

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

**Condensed Interim Financial statements
For the six months ended 30 June 2022**

TABLE OF CONTENTS

Item No.	Description	Page No.
A	Condensed interim consolidated statement of profit or loss and other comprehensive income	1-3
B	Condensed interim statements of financial position	4
C	Condensed interim statements of changes in equity	5 – 7
D	Condensed interim consolidated statements of cash flows	8 – 9
E	Notes to condensed interim consolidated financial statements	10
	Other information required by Listing Rule Appendix 7.2	20

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

	6 months ended		
	30 June		
Note	1H FY2022	1H FY2021	+ / (-)
	S\$'000	S\$'000	%
Interest income	9,994	12,368	(19.2)
Interest expense	(1,528)	(2,199)	(30.5)
Net interest income	8,466	10,169	(16.7)
Gross written premiums	4,781	2,442	95.8
Change in gross provision for unexpired risks	(1,766)	946	NM
Gross earned premium revenue	3,015	3,388	(11.0)
Written premiums ceded to reinsurers	(337)	(229)	47.2
Reinsurers' share of change in provision for unexpired risks	-	139	NM
Reinsurance premium expense	(337)	(90)	NM
Net earned premium revenue (i)	2,678	3,298	(18.8)
Fee and commission income	3,446	3,231	6.7
Investment income	389	840	(53.7)
Other income	491	333	47.4
Sub-total (ii)	4,326	4,404	(1.8)
Non-interest income (i) + (ii)	7,004	7,702	(9.1)
Grant income	15	-	NM
Income before operating expenses	15,485	17,871	(13.4)
Business development expenses	(205)	(191)	7.3
Commission expenses	(605)	(631)	(4.1)
Staff costs	(7,145)	(7,428)	(3.8)
General and administrative expenses	(3,166)	(3,459)	(8.5)
Operating expenses	(11,121)	(11,709)	(5.0)
Change in provision for insurance claims	1,389	1,475	(5.8)
Reinsurers' share of change in provision for insurance claims	(1,216)	(1)	NM
Gross claims paid	(1,847)	(2,828)	(34.7)
Reinsurers' share of claims paid	(88)	(7)	NM
Net claims incurred	(1,762)	(1,361)	29.5
Operating profit before allowances	2,602	4,801	(45.8)
Allowances for loan losses and impairment of other assets	(319)	(901)	(64.6)
Profit before tax	2,283	3,900	(41.5)
Tax expense	(797)	(868)	(8.2)
Profit for the period	1,486	3,032	(51.0)
Profit attributable to:			
Owners of the Company	629	2,219	(71.7)
Non-controlling interests	857	813	5.4
Profit for the period	1,486	3,032	(51.0)

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

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

	6 months ended		
	30 June		
	1H FY2022	1H FY2021	+ / (-) %
Note	S\$'000	S\$'000	
Profit for the period	1,486	3,032	(51.0)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Tax on items that will not be reclassified to profit or loss	(2)	-	NM
	(2)	-	NM
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences of foreign operations	(2,007)	(3,529)	(43.1)
	(2,007)	(3,529)	(43.1)
Other comprehensive income for the period, net of tax	(2,009)	(3,529)	(43.1)
Total comprehensive income for the period	(523)	(497)	5.2
Attributable to:			
Owners of the Company	(960)	(433)	121.7
Non-controlling interests	437	(64)	NM
	(523)	(497)	5.2

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

	6 months ended	
	30 June	
	1H FY2022	1H FY2021
Earnings Per Ordinary Share		
- on weighted-average number of ordinary shares in issue	0.17 cents	0.59 cents
- on fully diluted basis	0.17 cents	0.59 cents
Net profit attributable to shareholders:	\$629,000	\$2,219,000

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, Malaysian Ringgit and Indonesian Rupiah.

The translation loss from foreign currency differences of foreign operations in 1H FY2022 was mainly due to the weakening of Thai Baht against Singapore dollars in 1H FY2022.

Exchange rates for the respective reporting period were as follows:

	30-Jun 2022	31-Dec 2021	30-Jun 2021	31-Dec 2020
THB against SGD	25.652	25.025	24.141	22.954
MYR against SGD	3.1586	3.0845	3.0855	3.0451
IDR against SGD	10,685	10,534	10,781	10,644

B. Condensed interim statements of financial position

	Note	Group		Company	
		30/6/2022 S\$'000	31/12/2021 S\$'000	30/6/2022 S\$'000	31/12/2021 S\$'000
Non-current assets					
Property, plant and equipment	12	1,354	1,535	205	231
Intangible assets	11	423	505	340	423
Investment properties	13	2,172	2,319	-	-
Subsidiaries		-	-	96,133	95,133
Other investments	10	14,020	12,745	8,027	5,214
Loans, advances, hire purchase and leasing receivables		35,581	18,164	30,684	11,709
Deferred tax assets		3,152	3,179	-	-
Right-of-use assets		1,337	1,753	805	1,149
		58,039	40,200	136,194	113,859
Current assets					
Reinsurers' share of insurance contract provisions		2,265	4,026	-	-
Insurance receivables		1,785	536	-	-
Loans, advances, hire purchase and leasing receivables		93,514	83,471	52,974	64,604
Trade and other receivables		132,793	146,867	33,492	18,837
Property held for sale		355	360	-	-
Other investments	10	12,550	13,226	-	-
Cash and cash equivalents		80,912	112,563	37,822	79,941
		324,174	361,049	124,288	163,382
Total assets		382,213	401,249	260,482	277,241
Equity					
Share capital	15	137,302	137,302	137,302	137,302
Other reserves		(3,085)	(1,498)	-	-
Accumulated profits		40,845	43,151	45,629	48,276
Equity attributable to owners of the Company		175,062	178,955	182,931	185,578
Non-controlling interests		22,401	17,305	-	-
Total equity		197,463	196,260	182,931	185,578
Non-current liabilities					
Interest-bearing borrowings	14	28,532	25,250	21,494	17,767
Employee benefits		1,613	1,558	-	-
Deferred tax liabilities		103	109	84	90
Lease liabilities		675	1,048	170	489
		30,923	27,965	21,748	18,346
Current liabilities					
Trade and other payables		8,366	15,025	3,004	9,827
Insurance payables		728	1,304	-	-
Interest-bearing borrowings	14	127,989	143,153	51,567	61,818
Insurance contract provisions for					
- gross unexpired risks		5,979	4,212	-	-
- gross unexpired claims		8,522	10,455	-	-
Lease liability		789	827	675	703
Current tax payable		1,454	2,048	557	969
		153,827	177,024	55,803	73,317
Total liabilities		184,750	204,989	77,551	91,663
Total equity and liabilities		382,213	401,249	260,482	277,241

C. Condensed interim statements of changes in equity

<u>Group</u>	Note	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Capital reserve	Translation reserve	Accumulated profits			
2022		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	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)
<i>Total other comprehensive income</i>		-	-	(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								
Contributions by and distributions to owners								
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)
Changes in ownership interests in subsidiaries								
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)

<u>Group</u>	Note	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
		Share capital	Capital reserve	Translation reserve	Accumulated profits			
2021		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
At 1 January 2021		137,302	108	2,397	35,943	175,750	17,886	193,636
Total comprehensive income for the period								
Profit for the period		-	-	-	2,219	2,219	813	3,032
<i>Other comprehensive income</i>								
Foreign currency translation differences		-	-	(2,652)	-	(2,652)	(877)	(3,529)
Defined benefit plan		-	-	-	-	-	-	-
<i>Total other comprehensive income</i>		-	-	(2,652)	-	(2,652)	(877)	(3,529)
Total comprehensive income for the period		-	-	(2,652)	2,219	(433)	(64)	(497)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the Company	8	-	-	-	(752)	(752)	-	(752)
Total contributions by and distributions to owners		-	-	-	(752)	(752)	-	(752)
Changes in ownership interests in subsidiaries								
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	(792)	(792)
Total changes in ownership interests in subsidiaries		-	-	-	-	-	(792)	(792)
Total transactions with owners		-	-	-	(752)	(752)	(792)	(1,544)
At 30 June 2021		137,302	108	(255)	37,410	174,565	17,030	191,595

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

<u>Company</u>	Note	Share capital S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2022				
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				
Contributions by and distributions to owners				
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
2021				
At 1 January 2021		137,302	43,190	180,492
Total comprehensive income for the period				
Profit for the period		-	1,353	1,353
Total comprehensive income for the period		-	1,353	1,353
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividends paid to owners of the Company	8	-	(752)	(752)
Total contributions by and distributions to owners		-	(752)	(752)
At 30 June 2021		137,302	43,791	181,093

D. Condensed interim consolidated statement of cash flows

	Note	6 months ended	
		30 June	
		1H FY2022	1H FY2021
		S\$'000	S\$'000
Cash flows from operating activities			
Profit for the period		1,486	3,032
Adjustments for:			
Amortisation of intangible assets and debt securities at amortised cost	6	117	149
Net foreign exchange gain		(1,712)	(2,803)
Depreciation of property, plant and equipment	6	276	287
Depreciation of right-of-use assets	6	414	410
Gain on disposal of equity securities	6	(19)	-
Gain on disposal of property, plant and equipment	6	-	(29)
Net change in fair value of financial assets at fair value through profit or loss	6	184	(2)
Recognition/(reversal) of allowance for impairment of investments at amortised cost	6	9	(15)
Provision for/(reversal of), net of reinsurers' share			
- unexpired risks	6	1,766	(1,085)
- insurance claims	6	(173)	(1,474)
Interest income		(9,994)	(12,368)
Interest income from investments and fixed deposits		(430)	(386)
Dividend income from investments		(100)	(427)
Interest expense on borrowings		1,528	2,199
Interest expense on lease liabilities		41	59
Tax expense	7	797	868
Operating cash flows before changes in working capital		(5,810)	(11,585)
Changes in working capital			
Factoring receivables		14,554	(5,488)
Factoring amounts due to clients		110	6,542
Loans, advances, hire purchase and lease receivables		(27,355)	23,785
Insurance and other receivables		(1,620)	204
Trade, other and insurance payables		(7,180)	(2,893)
Cash (used in)/generated from operations		(27,301)	10,565
Interest received		10,424	12,754
Interest paid		(1,528)	(2,199)
Taxes paid, net		(1,417)	(689)
Net cash (used in)/generated from operating activities		(19,822)	20,431

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

	6 months ended	
	30 June	
	1H FY2022	1H FY2021
Note	S\$'000	S\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1	29
Purchase of property, plant and equipment	(23)	(15)
Purchase of intangible assets	(32)	(75)
Purchase of investments	(6,728)	(2,991)
Proceeds from disposal of investments	5,979	5,917
Dividend received from investments	100	427
Net cash (used in)/generated from investing activities	(703)	3,292
Cash flows from financing activities		
Dividends paid		
- by the Company	(2,933)	(752)
- by a subsidiary company to non-controlling interests	(841)	(792)
Repayment of interest-bearing borrowings	(11,882)	(20,990)
Proceeds from non-controlling interests investments to subsidiary	5,500	-
Repayment of lease liabilities	(458)	(441)
Net cash used in financing activities	(10,614)	(22,975)
Net (decrease)/increase in cash and cash equivalents	(31,139)	748
Cash and cash equivalents at beginning of period	112,563	51,720
Effect of exchange rate fluctuations on cash held	(512)	(877)
Cash and cash equivalents at end of period	80,912	51,591
Analysis of cash and cash equivalents		
Fixed deposits	26,895	12,021
Cash at banks and on hand	54,017	39,570
Cash and cash equivalents at end of period	80,912	51,591

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 2022 and for six months ended 30 June 2022 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 2022 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 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of SFRS (I) that are effective for annual periods beginning as of 1 January 2022. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group

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 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.

	Private equity				Total S\$'000
	Credit Financing S\$'000	Insurance S\$'000	and other investments S\$'000	Fund Management S\$'000	
30-Jun-22					
Operating results					
Total operating income	12,109	3,049	13	-	15,171
Reportable segment profit before tax	3,246	(750)	75	(288)	2,283
Net interest income	8,466	-	-	-	8,466
Net earned premium revenue	-	2,678	-	-	2,678
Non-interest income	3,807	444	75	-	4,326
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	32,475	2,867	1,261	378,058
Capital expenditure	53	2	-	-	55
Reportable segment liabilities	166,838	15,931	387	33	183,189

	Credit Financing S\$'000	Insurance S\$'000	Private equity and other investments S\$'000	Fund Management S\$'000	Total S\$'000
30-Jun-21					
Operating results					
Total operating income	13,264	3,972	385	-	17,621
Reportable segment profit/(loss) before tax	3,287	417	196	-	3,900
Net interest income	10,169	-	-	-	10,169
Net earned premium revenue	-	3,298	-	-	3,298
Non-interest income	3,534	674	196	-	4,404
Other material non-cash items:					
- Provisions for loan losses and impairment of other assets	(942)	41	-	-	(901)
- Depreciation and amortisation	(805)	(24)	-	-	(829)
Assets and liabilities					
Reportable segment assets	407,990	39,094	2,286		449,370
Capital expenditure	91	-	-		91
Reportable segment liabilities	239,566	20,333	388		260,287

	30/6/2022 S\$'000	30/6/2021 S\$'000
Assets		
Total assets for reportable segments	378,058	449,370
Other unallocated amounts	4,155	3,320
Consolidated assets	382,213	452,690
Liabilities		
Total liabilities for reportable segments	183,189	260,287
Other unallocated amounts	1,561	808
Consolidated liabilities	184,750	261,095

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-Jun-22			
Singapore	6,630	47,713	203,499
Thailand	7,491	6,716	152,912
Malaysia	584	1,970	10,246
Indonesia	466	1,639	15,556
	<u>15,171</u>	<u>58,039</u>	<u>382,213</u>
30-Jun-21			
Singapore	9,350	80,247	277,356
Thailand	7,126	7,811	148,731
Malaysia	835	2,408	12,113
Indonesia	310	3,163	14,490
	<u>17,621</u>	<u>93,629</u>	<u>452,690</u>

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 2022 and 31 December 2021:

	Group		Company	
	As at 30-Jun-22 S\$ '000	As at 31-Dec-21 S\$ '000	As at 30-Jun-22 S\$ '000	As at 31-Dec-21 S\$ '000
Financial Assets				
Other investment	26,570	25,971	8,027	5,214
Insurance receivables	1,785	536	-	-
Loans, Advances, Hire Purchases and Leasing Receivables	129,095	101,635	83,658	76,313
Trade and other receivables (exclude prepayment)	132,145	146,421	33,189	18,629
Cash and cash equivalents	80,912	112,563	37,822	79,941
	<u>370,507</u>	<u>387,126</u>	<u>162,696</u>	<u>180,097</u>
Financial Liabilities				
Trade and other payables	8,366	15,025	3,004	9,827
Insurance payable	728	1,304	-	-
Interest-bearing borrowings	156,521	168,403	73,061	79,585
	<u>165,615</u>	<u>184,732</u>	<u>76,065</u>	<u>89,412</u>

6. Profit before taxation

	6 months ended		
	30 June		
	1H FY2022	1H FY2021	+ / (-)
	S\$'000	S\$'000	%
Investment income			
- dividend, fee and interest income	530	813	(34.8)
- gain on disposal of debt securities	19	-	NM
- net change in fair value of financial assets at fair value through profit or loss	(184)	2	NM
- amortisation of debt securities at amortised cost	(4)	(17)	(76.5)
- exchange gain	28	42	(33.3)
	<u>389</u>	<u>840</u>	(53.7)
Gain on disposal of property, plant and equipment	-	29	NM
Amortisation of intangible assets	(113)	(132)	(14.4)
Depreciation of property, plant and equipment	(276)	(287)	(3.8)
Depreciation of right-of-use assets	(414)	(410)	0.9
Foreign currency differences			
- exchange gain arising from revaluation	91	13	NM
	<u>(712)</u>	<u>(787)</u>	(9.5)
(Provision for)/Reversal of unexpired risks, net of reinsurers' share			
- change in gross provision for unexpired risks	(1,766)	946	NM
- reinsurers' share of change in provision for unexpired risks	-	139	NM
	<u>(1,766)</u>	<u>1,085</u>	NM
Claims incurred, net of reinsurers' share			
- net of change in provision for insurance Claims	173	1,474	(88.3)
- net Claims paid	(1,935)	(2,835)	(31.7)
	<u>(1,762)</u>	<u>(1,361)</u>	29.5
Allowance for loan losses and impairment of investments			
- stage 1 provision	30	98	(69.4)
- stage 2 provision	(68)	38	NM
- stage 3 provision	(337)	(668)	(49.6)
- insurance and other receivables	69	(385)	NM
- debts written off	(4)	1	NM
- investments at amortisation cost	(9)	15	NM
	<u>(319)</u>	<u>(901)</u>	(64.6)

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 FY2022	1H FY2021	+ / (-)
	S\$'000	S\$'000	%
Tax expenses			
- current	(833)	(662)	25.8
- deferred	46	(206)	NM
- under provision of prior years' tax	(10)	-	NM
	<u>(797)</u>	<u>(868)</u>	(8.2)

8. Dividend

The following dividends were declared and paid by the Company:

<i>Dividends paid</i>	Group	
	As at	As at
	30-Jun-22	30-Jun-21
	S\$ '000	S\$ '000
A first and final one-tier tax exempt dividend of 0.78 cents per ordinary share (2021:0.2 cents per ordinary share) paid in respect of previous financial period	2,933	752

No interim dividend has been declared for the period ended 30 June 2022.

9. Net Asset Value

	Group		Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
Net Asset Value (NAV) per ordinary share	46.6 cents	47.6 cents	48.7 cents	49.4 cents
NAV computed based on no. of ordinary shares issued	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 2022					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	5,875	4,610	-	1,265	5,875
- Debt securities	4,404	4,404	-	-	4,404
- Convertible loans	1,292	-	-	1,292	1,292
	<u>11,571</u>	<u>9,014</u>	<u>-</u>	<u>2,557</u>	<u>11,571</u>
Financial Assets not measured at fair value					
Debt securities at amortised cost	<u>14,999</u>	<u>14,955</u>	<u>-</u>	<u>-</u>	<u>14,955</u>
31 December 2021					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	4,848	4,611	-	237	4,848
- Debt securities	5,252	5,252	-	-	5,252
- Convertible loans	1,338	-	-	1,338	1,338
	<u>11,438</u>	<u>9,863</u>	<u>-</u>	<u>1,575</u>	<u>11,438</u>
Financial Assets not measured at fair value					
Debt securities at amortised cost	<u>14,533</u>	<u>14,763</u>	<u>-</u>	<u>-</u>	<u>14,763</u>
Company					
30 June 2022					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	27	-	-	27	27
- Private credit fund	8,000	-	-	8,000	8,000
	<u>8,027</u>	<u>-</u>	<u>-</u>	<u>8,027</u>	<u>8,027</u>
31 December 2021					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	14	-	-	14	14
- Private credit fund	5,200	-	-	5,200	5,200
	<u>5,214</u>	<u>-</u>	<u>-</u>	<u>5,214</u>	<u>5,214</u>

11. Intangible assets

As at 30 June 2022, intangible assets consist of computer software \$417,000 (31 December 2021: \$500,000) and membership rights \$6,000 (31 December 2021: \$5,000).

12. Property, plant, and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$23,000 (30 June 2021: \$15,000).

13. Investment properties

	Group	
	2022 S\$ '000	2021 S\$ '000
Cost		
At 1 January	3,532	3,851
Effects of movements in exchange rate	(86)	(189)
End of interim period	3,446	3,662
Accumulated depreciation		
At 1 January	1,213	1,120
Depreciation for the year	92	98
Effects of movements in exchange rate	(31)	(57)
End of interim period	1,274	1,161
Net Book value		
As at 30 June	2,172	2,501
Fair value		
As at 30 June	4,938	4,938

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

	Group		Company	
	Unsecured		Unsecured	
	As at 30-Jun-22 S\$'000	As at 31-Dec-21 S\$'000	As at 30-Jun-22 S\$'000	As at 31-Dec-21 S\$'000
Amount repayable in				
one year or less, or on demand	127,989	143,153	51,567	61,818
Amount repayable after one year	28,532	25,250	21,494	17,767
	156,521	168,403	73,061	79,585

15. Share capital

	Group and Company	
	Number of Ordinary Shares	
	(excluding Treasury Shares)	
	As at	As at
	30 Jun 2022	31 Dec 2021
Balance at beginning and end of the period	375,969,665	375,969,665

The Company does not hold any treasury shares as at 30 June 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

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 2022 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 FY2022	1H FY2021	
	S\$'000	S\$'000	%
Factoring	5,843	5,559	5.1
Loans, advances, hire purchase and leasing	4,151	6,809	(39.0)
Interest income	9,994	12,368	(19.2)
Interest expense	(1,528)	(2,199)	(30.5)
Net interest income	8,466	10,169	(16.7)

Despite having achieved higher business volume in our Factoring business in Thailand, increase in interest income was impacted by the weaker Thai Baht against the Singapore dollar in 1H FY2022. Thai Baht depreciated from 24.14 on 30 June 2021 to 25.7 at end of 30 June 2022.

At end of last financial year, our Asset-based loan book was standing at \$110 million (FY2020: \$260m). The reduction in Asset-based loan book was partially owing to the recoveries made from NPL accounts. In FY2021, the Group fully recovered a total of about \$90 million from NPL accounts.

Resultant from the low Asset-based loan book, the Group earned lower interest income from its Asset-based lending business in 1H FY2022.

Meanwhile our effort to grow our Asset-based loan book in exercising prudence in our selection and deal negotiation continues. At the end of 30 June 2022, we have managed to grow our loan book to \$134 million; a net increase of \$24 million.

The decline in interest expense was only due to lower loan borrowings.

Even as our interest income have fallen by 19%, the reduction in interest expense have aided the Group's NIM to remain flattish at 6.3% when compared against 1H FY2021.

Review of performance of the Group (continued)

ii) Non-interest income

	6 months ended		
	30 June		
	1H FY2022	1H FY2021	+/(-) %
	S\$'000	S\$'000	
Net earned premium revenue	2,678	3,298	(18.8)
Fee and commission income	3,446	3,231	6.7
Investment income	389	840	(53.7)
Other income	491	333	47.4
Non-interest income	7,004	7,702	(9.1)

The decline in Net Earned Premium was mainly due to the absence of release of premium liabilities. In 1H FY2021, premium liabilities from the Miscellaneous and Workmen Compensation businesses were released arising from the decrease in the production volume.

iii) Operating expenses

The decrease in operating expenses in 1H FY2022 was mainly due to lower staff cost and higher exchange gain arising from revaluation of monetary assets.

iv) Net Claims Incurred

In line with the increase in our Motor insurance business, provision for insurance claims have contributed to the higher claim expenses. Motor insurance production volume surged by 139% when compared against 1H FY2021.

v) Allowances and impairment - recognition

	6 months ended		
	30 June		
	1H FY2022	1H FY2021	+/(-) %
	S\$'000	S\$'000	
Stage 1	(30)	(98)	(69.4)
Stage 2	68	(38)	NM
Stage 3	337	668	(49.6)
Others	(56)	369	NM
Allowances and Impairments	319	901	(64.6)

Stage 3 provision (for accounts more than 90 days past due) have reduced mainly due to the improvement in our overall loans portfolio and the lower provision required for our Indonesia subsidiary's loan portfolio.

Review of performance of the Group (continued)

vi) Profit before tax

Resultant from the drop in interest income earned from our Asset-based lending business, the Group's pre-tax profits fell by \$1.6 million (42%) to \$2.3 million. As a result, profit attributable to shareholders attained in 1H FY2022 have also fallen to \$0.6 million (1H FY2021: \$2.2 million).

vii) Financial position as at 30 June 2022

Reinsurers' share of insurance contract provisions has decreased by \$1.7 million from \$4.0 million as at 31 December 2021 to \$2.3 million as at 30 June 2022 mainly due to release of the bond reserve upon the lapse of bond issued.

Insurance receivables has increased from \$536,000 as at 31 December 2021 to \$1.8 million as at 30 June 2022 mainly due to higher Motor insurance production volume.

Gross lending assets including factoring receivables outstanding increased slightly by \$9 million from \$310 million as at 31 December 2021 to \$319 million as at 30 June 2022 mainly due to increase in lending activities during the period.

The Group repaid and reduced its bank borrowings by \$11.9 million during the first 6 months of FY2022 thus managed to achieve a current ratio of 2.11 times at end of June 2022 (31 December 2021: 2.02 times) and our leverage ratio also improved to 0.89 times (31 December 2021: 0.94 times).

viii) Cash flow

Resultant from increase in loan disbursement, the Group recorded a net cash used in operating activities of \$19.8 million for 1H FY2022.

Net cash used in investing activities for 1H FY2022 was mainly due to net increase in purchase of investments.

In April, our Singapore subsidiary – IFS Capital Assets Pte Ltd took up minority stake in Payd Pte Ltd to accelerate Earned Wage Access adoption in Southeast Asia.

Earned Wage Access is a financial wellness program offered by employers to provide employees with easy and on-demand access to their earned wages. IFS believes that this investment enhances the Group's consumer finance value proposition and addresses an underserved consumer need in the region.

	Purchase of investments 1H FY2022 S\$'000	Proceeds from redemption / disposal of 1H FY2022 S\$'000
<u>ECICS Limited</u> *		
- Quoted equity securities	1,463	2,174
- Quoted debt securities	4,246	3,805
<u>IFS Group</u> (excluding ECICS Limited)	1,019	-
Total	6,728	5,979

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

Net cash used in financing activities for 1H FY2022 were mostly for repayment 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 FY 2021 results announcement released on 24 February 2022.

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.

Global economic growth is expected to slow significantly as a result of geopolitical tensions and tightening monetary conditions regionally. Elevated inflation, exacerbated by high energy and food prices, is also to be expected to have a significant impact on businesses and consumers.

Against this backdrop, the Group will continue our focus on building all-weather portfolios, leveraging our strengths in trade and supply chain financing as well as our new earned wage access (EWA) partnership. We remain prudent in our risk management as we seek to grow sustainably through this period of heightened uncertainty.

We continue to make progress in the turnaround of our insurance business and are excited about our new partnerships such as the used car warranty program with sgCarMart. We will focus on forging wider and stronger partnerships with key agents as well as embed our insurance products into different digital 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

12 August 2022



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 2022 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

12 August 2022