IFS Capital Limited

(Registration no: 198700827C)

**Full Year Unaudited Financial Statements and Dividend Announcement for the Year Ended 31 December 2013**

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IFS Capital Limited

(Registration no: 198700827C)

## Full Year Unaudited Financial Statements and Dividend Announcement for the Year Ended 31 December 2013

### 1(a)(i) Consolidated Statement of Profit or Loss for the Fourth Quarter And Full Year Ended 31 December

| | Note 1(a) (ii) | **4th Qtr 2013 S$'000** | 4th Qtr 2012 S$'000 | +/(-) % | **Full Year 2013 S$'000** | (restated)* Full Year 2012 S$'000 | +/(-) % |
|---|---|---|---|---|---|---|---|
| Interest income | | **6,391** | 6,745 | (5.2) | **27,613** | 26,765 | 3.2 |
| Interest expense | | **(1,578)** | (1,862) | (15.3) | **(6,848)** | (7,161) | (4.4) |
| **Net interest income** | (a) | **4,813** | 4,883 | (1.4) | **20,765** | 19,604 | 5.9 |
| Gross written premiums | | **2,886** | 3,579 | (19.4) | **12,604** | 10,003 | 26.0 |
| Change in gross provision for unexpired risks | | **(1,107)** | (472) | 134.5 | **(4,034)** | 666 | NM |
| Gross earned premium revenue | | **1,779** | 3,107 | (42.7) | **8,570** | 10,669 | (19.7) |
| Written premiums ceded to reinsurers | | **(1,211)** | (2,556) | (52.6) | **(7,485)** | (6,706) | 11.6 |
| Reinsurers' share of change in provision for unexpired risks | | **162** | 299 | (45.8) | **1,834** | 35 | NM |
| Reinsured premium expense | | **(1,049)** | (2,257) | (53.5) | **(5,651)** | (6,671) | (15.3) |
| **Net earned premium revenue** | (b) | **730** | 850 | (14.1) | **2,919** | 3,998 | (27.0) |
| Fee and commission income | (c) | **2,497** | 2,238 | 11.6 | **10,404** | 8,942 | 16.3 |
| Investment income | | **1,037** | 1,149 | (9.7) | **3,295** | 3,364 | (2.1) |
| Other income | (d) | **81** | 96 | (15.6) | **727** | 324 | 124.4 |
| **Non-interest income** | | **3,615** | 3,483 | 3.8 | **14,426** | 12,630 | 14.2 |
| **Income before operating expenses** | | **9,158** | 9,216 | (0.6) | **38,110** | 36,232 | 5.2 |
| Business development expenses | | **(200)** | (212) | (5.7) | **(795)** | (788) | 0.9 |
| Commission expenses | | **(291)** | (124) | 134.7 | **(829)** | (296) | 180.1 |
| Staff costs | | **(2,471)** | (3,033) | (18.5) | **(11,902)** | (12,860) | (7.4) |
| General and administrative expenses | | **(1,513)** | (1,662) | (9.0) | **(6,667)** | (7,057) | (5.5) |
| **Operating expenses** | (e) | **(4,475)** | (5,031) | (11.1) | **(20,193)** | (21,001) | (3.8) |
| Change in provision for insurance claims | | **1,651** | 86 | NM | **(2,318)** | 517 | NM |
| Reinsurers' share of change in provision for insurance claims | | **(920)** | (48) | NM | **1,843** | (256) | NM |
| Gross claims (paid)/recovered | | **(58)** | 11 | NM | **(1,369)** | (115) | NM |
| Reinsurers' share of claims paid/(recovered) | | **31** | (8) | NM | **911** | 59 | NM |
| **Net claims reversal/(incurred)** | (f) | **704** | 41 | NM | **(933)** | 205 | NM |
| **Operating profit before allowances** | | **5,387** | 4,226 | 27.5 | **16,984** | 15,436 | 10.0 |
| Allowances for loan losses and impairment of other assets | (g) | **(10,895)** | (698) | NM | **(21,573)** | (3,055) | NM |
| **(Loss)/profit before tax** | | **(5,508)** | 3,528 | NM | **(4,589)** | 12,381 | NM |
| Tax credit/(expense) | (h) | **1,299** | (841) | NM | **883** | (3,236) | NM |
| **(Loss)/profit for the period/year** | | **(4,209)** | 2,687 | NM | **(3,706)** | 9,145 | NM |
| **(Loss)/profit attributable to:** | | | | | | | |
| **Owners of the Company** | | **(4,398)** | 2,371 | NM | **(5,073)** | 7,940 | NM |
| **Non-controlling interests** | | **189** | 316 | (40.2) | **1,367** | 1,205 | 13.4 |
| **(Loss)/profit for the period/year** | | **(4,209)** | 2,687 | NM | **(3,706)** | 9,145 | NM |

**Consolidated Statement of Comprehensive (Loss)/Income for the Fourth Quarter And Full Year Ended 31 December**

| | Note 1(a) (ii) | **4th Qtr 2013 S$'000** | 4th Qtr 2012 S$'000 | +/(-) % | **Full Year 2013 S$'000** | (restated)* Full Year 2012 S$'000 | +/(-) % |
|---|---|---|---|---|---|---|---|
| **(Loss)/profit for the period/year** | | **(4,209)** | 2,687 | NM | **(3,706)** | 9,145 | NM |
| **Other comprehensive (loss)/income** | | | | | | | |
| ***Items that will not be reclassified to profit or loss*** | | | | | | | |
| Defined benefit plan remeasurements | | **204** | - | NM | **204** | - | NM |
| Tax on items that will not be reclassified to profit or loss | | **(41)** | - | NM | **(41)** | - | NM |
| | (i) | **163** | - | NM | **163** | - | NM |
| ***Items that are or may be reclassified subsequently to profit or loss*** | | | | | | | |
| Net change in fair value of available-for-sale financial assets | (j) | **111** | 3,082 | (96.4) | **(124)** | 2,963 | NM |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | (j) | **960** | (28) | NM | **(525)** | 61 | NM |
| Foreign currency translation differences of foreign operations | (k) | **(1,751)** | 44 | NM | **(4,256)** | (3,029) | 40.5 |
| Tax on other comprehensive income/(loss) | | **(182)** | (519) | (64.9) | **110** | (514) | NM |
| | | **(862)** | 2,579 | NM | **(4,795)** | (519) | NM |
| **Other comprehensive (loss)/income for the period/year** | | **(699)** | 2,579 | NM | **(4,632)** | (519) | NM |
| **Total comprehensive (loss)/income for the period/year** | | **(4,908)** | 5,266 | NM | **(8,338)** | 8,626 | NM |
| **Attributable to:** | | | | | | | |
| **Owners of the Company** | | **(4,762)** | 4,903 | NM | **(9,406)** | 7,663 | NM |
| **Non-controlling interests** | | **(146)** | 363 | NM | **1,068** | 963 | 10.9 |
| **Total comprehensive (loss) income for the period/year** | | **(4,908)** | 5,266 | NM | **(8,338)** | 8,626 | NM |

NM – not meaningful/more than+/- 200%

* Comparative figures have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

## 1(a)(ii) Explanatory Notes to Consolidated Statement of Profit or Loss

The following items have been included in arriving at Group net (loss)/profit for the period/year:

| | **4th Qtr 2013 S$'000** | 4th Qtr 2012 S$'000 | +/(-) % | **Full Year 2013 S$'000** | Full Year 2012 S$'000 | +/(-) % |
|---|---|---|---|---|---|---|
| Investment income | | | | | | |
| - dividend, fee and interest income | **251** | 427 | (41.2) | **1,022** | 1,524 | (32.9) |
| - (loss)/gain on disposal of equity securities | **(3)** | 1,597 | NM | **1,797** | 1,738 | 3.4 |
| - gain on partial redemption of convertible loans | **525** | - | NM | **525** | - | NM |
| - net change in fair value of financial assets designated as fair value through profit or loss | **260** | (887) | NM | **(68)** | 47 | NM |
| - amortization of held-to-maturity debts securities | **4** | 12 | (66.7) | **19** | 55 | (65.5) |
| | **1,037** | 1,149 | (9.7) | **3,295** | 3,364 | (2.1) |
| (Loss)/gain on disposal of property, plant and equipment | **-** | (1) | (100.0) | **16** | 60 | (73.3) |
| Amortization of intangible assets | **(102)** | (227) | (55.1) | **(447)** | (954) | (53.1) |
| Depreciation of property, plant and equipment | **(235)** | (253) | (7.1) | **(993)** | (1,049) | (5.3) |
| Foreign currency differences | | | | | | |
| - exchange (loss)/gain, (net) | **(11)** | 14 | NM | **(68)** | (69) | (1.4) |
| - realized gain/(loss) on foreign exchange forward contracts | **-** | 1 | (100.0) | **-** | (223) | (100.0) |
| | **(11)** | 15 | NM | **(68)** | (292) | (76.7) |
| (Provision for)/reversal of unexpired risks, net of reinsurers' share | | | | | | |
| - change in gross provision for unexpired risks | **(1,107)** | (472) | 134.5 | **(4,034)** | 666 | NM |
| - reinsurers' share of change in provision for unexpired risks | **162** | 299 | (45.8) | **1,834** | 35 | NM |
| | **(945)** | (173) | NM | **(2,200)** | 701 | NM |
| Claims reversal/(incurred), net of reinsurers' share | | | | | | |
| - net change in provision for insurance claims | **731** | 38 | NM | **(475)** | 261 | NM |
| - net claims (paid)/recovered | **(27)** | 3 | NM | **(458)** | (56) | NM |
| | **704** | 41 | NM | **(933)** | 205 | NM |
| Allowances for loan losses and impairment of other assets | | | | | | |
| - loans and receivables | **(9,413)** | (533) | NM | **(20,088)** | (2,204) | NM |
| - equity securities | **(1,482)** | 3 | NM | **(1,485)** | (279) | NM |
| - intangible assets | **-** | (168) | (100.0) | **-** | (572) | (100.0) |
| | **(10,895)** | (698) | NM | **(21,573)** | (3,055) | NM |
| Tax credit/(expense) | | | | | | |
| - current tax expense | **(471)** | (657) | (28.3) | **(2,326)** | (2,980) | (21.9) |
| - deferred tax credit/(expense) | **1,520** | (185) | NM | **2,721** | (271) | NM |
| - overprovision and tax refund of prior years' tax | **250** | 1 | NM | **488** | 15 | NM |
| | **1,299** | (841) | NM | **883** | (3,236) | NM |

## 1(a)(ii) Explanatory Notes to Consolidated Statement of Profit or Loss (cont'd)

### Comments on Major Consolidated Statement of Profit or Loss Variances

(a) The increase in net interest income for full year 2013 ("FY 2013") was mainly due to growth in the Group's factoring business volume.

(b) For 4th Quarter 2013 ("4Q 2013"), the lower net earned premium revenue of the Group's insurance subsidiary, ECICS Limited ("ECICS") resulted from higher provisioning for unexpired risks reserve, mainly on higher credit insurance, maid business volume and new products launched.

For FY 2013, it achieved higher gross written premiums from increased insurance business. Despite the growth in gross written premiums, in particular, on bonds and guarantee business, the lower net earned premium revenue was mainly due to higher provisioning for unexpired risks reserve set aside for the increased bond business.

(c) The higher fee and commission income for 4Q 2013 and FY 2013 was mainly due to higher underwriting commission from bonds and guarantee business as well as higher factoring service fee on growth in factoring volume.

(d) The higher other income for FY 2013 was mainly due to higher bad debts recoveries from factoring accounts previously written off.

(e) The lower operating expenses for 4Q 2013 and FY 2013 were mainly on lower staff costs. Staff costs were lower mainly due to a reduced bonus provision, partly offset by higher staff salaries from salary increments and increase in staff strength. The lower general and administration expenses were largely due to absence of amortization charge on copyrights and hedging costs; lower license and tax fees, partly offset by increase in other expenses mainly on personnel recruitment and professional fees. The increase in commission expenses for both 4Q 2013 and FY 2013 was due to higher insurance broker-referred business.

(f) The higher net claims reversal for 4Q 2013 resulted from the actuarial valuation of claims liabilities using lower ultimate number of claims per million of net earned premiums.

The net claims incurred for FY 2013 was mainly due to full provision made for claims reserve on potential loss against the business failure of a client and higher net claims paid.

(g) The higher allowances for loan losses for 4Q 2013 were mainly due to higher specific impairment set aside by the Malaysian operations. This resulted in a substantial increase in allowances for loan losses to $20.1 million for FY 2013 from $2.2 million for full year 2012. The higher impairment on equity securities resulted mainly from the reclassification of losses accumulated in the fair value reserve in equity to profit or loss in 4Q 2013 due to the prolonged deterioration in the market price.

(h) The tax credit for 4Q 2013 and FY 2013 was due mainly to the write back of overprovision of prior years' tax and the deferred tax credit related to the losses incurred by the Group.

**1(a)(ii) Explanatory Notes to Consolidated Statement of Profit or Loss (cont'd)**

**Comments on Major Consolidated Statement of Comprehensive (Loss)/Income Variances**

(i) This was related to the defined benefit plan remeasurements of the Group's Thailand subsidiary, IFS Capital (Thailand) Public Company Limited.

(j) For 4Q 2013 and FY 2013, there was a reclassification from other comprehensive loss, the net change in fair value of available-for-sale financial assets, to realized gain in the Statement of Profit or Loss arising from disposal of the quoted securities and partial capital repayment of a convertible loan, partly offset by the reclassification of the accumulated loss in 4Q 2013 as explained in (g) above.

As for 4th quarter 2012 and full year 2012, the substantial increase in the net change in fair value of available-for-sale financial assets resulted mainly from the mark-to-market gain on listed equity securities and the fair value gain on a convertible loan for financing a residential condominium project.

(k) The foreign currency translation differences arose from the translation of financial statements of foreign operations whose functional currencies were different from that of the Group's presentation currency. The translation loss for 4Q 2013 and FY 2013 was due to the further weakening of currencies of the regional subsidiaries for translation against the Singapore Dollar, including Thai Baht, Malaysian Ringgit and Indonesian Rupiah.

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

| | Group | | | |
|---|---|---|---|---|
| | | | | (restated)* |
| | **4th Qtr 2013** | 4th Qtr 2012 | **Full Year 2013** | Full Year 2012 |
| (Loss)/Earnings per share | | | | |
| - on weighted average number of ordinary shares in issue | **(2.9 cents)** | 1.6 cents | **(3.4 cents)** | 5.3 cents |
| - on fully diluted basis | **(2.9 cents)** | 1.6 cents | **(3.4 cents)** | 5.3 cents |

(Loss)/Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the financial period/year of 150,387,866 (31 December 2012: 150,387,866).

The basic and fully diluted (loss)/earnings per ordinary share are the same as the Group did not have any potential dilutive ordinary share outstanding as at 31 December 2013.

* Comparative figures have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

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

| | Note | Group | | | Company | |
|---|---|---|---|---|---|---|
| | | **31/12/2013 S$'000** | 31/12/2012 S$'000 (restated)* | 31/12/2011 S$'000 (restated)* | **31/12/2013 S$'000** | 31/12/2012 S$'000 |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | | **17,639** | 18,572 | 19,226 | **15,685** | 16,202 |
| Intangible assets | | **348** | 680 | 1,912 | **176** | 250 |
| Subsidiaries | (a) | **-** | - | - | **67,703** | 63,679 |
| Other investments | (b) | **31,288** | 25,178 | 33,293 | **7,906** | 13,029 |
| Loans, advances, hire purchase and leasing receivables | (c) | **50,971** | 78,796 | 64,248 | **36,212** | 54,516 |
| Deferred tax assets | | **4,558** | 2,566 | 2,792 | **36** | - |
| | | **104,804** | 125,792 | 121,471 | **127,718** | 147,676 |
| **Current assets** | | | | | | |
| Reinsurers' share of insurance contract provisions | (d) | **12,789** | 9,112 | 9,333 | **-** | - |
| Insurance receivables | | **1,192** | 928 | 680 | **-** | - |
| Trade and other receivables | (e) | **206,128** | 223,400 | 212,944 | **93,127** | 95,272 |
| Other investments | (f) | **11,688** | 20,013 | 19,442 | **2,354** | 1,499 |
| Derivative financial assets | (g) | **580** | - | - | **580** | - |
| Cash and cash equivalents | (h) | **62,142** | 53,356 | 29,650 | **8,828** | 9,427 |
| | | **294,519** | 306,809 | 272,049 | **104,889** | 106,198 |
| **Total assets** | | **399,323** | 432,601 | 393,520 | **232,607** | 253,874 |
| **Equity** | | | | | | |
| Share capital | | **88,032** | 88,032 | 88,032 | **88,032** | 88,032 |
| Other reserves | (i) | **(7,511)** | (3,245) | (3,132) | **1,485** | 2,941 |
| Accumulated profits | | **46,814** | 54,962 | 49,818 | **22,445** | 22,742 |
| **Equity attributable to owners of the Company** | | **127,335** | 139,749 | 134,718 | **111,962** | 113,715 |
| Non-controlling interests | | **9,997** | 9,564 | 9,114 | **-** | - |
| **Total equity** | | **137,332** | 149,313 | 143,832 | **111,962** | 113,715 |
| **Non-current liabilities** | | | | | | |
| Interest-bearing borrowings | (j) | **33,591** | 43,132 | 34,306 | **25,672** | 31,657 |
| Employee benefits | | **763** | 866 | 758 | **-** | - |
| Deferred tax liabilities | | **29** | 655 | 32 | **-** | 627 |
| | | **34,383** | 44,653 | 35,096 | **25,672** | 32,284 |
| **Current liabilities** | | | | | | |
| Trade and other payables | | **11,091** | 11,698 | 13,103 | **7,491** | 7,861 |
| Insurance payables | | **3,145** | 3,093 | 2,565 | **-** | - |
| Interest-bearing borrowings | (j) | **190,639** | 206,794 | 181,061 | **86,779** | 99,365 |
| Insurance contract provisions for | | | | | | |
| - gross unexpired risks | (k) | **15,898** | 11,864 | 12,530 | **-** | - |
| - gross insurance claims | (k) | **4,875** | 2,557 | 3,075 | **-** | - |
| Current tax payable | | **1,960** | 2,629 | 2,258 | **703** | 649 |
| | | **227,608** | 238,635 | 214,592 | **94,973** | 107,875 |
| **Total liabilities** | | **261,991** | 283,288 | 249,688 | **120,645** | 140,159 |
| **Total equity and liabilities** | | **399,323** | 432,601 | 393,520 | **232,607** | 253,874 |

* Comparative figures have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

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

(a) The increase in subsidiaries was due to the increase in issued and paid-up capital of ECICS by $5 million through the allotment and issue of 5 million ordinary shares to the Company.

(b) The increase in other investments under non-current assets was mainly due to the Group's participation in convertible loan facility and property-related funds while the decrease at Company level resulted from disposal of quoted equity securities and the reclassification of a convertible loan maturing within the next twelve months to current assets - other investments.

(c) The decrease in loans, advances, hire purchase and leasing receivables under non-current assets of the Group and the Company was mainly due to reclassification of receivables maturing within the next twelve months to current assets - trade and other receivables.

(d) The increase in reinsurers' share of insurance contract provisions resulted mainly from higher premiums ceded to reinsurers on a higher insurance business volume.

(e) The decrease in trade and other receivables under current assets of the Group and the Company was mainly due to higher repayment of existing loan portfolio and lower new loans drawdown.

(f) The decrease in other investments under current assets of the Group was mainly due to maturity of held-to-maturity debt securities. The increase at Company level was due to the reclassification of a convertible loan as explained in (b) above, partly offset by maturity of held-to-maturity debt securities.

(g) The increase in derivative financial assets was due to the Company's purchase of quoted warrants and measured at fair value.

(h) The cash and cash equivalents comprise fixed deposits of $16.2 million and cash at banks and in hand of $45.9 million. The increase in the cash balances was mainly due to higher fixed deposits placements by ECICS from proceeds of debt securities redeemed.

(i) The higher debit balance of $7.5 million in the Group level was mainly due to reclassification of fair value gain on available-for-sale financial assets to Statement of Profit or Loss arising from disposal of quoted equity securities as explained in paragraph 1(a)(ii) item (j) on page 6 and loss on foreign currencies translation differences arising from the translation of financial statements of foreign operations as explained in paragraph 1(a)(ii) item (k) on page 6.

(j) The decrease in interest-bearing borrowings under non-current liabilities of the Group and the Company was mainly due to reclassification of interest-bearing borrowings maturing within the next twelve months to current liabilities. The Group's overall interest-bearing borrowings decreased from $249.9 million as at 31 December 2012 to $224.2 million as at 31 December 2013 mainly due to utilization of surplus funds for repayment of bank borrowings as well as lower new drawdown of loans, advances, hire purchase and leasing receivables.

(k) The increase in insurance contract provisions was mainly due to higher insurance business volume and the provision set aside for claims reserve as explained in paragraph 1(a)(ii) item (f) on page 5.

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

| | **As at 31/12/2013 S$'000 (Unsecured)** | As at 31/12/2012 S$'000 (Unsecured) |
|---|---|---|
| Amount repayable in one year or less, or on demand | **190,639** | 206,794 |
| Amount repayable after one year | **33,591** | 43,132 |
| | **224,230** | 249,926 |

**Details of any collateral**

Nil.

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

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | | (restated)* | | |
| | **31/12/2013** | 31/12/2012 | **31/12/2013** | 31/12/2012 |
| Net asset value per ordinary share based on issued share capital at end of the financial year | **84.7 cents** | 92.9 cents | **74.4 cents** | 75.6 cents |

* Comparative figures have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

## 1(c) Consolidated Statement of Cash Flows for the Fourth Quarter and Full Year Ended 31 December

| | Note | **4th Qtr 2013 S$'000** | 4th Qtr 2012 S$'000 | **Full Year 2013 S$'000** | Full Year 2012 S$'000 |
|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | |
| (Loss)/profit for the period | | **(4,209)** | 2,687 | **(3,706)** | 9,145 |
| Adjustments for: | | | | | |
| Amortization of intangible assets and held-to-maturity debt securities | | **98** | 215 | **428** | 899 |
| Net foreign exchange gain | | **(277)** | (17) | **(518)** | (102) |
| Depreciation of property, plant and equipment | | **235** | 253 | **993** | 1,049 |
| Loss/(gain) on disposal of equity securities | | **3** | (1,597) | **(1,797)** | (1,738) |
| Gain on partial redemption of convertible loans | | **(525)** | - | **(525)** | - |
| Loss/(gain) on disposal of property, plant and equipment | | **-** | 1 | **(16)** | (60) |
| Net change in fair value of financial assets through profit or loss | | **(260)** | 887 | **68** | (47) |
| Allowance for impairment of other assets | | **1,482** | 165 | **1,485** | 851 |
| Provision for/(reversal of), net of reinsurers' share | | | | | |
| - unexpired risks | | **945** | 173 | **2,200** | (701) |
| - insurance claims | | **(731)** | (38) | **475** | (261) |
| Interest income | | **(6,391)** | (6,745) | **(27,613)** | (26,765) |
| Interest income from investments and fixed deposits | | **(221)** | (332) | **(936)** | (1,364) |
| Dividend income from investments | | **(30)** | (95) | **(86)** | (160) |
| Interest expense | | **1,578** | 1,862 | **6,848** | 7,161 |
| Fixed assets written off | | **(1)** | - | **-** | - |
| Tax (credit)/expense | | **(1,299)** | 841 | **(883)** | 3,236 |
| **Operating cashflows before changes in working capital** | | **(9,603)** | (1,740) | **(23,583)** | (8,857) |
| **Changes in working capital:** | | | | | |
| Factoring receivables | | **8,322** | 1,388 | **(3,248)** | (19,265) |
| Factoring amounts due to clients | | **(464)** | (726) | **85** | (1,463) |
| Loans, advances, hire purchase and leasing receivables | | **14,520** | 5,078 | **39,344** | (8,899) |
| Insurance and other receivables | | **(121)** | (2,670) | **1,636** | (2,582) |
| Trade, other and insurance payables | | **(826)** | 424 | **98** | 2,075 |
| **Cash from/(used in) operations** | | **11,828** | 1,754 | **14,332** | (38,991) |
| Interest received | | **6,644** | 7,130 | **28,666** | 28,181 |
| Interest paid | | **(1,510)** | (1,952) | **(6,728)** | (7,386) |
| Tax refund/(paid), net | | **256** | (76) | **(2,872)** | (2,615) |
| **Net cash from/(used in) operating activities** | (a) | **17,218** | 6,856 | **33,398** | (20,811) |

## 1(c) Consolidated Statement of Cash Flows for the Fourth Quarter and Full Year Ended 31 December (cont'd)

| | Note | **4th Qtr 2013 S$'000** | 4th Qtr 2012 S$'000 | **Full Year 2013 S$'000** | Full Year 2012 S$'000 |
|---|---|---|---|---|---|
| **Cash flows from investing activities** | | | | | |
| Proceeds from sale of property, plant and equipment | | **-** | - | **35** | 62 |
| Purchase of property, plant and equipment | | **(17)** | (108) | **(144)** | (459) |
| Purchase of intangible assets | | **(15)** | (147) | **(116)** | (296) |
| Purchase of derivative financial assets | | **(329)** | - | **(329)** | - |
| Purchase of investments | (b) | **(5,242)** | (5,585) | **(22,706)** | (18,639) |
| Proceeds from redemption/disposal of investments | (b) | **1,501** | 12,650 | **24,808** | 30,769 |
| Dividend received from investments | | **30** | 95 | **86** | 160 |
| **Net cash (used in)/from investing activities** | (b) | **(4,072)** | 6,905 | **1,634** | 11,597 |
| | | | | | |
| **Cash flows from financial activities** | | | | | |
| Dividends paid | | | | | |
| - by the Company | | **-** | - | **(3,008)** | (2,632) |
| - by a subsidiary company to non-controlling interests | | **-** | - | **(635)** | (513) |
| (Repayments of)/proceeds from interest-bearing borrowings | | **(15,810)** | 2,062 | **(21,679)** | 36,401 |
| **Net cash (used in)/from financing activities** | (c) | **(15,810)** | 2,062 | **(25,322)** | 33,256 |
| | | | | | |
| **Net (decrease)/increase in cash and cash equivalents** | (d) | **(2,664)** | 15,823 | **9,710** | 24,042 |
| Cash and cash equivalents at beginning of the period/year | | **65,316** | 37,525 | **53,356** | 29,650 |
| Effect of exchange rate fluctuations on cash held | | **(510)** | 8 | **(924)** | (336) |
| **Cash and cash equivalents at end of the period/year** | | **62,142** | 53,356 | **62,142** | 53,356 |
| | | | | | |
| **Analysis of cash and cash equivalents** | | | | | |
| Fixed deposits | | **45,929** | 37,487 | **45,929** | 37,487 |
| Cash at banks and on hand | | **16,213** | 15,869 | **16,213** | 15,869 |
| **Cash and cash equivalents at end of the period/year** | | **62,142** | 53,356 | **62,142** | 53,356 |

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

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

The net cash from operating activities in 4Q 2013 and FY 2013 was mainly due to higher repayment of loans, advances, hire purchase and leasing receivables and lower drawdown of factoring receivables as compared to the same periods last year.

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

The net cash used in investing activities in 4Q 2013 was mainly due to lower proceeds from redemption of held-to-maturity debts securities as compared to the same quarter in 2012. The lower net cash from investing activities in FY 2013 was mainly due to lower proceeds from redemption of held-to-maturity debts securities and higher purchase of investments as compared to 2012.

Details of the purchase of investments of $5.2 million and proceeds from redemption/disposal of investments of $1.5 million for 4Q 2013 are as follows:-

| Details | Purchase of investments S$'000 | Proceeds from redemption/ disposal of investments S$'000 |
|---|---|---|
| ECICS Limited * | | |
| - Quoted equity securities | 5,242 | - |
| IFS Group (excluding ECICS Limited) | | |
| - Partial capital repayment from a convertible loan facility | - | 1,501 |
| Total | 5,242 | 1,501 |

** MAS regulated insurance company, within the exception of Rules 704(17) and 704(18) of the Listing Manual.*

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

The net cash used in financing activities in 4Q 2013 and FY 2013 was mainly due to utilization of surplus funds from operations for repayments of interest-bearing borrowings.

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

The net decrease in cash and cash equivalents for 4Q 2013 was mainly due to lower proceeds from redemption/disposal of investments and utilization of surplus funds for repayment of interest-bearing borrowings from higher repayment of loans, advances, hire purchase and leasing receivables. The lower increase in cash and cash equivalents for FY 2013 was mainly due to utilization of surplus funds for repayment of interest-bearing borrowings compared to proceeds from interest-bearing borrowings to provide funding for operating activities in 2012.

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

| Group | Share capital S$'000 | Capital reserve S$'000 | Fair value reserve S$'000 | Translation reserve S$'000 | Accumulated profits S$'000 | Total S$'000 | Non-controlling interests S$'000 | Total equity S$'000 |
|---|---|---|---|---|---|---|---|---|
| | Attributable to owners of the Company | | | | | | | |
| **2012** | | | | | | | | |
| **At 1 January 2012** | 88,032 | (586) | (464) | (2,082) | 49,653 | 134,553 | 9,114 | 143,667 |
| Impact of change in accounting policy | - | - | - | - | 165 | 165 | - | 165 |
| At 1 January 2012, as restated | 88,032 | (586) | (464) | (2,082) | 49,818 | 134,718 | 9,114 | 143,832 |
| **Total comprehensive income/(loss) for the year** | | | | | | | | |
| Profit for the year, restated | - | - | - | - | 7,940 | 7,940 | 1,205 | 9,145 |
| Other comprehensive income/(loss) | - | - | 2,510 | (2,787) | - | (277) | (242) | (519) |
| **Total comprehensive income/(loss) for the year** | - | - | 2,510 | (2,787) | 7,940 | 7,663 | 963 | 8,626 |
| Capitalization of statutory legal reserves of a subsidiary | - | 164 | - | - | (164) | - | - | - |
| Dividends paid to owners of the Company | - | - | - | - | (2,632) | (2,632) | - | (2,632) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | (513) | (513) |
| **At 31 December 2012** | 88,032 | (422) | 2,046 | (4,869) | 54,962 | 139,749 | 9,564 | 149,313 |
| **2013** | | | | | | | | |
| **At 1 January 2013** | **88,032** | **(422)** | **2,046** | **(4,869)** | **54,962** | **139,749** | **9,564** | **149,313** |
| **Total comprehensive (loss)/income for the year** | | | | | | | | |
| (Loss)/profit for the year | **-** | **-** | **-** | **-** | **(5,073)** | **(5,073)** | **1,367** | **(3,706)** |
| Other comprehensive (loss)/income | **-** | **-** | **(539)** | **(3,913)** | **119** | **(4,333)** | **(299)** | **(4,632)** |
| **Total comprehensive (loss)/income for the year** | **-** | **-** | **(539)** | **(3,913)** | **(4,954)** | **(9,406)** | **1,068** | **(8,338)** |
| Capitalization of statutory legal reserve of a subsidiary | **-** | **186** | **-** | **-** | **(186)** | **-** | **-** | **-** |
| Dividends paid to owners of the Company | **-** | **-** | **-** | **-** | **(3,008)** | **(3,008)** | **-** | **(3,008)** |
| Dividends paid to non-controlling interests | **-** | **-** | **-** | **-** | **-** | **-** | **(635)** | **(635)** |
| **At 31 December 2013** | **88,032** | **(236)** | **1,507** | **(8,782)** | **46,814** | **127,335** | **9,997** | **137,332** |

***** The figures have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

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

| Company | Share capital S$'000 | Fair value reserve S$'000 | Accumulated profits S$'000 | Total equity S$'000 |
|---|---|---|---|---|
| **2012** | | | | |
| **At 1 January 2012** | 88,032 | (20) | 22,511 | 110,523 |
| **Total comprehensive income for the year** | | | | |
| Profit for the year | - | - | 2,863 | 2,863 |
| Other comprehensive income | - | 2,961 | - | 2,961 |
| **Total comprehensive income for the year** | - | 2,961 | 2,863 | 5,824 |
| Dividend paid | - | - | (2,632) | (2,632) |
| **At 31 December 2012** | 88,032 | 2,941 | 22,742 | 113,715 |
| **2013** | | | | |
| **At 1 January 2013** | **88,032** | **2,941** | **22,742** | **113,715** |
| **Total comprehensive (loss)/income for the year** | | | | |
| Profit for the year | **-** | **-** | **2,711** | **2,711** |
| Other comprehensive loss | **-** | **(1,456)** | **-** | **(1,456)** |
| **Total comprehensive (loss)/income for the year** | **-** | **(1,456)** | **2,711** | **1,255** |
| Dividend paid | **-** | **-** | **(3,008)** | **(3,008)** |
| **At 31 December 2013** | **88,032** | **1,485** | **22,445** | **111,962** |

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

Since 31 December 2012, there was no change in the issued share capital of the Company. The share capital of the Company as at 31 December 2013 was 150,387,866 ordinary shares.

There were no outstanding convertibles as at 31 December 2013 (as at 31 December 2012: Nil).

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

The total number of issued shares as at 31 December 2013 was 150,387,866 (as at 31 December 2012: 150,387,866 issued shares). The Company does not hold any treasury shares as at 31 December 2013 (as at 31 December 2012: Nil).

## 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 year as compared with those of the audited annual financial statements for the year ended 31 December 2012.

## 5 Changes in Accounting Policies

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRSs).

For the current financial year, the Group adopted the new/revised FRSs that are effective for annual periods beginning on or after 1 January 2013. The following are the new or amended FRSs that are relevant to the Group:

- Revised FRS 19 *Employee Benefits*
- FRS 113 *Fair Value Measurement*
- Amendments to FRS 107 *Disclosures - Offsetting Financial Assets and Financial Liabilities*
- Improvements to FRSs 2012 (where applicable)

The adoption of the above new or amended FRSs does not have any significant impact on the financial statements for the financial year under review.

Change in premium recognition

During the year, the Group's insurance company changed its accounting policy with respect to the premium recognition for credit insurance policies. The Group now recognizes the minimum premium invoiced to the policyholder as revenue at the commencement of the cover and will assess the premium on total declared sales and invoice any excess premium and recognized it as revenue.

Prior to this change in policy, the Group recognized premium when sales declaration are received. The minimum premium invoices is not recognized as revenue but as a liability. Upon declaration of sales to buyers by the policyholder, the Group will recognize the revenue by reversing the minimum premium from the liability account. The change in new accounting policy will better reflect the timing of the premium received.

Comparative information has been re-presented so that it is also in conformity with the revised accounting policy.

The following table summarizes the impact resulting from the above change in accounting policy on the Group's financial position and Statement of Profit or Loss.

| | As previously reported S$'000 | Change in premium recognition S$'000 | As restated S$'000 |
|---|---|---|---|
| **Statement of financial position 1 January 2012** | | | |
| **Total assets** | 393,520 | - | 393,520 |
| Share capital and other reserves | 84,900 | - | 84,900 |
| Accumulated profits | 49,653 | 165 | 49,818 |
| Non-controlling interests | 9,114 | - | 9,114 |
| **Total equity** | 143,667 | 165 | 143,832 |
| Insurance payables | 2,764 | (199) | 2,565 |
| Current tax payable | 2,224 | 34 | 2,258 |
| Others | 244,865 | - | 244,865 |
| **Total liabilities** | 249,853 | (165) | 249,688 |
| **Total equity and liabilities** | 393,520 | - | 393,520 |
| **Statement of financial position 31 December 2012** | | | |
| **Total assets** | 432,601 | - | 432,601 |
| Share capital and other reserves | 84,787 | - | 84,787 |
| Accumulated profits | 54,479 | 483 | 54,962 |
| Non-controlling interests | 9,564 | - | 9,564 |
| **Total equity** | 148,830 | 483 | 149,313 |
| Insurance payables | 3,675 | (582) | 3,093 |
| Current tax payable | 2,530 | 99 | 2,629 |
| Others | 277,566 | - | 277,566 |
| **Total liabilities** | 283,771 | (483) | 283,288 |
| **Total equity and liabilities** | 432,601 | - | 432,601 |
| **Statement of Profit or Loss Year ended 31 December 2012** | | | |
| Gross written premiums | 9,290 | 713 | 10,003 |
| Written premiums ceded to reinsurers | (6,210) | (496) | (6,706) |
| Commission income | 8,776 | 166 | 8,942 |
| Tax expense | (3,171) | (65) | (3,236) |
| Others | 142 | - | 142 |
| **Profit for the year** | 8,827 | 318 | 9,145 |

## 6 Review of Group Performance

**4th Quarter 2013 ("4Q 2013") versus 4th Quarter 2012 ("4Q 2012")**

The Group's operating income before allowances rose 28% to $5.4 million, helped by net claims reversal and lower operating expenses. The better performance was affected by the higher allowances for loan losses and impairment of other assets which dragged down the Group's result to a net loss of $4.2 million compared to a net profit of $2.7 million for 4Q 2012.

**2013 versus 2012**

The Group suffered a significant setback in 2013 due to higher allowances for loan losses in Singapore and Malaysia.

The Group's profit before net claims incurred and allowances grew 18% year-on-year to $17.9 million on higher net interest income and non-interest income coupled with lower operating expenses, partly offset by lower net earned premium. Non-interest income rose 14% to $14.4 million with favorable contribution from fee and commission income, boosted by growth in insurance and factoring volumes.

Due to net claims incurred compared to net claims reversal in 2012 and higher allowances for loan losses and impairment of other assets, the Group reported a net loss of $3.7 million against a net profit of $9.1 million in 2012. After non-controlling interests, loss attributable to shareholders was $5.1 million. The net claims incurred of $0.9 million was due to the full provision made for claims reserve as explained in 1(a)(ii)(f) on page 5. The higher allowances for loan losses of $20.1 million in 2013 were due to higher specific impairment made by the Singapore and Malaysian operations. The Group's net profit for 2012 has been restated to $9.1 million from $8.8 million due to ECICS' change in accounting policy with respect to the premium recognition for credit insurance policies.

The Group's loan assets including factoring receivables outstanding were $335.6 million as at 31 December 2013. This was a 7% decrease against the base of $359.3 million as at 31 December 2012 due to higher loans repayments.

The Singapore operations including ECICS reported a profit before allowances of $6.5 million compared to $6.9 million in 2012. The lower profit before allowances was mainly due to lower net interest income and net earned premium revenue, mitigated by higher fee and commission income and lower operating expenses. Higher provision for loan losses and for claims reserve pushed the results to a net loss of $4.0 million against a net profit of $3.9 million in 2012. ECICS recorded positive growth in all its various insurance product lines but with increased operating costs, higher provision for unexpired risks and provision for claims reserve, it reported a lower net profit of $0.4 million compared to $3.0 million a year ago.

For the regional operations, our Thailand subsidiary continued its solid growth and reported a net profit after non-controlling interest of $3.7 million, up 13% from $3.3 million in 2012 on higher operating income driven by higher factoring volume and higher bad debts recoveries, partly offset by higher operating costs and higher allowances for loan losses. Our Indonesia subsidiary posted a lower net profit of $0.3 million compared to $0.8 million in 2012 mainly due to drop in net interest income on lower business volume as well as higher allowances for loan losses. Our Malaysia subsidiary reported a substantial 76% growth in operating profit before allowances on higher net interest income and lower operating expenses. Taking into account the higher allowances for loan losses, it reported a net loss of $4.3 million compared to a net profit of $0.8 million in 2012.

Overall, regional subsidiaries recorded a net loss after non-controlling interests of $1.1 million compared to a net profit of $4.0 million in 2012.

## 7 Variance from Prospect Statement

The current announced results are in line with the profit guidance announcement released on 12 February 2014.

## 8 Prospects

The Group faces a challenging environment. While the global economic recovery will boost economic growth in the regional countries, there is likely to be considerable volatility in regional financial markets, currencies and interest rates.

Prospects for the Singapore-based businesses look promising.

Resources in Singapore were increased substantially in the fourth quarter of 2013 with increased prospects and pipeline of undrawn facilities. With the removal of the restrictions imposed by MAS, ECICS will change its business strategy to a general insurance model so as to diversify and enlarge its earning base. The Group will be focusing resources to grow the general insurance with significant hires.

However prospects for the rest of the region are less clear.

Our Thailand subsidiary performed well, but recent political turmoil will likely affect performance going forward. Plans for expansion will continue and the team will look at domestic leasing operations either by acquisition or organic growth.

In Malaysia, we will be focusing only on government related projects with concentration on domestic factoring where collections are more secure. Vigorous efforts will be made to improve recoveries.

The Indonesian operations have seen significant changes in internal business policies and procedures. It will continue to focus on factoring and to explore a wider scope of business opportunities beyond Jakarta.

The Group will continue to be mindful of the challenges presented by the ongoing global uncertainties and will take a cautious approach in its new business activities.

## 9 Dividend

(a) Current financial period reported on

| Name of Dividend | Proposed First and Final |
|---|---|
| Dividend Type | Cash (Ordinary) |
| Dividend Rate | 2.00 cents per share |
| Tax Rate | One-tier tax exempt |
| Date of Payment | 8 May 2014 |

(b) Corresponding period of the immediately preceding financial year

| Name of Dividend | First and Final |
| --- | --- |
| Dividend Type | Cash (Ordinary) |
| Dividend Rate | 2.00 cents per share |
| Tax Rate | One-tier tax exempt |
| Date of Payment | 10 May 2013 |

(c) Dividend payment date

8 May 2014, subject to the approval of the Shareholders for the proposed first and final dividend at the Annual General Meeting.

(d) Book closure date

Subject to the approval of the Shareholders for the proposed first and final dividend at the Annual General Meeting, the Share Transfer Books and the Register of Members of the Company will be closed on 29 April 2014, for the purpose of determining shareholders' entitlements to the proposed first and final one-tier tax exempt ordinary cash dividend for the year ended 31 December 2013.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 up to the close of business at 5.00 p.m. on 28 April 2014 will be registered before entitlements to the proposed first and final dividend are determined. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 28 April 2014 will be entitled to the proposed first and final dividend.

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

Not applicable.

## 11 **Group Segment Information**

Operating Segments

The Group has three reportable segments which relate to the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The reportable segment presentation is prepared based on the Group's management and internal reporting structure. As some of the activities of the Group are integrated, internal cost allocation has been made in preparing the segment information such as the Group's centralized support costs and funding costs. Inter-segment pricing where appropriate, is determined on an arm's length basis. The Group's CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

| | | |
|---|---|---|
| Credit financing | : | Credit financing encompasses commercial, alternative and structured finance businesses and focuses on providing services to corporate clients, mainly the small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing, mortgage financing, working capital, financing for overseas operations, hire purchase as well as participating in financing by SPRING and International Enterprise Singapore Board under the Singapore Government's Local Enterprise Finance Scheme and Internationalisation Finance Scheme respectively. Where conventional forms of commercial finance are inadequate, alternative and structured financial solutions are offered to clients to address either equity or debt capital requirements. |
| Insurance | : | The provision of credit insurance facilities to Singapore exporters and the issue of performance bonds and guarantees, domestic maid insurance, spa insurance for pre-paid packages, political risks, contractors' all risks and work injury compensation insurance. The segment includes holding of equity securities and bonds under the regulated Insurance Fund. |
| Private equity, venture capital and other investments | : | The provision of development capital in the form of mezzanine financing, convertible debt instruments and direct private equity investments. |

Total operating income comprises interest income, net earned premiums, fee and commission income and investment income. Performance is measured based on segment profit before income tax.

**Information about reportable segments:**

| <u>Business Segments</u> | Credit financing S$'000 | Insurance S$'000 | Private equity and other investments S$'000 | Others S$'000 | Total S$'000 |
|---|---|---|---|---|---|
| **2013** | | | | | |
| ***Operating Results*** | | | | | |
| Total operating income | **35,485** | **5,850** | **2,896** | **-** | **44,231** |
| Reportable segment (loss)/ profit before tax | **(5,257)** | **245** | **423** | **-** | **(4,589)** |
| Net interest income | **20,621** | **-** | **144** | **-** | **20,765** |
| Net earned premium revenue | **-** | **2,919** | **-** | **-** | **2,919** |
| Non-interest income | **8,688** | **2,986** | **2,752** | **-** | **14,426** |
| Other material non-cash items | | | | | |
| - Allowances for loan loss and impairment of other assets | **(20,077)** | **(11)** | **(1,485)** | **-** | **(21,573)** |
| - Depreciation and amortization | **(1,299)** | **(71)** | **(70)** | **-** | **(1,440)** |
| ***Assets and Liabilities*** | | | | | |
| Reportable segment assets | **295,308** | **74,282** | **24,083** | **5,650** | **399,323** |
| Capital expenditure | **213** | **47** | **-** | **-** | **260** |
| Reportable segment liabilities | **229,555** | **25,098** | **5,362** | **1,976** | **261,991** |
| **2012** | | | | | |
| ***Operating Results*** (restated)* | | | | | |
| Total operating income | 33,442 | 7,746 | 1,881 | - | 43,069 |
| Reportable segment profit/ (loss) before tax | 8,931 | 3,591 | (141) | - | 12,381 |
| Net interest income | 19,604 | - | - | - | 19,604 |
| Net earned premium revenue | - | 3,998 | - | - | 3,998 |
| Non-interest income | 7,023 | 3,726 | 1,881 | - | 12,630 |
| Other material non-cash items | | | | | |
| - Allowances for loan losses and impairment of other assets | (2,197) | (24) | (834) | - | (3,055) |
| - Depreciation and amortization | (1,464) | (124) | (415) | - | (2,003) |
| ***Assets and Liabilities*** | | | | | |
| Reportable segment assets | 342,164 | 68,609 | 18,135 | 3,693 | 432,601 |
| Capital expenditure | 708 | 47 | - | - | 755 |
| Reportable segment liabilities | 255,568 | 19,436 | 5,292 | 2,992 | 283,288 |

* Comparative figures have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

**Geographical segments**

Geographical segments are analyzed by four principal geographical areas. *Singapore, Southeast Asia* and *Others* are the major markets for credit financing and insurance activities. The *Rest of Asia* and *Others* are the markets for private equity and other investment activities.

In presenting information on the basis of geographical segments, segment operating income is based on the geographical location of the clients. Segment assets are based on the geographical location of the assets.

| **Geographical information** | **Total operating income S$'000** | **Non-current assets S$'000** | **Total assets S$'000** |
|---|---|---|---|
| **31 December 2013** | | | |
| Singapore | **18,947** | **15,972** | **217,986** |
| Southeast Asia | **23,802** | **2,015** | **180,084** |
| Rest of Asia | **1** | **-** | **377** |
| Others | **1,481** | **-** | **876** |
| | **44,231** | **17,987** | **399,323** |
| **31 December 2012** | | | |
| Singapore | 17,080 | 16,586 | 223,864 |
| Southeast Asia | 20,998 | 2,666 | 193,132 |
| Rest of Asia | - | - | 709 |
| Others | 4,991 | - | 14,896 |
| | 43,069 | 19,252 | 432,601 |

## 12 Review of Segments Performance

Business Segment

Credit financing segment recorded a pre-tax loss of $5.3 million in 2013 mainly due to higher allowances for loan losses. Income grew 6% to $35.5 million from $33.4 million in 2012 on higher factoring and loan business volume. Expenses declined 6% to $14.4 million on lower staff costs. Allowances for loan losses and impairment of other assets increased substantially on higher specific allowances required.

Pre-tax profit of the insurance segment slumped 93% from $3.6 million in 2012 to $0.2 million in 2013 due mainly to lower net earned premium revenue and lower investment income, net claims incurred and higher operating expenses, partly offset by higher fee and commission income.

Private equity and other investments segment posted a pre-tax of $0.4 million in 2013, reversing a pre-tax loss of $0.1 million in 2012, due mainly to gain on disposal of equity securities.

Geographical Segment

The increase in revenue from *Singapore* was attributable mainly to higher investment and fee income resulting from disposal of quoted equity securities and gain on partial capital repayment on a convertible loan as well as higher insurance business volume.

The increase in revenue from *Southeast Asia* was due to higher financing business contributed mainly by Thailand.

The decrease in total assets from *Singapore* and *Southeast Asia* resulted mainly from higher loan repayments and maturity of held-to-maturity debt securities.

## 13 Half Yearly Group Income and (Loss)/Profit

| | Group | | |
|---|---|---|---|
| | **2013 S$'000** | 2012 S$'000 | +/(-) % |
| Gross Operating Income | | | |
| - first half | **21,129** | 20,515 | 3.0 |
| - second half | **23,102** | 22,554 | 2.4 |
| **Total Gross Operating Income** | **44,231** | 43,069 | 2.7 |
| | | | |
| Operating (Loss)/Profit After Tax | | | |
| - first half | **(2,749)** | 3,923 | NM |
| - second half | **(957)** | 5,222 | NM |
| **Total Operating (Loss)/Profit After Tax** | **(3,706)** | 9,145 | NM |

## 14 Breakdown of the Total Annual Dividend (in dollar value)

| | **2013 S$'000** | 2012 S$'000 |
|---|---|---|
| **Ordinary** | | |
| First and Final | **-** | 3,008 |
| Proposed First and Final | **3,008** | - |
| Total | **3,008** | 3,008 |

## 15 Interested Person Transactions Mandate

There is no general mandate obtained from shareholders on Interested Person Transactions.

**16** **Disclosure of person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(13) of the SGX-ST Listing Manual**

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Lim Wah Tong | 57 | Brother of Mr Lim Hua Min, a director and deemed substantial shareholder of the Company | Non-Executive Director of ECICS Limited (a wholly-owned subsidiary of the Company) since 2003 | Nil |

By Order of the Board

**Chionh Yi Chian**
**Company Secretary**
24 February 2014