

**IFS Capital Limited
and its subsidiaries
Registration Number: 198700827C**

**Condensed Interim Financial statements
For the six months ended 30 June 2023**

TABLE OF CONTENTS

Item No.	Description	Page No.
A	Condensed interim consolidated statement of profit or loss and other comprehensive income	1-2
B	Condensed interim statements of financial position	3
C	Condensed interim statements of changes in equity	4 – 6
D	Condensed interim consolidated statements of cash flows	7 – 8
E	Notes to condensed interim consolidated financial statements	9 – 18
	Other information required by Listing Rule Appendix 7.2	19

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	6 months ended 30 June		
	1H FY2023 S\$'000	1H FY2022 S\$'000 (Restated)	+ / (-) %
Note			
Interest income	13,294	9,994	33.0
Interest expense	(3,349)	(1,528)	119.2
Net interest income	9,945	8,466	17.5
<u>Insurance services results</u>			
Insurance revenue	4,545	3,139	44.8
Insurance service expenses for insurance contracts issued	(3,101)	(2,441)	27.0
	1,444	698	106.9
Expenses from reinsurance contracts held:			
Income from amounts recovered from reinsurer	994	(1,247)	NM
Expenses from allocation of premiums paid to reinsurer	(2,125)	883	NM
Net expense from reinsurance contracts held	(1,131)	(364)	NM
Insurance Services Profit (i)	313	334	(6.3)
Fee and commission income	3,168	3,389	(6.5)
Net investment income	1,079	389	177.4
Other income	1,020	491	107.7
Sub-total (ii)	5,267	4,269	23.4
Non-interest income (i) + (ii)	5,580	4,603	21.2
Grant income	11	15	(26.7)
Income before operating expenses	15,536	13,084	18.7
Business development expenses	(307)	(171)	79.5
Staff costs	(7,564)	(7,145)	5.9
General and administrative expenses	(3,723)	(3,166)	17.6
Operating expenses	(11,594)	(10,482)	10.6
Operating profit before allowances	3,942	2,602	51.5
Recognition of allowances for loan losses and impairment of other assets	(936)	(319)	193.4
Profit before tax	3,006	2,283	31.7
Tax expense	(1,084)	(797)	36.0
Profit for the period	1,922	1,486	29.3
Profit attributable to:			
Owners of the Company	1,059	629	68.4
Non-controlling interests	863	857	0.7
	1,922	1,486	29.3
Earnings per share			
Basic earnings per share (cents)	0.28	0.17	64.7
Diluted earnings per share (cents)	0.28	0.17	64.7

NM – not meaningful/more than +/- 200%

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (continued)

	Note	6 months ended 30 June		+ / (-) %
		1H FY2023 S\$'000	1H FY2022 S\$'000 (Restated)	
Profit for the period		1,922	1,486	29.3
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Defined benefit plan remeasurements		(48)	-	NM
Tax on other comprehensive income		11	(2)	NM
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences of foreign operations	(i)	(923)	(2,007)	(54.0)
Other comprehensive income for the period, net of tax		(960)	(2,009)	(52.2)
Total comprehensive income for the period		962	(523)	NM
Total comprehensive income attributable to:				
Owners of the Company		416	(960)	NM
Non-controlling interests		546	437	24.9
		962	(523)	NM

NM – not meaningful/more than +/- 200%

Notes:

- (i) Foreign currency translation differences of foreign operations arose mainly from the translation of financial statements of foreign operations whose functional currencies are Thai Baht ("THB"), Malaysian Ringgit ("MYR") and Indonesian Rupiah ("IDR").

The translation loss from foreign currency differences of foreign operations in 1H FY2023 was mainly due to the weakening of THB and MYR against Singapore dollars ("SGD") in 1H FY2023.

Exchange rates for the respective reporting period were as follows:

	30/6/2023	31/12/2022	30/6/2022	31/12/2021
THB against SGD	26.528	26.017	25.652	25.025
MYR against SGD	3.4536	3.2841	3.1586	3.0845
IDR against SGD	11,102	11,659	10,685	10,534

B. Condensed interim statements of financial position

Note	Group			Company		
	30/6/2023 S\$'000	31/12/2022 S\$'000 (Restated)	1/1/2022 S\$'000 (Restated)	30/6/2023 S\$'000	31/12/2022 S\$'000 (Restated)	1/1/2022 S\$'000 (Restated)
Equity						
	15	137,302	137,302	137,302	137,302	137,302
		(5,879)	(5,261)	–	–	–
		42,736	43,394	44,493	45,907	48,276
Equity attributable to owners of the Company						
		174,159	175,435	181,795	183,209	185,578
		22,708	23,143	–	–	–
		196,867	198,578	181,795	183,209	185,578
Liabilities						
		10,357	11,549	15,122	4,190	9,827
		385	562	620	–	–
	14	228,461	169,540	168,403	96,652	79,585
		7,750	8,197	11,090	–	–
		3,578	2,112	2,218	–	–
		3,537	3,772	1,875	2,964	1,192
		1,004	1,040	2,048	36	141
		1,532	1,426	1,558	–	–
		81	84	109	84	90
		256,685	198,282	203,043	104,312	91,663
		453,552	396,860	399,303	287,521	277,241
Assets						
		47,356	53,780	112,563	19,020	79,941
	10	24,671	25,793	25,971	19,000	5,214
		89	85	360	–	–
		238,992	171,143	96,041	91,243	76,313
		17,292	15,859	5,594	–	–
		111,370	117,100	145,656	5,945	4,753
		1,952	1,755	1,257	103,478	53,685
		2,099	945	2,570	–	–
	12	1,111	1,217	1,535	155	171
	11	246	332	505	178	269
	13	1,926	2,052	2,319	–	–
		–	–	–	96,133	95,133
		3,056	3,112	3,179	–	–
		3,392	3,687	1,753	2,912	3,247
		453,552	396,860	399,303	287,521	277,241

C. Condensed interim statements of changes in equity

Group	Note	Share capital S\$'000	Attributable to owners of the Company Capital reserve S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2023		137,302	108	(5,369)	43,394	175,435	23,143	198,578
Total comprehensive income for the period								
Profit for the period		–	–	–	1,059	1,059	863	1,922
<i>Other comprehensive income</i>								
Foreign currency translation differences		–	–	(618)	–	(618)	(305)	(923)
Defined benefit plan remeasurements		–	–	–	(34)	(34)	(14)	(48)
Tax on other comprehensive income		–	–	–	9	9	2	11
Total other comprehensive income		–	–	(618)	(25)	(643)	(317)	(960)
Total comprehensive income for the period		–	–	(618)	1,034	416	546	962
Transactions with owners, recognised directly in equity								
<i>Contributions by and distributions to owners</i>								
Dividends paid to owners of the Company	8	–	–	–	(1,692)	(1,692)	–	(1,692)
Total contributions by and distributions to owners		–	–	–	(1,692)	(1,692)	–	(1,692)
<i>Changes in ownership interests in subsidiaries</i>								
Non-controlling interest arising from investment in subsidiary		–	–	–	–	–	150	150
Dividends paid by a subsidiary company to non-controlling interests		–	–	–	–	–	(1,131)	(1,131)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	(981)	(981)
Total transactions with owners		–	–	–	(1,692)	(1,692)	(981)	(2,673)
At 30 June 2023		137,302	108	(5,987)	42,736	174,159	22,708	196,867

C. Condensed interim statements of changes in equity (continued)

Group	Note	Share capital S\$'000	Attributable to owners of the Company Capital reserve S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
At 1 January 2022		137,302	108	(1,606)	43,151	178,955	17,305	196,260
Total comprehensive income for the period								
Profit for the period		–	–	–	629	629	857	1,486
<i>Other comprehensive income</i>								
Foreign currency translation differences		–	–	(1,587)	–	(1,587)	(420)	(2,007)
Tax on other comprehensive income		–	–	–	(2)	(2)	–	(2)
Total other comprehensive income		–	–	(1,587)	(2)	(1,589)	(420)	(2,009)
Total comprehensive income for the period		–	–	(1,587)	627	(960)	437	(523)
Transactions with owners, recognised directly in equity								
<i>Contributions by and distributions to owners</i>								
Dividends paid to owners of the Company	8	–	–	–	(2,933)	(2,933)	–	(2,933)
Total contributions by and distributions to owners		–	–	–	(2,933)	(2,933)	–	(2,933)
<i>Changes in ownership interests in subsidiaries</i>								
Non-controlling interest arising from investment in subsidiary		–	–	–	–	–	5,500	5,500
Dividends paid by a subsidiary company to non-controlling interests		–	–	–	–	–	(841)	(841)
Total changes in ownership interests in subsidiaries		–	–	–	–	–	4,659	4,659
Total transactions with owners		–	–	–	(2,933)	(2,933)	4,659	1,726
At 30 June 2022		137,302	108	(3,193)	40,845	175,062	22,401	197,463

C. Condensed interim statements of changes in equity (continued)

Company	Note	Share capital	Accumulated profits	Total equity
		S\$'000	S\$'000	S\$'000
At 1 January 2023		137,302	45,907	183,209
Total comprehensive income for the period				
Profit for the period		–	278	278
Total comprehensive income for the period		–	278	278
Transactions with owners, recognised directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid to owners of the Company	8	–	(1,692)	(1,692)
Total contributions by and distributions to owners		–	(1,692)	(1,692)
At 30 June 2023		137,302	44,493	181,795
At 1 January 2022		137,302	48,276	185,578
Total comprehensive income for the period				
Profit for the period		–	286	286
Total comprehensive income for the period		–	286	286
Transactions with owners, recognised directly in equity				
<i>Contributions by and distributions to owners</i>				
Dividends paid to owners of the Company	8	–	(2,933)	(2,933)
Total contributions by and distributions to owners		–	(2,933)	(2,933)
At 30 June 2022		137,302	45,629	182,931

D. Condensed interim consolidated statement of cash flows

	6 months ended 30 June	
	1H FY2023	1H FY2022
	S\$'000	S\$'000
		(Restated)
Cash flows from operating activities		
Profit before tax	3,006	2,283
Adjustments for:		
Amortisation of intangible assets and debt securities at amortised cost	6 101	117
Depreciation of property, plant and equipment	6 168	184
Depreciation of investment properties	6 89	92
Depreciation of right-of-use assets	6 408	414
Gain on disposal of equity and debt securities	6 (19)	(22)
Net change in fair value of financial assets at fair value through profit or loss	6 69	186
Recognition of allowance for impairment of investments at amortised cost	6 16	9
Recognition of allowance for loan losses and impairment of other assets	726	306
Interest income	(13,294)	(9,994)
Interest income from investments and fixed deposits	(531)	(430)
Dividend income from investments	(586)	(100)
Interest expense on borrowings	3,349	1,528
Interest expense on lease liabilities	98	42
Operating cash flows before changes in working capital	(6,400)	(5,385)
Changes in working capital:		
Factoring receivables	3,827	11,819
Factoring amounts due to clients	977	656
Loans and advances	(67,884)	(27,948)
Hire purchase and leasing receivables	(1,933)	351
Insurance and other receivables	(1,414)	1,344
Trade, other and insurance payables	(402)	(8,563)
Cash (used in)/generated from operations	(73,229)	(27,726)
Interest received	13,825	10,424
Interest paid	(3,349)	(1,528)
Taxes paid, net	(997)	(1,289)
Net cash used in operating activities	(63,750)	(20,119)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	–	1
Purchase of property, plant and equipment	(74)	(23)
Purchase of intangible assets	(26)	(32)
Purchase of investments	(7,639)	(6,728)
Proceeds from disposal of investments	8,649	5,979
Dividends received from investments	641	100
Net cash generated from/(used in) investing activities	1,551	(703)
Cash flows from financing activities		
Dividends paid		
- by the company	(1,692)	(2,933)
- by a subsidiary company to non-controlling interests	(1,131)	(841)
Repayment of interest-bearing borrowings	(11,249)	(22,666)
Proceeds from drawdown of interest-bearing borrowings	71,486	12,876
Proceeds from non-controlling interest's investments to subsidiary	150	5,500
Repayment of lease liabilities	(448)	(450)
Net cash generated from/(used in) financing activities	57,116	(8,514)

D. Condensed interim consolidated statement of cash flows (continued)

	6 months ended 30 June	
	1H FY2023	1H FY2022
	S\$'000	S\$'000
		(Restated)
Net changes in cash and cash equivalents	(5,084)	(29,334)
Cash and cash equivalents at beginning of period	53,780	112,563
Effect of exchange rate fluctuations on cash held	(1,340)	(2,315)
Cash and cash equivalents at end of period	47,356	80,912
Analysis of cash and cash equivalents		
Fixed deposits	9,475	26,895
Cash at banks and on hand	37,881	54,017
Cash and cash equivalents at end of period	47,356	80,912

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

IFS Capital Limited (the “Company”) is a company incorporated in Singapore and has its registered office at 10 Eunos Road 8, #09-04 Singapore Post Centre, Singapore 408600.

The condensed interim consolidated financial statements as at 30 June 2023 and for six months ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The immediate and ultimate holding company is Phillip Assets Pte. Ltd., a company incorporated in Singapore.

The principal activities of the Company are those relating to the provision of commercial, alternative and structured finance businesses such as factoring services, working capital, asset base financing and the provision of alternative and structured financial solutions offered to clients to address either equity or debt capital requirements.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with (“Singapore Financial Reporting Standards (International)”) SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 Changes in accounting policies

The following new/revised financial reporting standards and interpretations were applied with effect from 1 January 2023:

SFRS(I)	Title
SFRS(I) 17	<i>Insurance Contracts</i>
Various	<i>Amendments to SFRS(I) 17</i>
Various	<i>Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies</i>
SFRS(I) 1-8 (Amendments)	<i>Definition of Accounting Estimates</i>
SFRS(I) 1-12 (Amendments), SFRS(I) 1 (Amendments)	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

The accounting policies applied by the Group in the unaudited condensed interim financial statements are the same as those applied by the Group in its financial statements as at and for the year ended 31 December 2022, except for the new/revised financial reporting standards and interpretations as set out above. The initial application of the above standards (including their consequential amendments) and interpretations did not have any material impact on the Group’s condensed interim financial statements, except for the adoption of SFRS(I) 17 *Insurance Contracts*.

The Group has applied SFRS(I) 17, including any consequential amendments to other standards, from 1 January 2023. These standards have brought significant changes to the accounting for insurance and reinsurance contracts. As a result, the Group has restated comparative information for the financial year 2022 applying the transitional provisions.

SFRS(I) 17 Insurance Contracts

SFRS(I) 17 replaces SFRS(I) 4 *Insurance Contracts* for annual periods beginning on or after 1 January 2023. SFRS(I) 17 establishes specific principles for the recognition, measurement, presentation and disclosure of reinsurance contracts issued or reinsurance contracts held by the Group. The accounting policies adopted by the Group can be summarised, as follows:

i. Premium Allocation Approach (“PAA”) model

The PAA simplifies the measurement of insurance contracts in comparison with the general model in SFRS(I) 17. Under SFRS(I) 17, the Group’s reinsurance contracts issued and reinsurance contracts held are eligible for the application of the PAA as 1) the coverage period of each contract within the group of insurance contracts is one year or less, or 2) the measurement of the liability for remaining coverage for the group of insurance contracts would not differ materially from the measurement that would be produced by applying the requirements for the general model.

ii. Full retrospective approach

The Group has applied the full retrospective approach at the transition date since all group of insurance contracts was on PAA and the Group has adopted a full retrospective for its liability for remaining coverage (“LRC”) without the original assumption. For the liability for incurred claims (“LIC”), data can be derived from past actuarial reports.

iii. Changes to presentation and disclosure

For presentation in the statement of financial position, the Group aggregated insurance contracts issued, and reinsurance contracts held, respectively and presents separately:

- Portfolios of insurance and reinsurance contracts issued that are assets
- Portfolios of insurance and reinsurance contracts issued that are liabilities
- Portfolios of reinsurance contracts held that are assets
- Portfolios of reinsurance contracts held that are liabilities

The portfolios referred to above are those established at initial recognition in accordance with the SFRS(I) 17 requirements.

The line-item descriptions in the statement of profit or loss and other comprehensive income have been changed significantly compared to those disclosed under SFRS(I) 4. In the adoption of SFRS(I) 17, the Group reported the following line items in their financial statements:

- Insurance revenue
- Insurance service expenses
- Insurance finance income or expenses
- Income or expenses from reinsurance contracts held

2.2 Use of judgements and estimates

The preparation of the condensed interim financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Finance Department led by the Group Chief Finance Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable. Review significant unobservable inputs and valuation adjustments on quarterly basis.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has four 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 centralised support costs and funding costs. Inter-segment pricing where appropriate, is determined on an arm's length basis. The Group's CEO and CFO review the internal management reports on monthly basis. The following summary describes the operations in each of the Group's reportable segments.

Credit financing: Credit financing encompasses commercial providing services to corporate clients, mainly the small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing, property loan, working capital, leasing, hire purchase as well as participating in financing by SPRING and IES under LEFS and IF Scheme respectively. Credit financing also include consumer loan service.

Insurance: The issue of performance bonds and guarantees, domestic maid insurance, property and casualty insurance, motor insurance, engineering and work injury compensation insurance. The segment includes holding of equity securities and bonds under the regulated insurance fund.

Private equity and other investments: The provision of development capital in the form of convertible debt instruments.

Fund Management: The provision of fund management service.

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

	Credit financing	Insurance	Private equity and other investments	Fund management	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
30 June 2023					
Operating results					
Total operating income	13,222	733	658	–	14,613
Reportable segment profit before tax	2,791	(196)	658	(247)	3,006
Net interest income	9,945	–	–	–	9,945
Insurance services profit	–	313	–	–	313
Non-interest income	3,453	1,157	657	–	5,267
Other material non-cash items:					
- Provisions for loan losses and impairment of other assets	(920)	(16)	–	–	(936)
- Depreciation and amortisation	(756)	(19)	–	–	(775)
Assets and liabilities					
Reportable segment assets	417,085	31,381	649	752	449,867
Capital expenditure	90	10	–	–	100
Reportable segment liabilities	241,479	13,703	362	53	255,597

	Credit financing	Insurance	Private equity and other investments	Fund management	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
30 June 2022					
Operating results					
Total operating income	12,109	648	13	–	12,770
Reportable segment profit before tax	3,246	(750)	75	(288)	2,283
Net interest income	8,466	–	–	–	8,466
Insurance services profit	–	334	–	–	334
Non-interest income	3,807	(1,957)	75	–	1,925
Other material non-cash items:					
- Provisions for loan losses and impairment of other assets	(391)	72	–	–	(319)
- Depreciation and amortisation	(783)	(20)	–	–	(803)
Assets and liabilities					
Reportable segment assets	341,456	29,385	2,867	1,261	374,969
Capital expenditure	53	2	–	–	55
Reportable segment liabilities	166,838	12,842	387	33	180,100

	30/6/2023 S\$'000	30/6/2022 S\$'000
Assets		
Total asstes for reportable segments	449,867	374,969
Other unallocated amounts	3,685	4,155
Consolidated assets	453,552	379,124
Liabilities		
Total liabilities for reportable segments	255,597	180,100
Other unallocated amounts	1,088	1,561
Consolidated liabilities	256,685	181,661

In view of the Group's continuing efforts to develop its businesses across the region, resources are now allocated mainly to four principal geographical areas.

Geographical segments are analysed by four principal geographical areas. Singapore, Thailand, Malaysia and Indonesia are the major markets for credit financing and insurance activities. Others are also 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.

	Operating income S\$'000	Non-current assets S\$'000	Total assets S\$'000
30 June 2023			
Singapore	6,610	59,285	292,760
Thailand	7,201	7,665	137,301
Malaysia	540	2,310	9,466
Indonesia	262	340	14,025
	14,613	69,600	453,552
30 June 2022			
Singapore	4,229	47,713	200,410
Thailand	7,491	6,716	152,912
Malaysia	584	1,970	10,246
Indonesia	466	1,639	15,556
	12,770	58,038	379,124

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2023, 31 December 2022 and 1 January 2022:

	30/6/2023 S\$'000	Group 31/12/2022 S\$'000 (Restated)	1/1/2022 S\$'000 (Restated)	30/6/2023 S\$'000	Company 31/12/2022 S\$'000 (Restated)	1/1/2022 S\$'000 (Restated)
Financial assets						
Other investment	24,671	25,793	25,971	19,000	19,000	5,214
Loans and advances	238,992	171,143	96,041	106,717	91,243	76,313
Hire purchase and leasing receivables	17,292	15,859	5,594	–	–	–
Trade and other receivables (exclude prepayment)	115,704	118,422	146,421	109,054	33,189	18,629
Cash and cash equivalents	47,356	53,780	112,563	15,639	19,020	79,941
	444,015	384,997	386,590	250,410	162,452	180,097
Financial liabilities						
Trade and other payables	10,357	11,549	15,122	3,927	4,190	9,827
Insurance payable	385	562	620	–	–	–
Interest-bearing borrowings	228,461	169,540	168,403	161,351	96,652	79,585
	239,203	181,651	184,145	165,278	100,842	89,412

6. Profit before taxation

	6 months ended 30 June		+ / (-) %
	1H FY2023 S\$'000	1H FY2022 S\$'000 (Restated)	
Investment income			
- Dividend, fee and interest income	1,117	530	110.8
- Gain on disposal of equity and debt securities	19	22	(13.6)
- Net change in fair value of financial assets at fair value through profit or loss	(69)	(186)	(62.9)
- Amortisation of debt securities at amortised cost	9	(4)	NM
- Exchange gain	3	27	(88.8)
	<u>1,079</u>	<u>389</u>	177.4
Amortisation of intangible assets	(110)	(113)	(2.7)
Depreciation of property, plant and equipment	(168)	(184)	(8.7)
Depreciation of investment properties	(89)	(92)	(3.3)
Depreciation of right-of-use assets	(408)	(414)	(1.4)
Foreign currency differences			
- Exchange gain arising from revaluation	(271)	91	NM
	<u>(1,046)</u>	<u>(714)</u>	46.9
Allowance for loan losses and impairment of investments			
- Stage 1 provision	263	30	NM
- Stage 2 provision	(750)	(68)	NM
- Stage 3 provision	(354)	(337)	5.0
- Insurance and other receivables	(49)	69	NM
- Debts written off	(30)	(4)	NM
- Investments at amortisation costs	(16)	(9)	77.8
	<u>(936)</u>	<u>(319)</u>	193.4

7. Taxation

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the condensed interim consolidated statement of profit or loss are:

	6 months ended 30 June		+ / (-) %
	1H FY2023 S\$'000	1H FY2022 S\$'000 (Restated)	
Tax expenses			
- Current	(924)	(833)	10.9
- Deferred	23	46	(50.0)
- Under-provision of prior years' tax	(183)	(10)	NM
	<u>(1,084)</u>	<u>(797)</u>	36.0

8. Dividend

The following dividends were declared and paid by the Company:

	Group	
	30/6/2023 S\$'000	30/6/2022 S\$'000
<u>Dividends paid</u>		
A first and final one-tier tax-exempt dividend of 0.45 cents per ordinary share (2022: 0.78 cents per ordinary share) paid in respect of the previous financial period	1,692	2,933

No interim dividend has been declared for the period ended 30 June 2023.

9. Net Asset Value

	Group			Company		
	30/6/2023	31/12/2022	1/1/2022 (Restated)	30/6/2023	31/12/2022	1/1/2022 (Restated)
Net asset value (NAV) per ordinary share (cents)	46.3	46.7	47.6	48.4	48.7	49.4
NAV computed based on number of ordinary shares issued	375,969,665	375,969,665	375,969,665	375,969,665	375,969,665	375,969,665

10. Financial assets

	Carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
	Group				
30 June 2023					
Financial assets measured at fair value					
FVTPL financial assets					
- Equity securities	5,382	5,211	-	171	5,382
- Debt securities	4,523	4,523	-	-	4,523
- Convertible loans	-	-	-	-	-
	<u>9,905</u>	<u>9,734</u>	<u>-</u>	<u>171</u>	<u>9,905</u>
Financial assets not measured at fair value					
Debt securities at amortised cost	<u>14,766</u>	<u>14,766</u>	<u>-</u>	<u>-</u>	<u>14,766</u>
31 December 2022					
Financial assets measured at fair value					
FVTPL financial assets					
- Equity securities	5,298	5,126	-	172	5,298
- Debt securities	4,429	3,429	-	1,000	4,429
- Convertible loans	55	-	-	55	55
	<u>9,782</u>	<u>8,555</u>	<u>-</u>	<u>1,227</u>	<u>9,782</u>
Financial assets not measured at fair value					
Debt securities at amortised cost	<u>16,011</u>	<u>16,011</u>	<u>-</u>	<u>-</u>	<u>16,011</u>

	Carrying amount S\$'000	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Company					
30 June 2023					
Financial assets measured at fair value					
FVTPL financial assets					
- Private credit fund	19,000	-	-	19,000	19,000
	19,000	-	-	19,000	19,000
31 December 2022					
Financial assets measured at fair value					
FVTPL financial assets					
- Private credit fund	19,000	-	-	19,000	19,000
	19,000	-	-	19,000	19,000

11. Intangible assets

As at 30 June 2023, intangible assets consist of computer software \$240,000 (31 December 2022: \$326,000) and membership rights \$6,000 (31 December 2022: \$6,000).

12. Property, plant, and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$74,000 (30 June 2022: \$23,000).

13. Investment properties

	Group	
	2023 S\$'000	2022 S\$'000
Cost		
At as 1 January	3,397	3,532
Effects of movements in exchange rate	(65)	(86)
At as 30 June	3,332	3,446
Accumulated depreciation		
At as 1 January	1,345	1,213
Depreciation for the year	89	92
Effects of movements in exchange rate	(28)	(31)
At as 30 June	1,406	1,274
Net book value		
At as 30 June	1,926	2,172
Fair value		
At as 30 June	4,775	4,983

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used by an independent valuer.

14. Borrowings

	30/6/2023	Group Unsecured 31/12/2022	1/1/2022	30/6/2023	Company Unsecured 31/12/2022	1/1/2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		(Restated)	(Restated)		(Restated)	(Restated)
Amount repayable in one year or less, or on demand	212,873	148,874	143,153	147,633	79,764	61,818
Amount repayable after one year	15,588	20,666	25,250	13,718	16,888	17,767
	228,461	169,540	168,403	161,351	96,652	79,585

15. Share capital

	Group and Company Number of ordinary shares (excluding treasury shares)		
	30/6/2023	31/12/2022	1/1/2022
Balance at beginning and end of the period	375,969,665	375,969,665	375,969,665

The Company does not hold any treasury shares as at 30 June 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 December 2022.

16. Subsequent events

There are no known subsequent events which have led to adjustment to this set of interim financial statements.

Other Information Required by Listing Rule
Appendix 7.2

Other Information

1. Review

The condensed interim consolidated statement of financial position of IFS Capital Limited and its subsidiaries as at 30 June 2023 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

i) Net Interest income

	6 months ended 30 June		
	1H FY2023	1H FY2022	+ / (-)
	S\$'000	S\$'000	%
Factoring	5,599	5,843	(4.2)
Loans, advances, hire purchase and leasing	7,695	4,151	85.4
Interest income	13,294	9,994	33.0
Interest expense	(3,349)	(1,528)	119.2
Net interest income	9,945	8,466	17.5

Interest income from factoring decreased by S\$0.2 million or 4.2% from S\$5.8 million in 1H FY2022 to S\$5.6 million in 1H FY2023. The decline was primarily attributed to the lower business volume achieved by the Group's factoring business in Thailand and the weaker Thai Baht against the Singapore Dollar in 1H FY2023.

The Group's asset-based loan book reached \$192.1 million at the end of 31 December 2022 (FY2021: \$110.3 million), representing a growth of 74%. The portfolio growth continued in the 1H FY2023, with the Group's asset-based loan book further expanding to \$262.1 million, an increase of 36%.

The growth in the loan book has contributed significantly to the rise in interest income and demonstrated the Group's focused efforts to grow while maintaining prudent practices in selection and negotiation.

The triple-digit percentage increase in interest expenses was primarily due to higher bank borrowings to support the expansion of the Group's lending business and the higher borrowing costs incurred in our operations in Singapore and Thailand.

In line with our mission to ensure affordable access to capital for creditworthy small-and-medium enterprises and individuals, we adopted a moderate pricing approach in 1H FY2023 that saw our net interest margin decline to 4.7%, compared to 6.3% in 1H FY2022.

2. Review of performance of the Group (continued)

ii) Non-interest income

	6 months ended 30 June		
	1H FY2023	1H FY2022	+ / (-)
	S\$'000	S\$'000	%
Insurance services profit	313	334	(6.3)
Fee and commission income	3,168	3,389	(6.5)
Net investment income	1,079	389	177.4
Other income	1,020	491	107.7
Non-interest income	5,580	4,603	21.2

The net investment income rose from S\$0.4 million in 1H FY2022 to S\$1.1 million in 1H FY2023. During 1H FY2023, the Group received a pay-out of S\$0.4 million from its investment in a convertible loan.

The higher other income was mainly due to the reversal of some legacy liabilities no longer required.

iii) Operating expenses

Operating expenses increased by S\$1.1 million or 10.6% from S\$10.5 million in 1H FY2022 to S\$11.6 million in 1H FY2023. The increase was due mainly to the following:

- (i) Higher advertising expenses to promote our technology services businesses.
- (ii) Higher staff costs due to the lower government grant received. The Government Jobs Credit Scheme used to offset staff costs was reduced by S\$0.2 million.
- (iii) Foreign exchange losses increased by S\$0.4 million due to the revaluation of the Singapore dollar bank account maintained in Indonesia. IDR appreciated against the SGD at the end of 1H FY2023 compared to the end of 2H FY2022.

iv) Allowances and impairment - recognition

	6 months ended 30 June		
	1H FY2023	1H FY2022	+ / (-)
	S\$'000	S\$'000	%
Stage 1	(263)	(30)	NM
Stage 2	750	68	NM
Stage 3	354	337	5.0
Others	95	(56)	NM
Allowances and impairments	936	319	193.4

The total allowance was higher due largely to a restructured account in our Indonesia subsidiary's legacy loan portfolio.

2. Review of performance of the Group (continued)

v) Profit before tax

As a result of the higher interest income earned from the Group's asset-based lending business, pre-tax profits increased by S\$0.7 million or 31.7%, reaching S\$3.0 million. Consequently, profit attributable to shareholders in 1H FY2023 also rose to S\$1.1 million (1H FY2022: S\$0.6 million).

vi) Financial position as at 30 June 2023

Gross lending assets including factoring receivables outstanding experienced a substantial increase of S\$63.6 million, rising from S\$304.1 million as of 31 December 2022 to S\$367.7 million as of 30 June 2023. This notable growth is attributed primarily to the increased lending activities during the period.

Interest-bearing borrowings increased by S\$59.0 million or 34.8% from S\$169.5 million as of 31 December 2022 to S\$228.5 million as of 30 June 2023. This was mainly due to the increased net drawdown of bank facilities to support the Group's business growth.

vii) Cash flow

Resultant of the increase in loan disbursements, the Group recorded net cash used in operating activities of \$63.8 million for 1H FY2023.

Net cash generated from investing activities for 1H FY2023 was mainly due to an increase in proceeds from the disposal of investments.

Net cash generated from financing activities for 1H FY2023 was mostly contributed by proceeds from the drawdown of interest-bearing borrowings.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The current announced results are in line with the prospect statement as disclosed in the Group's FY2022 results announcement released on 24 February 2023.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Core inflation across ASEAN moderated, reflecting easing demand-led inflationary pressures. This may signal potential shifts in inflation dynamics and could influence decisions related to monetary policy, and interest rates in these countries.

Looking ahead, the Group continues to prepare for an extended period of elevated price levels and interest rates as well as continuing uncertainties in the global outlook due to slowing growth and intensifying geopolitical tensions. We will continue to calibrate our product pricing strategies to reflect a balance between portfolio growth and rising costs.

In the insurance segment, we made good progress in growing motor insurance production volume and at the same time reducing our claims ratio from 103% in 1H FY 2022 to 79% in 1H FY 2023.

While the Group has been actively reducing our net bond exposure since August 2020, there remains the risk of potential bond calls arising from the outstanding legacy net exposure of S\$7 million.

We will continue to focus on forging wider and stronger relationships with key partners as well as embedding our insurance products into different ecosystems.

5. Dividend information

(a) Current Financial Period

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Nil

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable

6. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers.

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

By Order of the Board

Chionh Yi Chian/ Angeline Ng
Company Secretary/ Assistant Company Secretary

11 August 2023



IFS Capital Limited

(Registration no: 198700827C)

Confirmation By the Board Pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of IFS Capital Limited (“the Company”), we 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 half year ended 30 June 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Hua Min

Chairman

Randy Sim

Group Chief Executive Officer/Director

Ang Iris

Group Chief Financial Officer

Singapore

11 August 2023