



**Third Quarter And Nine Months Unaudited Financial Statements and Dividend Announcement
for the Period Ended 30 September 2014**

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Third Quarter And Nine Months Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 September 2014

1(a)(i) Consolidated Statement of Profit or Loss for the Third Quarter And Nine Months Ended 30 September

	Note	3rd Qtr 2014 S\$'000	3rd Qtr 2013 S\$'000	+ / (-) %	9 months 2014 S\$'000	9 months 2013 S\$'000	+ / (-) %
Interest income	1(a)	6,216	7,049	(11.8)	18,274	21,222	(13.9)
Interest expense	(ii)	(1,519)	(1,796)	(15.4)	(4,473)	(5,270)	(15.1)
Net interest income	(a)	4,697	5,253	(10.6)	13,801	15,952	(13.5)
Gross written premiums		1,589	4,214	(62.3)	5,942	9,718	(38.9)
Change in gross provision for unexpired risks		917	(3,937)	NM	1,520	(2,927)	NM
Gross earned premium revenue		2,506	277	NM	7,462	6,791	9.9
Written premiums ceded to reinsurers		(1,022)	(2,670)	(61.7)	(3,313)	(6,274)	(47.2)
Reinsurers' share of change in provision for unexpired risks		(498)	3,439	NM	(1,323)	1,672	NM
Reinsured premium expense		(1,520)	769	NM	(4,636)	(4,602)	0.7
Net earned premium revenue	(b)	986	1,046	(5.7)	2,826	2,189	29.1
Fee and commission income	(c)	1,897	2,682	(29.3)	6,686	7,907	(15.4)
Investment income	(d)	391	1,670	(76.6)	2,324	2,258	2.9
Other income	(e)	60	487	(87.7)	387	646	(40.1)
Non-interest income		2,348	4,839	(51.5)	9,397	10,811	(13.1)
Income before operating expenses		8,031	11,138	(27.9)	26,024	28,952	(10.1)
Business development expenses		(203)	(220)	(7.7)	(574)	(595)	(3.5)
Commission expenses		(161)	(257)	(37.4)	(448)	(538)	(16.7)
Staff costs		(3,290)	(3,389)	(2.9)	(10,118)	(9,431)	7.3
General and administrative expenses		(1,707)	(1,710)	(0.2)	(5,045)	(5,154)	(2.1)
Operating expenses	(f)	(5,361)	(5,576)	(3.9)	(16,185)	(15,718)	3.0
Change in provision for insurance claims		524	1,000	(47.6)	2,336	(3,969)	NM
Reinsurers' share of change in provision for insurance claims		(479)	(717)	(33.2)	(1,918)	2,763	NM
Gross claims paid		(28)	(1,266)	(97.8)	(4,415)	(1,311)	NM
Reinsurers' share of claims paid		-	863	(100.0)	3,057	880	NM
Net claims reversal/(incurred)	(g)	17	(120)	NM	(940)	(1,637)	(42.6)
Operating profit before allowances		2,687	5,442	(50.6)	8,899	11,597	(23.3)
Allowances for loan losses and impairment of investments	(h)	(2,802)	(1,643)	70.5	(6,567)	(10,678)	(38.5)
(Loss)/profit before tax		(115)	3,799	NM	2,332	919	153.8
Tax credit/(expense)	(i)	9	(547)	NM	(562)	(416)	35.1
(Loss)/profit for the period		(106)	3,252	NM	1,770	503	NM
(Loss)/profit attributable to:							
Owners of the Company		(457)	2,836	NM	785	(675)	NM
Non-controlling interests		351	416	(15.6)	985	1,178	(16.4)
(Loss)/profit for the period		(106)	3,252	NM	1,770	503	NM

Consolidated Statement of Comprehensive Income for the Third Quarter And Nine Months Ended 30 September

	Note	3rd Qtr 2014 S\$'000	3rd Qtr 2013 S\$'000	+ / (-) %	9 months 2014 S\$'000	9 months 2013 S\$'000	+ / (-) %
	1(a) (ii)						
(Loss)/profit for the period		(106)	3,252	NM	1,770	503	NM
Other comprehensive income							
Items that are or may be reclassified subsequently to profit or loss							
Net change in fair value of available-for-sale financial assets	(j)	2,993	(106)	NM	3,164	(235)	NM
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(k)	-	(1,335)	(100.0)	(1,067)	(1,485)	(28.1)
Foreign currency translation differences of foreign operations	(l)	740	(3,145)	NM	883	(2,505)	NM
Tax on other comprehensive income		(508)	244	NM	(356)	292	NM
Other comprehensive income for the period		3,225	(4,342)	NM	2,624	(3,933)	NM
Total comprehensive income for the period		3,119	(1,090)	NM	4,394	(3,430)	NM
Attributable to:							
Owners of the Company		2,552	(1,373)	NM	3,203	(4,644)	NM
Non-controlling interests		567	283	100.4	1,191	1,214	(1.9)
Total comprehensive income for the period		3,119	(1,090)	NM	4,394	(3,430)	NM

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 profit for the period:

	3rd Qtr 2014 S\$'000	3rd Qtr 2013 S\$'000	+ / (-) %	9 months 2014 S\$'000	9 months 2013 S\$'000	+ / (-) %
Investment income						
- dividend, fee and interest income	483	216	123.6	1,257	771	63.0
- gain on disposal of equity securities	237	1,554	(84.7)	351	1,800	(80.5)
- gain on partial redemption of convertible loan	-	-	-	1,067	-	NM
- net change in fair value of financial assets through profit or loss	(333)	(104)	NM	(356)	(328)	8.5
- amortisation of held-to-maturity debts securities	(7)	4	NM	(6)	15	NM
- exchange gain	11	-	NM	11	-	NM
	391	1,670	(76.6)	2,324	2,258	2.9
Gain on disposal of property, plant and equipment	-	-	-	6	16	(62.5)
Amortisation of intangible assets	(78)	(103)	(24.3)	(237)	(345)	(31.3)
Depreciation of property, plant and equipment	(250)	(241)	3.7	(737)	(758)	(2.8)
Exchange loss, net	(14)	(24)	(41.7)	(63)	(57)	10.5
Reversal of/(provision for) unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	917	(3,937)	NM	1,520	(2,927)	NM
- reinsurers' share of change in provision for unexpired risks	(498)	3,439	NM	(1,323)	1,672	NM
	419	(498)	NM	197	(1,255)	NM
Claims reversal/(incurred), net of reinsurers' share						
- net change in provision for insurance claims	45	283	(84.1)	418	(1,206)	NM
- net claims paid	(28)	(403)	(93.1)	(1,358)	(431)	NM
	17	(120)	NM	(940)	(1,637)	(42.6)
Allowances for loan losses and impairment of investments						
- loans and receivables	(2,796)	(1,643)	70.2	(6,419)	(10,675)	(39.9)
- equity securities	(6)	-	NM	(148)	(3)	NM
	(2,802)	(1,643)	70.5	(6,567)	(10,678)	(38.5)
Tax credit/(expense)						
- current tax expense	(396)	(490)	(19.2)	(1,103)	(1,855)	(40.5)
- deferred tax credit/(expense)	425	(263)	NM	565	1,201	(53.0)
- (under)/over provision of prior years' tax	(20)	206	NM	(24)	238	NM
	9	(547)	NM	(562)	(416)	35.1

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 3rd Quarter 2014 ("3Q 2014") and nine months of 2014 ("9M 2014") was mainly due to lower factoring volume and lower average loan assets.
- (b) The drop in gross written premiums of the insurance subsidiary, ECICS Limited ("ECICS") for 3Q 2014 and 9M 2014 was largely 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 the corresponding periods last year, gross earned premium revenue for 3Q 2014 and 9M 2014 rose by 9 times and 10% respectively. After accounting for premium ceded to reinsurers, net earned premium revenue was lower by 6% to \$1.0 million for 3Q 2014 but higher by 29% to \$2.8 million for 9M 2014.
- (c) The lower fee and commission income for 3Q 2014 and 9M 2014 was mainly due to lower underwriting commission income and lower factoring service fee on lower factoring, bonds and guarantee business volume.
- (d) Lower investment income for 3Q 2014 was mainly due to higher mark-to-market loss on quoted equity investments from a weaker market sentiment as well as lower gain on disposal of quoted equity securities, partly offset by higher dividend income received.
- (e) Lower other income was mainly due to lower bad debts recoveries from factoring and loan accounts previously written off.
- (f) Operating expenses for 3Q 2014 declined 4% mainly on commission expenses from lower broker-referred insurance business. Higher operating expenses for 9M 2014 were mainly from increased staff costs linked to headcount growth, mitigated by lower commission and business related expenses.
- (g) No significant claims provisions were made in 3Q 2014 and 9M 2014. For 9M 2014, the net claims incurred were mainly related to net claims paid for claims previously provided coupled with specific provision for claims, partly offset by reversal for claims incurred but not reported.
- (h) Higher allowances for loan losses for 3Q 2014 were mainly due to additional impairments required for Malaysia operations. Lower allowances for loan losses for 9M 2014 were mainly due to lower individual impairments required as compared with 2013 which included the full provision of \$4.1 million set aside against the business failure of a client.
- (i) The tax credit for 3Q 2014 resulted from lower chargeable income and a deferred tax credit. For 9M 2014, the higher tax expense resulted from lower deferred tax credit and under provision of prior years' tax.

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

Comments on Major Consolidated Statement of Comprehensive Income Variances

- (j) For both 3Q 2014 and 9M 2014, there was a valuation gain of \$2.9 million on the property-related investments of the Group.
- (k) 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.
- (l) 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. For 3Q 2014, the translation gain was mainly due to the strengthening of Thai Baht of the Thailand subsidiary for translation against the Singapore Dollar as at 30 June 2014. The translation gain for 9M 2014 was mainly due to the strengthening of currencies of the regional subsidiaries, in particular the Thai Baht, for translation against the Singapore Dollar as at 31 December 2013.

1(a)(iii) (Loss)/Earnings Per Ordinary Share

	Group			
	3rd Qtr 2014	3rd Qtr 2013	9 months 2014	9 months 2013
(Loss)/Earnings per share				
- on weighted average number of ordinary shares in issue (cents)	(0.30)	1.89	0.52	(0.45)
- on fully diluted basis (cents)	(0.30)	1.89	0.52	(0.45)

(Loss)/Earnings per ordinary share on existing issued share capital is computed based on the weighted average number of shares in issue during the financial period of 150,387,866 (30 September 2013: 150,387,866).

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

1(b)(i) Statement of Financial Position

	Note	Group		Company	
		30/09/2014 S\$'000	31/12/2013 S\$'000	30/09/2014 S\$'000	31/12/2013 S\$'000
Non-current assets					
Property, plant and equipment		17,335	17,639	15,224	15,685
Intangible assets		564	348	162	176
Subsidiaries		-	-	67,703	67,703
Other investments	(a)	51,009	31,288	7,535	7,906
Loans, advances, hire purchase and leasing receivables	(b)	51,420	50,971	42,129	36,212
Deferred tax assets		4,829	4,558	184	36
		125,157	104,804	132,937	127,718
Current assets					
Reinsurers' share of insurance contract provisions		9,548	12,789	-	-
Insurance receivables		1,064	1,192	-	-
Trade and other receivables	(c)	210,223	206,505	107,196	93,127
Other investments	(d)	21,106	11,688	-	2,354
Derivative financial assets	(e)	220	580	220	580
Cash and cash equivalents	(f)	28,466	62,142	7,551	8,828
		270,627	294,896	114,967	104,889
Total assets		395,784	399,700	247,904	232,607
Equity					
Share capital		88,032	88,032	88,032	88,032
Other reserves	(g)	(5,105)	(7,523)	806	1,485
Accumulated profits		44,824	47,047	20,247	22,445
Equity attributable to owners of the Company		127,751	127,556	109,085	111,962
Non-controlling interests		10,609	10,078	-	-
Total equity		138,360	137,634	109,085	111,962
Non-current liabilities					
Interest-bearing borrowings	(h)	28,282	33,591	20,928	25,672
Employee benefits		893	763	-	-
Deferred tax liabilities		33	29	-	-
		29,208	34,383	20,928	25,672
Current liabilities					
Trade and other payables		9,266	11,091	6,000	7,491
Insurance payables		1,912	3,145	-	-
Interest-bearing borrowings	(h)	199,130	190,639	111,424	86,779
Insurance contract provisions for - gross unexpired risks		14,378	15,898	-	-
- gross insurance claims		2,539	4,875	-	-
Current tax payable		991	2,035	467	703
		228,216	227,683	117,891	94,973
Total liabilities		257,424	262,066	138,819	120,645
Total equity and liabilities		395,784	399,700	247,904	232,607

Comments on Major Statements of Financial Position Variances

- (a) The increase in other investments under non-current assets was mainly due to the Group's additional participation coupled with the valuation gain in the existing property-related investments and ECICS' purchase of debts securities.
- (b) The increase in loans, advances, hire purchase and leasing receivables under non-current assets of the Group and the Company was mainly due to new loans drawdown at Company level, partly offset by the reclassification of receivables maturing within the next twelve months to current assets - trade and other receivables.
- (c) The increase in trade and other receivables under current assets of the Group and the Company was mainly due to the reclassification explained in (b) above and new loans drawdown at Company level, partly offset by lower factoring receivables.
- (d) 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.
- (e) The decrease in derivative financial assets was due to the fair value loss on quoted warrants.
- (f) The Group's cash and cash equivalents comprise fixed deposits of \$16.5 million and cash at banks and in hand of \$12.0 million. The decrease in the cash balances resulted mainly from ECICS' purchase of new investments.
- (g) 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 (j) and (l) under page 6.
- (h) The decrease in interest-bearing borrowings under non-current liabilities of the Group and the Company was mainly due to the reclassification of interest-bearing borrowings maturing within the next twelve months to current liabilities. The Group's overall interest-bearing borrowings increased from \$224.2 million as at 31 December 2013 to \$227.4 million as at 30 September 2014 mainly due to additional borrowings to fund new loans drawdown.

1(b)(ii) Group's Borrowings

	Unsecured	
	As at 30/09/2014 \$'000	As at 31/12/2013 S\$'000
Amount repayable in one year or less, or on demand	199,130	190,639
Amount repayable after one year	28,282	33,591
	227,412	224,230

Details of any collateral

Nil.

1(b)(iii) Net Asset Value

	Group		Company	
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
Net asset value per ordinary share based on issued share capital at end of the financial period (cents)	84.9	84.8	72.5	74.4

1(c) Consolidated Statement of Cash Flows for the Third Quarter And Nine Months Ended 30 September

	Note	3rd Qtr 2014 S\$'000	3rd Qtr 2013 S\$'000	9 months 2014 S\$'000	9 months 2013 S\$'000
Cash flows from operating activities					
(Loss)/profit for the period		(106)	3,252	1,770	503
Adjustments for:					
Amortisation of intangible assets and held-to-maturity debt securities		85	98	243	329
Net foreign exchange loss/(gain)		52	(187)	76	(241)
Depreciation of property, plant and equipment		250	241	737	758
Gain on disposal of equity securities		(237)	(1,554)	(351)	(1,800)
Gain on partial redemption of a convertible loan		-	-	(1,067)	-
Gain on disposal of property, plant and equipment		-	-	(6)	(16)
Net change in fair value of financial assets through profit or loss		333	104	356	328
Allowance for impairment of investments		6	-	148	3
(Reversal of)/provision for, net of reinsurers' share					
- unexpired risks		(419)	498	(197)	1,255
- insurance claims		(45)	(283)	(418)	1,206
Interest income		(6,216)	(7,049)	(18,274)	(21,222)
Interest income from investments and fixed deposits		(319)	(186)	(829)	(715)
Dividend income from investments		(164)	(30)	(428)	(56)
Interest expense		1,519	1,796	4,473	5,270
Fixed assets written off		2	1	20	1
Tax (credit)/ expense		(9)	547	562	416
Operating cash flows before changes in working capital		(5,268)	(2,752)	(13,185)	(13,981)
Changes in working capital:					
Factoring receivables		1,977	434	12,419	(11,569)
Factoring amounts due to clients		(171)	393	(708)	549
Loans, advances, hire purchase and leasing receivables		(6,692)	15,036	(14,434)	24,824
Insurance and other receivables		2,044	584	1,110	1,757
Trade, other and insurance payables		786	1,916	(2,320)	924
Cash (used in)/from operations		(7,324)	15,611	(17,118)	2,504
Interest received		6,588	7,199	19,006	22,022
Interest paid		(1,475)	(1,807)	(4,488)	(5,218)
Taxes paid, net		(924)	(1,367)	(2,491)	(3,128)
Net cash (used in)/from operating activities	(a)	(3,135)	19,636	(5,091)	16,180

1(c) **Consolidated Statement of Cash Flows for the Third Quarter And Nine Months Ended 30 September (cont'd)**

		3rd Qtr 2014 S\$'000	3rd Qtr 2013 S\$'000	9 months 2014 S\$'000	9 months 2013 S\$'000
	Note				
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment		-	(6)	6	35
Purchase of property, plant and equipment		(54)	(44)	(430)	(127)
Purchase of intangible assets		(52)	(27)	(453)	(101)
Purchase of investments		(13,346)	(9,000)	(37,026)	(17,464)
Proceeds from redemption/disposal of investments		5,184	6,725	11,263	23,307
Dividend received from investments		164	30	428	56
Net cash (used in)/from investing activities	(b)	(8,104)	(2,322)	(26,212)	5,706
Cash flows from financial activities					
Dividends paid					
- by the Company		-	-	(3,008)	(3,008)
- by a subsidiary company to non-controlling interests		-	-	(660)	(635)
Proceeds from/(repayments of) interest-bearing borrowings		2,769	(11,009)	1,049	(5,869)
Net cash from/(used in) financing activities	(c)	2,769	(11,009)	(2,619)	(9,512)
Net (decrease)/increase in cash and cash equivalents	(d)	(8,470)	6,305	(33,922)	12,374
Cash and cash equivalents at beginning of period		36,691	59,632	62,142	53,356
Effect of exchange rate fluctuations on cash held		245	(621)	246	(414)
Cash and cash equivalents at end of period		28,466	65,316	28,466	65,316
Analysis of cash and cash equivalents					
Fixed deposits		16,463	51,444	16,463	51,444
Cash at banks and on hand		12,003	13,872	12,003	13,872
Cash and cash equivalents at end of period		28,466	65,316	28,466	65,316

Explanatory Notes to Consolidated Statement of Cash Flows

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

The net cash used in operating activities in 3Q 2014 and 9M 2014 was mainly due to drawdown of loans, advances, hire purchase and leasing receivables, partly offset by repayment of factoring receivables. In comparison, net cash from operating activities in the corresponding periods last year resulted mainly from repayment of loans, advances, hire purchase and leasing receivables, partly offset by drawdown of factoring receivables.

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

The net cash used in investing activities in 3Q 2014 and 9M 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.

Details of the purchase of investments of \$13.3 million and proceeds from redemption/disposal of investments of \$5.2 million for 3Q 2014 are as follows:-

<u>Details</u>	<u>Purchase of investments</u> S\$'000	<u>Proceeds from redemption/ disposal of investments</u> S\$'000
<u>ECICS Limited *</u>		
- Quoted equity securities	9,350	3,015
- Quoted debt securities	1,500	-
- Unquoted debts securities	2,496	2,042
<u>IFS Group (excluding ECICS Limited)</u>		
- Unquoted fund	-	127
Total	13,346	5,184

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

(c) Net cash from/(used in) financing activities

The net cash from financing activities in 3Q 2014 resulted from additional interest-bearing borrowings to fund new loans drawdown. The net cash used in financing activities in the corresponding period last year was due to utilisation of surplus funds for repayments of interest-bearing borrowings.

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

Overall, the net decrease in cash and cash equivalents for 3Q 2014 and 9M 2014 resulted mainly from net cash used in operating activities, higher purchase of investments and lower proceeds from redemption/disposal of equity and debt securities, partly offset by proceeds from interest-bearing borrowings.

1(d)(i) Statements of Changes in Equity

Group	Attributable to owners of the Company							Total equity S\$'000
	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	
2013								
At 1 January 2013 *	88,032	(422)	2,046	(4,869)	54,962	139,749	9,564	149,313
Total comprehensive income for 1st half								
(Loss)/profit for 1st half	-	-	-	-	(3,511)	(3,511)	762	(2,749)
Other comprehensive income	-	-	(231)	471	-	240	169	409
Total comprehensive income for 1st half	-	-	(231)	471	(3,511)	(3,271)	931	(2,340)
Dividends paid to owners of the Company	-	-	-	-	(3,008)	(3,008)	-	(3,008)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(635)	(635)
At 30 June 2013	88,032	(422)	1,815	(4,398)	48,443	133,470	9,860	143,330
Total comprehensive income for 3rd quarter								
Profit for 3rd quarter	-	-	-	-	2,836	2,836	416	3,252
Other comprehensive income	-	-	(1,197)	(3,012)	-	(4,209)	(133)	(4,342)
Total comprehensive income for 3rd quarter	-	-	(1,197)	(3,012)	2,836	(1,373)	283	(1,090)
At 30 September 2013	88,032	(422)	618	(7,410)	51,279	132,097	10,143	142,240
2014								
At 1 January 2014	88,032	(236)	1,507	(8,794)	47,047	127,556	10,078	137,634
Total comprehensive income for 1st half								
Profit for 1st half	-	-	-	-	1,242	1,242	634	1,876
Other comprehensive income	-	-	(744)	153	-	(591)	(10)	(601)
Total comprehensive income for 1st half	-	-	(744)	153	1,242	651	624	1,275
Dividends paid to owners of the Company	-	-	-	-	(3,008)	(3,008)	-	(3,008)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(660)	(660)
At 30 June 2014	88,032	(236)	763	(8,641)	45,281	125,199	10,042	135,241
Total comprehensive income for 3rd quarter								
(Loss)/profit for 3rd quarter	-	-	-	-	(457)	(457)	351	(106)
Other comprehensive income	-	-	2,485	524	-	3,009	216	3,225
Total comprehensive income for 3rd quarter	-	-	2,485	524	(457)	2,552	567	3,119
At 30 September 2014	88,032	(236)	3,248	(8,117)	44,824	127,751	10,609	138,360

* The figures have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

1(d)(i) Statements of Changes in Equity (cont'd)

<u>Company</u>	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 1st half				
Loss for 1st half	-	-	(2,605)	(2,605)
Other comprehensive income	-	(20)	-	(20)
Total comprehensive income for 1st half	-	(20)	(2,605)	(2,625)
Dividend paid	-	-	(3,008)	(3,008)
At 30 June 2013	88,032	2,921	17,129	108,082
Total comprehensive income for 3rd quarter				
Profit for 3rd quarter	-	-	1,546	1,546
Other comprehensive income	-	(1,074)	-	(1,074)
Total comprehensive income for 3rd quarter	-	(1,074)	1,546	472
At 30 September 2013	88,032	1,847	18,675	108,554
2014				
At 1 January 2014	88,032	1,485	22,445	111,962
Total comprehensive income for 1st half				
Profit for 1st half	-	-	465	465
Other comprehensive income	-	(714)	-	(714)
Total comprehensive income for 1st half	-	(714)	465	(249)
Dividend paid	-	-	(3,008)	(3,008)
At 30 June 2014	88,032	771	19,902	108,705
Total comprehensive income for 3rd quarter				
Profit for 3rd quarter	-	-	345	345
Other comprehensive income	-	35	-	35
Total comprehensive income for 3rd quarter	-	35	345	380
At 30 September 2014	88,032	806	20,247	109,085

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 30 September 2014 was 150,387,866 ordinary shares.

There were no outstanding convertibles as at 30 September 2014 (30 September 2013: Nil).

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

The total number of issued shares as at 30 September 2014 was 150,387,866 (31 December 2013: 150,387,866 issued shares). The Company does not hold any treasury shares as at 30 September 2014 (30 September 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 period 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 period, 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 amended FRS does not have any significant impact on the financial statements for the financial period under review.

6 Review of Group Performance

3rd Quarter 2014 (“3Q 2014”) versus 3rd Quarter 2013 (“3Q 2013”)

Group’s operating profit before allowances for 3Q 2014 of \$2.7 million was 51% lower compared to \$5.4 million for 3Q 2013 due to lower operating income, mitigated by net claims reversal and lower operating expenses. After taking into account higher allowances for loan losses, the Group reported a net loss of \$106,000 compared to a net profit of \$3.3 million for 3Q 2013.

9 months of 2014 (“9M 2014”) versus 9 months of 2013 (“9M 2013”)

The Group reported a higher net profit of \$1.8 million compared to \$0.5 million a year ago. The better results came mainly from lower net claims incurred and allowances for loan losses, partly offset by lower revenue and higher operating expenses. Net profit attributable to shareholders was \$0.8 million.

Revenue dropped 10% on lower net interest income and non-interest income but helped by higher net earned premium revenue.

Total operating expenses rose 3% to \$16.2 million, mainly from higher staff costs.

The Group’s loan assets including factoring receivables outstanding were \$334.9 million as at 30 September 2014 (as at 31 December 2013: \$335.6 million). This was a decrease of 6% against the bases of \$355.4 million as at 30 September 2013 due mainly to lower factoring receivables.

For the regional operations, our Thailand subsidiary reported a net profit after non-controlling interests of \$2.7 million, down 16% from \$3.2 million in 2013 mainly on higher allowances for loan losses. Our Indonesia subsidiary posted a lower net profit of \$181,000 compared to \$223,000 in 2013 mainly on lower revenue but helped by lower allowances for loan losses. Our Malaysia subsidiary reported net loss of \$1.2 million compared to net profit of \$667,000 in 2013, mainly due to lower business volume and higher allowances for loan losses.

Overall, regional operations recorded lower net profit after non-controlling interests of \$1.1 million compared to \$3.5 million in 2013.

The Group reported substantial increase in other comprehensive income - net change in fair value of available-for-sale financial assets of \$2.9 million. These related mainly to the Group’s property-related investments.

7 Variance from Prospect Statement

The current announced results are in line with the prospect statement as disclosed in the Group’s 2nd Quarter 2014 results announcement dated 8 August 2014.

8 **Prospects**

The Group continues to face challenges from competition and weaker market conditions, making it difficult to show significant business growth. The Group expects to incur additional impairment on loan losses that could affect profitability for the entire year.

The business outlook in Singapore is flat in the face of high liquidity in the banking system, low interest rates and keen competition. In Thailand, the business outlook is recovering from the economic slowdown in 2014, expressed through normalizing volumes for factoring and equipment financing. In Malaysia, the number of government contracts being awarded in 3Q 2014 was fewer than expected, and this weak trend is likely to continue into the final quarter, which resulted in a reduced number of deals in the pipeline. In Indonesia, the increase in the number of new clients and renewals of existing accounts have resulted in positive growth in factoring volumes, interest and fee-based incomes.

ECICS is now writing Contractors All Risk, Work Injury Compensation, Foreign Worker Medical and Cargo Insurance. Other classes of general insurance products are planned to be written in the coming months, offset by a dip in the revenue for bonds due to an easing of the HDB building program and a slowdown in private property development.

The Group is alert to the changing economic landscape and will seek to exploit from market opportunities. The Group is also considering new business initiatives to expand its regional network and business activities.

9 **Dividend**

(a) Current financial period reported on

Nil.

(b) Corresponding period of the immediately preceding financial year

Nil.

(c) Dividend payment date

Not applicable.

(d) Book closure date

Not applicable.

10 **If no dividend has been declared (recommended), a statement to that effect**

No dividend is declared for the period ended 30 September 2014 (30 September 2013: Nil).

11 Interested Person Transactions Mandate

There is no general mandate obtained from shareholders on Interested Person Transactions.

By Order of the Board

Chionh Yi Chian
Company Secretary
7 November 2014



IFS Capital Limited

(Registration no: 198700827C)

Confirmation By The Board Pursuant to Rule 705(4) of the Listing Manual

On behalf of the Board of Directors of IFS Capital Limited ("the Company"), we, the undersigned, 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 third quarter and nine months ended 30 September 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Hua Min
Chairman

Lee Soon Kie
Group Chief Executive Officer/Director

Singapore

7 November 2014