

**FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::FULL YEARLY RESULTS**

## Issuer &amp; Securities

## Issuer/ Manager

IFS CAPITAL LIMITED

## Securities

IFS CAPITAL LIMITED - SG1A35000706 - I49

## Stapled Security

No

## Announcement Details

## Announcement Title

Financial Statements and Related Announcement

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## Designation

Company Secretary / Assistant Company Secretary

## Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

Please refer to the following attachments:

- (i) Full Year Financial Results for the financial year ended 31 December 2019; and
- (ii) Press Release.

## Additional Details

## For Financial Period Ended

31/12/2019

## Attachments

[SGX%20Results%20Announcement%204Q%20FY2019\\_final.pdf](#)

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[Press%20release.pdf](#)

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Total size =369K MB

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**Fourth Quarter and Full Year Unaudited Financial Statements and Dividend Announcement  
for the Period Ended 31 December 2019**

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**Fourth Quarter and Full Year Unaudited Financial Statements and Dividend Announcement for the Period Ended 31 December 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			12 months ended		
	31 December		+ / (-) %	31 December		+ / (-) %
	4Q FY2019	4Q FY2018		12M FY2019	12M FY2018	
	S\$'000	S\$'000		S\$'000	S\$'000	
Interest income	8,348	7,990	4.5	33,033	27,643	19.5
Interest expense	(1,720)	(2,205)	(22.0)	(7,745)	(7,615)	1.7
<b>Net interest income</b>	<b>6,628</b>	<b>5,785</b>	14.6	<b>25,288</b>	<b>20,028</b>	26.3
Gross written premiums	1,452	1,366	6.3	5,588	7,268	(23.1)
Change in gross provision for unexpired risks	(1,104)	(1,163)	(5.1)	663	605	9.6
Gross earned premium revenue	348	203	71.4	6,251	7,873	(20.6)
Written premiums ceded to reinsurers	(165)	(164)	0.6	(784)	(1,672)	(53.1)
Reinsurers' share of change in provision for unexpired risks	702	1,067	(34.2)	702	652	7.7
Reinsurance premium expense	537	903	(40.5)	(82)	(1,020)	(92.0)
<b>Net earned premium revenue (i)</b>	<b>885</b>	<b>1,106</b>	(20.0)	<b>6,169</b>	<b>6,853</b>	(10.0)
Fee and commission income	2,493	2,206	13.0	8,632	8,493	1.6
Investment income	537	(251)	NM	4,982	1,797	177.2
Other income	461	16,430	(97.2)	1,513	16,793	(91.0)
<b>Sub-total (ii)</b>	<b>3,491</b>	<b>18,385</b>	(81.0)	<b>15,127</b>	<b>27,083</b>	(44.1)
<b>Non-interest income (i) + (ii)</b>	<b>4,376</b>	<b>19,491</b>	(77.5)	<b>21,296</b>	<b>33,936</b>	(37.2)
<b>Income before operating expenses</b>	<b>11,004</b>	<b>25,276</b>	(56.5)	<b>46,584</b>	<b>53,964</b>	(13.7)
Business development expenses	(164)	(200)	(18.0)	(644)	(549)	17.3
Commission expenses	(519)	(204)	154.4	(1,692)	(1,636)	3.4
Staff costs	(4,503)	(4,381)	2.8	(15,414)	(14,438)	6.8
General and administrative expenses	(1,811)	(1,461)	24.0	(6,479)	(6,345)	2.1
<b>Operating expenses</b>	<b>(6,997)</b>	<b>(6,246)</b>	12.0	<b>(24,229)</b>	<b>(22,968)</b>	5.5
Change in provision for insurance claims	(1,499)	(469)	NM	(1,413)	(1,736)	(18.6)
Reinsurers' share of change in provision for insurance claims	1,171	54	NM	530	1,023	(48.2)
Gross claims paid	(1,028)	(1,155)	(11.0)	(6,361)	(8,655)	(26.5)
Reinsurers' share of claims paid	28	42	(33.3)	840	1,714	(51.0)
<b>Net claims incurred</b>	<b>(1,328)</b>	<b>(1,528)</b>	(13.1)	<b>(6,404)</b>	<b>(7,654)</b>	(16.3)
<b>Operating profit before allowances</b>	<b>2,679</b>	<b>17,502</b>	(84.7)	<b>15,951</b>	<b>23,342</b>	(31.7)
(Allowances for)/Reversal of loan losses and impairment of other assets	(143)	(362)	(60.5)	392	(753)	NM
<b>Profit before tax</b>	<b>2,536</b>	<b>17,140</b>	(85.2)	<b>16,343</b>	<b>22,589</b>	(27.7)
Tax expense	(829)	(508)	63.2	(4,238)	(2,726)	55.5
<b>Profit for the period</b>	<b>1,707</b>	<b>16,632</b>	(89.7)	<b>12,105</b>	<b>19,863</b>	(39.1)
<b>Profit attributable to:</b>						
Owners of the Company	1,078	16,181	(93.3)	9,388	17,987	(47.8)
Non-controlling interests	629	451	39.5	2,717	1,876	44.8
<b>Profit for the period</b>	<b>1,707</b>	<b>16,632</b>	(89.7)	<b>12,105</b>	<b>19,863</b>	(39.1)

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 September			12 months ended 31 December		
	4Q FY2019	4Q FY2018	+ / (-)	12M FY2019	12M FY2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<b>Profit for the period</b>	<b>1,707</b>	<b>16,632</b>	<b>(89.7)</b>	<b>12,105</b>	<b>19,863</b>	<b>(39.1)</b>
<b>Other comprehensive income</b>						
<b>Items that will not be reclassified to profit or loss</b>						
Defined benefit plan remeasurement	13	4	Nm	13	4	Nm
Tax on items that will not be reclassified to profit or loss	(2)	(1)	100	(2)	(1)	100
	11	3	Nm	11	3	Nm
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences of foreign operations (ii)	(589)	(145)	NM	3,300	1,013	NM
	(589)	(145)	NM	3,300	1,013	NM
<b>Other comprehensive income for the period, net of tax</b>	<b>(578)</b>	<b>(142)</b>	<b>NM</b>	<b>3,311</b>	<b>1,016</b>	<b>NM</b>
<b>Total comprehensive income for the period</b>	<b>1,129</b>	<b>16,490</b>	<b>(93.2)</b>	<b>15,416</b>	<b>20,879</b>	<b>(26.2)</b>
Attributable to:						
Owners of the Company	642	16,106	(96.0)	11,869	18,650	(36.4)
Non-controlling interests	487	384	26.8	3,547	2,229	59.1
	1,129	16,490	(93.2)	15,416	20,879	(26.2)

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 operation in FY2019 was mainly due to the appreciation of Thai Bath against Singapore dollar since December 2018

The loss from foreign currency translation differences of foreign operations in 4Q FY2019 was mainly due to slight weakening of Thai Baht and Indonesia Rupiah against Singapore dollar.

Exchange rates for the respective reporting period were as follows:

	31-Dec 2019	30-Sep 2019	31-Dec 2018	30-Sep 2018
THB against SGD	22.594	22.417	23.809	23.697
MYR against SGD	3.0386	3.0285	3.0340	3.0276
IDR against SGD	10,321	10,258	10,672	10,908

1(a)(ii)

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

	3 months ended			12 months ended		
	30 September			31 December		
	4Q FY2019	4Q FY2018	+ /(-)	12M FY2019	12M FY2018	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Investment income						
- dividend, fee and interest income	594	690	(13.9)	1,833	2,273	(19.4)
- loss on disposal of equity securities	(7)	(330)	(97.9)	(9)	(368)	(97.6)
- gain on partial redemption of convertible loan	-	94	NM	-	1,070	NM
- net change in fair value of financial assets at fair value through profit or loss	157	(667)	NM	3,374	(1,061)	NM
- amortisation of debt securities at amortised cost	(11)	(25)	(56.0)	(57)	(56)	1.8
- exchange loss	(197)	(13)	NM	(160)	(61)	162.3
	<u>536</u>	<u>(251)</u>	NM	<u>4,981</u>	<u>1,797</u>	177.2
Gain on disposal of property, plant and equipment	-	16,322	NM	-	16,375	NM
Amortisation of intangible assets	(82)	(71)	15.5	(307)	(311)	(1.3)
Depreciation of property, plant and equipment	(156)	(203)	(23.2)	(634)	(1,072)	(40.9)
Depreciation of right-of-use assets	(159)	-	NM	(583)	-	NM
Foreign currency differences						
- exchange (loss)/gain	(162)	36	NM	223	(124)	NM
- realised loss on foreign exchange contracts	-	(22)	NM	-	(14)	NM
- fair value gain on foreign exchange forward contracts	-	8	NM	-	8	NM
	<u>(559)</u>	<u>16,070</u>	NM	<u>(1,301)</u>	<u>14,862</u>	NM
(Provision for)/Reversal of unexpired risks, net of reinsurers' share						
- change in gross provision for unexpired risks	(1,104)	(1,163)	(5.1)	663	605	9.6
- reinsurers' share of change in provision for unexpired risks	702	1,067	(34.2)	702	652	7.7
	<u>(402)</u>	<u>(96)</u>	NM	<u>1,365</u>	<u>1,257</u>	8.6

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

	3 months ended			12 months ended		
	30 September			31 December		
	4Q FY2019	4Q FY2018	+ /(-)	12M FY2019	12M FY2018	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Claims incurred, net of reinsurers' share						
- net of change in provision for insurance Claims	(328)	(415)	(21.0)	(883)	(713)	23.8
- net Claims paid	(1,000)	(1,113)	(10.2)	(5,521)	(6,941)	(20.5)
	<u>(1,328)</u>	<u>(1,528)</u>	<u>(13.1)</u>	<u>(6,404)</u>	<u>(7,654)</u>	<u>(16.3)</u>
(Allowance for)/reversal of loan losses and impairment of investments						
- stage 1 provision	113	(80)	NM	108	(8)	NM
- stage 2 provision	(17)	146	NM	(46)	376	NM
- stage 3 provision	(133)	(269)	(50.6)	1,570	(657)	NM
- insurance and other receivables	(107)	(155)	(31.0)	(197)	(460)	(57.2)
- debts written off	(9)	(4)	125.0	(9)	(4)	125.0
- investments at amortisation cost	10	-	NM	(1,034)	-	NM
	<u>(143)</u>	<u>(362)</u>	<u>(60.5)</u>	<u>392</u>	<u>(753)</u>	<u>NM</u>
Tax expenses						
- current tax expense	(926)	(416)	122.6	(3,439)	(1,877)	83.2
- deferred tax expense	216	(93)	NM	(680)	(789)	(13.8)
- under provision of prior years' tax	(119)	1	NM	(119)	(60)	98.3
	<u>(829)</u>	<u>(508)</u>	<u>63.2</u>	<u>(4,238)</u>	<u>(2,726)</u>	<u>55.5</u>

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

	Group		Company	
	31/12/2019 S\$'000	31/12/2018 S\$'000	31/12/2019 S\$'000	31/12/2018 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	2,165	3,319	213	202
Intangible assets	990	1,081	773	787
Investment properties	2,980	2,094	-	-
Subsidiaries	-	-	86,163	83,063
Other investments	25,096	39,235	14	6,424
Loans, advances, hire purchase and leasing receivables	81,167	79,523	69,368	53,423
Deferred tax assets	3,856	4,716	-	11
Right-of-use assets	2,839	-	2,020	-
	<b>119,093</b>	<b>129,968</b>	<b>158,551</b>	<b>143,910</b>
<b>Current assets</b>				
Reinsurers' share of insurance contract provisions	4,533	5,326	-	-
Insurance receivables	3,526	2,585	-	-
Loans, advances, hire purchase and leasing receivables	160,616	135,836	99,385	115,239
Trade and other receivables	163,035	166,209	72,835	51,641
Other investments	18,737	17,807	312	394
Cash and cash equivalents	37,191	48,724	9,065	18,773
	<b>387,638</b>	<b>376,487</b>	<b>181,597</b>	<b>186,047</b>
<b>Total assets</b>	<b>506,731</b>	<b>506,455</b>	<b>340,148</b>	<b>329,957</b>
<b>Equity</b>				
Share capital	137,302	137,302	137,302	137,302
Other reserves	3,654	1,184	-	-
Accumulated profits	38,052	30,720	41,681	36,923
<b>Equity attributable to owners of the Company</b>	<b>179,008</b>	<b>169,206</b>	<b>178,983</b>	<b>174,225</b>
Non-controlling interests	17,945	15,354	-	-
<b>Total equity</b>	<b>196,953</b>	<b>184,560</b>	<b>178,983</b>	<b>174,225</b>
<b>Non-current liabilities</b>				
Interest-bearing borrowings	5,323	13,864	-	10,000
Employee benefits	1,429	1,560	-	-
Deferred tax liabilities	246	515	147	-
Lease liabilities	2,849	-	2,007	-
	<b>9,847</b>	<b>15,939</b>	<b>2,154</b>	<b>10,000</b>
<b>Current liabilities</b>				
Trade and other payables	15,017	13,609	8,452	6,973
Insurance payables	3,758	3,078	-	-
Interest-bearing borrowings	256,975	265,478	149,288	138,743
Insurance contract provisions for - gross unexpired risks	6,738	9,425	-	-
- gross unexpired claims	14,859	13,446	-	-
Current tax payable	2,584	920	1,271	16
	<b>299,931</b>	<b>305,956</b>	<b>159,011</b>	<b>145,732</b>
Total liabilities	<b>309,778</b>	<b>321,895</b>	<b>161,165</b>	<b>155,732</b>
<b>Total equity and liabilities</b>	<b>506,731</b>	<b>506,455</b>	<b>340,148</b>	<b>329,957</b>



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

	<b>Unsecured</b>	
	<b>As at 31-Dec-19</b>	<b>As at 31-Dec-18</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Amount repayable in one year or less, or on demand	256,975	265,478
Amount repayable after one year	5,323	13,864
	<b>262,298</b>	<b>279,342</b>

**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		12 months ended	
	31 December		31 December	
	4Q FY2019	4Q FY2018	12M FY2019	12M FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit for the period	1,707	16,632	12,105	19,863
Adjustments for:				
Amortisation of intangible assets and debt securities at amortised cost	93	96	364	367
Net foreign exchange (gain)/loss	(269)	(184)	3,206	179
Depreciation of property, plant and equipment	158	208	634	1,077
Depreciation of right-of-use assets	159	-	583	-
Loss on disposal of equity securities	7	330	9	368
Gain on partial redemption of convertible loans	-	(94)	-	(1,070)
Gain on disposal of property, plant and equipment	-	(16,322)	-	(16,375)
Net change in fair value of financial assets at fair value through profit or loss	(157)	667	(3,374)	1,061
(Reversal of)/recognition of allowance for impairment of investments	(10)	-	1,034	-
Provision for/(reversal of), net of reinsurers' share				
- unexpired risks	402	95	(1,365)	(1,257)
- insurance claims	328	414	883	712
Interest income	(8,348)	(7,990)	(33,033)	(27,643)
Interest income from investments and fixed deposits	(273)	(268)	(1,155)	(1,114)
Dividend income from investments	(321)	(422)	(678)	(1,159)
Interest expense	1,720	2,205	7,745	7,615
Interest expense on lease liabilities	34	-	121	-
Fixed assets writted off	1	2	2	15
Intangible assets writted off	-	11	-	11
Tax expense	829	507	4,238	2,725
<b>Operating cash flows before changes in working capital</b>	<b>(3,940)</b>	<b>(4,113)</b>	<b>(8,681)</b>	<b>(14,625)</b>
<b>Changes in working capital</b>				
Factoring receivables	(7,576)	7,080	4,962	(1,956)
Factoring amounts due to clients	685	(1,795)	(2,077)	4,501
Loans, advances, hire purchase and lease receivables	(10,455)	(21,944)	(26,560)	(108,870)
Insurance and other receivables	(114)	(105)	(1,040)	(173)
Trade, other and insurance payables	1,207	2,812	1,694	3,994
<b>Cash used in operations</b>	<b>(20,193)</b>	<b>(18,065)</b>	<b>(31,702)</b>	<b>(117,129)</b>
Interest received	8,622	8,256	34,170	28,795
Interest paid	(1,711)	(2,394)	(7,555)	(7,357)
Taxes paid, net	(13)	(47)	(1,944)	(1,768)
<b>Net cash used in operating activities</b>	<b>(13,295)</b>	<b>(12,250)</b>	<b>(7,031)</b>	<b>(97,459)</b>

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		12 months ended	
	31 December		31 December	
	4Q FY2019	4Q FY2018	12M FY2019	12M FY2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	(1)	29,065	-	29,119
Purchase of property, plant and equipment	(107)	(94)	(133)	(496)
Purchase of investment property	-	-	-	-
Purchase of intangible assets	(33)	(480)	(211)	(937)
Purchase of investments	(7,516)	(3,684)	(14,664)	(17,764)
Proceeds from disposal of investments	4,517	6,678	29,920	30,218
Dividend received from investments	320	422	677	1,159
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,820)</b>	<b>31,907</b>	<b>15,589</b>	<b>41,299</b>
<b>Cash flows from financing activities</b>				
Dividends paid				
- by the Company	-	-	(2,067)	(1,128)
- by a subsidiary company to non-controlling interests	-	-	(956)	(849)
Proceeds from/(repayment of) interest-bearing borrowings	3,430	(7,660)	(17,044)	71,553
Repayment of lease liabilities	(168)	-	(605)	-
<b>Net cash generated from/(used in) financing activities</b>	<b>3,262</b>	<b>(7,660)</b>	<b>(20,672)</b>	<b>69,576</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(12,853)</b>	<b>11,997</b>	<b>(12,114)</b>	<b>13,416</b>
Cash and cash equivalents at beginning of period	50,134	36,770	48,724	35,064
Effect of exchange rate fluctuations on cash held	(90)	(43)	581	244
<b>Cash and cash equivalents at end of period</b>	<b>37,191</b>	<b>48,724</b>	<b>37,191</b>	<b>48,724</b>
<b>Analysis of cash and cash equivalents</b>				
Fixed deposits	9,675	11,153	9,675	11,153
Cash at banks and on hand	27,516	37,571	27,516	37,571
<b>Cash and cash equivalents at end of period</b>	<b>37,191</b>	<b>48,724</b>	<b>37,191</b>	<b>48,724</b>

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

Group	Attributable to owners of the Company					Total S\$'000	Non- controlling interests S\$'000	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			
<b>2018</b>								
<b>At 31 December 2017, as previously stated</b>	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)	-	-	-
<b>At 31 December 2017, as restated</b>	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)
<b>Adjusted balance at 1 January 2018</b>	137,302	108	-	416	13,858	151,684	13,974	165,658
<b>Total comprehensive income for the period</b>								
Profit for the period	-	-	-	-	17,987	17,987	1,876	19,863
<i>Other comprehensive income</i>								
Foreign currency translation differences	-	-	-	660	-	660	353	1,013
Defined benefit plan remeasurement	-	-	-	-	4	4	-	4
Tax on other comprehensive income	-	-	-	-	(1)	(1)	-	(1)
<i>Total other comprehensive income</i>	-	-	-	660	3	663	353	1,016
<b>Total comprehensive income for the period</b>	-	-	-	660	17,990	18,650	2,229	20,879
<b>Transactions with owners, recognised directly in equity</b>								
<i>Contributions by and distributions to owners</i>								
Dividends paid to owners of the Company	-	-	-	-	(1,128)	(1,128)	-	(1,128)
<b>Total contributions by and distributions to owners</b>	-	-	-	-	(1,128)	(1,128)	-	(1,128)
<i>Changes in ownership interests in subsidiaries</i>								
Dividends paid by a subsidiary company to non-controlling interests	-	-	-	-	-	-	(849)	(849)
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	-	(849)	(849)
<b>Total transactions with owners</b>	-	-	-	-	(1,128)	(1,128)	(849)	(1,977)
<b>At 31 December 2018</b>	137,302	108	-	1,076	30,720	169,206	15,354	184,560

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>Group</u>	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Translation reserve	Accumulated profits			
2019	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>At 31 December 2018</b>	137,302	108	1,076	30,720	169,206	15,354	184,560
<b>Total comprehensive income for the period</b>							
Profit for the period	-	-	-	9,388	9,388	2,717	12,105
<i>Other comprehensive income</i>							
Foreign currency translation differences	-	-	2,470	-	2,470	830	3,300
Defined benefit plan remeasurements	-	-	-	13	13	-	13
Tax on other comprehensive income	-	-	-	(2)	(2)	-	(2)
<i>Total other comprehensive income</i>	-	-	2,470	11	2,481	830	3,311
<b>Total comprehensive income for the period</b>	-	-	2,470	9,399	11,869	3,547	15,416
<b>Transactions with owners, recognised directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Dividends paid to owners of the Company	-	-	-	(2,067)	(2,067)	-	(2,067)
<b>Total contributions by and distributions to owners</b>	-	-	-	(2,067)	(2,067)	-	(2,067)
<b>Changes in ownership interests in subsidiaries</b>							
Dividends paid by a subsidiary company to non-controlling interests	-	-	-	-	-	(956)	(956)
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	-	-	(956)	(956)
<b>Total transactions with owners</b>	-	-	-	(2,067)	(2,067)	(956)	(3,023)
<b>At 31 December 2019</b>	137,302	108	3,546	38,052	179,008	17,945	196,953

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>	<b>Share capital S\$'000</b>	<b>Fair value reserve S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Total equity S\$'000</b>
<b>2019</b>				
<b>At 31 December 2018</b>	137,302	-	36,923	174,225
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	6,825	6,825
<b>Total comprehensive income for the period</b>	-	-	6,825	6,825
<b>Transactions with owners, recognised directly in equity</b>				
<b><i>Contributions by and distributions to owners</i></b>				
Dividends paid to owners of the Company	-	-	(2,067)	(2,067)
<b>Total contributions by and distributions to owners</b>	-	-	(2,067)	(2,067)
<b>At 31 December 2019</b>	137,302	-	41,681	178,983
<b>2018</b>				
<b>At 31 December 2017</b>	137,302	379	24,696	162,377
Impact on the adoption of SFRS(l) 9	-	(379)	276	(103)
<b>At 1 January 2018</b>	137,302	-	24,972	162,274
<b>Total comprehensive income for the period</b>				
Profit for the period	-	-	13,079	13,079
<b>Total comprehensive income for the period</b>	-	-	13,079	13,079
<b>Transactions with owners, recognised directly in equity</b>				
<b><i>Contributions by and distributions to owners</i></b>				
Dividends paid to owners of the Company	-	-	(1,128)	(1,128)
<b>Total contributions by and distributions to owners</b>	-	-	(1,128)	(1,128)
<b>At 31 December 2018</b>	137,302	-	38,051	175,353

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

There were no outstanding convertibles as at 31 December 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 31 December 2019 and 31 December 2018, the issued and paid up share capital excluding treasury shares of the Company comprised of 375,969,665 ordinary shares.

The Company does not hold any treasury shares as at 31 December 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 modification or emphasis of a matter).

Not applicable.

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

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

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

Not applicable

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

The accounting policies adopted and methods of computation in the preparation of the financial statements are consistent with those of the audited financial statements as at 31 December 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 31 December		12 months ended 31 December	
	4Q FY2019	4Q FY2018	12M FY2019	12M FY2018
<b>Earnings Per Ordinary Share</b>				
- on weighted-average number of ordinary shares in issue	0.29 cents	4.30 cents	2.50 cents	4.78 cents
- on fully diluted basis	0.29 cents	4.30 cents	2.50 cents	4.78 cents
<b>Net profit/(loss) attributable to shareholders:</b>	\$1,078,000	\$16,181,000	\$9,388,000	\$17,987,000
<b>Number of shares in issue</b>				
- 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	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net Asset Value (NAV) per ordinary share	47.6 cents	45.0 cents	47.7 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			12 months ended		
	31 December			31 December		
	4Q FY2019	4Q FY2018	+ /(-)	12M FY2019	12M FY2018	+ /(-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Factoring	3,605	3,548	1.6	14,544	14,319	1.6
Loans, advances, hire purchase	4,743	4,442	6.8	18,489	13,324	38.8
<b>Interest income</b>	<b>8,348</b>	<b>7,990</b>	<b>4.5</b>	<b>33,033</b>	<b>27,643</b>	<b>19.5</b>
Interest expense	(1,720)	(2,205)	(22.0)	(7,745)	(7,615)	1.7
<b>Net interest income</b>	<b>6,628</b>	<b>5,785</b>	<b>14.6</b>	<b>25,288</b>	<b>20,028</b>	<b>26.3</b>

The Group managed to record higher interest income in fourth quarter 2019 ("4Q FY2019") and 12 months ended 31 December 2019 ("12M FY2019") largely due to stronger performance in our Assets-based lending portfolio. Our Asset-based loan books grew from \$226 million at the end of December 2018 to \$253 million as at 31 December 2019.

Besides achieving higher interest income, interest expense of the Group was lower compared to the corresponding periods. This was in line with the reduced bank borrowings.

Consequently net Interest Margin ("NIM") improved from 6.8% in fourth quarter 2018 ("4Q FY2018") to 7.2% in Q4 FY2019, and from 6.6% in 12 months ended 31 December 2018 ("12M FY2018") to 6.9% in 12M 2019.

##### **Non-interest income**

Non-interest income decreased by 78% to \$4.4 million in 4Q FY2019 and 37% to \$21.3 million in 12M FY2019 mainly due to (i) reduction in overall production volume in our insurance segment as a result of portfolio reorganisation and (ii) once off gain on disposal of office property of \$16.3 million recorded in 4Q FY2018.

Excluding the gain on disposal of office property in FY2018, non-interest income was 21% higher in FY2019 as compared against FY2018.

## Operating expenses

Higher operating expenses incurred in 4Q FY2019 was due to the higher commission expenses and unrealised foreign exchange loss arising from revaluation of monetary assets and liabilities.

Total operating expenses for 12M FY2019 increased by 5.5% to \$24.2 million; largely due to higher staff costs.

## Net claims incurred

With the reorganisation of our Insurance business portfolio, the Group continued to see a decline in its net claims incurred for 4Q FY2019 and 12M FY2019.

## Allowances and Impairments – (reversal)/recognition

	3 months ended 31 December			12 months ended 31 December		
	4Q FY2019	4Q FY2018	+ / (-)	12M FY2019	12M FY2018	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Stage 1	(113)	80	NM	(108)	8	NM
Stage 2	17	(146)	NM	46	(376)	NM
Stage 3	133	269	(50.6)	(1,570)	657	NM
Others (see 1(a)(ii))	106	159	(33.3)	1,240	464	167.2
				-	-	
<b>Allowances and Impairments</b>	<b>143</b>	<b>362</b>	<b>(60.5)</b>	<b>(392)</b>	<b>753</b>	<b>NM</b>

The Group recovered \$2.3 million from its Non-Performing Loans (“NPL”) accounts in Thailand that were previously impaired, hence recorded a net reversal of provision for impairment in FY2019.

## Profit before tax

Resultant from the better performance in Net interest income; fair value gain of unquoted equity securities and recovery from NPL accounts, the Group recorded a pre-tax profit of \$16.3 million for FY2019.

Compared against FY2018, it was \$6.3 million (28%) lower. This is due to the one-off gain of \$16.3 million recorded in FY2018 when the Group disposed of its office property.

In essence, the Group achieved an improvement of \$7.1 million in pre-tax profits from its core business and recorded a profit attributable to shareholders of \$9.4 million in FY2019; the best performing year since FY2008.

	FY2019	FY2018	Inc / (dec)	
	\$'000	\$'000	\$'000	%
Profit before tax	16,343	22,589	(6,246)	-28%
Less:				
One-off gain arising from sale of office property	-	(16,318)		
Fair value gain of unquoted equity securities	(2,943)	-		
<b>Profit before tax excluding one-off gain</b>	<b>13,400</b>	<b>6,271</b>	<b>7,129</b>	<b>114%</b>

## **Review of Financial Position as at 31 December 2019**

Following the partial realisation of the investment portfolio during the FY 2019, total amount of other investments decreased by \$13.2 million

Gross lending assets including factoring receivables outstanding were \$471 million, a slight increase of 4.2% when compared against the base of \$452 million as at 31 December 2018. The increase was mainly due to higher loan portfolio derived from the growth in our Lending business.

Despite the higher loan portfolio, bank borrowings were \$17 million lower in FY2019 due to repayment of bank loans through the utilisation of proceeds from sale of office property.

With the improved results achieved in FY2019 and lowered borrowings, the Group managed to achieve a healthy current ratio of 1.29 times (31 December 2018: 1.23 times).

### **Cash flows from operating activities**

The Group recorded net cash outflows of \$13.5 million for 4Q FY2019 and \$7.3 million for 12M FY2019 as a result of the increase in loan disbursements.

### **Cash flows from investing activities**

The net cash outflow from investing activities for 4Q FY2019 was mainly due to purchase of investments.

However, the Group received a total of \$29.9 million for 12M FY2019 following the partial realisation of our investment portfolio.

Details of purchase of investments and proceeds from redemption/disposal of investments for 4Q FY2019 and 12M FY2019 were as follows:

	<b>Purchase of investments</b>		<b>Proceeds from redemption / disposal of investments</b>	
	<b>4Q FY2019 S\$'000</b>	<b>12M FY2019 S\$'000</b>	<b>4Q FY2019 S\$'000</b>	<b>12M FY2019 S\$'000</b>
<u>ECICS Limited</u> *				
- Quoted equity securities	3,180	6,668	856	3,812
- Quoted debt securities	4,280	7,940	3,624	13,037
<u>IFS Group</u> (excluding ECICS Limited)	56	56	37	13,071
<b>Total</b>	<b>7,516</b>	<b>14,664</b>	<b>4,517</b>	<b>29,920</b>

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

### **Cash flows from financing activities**

The net cash generated from or used in financing activities arose from additional drawdown or repayment of the interest-bearing borrowings to meet the lending activities requirements.

## **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 third quarter results announcement for the quarter ended 30 September 2019 dated 8 November 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 strong business momentum of 2019 has continued into the first 2 months of this year. The initiatives that the company has taken in recent years are beginning to bear fruit in terms of new growth areas, especially in the lending business. Efforts to address weakness in our insurance business are progressing but more time is needed before that segment is profitable.

However, the outbreak of COVID-19 will adversely impact our business, particularly if the crisis is prolonged. Given the wide geographic spread, the stringent restrictions that governments everywhere are placing on travel and social mingling, and the possibility of a sharp slowdown in China, economic growth will slow in the countries we operate in. Thus, there is a risk that our business volumes could decline in the coming months. Nevertheless, we have been careful about the quality of our portfolio and have ensured that the bulk of our loans extended are on a secured basis. These measures will help mitigate the adverse impact on our profitability.

**11 Dividend**

**(a) Current Financial Period**

Name of Dividend	First and Final
Dividend Type	Cash (Ordinary)
Dividend Rate	0.78 Singapore cents per share
Tax Rate	One-tier tax exempt

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Name of Dividend	First and Final
Dividend Type	Cash (Ordinary)
Dividend Rate	0.55 Singapore cents per share
Tax Rate	One-tier tax exempt

**(c) Date Payable**

15 May 2020, subject to the approval of the Shareholders for the proposed first and final dividend at the Annual General Meeting.

**(d) Books closure date**

Subject to the approval of the Shareholders for the proposed first and final dividend at the Annual General Meeting, the Share Transfer Books and the Register of Members of the Company will be closed on 5 May 2020, for the purpose of determining shareholders' entitlements to the proposed first and final one-tier tax exempt ordinary cash dividend for the year ended 31 December 2019.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited at 112 Robinson Road #05-01 Singapore 068902 up to the close of business at 5.00 p.m. on 4 May 2020 will be registered before entitlements to the proposed first and final dividend are determined. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 4 May 2020 will be entitled to the proposed first and final dividend.

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

Not applicable.

**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.

**15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Business segments**

	<b>Credit Financing S\$'000</b>	<b>Insurance S\$'000</b>	<b>Private equity and other investments S\$'000</b>	<b>Total S\$'000</b>
<b>2019</b>				
<b>Operating results</b>				
Total operating income	41,266	8,144	3,406	52,816
Reportable segment profit/(loss) before tax	17,574	(4,371)	3,140	16,343
Net interest income	25,288	-	-	25,288
Net earned premium revenue	-	6,169	-	6,169
Non-interest income	9,819	2,169	3,140	15,128
Other material non-cash items:				
- Provisions for loan losses and impairment of other assets	1,418	(1,026)	-	392
- Depreciation and amortisation	(1,415)	(109)	-	(1,524)
<b>Assets and liabilities</b>				
Reportable segment assets	441,154	51,407	10,352	502,913
Capital expenditure	331	4	-	335
Reportable segment liabilities	280,364	26,169	598	307,131
<b>2018</b>				
<b>Operating results</b>				
Total operating income	36,907	7,249	630	44,786
Reportable segment profit/(loss) before tax	25,628	(4,720)	1,681	22,589
Net interest income	20,028	-	-	20,028
Net earned premium revenue	-	6,853	-	6,853
Non-interest income	24,946	409	1,728	27,083
Other material non-cash items:				
- Provisions for loan losses and impairment of other assets	(666)	(87)	-	(753)
- Depreciation and amortisation	(1,240)	(143)	-	(1,383)
<b>Assets and liabilities</b>				
Reportable segment assets	423,695	57,041	20,740	501,476
Capital expenditure	1,232	194	-	1,426
Reportable segment liabilities	291,332	26,852	436	318,619

- 15 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.** (Continued)

**Geographical segments**

	<b>Operating income S\$'000</b>	<b>Non-current assets S\$'000</b>	<b>Total assets S\$'000</b>
<b>2019</b>			
Singapore	27,190	3,166	287,897
Thailand	19,567	4,753	182,393
Malaysia	3,077	740	15,212
Indonesia	2,982	308	21,160
Others	-	-	69
	<u>52,816</u>	<u>8,968</u>	<u>506,731</u>
<b>2018</b>			
Singapore	21,249	1,241	277,590
Thailand	18,614	4,978	186,621
Malaysia	2,634	132	22,794
Indonesia	2,289	143	18,916
Others	-	-	534
	<u>44,786</u>	<u>6,494</u>	<u>506,455</u>

- 16 **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Item 8.

- 17 **A breakdown of sales as follows:-**

	<b>FY2019 S\$'000</b>	<b>FY2018 S\$'000</b>	<b>+ / (-) %</b>
Sales reported for first half year	25,767	22,161	16.3
Operating profit after tax before deducting non-controlling interests reported for first half year	6,848	1,352	NM
Sales report for second half year	27,049	22,625	19.6
Operating profit after tax before deducting non-controlling interests reported for second half year	<u>5,257</u>	<u>18,511</u>	(71.6)

- 18 **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

	<b>FY2019 S\$'000</b>	<b>FY2018 S\$'000</b>	<b>+ / (-) %</b>
<b>Ordinary</b>			
First and Final	2,933	2,068	42
Proposed First and Final	-	-	
Total	<u>2,933</u>	<u>2,068</u>	42

- 19 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lim Wah Tong	63	Brother of Mr. Lim Hua Min, a director and deemed substantial shareholder of the Company.	Non-Executive Director of ECICS Limited (a wholly-owned subsidiary of the Company) since 2003.	Nil

By Order of the Board

**Chionh Yi Chian/ Angeline Ng**  
**Company Secretary/ Assistant Company Secretary**  
 28 February 2020



**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 fourth quarter ended 31 December 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  
28 February 2020



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**For Immediate Release****IFS Capital Limited reports 26.3% growth  
in net interest income to S\$25.3 million for FY2019**

*Gross lending assets continued to increase on the back of  
rising financing needs of SMEs*

- Interest income increased 19.5% for FY2019 to S\$33.0 million as asset-based loan book increased 12.0% to S\$253 million
- Net interest margin improved from 6.6% in FY2018 to 6.9% in FY2019 due to lower borrowings
- Excluding the one-off gain from the sale of Suntec office in FY2018, pre-tax profit of S\$16.3 million for FY2019 showed 114% growth compared to that of FY2018
- Enhanced credit management system powered by technology is expected to continue to safeguard the growth of loan book
- Group proposed a final dividend of 0.78 Singapore cents for FY2019, representing a payout of 31.2%

**Singapore, 28 February 2020** – IFS Capital Limited (the “**Company**”, and together with its subsidiaries, the “**Group**” or “**IFS Capital**”), a leading financing solutions provider for small and medium enterprises (SMEs), is pleased to announce its financial results for the three months and twelve months ended 31 December 2019 (“4QFY2019” and “FY2019” respectively).

**Financial overview**

The Group’s interest income increased by 19.5% year-on-year (“yoy”) to S\$33.0 million in FY2019. The increase was mainly due to the strong performance of the Group’s asset-based lending portfolio, with asset-based loan books increasing to S\$253 million in FY2019 from S\$226 million in FY2018.

Net interest income increased by 26.3% yoy to S\$25.3 million in FY2019. This was mainly attributable to the saving on interest expense from reduced bank borrowings. In line with the net interest income growth, net interest margin improved from 6.6% for FY2018 to 6.9% for FY2019.

S\$' million	4Q FY2019	4Q FY2018	Change (%)	FY2019	FY2018	Change (%)
Interest income	8.4	8.0	4.5	33.0	27.6	19.5
Interest expense	(1.7)	(2.2)	(22.0)	(7.7)	(7.6)	1.7
Net interest income	6.6	5.8	14.6	25.3	20.0	26.3
Net interest margin (%)	7.2%	6.8%	0.4ppt	6.9%	6.6%	0.3ppt
Non-interest income	4.4	19.5	(77.5)	21.3	33.9	(37.2)
Operating expenses	(7.0)	(6.2)	12.0	(24.2)	(23.0)	5.5
Profit before tax	2.5	17.1	(85.2)	16.3	22.6	(27.7)
Profit for the period	1.7	16.6	(89.7)	12.1	19.9	(39.1)

Non-interest income, comprising mainly net earned insurance premium, fees and commission and investment income, dipped from S\$33.9 million in FY2018 to S\$21.3 million in FY2019. This was mainly due to the gain recognised upon the disposal of the Group's office property in November 2018. The decrease was partially offset by the fair value gain of unquoted equity securities of \$2.9 million recognised in FY2019.

For FY2019, the Group achieved pre-tax profit of S\$16.3 million. Excluding the one-off gain from the disposal of the office property that was recognised in FY2018 and the fair value gain in FY2019, the pre-tax profit showed a yoy increase of 114%. The Group recorded net profit of S\$12.1 million for FY2019 compared to S\$19.9 million for FY2018. Earnings per share was 2.50 Singapore cents for FY2019, as compared to 4.78 Singapore cents for FY2018.

Group's total borrowings decreased from S\$279.3 million as at 31 December 2018 to S\$262.3 million as at 31 December 2019. Total shareholders' equity increased from S\$169.2 million as at 31 December 2018 to S\$179.0 million as at 31 December 2019. NAV per share stood at 47.7 Singapore cents as at 31 December 2019.

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Group proposed a final dividend of 0.78 Singapore cents for FY2019, representing a payout of 31.2%.

### **Business review**

IFS Capital's strong financial performance in FY2019 was attributable to a combination of asset rationalization, risk management and productivity enhancement strategies. In an effort to rationalize its asset base, the Group disposed its office at Suntec in 4QFY2018. The disposal generated a net gain of approximately S\$16.3 million and gave the Group additional financial resources to grow its core business and reduce bank borrowings and finance cost.

While growing its gross lending assets, IFS Capital has put increased focus on risk control since 2016. The Group's credit management has been greatly enhanced with the application of more stringent assessment criteria. As a result, while the factoring volume and asset-based lending loan books have been increasing year on year, provision and impairment have declined notably.

The Group has also carried out a set of comprehensive measures to improve its productivity. Cost to income ratio improved from 61% in FY2018 to 55% in FY2019.

### **A recognised moneylender championing new business model**

In late 2018, the Ministry of Law (MinLaw) announced that six firms have been selected to pilot new business models for moneylending. The new business model is expected to take advantage of comprehensive data and digitalized process to improve creditworthiness evaluation, lower cost and improve customers' borrowing experience.

With its vision in employing technology and big data in credit management and years of experience in growing its capabilities in this field, IFS Capital was selected to pilot the new business model. This was an endorsement on the Group's "soundness and completeness of the business model, participation in debt assistance schemes, professional debt recovery

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practices, customer and communication strategies, and effective cost of credit and credit policies”<sup>1</sup>.

### **Outlook and strategy**

Study shows that global factoring market will grow at a CAGR of 14.6% to reach \$9,275.15 billion by 2025, on the back of increasing trade activities and rise of SMEs<sup>2</sup>, among other factors. In Asia, receivable financing is expected to continue its growth momentum for the next few years as legal framework and financial infrastructure continue to improve<sup>3</sup>. In Singapore, technological disruption has led to profound changes in employment structure, giving rise to an increasing population of self-employed people. Combining technology and deep human expertise, IFS Capital is in a strong position to serve the unique financing needs of SMEs and self-employed individuals.

**Commenting on the Group’s performance and outlook, Mr Eugene Tan, IFS Capital’s Group CEO, said,** “Despite the weak economic growth in 2019, our loan book continued to grow on the back of strong demand for alternative financing from SMEs and self-employed workers. In 2020, while we continue to grow our factoring and asset-based lending businesses, we will also leverage our proprietary data-driven credit assessment process to prudently grow our consumer lending business and play our part in improving Singaporean consumers’ access to responsible financing. As the landscape of the financial services sector evolves with digital transformation, we are also seeking relevant regulatory approval to venture into new business areas in financing and investment, as part of our long-term growth strategy to elevate IFS Capital’s business to the next level.”

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### **About IFS Capital Limited**

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<sup>1</sup> <https://www.mlaw.gov.sg/news/press-releases/six-firms-to-pilot-new-business-models-for-moneylending>

<sup>2</sup> <https://www.globenewswire.com/news-release/2019/04/22/1807305/0/en/Factoring-Market-will-grow-at-a-CAGR-of-14-6-to-reach-9-275-15-Billion-by-2025-Global-Analysis-by-Trends-Size-Share-Opportunities-and-Challenges-Adroit-Market-Research.html>

<sup>3</sup> According to Annual Review 2018 produced by Factors Chain International (FCI), a global network of leading commercial finance companies



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IFS Capital is a leading financial institution specializing in providing customized financing solutions in Southeast Asia. The Group was incorporated in Singapore in 1987 and has been listed on the Singapore Exchange since July 1993. The Group is part of the PhillipCapital network of companies, with a global presence that serves established factoring, leasing and lending services covering individuals, family offices, and corporate and institutional clients across Singapore, Thailand, Malaysia and Indonesia markets. ECICS Limited, a wholly-owned subsidiary of IFS Capital, also provides bonds and guarantees, credit insurance and general insurance services in its core markets.

For more information, please visit: <https://www.ifscapital.com.sg>

***Issued for and on behalf of IFS Capital Limited by Financial PR***

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