IFS Capital Limited

(Registration no: 198700827C)

Half Year Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 June 2020

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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

	6 months ended 30 June		
	1H FY2020 S$'000	1H FY2019 S$'000	+/(-) %
Interest income	14,379	16,324	(11.9)
Interest expense	(3,530)	(4,053)	(12.9)
Net interest income	**10,849**	**12,271**	(11.6)
Gross written premiums	3,248	2,593	25.3
Change in gross provision for unexpired risks	(211)	1,645	NM
Gross earned premium revenue	3,037	4,238	(28.3)
Written premiums ceded to reinsurers	(453)	(399)	13.5
Net earned premium revenue (i)	**2,584**	**3,839**	(32.7)
Fee and commission income	3,444	4,126	(16.5)
Investment income	148	1,478	(90.0)
Other income	290	804	(63.9)
Sub-total (ii)	**3,882**	**6,408**	(39.4)
Non-interest income (i) + (ii)	**6,466**	**10,247**	(36.9)
Grant income	**1,015**	**-**	NM
Income before operating expenses	**18,330**	**22,518**	(18.6)
Business development expenses	(270)	(310)	(12.9)
Commission expenses	(737)	(819)	(10.0)
Staff costs	(7,151)	(7,380)	(3.1)
General and administrative expenses	(3,325)	(3,369)	(1.3)
Operating expenses	**(11,483)**	**(11,878)**	(3.3)
Change in provision for insurance claims	1,640	1,432	14.5
Reinsurers' share of change in provision for insurance claims	(112)	(663)	(83.1)
Gross claims paid	(3,687)	(4,028)	(8.5)
Reinsurers' share of claims paid	827	792	4.4
Net claims incurred	**(1,332)**	**(2,467)**	(46.0)
Operating profit before allowances	**5,515**	**8,173**	(32.5)
(Allowances for)/Reversal of loan losses and impairment of other assets	(473)	749	NM
Profit before tax	**5,042**	**8,922**	(43.5)
Tax expense	(1,190)	(2,074)	(42.6)
Profit for the period	**3,852**	**6,848**	(43.8)
Profit attributable to:			
Owners of the Company	2,888	5,280	(45.3)
Non-controlling interests	964	1,568	(38.5)
Profit for the period	**3,852**	**6,848**	(43.8)

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

	Note	6 months ended 30 June 1H FY2020 S$'000	1H FY2019 S$'000	+/(-) %
Profit for the period		**3,852**	**6,848**	(43.8)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences of foreign operations	(i)	306	2,135	(85.7)
		306	2,135	(85.7)
Other comprehensive income for the period, net of tax		306	2,135	(85.7)
Total comprehensive income for the period		4,158	8,983	(53.7)
Attributable to:				
Owners of the Company		3,091	6,861	(54.9)
Non-controlling interests		1,067	2,122	(49.7)
		4,158	8,983	(53.7)

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

Notes:

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

Exchange rates for the respective reporting period were as follows:

	30-Jun 2020	31-Dec 2019	30-Jun 2019	31-Dec 2018
THB against SGD	22.441	22.594	22.993	23.809
MYR against SGD	3.0713	3.0386	3.0590	3.0340
IDR against SGD	10,265	10,321	10,446	10,672

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

	6 months ended 30 September		
	1H FY2020 S$'000	1H FY2019 S$'000	+/(-) %
Investment income			
- dividend, fee and interest income	701	841	(16.6)
- loss on disposal of equity securities	(48)	-	NM
- net change in fair value of financial assets at fair value through profit or loss	(630)	763	NM
- amortisation of debt securities at amortised cost	(3)	(29)	(89.7)
- exchange gain/(loss)	128	(97)	NM
	148	1,478	(90.0)
Gain on disposal of property, plant and equipment	5	-	NM
Amortisation of intangible assets	(170)	(135)	25.9
Depreciation of property, plant and equipment	(302)	(315)	(4.1)
Depreciation of right-of-use assets	(367)	(282)	30.0
Foreign currency differences			
- exchange gain airisng from revaluation	309	128	141.4
	(525)	(604)	(13.1)
(Provision for)/Reversal of unexpired risks, net of reinsurers' share			
- change in gross provision for unexpired risks	(211)	1,645	NM
Claims incurred, net of reinsurers' share			
- net of change in provision for insurance Claims	1,528	769	98.7
- net Claims paid	(2,860)	(3,236)	(11.6)
	(1,332)	(2,467)	(46.0)
(Allowance for)/reversal of loan losses and impairment of investments			
- stage 1 provision	218	(54)	NM
- stage 2 provision	(192)	(11)	NM
- stage 3 provision	(125)	1,964	NM
- insurance and other receivables	(270)	(99)	172.7
- debts written off	(10)	-	NM
- investments at amortisation cost	(94)	(1,051)	(91.1)
	(473)	749	NM
Tax expenses			
- current	(1,122)	(1,175)	(4.5)
- deferred	11	(899)	NM
- under provision of prior years' tax	(79)	-	NM
	(1,190)	(2,074)	(42.6)

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	
	30/6/2020 S$'000	31/12/2019 S$'000	30/6/2020 S$'000	31/12/2019 S$'000
Non-current assets				
Property, plant and equipment	2,049	2,165	210	213
Intangible assets	956	990	785	773
Investment properties	2,897	2,981	-	-
Subsidiaries	-	-	86,163	86,163
Other investments	22,602	25,096	16	14
Loans, advances, hire purchase and leasing receivables	78,826	83,092	67,887	69,368
Deferred tax assets	3,756	3,856	-	-
Right-of-use assets	2,853	2,839	2,100	2,020
	113,939	**121,019**	**157,161**	**158,551**
Current assets				
Reinsurers' share of insurance contract provisions	4,421	4,533	-	-
Insurance receivables	2,536	1,561	-	-
Loans, advances, hire purchase and leasing receivables	167,479	158,691	105,442	99,385
Trade and other receivables	119,163	163,052	62,801	72,835
Other investments	11,479	18,737	254	312
Cash and cash equivalents	59,859	37,191	28,301	9,065
	364,937	**383,765**	**196,798**	**181,597**
Total assets	**478,876**	**504,784**	**353,959**	**340,148**
Equity				
Share capital	137,302	137,302	137,302	137,302
Other reserves	3,857	3,654	-	-
Accumulated profits	38,008	38,052	41,490	41,681
Equity attributable to owners of the Company	**179,167**	**179,008**	**178,792**	**178,983**
Non-controlling interests	17,664	17,945	-	-
Total equity	**196,831**	**196,953**	**178,792**	**178,983**
Non-current liabilities				
Interest-bearing borrowings	6,307	5,323	-	-
Employee benefits	1,541	1,429	-	-
Deferred tax liabilities	143	246	138	147
Lease liabilities	2,280	2,253	1,576	1,500
	10,271	**9,251**	**1,714**	**1,647**
Current liabilities				
Trade and other payables	12,806	15,036	8,209	8,453
Insurance payables	1,861	1,792	-	-
Interest-bearing borrowings	233,662	256,975	163,313	149,288
Insurance contract provisions for				
- gross unexpired risks	6,948	6,738	-	-
- gross unexpired claims	13,219	14,859	-	-
Lease liability	596	596	507	507
Current tax payable	2,682	2,584	1,425	1,271
	271,774	**298,580**	**173,454**	**159,519**
Total liabilities	**282,045**	**307,831**	**175,168**	**161,166**
Total equity and liabilities	**478,876**	**504,784**	**353,960**	**340,149**

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

	Unsecured	
	As at 30-Jun-20 S$'000	As at 31-Dec-19 S$'000
Amount repayable in one year or less, or on demand	233,662	256,975
Amount repayable after one year	6,307	5,323
	239,969	**262,298**

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.

	6 months ended 30 June	
	1H FY2020 S$'000	1H FY2019 S$'000
Cash flows from operating activities		
Profit for the period	3,852	6,848
Adjustments for:		
Amortisation of intangible assets and debt securities at amortised cost	173	164
Net foreign exchange loss	72	1,993
Depreciation of property, plant and equipment	302	315
Depreciation of right-of-use assets	367	282
Loss on disposal of debt securities	48	-
Gain on disposal of property, plant and equipment	(5)	-
Net change in fair value of financial assets at fair value through profit or loss	630	(763)
Recognition of allowance for impairment of investments	94	1,051
Provision for/(reversal of), net of reinsurers' share		
- unexpired risks	211	(1,645)
- insurance claims	(1,528)	(769)
Interest income	(14,379)	(16,324)
Interest income from investments and fixed deposits	(437)	(575)
Dividend income from investments	(264)	(266)
Interest expense	3,530	4,053
Interest expense on lease liabities	72	60
Tax expense	1,189	2,074
Operating cash flows before changes in working capital	(6,073)	(3,502)
Changes in working capital		
Factoring receivables	52,400	(2,553)
Factoring amounts due to clients	(8,334)	(191)
Loans, advances, hire purchase and lease receivables	(4,513)	6,156
Insurance and other receivables	(1,222)	(965)
Trade, other and insurance payables	(2,340)	184
Cash generated from operations	29,918	(871)
Interest received	14,874	16,893
Interest paid	(3,269)	(4,090)
Taxes paid, net	(1,106)	(917)
Net cash generated from operating activities	**40,417**	**11,015**

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)

	6 months ended 30 June	
	1H FY2020 S$'000	1H FY2019 S$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	5	-
Purchase of property, plant and equipment	(80)	(18)
Purchase of investment property	-	-
Purchase of intangible assets	(136)	(163)
Purchase of investments	(3,188)	(5,165)
Proceeds from disposal of investments	12,297	10,630
Dividend received from investments	264	266
Net cash generated from investing activities	**9,162**	**5,550**
Cash flows from financing activities		
Dividends paid		
- by the Company	(2,932)	(2,067)
- by a subsidiary company to non-controlling interests	(1,348)	(956)
Repayment of interest-bearing borrowings	(22,329)	(25,306)
Repayment of lease liabilities	(395)	(290)
Net cash used in financing activities	**(27,004)**	**(28,619)**
Net increase/(decrease) in cash and cash equivalents	**22,575**	**(12,054)**
Cash and cash equivalents at beginning of period	37,191	48,724
Effect of exchange rate fluctuations on cash held	93	381
Cash and cash equivalents at end of period	**59,859**	**37,051**
Analysis of cash and cash equivalents		
Fixed deposits	23,397	10,065
Cash at banks and on hand	36,462	26,986
Cash and cash equivalents at end of period	**59,859**	**37,051**

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.

	Attributable to owners of the Company						
Group	**Share capital S$'000**	**Capital reserve S$'000**	**Translation reserve S$'000**	**Accumulated profits S$'000**	**Total S$'000**	**Non-controlling interests S$'000**	**Total equity S$'000**
2020							
At 31 December 2019	137,302	108	3,546	38,052	179,008	17,945	196,953
Total comprehensive income for the period							
Profit for the period	-	-	-	2,888	2,888	964	3,852
Other comprehensive income							
Foreign currency translation differences	-	-	203	-	203	103	306
Total other comprehensive income	-	-	203	-	203	103	306
Total comprehensive income for the period	-	-	203	2,888	3,091	1,067	4,158
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid to owners of the Company	-	-		(2,932)	(2,932)	-	(2,932)
Total contributions by and distributions to owners	-	-	-	(2,932)	(2,932)	-	(2,932)
Changes in ownership interests in subsidiaries							
Dividends paid by a susidiary company to non-controlling interests	-	-	-	-	-	(1,348)	(1,348)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(1,348)	(1,348)
Total transactions with owners	-	-	-	(2,932)	(2,932)	(1,348)	(4,280)
At 30 June 2020	137,302	108	3,749	38,008	179,167	17,664	196,831

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)

	Attributable to owners of the Company						
Group	**Share capital S$'000**	**Capital reserve S$'000**	**Translation reserve S$'000**	**Accumulated profits S$'000**	**Total S$'000**	**Non-controlling interests S$'000**	**Total equity S$'000**
2019							
At 31 December 2018	137,302	108	1,076	30,720	169,206	15,354	184,560
Total comprehensive income for the period							
Profit for the period	-	-	-	5,280	5,280	1,568	6,848
Other comprehensive income							
Foreign currency translation differences	-	-	1,581	-	1,581	554	2,135
Total other comprehensive income	-	-	1,581	-	1,581	554	2,135
Total comprehensive income for the period	-	-	1,581	5,280	6,861	2,122	8,983
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owners							
Dividends paid to owners of the Company	-	-	-	(2,067)	(2,067)	-	(2,067)
Total contributions by and distributions to owners	-	-	-	(2,067)	(2,067)	-	(2,067)
Changes in ownership interests in subsidiaries							
Dividends paid by a susidiary company to non-controlling interests	-	-	-	-	-	(956)	(956)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	(956)	(956)
Total transactions with owners	-	-	-	(2,067)	(2,067)	(956)	(3,023)
At 30 June 2019	137,302	108	2,657	33,933	174,000	16,520	190,520

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)

Company	Share capital S$'000	Fair value reserve S$'000	Accumulated profits S$'000	Total equity S$'000
2020				
At 31 December 2019	137,302	-	41,681	178,983
Total comprehensive income for the period				
Profit for the period	-	-	2,741	2,741
Total comprehensive income for the period	-	-	2,741	2,741
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividends paid to owners of the Company	-	-	(2,932)	(2,932)
Total contributions by and distributions to owners	-	-	(2,932)	(2,932)
At 30 June 2020	137,302	-	41,490	178,792
2019				
At 31 December 2018	137,302	-	36,923	174,225
Total comprehensive income for the period				
Profit for the period	-	-	3,021	3,021
Total comprehensive income for the period	-	-	3,021	3,021
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividends paid to owners of the Company	-	-	(2,067)	(2,067)
Total contributions by and distributions to owners	-	-	(2,067)	(2,067)
At 30 June 2019	137,302	-	37,877	175,179

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 30 Jun 2020	As at 31 Dec 2019
Balance at beginning and end of the period	**375,969,665**	**375,969,665**

There were no outstanding convertibles as at 30 June 2020 and 31 December 2019.

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 30 June 2020 and 31 December 2019, the issued and paid up share capital excluding treasury shares of the Company comprised of 375,969,665 (31 December 2019: 375,969,665) ordinary shares.

The Company does not hold any treasury shares as at 30 June 2020 and 31 December 2019.

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.

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

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.

3 (a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.

The accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 31 December 2019 except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning as of 1 January 2020. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group

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.

Not applicable

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).

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.

	6 months ended 31 December	
Earnings Per Ordinary Share	**1H FY2020**	**1H FY2019**
- on weighted-average number of ordinary shares in issue	0.77 cents	1.40 cents
- on fully diluted basis	0.77 cents	1.40 cents
Net profit attributable to shareholders:	$2,888,000	$5,280,000
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

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	
	30-Jun-20	**31-Dec-19**	**30-Jun-20**	**31-Dec-19**
Net Asset Value (NAV) per ordinary share	47.7 cents	47.6 cents	47.6 cents	47.6 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

The coronavirus pandemic since early 2020 has brought about disruption to our business and thus affecting our business volume. In countries where we have operations, we were faced with one common issue – Lockdown and this have affected business activities across almost every industry.

Net interest income

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

	6 months ended 31 December		
	1H FY2020 S$'000	**1H FY2019 S$'000**	**+/(-) %**
Factoring	6,360	7,136	(10.9)
Loans, advances, hire purchase and leasing	8,019	9,188	(12.7)
Interest income	**14,379**	**16,324**	**(11.9)**
Interest expense	(3,530)	(4,053)	(12.9)
Net interest income	**10,849**	**12,271**	**(11.6)**

For the 6 months ended 30 June 2020 ("**1H FY2020**"), we experienced lower volume in our Factoring business. Our total loan books also decreased from $377 million as at 30 June 2019 to $364 million as at 30 June 2020.

Consequent to the drop in factoring volume (lower fund in-use), lower loan books and coupled with the reduction in borrowing interest rates in 1H FY2020, interest expenses fell by $0.5 million.

Resultant from the reduction in business volume, net interest income was $1.4 million lower compared against YTD June 2019 ("**1H FY2019**") and Net Interest Margin ("NIM") decreased from 6.7% in 1H FY2019 to 6.4% in 1H FY2020.

Non-interest income

Non-interest income which comprises mainly of net earned insurance premium, fees and commission and investment income was about $3.8 million lower compared to 1H FY2019.

Arising from the lockdown, production volume in the Maid and Motor insurance businesses were also negatively impacted; there were no new maids' arrival due to border closure and new car sales volume has also dropped.

The COVID pandemic has also resulted high volatility in the equity market in 1H FY2020 thus resulting ECICS to record a fair value loss in investments held. Interest income from investment in Bonds also fell due to the weak interest environment. On the whole, investment income in 1H FY2020 fell by $1.3 million compared against 1H FY2019.

Operating expenses

Total operating expenses decreased by 3% when compared against 1H FY2019 largely due to lower commission paid to intermediaries (congruent with lower production volume in insurance business), lower provision for staff bonus and exchange gain arising from revaluation of monetary assets and liabilities.

Net claims incurred

The Group incurred lower claims expenses in 1H FY2020 due to lower motor claims and reversal of claims reserves. With the tightening in underwriting and restructuring of our Insurance business portfolio since mid-2019, the Group has experienced lower number of Motor claims.

Allowances and Impairments – recognition/(reversal)

	6 months ended 30 June		
	1H FY2020 S$'000	1H FY2019 S$'000	+/(-) %
Stage 1	(218)	54	NM
Stage 2	192	11	NM
Stage 3	125	(1,964)	NM
Others	374	1,150	(67.5)
Allowances and Impairments	**473**	**(749)**	**NM**

Higher provision for impairment in 1H FY2020 arose due to the increase in number of accounts moving from Stage 1 (30 dpd) into the Stage 2 (more than 60 dpd) bucket.

The reversal of provision for impairment in 1H FY2019 was largely due to a recovery of $2.3 million in 2Q FY2019 by our subsidiary in Thailand. Excluding this gain, Stage 3 provision increased marginally from $114,000 in 1H FY2019 to $125,000 in 1H FY2020.

Profit before tax

Consequential to reduced business and production volumes achieved as well as lower investment income earned in 1H FY2020, the Group only managed to achieve a pre-tax profit of $5.0 million; 44% below 1H FY2019.

As a result profit attributable to shareholders of $2.9 million attained in 1H FY2020 was also lower compared to 1H FY2019.

Review of Financial Position as at 30 June 2020

The bearish equity and bond markets has resulted our investment portfolio value to fall by about 44% since 31 December 2019. Coupled with the redemption of bonds received in 1H FY2020, there was a decrease of $9.7 million in investments.

Gross lending assets including factoring receivables outstanding were $415 million, a reduction of 11% compared against the base of $471 million as at 31 December 2019; mainly due to lower factoring receivables outstanding as at end of 30 June 2020.

The Group repaid and reduced its bank borrowings by $22.3 million during the first 6 months of FY2020 thus managed to achieve a current ratio of 1.34 times at end of June 2020 (31 December 2019: 1.29 times).

Cash flows from operating activities

The Group recorded a net cash inflow of $40.4 million for 1H FY2020 compared to $11 million against the corresponding period; mainly due to lower funding in factoring; consequence of decreased factoring volume.

Cash flows from investing activities

The net cash generated from investing activities for 1H FY2020 was $9.2 million compared to $5.6 million against the corresponding period; mainly due to disposal and/or redemption of investments.

Details of investments purchased and proceed from redemption/disposal of investments in 1H FY2020 as follows:

	Purchase of investments 1H FY2020 S$'000	Proceeds from redemption / disposal of investments 1H FY2020 S$'000
ECICS Limited *		
- Quoted equity securities	408	3,214
- Quoted debt securities	2,780	5,756
IFS Group (excluding ECICS Limited)	-	3,327
Total	**3,188**	**12,297**

**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 used in financing activities for 1H FY2020 were largely for repayment of interest-bearing borrowings.

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 FY 2019 results announcement released on 28 February 2020.

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.

The Group experienced a broad decline in business volume in the first half of 2020 due to COVID-19-related control measures across all the countries we have operations in. While governments have lifted restrictions in phases, the uncertainty created by the pandemic and concerns over international trade tensions is expected to dampen business activity for the rest of the year. We are also cognizant that the prolonged crisis and tougher economic environment resulting in more requests for loans restructuring and/or moratorium may give rise to higher provision for impairment in 2H FY2020. However, the extent of provision and impact on the financial performance in 2H FY2020 cannot be reasonably determined at date of this results announcement. The Group will continue to be vigilant in monitoring the quality of our portfolio, comprising mainly secured loans and receivable-based financing.

The impact of the COVID-19 pandemic on the construction industry has increased the risk of bond calls in ECICS's portfolio in the 2H FY2020. In August 2020, ECICS received one such bond call with a maximum net exposure of $2.5 million.

Meanwhile we will remain focused on supporting our staff, clients, and partners through this challenging period and also continue our efforts to streamline our operating expenses even as we accelerate our digitisation initiatives.

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 30 June 2020.

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/ Angeline Ng
Company Secretary/ Assistant Company Secretary

12 August 2020

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 2020 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 2020