

**First Quarter Unaudited Financial Statements and Dividend Announcement for the Period Ended 31 March 2018****TABLE OF CONTENTS**

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First Quarter Unaudited Financial Statements and Dividend Announcement for the Period Ended 31 March 2018

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Income Statement

	3 months ended		
	31 March		
	1Q FY2018	1Q FY2017	+/(-) %
	S\$'000	S\$'000	
Interest income	5,891	5,911	(0.3)
Interest expense	(1,450)	(1,330)	9.0
Net interest income	4,441	4,581	(3.1)
Gross written premiums	2,531	3,735	(32.2)
Change in gross provision for unexpired risks	543	811	(33.0)
Gross earned premium revenue	3,074	4,546	(32.4)
Written premiums ceded to reinsurers	(744)	(978)	(23.9)
Reinsurers' share of change in provision for unexpired risks	102	(381)	NM
Reinsurance premium expense	(642)	(1,359)	(52.8)
Net earned premium revenue (i)	2,432	3,187	(23.7)
Fee and commission income	1,927	1,664	15.8
Investment income	562	899	(37.5)
Other income	180	100	80.0
Sub-total (ii)	2,669	2,663	0.2
Non-interest income (i) + (ii)	5,101	5,850	(12.8)
Income before operating expenses	9,542	10,431	(8.5)
Business development expenses	(111)	(111)	-
Commission expenses	(571)	(708)	(19.4)
Staff costs	(3,261)	(3,251)	0.3
General and administrative expenses	(1,720)	(1,580)	8.9
Operating expenses	(5,663)	(5,650)	0.2
Change in provision for insurance claims	(669)	(1,115)	(40.0)
Reinsurers' share of change in provision for insurance claims	(170)	(180)	(5.6)
Gross claims paid	(1,805)	(1,679)	7.5
Reinsurers' share of claims paid	18	235	(92.3)
Net claims incurred	(2,626)	(2,739)	(4.1)
Operating profit before allowances	1,253	2,042	(38.6)
Allowances for loan losses and impairment of other assets	(584)	(1,208)	(51.7)
Profit before tax	669	834	(19.8)
Tax expense	(569)	(409)	39.1
Profit for the period	100	425	(76.5)
Profit/(loss) attributable to:			
Owners of the Company	(321)	26	NM
Non-controlling interests	421	399	5.5
Profit for the period	100	425	(76.5)

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

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income

		3 months ended		
		31 March		
	Note	1Q FY2018 S\$'000	1Q FY2017 S\$'000	+/(-) %
Profit for the period		100	425	(76.5)
Other comprehensive income				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Net change in fair value of financial assets at FVOCI	(i)	(327)	-	NM
Net change in fair value of available-for-sale financial assets	(i)	-	83	NM
Net change in fair value of financial assets at FVOCI reclassified to profit or loss		(1)	-	NM
Foreign currency translation differences of foreign operations	(ii)	1,273	127	NM
Tax on other comprehensive income		-	(1)	NM
		945	209	NM
Other comprehensive income for the period, net of tax		945	209	NM
Total comprehensive income for the period		1,045	634	64.8
Attributable to:				
Owners of the Company		283	140	102.1
Non-controlling interests		762	494	54.3
		1,045	634	64.8

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

Notes:

- (i) Net change in fair value of financial assets was mainly due to mark-to-market (loss)/gain on debt securities.
- (ii) 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 significant gain from foreign currency translation differences of foreign operations was fueled by the strengthening of the Thai Baht against the Singapore Dollar by 2.4% since December 2017.

1(a)(ii) The following items have been included in arriving at Group net profit/(loss) for the period

	3 months ended 31 March		
	1Q FY2018 S\$'000	1Q FY2017 S\$'000	+/(%)
Investment income			
- dividend, fee and interest income	583	349	67.0
- gain on disposal of equity securities	36	169	(78.7)
- gain on partial redemption of convertible loan	269	-	NM
- net change in fair value of financial assets at fair value through profit or loss	(235)	556	NM
- amortisation of held-to-maturity debt securities	(9)	(16)	(43.8)
- exchange (loss)/gain	(82)	(159)	(48.4)
	<u>562</u>	<u>899</u>	<u>(37.5)</u>
Gain on disposal of property, plant and equipment	51	-	NM
Amortisation of intangible assets	(84)	(117)	(28.2)
Depreciation of property, plant and equipment	(288)	(295)	(2.4)
Foreign currency differences			
- exchange loss	(56)	(20)	180.0
- fair value gain on foreign exchange forward contracts	8	-	NM
	<u>(369)</u>	<u>(432)</u>	<u>(14.6)</u>
Reversal of/(provision for) unexpired risks, net of reinsurers' share			
- change in gross provision for unexpired risks	543	811	(33.0)
- reinsurers' share of change in provision for unexpired risks	102	(381)	NM
	<u>645</u>	<u>430</u>	<u>50.0</u>
Claims incurred, net of reinsurers' share			
- net of change in provision for insurance claims	(839)	(1,295)	(35.2)
- net claims paid	(1,787)	(1,444)	23.8
	<u>(2,626)</u>	<u>(2,739)</u>	<u>(4.1)</u>
Reversal of/(allowance for) loan losses and impairment of investments			
- stage 1 provision	2	-	NM
- stage 2 provision	(22)	-	NM
- stage 3 provision	(497)	-	NM
- collective provision - loans and receivables	-	95	NM
- specific provision - loans and receivables	-	(724)	NM
- specific provision - interest accrual on non-performing accounts	-	(554)	NM
- insurance and other receivables	(67)	(25)	168.0
	<u>(584)</u>	<u>(1,208)</u>	<u>(51.7)</u>
Tax expenses			
- current tax expense	(467)	(391)	19.4
- deferred tax expense	(40)	(18)	122.2
- underprovision of prior years' tax	(62)	-	NM
	<u>(569)</u>	<u>(409)</u>	<u>39.1</u>

1(b)(i) A statement of financial position (for the group and issuer), together with a comparative statement as at the end of the immediately preceding financial year.

	Group			Company	
	31/3/2018	31/12/2017	1/1/2017	31/3/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
		Restated*	Restated*		
Non-current assets					
Property, plant and equipment	14,841	14,893	15,697	13,195	13,342
Intangible assets	586	465	588	295	119
Investment properties	3,791	3,756	3,914	-	-
Subsidiaries	-	-	-	88,857	86,897
Other investments	50,628	54,377	49,194	5,238	5,262
Loans, advances, hire purchase and leasing receivables	70,778	54,841	43,004	52,160	44,513
Deferred tax assets	5,459	5,308	5,434	375	391
	146,083	133,640	117,831	160,120	150,524
Current assets					
Reinsurers' share of insurance contract provisions	3,582	3,649	7,047	-	-
Insurance receivables	2,008	1,225	1,933	-	-
Loans, advances, hire purchase and leasing receivables	64,597	52,482	61,685	50,332	39,720
Trade and other receivables	174,969	169,334	153,681	45,346	52,665
Other investments	18,831	15,622	29,542	522	659
Cash and cash equivalents	35,994	35,064	33,724	12,546	12,163
	299,981	277,376	287,612	108,746	105,207
Total assets	446,064	411,016	405,443	268,866	255,731
Equity					
Share capital	137,302	137,302	137,302	137,302	137,302
Other reserves	1,177	3,982	4,701	-	379
Accumulated profits	13,806	11,007	9,004	25,076	24,696
Equity attributable to owners of the Company	152,285	152,291	151,007	162,378	162,377
Non-controlling interests	14,736	14,024	12,618	-	-
Total equity	167,021	166,315	163,625	162,378	162,377
Non-current liabilities					
Interest-bearing borrowings	7,544	9,412	13,033	2,000	4,000
Employee benefits	1,212	1,145	1,118	-	-
Deferred tax liabilities	444	375	339	-	-
	9,200	10,932	14,490	2,000	4,000
Current liabilities					
Trade and other payables	10,944	10,894	11,540	4,554	5,444
Insurance payables	2,015	1,967	2,273	-	-
Interest-bearing borrowings	233,741	198,377	187,390	99,918	83,894
Insurance contract provisions for					
- gross unexpired risks	9,487	10,029	15,756	-	-
- gross unexpired claims	12,379	11,710	9,824	-	-
Current tax payable	1,277	792	545	16	16
	269,843	233,769	227,328	104,488	89,354
Total liabilities	279,043	244,701	241,818	106,488	93,354
Total equity and liabilities	446,064	411,016	405,443	268,866	255,731

* The consolidated statement of financial position as at 1 January and 31 December 2017 have been restated as a result of the adoption of the Singapore Financial Reporting Standards (International) ("SFRS(I)").

Please refer to Paragraph 5 of this announcement for the restatement of the consolidated statement of financial position as a result of the adoption of SFRS(I).

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

	Unsecured	
	As at 31-Mar-18	As at 31-Dec-17
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	233,741	198,377
Amount repayable after one year	7,544	9,412
	241,285	207,789

Details of any collateral

Nil

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended	
	31 March	
	1Q FY2018	1Q FY2017
	S\$'000	S\$'000
Cash flows from operating activities		
Profit for the period	100	425
Adjustments for:		
Amortisation of intangible assets and held-to-maturity debt securities	93	133
Net foreign exchange gain	911	166
Depreciation of property, plant and equipment	288	295
Gain on disposal of equity securities	(36)	(169)
Gain on partial redemption of convertible loans	(269)	-
Gain on disposal of property, plant and equipment	(51)	-
Net change in fair value of financial assets at fair value through profit or loss	235	(556)
Allowance for impairment of investments	-	-
(Reversal of)/provision for, net of reinsurers' share		
- unexpired risks	(645)	(430)
- insurance claims	839	1,295
Interest income	(5,891)	(5,911)
Interest income from investments and fixed deposits	(316)	(297)
Dividend income from investments	(267)	(52)
Interest expense	1,449	1,330
Fixed assets writted off	-	1
Tax expense	569	409
Operating cash flows before changes in working capital	(2,991)	(3,361)
Changes in working capital		
Factoring receivables	(11,048)	(3,048)
Factoring amounts due to clients	5,367	(313)
Loans, advances, hire purchase and lease receivables	(28,940)	(2,557)
Insurance and other receivables	(206)	204
Trade, other and insurance payables	133	(1,240)
Cash used in operations	(37,685)	(10,315)
Interest received	6,132	6,310
Interest paid	(1,414)	(1,327)
Net cash used in operating activities	(32,967)	(5,332)

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Continued)

	3 months ended	
	31 March	
	1Q FY2018	1Q FY2017
	S\$'000	S\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	51	-
Purchase of property, plant and equipment	(160)	(50)
Purchase of intangible assets	(202)	(42)
Purchase of investments	(4,693)	(18,275)
Proceeds from disposal of investments	4,884	22,899
Dividend received from investments	267	52
Net cash generated from investing activities	147	4,584
Cash flows from financing activities		
Proceeds from interest-bearing borrowings	33,496	5,785
Net cash generated from financing activities	33,496	5,785
Net increase in cash and cash equivalents	676	5,037
Cash and cash equivalents at beginning of period	35,064	33,724
Effect of exchange rate fluctuations on cash held	254	66
Cash and cash equivalents at end of period	35,994	38,827
Analysis of cash and cash equivalents		
Fixed deposits	15,070	18,724
Cash at banks and on hand	20,924	20,103
Cash and cash equivalents at end of period	35,994	38,827

1(d)(i) A statement (for the group and issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to owners of the Company					Non-		Total equity
	Share capital	Capital reserve	Fair value reserve	Translation reserve	Accumulated profits	Total	controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2018								
At 31 December 2017, as previously stated	137,302	108	3,458	(6,936)	18,359	152,291	14,024	166,315
Impact on the adoption of SFRS(I) 1	-	-	-	7,352	(7,352)	-	-	-
At 31 December 2017, as restated	137,302	108	3,458	416	11,007	152,291	14,024	166,315
Impact on the adoption of SFRS(I) 9	-	-	(3,409)	-	3,120	(289)	(50)	(339)
At 1 January 2018, as restated	137,302	108	49	416	14,127	152,002	13,974	165,976
Total comprehensive income for the period								
(Loss)/profit for the period	-	-	-	-	(321)	(321)	421	100
<i>Other comprehensive income</i>								
Foreign currency translation differences	-	-	-	932	-	932	341	1,273
Net change in fair value of financial assets at FVOCI	-	-	(327)	-	-	(327)	-	(327)
Net change in fair value of financial assets at FVOCI reclassified to profit or loss	-	-	(1)	-	-	(1)	-	(1)
<i>Total other comprehensive income</i>	-	-	(328)	932	-	604	341	945
Total comprehensive income for the period	-	-	(328)	932	(321)	283	762	1,045
At 31 March 2018	137,302	108	(279)	1,348	13,806	152,285	14,736	167,021
2017								
At 1 January 2017, as previously stated	137,302	38	4,663	(7,352)	16,356	151,007	12,618	163,625
Impact on the adoption of SFRS(I) 1	-	-	-	7,352	(7,352)	-	-	-
At 1 January 2017, as restated	137,302	38	4,663	-	9,004	151,007	12,618	163,625
Total comprehensive income for the period								
Profit for the period	-	-	-	-	26	26	399	425
<i>Other comprehensive income</i>								
Foreign currency translation differences	-	-	-	33	-	33	95	128
Net change in fair value of available-for-sale financial assets	-	-	82	-	-	82	-	82
Tax on other comprehensive income	-	-	(1)	-	-	(1)	-	(1)
<i>Total other comprehensive income</i>	-	-	81	33	-	114	95	209
Total comprehensive income for the period	-	-	81	33	26	140	494	634
At 31 March 2017	137,302	38	4,744	33	9,030	151,147	13,112	164,259

1(d)(i) A statement (for the group and issuer) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.
(Continued)

<u>Company</u>	Share capital S\$'000	Fair value reserve S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2018				
At 31 December 2017	137,302	379	24,696	162,377
Impact on the adoption of SFRS(I) 9	-	(379)	276	(103)
At 1 January 2018	137,302	-	24,972	162,274
Total comprehensive income for the period				
Profit for the period	-	-	104	104
Total comprehensive income for the period	-	-	104	104
At 31 March 2018	137,302	-	25,076	162,378
2017				
At 1 January 2017	137,302	978	21,140	159,420
Total comprehensive income for the period				
Loss for the period	-	-	(136)	(136)
Total comprehensive income for the period	-	-	(136)	(136)
At 31 March 2017	137,302	978	21,004	159,284

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of Ordinary Shares (excluding Treasury Shares)	
	As at 31 Mar 2018	As at 31 Dec 2017
Balance at beginning and end of the period	375,969,665	375,969,665

There were no outstanding convertibles as at 31 March 2018 and 31 December 2017.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 March 2018 and 31 December 2017, the issued and paid up share capital excluding treasury shares of the Company comprised of 375,969,665 (31 March 2017: 375,969,665) ordinary shares.

The Company does not hold any treasury shares as at 31 March 2018, 31 December 2017 and 31 March 2017.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not Applicable

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

During the current financial period reported on, there were no purchases, sales, transfers, disposal, cancellation and/or use of subsidiary holdings.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Group's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

In December 2017 the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) ("SFRS(I)") which comprises of standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") at 31 December 2017. Singapore-incorporated companies listed on the Singapore Exchange shall apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As a result of the Group's adoption of SFRS(I), the consolidated statement of financial position and consolidated statement of changes in equity as at 1 January 2017 and 31 December 2017 have been restated. The adoption of SFRS(I) and their impact on the financial statements are detailed in the Paragraph 5.

Other than the adoption of the new framework and the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2017 which was prepared under Singapore Financial Reporting Standards ("SFRS").

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Prior year adjustment in accordance with SFRS(I) 1 *First-Time Adoption of Singapore Financial Reporting Standards (International)*

The Financial Statements for FY2017 has been restated to reflect the effects of resetting the cumulative Foreign Currency Translation Reserve ("FCTR"). The Group considered that restating FCTR to comply with SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* may not be practicable as certain acquisitions and disposals were transacted at dates that preceded the statutory record keeping periods, and has elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

Opening balance adjustment in accordance with adoption of SFRS(I) 9 *Financial Instruments*

The opening balance for FY2018 has been adjusted to reflect the effects of adopting the new classification and measurement model for financial instruments and the effects of replacing impairment models. In our situation, the 'incurred loss' model previously used with a forward-looking expected credit loss ("ECL") model. Changes in accounting policies resulting from the adoption of accounting standards will generally be applied by the Group retrospectively. However, the Group decided to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption were recognised in retained earnings.

The Group adopted the forward-looking ECL model using a "three stage" model approach based on changes in credit quality as follows:

- Stage 1 – Financial instruments that have not had a significant deterioration in credit quality;
- Stage 2 – Financial instruments that have had a significant increase in credit risk since initial recognition; and
- Stage 3 – Financial assets that have objective evidence of impairment.

Loss allowances for Stage 1 financial assets were based on 12-month ECLs (result from possible default events within the 12 months after the reporting date) while loss allowances for Stage 2 and Stage 3 financial assets were based on lifetime ECLs (result from all possible default events over the expected life of a financial instrument).

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.
(Continued)

Consequential to resetting the cumulative FCTR as at 1 January 2017 determined in accordance with SFRS(I) and the effects of the adjustments arising from the adoption of SFRS(I) 9 to the opening balances, the effects on the Consolidated Statement of Financial Position are as follows:

	31-Dec-17 SFRS Framework S\$'000 Audited	31-Dec-17 SFRS(I) 1 Note (1) S\$'000	31-Dec-17 SFRS(I) Framework S\$'000 (Restated)	1-Jan-18 SFRS(I) 9 Note (2) S\$'000	1-Jan-18 SFRS(I) 9 Note (3) S\$'000	1-Jan-18 SFRS(I) Framework S\$'000
Non-current assets						
Loans, advances, hire purchase and leasing	54,841	-	54,841	-	(51)	54,790
Others	78,799	-	78,799	-	-	78,799
	133,640	-	133,640	-	(51)	133,589
Current assets						
Loans, advances, hire purchase and leasing	52,482	-	52,482	-	(840)	51,642
Factoring receivables	166,927	-	166,927	-	552	167,479
Others	57,967	-	57,967	-	-	57,967
	277,376	-	277,376	-	(288)	277,088
Total assets	411,016	-	411,016	-	(339)	410,677
Equity						
Share capital	137,302	-	137,302	-	-	137,302
Other reserves	(3,370)	7,352	3,982	(3,409)	-	573
Accumulated profits	18,359	(7,352)	11,007	3,409	(289)	14,127
Equity attributable to owners of the Company	152,291	-	152,291	-	(289)	152,002
Non-controlling interests	14,024	-	14,024	-	(50)	13,974
Total equity	166,315	-	166,315	-	(339)	165,976
Non-current liabilities	10,932	-	10,932	-	-	10,932
Current liabilities	233,769	-	233,769	-	-	233,769
Total liabilities	244,701	-	244,701	-	-	244,701
Total equity and liabilities	411,016	-	411,016	-	(339)	410,677

(1) Adjustment to foreign currency translation reserve under SFRS(I) 1.

(2) Adjustment to accumulated profits due to reclassification of other investments under SFRS(I) 9.

(3) Adjustment to accumulated profits due to new ECL model under SFRS(I) 9.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.
(Continued)

The effects of the adjustments arising from the adoption of SFRS(I) 9 to the opening balances on the Company's Statement of Financial Position are as follows:

	31-Dec-17 SFRS Framework S\$'000 Audited	1-Jan-18 SFRS(I) 9 Note (4) S\$'000	1-Jan-18 SFRS(I) 9 Note (5) S\$'000	1-Jan-18 SFRS(I) Framework S\$'000
Non-current assets				
Loans, advances, hire purchase and leasing receivables	44,513	-	(5)	44,508
Others	106,011	-	-	106,011
	150,524	-	(5)	150,519
Current assets				
Loans, advances, hire purchase and leasing receivables	39,720	-	(196)	39,524
Factoring receivables	24,668	-	98	24,766
Others	40,819	-	-	40,819
	105,207	-	(98)	105,109
Total assets	255,731	-	(103)	255,628
Equity				
Share capital	137,302	-	-	137,302
Other reserves	379	(379)	-	-
Accumulated profits	24,696	379	(103)	24,972
Total equity	162,377	-	(103)	162,274
Non-current liabilities	4,000	-	-	4,000
Current liabilities	89,354	-	-	89,354
Total liabilities	93,354	-	-	93,354
Total equity and liabilities	255,731	-	(103)	255,628

(4) Adjustment to accumulated profits due to reclassification of other investments under SFRS(I) 9.

(5) Adjustment to accumulated profits due to new ECL model under SFRS(I) 9.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:—

- (a) Based on the weighted average number of ordinary shares on issue; and**
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	3 months ended	
	31 March	
Earnings Per Ordinary Share	1Q FY2018	1Q FY2017
- on weighted-average number of ordinary shares in issue	(0.09) cents	0.01 cents
- on fully diluted basis	(0.09) cents	0.01 cents
Net (loss)/profit attributable to shareholders:	\$(321,000)	\$26,000
Number of shares in issue		
- on weighted-average number of ordinary shares in issue	375,969,665	375,969,665
- on fully diluted basis	375,969,665	375,969,665

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.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	31-Mar-18	31-Dec-17	31-Mar-18	31-Dec-17
Net Asset Value (NAV) per ordinary share	40.5 cents	40.5 cents	43.2 cents	43.2 cents
NAV computed based on				
no. of ordinary shares issued	375,969,665	375,969,665	375,969,665	375,969,665

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

Net interest income

Details for net interest income generated from activities are as follows:

	3 months ended		
	31 March		
	1Q FY2018	1Q FY2017	+/(−)
	S\$'000	S\$'000	%
Factoring	3,517	3,088	13.9
Loans, advances, hire purchase	2,218	2,037	8.9
Facility fee	156	101	54.5
Interest income excluding NPLs	5,891	5,226	12.7
Non-performing loans (NPLs)	-	685	NM
Interest income	5,891	5,911	(0.3)
Interest expense	(1,450)	(1,330)	9.0
Net interest income	4,441	4,581	(3.1)

The Group's lending business started 2018 with a positive note. Interest income excluding NPLs for the first quarter 2018 ("1Q FY2018") increased by 9.4% compared to the corresponding period in 2017 ("1Q FY2017"). This is mainly contributed by the higher interest income earned from factoring business. Factoring volume increased by approximately \$40.6 million when compared to 1Q FY2017 and 47 new accounts were acquired during the quarter under review. In terms of loans, we acquired 25 new accounts and had new disbursement totaling \$46.5 million.

Upon the adoption of SFRS(I) 9, the Group has ceased recognition of interest income arising from NPLs.

Resultant from increased in borrowings to fund our higher lending activities and higher cost of funds due to banks increasing their pricing following the FED interest rates hike in the first quarter of 2018, interest expenses inched up by 9% compared to the corresponding quarter.

Overall net interest income margin only dipped by 0.2 percent point from 6.0% in 1Q FY2017 to 5.8% in 1Q FY2018, aided by the higher interest income earned.

Non-interest income

Non-interest income decreased by 12.8% from \$5.9 million to \$5.1 million during 1Q FY2018 when compared to 1Q FY2017 mainly due to lower net earned premium recorded for the period.

Overall production volume in 1Q FY2018 dropped 31% compared to 1Q FY2017. Gross Written Premium from Motor, Workmen Injury Compensation fell by 61% and 67% respectively.

Operating expenses

Total operating expenses for 1Q FY2018 remained flat compared to 1Q FY2017. General and administrative expenses increased slightly by \$140,000 partly due to exchange losses incurred as well as legal and professional fees.

Net claims incurred

Net claims incurred of \$2.6 million in 1Q FY2018 were mainly from Motor insurance (\$1.6 million) and Workman Injury Compensation claims (\$0.7 million).

The claims from Motor insurance were driven by development of the private hire cars' claims which we have ceased writing since June/July 2017 as well as further development of claims relating to accidents that happened in 2017 which we have underwritten.

Allowances and Impairments

	3 months ended		
	31 March		
	1Q FY2018	1Q FY2017	+/(-) %
	S\$'000	S\$'000	
Stage 1	(2)	-	NM
Stage 2	22	-	NM
Stage 3	497	-	NM
Specific provision	-	1,278	NM
- on principals	-	724	NM
- on interests	-	554	NM
Collective provision	-	(95)	NM
Others	67	25	168.0
Allowances and Impairments	584	1,208	(51.7)

Profit before tax

The Group recorded a marginally lower pre-tax profit of \$0.7 million (1Q FY2017: \$0.8 million) due to a decrease in net earned premium resulted from the lower production volume achieved by our insurance division as well as a higher net claims paid of \$1.78 million (1Q FY2017: \$1.44 million).

As a result of the reduced production volume and higher claims incurred, underwriting loss incurred by our insurance division widened by \$0.4 million to \$1.7 million in 1Q FY2018 (1Q FY2017: \$1.3 million) and overall loss ratio deteriorated from 86% from 1Q FY2017 to 106% in 1Q FY2018.

Cash flows used in operating activities

The Group recorded a net cash outflow of \$33.0 million for 1Q FY2018 and \$5.3 million for 1Q FY2017. Operating activities were in a net cash outflow position for 1Q FY2018 mainly due to the increase in factoring and loans activities compared to the prior period.

Cash flows from investing activities

The net cash flow for 1Q FY2018 was a marginal inflow of \$0.1 million (1Q FY2017: net cash inflow of \$4.6 million). Net cash inflows were mainly due to proceeds received from redemption/disposal of investments being higher than cash used in purchasing investments.

Details of the purchase of investments and proceeds from redemption/disposal of investments for 1Q FY2018 were as follows:

	Purchase of investments	Proceeds from redemption / disposal of investments
	1Q FY2018 S\$'000	1Q FY2018 S\$'000
<u>ECICS Limited *</u>		
- Quoted equity securities	1,917	1,070
- Quoted debt securities	2,776	2,225
<u>IFS Group (excluding ECICS Limited)</u>	-	1,589
Total	4,693	4,884

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

Cash flows from financing activities

The net cash generated from financing activities resulted from the additional drawdown of interest-bearing borrowings to meet lending activities requirement.

Cash and cash equivalents

For 1Q FY2018, the net cash inflows from investing and financing activities exceeded the net cash outflows from operating activities resulting in an increase in cash and cash equivalents for the period.

Loan, advances, hire purchase and leasing receivables ("LAHL")

LAHL (non-current and current portions) increased by \$28.1 million to \$135.4 million during the period due to increase in lending activities during the period.

Trade and other receivables

Trade and other receivables increased by \$5.6 million to \$175.0 million in 1Q FY2018 due to higher factoring receivables from increased activities during the period.

Interest-bearing borrowings

Interest-bearing borrowings (non-current and current portions) increased by \$33.5 million (16.1%) to \$241.3 million due to the additional drawdowns to fund increased lending activities.

9 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 fourth quarter and full year results announcement for the year ended 31 December 2017 dated 23 February 2018.

10 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.

Our Lending business continues to enjoy good growth momentum, with factoring volumes in the first quarter rising \$8.3 million to \$390.4 million while the total loans books grew by \$28.1 million to \$135.4 million when compared to 4Q FY2017. The higher factoring volume was led by our Thai subsidiary while loan books in Singapore, Malaysia and Indonesia grew. Our pipeline is encouraging and we expect our Lending business to continue with the strong growth.

Business in our insurance division remains weak with reduced production volumes and higher incurred claims. A new strategy has been put in place to achieve better pricing, improve processes in underwriting risks and better manage our operating costs. We are confident in our new strategy but it will take time to bear fruit. We continue to pursue efficiency while developing ways to increase production volumes.

Overall we are confident in our Lending business but will need to manage downside risks in our insurance business.

11 Dividend

(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.

12 If no dividend has been declared (recommended), a statement to that effect.

No interim dividend has been declared for the period ended 31 March 2018.

13 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 did not obtain a general mandate from shareholders for Interested Person Transactions.

14 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
Company Secretary
11 May 2018



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 first quarter ended 31 March 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Hua Min
Chairman

Eugene Tan
Group Chief Executive Officer/Director

Ang Iris
Group Chief Financial Officer

Singapore
11 May 2018