

**Second Quarter and Half Year Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 June 2019****TABLE OF CONTENTS**

Item No.	Description	Page No.
1(a)(i)	Consolidated Income Statement and Statement of Comprehensive Income	2 – 3
1(a)(ii)	Notes to Consolidated Statement of Profit or Loss	4 – 5
1(b)(i)	Statements of Financial Position	6
1(b)(ii)	Aggregate amount of the Group's borrowings and debts securities	7
1(c)	Consolidated Statement of Cash Flows	8 – 9
1(d)(i)	Statements of Changes in Equity	10 – 12
1(d)(ii)	Changes in Company's Share Capital	13
1(d)(iii)	Total number of Issued Shares excluding Treasury Shares	13
1(d)(iv)	Sales, Transfers, Disposal, Cancellation and/or use of Treasury Shares	13
1(d)(v)	Sales, Transfers, Disposal, Cancellation and/or use of Subsidiary Holdings	13
2 & 3	Audit and Auditors' Report	13
4 & 5	Accounting Policies and Changes in Accounting Policies	14
6	Earnings/(Loss) Per Ordinary Share	14
7	Net Asset Value	15
8	Review of Group Performance	15 - 17
9	Variance from Prospect Statement	17
10	Prospects	18
11 & 12	Dividend	18
13	Interested Person Transactions Mandate	18
14	Confirmation - undertaking from all directors and executive officers	18
	Negative confirmation pursuant to Rule 705(5)	19



Second Quarter and Half Year Unaudited Financial Statements and Dividend Announcement for the Period Ended 30 June 2019

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 30 June			6 months ended 30 June		
	2Q FY2019	2Q FY2018	+/(-) %	6M FY2019	6M FY2018	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income	8,273	6,665	24.1	16,324	12,556	30.0
Interest expense	(2,035)	(1,850)	10.0	(4,053)	(3,300)	22.8
Net interest income	6,238	4,815	29.6	12,271	9,256	32.6
Gross written premiums	1,221	1,573	(22.4)	2,593	4,104	(36.8)
Change in gross provision for unexpired risks	1,333	1,016	31.2	1,645	1,559	5.5
Gross earned premium revenue	2,554	2,589	(1.4)	4,238	5,663	(25.2)
Written premiums ceded to reinsurers	(176)	(411)	(57.2)	(399)	(1,155)	(65.5)
Reinsurers' share of change in provision for unexpired risks	-	(196)	NM	-	(94)	NM
Reinsurance premium expense	(176)	(607)	(71.0)	(399)	(1,249)	(68.1)
Net earned premium revenue (i)	2,378	1,982	20.0	3,839	4,414	(13.0)
Fee and commission income	2,201	1,940	13.5	4,126	3,867	6.7
Investment income	573	762	(24.8)	1,478	1,324	11.6
Other income	755	123	NM	804	303	165.3
Sub-total (ii)	3,529	2,825	24.9	6,408	5,494	16.6
Non-interest income (i) + (ii)	5,907	4,807	22.9	10,247	9,908	3.4
Income before operating expenses	12,145	9,622	26.2	22,518	19,164	17.5
Business development expenses	(171)	(114)	50.0	(310)	(225)	37.8
Commission expenses	(427)	(364)	17.3	(819)	(935)	(12.4)
Staff costs	(3,967)	(3,370)	17.7	(7,380)	(6,631)	11.3
General and administrative expenses	(1,908)	(1,286)	48.4	(3,369)	(3,006)	12.1
Operating expenses	(6,473)	(5,134)	26.1	(11,878)	(10,797)	10.0
Change in provision for insurance claims	1,040	(3,043)	NM	1,432	(3,712)	NM
Reinsurers' share of change in provision for insurance claims	(40)	2,177	NM	(663)	2,007	NM
Gross claims paid	(1,881)	(1,310)	43.6	(4,028)	(3,115)	29.3
Reinsurers' share of claims paid	58	12	NM	792	30	NM
Net claims incurred	(823)	(2,164)	(62.0)	(2,467)	(4,790)	(48.5)
Operating profit before allowances	4,849	2,324	108.6	8,173	3,577	128.5
Reversal of/ (Allowances for) loan losses and impairment of other assets	632	(234)	NM	749	(818)	NM
Profit before tax	5,481	2,090	162.2	8,922	2,759	NM
Tax expense	(1,254)	(838)	49.6	(2,074)	(1,407)	47.4
Profit for the period	4,227	1,252	NM	6,848	1,352	NM
Profit attributable to:						
Owners of the Company	3,219	788	NM	5,280	467	NM
Non-controlling interests	1,008	464	117.2	1,568	885	77.2
Profit for the period	4,227	1,252	NM	6,848	1,352	NM

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	3 months ended 30 June			6 months ended 30 June		
	2Q FY2019	2Q FY2018	+ / (-)	6M FY2019	6M FY2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit for the period	4,227	1,252	NM	6,848	1,352	NM
Other comprehensive income						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences of foreign operations (ii)	1,820	(1,037)	NM	2,135	236	NM
	1,820	(1,037)	NM	2,135	236	NM
Other comprehensive income for the period, net of tax	1,820	(1,037)	NM	2,135	236	NM
Total comprehensive income for the period	6,047	215	NM	8,983	1,588	NM
Attributable to:						
Owners of the Company	4,530	20	NM	6,861	631	NM
Non-controlling interests	1,517	195	NM	2,122	957	121.7
	6,047	215	NM	8,983	1,588	NM

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.

The significant gain from foreign currency translation differences of foreign operations in 2Q FY 2019 and 6M FY2019 was mainly due to the appreciation of Thai Bath against Singapore dollar since December 2018.

Exchange rates for the respective reporting period were as follows:

	30-Jun 2019	31-Dec 2018	30-Jun 2018	31-Dec 2017
THB against SGD	22.993	23.809	24.272	24.390
MYR against SGD	3.0590	3.0340	2.9551	3.0331
IDR against SGD	10,446	10,672	10,524	10,121

1(a)(ii)

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

	3 months ended			6 months ended		
	30 June			30 June		
	2Q FY2019	2Q FY2018	+ / (-)	6M FY2019	6M FY2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Investment income						
- dividend, fee and interest income	587	622	(5.6)	841	1,205	(30.2)
- (loss)/ gain on disposal of equity securities	(9)	38	NM	5	74	(93.2)
- gain on partial redemption of convertible loan	-	369	NM	-	638	NM
- net change in fair value of financial assets at fair value through profit or loss	141	(371)	NM	758	(606)	NM
- amortisation of held-to-maturity debt securities	(20)	(14)	42.9	(29)	(23)	26.1
- exchange (loss)/gain	(126)	118	NM	(97)	36	NM
	<u>573</u>	<u>762</u>	<u>(24.8)</u>	<u>1,478</u>	<u>1,324</u>	<u>11.6</u>
Gain on disposal of property, plant and equipment	-	-	NM	-	51	NM
Amortisation of intangible assets	(65)	(75)	(13.3)	(135)	(159)	(15.1)
Depreciation of property, plant and equipment	(158)	(287)	(44.9)	(315)	(575)	(45.2)
Depreciation of right-of-use assets	(144)	-	NM	(282)	-	NM
Foreign currency differences						
- exchange gain	75	72	4.2	128	16	NM
- realised gain on foreign exchange contracts	-	-	NM	-	8	NM
- fair value loss on foreign exchange forward contracts	-	(41)	NM	-	(41)	NM
	<u>(292)</u>	<u>(331)</u>	<u>(11.9)</u>	<u>(604)</u>	<u>(700)</u>	<u>(13.7)</u>
Reversal of unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	1,332	1,016	31.1	1,644	1,559	5.5
- reinsurers' share of change in provision for unexpired risks	-	(196)	NM	-	(94)	NM
	<u>1,332</u>	<u>820</u>	<u>62.4</u>	<u>1,644</u>	<u>1,465</u>	<u>12.2</u>

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

	3 months ended 30 June			6 months ended 30 June		
	2Q FY2019	2Q FY2018	+ / (-)	6M FY2019	6M FY2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Claims incurred, net of reinsurers' share						
- net of change in provision for insurance claims	1,000	(866)	NM	769	(1,705)	NM
- net claims paid	(1,823)	(1,298)	40.4	(3,236)	(3,085)	4.9
	(823)	(2,164)	(62.0)	(2,467)	(4,790)	(48.5)
Reversal of/(allowance for) loan losses and impairment of investments						
- stage 1 provision	(36)	94	NM	(54)	96	NM
- stage 2 provision	(39)	(186)	(79.0)	(11)	(208)	(94.7)
- stage 3 provision	1,813	(131)	NM	1,964	(628)	NM
- insurance and other receivables	(55)	(11)	NM	(99)	(78)	26.9
- investments	(1,051)	-	NM	(1,051)	-	NM
	632	(234)	NM	749	(818)	NM
Tax expenses						
- current tax expense	(724)	(466)	55.4	(1,175)	(933)	25.9
- deferred tax expense	(530)	(372)	42.5	(899)	(412)	118.2
- over/(under) provision of prior years' tax	-	-	NM	-	(62)	NM
	(1,254)	(838)	49.6	(2,074)	(1,407)	47.4

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	
	30/6/2019	31/12/2018	30/6/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	2,232	3,319	189	202
Intangible assets	1,112	1,081	873	787
Investment properties	3,030	2,094	-	-
Subsidiaries	-	-	83,063	83,063
Other investments	33,810	39,235	6,588	6,424
Loans, advances, hire purchase and leasing receivables	54,811	79,523	36,085	53,423
Deferred tax assets	3,876	4,716	-	11
Right-of-use assets	2,487	-	2,296	-
	101,358	129,968	129,094	143,910
Current assets				
Reinsurers' share of insurance contract provisions	4,046	5,326	-	-
Insurance receivables	3,295	2,585	-	-
Loans, advances, hire purchase and leasing receivables	154,325	135,836	123,091	115,239
Trade and other receivables	168,982	166,209	46,563	51,641
Other investments	17,343	17,807	384	394
Cash and cash equivalents	37,051	48,724	8,187	18,773
	385,042	376,487	178,225	186,047
Total assets	486,400	506,455	307,319	329,957
Equity				
Share capital	137,302	137,302	137,302	137,302
Other reserves	2,765	1,184	-	-
Accumulated profits	33,933	30,719	37,877	36,923
Equity attributable to owners of the Company	174,000	169,205	175,179	174,225
Non-controlling interests	16,520	15,355	-	-
Total equity	190,520	184,560	175,179	174,225
Non-current liabilities				
Interest-bearing borrowings	10,899	13,864	-	10,000
Employee benefits	1,363	1,560	-	-
Deferred tax liabilities	527	515	247	-
Lease liabilities	2,451	-	2,250	-
	15,240	15,939	2,497	10,000
Current liabilities				
Trade and other payables	13,729	13,609	7,150	6,973
Insurance payables	3,387	3,078	-	-
Interest-bearing borrowings	243,137	265,478	122,294	138,743
Insurance contract provisions for - gross unexpired risks	7,161	9,425	-	-
- gross unexpired claims	12,015	13,446	-	-
Current tax payable	1,211	920	199	16
	280,640	305,956	129,643	145,732
Total liabilities	295,880	321,895	132,140	155,732
Total equity and liabilities	486,400	506,455	307,319	329,957

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

	Unsecured	
	As at 30-Jun-19	As at 31-Dec-18
	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	243,137	265,478
Amount repayable after one year	10,899	13,864
	254,036	279,342

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 30 June		6 months ended 30 June	
	2Q FY2019 S\$'000	2Q FY2018 S\$'000	6M FY2019 S\$'000	6M FY2018 S\$'000
Cash flows from operating activities				
Profit for the period	4,227	1,252	6,848	1,352
Adjustments for:				
Amortisation of intangible assets and debt securities at amortised cost	85	89	164	182
Net foreign exchange loss/(gain)	1,569	(923)	1,991	(13)
Depreciation of property, plant and equipment	158	287	315	575
Depreciation of right-of-use assets	144	-	282	-
Loss/(gain) on disposal of equity securities	9	(38)	(5)	(74)
Gain on partial redemption of convertible loans	-	(369)	-	(638)
Gain on disposal of property, plant and equipment	-	-	-	(51)
Net change in fair value of financial assets at fair value through profit or loss	(141)	371	(758)	606
Allowance for impairment of investments	1,051	-	1,051	-
(Reversal of)/provision for, net of reinsurers' share				
- unexpired risks	(1,332)	(820)	(1,644)	(1,465)
- insurance claims	(1,000)	866	(769)	1,705
Interest income	(8,273)	(6,665)	(16,324)	(12,556)
Interest income from investments and fixed deposits	(362)	(261)	(575)	(577)
Dividend income from investments	(225)	(361)	(266)	(628)
Interest expense	2,035	1,850	4,053	3,300
Interest expense from lease liabilities	37	-	60	-
Tax expense	1,254	838	2,074	1,407
Operating cash flows before changes in working capital	(764)	(3,884)	(3,503)	(6,875)
Changes in working capital				
Factoring receivables	(6,432)	8,589	(2,553)	(2,459)
Factoring amounts due to clients	(96)	(1,772)	(191)	3,595
Loans, advances, hire purchase and lease receivables	5,823	(28,604)	6,156	(57,544)
Insurance and other receivables	(838)	139	(965)	(67)
Trade, other and insurance payables	682	(2,505)	184	(2,372)
Cash used in operations	(1,625)	(28,037)	(872)	(65,722)
Interest received	8,746	7,022	16,893	13,154
Interest paid	(2,099)	(1,713)	(4,090)	(3,127)
Taxes paid, net	(917)	(790)	(917)	(790)
Net cash generated from/(used in) operating activities	4,105	(23,518)	11,014	(56,485)

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 30 June		6 months ended 30 June	
	2Q FY2019 S\$'000	2Q FY2018 S\$'000	6M FY2019 S\$'000	6M FY2018 S\$'000
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	-	-	1	51
Purchase of property, plant and equipment	(10)	(3)	(18)	(163)
Purchase of intangible assets	(132)	(121)	(163)	(323)
Purchase of investments	(2,870)	(3,793)	(5,165)	(8,486)
Proceeds from disposal of investments	5,204	10,795	10,630	15,679
Dividend received from investments	226	361	266	628
Net cash generated from investing activities	2,418	7,239	5,551	7,386
Cash flows from financing activities				
Dividends paid				
- by the Company	(2,067)	(1,128)	(2,067)	(1,128)
- by a subsidiary company to non-controlling interests	(956)	(849)	(956)	(849)
(Repayment of)/proceeds from interest-bearing borrowings	(5,241)	24,194	(25,306)	57,690
Repayment of lease liabilities	(151)	-	(290)	-
Net cash (used in)/generated from financing activities	(8,415)	22,217	(28,619)	55,713
Net (decrease)/increase in cash and cash equivalents	(1,892)	5,938	(12,054)	6,614
Cash and cash equivalents at beginning of period	38,599	35,994	48,724	35,064
Effect of exchange rate fluctuations on cash held	344	(205)	381	49
Cash and cash equivalents at end of period	37,051	41,727	37,051	41,727
Analysis of cash and cash equivalents				
Fixed deposits	10,065	16,274	10,065	16,274
Cash at banks and on hand	26,986	25,453	26,986	25,453
Cash and cash equivalents at end of period	37,051	41,727	37,051	41,727

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					Non-controlling	Total
	Share capital	Capital reserve	Translation reserve	Accumulated profits	Total	interests	equity
Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	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
<i>Other comprehensive income</i>							
Foreign currency translation differences	-	-	1,581	-	1,581	554	2,135
<i>Total other comprehensive income</i>	-	-	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 subsidiary 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)**

	Attributable to owners of the Company						Non-controlling interests	Total equity
Group	Share capital	Capital reserve	Fair value reserve	Translation reserve	Accumulated profits	Total	S\$'000	S\$'000
2018	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
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	-	-	(3,458)	-	2,851	(607)	(50)	(657)
Adjusted balance at 1 January 2018	137,302	108	-	416	13,858	151,684	13,974	165,658
Total comprehensive income for the period								
Profit for the period	-	-	-	-	467	467	885	1,352
<i>Other comprehensive income</i>								
Foreign currency translation differences	-	-	-	164	-	164	72	236
<i>Total other comprehensive income</i>	-	-	-	164	-	164	72	236
Total comprehensive income for the period	-	-	-	164	467	631	957	1,588
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the Company	-	-	-	-	(1,128)	(1,128)	-	(1,128)
Total contributions by and distributions to owners	-	-	-	-	(1,128)	(1,128)	-	(1,128)
Changes in ownership interests in subsidiaries								
Dividends paid by a subsidiary company to non-controlling interests	-	-	-	-	-	-	(849)	(849)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	(849)	(849)
Total transactions with owners	-	-	-	-	(1,128)	(1,128)	(849)	(1,977)
At 30 June 2018	137,302	108	-	580	13,197	151,187	14,082	165,269

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
2019				
At 31 December 2018	137,302	-	36,923	174,225
Total comprehensive income for the period				
Profit for the period	-	-	954	954
Total comprehensive income for the period	-	-	954	954
At 30 June 2019	137,302	-	37,877	175,179
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	-	-	145	145
Total comprehensive income for the period	-	-	145	145
At 30 June 2018	137,302	-	25,117	162,419

- 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 2019	As at 31 Dec 2018
Balance at beginning and end of the period	375,969,665	375,969,665

There were no outstanding convertibles as at 30 June 2019 and 31 December 2018.

- 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 2019 and 31 December 2018, the issued and paid up share capital excluding treasury shares of the Company comprised of 375,969,665 (31 December 2018: 375,969,665) ordinary shares.

The Company does not hold any treasury shares as at 30 June 2019 and 31 December 2018.

- 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.

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 2018 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 2019. The adoption of SFRS(I) 16 and their impact on the financial position are detailed in the Paragraph 5.

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.

During the current financial period, the Group and the Company have adopted the SFRS(I) 16 – Leases on 1 January 2019; using the modified retrospective approach. The Group and the Company have elected the practical expedient of not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases.

As at 1 January 2019, the Group has recognised Right-Of-Use ("ROU") assets of \$2.8 million and leases liabilities of \$2.7 million. The Company has recognised Right-Of-Use ("ROU") assets of \$2.6 million and leases liabilities of \$2.5 million.

The adoption of SFRS(I) 16 has been assessed to have no material impact on the results of the Group for the year ending 31 December 2019.

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 30 June		6 months ended 30 June	
	2Q FY2019	2Q FY2018	6M FY2019	6M FY2018
Earnings Per Ordinary Share				
- on weighted-average number of ordinary shares in issue	0.86 cents	0.21 cents	1.40 cents	0.12 cents
- on fully diluted basis	0.86 cents	0.21 cents	1.40 cents	0.12 cents
Net profit/(loss) attributable to shareholders:	\$3,219,000	\$788,000	\$5,280,000	\$467,000
Number of shares in issue				
- on weighted-average number of ordinary shares in issue	375,969,665	375,969,665	375,969,665	375,969,665
- on fully diluted basis	375,969,665	375,969,665	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	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
Net Asset Value (NAV) per ordinary share	46.3 cents	45.0 cents	46.6 cents	46.3 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			6 months ended		
	30 June			30 June		
	2Q FY2019	2Q FY2018	+/(-) %	6M FY2019	6M FY2018	+/(-) %
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Factoring	3,677	3,578	2.8	7,136	7,095	0.6
Loans, advances, hire purchase	4,596	2,974	54.5	9,188	5,192	77.0
Facility fee	-	113	(100)	-	269	NM
Interest income	8,273	6,665	24.1	16,324	12,556	30.0
Interest expense	(2,035)	(1,850)	10.0	(4,053)	(3,300)	22.8
Net interest income	6,238	4,815	29.6	12,271	9,256	32.6

Growth in Interest income in the second quarter 2019 ("Q2 FY2019") and 6 months ended 30 June 2019 ("1H FY2019") was contributed solely by the higher business volume achieved in our Asset-based lending portfolio. Our Asset-based loan books have increased from \$164 million at end of June 2018 to \$209 million as at 30 June 2019 and average lending rate has also increased compared to the corresponding period.

With the stronger loan books achieved in 1H FY2019, the Group managed to record an increase of S\$ 3.8 million in interest income compared against the 6 months ended 30 June 2018 ("1H FY2018").

Net Interest Margin ("NIM") improved from 6.8% in 2Q FY2018 to 6.84% in 2Q FY2019, and from 6.52% in 1H FY2018 to 6.7% in 1H 2019.

Non-interest income

Non-interest income comprises mainly of Net earned insurance premium, fees and commission and investment income totaling \$5.9 million earned in 2Q FY2019 was about \$1.1 million higher compared to the corresponding quarter in 2018 ("2Q FY2018").

The increase was largely due to (1) lower reinsurance premium expenses arising from lower production volume in Bonds and Workmen Compensation businesses and (2) excess recovery by our subsidiary in Thailand from their NPL accounts.

While we achieved higher non-interest income in 2Q FY2019, the increase in 1H FY2019 was only \$0.3 million; largely due to the lower production volume achieved in the overall line of business in our Insurance business.

Operating expenses

Total operating expense increased by 26% and 10% respectively when compared against 2Q FY2018 and 1H FY2018; mainly resultant from the higher commission expenses and provision for bonuses coupled by the absence of a write-back of No Claim bonus. In 2Q FY2018, our Insurance business wrote back an amount of about \$0.55 million of No Claim bonus provided previously, which is non-recurring.

Net claims incurred

Net claims incurred reduced significantly by about \$1.3 million and \$2.3 million in 2Q FY2019 and 1H FY2019 respectively due to the restructuring of our Insurance business portfolio.

Allowances and Impairments

	6 months ended 30 June			6 months ended 30 June		
	2Q FY2019 S\$'000	2Q FY2018 S\$'000	+/(-) %	6M FY2019 S\$'000	6M FY2018 S\$'000	+/(-) %
Stage 1	36	(94)	NM	54	(96)	NM
Stage 2	39	186	(79.0)	11	208	(94.7)
Stage 3	(1,813)	131	NM	(1,964)	628	NM
Others	1,106	11	NM	1,150	78	NM
Allowances and Impairments	(632)	234	NM	(749)	818	NM

The Group managed to recover and record a non-recurring gain of about \$2.3 million in 2Q FY2019 in Thailand.

Profit before tax

Strong business pipeline together with the reduction in Net Claims incurred and the recovery from NPL accounts (non-recurring), the Group managed to record a pre-tax profit of \$5.5 million and \$8.9 million for 2Q FY2019 and 1H FY2019 respectively.

Notwithstanding the non-recurring gain of \$2.3 million arising from recovery from NPL accounts, the Group still managed to achieve an improvement of about \$1.1 million (52%) in 2Q FY2019 and \$3.8 million (136%) in 1H FY2019.

For 1H FY2019, the Group recorded a profit attributable to shareholders of \$5.3 million (\$3.6 million; excluding non-recurring gain); a significant improvement of \$4.8 million compared against 1H FY2018.

Review of Financial Position as at 30 June 2019

Gross lending assets including factoring receivables outstanding were \$377 million, a slight decrease of 1% when compared against the base of \$380 million as at 31 December 2018. The decrease was mainly due to lower asset-based loans outstanding at end of June.

With the proceeds received from the disposal of our Suntec office (non-core asset) and the better performance in 1H FY2019, the Group repaid about \$25.3 million of its bank borrowings and attained an improved current ratio of 1.37 times.

Cash flows from operating activities

The Group recorded a net cash inflow of \$4.1 million for 2Q FY2019 and \$11.0 million for 1H FY2019 compared to net cash outflow of \$23.5 million and \$56.5 million against the corresponding periods, mainly due to higher profit and asset-based loans redemption.

Cash flows from investing activities

The net cash generated from investing activities for 2Q FY2019 was \$2.4 million and \$5.6 million for 1H FY2019.

Compared against the corresponding periods, cash flows from investing activities were lower due to lesser disposal and/or redemption of investments.

Details of purchase of investments and proceeds from redemption/disposal of investments for 2Q FY2019 and 1H FY2019 was as follows:

	Purchase of investments		Proceeds from redemption / disposal of investments	
	2Q FY2019 S\$'000	6M FY2019 S\$'000	2Q FY2019 S\$'000	6M FY2019 S\$'000
<u>ECICS Limited</u> *				
- Quoted equity securities	953	2,066	-	1,081
- Quoted debt securities	1,917	3,099	5,039	6,938
<u>IFS Group</u> (excluding ECICS Limited)	-	-	165	2,611
Total	2,870	5,165	5,204	10,630

* 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 2Q FY2019 and 1H FY2019 were largely relating to the repayment of or interest-bearing.

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 first quarter results announcement for the quarter ended 31 March 2019 dated 10 May 2019.

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 external environment remains challenging and the risks are to the downside. With the economies of Thailand and Singapore, our major markets, slowing and a general decrease in business volumes in evidence, credit risks will grow. Consequently, we are increasing our vigilance.

Two factors help contain these risks for this financial year. First, our Lending business is maintaining good growth. Second, we are seeing progress in our Insurance business. Our claims experience is improving, an indication that our restructuring efforts to turn ECICS around to profitability are bearing fruit. However, we recognise that there is more to be done and will keep working at improving this side of our 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 30 June 2019.

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
13 August 2019



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 second quarter ended 30 June 2019 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

13 August 2019