IFS Capital Limited

(Registration no: 198700827C)

Full Year Unaudited Financial Statements and Dividend Announcement for the Year Ended 31 December 2014

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

	Note	4th Quarter			Full Year		
	1(a)(ii)	**2014 S$'000**	2013 S$'000	+/(-) %	**2014 S$'000**	2013 S$'000	+/(-) %
Interest income		**6,333**	6,391	(0.9)	**24,607**	27,613	(10.9)
Interest expense		**(1,595)**	(1,578)	1.1	**(6,068)**	(6,848)	(11.4)
Net interest income	(a)	**4,738**	4,813	(1.6)	**18,539**	20,765	(10.7)
Gross written premiums		**2,090**	2,886	(27.6)	**8,032**	12,604	(36.3)
Change in gross provision for unexpired risks		**866**	(1,107)	NM	**2,386**	(4,034)	NM
Gross earned premium revenue		**2,956**	1,779	66.2	**10,418**	8,570	21.6
Written premiums ceded to reinsurers		**(1,209)**	(1,211)	(0.2)	**(4,522)**	(7,485)	(39.6)
Reinsurers' share of change in provision for unexpired risks		**(693)**	162	NM	**(2,016)**	1,834	NM
Reinsured premium expense		**(1,902)**	(1,049)	81.3	**(6,538)**	(5,651)	15.7
Net earned premium revenue	(b)	**1,054**	730	44.4	**3,880**	2,919	32.9
Fee and commission income	(c)	**2,008**	2,497	(19.6)	**8,694**	10,404	(16.4)
Investment income	(d)	**674**	1,037	(35.0)	**2,998**	3,295	(9.0)
Other income	(e)	**108**	81	33.3	**495**	727	(31.9)
Non-interest income		**2,790**	3,615	(22.8)	**12,187**	14,426	(15.5)
Income before operating expenses		**8,582**	9,158	(6.3)	**34,606**	38,110	(9.2)
Business development expenses		**(222)**	(200)	11.0	**(796)**	(795)	0.1
Commission expenses		**(192)**	(291)	(34.0)	**(640)**	(829)	(22.8)
Staff costs		**(2,991)**	(2,471)	21.0	**(13,109)**	(11,902)	10.1
General and administrative expenses		**(1,645)**	(1,513)	8.7	**(6,690)**	(6,667)	0.3
Operating expenses	(f)	**(5,050)**	(4,475)	12.8	**(21,235)**	(20,193)	5.2
Change in provision for insurance claims		**(14,366)**	1,651	NM	**(12,030)**	(2,318)	NM
Reinsurers' share of change in provision for insurance claims		**10,255**	(920)	NM	**8,337**	1,843	NM
Gross claims paid		**(320)**	(58)	NM	**(4,735)**	(1,369)	NM
Reinsurers' share of claims paid		**195**	31	NM	**3,252**	911	NM
Net claims (incurred)/reversal	(g)	**(4,236)**	704	NM	**(5,176)**	(933)	NM
Operating (loss)/profit before allowances		**(704)**	5,387	NM	**8,195**	16,984	(51.7)
Allowances for loan losses and impairment of investments	(h)	**(9,235)**	(10,497)	(12.0)	**(15,802)**	(21,175)	(25.4)
Loss before tax		**(9,939)**	(5,110)	94.5	**(7,607)**	(4,191)	81.5
Tax credit	(i)	**1,842**	1,219	51.1	**1,280**	803	59.4
Loss for the period/year		**(8,097)**	(3,891)	108.1	**(6,327)**	(3,388)	86.7
(Loss)/profit attributable to:							
Owners of the Company		**(8,479)**	(4,165)	103.6	**(7,694)**	(4,840)	59.0
Non-controlling interests		**382**	274	39.4	**1,367**	1,452	(5.9)
Loss for the period/year		**(8,097)**	(3,891)	108.1	**(6,327)**	(3,388)	86.7

Consolidated Statement of Comprehensive Income for the Fourth Quarter And Full Year Ended 31 December

	Note	4th Quarter			Full Year		
	1(a) (ii)	**2014 S$'000**	2013 S$'000	+/(-) %	**2014 S$'000**	2013 S$'000	+/(-) %
Loss for the period/year		**(8,097)**	(3,891)	108.1	**(6,327)**	(3,388)	86.7
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Defined benefit plan remeasurements		**-**	204	(100.0)	**-**	204	(100.0)
Tax on items that will not be reclassified to profit or loss		**-**	(41)	(100.0)	**-**	(41)	(100.0)
	(j)	**-**	163	(100.0)	**-**	163	(100.0)
Items that are or may be reclassified subsequently to profit or loss							
Net change in fair value of available-for-sale financial assets	(k)	**529**	111	NM	**3,693**	(124)	NM
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(l)	**18**	960	(98.1)	**(1,049)**	(525)	99.8
Foreign currency translation differences of foreign operations	(m)	**1,085**	(1,767)	NM	**1,968**	(4,272)	NM
Tax on other comprehensive income		**(93)**	(182)	(48.9)	**(449)**	110	NM
		1,539	(878)	NM	**4,163**	(4,811)	NM
Other comprehensive income for the period/year		**1,539**	(715)	NM	**4,163**	(4,648)	NM
Total comprehensive income for the period/year		**(6,558)**	(4,606)	42.4	**(2,164)**	(8,036)	(73.1)
Attributable to:							
Owners of the Company		**(7,170)**	(4,541)	57.9	**(3,967)**	(9,185)	(56.8)
Non-controlling interests		**612**	(65)	NM	**1,803**	1,149	56.9
Total comprehensive income for the period/year		**(6,558)**	(4,606)	42.4	**(2,164)**	(8,036)	(73.1)

NM – not meaningful/more than+/- 200%

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

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

	4th Quarter			Full Year		
	2014	2013	+/(-)	**2014**	2013	+/(-)
	S$'000	S$'000	%	**S$'000**	S$'000	%
Investment income						
- dividend, fee and interest income	**412**	251	64.1	**1,669**	1,022	63.3
- gain/(loss) on disposal of equity securities	**133**	(3)	NM	**484**	1,797	(73.1)
- gain on partial redemption of convertible loans	**-**	525	(100.0)	**1,067**	525	103.2
- net change in fair value of financial assets through profit or loss	**106**	260	(59.2)	**(250)**	(68)	NM
- amortization of held-to-maturity debts securities	**(27)**	4	NM	**(33)**	19	NM
- exchange gain	**50**	-	NM	**61**	-	NM
	674	1,037	(35.0)	**2,998**	3,295	(9.0)
(Loss)/gain on disposal of property, plant and equipment	**(6)**	-	NM	**-**	16	(100.0)
Amortization of intangible assets	**(78)**	(102)	(23.5)	**(315)**	(447)	(29.5)
Depreciation of property, plant and equipment	**(250)**	(235)	6.4	**(987)**	(993)	(0.6)
Exchange gain/(loss), net	**25**	(11)	NM	**(38)**	(68)	(44.1)
Reversal of/(provision for) unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	**866**	(1,107)	NM	**2,386**	(4,034)	NM
- reinsurers' share of change in provision for unexpired risks	**(693)**	162	NM	**(2,016)**	1,834	NM
	173	(945)	NM	**370**	(2,200)	NM
Claims (incurred)/reversal, net of reinsurers' share						
- net change in provision for insurance claims	**(4,111)**	731	NM	**(3,693)**	(475)	NM
- net claims paid	**(125)**	(27)	NM	**(1,483)**	(458)	NM
	(4,236)	704	NM	**(5,176)**	(933)	NM
Allowances for loan losses and impairment of investments						
- loans and receivables	**(8,392)**	(9,015)	(6.9)	**(14,811)**	(19,690)	(24.8)
- assets held for sale	**(5)**	-	NM	**(5)**	-	NM
- equity securities	**(838)**	(1,482)	(43.5)	**(986)**	(1,485)	(33.6)
	(9,235)	(10,497)	(12.0)	**(15,802)**	(21,175)	(25.4)
Tax credit						
- current tax expense	**(303)**	(551)	(45.0)	**(1,406)**	(2,406)	(41.6)
- deferred tax credit	**2,161**	1,520	42.2	**2,726**	2,722	0.1
- (under)/over provision of prior years' tax	**(16)**	250	NM	**(40)**	487	NM
	1,842	1,219	51.1	**1,280**	803	59.4

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 decrease in net interest income for full year 2014 ("FY 2014") was mainly due to lower factoring volume and lower average loan assets.

(b) The decline in gross written premiums of the Group's insurance subsidiary, ECICS Limited ("ECICS") for 4th Quarter 2014 ("4Q 2014") and FY 2014 was mainly due to lower bonds and guarantee business. With a write back on change in gross provision for unexpired risks as compared to a charge for 4th Quarter 2013 ("4Q 2013") and full year 2013 ("FY 2013"), gross earned premium revenue for 4Q 2014 and FY 2014 rose by 66% and 22% respectively. After accounting for premium ceded to reinsurers, net earned premium revenue for 4Q 2014 and FY 2014 increased by 44% and 33% to $1.1 million and $3.9 milliom respectively. The charge for unexpired risks reserve for 4Q 2013 and FY 2013 was mainly due to higher provision set aside for the increased bond business.

(c) The drop in fee and commission income for 4Q 2014 and FY 2014 was mainly due to lesser factoring service fee and lower underwriting commission on lower factoring, bonds and guarantee business volume.

(d) The lower investment income for 4Q 2014 was mainly due to absence of gain on partial redemption of convertible loan. For FY 2014, this was mainly due to higher mark-to-market loss on investments from a weaker market sentiment as well as lower gain on disposal of equity securities, partly negated by higher dividend income received.

(e) The higher other income for 4Q 2014 was mainly due to higher income received from intellectual property related to a copyright. The lower other income for FY 2014 was mainly due to lower bad debts recoveries from factoring accounts previously written off.

(f) The higher operating expenses for 4Q 2014 and FY 2014 were mainly on staff costs linked to headcount growth, mitigated by lower commission expenses on decrease in broker-related insurance business.

(g) The higher net claims for 4Q 2014 and FY 2014 was mainly due to full provision made for claims reserve for a client. The 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.

(h) The lower allowances for loan losses and impairment of investments for 4Q 2014 and FY 2014 were mainly due to lower individual impairments on loans and lower impairment on equity securities as compared to same periods last year. The higher impairment on equity securities for 4Q 2013 and FY 2013 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.

(i) The higher tax credit for 4Q 2014 and FY 2014 was due mainly to lower chargeable income and higher deferred tax credit related to the losses incurred by the Group.

1(a)(ii) <u>Explanatory Notes to Consolidated Statement of Profit or Loss (cont'd)</u>

<u>Comments on Major Consolidated Statement of Comprehensive Income Variances</u>

(j) No remeasurements on defined benefit plan of the Group's Thailand subsidiary, IFS Capital (Thailand) Public Company Limited was incurred as the actuarial assumptions applied were similar to 2013.

(k) The substantial increase in the net change in fair value of available-for-sale financial assets for 4Q 2014 and FY 2014 resulted mainly from the valuation gain on the property-related investments of the Group.

(l) For both 2014 and 2013, there was a reclassification from other comprehensive income - net change in fair value of available-for-sale financial assets to profit or loss due to a cash receipt of $3.0 million on partial repayment of a convertible loan and disposal of equity securities respectively. For 4Q 2013 and FY 2013, the effect was partly offset by the reclassification of the accumulated loss in 4Q 2013 as explained in (h) under page 5.

(m) 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 gain for 4Q 2014 was mainly due to the further strengthening of Thai Baht of the Thailand subsidiary for translation against the Singapore Dollar as at 30 September 2014. The translation gain for FY 2014 was mainly due to the strengthening of currencies of the regional subsidiaries, in particular the Thai Baht and Indonesian Rupiah for translation against the Singapore Dollar as at 31 December 2013.

1(a)(iii) <u>Loss Per Ordinary Share</u>

	Group			
	4th Quarter		**Full Year**	
	2014	2013	**2014**	2013
Loss per share				
- on weighted average number of ordinary shares in issue	**(5.6 cents)**	(2.8 cents)	**(5.1 cents)**	(3.2 cents)
- on fully diluted basis	**(5.6 cents)**	(2.8 cents)	**(5.1 cents)**	(3.2 cents)

Loss 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 2013: 150,387,866).

The basic and fully diluted loss per ordinary share are the same as the Group did not have any potential dilutive ordinary share outstanding for the above reporting financial periods/years.

1(b)(i) Statement of Financial Position

	Note	Group		Company	
		31/12/2014	31/12/2013	**31/12/2014**	31/12/2013
		S$'000	S$'000	**S$'000**	S$'000
Non-current assets					
Property, plant and equipment		**17,231**	17,639	**15,111**	15,685
Intangible assets		**642**	348	**184**	176
Subsidiaries	(a)	**-**	-	**75,845**	67,703
Other investments	(b)	**48,704**	31,288	**7,000**	7,906
Loans, advances, hire purchase and leasing receivables	(c)	**48,785**	50,971	**40,483**	36,212
Deferred tax assets		**6,832**	4,558	**230**	36
		122,194	104,804	**138,853**	127,718
Current assets					
Reinsurers' share of insurance contract provisions	(k)	**19,110**	12,789	**-**	-
Insurance receivables		**1,052**	1,192	**-**	-
Trade and other receivables	(d)	**212,745**	206,505	**107,246**	93,127
Other investments	(e)	**24,794**	11,688	**-**	2,354
Derivative financial assets	(f)	**190**	580	**190**	580
Cash and cash equivalents	(g)	**24,013**	62,142	**7,510**	8,828
Assets held for sale	(h)	**167**	-	**-**	-
		282,071	294,896	**114,946**	104,889
Total assets		**404,265**	399,700	**253,799**	232,607
Equity					
Share capital		**88,032**	88,032	**88,032**	88,032
Other reserves	(i)	**(3,599)**	(7,523)	**863**	1,485
Accumulated profits		**36,148**	47,047	**27,585**	22,445
Equity attributable to owners of the Company		**120,581**	127,556	**116,480**	111,962
Non-controlling interests		**11,221**	10,078	**-**	-
Total equity		**131,802**	137,634	**116,480**	111,962
Non-current liabilities					
Interest-bearing borrowings	(j)	**46,683**	33,591	**35,610**	25,672
Employee benefits		**931**	763	**-**	-
Deferred tax liabilities		**-**	29	**-**	-
		47,614	34,383	**35,610**	25,672
Current liabilities					
Trade and other payables		**8,275**	11,091	**5,068**	7,491
Insurance payables		**2,418**	3,145	**-**	-
Interest-bearing borrowings	(j)	**182,419**	190,639	**96,173**	86,779
Insurance contract provisions for					
- gross unexpired risks		**13,512**	15,898	**-**	-
- gross insurance claims	(k)	**16,905**	4,875	**-**	-
Current tax payable		**1,320**	2,035	**468**	703
		224,849	227,683	**101,709**	94,973
Total liabilities		**272,463**	262,066	**137,319**	120,645
Total equity and liabilities		**404,265**	399,700	**253,799**	232,607

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 $10 million for expansion of its general insurance business through the allotment and issue of 10 million ordinary shares to the Company, partly offset by the provision for impairment loss on investments in Indonesian and Malaysian operations.

(b) The increase in other investments under non-current assets was mainly due to the Group's valuation gain on the property-related investments and ECICS' purchase of debts securities.

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

(d) The increase in trade and other receivables under current assets of the Group and the Company was mainly due to reclassification explained in (c) above and new loans drawdown at Company level, partly offset by lower factoring receivables.

(e) The increase in other investments under current assets of the Group was mainly due to ECICS' purchase of debt securities, partly offset by the second capital return on investment in a convertible loan at Company level.

(f) The decrease in derivative financial assets was mainly due to the fair value loss on quoted warrants.

(g) The cash and cash equivalents comprise fixed deposits of $14.3 million and cash at banks and in hand of $9.7 million. The decrease in the cash balances resulted mainly from ECICS' purchase of new investments.

(h) This was represented by the carrying amount of the repossessed assets of our Indonesia subsidiary, pending sale.

(i) The improvement in the Group's other reserves was mainly due to the valuation gain on the property-related investments as well as the translation gain from the strengthening of currencies of the regional subsidiaries for translation against the Singapore Dollar as explained in notes (k) and (m) under page 6.

(j) The increase in interest-bearing borrowings under non-current liabilities of the Group and the Company was mainly due to new borrowings, partly offset by the reclassification of interest-bearing borrowings maturing within the next twelve months to current liabilities. The decrease in interest-bearing borrowings under current liabilities of the Group was mainly due to the utilization of surplus funds for repayment of bank borrowings. The Group's overall interest-bearing borrowings increased from $224.2 million as at 31 December 2013 to $229.1 million as at 31 December 2014 mainly due to additional borrowings to fund new loans drawdown.

(k) The increase in insurance contract provisions for gross insurance claims was due to the full provision made for claims reserve for a client. Consequently, the reinsurers' share of insurance contract provisions under current assets also increased.

1(b)(ii) Group's Borrowings

	Unsecured	
	As at 31/12/2014 S$'000	As at 31/12/2013 S$'000
Amount repayable in one year or less, or on demand	**182,419**	190,639
Amount repayable after one year	**46,683**	33,591
	229,102	224,230

Details of any collateral

Nil.

1(b)(iii) Net Asset Value

	Group		Company	
	31/12/2014	31/12/2013	**31/12/2014**	31/12/2013
Net asset value per ordinary share based on issued share capital at end of the financial year	**80.2 cents**	84.8 cents	**77.5 cents**	74.4 cents

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

	Note	4th Quarter		Full Year	
		2014	2013	**2014**	2013
		S$'000	S$'000	**S$'000**	S$'000
Cash flows from operating activities					
Loss for the period/year		**(8,097)**	(3,891)	**(6,327)**	(3,388)
Adjustments for:					
Amortization of intangible assets and held-to-maturity debt securities		**105**	99	**348**	428
Net foreign exchange (gain)/loss		**(42)**	(277)	**34**	(518)
Depreciation of property, plant and equipment		**250**	235	**987**	993
(Gain)/loss on disposal of equity securities		**(133)**	3	**(484)**	(1,797)
Gain on partial redemption of a convertible loan		**-**	(525)	**(1,067)**	(525)
Loss/(gain) on disposal of property, plant and equipment		**6**	-	**-**	(16)
Net change in fair value of financial assets through profit or loss		**(106)**	(260)	**250**	68
Allowance for impairment of investments		**838**	1,482	**986**	1,485
(Reversal of)/provision for, net of reinsurers' share					
- unexpired risks		**(173)**	945	**(370)**	2,200
- insurance claims		**4,111**	(731)	**3,693**	475
Interest income		**(6,333)**	(6,391)	**(24,607)**	(27,613)
Interest income from investments and fixed deposits		**(323)**	(221)	**(1,152)**	(936)
Dividend income from investments		**(89)**	(30)	**(517)**	(86)
Interest expense		**1,595**	1,578	**6,068**	6,848
Fixed assets written off		**-**	(1)	**20**	-
Tax credit		**(1,842)**	(1,219)	**(1,280)**	(803)
Operating cashflows before changes in working capital		**(10,233)**	(9,204)	**(23,418)**	(23,185)
Changes in working capital:					
Factoring receivables		**(3,193)**	7,923	**9,226**	(3,646)
Factoring amounts due to clients		**(392)**	(464)	**(1,100)**	85
Loans, advances, hire purchase and leasing receivables		**6,179**	14,521	**(8,255)**	39,345
Insurance and other receivables		**(3)**	(121)	**1,107**	1,636
Assets held for sale		**(167)**	-	**(167)**	-
Trade, other and insurance payables		**(130)**	(826)	**(2,450)**	98
Cash (used in)/from operations		**(7,939)**	11,829	**(25,057)**	14,333
Interest received		**6,574**	6,644	**25,580**	28,666
Interest paid		**(1,537)**	(1,510)	**(6,025)**	(6,728)
Tax (paid)/refund, net		**(93)**	256	**(2,584)**	(2,872)
Net cash (used in)/from operating activities	(a)	**(2,995)**	17,219	**(8,086)**	33,399

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

		4th Quarter		Full Year	
	Note	**2014 S$'000**	2013 S$'000	**2014 S$'000**	2013 S$'000
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		**1**	(1)	**7**	34
Purchase of property, plant and equipment		**(131)**	(17)	**(561)**	(144)
Purchase of intangible assets		**(156)**	(15)	**(609)**	(116)
Purchase of investments	(b)	**(5,925)**	(5,571)	**(42,951)**	(23,035)
Proceeds from redemption/disposal of investments	(b)	**4,543**	1,501	**15,806**	24,808
Dividend received from investments		**89**	30	**517**	86
Net cash (used in)/from investing activities	(b)	**(1,579)**	(4,073)	**(27,791)**	1,633
Cash flows from financial activities					
Dividends paid					
- by the Company		**-**	-	**(3,008)**	(3,008)
- by a subsidiary company to non-controlling interests		**-**	-	**(660)**	(635)
(Repayments of)/proceeds from interest-bearing borrowings		**(156)**	(15,810)	**893**	(21,679)
Net cash used in financing activities	(c)	**(156)**	(15,810)	**(2,775)**	(25,322)
Net (decrease)/increase in cash and cash equivalents	(d)	**(4,730)**	(2,664)	**(38,652)**	9,710
Cash and cash equivalents at beginning of period/year		**28,466**	65,316	**62,142**	53,356
Effect of exchange rate fluctuations on cash held		**277**	(510)	**523**	(924)
Cash and cash equivalents at end of period/year		**24,013**	62,142	**24,013**	62,142
Analysis of cash and cash equivalents					
Fixed deposits		**14,281**	45,929	**14,281**	45,929
Cash at banks and on hand		**9,732**	16,213	**9,732**	16,213
Cash and cash equivalents at end of period/year		**24,013**	62,142	**24,013**	62,142

Explanatory Notes to Consolidated Statement of Cash Flows

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

The net cash used in operating activities in 4Q 2014 was mainly due to drawdown of factoring receivables, partly offset by repayment of loans, advances, hire purchase and leasing receivables.

For FY 2014, the net cash used resulted from drawdown of loans, advances and hire purchase and leasing receivables, partly offset by repayment of factoring receivables.

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

The lower net cash used in investing activities in 4Q 2014 resulted mainly from higher proceeds from redemption/disposal of investments. The higher net cash used in FY 2014 resulted mainly from higher purchase of investments and lower proceeds from redemption/disposal of equity and debt securities as compared to the same periods last year. The net cash from investing activities in FY 2013 was mainly due to higher proceeds from redemption of held-to-maturity debts securities compared to purchase of investments.

Details of the purchase of investments of $5.9 million and proceeds from redemption/disposal of investments of $4.5 million for 4Q 2014 are as follows:-

Details	Purchase of investments S$'000	Proceeds from redemption/ disposal of investments S$'000
ECICS Limited *		
- Quoted equity securities	1,863	1,505
- Quoted debt securities	4,062	2,000
- Unquoted debt securities	-	1,030
IFS Group (excluding ECICS Limited)		
- Unquoted fund	-	8
Total	5,925	4,543

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

(c) Net cash used in financing activities

The net cash used in financing activities in 4Q 2014, 4Q 2013 and FY 2013 was mainly due to utilization of surplus funds from operations for repayments of interest-bearing borrowings. As for FY 2014, it was mainly due to dividend payment to shareholders by the Company and its subsidiary.

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

Overall, the higher net decrease in cash and cash equivalents for 4Q 2014 and FY 2014 resulted mainly from net cash used in operations, higher purchase of investments and lower proceeds from redemption/disposal of equity and debt securities.

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							
2013								
At 1 January 2013 *	88,032	(422)	2,046	(4,869)	54,962	139,749	9,564	149,313
Total comprehensive income for the year								
(Loss)/profit for the year	-	-	-	-	(4,840)	(4,840)	1,452	(3,388)
Other comprehensive income	-	-	(539)	(3,925)	119	(4,345)	(303)	(4,648)
Total comprehensive income for the year	-	-	(539)	(3,925)	(4,721)	(9,185)	1,149	(8,036)
Capitalization of statutory legal reserves 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	(8,794)	47,047	127,556	10,078	137,634
2014								
At 1 January 2014	**88,032**	**(236)**	**1,507**	**(8,794)**	**47,047**	**127,556**	**10,078**	**137,634**
Total comprehensive income for the year								
(Loss)/profit for the year	**-**	**-**	**-**	**-**	**(7,694)**	**(7,694)**	**1,367**	**(6,327)**
Other comprehensive income	**-**	**-**	**2,195**	**1,532**	**-**	**3,727**	**436**	**4,163**
Total comprehensive income for the year	**-**	**-**	**2,195**	**1,532**	**(7,694)**	**(3,967)**	**1,803**	**(2,164)**
Capitalization of statutory legal reserves of a subsidiary	**-**	**197**	**-**	**-**	**(197)**	**-**	**-**	**-**
Dividends paid to owners of the Company	**-**	**-**	**-**	**-**	**(3,008)**	**(3,008)**	**-**	**(3,008)**
Dividends paid to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**(660)**	**(660)**
At 31 December 2014	**88,032**	**(39)**	**3,702**	**(7,262)**	**36,148**	**120,581**	**11,221**	**131,802**

** 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
2013				
At 1 January 2013	88,032	2,941	22,742	113,715
Total comprehensive income for the year				
Profit for the year	-	-	2,711	2,711
Other comprehensive income	-	(1,456)	-	(1,456)
Total comprehensive 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
2014				
At 1 January 2014	**88,032**	**1,485**	**22,445**	**111,962**
Total comprehensive income for the year				
Profit for the year	**-**	**-**	**8,148**	**8,148**
Other comprehensive income	**-**	**(622)**	**-**	**(622)**
Total comprehensive income for the year	**-**	**(622)**	**8,148**	**7,526**
Dividend paid	**-**	**-**	**(3,008)**	**(3,008)**
At 31 December 2014	**88,032**	**863**	**27,585**	**116,480**

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

Since 31 December 2013, there was no change in the issued share capital of the Company. The share capital of the Company as at 31 December 2014 was 150,387,866 ordinary shares.

There were no outstanding convertibles as at 31 December 2014 (as at 31 December 2013: Nil).

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

The total number of issued shares as at 31 December 2014 was 150,387,866 (as at 31 December 2013: 150,387,866 issued shares). The Company does not hold any treasury shares as at 31 December 2014 (as at 31 December 2013: 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 2013.

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 2014. The following are the new or amended FRSs that are relevant to the Group:

- Revised FRS 27 *Separate Financial Statements*
- Revised FRS 28 *Investments in Associates and Joint Ventures*
- FRS 110 *Consolidated Financial Statements*
- FRS 111 *Joint Arrangements*
- FRS 112 *Disclosure of Interests in Other Entities*
- Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 36 *Recoverable Amount Disclosures for Non-Financial Assets*
- Amendments to FRS 39 *Novation of Derivatives and Continuation of Hedge Accounting*

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.

6 Review of Group Performance

4th Quarter 2014 ("4Q 2014") versus 4th Quarter 2013 ("4Q 2013")

Group's operating profit before net claims incurred and allowances for 4Q 2014 of $3.5 million was 25% lower as compared to $4.7 million in 4Q 2013. This was due to lower operating income and higher operating expenses. Due to a higher net claims incurred of $4.2 million as compared to a reversal of $0.7 million in 4Q 2013, the Group reported a higher net loss of $8.1 million as compared to $3.9 million for 4Q 2013.

2014 versus 2013

The Group posted a higher net loss of $6.3 million from $3.4 million a year ago, largely impacted by higher net claims incurred and higher operating expenses but helped by higher net earned premium revenue and lower allowances for loan losses and impairment of investments. Net loss attributable to shareholders was $7.7 million.

Despite the higher net earned premium revenue, total revenue dropped 9% mainly from lower net interest income and lower non-interest income.

Total operating expenses rose 5% to $21.2 million, mainly from higher staff costs.

The Group's loan assets including factoring receivables outstanding were $345.5 million as at 31 December 2014. This was a 3% increase against the bases of $335.6 million as at 31 December 2013 due mainly to higher new loans drawdown.

For the regional operations, our Thailand subsidiary reported a net profit of $3.7 million, down 6% from $4.0 million in 2013 million mainly on lower revenue but helped by lower allowances for loan losses. Our Indonesia subsidiary posted a net loss of $1.5 million, reversing from a net profit of $277,000 in 2013 mainly due to additional allowances for loan losses. Our Malaysia subsidiary reported a higher net loss of $4.8 million compared to $4.3 million in 2013, mainly on higher impairments.

Overall, regional subsidiaries recorded higher net loss after non-controlling interests of $3.2 million compared to $862,000 in 2013.

The Group reported substantial improvement in other comprehensive income in 2014, with increase in net change in fair value of available-for-sale financial assets mainly from property-related investments coupled with foreign currencies translation gain.

7 Variance from Prospect Statement

The current announced results are in line with the further profit guidance announcement released on 18 February 2015.

8 Prospects

Overall, the Group faces challenges in its business environment in 2015, with the possibility of bad loans demanding the attention of management. The Group is enhancing its risk management and credit processes while stepping up its efforts at recoveries.

In Singapore, business volume has increased and this improvement is expected to continue. The Group's real estate investment and financing division has performed well and will contribute in 2015.

In Thailand, the company faces a more challenging economic environment but expects to maintain its profitability in 2015.

In Malaysia, the reduction in government spending will affect the Group's public sector business. The Group will continue expanding into private sector related activities.

Our Indonesian business faces a difficult environment, and will have to manage a higher risk of potential bad loans.

Our insurance subsidiary, ECICS, has spent significant resources in the last quarter of 2014 developing the basic infrastructure, distribution channels and products to grow the general insurance business.

9 Dividend

(a) Current financial period reported on

Name of Dividend	Proposed First and Final
Dividend Type	Cash (Ordinary)
Dividend Rate	1.50 cents per share
Tax Rate	One-tier tax exempt
Date of Payment	8 May 2015

(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	8 May 2014

(c) Dividend payment date

8 May 2015, 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 30 April 2015, 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 2014.

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 29 April 2015 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 29 April 2015 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, marine cargo and motor insurance, 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
2014					
Operating Results					
Total operating income	**31,684**	**7,695**	**800**	**-**	**40,179**
Reportable segment loss before tax	**(3,920)**	**(2,488)**	**(1,199)**	**-**	**(7,607)**
Net interest income	**18,539**	**-**	**-**	**-**	**18,539**
Net earned premium revenue	**-**	**3,880**	**-**	**-**	**3,880**
Non-interest income	**7,572**	**3,815**	**800**	**-**	**12,187**
Other material non-cash items					
- Allowances for loan losses and impairment of investments	**(14,889)**	**73**	**(986)**	**-**	**(15,802)**
- Depreciation and amortization	**(1,106)**	**(142)**	**(54)**	**-**	**(1,302)**
Assets and Liabilities					
Reportable segment assets	**292,017**	**80,228**	**24,320**	**7,700**	**404,265**
Capital expenditure	**674**	**496**	**-**	**-**	**1,170**
Reportable segment liabilities	**236,868**	**33,825**	**351**	**1,419**	**272,463**
2013					
Operating Results					
Total operating income	35,485	5,850	2,896	-	44,231
Reportable segment (loss)/ profit before tax	(4,859)	245	423	-	(4,191)
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 losses and impairment of investments	(19,679)	(11)	(1,485)	-	(21,175)
- Depreciation and amortization	(1,299)	(71)	(70)	-	(1,440)
Assets and Liabilities					
Reportable segment assets	295,685	74,282	24,083	5,650	399,700
Capital expenditure	213	47	-	-	260
Reportable segment liabilities	229,555	25,098	5,362	2,051	262,066

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Geographical segments

Geographical segments are analyzed by four principal geographical areas. *Singapore, Thailand, Malaysia, Indonesia* and *Others* 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.

Geographical information	Operating income S$'000	Non-current assets S$'000	Total assets S$'000
31 December 2014			
Singapore	**18,098**	**15,675**	**231,545**
Thailand	**14,530**	**1,828**	**134,680**
Malaysia	**4,408**	**306**	**12,411**
Indonesia	**2,118**	**64**	**17,127**
Others	**1,025**	**-**	**8,502**
	40,179	**17,873**	**404,265**
31 December 2013			
Singapore	18,947	15,972	217,986
Thailand	15,981	1,800	146,034
Malaysia	5,308	131	18,588
Indonesia	2,513	84	15,839
Others	1,482	-	1,253
	44,231	17,987	399,700

12 Review of Segments Performance

Business Segment

Credit financing segment recorded a lower pre-tax loss of $3.9 million in 2014 mainly on lower allowances for loan losses, partly affected by lower revenue. Income dropped 11% to $31.7 million from $35.5 million in 2013 mainly on lower factoring volume and lower average loan assets. Expenses went up 5% to $15.1 million mainly on higher staff costs linked to headcount growth. Allowances for loan losses and impairment of investments decreased by 24% mainly due to lower specific provisions required.

Insurance segment reported a pre-tax loss of $2.5 million in 2014 as compared to a pre-tax profit of $0.2 million in 2013 due mainly to higher net claims incurred, lower underwriting commission income and higher operating expenses, mitigated by higher net earned premium revenue and higher investment income.

Private equity and other investments segment posted a pre-tax loss of $1.2 million in 2014, reversing a pre-tax profit of $0.4 million in 2013, due mainly to the impairment required and the lower gain on disposal of equity securities.

Geographical Segment

The decrease in revenue from *Singapore* was attributable mainly to lower net interest income, lower investment income and drop in fee and commission income on lower factoring, bonds and guarantee business volume.

The decrease in revenue from *Thailand*, *Malaysia* and *Indonesia* was mainly due to lower financing business volume.

The increase in total assets from *Singapore* was mainly due to new loans drawdown while the decrease from *Thailand* and *Malaysia was* mainly from higher loan repayments.

The increase in total assets from *Others* resulted from new loans drawdown located in Sri Lanka and Australia.

13 Half Yearly Group Income and Profit/(Loss)

	Group		
	2014	2013	+/(-)
	S$'000	S$'000	%
Gross Operating Income			
- first half	**20,620**	21,129	(2.4)
- second half	**19,559**	23,102	(15.3)
Total Gross Operating Income	**40,179**	44,231	(9.2)
Operating Profit/(Loss) After Tax			
- first half	**1,876**	(2,749)	NM
- second half	**(8,203)**	(639)	NM
Total Operating Loss After Tax	**(6,327)**	(3,388)	79.8

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

	2014	2013
	S$'000	S$'000
Ordinary		
First and Final	**-**	3,008
Proposed First and Final	**2,256**	-
Total	**2,256**	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	58	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 2015