	(850)
Net foreign exchange loss	36	(11)	(15)	(27)
Depreciation of property, plant and equipment	310	260	576	478
Gain on disposal of equity securities	(31)	(86)	(42)	(253)
Gain on disposal of property, plant and equipment	-	(16)	-	(16)
Net change in fair value of financial assets through profit or loss	118	1	942	326
Net change in fair value of derivatives	362	(2)	362	117
Property, plant and equipment written off	-	-	-	2
Allowance for impairment of investments	-	1,019	-	1,256
(Reversals of)/provisions for, net of reinsurers' share				
- unexpired risks	(153)	(1,070)	(117)	(1,964)
- insurance claims	160	10	230	219
Interest income	(6,141)	(5,174)	(12,950)	(9,395)
Interest income from fixed deposits, equity and debt securities	(449)	(347)	(831)	(903)
Dividend income from investment	(9)	(10)	(10)	(10)
Financial expense	-	25	-	47
Interest expense	1,159	1,885	2,367	3,644
Tax expense	826	557	1,653	775
Operating cash flows before changes in working capital	(1,638)	(1,649)	(3,944)	(3,996)
Changes in working capital:				
Factoring receivables	1,927	8,674	(1,396)	19,788
Factoring amounts due to clients	1,258	(685)	(2,093)	(3,614)
Loans, advances, hire purchase and leasing receivables	14,179	9,496	22,437	37,047
Insurance and other receivables	199	1,111	(450)	(345)
Trade, other and insurance payables	(1,509)	1,786	(2,512)	3,007
Cash generated from operations	14,416	18,733	12,042	51,887
Interest received	6,428	5,346	13,771	10,295
Interest paid	(1,282)	(2,708)	(2,295)	(4,005)
Income taxes paid, net	(1,293)	(1,229)	(1,309)	(1,395)
Net cash from operating activities	18,269	20,142	22,209	56,782

(a)

1(c) **Consolidated Statement of Cash Flows for the Second Quarter and Half-Year Ended 30 June (cont'd)**

	2nd Qtr 2010 S\$'000	2nd Qtr 2009 S\$'000	1st Half 2010 S\$'000	1st Half 2009 S\$'000
Note				
Cash flows from investing activities				
Net cash outflow on acquisition of subsidiaries	-	(5,645)	-	(5,645)
Proceeds from sale of property, plant and equipment	2	60	2	60
Purchase of property, plant and equipment	(47)	(92)	(531)	(99)
Purchase of intangible assets	(1,665)	(388)	(1,728)	(582)
Purchase of investments	(9,162)	(59)	(15,214)	(5,858)
Proceeds from disposal of investments	4,047	2,193	6,164	11,967
Dividend received from investments	9	10	10	10
Net cash used in investing activities	(6,816)	(3,921)	(11,297)	(147)
Cash flows from financing activities				
Dividends paid	(2,076)	(1,266)	(2,076)	(1,266)
Repayment of interest-bearing borrowings	(18,617)	(31,538)	(5,938)	(32,125)
Net cash used in financing activities	(20,693)	(32,804)	(8,014)	(33,391)
Net (decrease)/increase in cash and cash equivalents				
	(d)	(9,240)	(16,583)	2,898
Cash and cash equivalents at beginning of the period		38,956	64,922	26,652
Effect of exchange rate fluctuations on cash held		(3)	(13)	163
Cash and cash equivalents at end of the period		29,713	48,326	29,713
Analysis of cash and cash equivalents net of bank overdrafts				
Fixed deposits		18,871	40,012	18,871
Cash at banks and on hand		10,842	8,375	10,842
Bank overdrafts		-	(61)	-
Cash and cash equivalents net of bank overdrafts at end of the period		29,713	48,326	29,713

Explanatory Notes to Statement of Cash Flows

(a) Net cash from operating activities

The lower net cash from operating activities for 1H 2010 was mainly due to lower repayments from loan, advances, hire purchase and leasing receivables, partly offset by new drawdown of factoring receivables in 1H 2010.

(b) Net cash used in investing activities

The higher cash used in investing activities in 2Q 2010 and 1H 2010 resulted mainly from investment in intangible asset (copyright of a film production) of \$1.2 million and purchase of new investments. The lower cash used in investing activities in 2Q 2009 and 1H 2009 resulted mainly from cash outflow on acquisition of subsidiaries and lower purchase of investments, partly offset by higher proceeds from disposal of investments.

(c) Net cash used in financing activities

The lower net cash used in financing activities in 2Q 2010 and 1H 2010 was largely due to lower repayment of short-term interest-bearing borrowings. For 2Q 2009 and 1H 2009, the higher net cash outflows were largely due to redemption of the \$30 million floating rate notes under the Medium Term Note Programme upon maturity.

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

The lower net decrease in cash and cash equivalents in 2Q 2010 as compared to 2Q 2009 was due mainly to lower repayment of interest-bearing borrowings and no cash outflow on acquisition of subsidiaries, partly offset by higher cash used in investments and higher repayments from loans, advances, hire purchase and leasing receivables.

For 1H 2010, the lower net increase in cash and cash equivalents was mainly due to lower cash generated from operations as well as the higher net cash used in investing activities, partly offset by lower repayment of interest-bearing borrowings.

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

Group	Attributable to equity holders of the Company							Total S\$'000
	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	Non- controlling interests S\$'000	
2009								
At 1 January 2009	88,032	233	(858)	(1,724)	35,289	120,972	-	120,972
Total comprehensive income for the period	-	-	(200)	381	828	1,009	-	1,009
At 31 March 2009	88,032	233	(1,058)	(1,343)	36,117	121,981	-	121,981
Total comprehensive income for the period	-	-	453	251	2,077	2,781	15	2,796
Capitalisation of statutory legal reserves of a subsidiary	-	296	-	-	(296)	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	375	375
Dividend paid to non- controlling 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
2010								
At 1 January 2010	88,032	529	(629)	(1,123)	40,281	127,090	432	127,522
Total comprehensive Income for the period	-	-	777	921	1,423	3,121	29	3,150
At 31 March 2010	88,032	529	148	(202)	41,704	130,211	461	130,672
Total comprehensive income for the period	-	-	60	(66)	2,007	2,001	12	2,013
Capitalisation of statutory legal reserves of a subsidiary	-	151	-	-	(151)	-	-	-
Dividend paid to non- controlling interests	-	-	-	-	-	-	(25)	(25)
First and final one-tier tax exempt dividend of 1.50 cents per share in respect of year 2009	-	-	-	-	(2,051)	(2,051)	-	(2,051)
At 30 June 2010	88,032	680	208	(268)	41,509	130,161	448	130,609

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
2009				
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
Total comprehensive income for the period	-	(3)	1,197	1,194
Final one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	-	-	(1,243)	(1,243)
At 30 June 2009	88,032	(31)	12,575	100,576
2010				
At 1 January 2010	88,032	101	15,332	103,465
Total comprehensive income for the period	-	-	669	669
At 31 March 2010	88,032	101	16,001	104,134
Total comprehensive income for the period	-	(77)	2,524	2,447
First and final one-tier tax exempt dividend of 1.50 cents per share in respect of year 2009	-	-	(2,051)	(2,051)
At 30 June 2010	88,032	24	16,474	104,530

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

Changes in the Share Capital of the Company for the period ended

Number of ordinary shares as at the beginning of period

Issue of Bonus Shares

Number of ordinary shares as at end of period

30/06/2010	31/12/2009
136,716,262	124,287,522
13,671,604	12,428,740
150,387,866	136,716,262

Ordinary Share Options as at

Outstanding number of share options under the IFS (2000) Share

Option scheme that may be converted into ordinary shares

30/06/2010	31/12/2009
21,500	21,500

Following the Company's announcements in respect of the Bonus Issue of one bonus share for every ten existing shares held by the Shareholders of the Company, the Company has allotted and issued 13,671,604 new ordinary shares pursuant to the Bonus Issue on 5 May 2010. The Bonus Shares were listed and quoted on the Singapore Exchange Securities Trading Limited on 11 May 2010.

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 June 2010 was 150,387,866 (as at 31 December 2009: 136,716,262 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 2009.

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 adopted the new/revised FRSs that are effective for annual periods beginning on or after 1 January 2010.

The following are the new or amended FRSs that are relevant to the Group:

- Amendments to FRS 27 *Consolidated and Separate Financial Statements*
- Revised FRS 103 *Business Combinations*
- Improvements to FRSs issued in 2009 (where applicable)

The adoption of these new/revised FRSs does not have any significant impact on the financial statements for the financial period under review.

6 Review of Group Performance

2nd Quarter 2010 (“2Q 2010”) vs 2nd Quarter 2009 (“2Q 2009”)

The Group reported a pre-tax profit of \$2.8 million, an increase of 7% as compared to \$2.6 million in 2Q 2009. Excluding the one-off negative goodwill of \$850,000 recognised as income in 2Q 2009 arising from the consolidation of IFS Capital (Thailand) (“IFS Thailand”), the pre-tax profit for 2Q 2010 showed an increase of 58% as compared to \$1.8 million same quarter last year. However, after accounting for the higher tax expenses, attributable profit for 2Q 2010 was \$2.0 million, which was 3% lower than the same period last year.

Income before operating expenses grew by 20% over 2Q 2009 to \$9.1 million, led by an 51% increase in net interest income and 18% increase in non-interest income which more than offset the decline in net earned premium revenue. The increase in net interest income was due to higher average net interest margin, recoveries of interest previously suspended for non-performing loans and higher contributions from the Group’s Thailand operations. The higher fee and commission income was mainly attributable to the higher insurance ceded out, higher profit commission earned from the reinsurance Quota Share Treaty as well as higher factoring fee income.

Operating expenses increased by 13% year-on-year to \$4.8 million in 2Q 2010, as a result of increased staff costs and amortization of intangible assets. Allowances for loan losses and impairment of investments reduced by 23% to \$1.1 million due to no impairment of investments partly offset by higher specific allowances for loan losses.

First Half 2010 (“1H 2010”) vs First Half 2009 (“1H 2009”)

The Group’s results for 1H 2010 included the consolidation of six months’ results of 98.2%-owned IFS Thailand, compared with three months’ consolidation in 1H 2009. The Thailand operations were equity accounted as associated companies for 1Q 2009.

For 1H 2010, the Group achieved an attributable profit of \$3.4 million, up by 18% over the same period last year. Excluding the one-off negative goodwill in 1H 2009, net profit would have increased by 67%. The higher net profit was mainly due to the higher net interest income, lower allowances for impairment of investments and net claims incurred, partly offset by decrease in net earned premium revenue and increase in operating and tax expenses.

The Group's loan assets including factoring receivables as at 30 June 2010 stood at \$293.0 million as compared to \$351.1 million as at 30 June 2009. Notwithstanding a decline in the loan assets, net interest income grew substantially by 84% to \$10.6 million. The increase in net interest income was driven partly by higher net interest margin of 6.3% as compared to 5.1% previously and the consolidation effects of IFS Thailand's income. For the Singapore operations, net interest income was also boosted by recoveries of interest previously suspended from both non-performing loans and repayments of a significant property loan upon completion of its development project.

Operating expenses increased from \$7.0 million to \$9.0 million in 1H 2010, partly due to the consolidation effects of IFS Thailand's expenses, higher staff costs and marketing expenses as well as higher depreciation and amortization costs. Allowances for loan losses and impairment of investments were reduced by 28% to \$2.6 million due to no impairment of investments, partly offset by higher specific allowances for loan losses by the overseas subsidiaries.

Our insurance subsidiary, ECICS registered a lower profit of \$1.8 million compared to \$2.4 million in 1H 2009. The decline in profit was mainly due to lower net earned premium revenue, higher operating expenses and allowances for impairment of insurance receivables. This was, however, mitigated by the higher fee and commission income, investment and other income and lower net claims incurred.

Profit contributions from the overseas subsidiaries declined by 14% from \$1.4 million in 1H 2009 to \$1.2 million in 1H 2010, due mainly to higher allowances for loan losses and operating expenses, partly offset by higher net interest income and non-interest income.

7 Variance from Prospect Statement

The current announced results are in line with the prospect statement as disclosed in the Group's 1Q 2010 results announcement dated 14 May 2010.

8 Prospects

The Singapore economy and the regional markets have recovered strongly and this is reflected in the Group's Income Statement. The Group has increased its net interest margin across the board and will look to expand its business in the coming quarters.

The Group's insurance business will continue to benefit from increased trade volume for its credit insurance and the increased projects for its bonds business.

IFS Capital (Thailand) was listed on the Stock Exchange of Thailand with effect from 10 August 2010. The listing is expected to enhance the Group's profile in Thailand and strengthen its financial position to take advantage of the growth in the Thai economy.

There are increasing signs of a global economic slowdown that will probably affect the region's economic prospects. Given the region's resilience, regional economic activity is not likely to fall but may moderate.

Barring unforeseen circumstances, the Group will remain profitable in FY 2010.

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 June 2010 (30 June 2009: Nil).

By Order of the Board

Chionh Yi Chian

Company Secretary

13 August 2010



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 second quarter and half year ended 30 June 2010 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 August 2010

IFS Capital Limited

Half Year 2010 Results

Presentation

16 August 2010





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 - **Regional Operations**
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Disclaimer

The following presentation may contain forward looking statements by the management of IFS Capital Limited ("IFS") relating to events and financial trends or performance for future period. Such forward looking statements are based on current views of management and a number of estimates and assumptions including, but not limited to, prevailing economic and market conditions, which are subject to uncertainties as these may change over time. In many cases these are outside the control of IFS and thus no assurance can be given that these events or financial trends or performance will happen. In particular, such statements are not, and should not be construed, as a representation as to or a forecast or projection of the future performance of IFS. It should be noted that the actual performance of IFS may vary significantly from such statements.

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"\$" means Singapore dollars unless otherwise indicated.

IFS Capital Limited (Reg. No. 198700827C)



Highlights

2Q 2010 vs 2Q 2009

- **2Q 2010 pre-tax profit up 7% y-o-y to \$2.8 million.
Excluding 2Q 2009 negative goodwill, up 58%, compared to \$1.8 million in 2Q 2009.**
- **Higher net interest income as well as fee and commission income.**
- **Lower net earned premium revenue.**
- **Profit after tax declined 3% from \$2.1 million in 2Q 2009 to \$2.0 million in 2Q 2010 due to higher tax expense.**



Highlights

HY 2010 vs HY 2009

- **Attributable profit up 18% y-o-y to \$3.4 million. Excluding negative goodwill, up 67%, compared to \$2.1 million in HY 2009.**
- **HY 2010 results included 6 months' contributions of Thailand operations (HY 2009: consolidated 2Q contributions as subsidiaries, 1Q as associates).**
- **Higher annualized net interest margin of 6.3% compared to 5.1% in HY 2009.**
- **Net interest income continued improving trend.**
- **Higher fee and commission income contributed by insurance and factoring business.**
- **Reduced net claims incurred and no impairment for investments.**



Performance Review

Higher HY 2010 profit due to:

- Higher net interest income contributed by recoveries of interest previously suspended and recognition of current and prior years' interest repayments of a significant property loan upon completion of its development project and consolidation effects of Thailand income.
- Increased fee and commission due to higher insurance profit commission earned from reinsurance Quota Share Treaty as well as factoring fee from Thailand operations.
- Reduced allowances for loan losses and impairment of investments due to no impairment of investments, partly offset by higher specific allowances for loan losses of \$2.6 million.

Partly offset by:

- Lower net earned premium revenue due to lower net write back of change in provision for unexpired risks. Higher write back in 2009 due to reduction of expected future losses factor on bonds and guarantees business reviewed by actuary.



Performance Review (cont'd)

- Lower investment income due to fair value loss on a derivative for hedging an available-for-sale (AFS) quoted investment. Corresponding fair value gain on the investment recognized directly to other comprehensive income.
- Operating expenses for HY 2010 increased 28% due to increased staff costs and marketing expenses, higher depreciation and amortization costs as well as consolidation effects of Thailand operations.



IFS Capital Limited

Group Income Statement



(S\$'000)

	HY 2010	HY 2009	+/(-) %
Net Interest Income	10,583	5,751	84.0
Net Earned Premium Revenue	1,880	3,286	(42.8)
Fee and Commission Income	4,054	3,108	30.4
Investment & Other Income	394	1,361	(71.1)
Total Income	16,911	13,506	25.2
Operating Expenses	(8,983)	(7,029)	27.8
Operating Profit before Net Claims & Allowances	7,928	6,477	22.4
Net Claims Incurred	(266)	(574)	(53.7)
Allowances for Loan Losses & Impairment of Investments	(2,550)	(3,532)	(27.8)
Operating Profit after Allowances	5,112	2,371	115.6
Negative Goodwill on Acq of a Subsidiary	-	850	(100.0)
Share of after-tax Results of Associates	-	474	(100.0)
Profit before Tax	5,112	3,695	38.3
Tax	(1,653)	(775)	113.3
Profit after Tax	3,459	2,920	18.5



Group Operating Expenses

<i>(S\$'000)</i>	HY 2010	%	HY 2009	%	+/(-) %
Commission	171	1.9	163	2.3	4.9
Business Development	397	4.4	322	4.6	23.3
Staff Costs	4,960	55.2	4,083	58.1	21.5
General Administration	3,455	38.5	2,461	35.0	40.4
Total	8,983	100.0	7,029	100.0	27.8
Cost-to-Income Ratio	52.1%		50.7%		2.8



Key Financial Ratios

	HY 2010	HY 2009	+/(-) %
Return on Ave Equity - After Tax (%)	2.7	2.4	12.5
Return on Total Assets (%)	1.0	0.7	42.9
Earnings per Share (cts) *	2.3	1.9	21.1
Net Asset Value per Share (cts) *	86.6	82.1	5.5
Leverage (times)	1.6	2.2	(27.3)
Gearing (times)	1.4	1.9	(26.3)

* Adjusted for Bonus Issue 1 for 10 on 5 May 2010



Regional Operations – Indonesia, Malaysia & Thailand

(S\$'000)

Net Interest Income

Non-Interest Income

Operating Expenses

Operating Profit before Allowances

Allowances for Loan Losses

Profit before Tax

Share of Results of Associates

Tax

Profit after Tax (@100%)

Group's Share

HY 2010	HY 2009	+/(-) %
4,024	2,079	93.6
1,731	832	108.1
(2,979)	(1,594)	86.9
2,776	1,317	110.8
(672)	(8)	NM
2,104	1,309	60.7
-	474	(100.0)
(908)	(407)	123.1
1,196	1,376	(13.1)
1,167	1,361	(14.3)



Regional Operations (cont'd)

- Indonesia, Malaysia & Thailand

Indonesia

- Posted lower net profit for HY 2010 due mainly to higher allowances on loans and factoring receivables.

Malaysia

- Lower net loss for HY 2010 resulted mainly from higher factoring income, partly offset by higher impairment of loans and factoring receivables.



Regional Operations (cont'd)

- Indonesia, Malaysia & Thailand

Thailand

- In 2010, Thailand operations consolidated as 98.2% subsidiary. 1Q 2009 results equity accounted for under “share of after-tax results of associates”.
- Reported higher HY 2010 operating revenue due to higher factoring volume and better interest margin. However, HY 2010 results marginally lower than HY 2009 due to higher operating expenses and allowances for loan losses as compared to a reversal of allowances for loan losses in HY 2009.
- Expects to continue to grow.
- Listed on the Stock Exchange of Thailand (“SET”) on 10 August 2010.



ECICS Limited

(S\$'000)

	HY 2010	HY 2009	+/(-) %
Net Earned Premium Revenue	1,955	3,376	(42.1)
Commission & Investment Income	2,448	1,723	42.1
Claims Incurred	(266)	(574)	(53.7)
Operating Expenses	(1,869)	(1,646)	13.5
Operating Profit before Allowances	2,268	2,879	(21.2)
Allowances for Ins. Receivables	(182)	(12)	NM
Profit before Tax	2,086	2,867	(27.2)
Tax	(330)	(447)	(26.2)
Profit after Tax	1,756	2,420	(27.4)

(Before intragroup transactions elimination)



ECICS Limited

- **Lower profit for HY 2010 mainly due to:**
 - **decline in net earned premium revenue from lower net write back of change in provision for unexpired risk to income;**
 - **higher operating expenses; offset by**
 - **higher commission and investment income as well as lower net claims incurred.**
- **Well capitalized. CAR ratio above the regulatory requirement of 120%.**

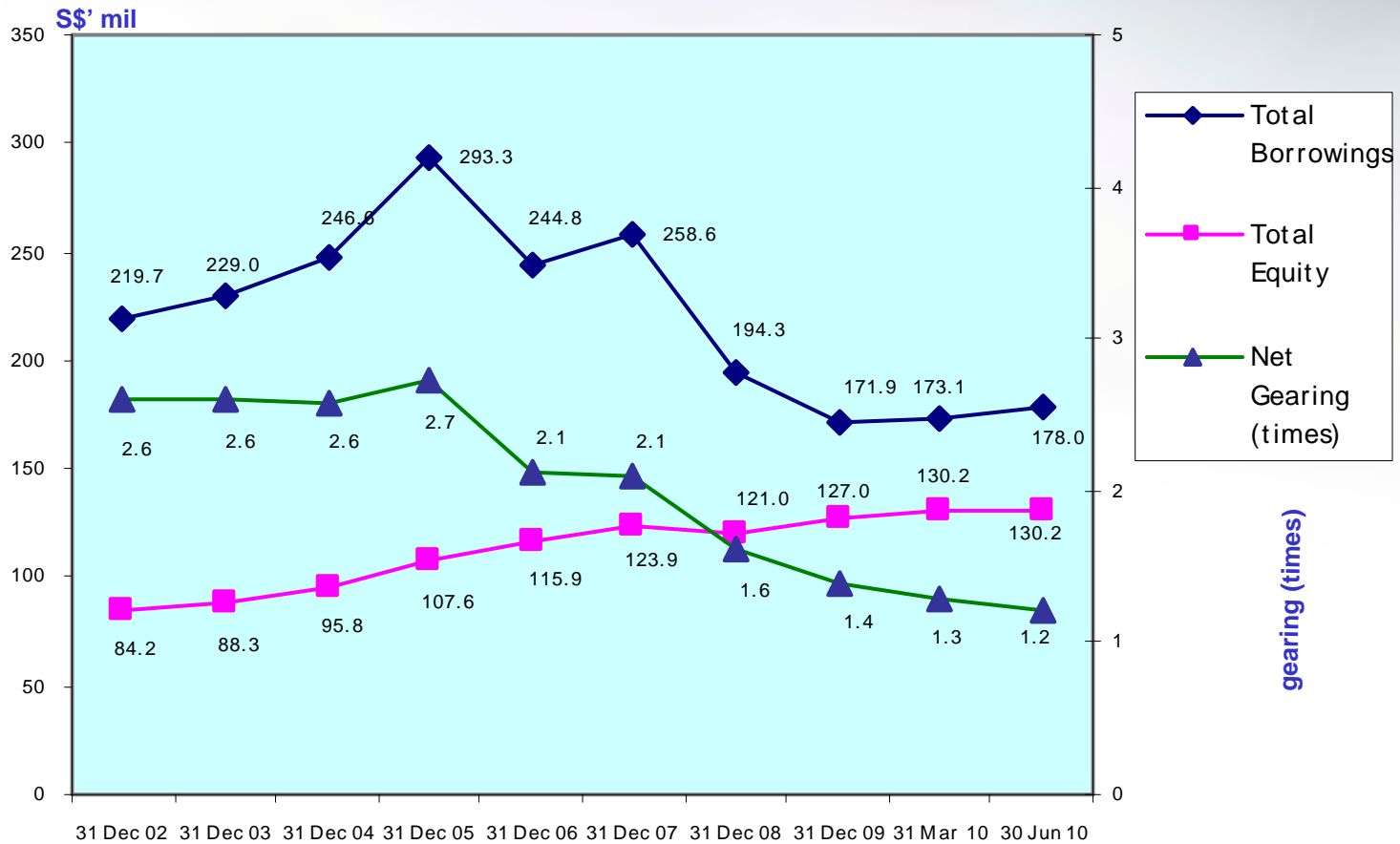


Prospects

- **Singapore economy and regional markets recovered strongly as reflected in the Group's Income Statement.**
- **Group will look to expand its business.**
- **Insurance business will continue to benefit from increased trade volume as well as private sector projects for its credit insurance and bonds activities.**
- **Listing of IFS Capital (Thailand) ["IFST"] is expected to enhance Group's profile in Thailand and strengthen its financial position to take advantage of the growth in the Thai economy.**
- **Increasing signs of global economic slowdown will probably affect the region's economic prospects. Given the region's resilience, regional economic activity is not likely to fall but may moderate.**



IFS Group Borrowings, Equity and Gearing [Incl. IFST as at 30 June 10] (net of cash held for IFS excl. ECICS)





IFS Group Borrowings, Equity and Gearing [Excl. IFST as at 30 Jun 10] (net of cash held for IFS excl. ECICS)

