

**IFS Capital Limited
and its subsidiaries
Registration Number: 198700827C**

**Condensed Interim Financial statements
For the six months ended 30 June 2021**

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	6 months ended		
	30 June		
	1H FY2021	1H FY2020	+ / (-)
Note	S\$'000	S\$'000	%
Interest income	12,368	14,379	(14.0)
Interest expense	(2,199)	(3,530)	(37.7)
Net interest income	10,169	10,849	(6.3)
Gross written premiums	2,442	3,248	(24.8)
Change in gross provision for unexpired risks	946	(211)	NM
Gross earned premium revenue	3,388	3,037	11.6
Written premiums ceded to reinsurers	(229)	(453)	(49.4)
Reinsurers' share of change in provision for unexpired risks	139	-	NM
Reinsurance premium expense	(90)	(453)	(80.1)
Net earned premium revenue (i)	3,298	2,584	27.6
Fee and commission income	3,231	3,444	(6.2)
Investment income	840	148	NM
Other income	333	290	14.8
Sub-total (ii)	4,404	3,882	13.4
Non-interest income (i) + (ii)	7,702	6,466	19.1
Grant income	-	1,015	NM
Income before operating expenses	17,871	18,330	(2.5)
Business development expenses	(191)	(270)	(29.3)
Commission expenses	(631)	(737)	(14.4)
Staff costs	(7,428)	(7,151)	3.9
General and administrative expenses	(3,459)	(3,325)	4.0
Operating expenses	(11,709)	(11,483)	2.0
Change in provision for insurance claims	1,475	1,640	(10.1)
Reinsurers' share of change in provision for insurance claims	(1)	(112)	(99.1)
Gross claims paid	(2,828)	(3,687)	(23.3)
Reinsurers' share of claims paid	(7)	827	NM
Net claims incurred	(1,361)	(1,332)	2.2
Operating profit before allowances	4,801	5,515	(12.9)
Allowances for loan losses and impairment of other assets	(901)	(473)	90.5
Profit before tax	3,900	5,042	(22.6)
Tax expense	(868)	(1,190)	(27.1)
Profit for the period	3,032	3,852	(21.3)
Profit attributable to:			
Owners of the Company	2,219	2,888	(23.2)
Non-controlling interests	813	964	(15.7)
Profit for the period	3,032	3,852	(21.3)

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

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (continued)

	6 months ended		
	30 June		
	1H FY2021	1H FY2020	+ / (-)
Note	S\$'000	S\$'000	%
Profit for the period	3,032	3,852	(21.3)
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences of foreign operations	(3,529)	306	NM
	(3,529)	306	NM
Other comprehensive income for the period, net of tax	(3,529)	306	NM
Total comprehensive income for the period	(497)	4,158	NM
Attributable to:			
Owners of the Company	(433)	3,091	NM
Non-controlling interests	(64)	1,067	NM
	(497)	4,158	NM

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

	6 months ended	
	30 June	
	1H FY2021	1H FY2020
Earnings Per Ordinary Share		
- on weighted-average number of ordinary shares in issue	0.59 cents	0.77 cents
- on fully diluted basis	0.59 cents	0.77 cents

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 translation loss from foreign currency differences of foreign operations in 1H FY2021 was mainly due to the weakening of Thai Baht against Singapore dollars in 1H FY2021.

Exchange rates for the respective reporting period were as follows:

	30-Jun 2021	31-Dec 2020	30-Jun 2020	31-Dec 2019
THB against SGD	24.141	22.954	22.441	22.594
MYR against SGD	3.0855	3.0451	3.0713	3.0386
IDR against SGD	10,781	10,644	10,265	10,321

B. Condensed interim statements of financial position

	Note	Group		Company	
		30-06-21	31-12-20	30-06-21	31-12-20
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, plant and equipment	12	1,703	1,929	224	247
Intangible assets	11	709	769	533	637
Investment properties	13	2,501	2,730	-	-
Subsidiaries		-	-	87,998	86,663
Other investments	10	15,917	18,819	62	54
Loans, advances, hire purchase and leasing receivables		67,244	82,332	61,487	75,837
Deferred tax assets		3,391	3,692	-	-
Right-of-use assets		2,164	2,525	1,493	1,834
		93,629	112,796	151,797	165,272
Current assets					
Reinsurers' share of insurance contract provisions		5,128	4,988	-	-
Insurance receivables		1,288	1,497	-	-
Loans, advances, hire purchase and leasing receivables		160,487	169,160	107,629	105,723
Trade and other receivables		127,642	128,420	48,890	57,537
Property held for sales		352	292	-	-
Other investments	10	12,573	12,554	-	444
Cash and cash equivalents		51,591	51,720	23,187	24,897
		359,061	368,631	179,706	188,601
Total assets		452,690	481,427	331,503	353,873
Equity					
Share capital	15	137,302	137,302	137,302	137,302
Other reserves		(147)	2,505	-	-
Accumulated profits		37,410	35,943	43,791	43,190
Equity attributable to owners of the Company		174,565	175,750	181,093	180,492
Non-controlling interests		17,030	17,886	-	-
Total equity		191,595	193,636	181,093	180,492
Non-current liabilities					
Interest-bearing borrowings	14	31,115	13,538	19,276	3,745
Employee benefits		1,531	1,504	-	-
Deferred tax liabilities		142	142	123	123
Lease liabilities		1,464	1,837	845	1,192
		34,252	17,021	20,244	5,060
Current liabilities					
Trade and other payables		11,203	14,203	6,104	8,805
Insurance payables		1,714	1,635	-	-
Interest-bearing borrowings	14	194,783	233,350	123,361	158,834
Insurance contract provisions for - gross unexpired risks		5,040	5,985	-	-
- gross unexpired claims		12,635	14,108	-	-
Lease liability		805	766	685	666
Current tax payable		663	723	16	16
		226,843	270,770	130,166	168,321
Total liabilities		261,095	287,791	150,410	173,381
Total equity and liabilities		452,690	481,427	331,503	353,873

C. Condensed interim statements of changes in equity

<u>Group</u> 2021	Note	Attributable to owners of the Company				Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000			
At 1 January 2021		137,302	108	2,397	35,943	175,750	17,886	193,636
Total comprehensive income for the period								
Profit for the period		-	-	-	2,219	2,219	813	3,032
<i>Other comprehensive income</i>								
Foreign currency translation differences		-	-	(2,652)	-	(2,652)	(877)	(3,529)
<i>Total other comprehensive income</i>		-	-	(2,652)	-	(2,652)	(877)	(3,529)
Total comprehensive income for the period		-	-	(2,652)	2,219	(433)	(64)	(497)
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Dividends paid to owners of the Company	8	-	-	-	(752)	(752)	-	(752)
Total contributions by and distributions to owners		-	-	-	(752)	(752)	-	(752)
Changes in ownership interests in subsidiaries								
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	(792)	(792)
Total changes in ownership interests in subsidiaries		-	-	-	-	-	(792)	(792)
Total transactions with owners		-	-	-	(752)	(752)	(792)	(1,544)
At 30 June 2021		137,302	108	(255)	37,410	174,565	17,030	191,595

C. Condensed interim statements of changes in equity (continued)

<u>Group</u> 2020	Note	Attributable to owners of the Company				Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
		Share capital S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000			
At 1 January 2020		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
<i>Other comprehensive income</i>								
Foreign currency translation differences		-	-	203	-	203	103	306
<i>Total other comprehensive income</i>		-	-	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								
<i>Contributions by and distributions to owners</i>								
Dividends paid to owners of the Company	8	-	-	-	(2,932)	(2,932)	-	(2,932)
Total contributions by and distributions to owners		-	-	-	(2,932)	(2,932)	-	(2,932)
<i>Changes in ownership interests in subsidiaries</i>								
Dividends paid by a subsidiary 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

C. Condensed interim statements of changes in equity (continued)

<u>Company</u>	Note	Share capital S\$'000	Accumulated profits S\$'000	Total equity S\$'000
2021				
At 1 January 2021		137,302	43,190	180,492
Total comprehensive income for the period				
Profit for the period		-	1,353	1,353
Total comprehensive income for the period		-	1,353	1,353
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
Dividends paid to owners of the Company	8	-	(752)	(752)
Total contributions by and distributions to owners		-	(752)	(752)
At 30 June 2021		137,302	43,791	181,093
2020				
At 1 January 2020		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	8	-	(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

D. Condensed interim consolidated statement of cash flows

	Note	6 months ended	
		31 December	
		1H FY2021	1H FY2020
		S\$'000	S\$'000
Cash flows from operating activities			
Profit for the period		3,032	3,852
Adjustments for:			
Amortisation of intangible assets and debt securities at amortised cost	6	149	173
Net foreign exchange (gain)/loss		(2,807)	71
Depreciation of property, plant and equipment	6	287	302
Depreciation of right-of-use assets	6	410	367
Loss on disposal of debt securities		-	48
Gain on disposal of property, plant and equipment	6	(29)	(5)
Net change in fair value of financial assets at fair value through profit or loss	6	2	630
Recognition of allowance for impairment of investments at amortised cost	6	(15)	94
(Reversal of)/provision for, net of reinsurers' share			
- unexpired risks	6	(1,085)	211
- insurance claims	6	(1,474)	(1,528)
Interest income		(12,368)	(14,379)
Interest income from investments and fixed deposits		(386)	(437)
Dividend income from investments		(427)	(264)
Interest expense on borrowings		2,199	3,530
Interest expense on lease liabilities		59	72
Tax expense	7	868	1,190
Operating cash flows before changes in working capital		(11,585)	(6,073)
Changes in working capital			
Factoring receivables		(5,488)	52,400
Factoring amounts due to clients		6,542	(8,334)
Loans, advances, hire purchase and lease receivables		23,785	(4,513)
Insurance and other receivables		185	(1,222)
Trade, other and insurance payables		(2,684)	(2,340)
Cash generated from operations		10,755	29,918
Interest received		12,773	14,874
Interest paid		(2,408)	(3,269)
Taxes paid, net		(689)	(1,106)
Net cash generated from operating activities		20,431	40,417

D. Condensed interim consolidated statement of cash flows (continued)

	6 months ended	
	31 December	
	1H FY2021	1H FY2020
	S\$'000	S\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	29	5
Purchase of property, plant and equipment	(15)	(80)
Purchase of intangible assets	(75)	(136)
Purchase of investments	(2,991)	(3,188)
Proceeds from disposal of investments	5,917	12,297
Dividend received from investments	427	264
Net cash generated from investing activities	3,292	9,162
Cash flows from financing activities		
Dividends paid		
- by the Company	(752)	(2,932)
- by a subsidiary company to non-controlling interests	(792)	(1,348)
Repayment of interest-bearing borrowings	(20,990)	(22,329)
Repayment of lease liabilities	(441)	(395)
Net cash used in financing activities	(22,975)	(27,004)
Net increase in cash and cash equivalents	748	22,575
Cash and cash equivalents at beginning of period	51,720	37,191
Effect of exchange rate fluctuations on cash held	(877)	93
Cash and cash equivalents at end of period	51,591	59,859
Analysis of cash and cash equivalents		
Fixed deposits	12,021	23,397
Cash at banks and on hand	39,570	36,462
Cash and cash equivalents at end of period	51,591	59,859

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

IFS Capital Limited (the “Company”) is a company incorporated in Singapore and has its registered office at 10 Eunos Road 8, #09-04 Singapore Post Centre, Singapore 408600.

The condensed interim consolidated financial statements as at 30 June 2021 and for six months ended 30 June 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The immediate and ultimate holding company is Phillip Assets Pte. Ltd., a company incorporated in Singapore.

The principal activities of the Company are those relating to the provision of commercial, alternative and structured finance businesses such as factoring services, working capital, asset base financing and the provision of alternative and structured financial solutions offered to clients to address either equity or debt capital requirements

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with (“Singapore Financial Reporting Standards (International)”) SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of SFRS (I) that are effective for annual periods beginning as of 1 January 2021. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group

These financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.1 Use of judgements and estimates

The preparation of the condensed interim financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Finance Department led by the Group Chief Finance Officer has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable. Review significant unobservable inputs and valuation adjustments on quarterly basis.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group has three reportable segments which relate to the Group's strategic business units. The strategic business units offer different products and services and are managed separately. The reportable segment presentation is prepared based on the Group's management and internal reporting structure. As some of the activities of the Group are integrated, internal cost allocation has been made in preparing the segment information such as the Group's centralised support costs and funding costs. Inter-segment pricing where appropriate, is determined on an arm's length basis. The Group's CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Credit financing: Credit financing encompasses commercial providing services to corporate clients, mainly the small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing, property loan, working capital, leasing, hire purchase as well as participating in financing by SPRING and IES under LEFS and IF Scheme respectively. Credit financing also include consumer loan service.

Insurance: The issue of performance bonds and guarantees, domestic maid insurance, property and casualty insurance, motor insurance, engineering and work injury compensation insurance. The segment includes holding of equity securities and bonds under the regulated insurance fund.

Private equity and other investments: The provision of development capital in the form of convertible debt instruments.

Total operating income comprises interest income, net earned premium revenue, fee and commission income, investment income. Performance is measured based on segment profit before tax.

	Credit Financing S\$'000	Insurance S\$'000	Private equity and other investments S\$'000	Total S\$'000
30-Jun-21				
Operating results				
Total operating income	13,514	3,972	385	17,871
Reportable segment profit before tax	3,287	417	196	3,900
Net interest income	10,169	-	-	10,169
Net earned premium revenue	-	3,298	-	3,298
Non-interest income	3,534	674	196	4,404
Other material non-cash items:				
- Provisions for loan losses and impairment of other assets	(942)	41	-	(901)
- Depreciation and amortisation	(805)	(24)	-	(829)
Assets and liabilities				
Reportable segment assets	407,990	39,094	2,286	449,370
Capital expenditure	91	-	-	91
Reportable segment liabilities	239,566	20,333	388	260,287

	Credit Financing S\$'000	Insurance S\$'000	Private equity and other investments S\$'000	Total S\$'000
30-Jun-20				
Operating results				
Total operating income	15,869	2,400	61	18,330
Reportable segment profit/(loss) before tax	5,921	(1,541)	662	5,042
Net interest income	10,849	-	-	10,849
Net earned premium revenue	-	2,584	-	2,584
Non-interest income	3,664	(444)	662	3,882
Other material non-cash items:				
- Provisions for loan losses and impairment of other assets	(280)	(193)	-	(473)
- Depreciation and amortisation	(801)	(38)	-	(839)
Assets and liabilities				
Reportable segment assets	421,079	46,482	7,606	475,167
Capital expenditure	216	-	-	216
Reportable segment liabilities	255,858	22,931	746	279,535

	30-06-21 S\$'000	30-06-20 S\$'000
Assets		
Total assets for reportable segments	449,370	475,167
Other unallocated amounts	3,320	3,709
Consolidated assets	452,690	478,876
Liabilities		
Total liabilities for reportable segments	260,287	279,535
Other unallocated amounts	808	2,510
Consolidated liabilities	261,095	282,045

In view of the Group's continuing efforts to develop its businesses across the region, resources are now allocated mainly to four principal geographical areas.

Geographical segments are analysed by four principal geographical areas. Singapore, Thailand, Malaysia and Indonesia are the major markets for credit financing and insurance activities. Others are also the markets for private equity and other investment activities.

In presenting information on the basis of geographical segments, segment operating income is based on the geographical location of the clients. Segment assets are based on the geographical location of the assets.

	Operating income S\$'000	Non-current assets S\$'000	Total assets S\$'000
2021			
Singapore	9,361	2,348	277,356
Thailand	7,297	3,937	148,731
Malaysia	835	562	12,113
Indonesia	378	230	14,490
	17,871	7,077	452,690
2020			
Singapore	9,023	3,218	304,241
Thailand	7,893	4,541	139,123
Malaysia	896	685	14,582
Indonesia	518	311	20,930
	18,330	8,755	478,876

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	As at 30-Jun-21 S\$ '000	As at 31-Dec-20 S\$ '000	As at 30-Jun-21 S\$ '000	As at 31-Dec-20 S\$ '000
Financial Assets				
Other investment	28,490	31,373	62	498
Insurance receivables	1,288	1,497	-	-
Loans, Advances, Hire Purchases and Leasing Receivables	227,731	251,492	169,115	181,560
Trade and other receivables (exclude prepayment)	127,024	128,034	48,705	57,369
Cash and cash equivalents	51,591	51,720	23,187	24,897
	436,124	464,116	241,069	264,324
Financial Liabilities				
Trade and other payables	11,203	14,203	6,104	8,805
Insurance payable	1,714	1,635	-	-
Interest-bearing borrowings	225,899	246,888	124,637	162,579
	238,816	262,726	130,741	171,384

6. Profit before taxation

	6 months ended		
	30 June		
	1H FY2021	1H FY2020	+ / (-)
	S\$'000	S\$'000	%
Investment income			
- dividend, fee and interest income	813	701	16.0
- loss on disposal of debt securities	-	(48)	NM
- net change in fair value of financial assets at fair value through profit or loss	2	(630)	NM
- amortisation of debt securities at amortised cost	(17)	(3)	NM
- exchange gain	42	128	(67.2)
	<u>840</u>	<u>148</u>	NM
Gain on disposal of property, plant and equipment	29	5	NM
Amortisation of intangible assets	(132)	(170)	(22.4)
Depreciation of property, plant and equipment	(287)	(302)	(5.0)
Depreciation of right-of-use assets	(410)	(367)	11.7
Foreign currency differences			
- exchange gain arising from revaluation	13	309	(95.8)
	<u>(787)</u>	<u>(525)</u>	49.9
Reversal of/(Provision for) unexpired risks, net of reinsurers' share			
- change in gross provision for unexpired risks	946	(211)	NM
- reinsurers' share of change in provision for unexpired risks	139	-	NM
	<u>1,085</u>	<u>(211)</u>	NM
Claims incurred, net of reinsurers' share			
- net of change in provision for insurance Claims	1,474	1,528	(3.5)
- net Claims paid	(2,835)	(2,860)	(0.9)
	<u>(1,361)</u>	<u>(1,332)</u>	2.2
Allowance for loan losses and impairment of investments			
- stage 1 provision	98	218	(55.0)
- stage 2 provision	38	(192)	NM
- stage 3 provision	(668)	(125)	NM
- insurance and other receivables	(385)	(270)	42.6
- debts written off	1	(10)	NM
- investments at amortisation cost	15	(94)	NM
	<u>(901)</u>	<u>(473)</u>	90.5

7. Taxation

The Group calculates the period income tax expenses using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expenses in the condensed interim consolidated statement of profit or loss are:

	6 months ended		
	30 June		
	1H FY2021	1H FY2020	+ / (-)
	S\$'000	S\$'000	%
Tax expenses			
- current	(662)	(1,122)	(41.0)
- deferred	(206)	11	NM
- under provision of prior years' tax	-	(79)	NM
	(868)	(1,190)	(27.1)

8. Dividend

The following dividends were declared and paid by the Company:

<i>Dividends paid</i>	Group	
	As at 30-Jun-21	As at 30-Jun-20
	S\$ '000	S\$ '000
A first and final one-tier tax exempt dividend of 0.2 cents per ordinary share (2020:0.78 cents per ordinary share) paid in respect of previous financial period	752	2,932

No interim dividend has been declared for the period ended 30 June 2021.

9. Net Asset Value

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
Net Asset Value (NAV) per ordinary share	46.4 cents	46.7 cents	48.2 cents	48.0 cents
NAV computed based on no. of ordinary shares issued	375,969,665	375,969,665	375,969,665	375,969,665

10. Financial assets

	Carrying amount S\$ '000	Level 1 S\$ '000	Level 2 S\$ '000	Level 3 S\$ '000	Total S\$ '000
Group					
30 June 2021					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	5,178	5,169	-	1,510	6,679
- Debt securities	5,338	5,338	-	-	5,338
- Convertible loans	1,500	-	-	-	-
	<u>12,016</u>	<u>10,507</u>	<u>-</u>	<u>1,510</u>	<u>12,017</u>
Financial Assets not measured at fair value					
Debt securities at amortised cost	16,474	16,456	500	-	16,956
	<u>16,474</u>	<u>16,456</u>	<u>500</u>	<u>-</u>	<u>16,956</u>
31 December 2020					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	7,022	5,221	-	1,801	7,022
- Debt securities	4,551	4,551	-	-	4,551
- Convertible loans	1,500	-	-	1,500	1,500
	<u>13,073</u>	<u>9,772</u>	<u>-</u>	<u>3,301</u>	<u>13,073</u>
Financial Assets not measured at fair value					
Debt securities at amortised cost	18,300	18,310	500	-	18,810
	<u>18,300</u>	<u>18,310</u>	<u>500</u>	<u>-</u>	<u>18,810</u>
Company					
30 June 2021					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	62	0	0	62	62
	<u>62</u>	<u>0</u>	<u>0</u>	<u>62</u>	<u>62</u>
31 December 2020					
Financial Assets measured at fair value					
FVTPL financial assets					
- Equity securities	498	444	-	54	498
	<u>498</u>	<u>444</u>	<u>-</u>	<u>54</u>	<u>498</u>

11. Intangible assets

As at 30 June 2021, intangible assets consist of computer software \$703k (31 December 2020: \$763k) and membership rights \$6k (31 December 2020: \$6k).

12. Property, plant, and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$15k (30 June 2020: \$80k) and disposal off assets has fully depreciated in 1H FY2021.

13. Investment properties

	Group	
	2021 S\$ '000	2020 S\$ '000
Cost		
At 1 January	3,851	3,912
Effects of movements in exchange rate	(189)	26
End of interim period	3,662	3,938
Accumulated depreciation		
At 1 January	1,120	932
Depreciation for the year	98	101
Effects of movements in exchange rate	(57)	8
End of interim period	1,161	1,041
Net Book value		
As at 30 June	2,501	2,897
Fair value		
As at 30 June	4,938	4,981

The fair value measurement for the investment properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used by an independent valuer.

14. Borrowings

	Group Unsecured		Company Unsecured	
	As at 30-Jun-21 S\$'000	As at 31-Dec-20 S\$'000	As at 30-Jun-21 S\$'000	As at 31-Dec-20 S\$'000
Amount repayable in one year or less, or on demand	194,783	233,350	123,361	158,834
Amount repayable after one year	31,115	13,538	19,276	3,745
	225,898	246,888	142,637	162,579

15. Share capital

	Group and Company	
	Number of Ordinary Shares (excluding Treasury Shares)	
	As at	As at
	30 Jun 2021	31 Dec 2020
Balance at beginning and end of the period	375,969,665	375,969,665

The Company does not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

16. Subsequent events

There are no known subsequent events which have led to adjustment to this set of interim financial statements.

Other Information Required by Listing Rule

Appendix 7.2

Other Information

1. Review

The condensed interim consolidated statement of financial position of IFS Capital Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

i) Net Interest income

	6 months ended		+ / (-)
	30 June		
	1H FY2021	1H FY2020	
	S\$'000	S\$'000	%
Factoring	5,559	6,360	(12.6)
Loans, advances, hire purchase and leasing	6,809	8,019	(15.1)
Interest income	12,368	14,379	(14.0)
Interest expense	(2,199)	(3,530)	(37.7)
Net interest income	10,169	10,849	(6.3)

Despite having achieved higher business volume in our Factoring business in Thailand, interest income has come in lower because of a slight reduction in lending rate and weaker Thai baht against the Singapore dollar in 1H FY2021.

The macro environment in 1H FY2021 remained challenging and our total loan book contracted by \$10 million from \$364 million on 30 June 2020 to \$354 million as of 30 June 2021. However, we continued to make progress in our collections and recovered \$11.7 million from NPL accounts over the first six months of the year.

Starting FY2020, the Group applied a conservative method of auto non-recognition of interest income for accounts that are 90 days past due (Non-Performing Loans), notwithstanding that they are largely property-secured loans. These interest incomes will be recognised only upon completion of the NPL recoveries. As a result of this change, the recognition of interest income from NPL recoveries contributed to an increase in the net interest margin ("NIM") to 7.0% (1H FY2020: 5.6%), despite the Group recording lower interest income from our lending business in 1H FY2021.

2. Review of performance of the Group (continued)

ii) Non-interest income

	6 months ended		
	30 June		
	1H FY2021	1H FY2020	+ /(-)
	S\$'000	S\$'000	%
Net earned premium revenue	3,298	2,584	27.6
Fee and commission income	3,231	3,444	(6.2)
Investment income	840	148	NM
Other income	333	290	14.8
Non-interest income	7,702	6,466	19.1

Higher Net Earned Premium (NEP) was due to the release of premium liabilities arising from the decrease in volume particularly from Miscellaneous and Workmen Compensation classes. Higher production volume in the core Motor line, better claims experience resulting in downward revision in assumed loss ratio for unexpired risk for other lines of business have also contributed to the higher NEP in 1H FY2021.

Investment income earned in 1H FY2021 was significantly higher due to absence of the fair value loss of \$1.1 million on the unquoted equity securities suffered by ECICS in 1H FY2020.

iii) Operating expenses

The increase in Opex in 1H FY2021 compared against 1H FY2020 was mainly due the higher staff costs (\$240k) incurred due to investment in our new businesses and lower exchange gain of \$202k arising from revaluation of monetary assets and liabilities.

iv) Allowances and impairment - recognition

	6 months ended		
	30 June		
	1H FY2021	1H FY2020	+ /(-)
	S\$'000	S\$'000	%
Stage 1	(99)	(218)	(54.6)
Stage 2	(39)	192	NM
Stage 3	668	125	NM
Others	371	374	(0.8)
Allowances and Impairments	901	473	90.5

The increase in stage 3 provision (for accounts more than 90 days past due) was largely made for our Indonesia subsidiary's loan portfolio. The Group is currently working on restructuring our business in Indonesia, including recoveries actions.

2. Review of performance of the Group (continued)

v) Profit before tax

Profit in 1H FY2021 was lower than 1H FY2020 due mainly to the absence of the Job Support Scheme (JSS) grant of \$1.0 million received from the Singapore government in 1H FY2020. Excluding the grant, profit in 1H FY2021 would be comparable with that in 1H FY2020.

Other factors that have contributed to Group profitability in 1H FY2021 were:

1. recognition of deferred interest income as a result of NPL recoveries and
2. net claims incurred remaining stable from 1H FY2020.

Overall, profit attributable to shareholders attained in 1H FY2021 was \$2.2 million (1H FY2020: \$2.9 million).

vi) Financial position as at 30 June 2021

Other investments decreased by \$2.9 million (9%) mainly due to disposal of equity securities and redemption of debt securities at amortised cost.

Gross lending assets including factoring receivables outstanding were \$414 million, a reduction of 4% compared against the base of \$433 million as at 31 December 2020; mainly due to lower loan receivables outstanding as at end of 30 June 2021.

The Group repaid and reduced its bank borrowings by \$20.9 million during the first 6 months of FY2021 thus managed to achieve a current ratio of 1.58 times at end of June 2021 (31 December 2020: 1.36 times) and our leverage ratio also improved to 1.29 times (31 December 2020: 1.40 times).

vii) Cash flow

The Group recorded a net operating cash generated from operating activities of \$20.4 million for 1H FY2021 compared to \$40.4 million against the corresponding period, mainly due to higher funding in factoring.

Net cash generated from investing activities for 1H FY2021 was \$3.3 million compared to \$9.2 million against the corresponding period, mainly due to more proceeds received from disposal and/or redemption of investments.

	Purchase of investments 1H FY2021 S\$'000	Proceeds from redemption / disposal of 1H FY2021 S\$'000
<u>ECICS Limited</u> *		
- Quoted equity securities	1,033	525
- Quoted debt securities	1,958	3,817
<u>IFS Group</u> (excluding ECICS Limited)	-	1,575
Total	2,991	5,917

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

Net cash used in financing activities for 1H FY2021 were mostly for repayment of interest-bearing borrowings.

3. 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 2020 results announcement released on 26 February 2021.

4. 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 trajectory of global economic recovery from the COVID19 pandemic continues to remain uncertain, and the Delta variant could continue to be a drag on global economic recovery.

In Southeast Asia, we are seeing fresh outbreaks of the Delta variant and this has disrupted production, trade and supply chains. Uneven inoculation rates in the markets that we operate in also contribute to the considerable uncertainties with regards to recovery in business and trade flows.

Against this backdrop, the Group is cautiously optimistic on the prospects in 2H of FY2021 while being mindful of the considerable uncertainties in the business environment. Collection progress has gathered momentum given the secured nature of our portfolio and in July 2021 our Singapore office successfully recovered another \$43.1 million and recognised \$3.35 million of interest income that was deferred.

Over at ECICS, our proactive approach to actively de-risk our Bonds portfolio have also shown results. At end of July 2021, the team managed to reduce our net exposure in the Bonds portfolio by almost 60% from \$65 million in August 2020 to \$26.5 million and we will continue our efforts to reduce this exposure. We also continue to observe improvements in our loss ratios, predominantly in our core Motor insurance business, as the team focuses on our new target segments.

5. Dividend information

(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

6. 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 has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. 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 2021



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 half year ended 30 June 2021 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

13 August 2021