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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
Announcement is submitted by *	Chionh Yi Chian
Designation *	Company Secretary
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**>> Announcement Details**

The details of the announcement start here ...

For the Financial Period Ended *	30-06-2011
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Description	<p>The following are attached:</p> <p>(1) Second Quarter and Half Year Financial Results for the period ended 30 June 2011  (2) Presentation Slides for the Half Year 2011 Results</p>
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**Attachments**

 [HY\\_2011\\_Financial\\_Results.pdf](#)  
 [HY\\_2011\\_Presentation\\_Slides.pdf](#)  
Total size = **1260K**  
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**Second Quarter And Half-Year Unaudited Financial Statements And Dividend Announcement  
for the Period Ended 30 June 2011**

**TABLE OF CONTENTS**

<b>Item No.</b>	<b>Description</b>	<b>Page No.</b>
1(a)(i)	Consolidated Income Statement and Statement of Comprehensive Income	2 - 3
1(a)(ii)	Explanatory Notes to Consolidated Income Statement	4 - 6
1(a)(iii)	Earnings Per Ordinary Share	6
1(b)(i)	Balance Sheets and Comments on Major Balance Sheet Variances	7 - 8
1(b)(ii)	Group's Borrowings	9
1(b)(iii)	Net Asset Value	9
1(c)	Consolidated Statement of Cash Flows and Explanatory Notes	10 - 12
1(d)(i)	Statement of Changes in Equity	13 - 14
1(d)(ii)	Changes in Company's Share Capital	14
1(d)(iii)	Total Number of Issued Shares Excluding Treasury Shares	14
1(d)(iv)	Sales, Transfers, Disposal, Cancellation and/or use of Treasury Shares	15
2 & 3	Audit and Auditors' Report	15
4 & 5	Accounting Policies and Changes in Accounting Policies	15
6	Review of Group Performance	15 - 16
7	Variance from Prospect Statement	16
8	Prospects	16 - 17
9 & 10	Dividend	17
	Confirmation By The Board Pursuant to Rule 705(4) of the Listing Manual	18



**Second Quarter And Half-Year Unaudited Financial Statements And Dividend Announcement for the Period Ended 30 June 2011**

**1(a)(i) Consolidated Income Statement for the Second Quarter And Half-Year Ended 30 June**

	Note	2nd Qtr 2011	2nd Qtr 2010	+ / (-)	1st Half 2011	1st Half 2010	+ / (-)
	1(a)	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	(ii)	5,273	6,141	(14.1)	9,415	12,950	(27.3)
Interest expense		(1,123)	(1,159)	(3.1)	(2,085)	(2,367)	(11.9)
<b>Net interest income</b>	(a)	<b>4,150</b>	<b>4,982</b>	<b>(16.7)</b>	<b>7,330</b>	<b>10,583</b>	<b>(30.7)</b>
Gross written premiums		2,586	1,940	33.3	4,496	4,033	11.5
Change in gross provision for unexpired risks		(659)	837	NM	(688)	612	NM
Gross earned premium revenue		1,927	2,777	(30.6)	3,808	4,645	(18.0)
Written premiums ceded to reinsurers		(1,745)	(975)	79.0	(3,089)	(2,270)	36.1
Reinsurers' share of change in the provision for unexpired risks		416	(684)	NM	439	(495)	NM
Reinsured premium expense		(1,329)	(1,659)	(19.9)	(2,650)	(2,765)	(4.2)
<b>Net earned premium revenue</b>	(b)	<b>598</b>	<b>1,118</b>	<b>(46.5)</b>	<b>1,158</b>	<b>1,880</b>	<b>(38.4)</b>
Fee and commission income	(c)	3,736	2,516	48.5	5,600	4,054	38.1
Investment income	(d)	333	434	(23.3)	1,007	57	NM
Other income		120	9	NM	215	337	(36.2)
<b>Non-interest income</b>		<b>4,189</b>	<b>2,959</b>	<b>41.6</b>	<b>6,822</b>	<b>4,448</b>	<b>53.4</b>
<b>Income before operating expenses</b>		<b>8,937</b>	<b>9,059</b>	<b>(1.3)</b>	<b>15,310</b>	<b>16,911</b>	<b>(9.5)</b>
Business development expenses		(270)	(203)	33.0	(468)	(397)	17.9
Commission expenses		(88)	(110)	(20.0)	(140)	(171)	(18.1)
Staff costs		(2,908)	(2,722)	6.8	(5,556)	(4,960)	12.0
General and administrative expenses		(1,826)	(1,810)	0.9	(3,360)	(3,455)	(2.7)
<b>Operating expenses</b>	(e)	<b>(5,092)</b>	<b>(4,845)</b>	<b>5.1</b>	<b>(9,524)</b>	<b>(8,983)</b>	<b>6.0</b>
Change in provision for insurance claims		(281)	(340)	(17.4)	(421)	(492)	(14.4)
Reinsurers' share of change in provision for insurance claims		146	180	(18.9)	218	262	(16.8)
Gross claims (paid)/recovered		(6)	(77)	(92.2)	456	(57)	NM
Reinsurers' share of claims recovered/(paid)		133	13	NM	(192)	21	NM
<b>Net claims (incurred)/reversal</b>		<b>(8)</b>	<b>(224)</b>	<b>(96.4)</b>	<b>61</b>	<b>(266)</b>	<b>NM</b>
<b>Operating profit before allowances</b>		<b>3,837</b>	<b>3,990</b>	<b>(3.8)</b>	<b>5,847</b>	<b>7,662</b>	<b>(23.7)</b>
Allowances for loan losses and impairment of investments	(f)	(911)	(1,145)	(20.4)	(1,465)	(2,550)	(42.5)
<b>Profit before income tax</b>		<b>2,926</b>	<b>2,845</b>	<b>2.8</b>	<b>4,382</b>	<b>5,112</b>	<b>(14.3)</b>
Income tax credit/(expense)	(g)	126	(826)	NM	(91)	(1,653)	(94.5)
<b>Profit for the period</b>		<b>3,052</b>	<b>2,019</b>	<b>51.2</b>	<b>4,291</b>	<b>3,459</b>	<b>24.1</b>
<b>Profit attributable to:</b>							
<b>Owners of the Company</b>		<b>2,863</b>	<b>2,007</b>	<b>42.7</b>	<b>3,867</b>	<b>3,430</b>	<b>12.7</b>
<b>Non-controlling interests</b>		<b>189</b>	<b>12</b>	<b>NM</b>	<b>424</b>	<b>29</b>	<b>NM</b>
<b>Profit for the period</b>		<b>3,052</b>	<b>2,019</b>	<b>51.2</b>	<b>4,291</b>	<b>3,459</b>	<b>24.1</b>

**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)	2011	2010	%	2011	2010	%
	(ii)	S\$'000	S\$'000		S\$'000	S\$'000	
<b>Profit for the period</b>		<b>3,052</b>	2,019	51.2	<b>4,291</b>	3,459	24.1
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	(d)	(600)	73	NM	(787)	1,009	NM
Foreign currency translation differences of foreign operations	(h)	(1,526)	(66)	NM	(2,417)	867	NM
Income tax on other comprehensive income		102	(13)	NM	133	(172)	NM
<b>Other comprehensive (loss)/income, for the period, net of income tax</b>		<b>(2,024)</b>	(6)	NM	<b>(3,071)</b>	1,704	NM
<b>Total comprehensive income for the period</b>		<b>1,028</b>	2,013	(48.9)	<b>1,220</b>	5,163	(76.4)
<b>Attributable to:</b>							
Owners of the Company		1,180	2,001	(41.0)	1,395	5,122	(72.8)
Non-controlling interests		(152)	12	NM	(175)	41	NM
<b>Total comprehensive income for the period</b>		<b>1,028</b>	2,013	(48.9)	<b>1,220</b>	5,163	(76.4)

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:

	<b>2nd Qtr 2011 S\$'000</b>	2nd Qtr 2010 S\$'000	+ / (-) %	<b>1st Half 2011 S\$'000</b>	1st Half 2010 S\$'000	+ / (-) %
Investment income						
- dividend, fee and interest income	<b>329</b>	457	(28)	<b>686</b>	839	(18.2)
- (loss)/gain on disposal of equity securities	<b>(1)</b>	31	NM	<b>303</b>	42	NM
- net change in fair value of financial assets through profit or loss	<b>(4)</b>	(118)	(96.6)	<b>(25)</b>	(942)	(97.3)
- amortisation of held-to-maturity debts securities	<b>9</b>	64	(85.9)	<b>43</b>	118	(63.6)
	<b>333</b>	434	(23.3)	<b>1,007</b>	57	NM
Other Income						
- recoveries of loans and investments	<b>67</b>	3	NM	<b>129</b>	119	8.4
- gain on disposal of property, plant and equipment	<b>26</b>	-	NM	<b>26</b>	-	NM
- others	<b>27</b>	6	NM	<b>60</b>	218	(72.5)
	<b>120</b>	9	NM	<b>215</b>	337	(36.2)
Amortization of intangible assets	<b>(195)</b>	(219)	(11.0)	<b>(397)</b>	(550)	(27.8)
Depreciation of property, plant and equipment	<b>(285)</b>	(310)	(8.1)	<b>(569)</b>	(576)	(1.2)
Exchange loss, net	<b>(40)</b>	(18)	122.2	<b>(121)</b>	(6)	NM
(Provisions for)/reversals of unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	<b>(659)</b>	837	NM	<b>(688)</b>	612	NM
- reinsurers' share of change in the provision for unexpired risks	<b>416</b>	(684)	NM	<b>439</b>	(495)	NM
	<b>(243)</b>	153	NM	<b>(249)</b>	117	NM
Claims (incurred)/reversal, net of reinsurers' share						
- net change in provision for insurance claims	<b>(135)</b>	(160)	(15.6)	<b>(203)</b>	(230)	(11.7)
- net claims recovered/(paid)	<b>127</b>	(64)	NM	<b>264</b>	(36)	NM
	<b>(8)</b>	(224)	(96.4)	<b>61</b>	(266)	NM
Allowances for loan losses and impairment of investments						
- loans and receivables	<b>(707)</b>	(1,145)	(38.3)	<b>(1,260)</b>	(2,550)	(50.6)
- equity securities available-for-sale	<b>(204)</b>	-	NM	<b>(205)</b>	-	NM
	<b>(911)</b>	(1,145)	(20.4)	<b>(1,465)</b>	(2,550)	(42.5)
Income tax credit/(expense)						
- current tax expense	<b>(735)</b>	(908)	(19.1)	<b>(1,315)</b>	(1,595)	(17.6)
- deferred tax expense	<b>(107)</b>	(516)	(79.3)	<b>(551)</b>	(700)	(21.3)
- refund and write back of overprovision of prior years' tax	<b>968</b>	598	61.9	<b>1,775</b>	642	176.5
	<b>126</b>	(826)	NM	<b>(91)</b>	(1,653)	(94.5)

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

### Comments on Major Consolidated Income Statement Variances

- (a) The decrease in net interest income for 2nd Quarter 2011 ("2Q 2011") by 17% was mainly due to lower recoveries of suspended interest. Excluding the recoveries, net interest income was comparable to the same quarter last year.

Net interest income decreased 31% from \$10.6 million for 1st Half 2010 ("1H 2010") to \$7.3 million for 1st Half 2011 ("1H 2011") due mainly to lower recoveries of suspended interest. For 1H 2010, there were significant recoveries of current and prior years' interest from repayments of a significant property loan and from non performing accounts. Excluding these recoveries, net interest income for 1H 2011 was a smaller decline of 5%.

- (b) The Group's insurance subsidiary, ECICS Limited ("ECICS"), achieved higher gross written premium for 2Q 2011 and 1H 2011 by 33% to \$2.6 million and 12% to \$4.5 million respectively, from increased bonds and guarantee business. However, due to provision for unexpired risks and premiums ceded to re-insurers, net earned premium revenue declined 47% to \$598,000 and 38% to \$1.2 million respectively.
- (c) The higher fee and commission income for 2Q 2011 and 1H 2011 was due mainly to the recognition of an exceptional fee income upon full settlement of a property loan.
- (d) The higher investment income in 1H 2011 was mainly attributable to gain on disposal of equity securities. For 1H 2010, the net change in fair value of financial assets was mainly related to the fair value loss through profit and loss on a derivative for hedging an available-for-sale quoted equity security. The corresponding fair value gain on this quoted equity security was recognized directly to other comprehensive income and presented within equity in the fair value reserve.

The negative position in the fair value of available-for-sale financial assets reported under "other comprehensive income" for 2Q 2011 and 1H 2011 was due to the mark-to-market loss on these financial assets.

- (e) Operating expenses increased 5% to \$5.1 million for 2Q 2011 and 6% to \$9.5 million for 1H 2011 as compared to the corresponding periods. The increase was mainly attributable to higher business related expenses, such as advertising and traveling expenses, as well as higher staff costs. Higher staff costs were due to increased headcount and salary increments.
- (f) The decrease in allowances for loan losses for 2Q 2011 and 1H 2011 was due to lower specific allowances required to be set aside.

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

### Comments on Major Consolidated Income Statement Variances (cont'd)

- (g) The income tax credit for 2Q 2011 and lower income tax expense for 1H 2011 resulted from lower chargeable income, lower deferred tax expense and higher tax refunds and write back of overprovision of prior years' tax.
- (h) The loss on the foreign currency translation differences of foreign operations in 2Q 2011 and 1H 2011 was due to the weakening of currencies of the regional subsidiaries for translation against the Singapore Dollar.

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

	<b>Group</b>			
	<b>2nd Qtr 2011</b>	2nd Qtr 2010	<b>1st Half 2011</b>	1st Half 2010
Earnings per share				
- on weighted average number of ordinary shares in issue	<b>1.9 cents</b>	1.3 cents	<b>2.6 cents</b>	2.3 cents
- on fully diluted basis	<b>1.9 cents</b>	1.3 cents	<b>2.6 cents</b>	2.3 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.

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:

	<b>Group</b>	
	<b>30/06/2011</b>	30/06/2010
Weighted average number of :		
Ordinary shares used in the calculation of		
Basic earnings per share	<b>150,387,866</b>	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	<b>150,387,866</b>	150,389,083

## 1(b)(i) Balance Sheets

	Note	Group		Company	
		30/06/2011 S\$'000	31/12/2010 S\$'000	30/06/2011 S\$'000	31/12/2010 S\$'000
<b>Non-current assets</b>					
Property, plant and equipment		19,690	20,167	16,978	17,274
Intangible assets		2,570	2,943	364	463
Subsidiaries	(a)	-	-	71,624	60,928
Other investments	(c)	31,440	37,874	6,909	7,226
Loans, advances, hire purchase and leasing receivables	(b)	39,150	31,596	31,173	24,439
Deferred tax assets		2,553	3,135	-	-
		<b>95,403</b>	<b>95,715</b>	<b>127,048</b>	<b>110,330</b>
<b>Current assets</b>					
Derivative financial instruments		-	938	-	938
Reinsurers' share of insurance contract provisions		11,346	10,690	-	-
Insurance receivables		900	663	-	-
Trade and other receivables	(d)	190,023	168,378	95,206	87,918
Other investments	(c)	8,519	15,662	-	1,243
Cash and cash equivalents	(e)	44,220	33,691	6,366	8,825
		<b>255,008</b>	<b>230,022</b>	<b>101,572</b>	<b>98,924</b>
<b>Total assets</b>		<b>350,411</b>	<b>325,737</b>	<b>228,620</b>	<b>209,254</b>
<b>Equity</b>					
Share capital		88,032	88,032	88,032	88,032
Other reserves	(f)	(2,883)	(539)	137	231
Accumulated profits		46,666	45,183	20,989	21,012
<b>Equity attributable to owners of the Company</b>		<b>131,815</b>	<b>132,676</b>	<b>109,158</b>	<b>109,275</b>
Non-controlling interests		8,576	9,194	-	-
<b>Total equity</b>		<b>140,391</b>	<b>141,870</b>	<b>109,158</b>	<b>109,275</b>
<b>Non-current liabilities</b>					
Interest-bearing borrowings	(g)	22,791	16,938	12,111	11,588
Employee benefits		687	666	-	-
Deferred tax liabilities		94	126	46	10
		<b>23,572</b>	<b>17,730</b>	<b>12,157</b>	<b>11,598</b>
<b>Current liabilities</b>					
Trade and other payables	(h)	12,282	15,007	18,722	21,782
Insurance payables		1,896	2,067	-	-
Interest-bearing borrowings	(g)	151,301	129,007	88,231	66,265
Insurance contract provisions for					
- gross unexpired risks		13,503	12,814	-	-
- gross insurance claims		5,531	5,110	-	-
Bank overdraft (unsecured)		-	34	-	34
Current tax payable		1,935	2,098	352	300
		<b>186,448</b>	<b>166,137</b>	<b>107,305</b>	<b>88,381</b>
<b>Total liabilities</b>		<b>210,020</b>	<b>183,867</b>	<b>119,462</b>	<b>99,979</b>
<b>Total equity and liabilities</b>		<b>350,411</b>	<b>325,737</b>	<b>228,620</b>	<b>209,254</b>

### **Comments on Major Balance Sheet Variances**

- (a) The increase in investment in subsidiaries by \$10.7 million was due to the Company's subscription of the increased share capital of the Indonesia and Malaysia subsidiaries in March 2011.
- (b) The increase in loans, advances, hire purchase and leasing receivables under non-current assets was mainly due to new drawdown of loans and advances.
- (c) 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 decrease in other investments under current assets was mainly due to the maturity of held-to-maturity debt securities.
- (d) The increase in trade and other receivables under current assets was mainly due to new drawdown of loans and advances.
- (e) The cash and cash equivalents comprise fixed deposits of \$33.9 million and cash at banks and in hand of \$10.3 million. The increase in the cash balances was mainly due to funds received from maturity of held-to-maturity debt securities and the surplus funds of the subsidiaries arising from the increase in share capital.
- (f) The Group's negative other reserves of \$2.9 million as at 30 June 2011 was mainly due to the weakening of the foreign currencies of the regional subsidiaries for translation against Singapore Dollar.
- (g) The Group's overall interest-bearing borrowings increased from \$146 million as at 31 December 2010 to \$174.1 million as at 30 June 2011 mainly due to funds required for new lending activities and capital injection into the subsidiaries.
- (h) The decrease in trade and other payables was mainly due to the lower factoring amount owing to clients and lower clients' security deposits.

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

	<b>As at 30/06/2011</b>	<b>As at 31/12/2010</b>
	<b>S\$'000</b>	<b>S\$'000</b>
	<b>(Unsecured)</b>	<b>(Unsecured)</b>
Amount repayable in one year or less, or on demand	<b>151,301</b>	129,041
Amount payable after one year	<b>22,791</b>	16,938
	<b>174,092</b>	145,979

**Details of any collateral**

Nil.

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

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2011</b>	31/12/2010	<b>30/06/2011</b>	31/12/2010
Net asset value per ordinary share based on issued share capital at end of the financial period	<b>87.7 cents</b>	88.2 cents	<b>72.6 cents</b>	72.7 cents

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

	Note	2nd Qtr 2011 S\$'000	2nd Qtr 2010 S\$'000	1st Half 2011 S\$'000	1st Half 2010 S\$'000
<b>Cash flows from operating activities</b>					
Profit for the period		3,052	2,019	4,291	3,459
Adjustments for:					
Amortisation of intangible assets and held-to-maturity debt securities		186	155	354	432
Net foreign exchange (gain)/loss		(109)	36	(108)	(15)
Depreciation of property, plant and equipment		285	310	569	576
Employee benefits		6	-	21	-
Loss/(gain) on disposal of equity securities		1	(31)	(303)	(42)
Gain on disposal of property, plant and equipment		(26)	-	(26)	-
Net change in fair value of financial assets through profit or loss		4	118	25	942
Net change in fair value of derivatives		-	362	938	362
Allowance for impairment of investments		204	-	205	-
Provisions for/(reversals of), net of reinsurers' share					
- unexpired risks		243	(153)	249	(117)
- insurance claims		135	160	203	230
Interest income		(5,273)	(6,141)	(9,415)	(12,950)
Interest income from investments and fixed deposits		(319)	(449)	(674)	(831)
Dividend income from investment		(10)	(9)	(12)	(10)
Interest expense		1,123	1,159	2,085	2,367
Income tax (credit)/expense		(126)	826	91	1,653
<b>Operating cashflows before changes in working capital</b>		<b>(624)</b>	<b>(1,638)</b>	<b>(1,507)</b>	<b>(3,944)</b>
<b>Changes in working capital:</b>					
Factoring receivables		(13,131)	1,927	(20,297)	(1,396)
Factoring amounts due to clients		(467)	1,258	(1,707)	(2,093)
Loans, advances, hire purchase and leasing receivables		(14,104)	14,179	(12,569)	22,437
Insurance and other receivables		(2,204)	199	(2,337)	(450)
Trade, other and insurance payables		150	(1,509)	(776)	(2,512)
<b>Cash (used in)/from operations</b>		<b>(30,380)</b>	<b>14,416</b>	<b>(39,193)</b>	<b>12,042</b>
Interest received		5,621	6,428	10,259	13,771
Interest paid		(1,130)	(1,282)	(2,412)	(2,295)
Income taxes paid, net		(873)	(1,293)	(873)	(1,309)
Income tax refund		1,153	-	1,208	-
<b>Net cash (used in)/from operating activities</b>	(a)	<b>(25,609)</b>	<b>18,269</b>	<b>(31,011)</b>	<b>22,209</b>

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

	2nd Qtr 2011 S\$'000	2nd Qtr 2010 S\$'000	1st Half 2011 S\$'000	1st Half 2010 S\$'000
Note				
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	36	2	36	2
Purchase of property, plant and equipment	(187)	(47)	(214)	(531)
Purchase of intangible assets	(4)	(1,665)	(17)	(1,728)
Purchase of investments	(3,637)	(9,162)	(9,197)	(15,214)
Proceeds from disposal of investments	9,548	4,047	22,091	6,164
Dividend received from investments and associate	10	9	12	10
<b>Net cash from/(used in) investing activities</b>	<b>5,766</b>	<b>(6,816)</b>	<b>12,711</b>	<b>(11,297)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(2,699)	(2,076)	(2,699)	(2,076)
Proceeds from/(repayments of) interest-bearing borrowings	22,177	(18,617)	31,910	(5,938)
<b>Net cash from/(used in) financing activities</b>	<b>19,478</b>	<b>(20,693)</b>	<b>29,211</b>	<b>(8,014)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>				
	<b>(365)</b>	<b>(9,240)</b>	<b>10,911</b>	<b>2,898</b>
Cash and cash equivalents at beginning of the period	44,810	38,956	33,657	26,652
Effect of exchange rate fluctuations on cash held	(225)	(3)	(348)	163
<b>Cash and cash equivalents at end of the period</b>	<b>44,220</b>	<b>29,713</b>	<b>44,220</b>	<b>29,713</b>
<b>Analysis of cash and cash equivalents</b>				
Fixed deposits	33,904	18,871	33,904	18,871
Cash at banks and on hand	10,316	10,842	10,316	10,842
<b>Cash and cash equivalents at end of the period</b>	<b>44,220</b>	<b>29,713</b>	<b>44,220</b>	<b>29,713</b>

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

(a) Net cash (used in)/from operating activities

The net cash used in operating activities in 2Q 2011 and 1H 2011 was mainly due to higher drawdown of factoring receivables and loan and advances as compared to the same periods last year. The net cash from operating activities in 2Q 2010 and 1H 2010 was mainly due to repayments from loan, advances, hire purchase and leasing receivables, partly offset by new drawdown of factoring receivables.

(b) Net cash from/(used in) investing activities

The net cash from investing activities in 2Q 2011 and 1H 2011 resulted mainly from higher proceeds from disposal of investments and lower purchase of investments as compared to the same periods last year.

(c) Net cash from/(used in) financing activities

The net cash from financing activities in 2Q 2011 and 1H 2011 was mainly due to proceeds from additional interest-bearing borrowings to provide funding for drawdown of factoring receivables and loans and advances. The net cash used in financing activities in 2Q 2010 and 1H 2010 was largely due to repayment of short-term interest-bearing borrowings.

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

The lower net decrease in cash and cash equivalents in 2Q 2011 of \$365,000 as compared to \$9.2 million in 2Q 2010 was mainly due to proceeds from additional interest-bearing borrowings, higher proceeds from disposal of investments and lesser purchase of investments, partly offset by net cash used in operating activities.

For 1H 2011, the higher net increase in cash and cash equivalents as compared to the same period last year was mainly due to net cash from investing activities as well as proceeds from interest-bearing borrowings, partly offset by net cash used in operating activities.

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

<b>Group</b>	Attributable to owners of the Company							Total S\$'000
	Share capital S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Non- controlling interests S\$'000		
<b>2010</b>								
<b>At 1 January 2010</b>	88,032	529	(629)	(1,123)	40,281	127,090	432	127,522
Total comprehensive income for 1st quarter								
Profit for the 1st quarter	-	-	-	-	1,423	1,423	17	1,440
Other comprehensive income	-	-	777	921	-	1,698	12	1,710
Total comprehensive income for 1st quarter	-	-	777	921	1,423	3,121	29	3,150
<b>At 31 March 2010</b>	88,032	529	148	(202)	41,704	130,211	461	130,672
Total comprehensive income for 2nd quarter								
Profit for the 2nd quarter	-	-	-	-	2,007	2,007	12	2,019
Other comprehensive Income/(loss)	-	-	60	(66)	-	(6)	-	(6)
Total comprehensive income/(loss) for 2nd quarter	-	-	60	(66)	2,007	2,001	12	2,013
Capitalisation of statutory legal reserves of a subsidiary	-	151	-	-	(151)	-	-	-
Dividends paid	-	-	-	-	(2,051)	(2,051)	(25)	(2,076)
<b>At 30 June 2010</b>	88,032	680	208	(268)	41,509	130,161	448	130,609
<b>2011</b>								
<b>At 1 January 2011</b>	88,032	(816)	1,230	(953)	45,183	132,676	9,194	141,870
Total comprehensive income for 1st quarter								
Profit for the 1st quarter	-	-	-	-	1,004	1,004	235	1,239
Other comprehensive loss	-	-	(156)	(633)	-	(789)	(258)	(1,047)
Total comprehensive (loss)/income for 1st quarter	-	-	(156)	(633)	1,004	215	(23)	192
Capitalisation of statutory legal reserve of a subsidiary	-	128	-	-	(128)	-	-	-
<b>At 31 March 2011</b>	88,032	(688)	1,074	(1,586)	46,059	132,891	9,171	142,062
Total comprehensive income for 2nd quarter								
Profit for the 2nd quarter	-	-	-	-	2,863	2,863	189	3,052
Other comprehensive loss	-	-	(498)	(1,185)	-	(1,683)	(341)	(2,024)
Total comprehensive (loss)/income for 2nd quarter	-	-	(498)	(1,185)	2,863	1,180	(152)	1,028
Dividends paid	-	-	-	-	(2,256)	(2,256)	(443)	(2,699)
<b>At 30 June 2011</b>	88,032	(688)	576	(2,771)	46,666	131,815	8,576	140,391

**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
2010				
<b>At 1 January 2010</b>	88,032	101	15,332	103,465
Total comprehensive income for 1st quarter				
Profit for the 1st quarter	-	-	669	669
Other comprehensive income	-	-	-	-
Total comprehensive income for 1st quarter	-	-	669	669
<b>At 31 March 2010</b>	88,032	101	16,001	104,134
Total comprehensive income for 2nd quarter				
Profit for the 2nd quarter	-	-	2,524	2,524
Other comprehensive loss	-	(77)	-	(77)
Total comprehensive (loss)/income for 2nd quarter	-	(77)	2,524	2,447
Dividend paid	-	-	(2,051)	(2,051)
<b>At 30 June 2010</b>	88,032	24	16,474	104,530
2011				
<b>At 1 January 2011</b>	88,032	231	21,012	109,275
Total comprehensive income for 1st quarter				
Profit for the 1st quarter	-	-	1,028	1,028
Other comprehensive loss	-	(69)	-	(69)
Total comprehensive (loss)/income for 1st quarter	-	(69)	1,028	959
<b>At 31 March 2011</b>	88,032	162	22,040	110,234
Total comprehensive income for 2nd quarter				
Profit for the 2nd quarter	-	-	1,205	1,205
Other comprehensive loss	-	(25)	-	(25)
Total comprehensive (loss)/income for 2nd quarter	-	(25)	1,205	1,180
Dividend paid	-	-	(2,256)	(2,256)
<b>At 30 June 2011</b>	88,032	137	20,989	109,158

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

Since 31 December 2010, there was no change in the issued share capital of the Company. The share capital of the Company as at 30 June 2011 was 150,387,866 ordinary shares.

As at 30 June 2011, there was no outstanding unissued share under the IFS (2000) Share Option Scheme due to expiry of the exercise period (as at 30 June 2010: 21,500 unissued shares).

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

The total number of issued shares as at 30 June 2011 was 150,387,866 (as at 31 December 2010: 150,387,866 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 2010.

**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 2011.

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

- FRS 24 Related Party Disclosures
- Improvements to FRSs issued in 2010 (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**

**2Q 2011 versus 2Q 2010**

Group pre-tax profit rose 3% to \$2.9 million as compared to \$2.8 million in 2Q 2010. The increase was attributable to higher fee and commission income, lower net claims incurred as well as lower allowances for loan losses and impairment of investments, partly offset by lower net interest income, lower net earned premium revenue and higher operating expenses. Due to tax refunds and write back of overprovision of

prior years' tax, the Group profit after tax increased by 51% to \$3.1 million as compared to \$2 million for 2Q 2010.

### **1H 2011 versus 1H 2010**

For 1H 2011, Group net profit after tax rose 24% from a year ago to \$4.3 million. The net profit was underpinned by higher fee and commission income and investment income, coupled with lower allowances for loan losses and lower tax expenses, partly offset by lower net interest income, lower net earned premium revenue and higher operating expenses. The comparative 1H 2010's profit was boosted by recoveries of interest previously suspended from non-performing loans and from repayments of a significant property loan.

After taking into account the non-controlling interests, the Group's profit attributable to shareholders was \$3.9 million, 13% higher compared to \$3.4 million for 1H 2010.

The Group's loan assets including factoring receivables as at 30 June 2011 stood at \$271.9 million. This was an increase of 11% over the base of \$245 million as at 31 December 2010, but a decrease of 7% as compared to \$293 million as at 30 June 2010.

The Singapore operations reported a net profit of \$2.8 million for 1H 2011, up 7% from 1H 2010. Included in the Singapore operations, ECICS recorded a lower net profit of \$1.3 million, a decline of 26% as compared to \$1.8 million in 1H 2010 due to lower net earned premium revenue, lower investment income and other income and higher operating expenses. Gross written premiums increased from \$4 million to \$4.5 million driven by higher bonds and guarantee business. However, due to provision for unexpired risks required to be set aside, net earned premium after reinsurance premium declined 38% to \$1.2 million.

Our Malaysian operation continued to increase its business volume and has further improved its profitability as compared to a loss previously. For 1H 2011, all the regional subsidiaries were profitable and contributed a total net profit after tax and after non-controlling interests of \$1.2 million, an increase of 5% from a year ago. The improved contribution was attributable mainly to higher fees and commission income and lower allowances for loan losses.

## **7 Variance from Prospect Statement**

The current announced results are in line with the prospect statement as disclosed in the Group's 1Q 2011 results announcement dated 12 May 2011.

## **8 Prospects**

The turbulence in global financial markets reflects deep-seated problems in the large developed economies that are critical to the Asian region. While the negative impact of these global developments will persist, the pipeline of new business in Singapore and Malaysia will help buffer the Group's business volume. Our Malaysian subsidiary has been granted a moneylender's license and the Group will explore new business opportunities there.

The bond and guarantee business is expected to remain positive on the back of the robust infrastructural projects, civil engineering works and housing projects. Despite the intensifying competition from global credit insurers, the credit insurance business is expected to benefit from the growth in the Singapore economy.

Barring unforeseen circumstances, the Group is expected to remain profitable for 2011.

**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 2011 (30 June 2010: Nil).

By Order of the Board

**Chionh Yi Chian**

**Company Secretary**

11 August 2011



**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 2011 to be false or misleading in any material aspect.

On behalf of the Board of Directors

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

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

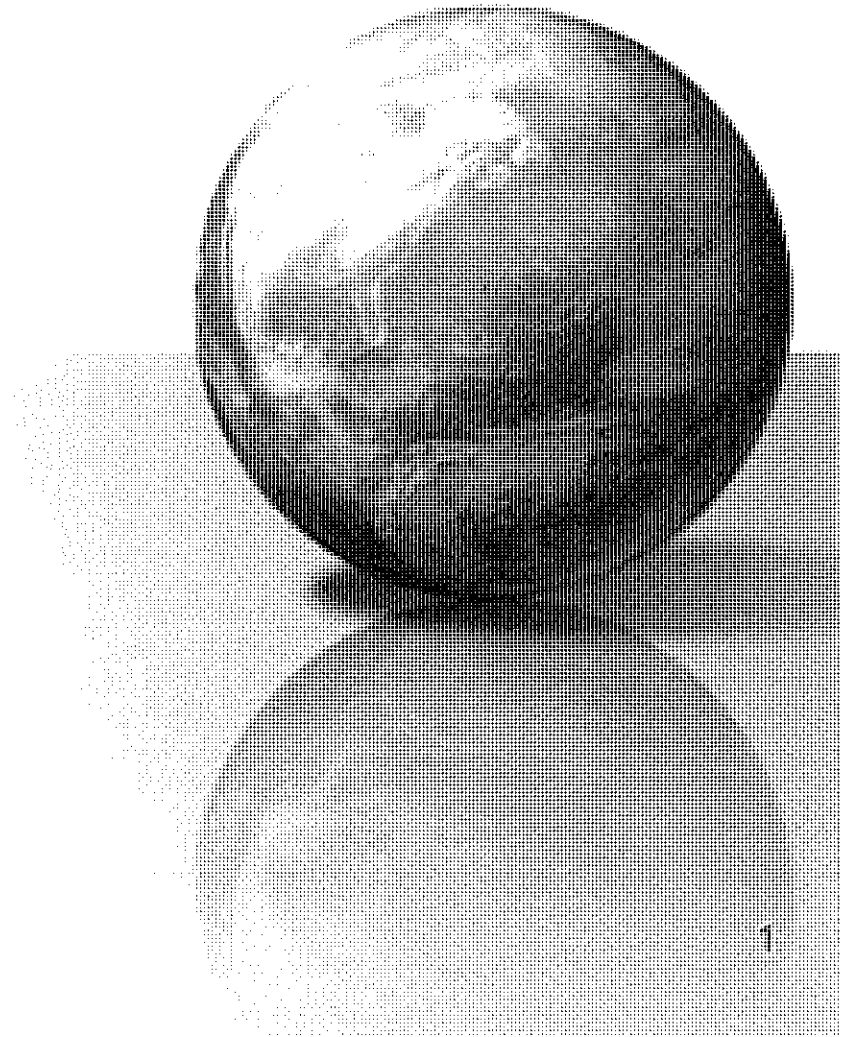
Singapore  
11 August 2011

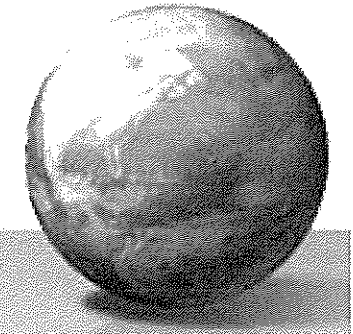
# IFS Capital Limited

Half Year 2011 Results

Presentation

12 August 2011





## **Contents**

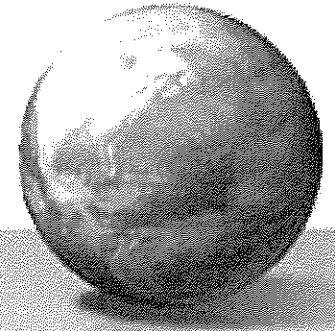
- **Highlights**
- **Group Performance Review**
- **Group Income Statement / Operating Expenses**
- **Key Financial Ratios**
- **Results of Subsidiaries**
  - **Regional Operations**
  - **ECICS**
- **Prospects**

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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)



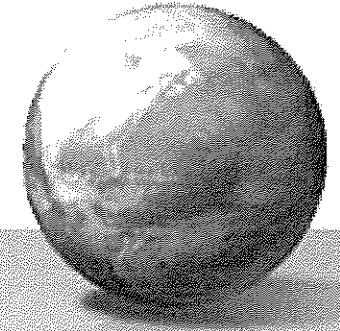
## **Highlights**

### **2Q 2011 vs 2Q 2010**

- **Group pre-tax profit rose 3% to \$2.9 million in 2Q 2011.**
- **Higher fee and commission income, lower net claims incurred and lower allowances for loan losses, partly offset by lower net interest income, net earned premium revenue and higher operating expenses.**
- **Group profit after tax increased by 51% to \$3.1 million due to tax refunds and write back of overprovision of prior years' tax.**

### **2Q 2011 vs 1Q 2011**

- **Increase in business volume in 2Q 2011 as compared to 1Q 2011.**
- **Sequential Q-on-Q, 2Q 2011's Group profit up 146% to \$3.1 million from \$1.2 million helped by the recognition of fee income and a tax credit.**



## Highlights

### 1H 2011 vs 1H 2010

- Group net profit after tax up 24% to \$4.3 million in 1H 2011.
- Higher fee and commission income and investment income.
- Lower allowances for loan losses and lower tax expenses.

#### Partly offset by:

- Lower net interest income and net earned premium revenue; and
- Higher operating expenses.

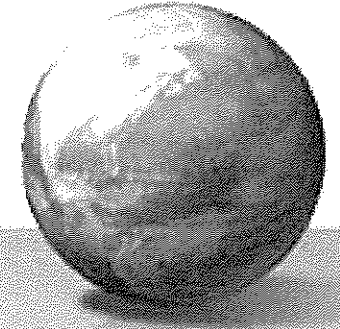


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## **Group Performance Review**

### **Higher 1H 2011 profit due to:**

- Higher fee and commission income from higher factoring service charges and recognition of a fee income upon full settlement of a property loan.
- Higher investment income from gain on disposal of equity securities and lower fair value loss on investments.
- Decrease in allowances for loan losses due to lower specific allowances required to be set aside.
- Lower tax expenses resulted from lower chargeable income, lower deferred tax expense and higher tax refunds and write back of overprovision of prior years' tax.





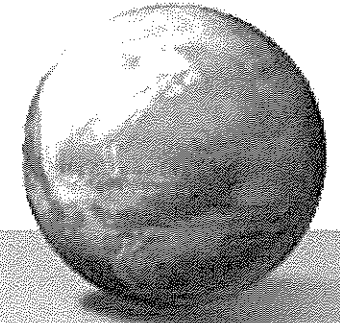
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## **Group Performance Review (cont'd)**

**Higher 1H 2011 profit due to (cont'd):**

**Partly offset by:**

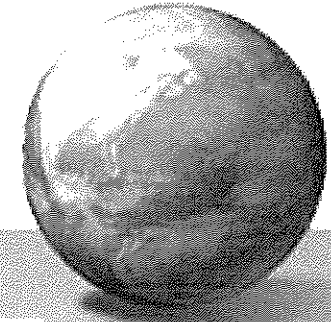
- Lower net interest income of \$7.3 million mainly due to lower recoveries of suspended interest (1H 2010: \$10.6 million included significant recoveries of current and prior years' interest repayments of a significant property loan and from non performing accounts). Excluding these recoveries, net interest income for 1H 2011 was a smaller decline of 5%.
- Gross written premium increased 12% to \$4.5 million from higher bonds and guarantee business. After provision for unexpired risks required to be set aside, net earned premium declined 38% to \$1.2 million.
- Operating expenses increased 6% to \$9.5 million due to higher business related expenses and staff costs. Staff costs up 12% mainly due to increased headcount and salary increments.





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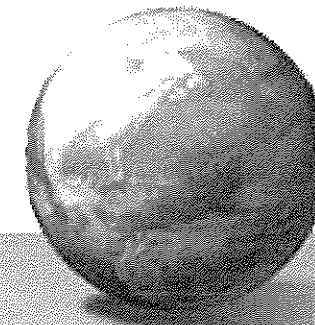
## Group Income Statement



(S\$'000)

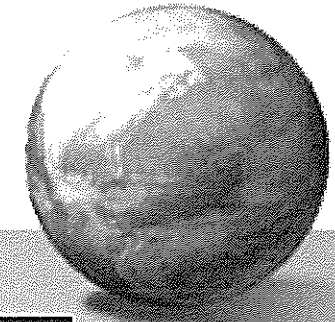
Net Interest Income  
Net Earned Premium Revenue  
Non-Interest Income  
Total Income  
Operating Expenses  
Operating Profit before Net Claims &  
Allowances  
Net Claims Reversal/(Incurred)  
Allowances  
Profit before Tax  
Income Tax Expense  
Profit after Tax  
Attributable Profit after NCI

HY 2011	HY 2010	+ / (-) %
7,330	10,583	(30.7)
1,158	1,880	(38.4)
6,822	4,448	53.4
15,310	16,911	(9.5)
(9,524)	(8,983)	6.0
5,786	7,928	(27.0)
61	(266)	NM
(1,465)	(2,550)	(42.5)
4,382	5,112	(14.3)
(91)	(1,653)	(94.5)
4,291	3,459	24.1
3,867	3,430	12.7



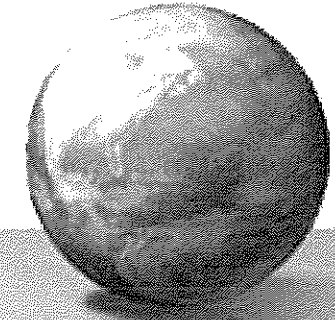
## Group Operating Expenses

<i>(S\$'000)</i>	1H 2011	%	1H 2010	%	+/(-) %
Commission	140	1.5	171	1.9	(18.1)
Business Development	468	4.9	397	4.4	17.9
Staff Costs	5,556	58.4	4,960	55.2	12.0
Depreciation & Amortisation	966	10.1	1,126	12.6	(14.2)
General Administration	2,394	25.1	2,329	25.9	2.8
<b>Total</b>	<b>9,524</b>	<b>100.0</b>	<b>8,983</b>	<b>100.0</b>	<b>6.0</b>
<b>Cost-to-Income Ratio</b>	<b>61.5%</b>		<b>52.1%</b>		<b>18.0</b>



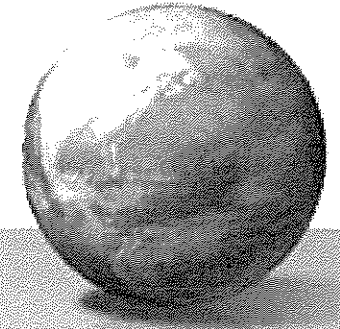
## Key Financial Ratios

	1H 2011	1H 2010	+/(-) %
Return on Ave Equity – After Tax (%)	2.9	2.7	7.4
Return on Total Assets (%)	1.2	1.0	20.0
Earnings per Share (cts)	2.6	2.3	13.0
Net Asset Value per Share (cts)	87.7	86.6	1.3
Leverage (times)	1.5	1.6	(6.3)
Gearing (times)	1.3	1.4	(7.1)



## Regional Operations – Indonesia, Malaysia & Thailand

(S\$'000)	1H 2011	1H 2010	+ / (-) %
Net Interest Income	3,656	4,024	(9.1)
Non-Interest Income	2,365	1,731	36.6
Operating Expenses	(3,283)	(2,979)	10.2
Operating Profit before Allowances	2,738	2,776	(1.4)
Allowances	(243)	(672)	(63.8)
Profit before Tax	2,495	2,104	18.6
Income Tax Expense	(847)	(908)	(6.7)
Profit after Tax (PAT)	1,648	1,196	37.8
Group's share of PAT based on % of shareholdings	1,224	1,167	4.9



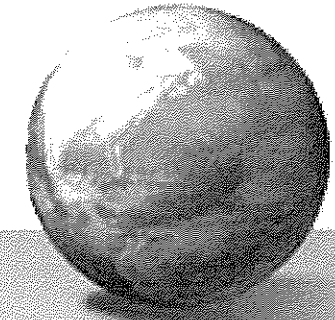
## Regional Operations (cont'd)

### - Indonesia, Malaysia & Thailand

- Overseas subsidiaries remained profitable and contributed a total net profit after tax and after non-controlling interests of \$1.2 million, up 5% from a year ago.
- Improvement in contribution arose from higher fees and commission income from higher business volume; lower allowances for loan losses and income tax expense, offset by higher operating expenses.



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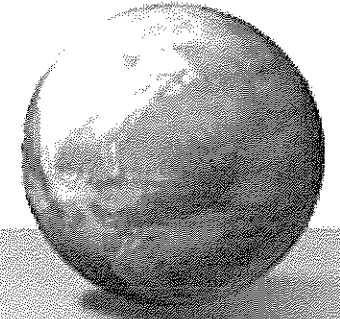
## ECICS Limited

<i>(S\$'000)</i>	1H 2011	1H 2010	+/( -) %
Gross written premiums	4,572	4,108	11.3
Net Earned Premium Revenue	1,234	1,955	(36.9)
Fee and Investment Income	1,877	2,448	(23.3)
Claims Reversal/(Incurred)	61	(266)	NM
Operating Expenses	(1,978)	(1,869)	5.8
Operating Profit before Allowances	1,194	2,268	(47.4)
Reversals of/(Allowances for) Insurance Receivables	192	(182)	NM
Profit before Tax	1,386	2,086	(33.6)
Income Tax Expense	(84)	(330)	(74.5)
Profit after Tax	1,302	1,756	(25.9)

*(Before intragroup transactions elimination)*

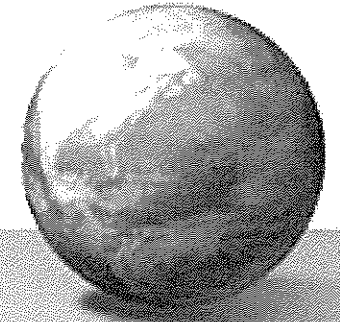


**IFS Capital Limited**



## **ECICS Limited**

- **Lower profit for 1H 2011 mainly due to:**
  - **lower net earned premium revenue as a result of provision for unexpired risks required to be set aside,**
  - **lower fee and investment income,**
  - **higher operating expenses, mitigated by**
  - **write back of provision for insurance receivables.**
  
- **Well capitalized. CAR ratio above the regulatory requirement of 120%.**



## **Prospects**

- **Turbulence in global financial markets reflects deep-seated problems in the large developed economies that are critical to the Asian region.**
- **While the negative impact of these global developments will persist, pipeline of new business in Singapore and Malaysia will help buffer the Group's business volume.**
- **Malaysian subsidiary has been granted a moneylender's license and the Group will explore new business opportunities.**
- **Bond and guarantee business is expected to remain positive on the back of the robust infrastructural projects, civil engineering works and housing projects.**
- **Despite the intensifying competition from global credit insurers, credit insurance business is expected to benefit from the growth in the Singapore economy.**