IFS Capital Limited

2014 ANNUAL REPORT

IFS Capital Limited ("IFS") was incorporated in Singapore in 1987 and listed on the Mainboard of the Singapore Exchange in July 1993.

IFS is a regional financial group involved in Commercial Finance, Alternative Finance and Structured Finance, and Real Estate Finance. The Group also provides motor insurance, credit insurance, maid insurance, marine cargo, bonds and guarantees via its insurance subsidiary, ECICS Limited.

Mission Statement

To be the premier regional financial services provider to our clients through commitment to service excellence, creating sustainable value for our stakeholders.

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Chairman's Statement

Dear Fellow Stakeholders,

FY2014 was an extremely difficult year for IFS Capital Limited. Several unforeseen events occurred that severely diminished the Group's performance. As a consequence, the Group suffered a Net Loss of S$6.3 million in FY2014, worse than its Net Loss of S$3.4 million in FY2013.

The main reasons for the higher loss were the combined effects of the Board's decision of making full provision for claims liabilities for a client in our Bonds and Guarantees business and additional impairment on loan loss for our overseas subsidiary, prompted by a recent court decision against a client of the subsidiary and the slow recovery processes in the legal proceedings.

Despite these sudden set-backs, the Board and Management of IFS Capital Limited remain committed to continue pursuing the recovery of the bad loans and to develop the future growth path of the Group. We have also initiated cutting staff compensation and implemented further cost-saving measures to keep expenses low. A restructuring plan is currently carried out in its subsidiaries. With continued effort and focus on the plan, we are confident that the Group will emerge stronger from its restructuring efforts.

In FY2014, the Group's total income had decreased 9% year-on-year to S$34.6 million, compared to a total income of S$38.1 million in FY2013. This lower income was mainly a result of the lower factoring volumes and lower average loan assets in our core markets.

Increased Net Claims Incurred and Provision for Allowance and Impairments had turned the Group's Operating Profit of S$13.4 million to become a Loss before Tax of S$7.6 million.

The higher Provisions for Net Claims of S$5.2 million, and Allowance and Impairment of investment and bad loans of S$15.8 million, were both provided on prudential grounds. However, Provision for Allowance and Impairment had declined year-on-year from S$21.1 million in FY2013 to S$15.8 million in FY2014. Provisions for Net Claims averaged at S$0.9 million while Allowance and Impairment of the Group averaged at S$10.4 million over the last five years. The Group would have been profitable if not for the elevated levels of provisions in FY2014.

In the Annual Report 2013, provisions were made for some of our Singapore and Malaysian exposures. Given that these clients were still continuing and operating in their respective businesses despite facing delays in some contracts, the recovery prospects for these loans were still in progress. Although we were disappointed that the expected recovery did not materialize in FY2014, we are determined not to give up on our rights and believe our persistent recovery efforts will bear fruits in time. In the meantime, we had also enhanced our internal control and risk management processes to provide better safeguards for asset preservation.

We were committed to sustaining the benefit of dividends for our shareholders although the Group had faced challenging times in FY2014. The Group had instituted a Dividend Policy of paying out not less than 30% of its earnings each year in the past, and we remain steadfast to this standard. Therefore, a dividend payout of 1.5 Singapore cents per share for FY2014 has been proposed.

FY2014 was also a year where we started to grow and gain momentum in the other areas of our businesses.

General Insurance Business

ECICS Limited, our insurance subsidiary had started to provide General Insurance products such as Motor Insurance, Work Injury Compensation, Contractors' All Risks and Foreign Worker Insurances. We are excited and hopeful for this new area of business as it is building its client base and agency concurrently.

Real Estate Business

Our Real Estate portfolio, which includes investments in a number of Executive Condominium projects in Singapore, such as Heron Bay and Lake Life, performed well. Other investments in commercial properties in Singapore and South Korea will also contribute to earnings in the future. In accordance with the Singapore Financial Reporting Standards, profits from these projects will be recognized progressively in the next few years.

Expansion into new markets

We are making inroads in growth economies like Sri Lanka and Myanmar by financing deals and seeking investment opportunities. While the volume of business from these countries has yet to form a significant part of our current earnings, we are optimistic that gaining exposure and experience in these countries will complement the Group's position in the factoring and working-capital financing businesses in the countries that it currently operates. This will set the stage for a widen earnings base in future.

While we are disappointed with the level of the losses in FY2014, we are comfortable with the investments made and believe we will have a sustainable growth model in these markets in the near future.

Investment in Human Capital

Our team members in the headquarters and subsidiaries are the heart and soul of the Group. We are designing long-term recruitment, training and reward plans to improve the existing Business Development, Marketing and Operation teams. It will be an important initiative to develop employees with high standards of integrity and competency, long service and good performance, and will provide Management with another tool to attract and retain team members at the senior leadership levels. We also began some programs to reinforce our Core Values via education and training of all staff. Dedications to our mission will demonstrate our commitment to uphold sustainability practices, values and good corporate governance.

While the Group and its employees are going through a tough time, we did not neglect our responsibilities as good citizens and are doing our best to show compassion to the young children and the elderly folks that we had supported in charitable organizations. Granted that we should not tie profits to the good deeds of giving to the young and vulnerable, elderly and needy in the societies, we were happy to share with shareholders that the Group had launched its employee-driven charitable movements in our major markets in FY2014. These programs were initiated and organized by our employees with the support from the Group.

Lastly, we would like to take this opportunity to thank all our clients and associates, our employees and business partners. The Group's continuous sustainability would not be possible without their perseverance and support.

With deep appreciation to all of our stakeholders.

Lim Hua Min
Chairman
6 March 2015

Group Financial Highlights

S$'000	2014	2013	2012	2011	2010
INCOME STATEMENT					
Gross operating income	**40,179**	44,231	43,069	35,971	35,506
(Loss)/profit					
- before tax	**(7,607)**	(4,191)	12,381	8,831	6,536
- after tax	**(6,327)**	(3,388)	9,145	7,703	7,872
- (loss)/profit after tax attributable to owners of the Company	**(7,694)**	(4,840)	7,940	6,956	7,104
BALANCE SHEET					
Number of shares ('000)	**150,388**	150,388	150,388	150,388	150,388
Issued share capital	**88,032**	88,032	88,032	88,032	88,032
Shareholders' funds	**120,581**	127,556	139,749	134,718	132,676
Non-controlling interests ("NCI")	**11,221**	10,078	9,564	9,114	9,194
Total assets	**404,265**	399,700	432,601	393,520	325,737
Total liabilities	**272,463**	262,066	283,288	249,688	183,867
DIVIDEND INFORMATION					
Dividends proposed/paid for the year (net of tax)	**2,256**	3,008	3,008	2,632	2,256
Dividend cover (number of times)*	**3.61**	0.90	0.95	1.43	3.43
Gross dividends declared per share*					
- Ordinary (cents)	**1.50**	2.00	2.00	1.75	1.50
Dividend yield (%)	**3.7**	4.9	4.0	4.3	3.7
FINANCIAL RATIOS					
(Loss)/earnings per share after tax (cents)	**(5.12)**	(3.22)	5.28	4.63	4.72
Net tangible assets per share ($)	**0.80**	0.85	0.92	0.88	0.86
Return on average shareholders' funds (%)	**(6.2)**	(3.6)	5.8	5.2	5.5
Cost-income ratio (%)	**60.1**	51.0	55.3	59.1	56.0

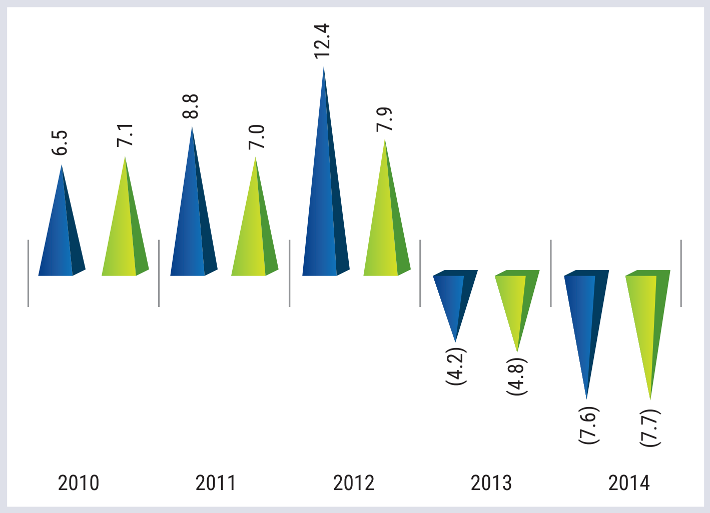
Notes: * Gross dividends per share and times covered are stated based on the dividend proposed/paid relating to the respective financial years and expressed over the Company's profit. Gross dividend per share for FY2014 relates to the proposed one-tier tax exempt first and final dividend of 1.5 cents.

FY2012 and FY2011 numbers have been restated due to change in accounting policy on premium recognition of the Group's insurance subsidiary.

Performance at a Glance

PROFIT & LOSS
(S$ million)

- (Loss)/profit before tax
- Attributable (loss)/profit after tax and NCI

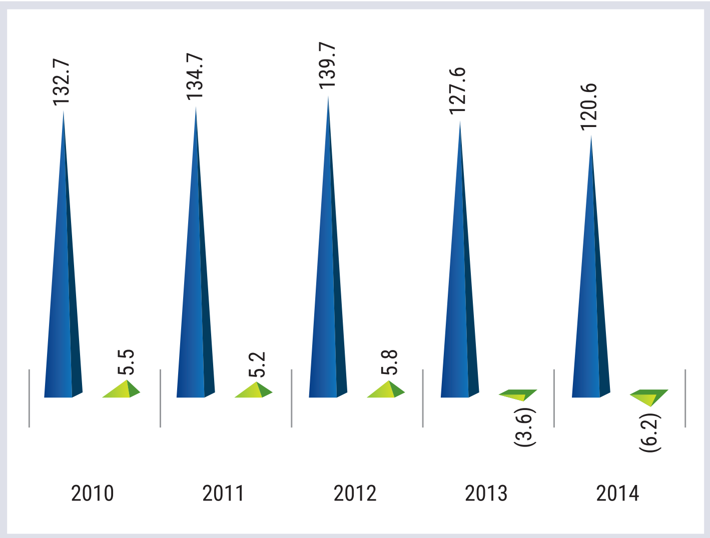


FACTORING RECEIVABLES AND LOANS & ADVANCES
(S$ million)

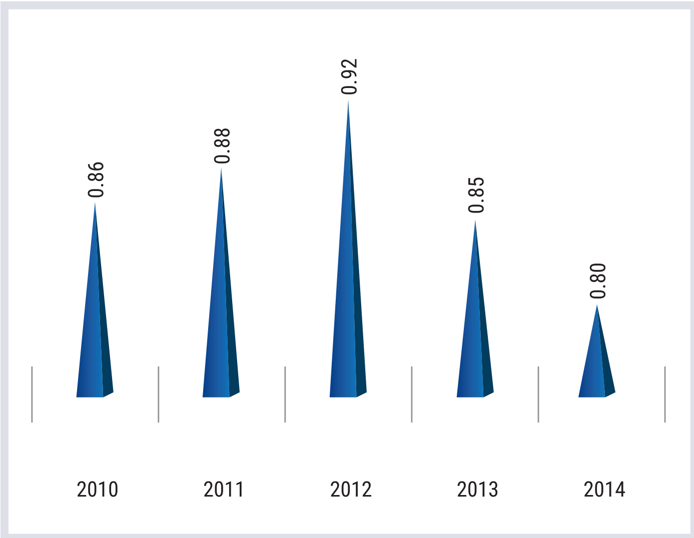
- Factoring receivables (gross)
- Loans & advances (gross)

SHAREHOLDERS' FUNDS (S$ million)
RETURN ON AVERAGE SHAREHOLDERS' FUNDS (%)

- Shareholders' funds (as at 31 December)
- Return on average shareholders' funds



NET TANGIBLE ASSETS PER SHARE (S$)



Board of Directors

(From Left to Right)
MANU BHASKARAN, LAW SONG KENG, LIM HUA MIN, GABRIEL TEO CHEN THYE, LEE SOON KIE, KWAH THIAM HOCK

LIM HUA MIN

CHAIRMAN & NON-EXECUTIVE DIRECTOR

Mr Lim Hua Min was appointed Chairman of IFS Capital Limited on 20 May 2003. Mr Lim is also Chairman of ECICS Limited, wholly-owned subsidiary of IFS Capital Limited.

Mr Lim is the Executive Chairman of the PhillipCapital Group of Companies. He began his career holding senior positions in the Stock Exchange of Singapore ("SES") and the Securities Research Institute. He has served on a number of committees and sub-committees of SES. In 1997, he was appointed Chairman of SES Review Committee, which was responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. For this service, he was awarded the Public Service Medal in 1999 by the Singapore Government. In 2012, he was also awarded "IBF Distinguished Fellow", the highest certification mark bestowed by The Institute of Banking and Finance on industry captains who are the epitome of professional stature, integrity and achievement. Mr Lim had also served as a Board Member in the Inland Revenue Authority of Singapore from September 2004 to August 2010.

Mr Lim holds a Bachelor of Science Degree (Honours) in Chemical Engineering from the University of Surrey and obtained a Master's Degree in Operations Research and Management Studies from Imperial College, London University.

GABRIEL TEO CHEN THYE

LEAD INDEPENDENT DIRECTOR NON-EXECUTIVE DIRECTOR

Mr Gabriel Teo was appointed as a Director of IFS Capital Limited on 2 November 1999. On 23 January 2013, he was also appointed as a Lead Independent Director.

Mr Teo runs his own consultancy firm, Gabriel Teo & Associates. Prior to starting his own practice, he spent more than 20 years in the banking industry in the region, holding senior appointments with global institutions. He was Head of Corporate Banking at Citibank, Chief Executive Officer of Chase Manhattan Bank and Regional Managing Director of Bankers Trust. Currently, he also serves on the boards of several other corporates as well as non-profit organisations.

Mr Teo holds a Bachelor of Business Administration degree from the National University of Singapore and Masters in Business Administration in Finance from Cranfield School of Management. He had also attended the Executive Program in Management at Columbia Business School.

MANU BHASKARAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Manu Bhaskaran was appointed as a Director of IFS Capital Limited on 26 February 2004. Prior to this, Mr Manu Bhaskaran had also previously served on the Board of IFS Capital Limited from 26 June 2002 to 20 May 2003. Mr Manu Bhaskaran was also a director of ECICS Limited from 28 May 2007 to 31 January 2011.

Mr Manu Bhaskaran is presently Partner and Head Economic Research at the Centennial Group, a Washington DC-based strategic advisory group. Mr Manu Bhaskaran also serves on the boards of the Centennial Group, Aspen Networks Inc, Luminor Capital Pte Ltd, MinorCap Pte Ltd, Shining Star Solutions and Services Private Limited and Jebsen & Jessen (SEA) Pte Ltd. In addition, he is Vice-President of the Economics Society of Singapore and Council Member of the Singapore Institute of International Affairs as well as an adjunct senior research fellow at the Institute of Policy Studies. He is a member of the board of advisors to CIMB Securities International Pte. Ltd. Mr Manu Bhaskaran was formerly Managing Director and Chief Economist of SG Securities Asia Ltd.

Mr Manu Bhaskaran holds a Bachelor of Arts (Honours) from Magdalene College, Cambridge University and a Masters in Public Administration from John F Kennedy School of Government, Harvard University. He is also a CFA charterholder.

LAW SONG KENG

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Law Song Keng was appointed as a Director of IFS Capital Limited on 31 January 2011. He is also currently a Director of ECICS Limited.

Mr Law is presently the Chairman of Asia Capital Reinsurance Group Pte Ltd, Frasers Hospitality Asset Management Pte Ltd and Frasers Hospitality Trust Management Pte Ltd. He also serves on the boards of Great Eastern Holdings Ltd and Concord Insurance Company Limited. Mr Law was previously Managing Director and Chief Executive Officer of Overseas Assurance Corporation, a life and general insurer. A Public Service Commission Scholar, Mr Law had also served as Deputy Managing Director (Administration & Insurance) and as Insurance Commissioner at the Monetary Authority of Singapore, President of the Life Insurance Association, President of the General Insurance Association, President of the Singapore Actuarial Society and Chairman of the Singapore Insurance Institute. In addition, Mr Law had also served as a Board Member in the Inland Revenue Authority of Singapore, Singapore Deposit Insurance Corporation, Central Provident Fund Board and Manulife (Singapore) Pte Ltd.

Mr Law holds a Master of Science (Actuarial Science) from Northeastern University and a Bachelor of Science (Maths, First Class Honours) from the University of Singapore. He is also a Fellow Member of the Society of Actuaries, USA.

KWAH THIAM HOCK

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Kwah Thiam Hock was first appointed as an Executive Director of IFS Capital Limited on 4 May 1987. On 18 December 2006, Mr Kwah retired as Executive Director but continued to serve as a Non-Executive Director of IFS Capital Limited. On 23 January 2013, Mr Kwah was re-designated as an Independent Director of IFS Capital Limited. Mr Kwah is also currently a non-executive director of ECICS Limited, a wholly-owned subsidiary of IFS Capital Limited. Previously, Mr Kwah also served as Chief Executive Officer/Principal Officer of ECICS Limited from 1 June 2003 to 18 December 2006 and as Advisor and Principal Officer of ECICS Limited from 5 July 2007 to 14 September 2009.

Mr Kwah is presently an Independent Director of Wilmar International Limited, Select Group Limited, Excelpoint Technology Limited and Teho International Inc Ltd.

Mr Kwah holds a Bachelor of Accountancy from University of Singapore. Mr Kwah is also a Fellow Member of the Australian Society of Accountants, the Institute of Singapore Chartered Accountants as well as the Association of Chartered Certified Accountants (UK).

LEE SOON KIE

EXECUTIVE DIRECTOR & GROUP CHIEF EXECUTIVE OFFICER

Mr Lee Soon Kie joined the Board of IFS Capital Limited on 21 March 2003 and was appointed the Group Chief Executive Officer of IFS Capital Limited on 8 April 2004. Mr Lee is responsible for the overall management of the Group. He is also a Director of a number of subsidiaries of the Group. Prior to joining IFS Capital Limited, he was a senior executive of the PhillipCapital Group of Companies where he was in charge of institutional business involving mergers and acquisitions and debt capital markets business. Before PhillipCapital, Mr Lee held various senior appointments with an international investment banking group -Schroders.

Mr Lee holds a Bachelor of Arts Degree from the National University of Singapore and a Master of Science Degree in Computer Science (Distinction) from the University of Wales, Aberystwyth.

Management Team

LEE SOON KIE
Group Chief Executive Officer

DANNY HENG HOCK KIONG @ HENG HANG SIONG
Group Chief Financial Officer
Finance, Corporate Development,
Human Resources & Administration

Mr Heng joined the Group as the Group Chief Financial Officer in March 2014 and is responsible for finance, corporate development, human resources and administrative functions. He was appointed a Director of IFS Capital (Malaysia) Sdn. Bhd. in April 2014 and a member of the Board of Commissioner of PT. IFS Capital Indonesia in January 2015. Prior to joining the Group, Mr Heng had over 20 years of experience as CFO and Finance Director in several listed companies and had held key executive and leadership positions in various industries ranging from Telecommunication, Food to Healthcare and Oil & Gas. Mr Heng graduated with a Bachelor of Business Administration (Finance and Investment Management) from the City University of New York and a Master of Science (Accounting and Information Management) from the Pace University, New York. He is a fellow member and a Chartered Accountant with the Institute of Singapore Chartered Accountants and a Certified Public Accountant with the American Institute of Certified Public Accountants. He is also a member of the Institute of Management Accountants, Institute of Certified Internal Auditors, Singapore Institute of Directors and United Nations Association of Singapore. Mr Heng is currently a committee member of the CFOC Committee of Institute of Singapore Chartered Accountants, and an Associate Professor in SIM University. Mr Heng was also awarded best CFO of the year in 2011 by the Singapore Corporate Awards.

CHIONH YI CHIAN
Group Chief Risk Officer
Risk Management, Legal, Compliance & Secretariat

Ms Chionh was appointed as the Group Chief Risk Officer in May 2009 and is responsible for risk management, legal, compliance, and secretariat functions. She was appointed a Director of ECICS Limited in February 2009. She has been with the Group since 1995 and prior to this, practised law in Singapore. Ms Chionh holds a Master's degree in Law as well as a Bachelor of Laws (Honours) from the National University of Singapore. In addition, she holds a Graduate Diploma in Compliance awarded by the International Compliance Association and is also a CFA charterholder.

TEOH CHUN MOOI
General Manager
Operations

Ms Teoh was appointed as the General Manager in August 2005 overseeing the factoring and loan operations, client relationship and information technology. Prior to this, she was heading one of the Business Development teams. She was appointed a Director of IFS Capital (Malaysia) Sdn. Bhd. in July 2009. She has been with the Group since 1989. Ms Teoh holds a Bachelor of Commerce (Honours) from the University of Windsor (Canada).

CHUA CHYE SENG
General Manager
Business Development (Commercial Finance)

Mr Chua was appointed as the General Manager in January 2009 and is responsible for business development. He was appointed a Director of IFS Capital (Malaysia) Sdn. Bhd. in August 2008. He joined IFS in 2006 and prior to this, he had more than 20 years of transactional experience in the areas of equity and debt fund raisings, valuations, mergers and acquisitions. He holds a Master of Applied Finance from the University of Adelaide and a Bachelor of Financial Administration from the University of New England. He is a Member of the Certified Practising Accountants of Australia.

PHYLLIS CHIU YIN WAH
General Manager
Credit Risk Management

Ms Chiu, the Head of Credit Risk Management unit was appointed as the General Manager in January 2014. Prior to this, she was heading one of the Business Development teams. She has been with the Group since 1989. Ms Chiu is a certified Credit Risk Management Professional conferred by Asian Risk Management Institute. She holds a Bachelor of Arts from the National University of Singapore.

TERENCE TEO CHIN POH
Chief Executive
ECICS Limited

Mr Teo joined ECICS Limited in February 2014 as General Manager managing all business development initiatives and distribution channels. He was appointed as the Chief Executive in March 2015. Mr Teo has extensive experience in the insurance industry in both local and multinational companies. Prior to joining the Group, he was the Principal Officer cum General Manager with a foreign insurer. He served as a director of a Lloyds syndicate – AMS 1965 from 2006 to 2007, a council member of Agents Registration Board from 2008 to 2012 and Chairman of the Motor Insurers' Bureau of Singapore from 2009 to 2012. Mr Teo holds a Bachelor of Arts in Economics from the York University, Canada.

TAN LEY YEN
Director and Chief Executive Officer
IFS Capital (Thailand) Public Company Limited

Mr Tan was appointed as the Chief Executive Officer in February 2007 of IFS Capital (Thailand) Public Company Limited. He was seconded to the Thailand's subsidiary as General Manager in May 1991 and was appointed Executive Director in October 2000. He has been with the Group since August 1985 and was seconded to PB International Factors Sdn. Bhd. as its General Manager in September 1990. Prior to joining the Group, he was with a local bank for several years. Mr Tan holds a MBA in International Management from the University of London and a Bachelor of Science (Honours) in Management Sciences from the University of Manchester Institute of Science and Technology.

AB. RAZAK KHALIL
General Manager
IFS Capital (Malaysia) Sdn. Bhd.

Mr Ab. Razak was appointed as the General Manager of IFS Capital (Malaysia) Sdn. Bhd. in January 2015. He joined the Malaysia's subsidiary in June 2010 as the Head of Marketing and was responsible to grow the business in Malaysia. Prior to joining the Group, he worked with a few other established organizations which include Pembangunan Leasing Corporation (Subsidiary of Development Bank of Malaysia), Philips Malaysia and ISS Facility Services in various capacities which include Marketing, Credit & Legal, Logistics & Planning, Corporate Purchasing and Facilities Management. He holds a Bachelor of Science in Applied Science from Sunderland University, United Kingdom.

DESMOND HENG BOON KUAN
Resident Commissioner and Country Manager
PT. IFS Capital Indonesia

Mr Heng was seconded to PT. IFS Capital Indonesia in January 2013 as Resident Commissioner and Country Manager to oversee its overall management and operations. He was appointed a member of the Board of Commissioner of PT. IFS Capital Indonesia in October 2010. Mr Heng joined the group in April 2010, heading the business development function for Alternative Finance. He has more than 15 years of working experience in the banking and financial industry. Mr Heng holds a Bachelor of Arts (Economics) degree from the Indiana University, Bloomington USA.

Other Key Executives

IFS

Serene Lim Gek Luang
Assistant General Manager, Business Development (Commercial Finance)
- Bachelor of Commerce
  Nanyang University

Shawn Ang Choon Khai
Vice President (Team Head), Business Development (Commercial Finance)
- Bachelor of Business Administration
  National University of Singapore

Carl Chan Eng Tiong
Assistant General Manager, Business Development (Structured Finance/Alternative Finance)
- Bachelor of Science (Electrical Engineering)
  Boston University
- Master of Science (Finance)
  University of Illinois at Urbana – Champaign
- Graduate Certificate in Intellectual Property Law
  National University of Singapore
- CFA Charterholder

Nicholas Foo Jikai
Vice President (Team Head), Business Development (Real Estate)
- Bachelor of Science
  SIM University

Ken Han Yeh Kwong
Senior Manager – Credit Risk Management, Singapore / Head – Credit Risk Management, Regional
- Bachelor of Commerce
  Curtin University of Technology

Dennis Yap San Hong
Manager, Corporate Development
- Bachelor of Accountancy
  Nanyang Technological University

Chan Yee Sun
Senior Manager, Operations
- Bachelor of Business Administration
  University of Iowa, USA

Jane Ang Lee Keow
Manager, Client Relationship
- Bachelor of Business Computing
  University of Western Sydney

Simon Chia Keng Hoong
Manager, Information Technology
- Bachelor of Applied Science (Computing)
  Queensland University of Technology

Angeline Ng Ching Loo
Senior Manager, Legal, Secretariat & Compliance
Assistant Company Secretary
- Bachelor of Laws (Honours)
  University of London

Tang Mei Ling
Senior Manager, Internal Audit
- Bachelor of Commerce
  The University of Western Australia
- CPA, CIA

Ong Peck Li
Senior Manager, Finance
- CA, FCCA

Felicia Lim Sok Peng
Manager, HR & Admin
- Bachelor of Science (Management) (Honours)
  University of London
- Graduate Diploma in Personnel Management
  Singapore Institute of Management

ECICS Limited

Ruth Wee Gek Lin
Head, Risk Management
- Bachelor of Arts
  National University of Singapore
- Graduate Diploma in Financial Management
  Singapore Institute of Management

Richard Ong Boon Cheow
Head, Finance
- Master of Business Administration
  Vancouver University
- CA, FCCA

Tracy Tan Li Sing
Head, Operations & Claims
- Bachelor of Science (Management) (Honours)
  University of London

PT. IFS Capital Indonesia

Ahmad Munawar
Head, Credit Risk Management (seconded to Indonesia's subsidiary)
- Bachelor of Accountancy
  National University of Singapore

Corporate Information

BOARD OF DIRECTORS

Lim Hua Min
Chairman
Gabriel Teo Chen Thye
Lead Independent Director
Manu Bhaskaran
Law Song Keng
Kwah Thiam Hock
Lee Soon Kie
Executive Director and Group Chief Executive Officer

AUDIT COMMITTEE

Gabriel Teo Chen Thye
Chairman
Manu Bhaskaran
Law Song Keng

EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE

Manu Bhaskaran
Chairman
Lim Hua Min
Gabriel Teo Chen Thye

MANAGEMENT COMMITTEE

Lee Soon Kie
Chairman
Danny Heng Hock Kiong @ Heng Hang Siong
Chionh Yi Chian
Teoh Chun Mooi
Chua Chye Seng
Phyllis Chiu Yin Wah
Terence Teo Chin Poh

GROUP RISK MANAGEMENT COMMITTEE

Lee Soon Kie
Chairman
Chionh Yi Chian
Phyllis Chiu Yin Wah
Ruth Wee Gek Lin

CREDIT COMMITTEE

Lee Soon Kie
Chairman
Teoh Chun Mooi
Chionh Yi Chian
Chua Chye Seng
Phyllis Chiu Yin Wah

REGISTERED OFFICE

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Fax: 6339 9527
Website: www.ifscapital.com.sg
Email: IFS_Corporate@ifscapital.com.sg

SHARE REGISTRAR

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

COMPANY SECRETARY

Chionh Yi Chian

ASSISTANT COMPANY SECRETARY

Angeline Ng Ching Loo

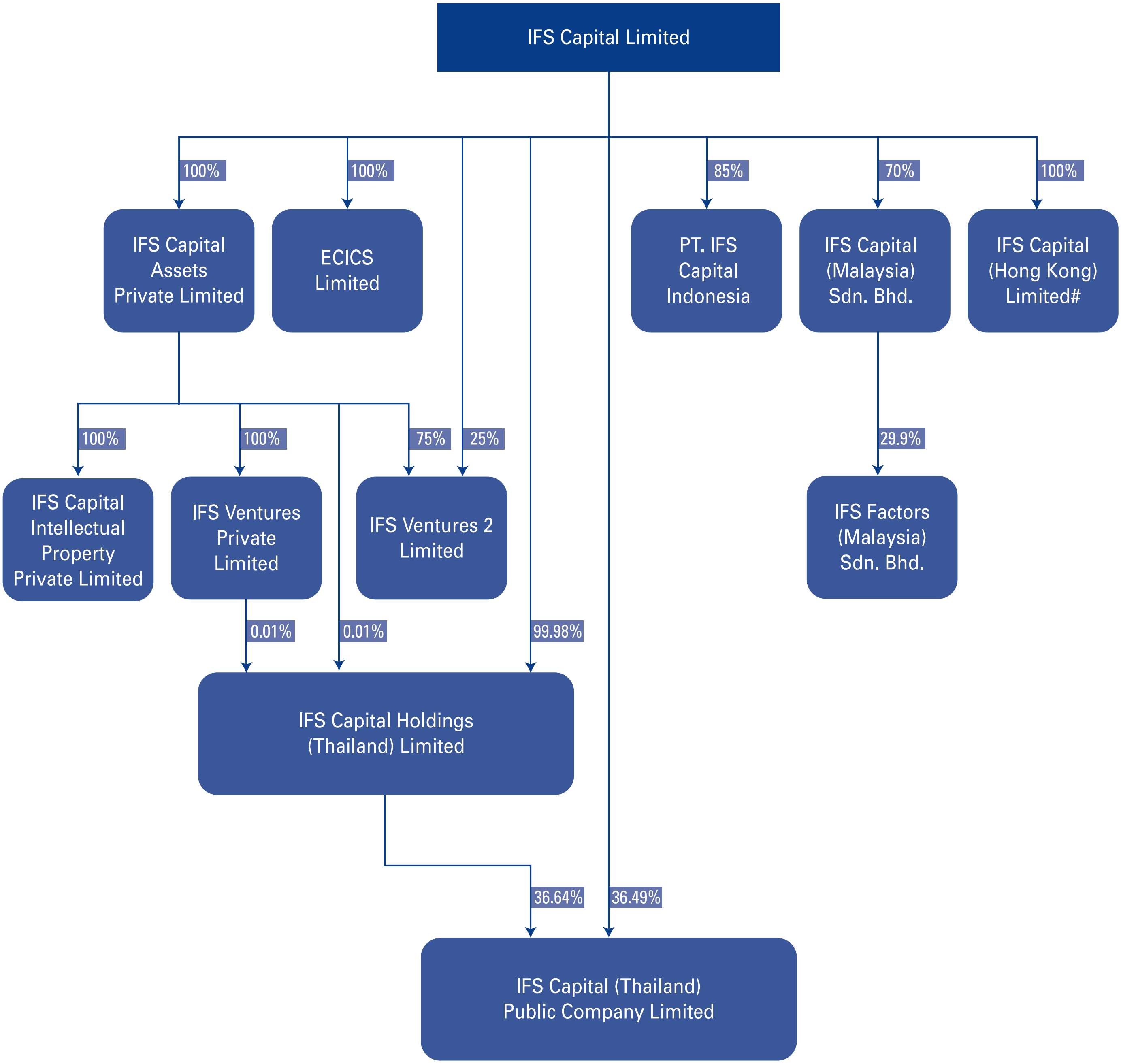
AUDITORS

KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Partner-In-Charge

Jeya Poh Wan S/O K. Suppiah
(since FY2011)

Corporate Structure of IFS Group



Dormant/Inactive

Main Subsidiaries and Affiliated Companies

SUBSIDIARIES

ECICS Limited
7 Temasek Boulevard #10-01
Suntec Tower One
Singapore 038987
Tel : (65) 6337 4779
Fax : (65) 6338 9267

IFS Capital Assets Private Limited
IFS Capital Intellectual Property Private Limited
IFS Ventures Private Limited
IFS Ventures 2 Limited
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Suntec Tower One
Singapore 038987
Tel : (65) 6270 5555
Fax : (65) 6339 9527

IFS Capital (Malaysia) Sdn. Bhd.
IFS Factors (Malaysia) Sdn. Bhd.
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Fax : (603) 2161 9090

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IFS Capital (Thailand) Public Company Limited
IFS Capital Holdings (Thailand) Limited
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AFFILIATES

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Bangkok 10330
Thailand
Tel : (662) 626 2300
Fax : (662) 626 2301

Phillip Ventures Enterprise Fund Ltd
250 North Bridge Road #06-00
Raffles City Tower
Singapore 179101
Tel : (65) 6212 1834
Fax : (65) 6338 9778

OVERVIEW: GLOBAL DEMAND LIKELY UP BUT RISKS ABOUND

On balance, we think that there are enough positive drivers in the world economy to offset a number of headwinds that exist both at the global level as well as domestically. This will translate into stronger export demand for the region. However, divergent monetary policies in advanced economies could generate even more volatility in regional financial markets, potentially aggravating the internal imbalances in some of the regional economies.

First, we are optimistic that the economic recovery in the US will accelerate meaningfully, beyond the uneven and unconvincing recoveries that have been the pattern since 2009. Consumer and business confidence are at record levels while the labour market continues to grow from strength to strength, bringing the unemployment rate down to 5.7% in January 2015. Housing market data shows that the backlog of unoccupied homes that were foreclosed during the global financial crisis is being eliminated which will power the property market as new construction ramps up. With borrowing costs still at historical lows and facing brighter growth prospects, a potential pickup in capital expenditure should also emerge.

Second, lower oil prices are a strong net positive for the global economy. There are vastly more oil consumers than producers, thus lower oil prices act as a potent stimulant to global demand. By reducing inflationary pressures in general, central banks around the world also have more leeway to keep monetary policy easy. This is particularly useful for large economies with uncertain near term prospects including the Eurozone, Japan and China.

Third, the commitment to further monetary easing in Japan and the commencement of quantitative easing by the European Central Bank should help contain the threat of deflation and support demand while their weakening currencies will also boost exports. In Japan, Prime Minister Abe, having already postponed the next sales tax increase, is likely to deliver more supply side reforms after winning a new electoral mandate last year. We are confident that Japan and the Eurozone will avoid recession which is good news for Southeast Asia which relies heavily on them for trade and investment.

Fourth, several large emerging economies are putting in place reforms that could transform their economies over the medium term. The ASEAN Economic Community is coming into effect at the end of 2015. India will continue to liberalize and deregulate its domestic industries while better business conditions in Indonesia will also help enhance investment inflows. The Southeast Asia region will gain from the spill over impact of higher quality growth, investor confidence and rising trade volumes from these emerging economies.

However, there are some headwinds.

The corollary of a positive view of US economic growth is that the Federal Reserve Bank should tighten monetary policy more vigorously than markets expect, which could lead to destabilizing capital outflows from emerging economies, especially those with weak external accounts. This would have a negative impact on emerging markets currencies and investor sentiments, including in Southeast Asia.

Also, it is difficult to argue against a rising US Dollar in 2015 given the expected rise in US interest rates and strong economic prospects relative to other major economies. This implies financial risks stemming from US Dollar-denominated debt that many companies in the region have accumulated. Moreover, there is also the risk of competitive currency devaluations in Asia. As the Japanese Yen weakens, it is highly plausible that the Korean Won and Chinese Yuan are allowed to weaken to offset the loss in competitiveness. This will put pressure on other Southeast Asian currencies to follow suit.

Next, the health of the Chinese economy remains a black box in many senses but what is certain is that the unsustainable levels of debt (including sizeable lending in unregulated kerb markets), considerable excess capacity and a deflating property market, will throw up episodes of stress every now and then. If these stresses coalesce and are not managed promptly, the Chinese economy could face a much more substantial slowdown which will hit the region's exports heavily.

Last, global geopolitical developments must be closely watched as they have considerable ramifications for the world economy. For example, fears of a Greek exit from the Eurozone have resurfaced following the election of a new government hostile to the agreements that helped bailout Greece. Instability is also spreading across the Middle East, with implications for oil prices as well as the potential spread of terrorism.

We review the implications of this global backdrop for each country in more detail below.

Singapore

In line with the gloomy global conditions in 2014, Singapore's economic growth moderated from the relatively strong showing in 2013. The faltering productivity drive, weakening property market and slump in exports resulted in an insipid showing by the economy in the past year. Inflationary pressures have diminished in the domestic economy towards the end of 2014, as global oil prices fell precipitously. Altogether, the indicators point to a challenging year in 2015, with a rise in global demand partly offset by domestic headwinds.

Economic restructuring is the overarching theme in 2015

The economy has to adjust to higher costs, a loss of competitiveness, high consumer debt and an overvalued property market. These adjustments will influence the direction of the economy in 2015.

Restructuring efforts – initiated in 2010 to raise wages sustainably by raising productivity levels - continue to weigh on the domestic economy, with companies worried about the labour crunch and higher business costs. The misalignment of wage growth with productivity increases is stark: Median income growth has averaged about 3% per annum since 2010 but productivity growth stands at a paltry 0.2% on average from 2011-2013. For the first three quarters of 2014, Singapore's productivity performance deteriorated further, with a disappointing decline 0.5%.

Given the importance of the productivity drive, restrictive measures on foreign labour inflows are likely to continue. The resulting restructuring will exact a toll on businesses as companies adjust to higher costs by downsizing or relocating or re-engineering their processes to become more efficient.

Macro-prudential measures imposed by the government to curb the overheating in the real estate sector have caused property prices to trend downwards. Private property prices fell 4% in 2014, while public housing prices slipped 6%. Housing prices are expected to decline further in 2015 but the curbs on the property market are likely to remain in place in the near-term. With interest rates rising and a large amount of supply coming on the market, downward pressures on property prices remain a risk.

Moderate growth in 2015

Against these headwinds, Singapore should still enjoy moderate growth in 2015 so long as global demand improves. External-oriented sectors should benefit from the uplift in the US economy while domestic-oriented and labour-intensive industries will continue to be squeezed by the tight labour market and increased wage costs.

- Singapore's open economy is highly sensitive to global demand, a modest acceleration in the latter will support economic performance. In addition, Singapore is likely to benefit from a pickup in capital spending in the US which we see unfolding in 2015 - its exports of electronic components are closely correlated with capital spending in the US.
- The regional economies should perform reasonably well as explained below. While Malaysia's economy will slow a tad, Indonesia should do well and Thailand is set to recover. The demand for Singapore's regional hub services should improve.
- The policy shift by the Monetary Authority of Singapore in January 2015, which reduced the pace of appreciation of the Singapore Dollar will help ease monetary conditions modestly, supporting the economy. Fiscal policy should provide a net stimulus with the ongoing celebrations for "SG50" and the greater focus on social welfare by the Government.

All in all, Singapore is set for a pivotal year ahead in 2015. Effective policy calibration in both the fiscal and monetary spheres will probably help to mitigate the risks associated with Singapore's restructuring efforts and uncertain global outlook.

Table 1: Singapore Forecasts

	2012	2013	2014	2015
GDP growth	1.9	4.1	*2.8	3.0
Inflation	4.6	2.4	1.0	1.2
Current Account/GDP %	17.5	18.3	18.2	19.6
Currency/USD (end period)	1.22	1.26	1.32	1.38

** Expected figure, actual GDP figure due for release on 17 February 2015*
***Source:** Historical data collated from CEIC Database and forecasts by Centennial Asia Advisors*

Indonesia

Growth in 2014 moderated to 5.1%, down from 5.7% in 2013. This was a result of a slowdown in both government and investment spending during the election year, while exports contracted 1.2% on weak external demand and declining commodity prices.

The past year also saw the inauguration of Joko Widodo ("Jokowi") as President, hailed widely as a positive turning point for Indonesia as investors anticipated hard-hitting reforms that will reverse some of the longstanding structural woes of the economy and put it on a higher growth trajectory. President Jokowi has so far delivered on reforms, with the bold removal of most fuel subsidies which will release fiscal resources for more productive spending in the long term but which has caused a spike in inflation in the short term. Over the coming year, the savings derived from the removal of subsidies will be channelled to more productive spending, including on infrastructure that will boost Indonesia's long term prospects.

For 2015, we expect growth to remain anaemic in the early part of the year, before it picks up nicely in the second half of the year:

- First, consumption has proven resilient in the face of lower commodity prices and the rise in fuel prices, suggesting that the underlying growth in wages and employment is strong. Consumer confidence has rebounded reasonably quickly from the hit caused by the removal of subsidies.

- Second, government spending should also pick up as the Jokowi administration frontloads some infrastructure projects. For example, the Transportation Ministry recently announced expansion plans to five ports that will take place this year as the country ramps up efforts to build a world-class maritime industry.

- Third, higher public spending and greater political clarity should help crowd in private investors as pent-up investment is unleashed. Furthermore, the establishment of one-stop investment licensing services as part of President Jokowi's reforms will help speed up investment processes.

- Fourth, the strong US recovery and the upside growth surprises from other large economies should stem a further slide in commodity prices that has hurt Indonesia's export sector. We also expect some recovery in commodity exports as copper and nickel exports from Freeport and Inco resume following more rational policies by the government on the export of unprocessed minerals.

Nevertheless, near-term risks remain evident.

- First, the current account deficit has narrowed but continues to pose a risk to the currency through the outflow of hot money, particularly as the US could raise rates sooner than expected.

- Second, near term interest rates are still elevated and could hurt corporate demand for credit.

- Third, the prolonged depression of commodity prices will hurt smallholders, particular in the palm oil industry, posing a serious threat to domestic consumption.

We are also optimistic of Indonesia's longer term growth. Demographic fundamentals remain favourable relative to its competitors while the investment to GDP ratio should structurally rise due to a) more enabling investment environment as reforms kick in; b) labour cost competitiveness; c) greater degree of integration amongst ASEAN member states; d) increased investment from Japan; and e) the gradual reduction of inflation relative to its trading partners which will reduce currency risks for investors. Moreover, rapid growth in regions such as East Java and Banten will help to accelerate urbanization, lending to higher productivity and overall economic growth.

Table 2: Indonesia Forecasts

	2012	2013	2014	2015
GDP growth	6.3	5.7	5.1	5.7
Inflation	4.0	6.4	6.4	6.6
Current Account/GDP %	-2.8	-3.3	-3.6	-3.3
Currency/USD (end period)	9,646	12,087	12,438	11,800

Source: *Historical data collated from CEIC Database and forecasts by Centennial Asia Advisors*

Malaysia

Malaysia enjoyed better than expected growth of 6% in 2014 as broad-based expansion in the manufacturing, construction and services sectors offset a slowdown in the energy sector. Domestic demand was resilient throughout the year but exports suffered due to the uninspiring global recovery and falling oil prices. Inflation was a tad higher at 3.1%, up from 2.1% in 2013 but still in a comfortably manageable level as the central bank remains credible and ahead of the curve in managing inflation expectations.

GDP in 2015 will moderate and should continue to be driven by consumption and investment. Higher minimum wage and a tight labour market will keep spending steady while increased public investment has the potential to crowd in private sector investment as projects under the Economic Transformation Programme (ETP) are ramped up. Also, non-oil exports could increase considerably especially if global demand surprises strongly.

In the near term, the economy will face some headwinds:

- First, the implementation of the goods and services tax in the second quarter has dampened consumer confidence. The authorities are also increasingly concerned over the high level of household debt, partly a consequence of a property boom. Macro-prudential measures to restrain household debt will also hurt overall consumer spending.

- Second, the plunge in oil prices has reduced government revenues and put its fiscal consolidation plans at risk. With almost 30% of fiscal revenue coming from oil-related sources, the government relies heavily on the oil and gas sector for funding. State-owned company Petronas which contributes almost half of oil-related revenues has already issued warnings that dividends will be cut due to lower profitability. Premier Najib recently announced a revised budget with steep cuts in operational spending but further cuts could be made if oil prices stays persistently below the government's estimate (Brent at USD55/barrel). Failure to cut fiscal deficit and keep government debt below the constitutional level of 55% of GDP may result in rating cuts and raise borrowing costs.

- Third, downward pressure on the Malaysian Ringgit (MYR) could persist, revealing investor concerns. It was the worst performing Asian currency in 2014 and slipped a further 3.5% against the USD by February 2015 as foreigners sold considerable amount of stocks and debt securities. Foreign reserves are at the lowest level since 1Q11, indicating that the authorities have intervened aggressively to prevent further currency declines. The need for more intervention could encourage currency speculation against the Malaysian Ringgit and encourage more capital outflows – exacerbated by the fact that foreign presence is strong in Malaysia's capital markets. Such a scenario will destabilize Malaysia's financial system and directly hurts growth.

  The decline in the Ringgit seems exaggerated given the strong economic numbers posted last year and only a slight fall in its current account which is still in surplus. Despite the continuing concerns over the fall in oil prices, other factors are likely to keep the economy on a trajectory of 5%-plus growth:

- The lead indicator for the economy remains positive, suggesting that growth will be at least at the trend rate of around 5%.

- As one of the most open economies in the world, and with most of its exports being manufactured goods rather than oil or gas, the Malaysian economy will benefit from the modest rebound in global demand that is likely.

- Investment approvals have continued to be strong. The government's Economic Transformation Programme is in a phase of high spending on productive projects such as the mass transit railway project. Massive investments in the energy sector such as the Pengerang project in Johor are continuing.

Overall, Malaysia should enjoy a year of modest growth and stability.

Table 3: Malaysia Forecasts

	2012	2013	2014	2015
GDP growth	5.6	4.7	6.0	5.2
Inflation	1.7	2.1	3.1	2.6
Current Account/GDP %	5.8	4.0	4.6	4.9
Currency/USD (end period)	3.05	3.25	3.48	3.45

Source: *Historical data collated from CEIC Database and forecasts by Centennial Asia Advisors*

Thailand

The year 2014 was a tumultuous one, marked by political challenges which eroded confidence in the first half of the year adverse affected growth. Since a new government was installed in May 2014, the political situation has calmed, allowing some degree of consumer and business confidence to be restored.

Several factors depressed growth in 2014 beyond political turbulence. The domestic economy came under increased pressures as fiscal expenditures flagged while tourist arrivals were badly hit during the early part of the year. Declining farm incomes caused by the worldwide slide in commodity prices led to a marked fall in private consumption. This, coupled with the ongoing household deleveraging, resulted in insipid consumer spending. The volatility in the political arena caused businesses to hold back on investments. The uncertain global outlook compounded Thailand's economic woes with merchandise exports – a key engine of growth for the Thai economy – faltering. Thus, industrial production growth languished for much of the year. Inflationary pressures were subdued, however, allowing monetary policy to be kept supportive of growth.

The end of 2014 saw the economy embark on a gradual path of recovery, as political tensions dissipated. However, the recovery has been patchy and vulnerable to exogenous shocks. Full-year GDP growth is expected to come in at approximately 0.7% for 2014.

There are grounds to expect the economy to accelerate in 2015, with the main drivers being merchandise exports, fiscal disbursements and an uptick in tourism. The government is also expected to adopt a pro-growth fiscal policy to restore economic confidence.

- **The resurgence of the US economy** is good news for Thailand, and merchandise exports to the US are expected to increase with the strengthening of the US recovery. Furthermore, prospects in the Eurozone and Japan seem to be surprising to the upside, and this could be an additional boost to Thailand's economy.
- **Fiscal disbursements by the government and expedited approvals by the Board of Investment** will see an increase in investment levels. Greater public sector expenditures in large-scale infrastructure projects will bolster the upward trajectory, possibly boost economic confidence and crowd in private investment – fiscal spending will be a key determinant to sustaining a recovery.
- **Tourism is set to grow** especially from Japan and China as political concerns dissipate, giving a boost to retail sales and the hospitality sector.
- **The low oil prices are also a boon** to recovery efforts as Thailand is a net importer of oil. Cheap oil boosts disposable incomes resulting in increased consumption of goods and services.
- **Supportive monetary policy:** Given that domestic inflationary pressures are virtually non-existent, the Bank of Thailand has reaffirmed its accommodative monetary policy stance and monetary easing through the reduction of policy rates by the central bank can be employed should the economic recovery falter.

The economy seems to have bottomed out in 4Q14, and is set for acceleration in the year ahead, led by the steady improvement in export growth. There are some remaining risks to growth in 2015 which are noted below:

- **At this early stage of recovery, the economy remains vulnerable to external shocks:** While the global outlook is supported by the strong rebound seen in the US economy, low oil prices and falling bond yields, the risks in the Eurozone and Chinese economies remain while the potential for disruptive geopolitical shocks in the Middle East cannot be discounted.
- **Domestic risk factors could hinder growth:** Pertinent concerns are growing over the loss of competitiveness in certain sectors of the economy (electronics and vehicle production). Nearly a decade of political instability has deprived the economy of much-needed government-led efforts to shore up lost competitiveness such as free trade agreements, spending on infrastructure and R&D.
- **Political risks could still make or break the fragile recovery:** The political situation has calmed down. However, any upsurge in political infighting may reverse the gradual improvement in consumer and business confidence.

Table 4: Thailand Forecasts

	2012	2013	2014	2015
GDP growth	6.5	3.2	0.7	4.2
Inflation	3.0	2.2	1.9	1.3
Current Account/GDP %	-0.4	-0.6	-0.1	1.1
Currency/USD (end period)	30.62	32.35	32.89	33.00

Source: *Historical data collated from CEIC Database and forecasts by Centennial Asia Advisors*

Corporate Social Responsibility

The Group recognizes its social responsibility as a corporate citizen and is committed to fulfil these.

Firstly the Group recognizes the interests of multiple stakeholders beyond shareholders who may have an interest in or whose interests may be impacted by the Group. Moreover social responsibility goes beyond contributions to charities and has to be balanced against the differing interests of different stakeholders. It is important to recognise that not all stakeholders' interests are economic.

Secondly the Group recognizes the need for balance between divergent stakeholder interests in its daily operations and interactions.

This stakeholder management strategy involves the following steps:

- Identification of stakeholders
- Identification of stakeholders' interests
- A reward scheme for these different stakeholders
- Responsibility of stakeholder management within IFS

The Group recognises the following stakeholders:

- Shareholders
- Clients
- Banks, bond holders and other creditors
- Business partners & associates
- Suppliers
- Regulatory authorities
- Management and staff

Each stakeholder interests are mapped out and appropriate strategies are devised to ensure that are taken into account. Thus for example, bankers to the group are treated equally and no preferential treatment is given to any bank.

In some cases, specific stakeholders' interests are spelt out in internal policies and manuals. For example, the Group's risk management policies spelt out the risks that the Group is able to assume without affecting the interests of shareholders.

The Internal Audit and Compliance Divisions ensure that the Group's responsibilities are fulfilled with respect to Government laws and regulations. In some cases, where there is a lack of regulation, a best practice approach is adopted.

The Group's employment policies follow recommended guidelines including in Singapore, the Tripartite Alliance for Fair Employment Practises on non-discriminatory and ethical practices. We also recognise that individuals within each stakeholder group may have different causes and social or community projects which they are actively involved in. The Group encourages staff to help and support their respective communities.

The Singapore companies continue to participate in the Corporate Share Program under the umbrella of Community Chest ("Chest") where the donations will be channelled to the various social service and charity programs supported by Chest. We also donated to the children beneficiaries of Care Community Services Society ("CCSS"), a charity organisation and an Institute of Public Character ("IPC"). These children come from low-income and single parent families, and CCSS through CareHut centres, provide affordable after-school care in a wholesome environment. The fund raising for CCSS culminated with our staff contributing their time, gifts and cash donations in an afternoon of art & crafts and games with the children at the CareHut in Stamford Primary School. Our subsidiary, ECICS Limited was also a Silver Sponsor for Swing for Charity 2014, organised by the General Insurance Association of Singapore for the beneficiaries Assisi Hospice and the Singapore Heart Foundation.

Beyond Singapore, our Thailand subsidiary supported the project "Rong Mueng Ruang Yim" to enhance the lives of the children and youth in the area of Hua Lamphong Train Station by donating money through the Foundation for Child Development, Duang Kae Centre; and helped poor children get medicine by donating money to the "Juvenile Rheumatoid Arthritis and Autoimmune Disease Fund", Children's Hospital Fund and the Queen Sirikit National Institute of Child Health. Our Thailand subsidiary also went to Siyat Phatthana School in Chachoengsao Province to donate money, teaching equipment and supplies to the school and provided luncheon for the children and teachers.

The Board of Directors is committed to maintaining high standards of corporate governance in the Company in order to protect the interests of its shareholders. This report sets out the corporate governance practices of the Company during the financial year ended 31 December 2014, with specific reference to the principles of the Singapore Code of Corporate Governance 2012 (the "Code").

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS
Principle 1

Board Responsibility

The Board oversees the businesses and affairs of the Group, sets the Group's overall strategic direction and long-term objectives, reviews the Group's operational and financial performance, reviews the performance of management, and provides oversight to ensure a proper framework of internal control and risk management is in place.

Delegation by the Board

The Board has set up two Board committees, namely the Audit Committee and the Executive Resource and Compensation Committee, to assist the Board in the execution of its responsibilities. The two Board committees are constituted with clear terms of reference, setting out specific roles and responsibilities. The details on the composition and functions of the Audit Committee and the Executive Resource and Compensation Committee can be found in the subsequent sections in this Report.

Management is responsible for the implementation of the Group's strategies, systems of internal control and risk management as well as the day-to-day operations. The Group Chief Executive Officer is assisted by a Management Committee chaired by the Group Chief Executive Officer and comprising senior management staff. In the absence of the Group Chief Executive Officer, the Management Committee is authorised to make decisions on his behalf.

Board Meetings and Attendance

The Board holds five scheduled meetings in a year. In addition, special meetings may be convened as and when warranted to deliberate on urgent substantive matters.

During the financial year ended 31 December 2014, the Board held five meetings.

The attendance of the Board members at the Board and Board committee meetings during the financial year ended 31 December 2014 is set out as follows:

Attendance at Board and Board Committee Meetings

Name of Director	Board		Audit Committee		ERCC	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Lim Hua Min	5	5	NA	NA	1	1
Gabriel Teo Chen Thye	5	5	4	4	1	1
Law Song Keng	5	5	4	4	NA	NA
Manu Bhaskaran	5	5	4	4	1	1
Lee Soon Kie	5	5	NA	NA	NA	NA
Kwah Thiam Hock	5	5	NA	NA	NA	NA

ERCC Executive Resource and Compensation Committee
NA Not applicable

Board Approval

The Board has a formal schedule of matters reserved to it for its decision and these include:

- Group strategic direction and long-term plans;
- Announcements of financial results;
- Statutory accounts;
- Declaration of dividends;
- Budgets and financial planning;
- Establishment of joint ventures;
- Investments or increase in investments in businesses, projects, subsidiaries and associated companies;
- Acquisition or disposal of significant assets, businesses, subsidiaries or associated companies;
- Capital expenditure or any expenditure of significant amount;
- Borrowings of the Company beyond a certain limit in amount as set by the Board; and
- All major transactions or events.

Board Induction and Training

The Company conducts a comprehensive induction programme, which is presented by the Group Chief Executive Officer and senior management, to familiarise new directors with the Group's business and industry-specific knowledge. The induction programme gives new directors an understanding of the Group's operations to enable them to assimilate into their new roles. The new directors will also receive a brief on directors' duties and responsibilities and key governance practices.

Development and training of directors is an ongoing process so that they can perform their duties appropriately. Such development and training programme is reviewed by the Executive Resource and Compensation Committee. The directors are provided with continuing briefings or updates in areas such as directors' duties and responsibilities, corporate governance, relevant changes in laws and regulations, changes in financial reporting standards and issues which have a direct impact on financial statements as well as industry trends and developments relevant to the Group's business operations. The Company Secretary regularly circulates availability of relevant training courses which the directors may attend at the Company's expense.

During the financial year ended 31 December 2014, the Board members were provided with updates to keep them abreast of industry trends, developments in accounting standards, changes in relevant laws and regulations and the code of corporate governance through presentations by Company Secretary, management and external auditors during Board or Board committee meetings.

BOARD COMPOSITION AND GUIDANCE
Principle 2

Board Independence

As at 31 December 2014, the Board comprises 6 directors of whom 4 are independent directors. The nature of the directors' appointments on the Board is set out as follows:

Directors	Board Membership
Lim Hua Min	Non-Executive, Non-Independent, Chairman
Gabriel Teo Chen Thye	Lead Independent Director
Law Song Keng	Independent
Manu Bhaskaran	Independent
Lee Soon Kie	Executive, Group Chief Executive Officer
Kwah Thiam Hock	Independent

Annual Review of Director's Independence

The Executive Resource and Compensation Committee conducts a review and determines annually the independence of each director. The Board, taking into account the views of the Executive Resource and Compensation Committee, considers Mr Gabriel Teo Chen Thye, Mr Manu Bhaskaran, Mr Law Song Keng and Mr Kwah Thiam Hock to be independent directors.

In relation to Mr Gabriel Teo Chen Thye, Mr Manu Bhaskaran and Mr Kwah Thiam Hock who have served on the Board for more than nine years from the date of their respective first appointment, the Executive Resource and Compensation Committee and the Board have subject their independence status to a particularly rigorous review in the light of Guideline 2.4 of the Code. The Board is of the view that there is no automatic correlation between a director's tenure on the board and his independence and so a person's independence should not be determined arbitrarily on the basis of the number of years' of service on the board. In the review of the independence of Mr Gabriel Teo Chen Thye, Mr Manu Bhaskaran and Mr Kwah Thiam Hock, the Executive Resource and Compensation Committee took into account the directors' inputs, views and judgment calls made during their deliberations and is satisfied with their independence in character and judgement and that they would be able to continue to present objective and independent views. The Board, taking into account the views of the Executive Resource and Compensation Committee, is satisfied that Mr Gabriel Teo Chen Thye, Mr Manu Bhaskaran and Mr Kwah Thiam Hock continue to demonstrate their ability to exercise strong independent judgment in their deliberations and act in the best interests of the Group, and that their length of service on the Board has not affected their independence. Accordingly, the Board determines these directors to be independent, notwithstanding that they have served more than nine years on the Board.

Board Composition and Size

The Board has examined its size and is satisfied that a size of 6 members is currently appropriate for the Company, taking into account the nature and scope of the Group's businesses. The Executive Resource and Compensation Committee assesses the Board's composition each year and is satisfied that the Board currently has the appropriate mix and diversity of expertise, knowledge and experience for the Board to carry out its duties effectively.

Details of the directors' academic and professional qualifications, appointment dates on the Board and other appointments are set out on pages 34 to 39.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
Principle 3

Separation of the Role of Chairman and the Group Chief Executive Officer

The Chairman and the Group Chief Executive Officer of the Company are separate persons and are not related to each other.

The Chairman is a Non-Executive Director while the Group Chief Executive Officer is an Executive Director. The roles of the Chairman and the Group Chief Executive Officer are kept separate and the division of responsibilities between them are set out in writing.

The Chairman is primarily responsible for the workings of the Board. The Chairman's responsibilities include approving the schedules of meetings and meeting agenda (with the assistance of the Company Secretary). As Chairman of the Board, he also leads the Board in its discussions and deliberation, facilitates effective contribution by Non-Executive Directors and exercises control over the timeliness of information flow between the Board and management.

The Group Chief Executive Officer manages the business of the Company, implements the Board's decisions and is responsible for the day-to-day operations of the Company.

Role of the Lead Independent Director

The Lead Independent Director is appointed by the Board and the role of the Lead Independent Director includes meeting with the independent directors periodically without the presence of other directors and where necessary to provide feedback to the Chairman after such meetings. He will also be available to shareholders where they have concerns for matters which contact through the normal channels of the Chairman, the Group Chief Executive Officer or Chief Financial Officer has failed to resolve, or where such contact is inappropriate.

BOARD MEMBERSHIP
Principle 4

The Board has established the Executive Resource and Compensation Committee that performs both the roles of nominating committee and remuneration committee.

Executive Resource and Compensation Committee

As at 31 December 2014, the Executive Resource and Compensation Committee comprises 3 members, the majority of whom are independent:

Manu Bhaskaran	Chairman, Independent
Lim Hua Min	Member, Non-Independent
Gabriel Teo Chen Thye	Member, Independent

The Executive Resource and Compensation Committee functions under the terms of reference as approved by the Board. Under the terms of reference, the Executive Resource and Compensation Committee (in respect of its function as a nominating committee):

(i) assists the Board to assess the effectiveness of the Board as a whole as well as the contribution of the directors to the effectiveness of the Board;

(ii) establishes a formal process for the Group on the appointment of directors, re-nomination and re-election of directors;

(iii) considers and determines the independence of the directors, at least annually;

(iv) recommends to the Board on all Board appointments and re-appointments and approves appointments of key management personnel; and

(v) reviews the training and professional development programme for directors.

Directors' Time Commitments

The Executive Resource and Compensation Committee assesses if a director is able to and has been adequately carrying out his duties as a director of the Company, taking into account the director's number of listed company board representations and other principal commitments.

To address the time commitments of directors who sit on multiple boards, the meeting dates of the Board and Board committees are scheduled in advance at the beginning of each calendar year.

All directors are aware of his time commitment obligations. For the financial year ended 31 December 2014, each director signed a confirmation that, having regard to all his commitments, he has devoted sufficient time and attention to the affairs of the Company. The Executive Resource and Compensation Committee believes that putting a numerical limit on the number of listed board directorships a director can hold is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

The Executive Resource and Compensation Committee is of the view that the current qualitative assessment coupled with the annual confirmation of time commitment by directors are sufficient. Accordingly, the Board has not set a numerical limit on the maximum number of listed board representations a director can hold.

The Executive Resource and Compensation Committee is satisfied that all directors have discharged their duties adequately for the financial year ended 31 December 2014.

Criteria and Process for Nomination and Selection of New Directors

The Company has put in place a formal process for the selection of new directors to increase transparency of the nominating process in identifying and evaluating nominees for directors.

The Executive Resource and Compensation Committee leads the process as follows:

(i) the Committee evaluates the desired balance and diversity of skills, knowledge, gender and experience for the Board and, in the light of such evaluation and in consultation with management, determines the role and the desirable competencies and attributes for a particular appointment;

(ii) various sources may be used to look for potential candidates;

(iii) the Committee meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and

(iv) the Committee makes recommendations to the Board for approval.

In assessing a potential candidate, the Executive Resource and Compensation Committee would take into account factors such as the candidate's integrity and reputation, attributes, capabilities, qualifications and past experience.

All proposed appointment of potential new directors is reviewed by the Executive Resource and Compensation Committee before the recommendation is put up to the Board for its approval.

Rotation and Re-election of Directors / Re-appointment of Directors

The directors submit themselves for re-nomination and re-election at regular intervals in accordance with the Company's Articles of Association which require one-third of the directors for the time being to retire from office by rotation at each Annual General Meeting (or, if the number is not a multiple of three, the number nearest to but not less than one-third).

In accordance with the Company's Articles of Association, all new appointees to the Board, if not elected by the shareholders at the Annual General Meeting, will only hold office until the next Annual General Meeting after the date of their appointment whereupon they will seek re-election at the Annual General Meeting. Directors of or over 70 years of age are required to be re-appointed every year at the Annual General Meeting under Section 153(6) of the Companies Act, Cap. 50.

For the forthcoming Annual General Meeting, Mr Manu Bhaskaran and Mr Lee Soon Kie are due to retire from office by rotation under the Company's Articles of Association and being eligible, are offering themselves for re-election. Mr Law Song Keng who has attained age of 70 will seek re-appointment under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of the forthcoming Annual General Meeting until the next Annual General Meeting. The detailed information of Mr Manu Bhaskaran, Mr Lee Soon Kie and Mr Law Song Keng can be found in the directors' profile under "Board of Directors" on pages 6 to 7 and in the directors' details on pages 34 to 39.

BOARD PERFORMANCE

Principle 5

Board Evaluation

The Board has implemented a process carried out by the Executive Resource and Compensation Committee for assessing the effectiveness of the Board and its Board committees. In the beginning of each year, the Executive Resource and Compensation Committee conducts a self-assessment process that involves the completion of evaluation questionnaires on issues which include Board and Board committee performance, effectiveness, processes and composition. The collated results are reviewed by the Executive Resource and Compensation Committee before they are submitted to the Board for discussion and determination of any areas for further improvements. Following the review, the Board is of the view that the Board and its Board committees are operating effectively.

In terms of Board performance criteria, the Board feels that Board performance should be measured based on its long-term value creation for shareholders and other stakeholders and is ultimately reflected in the long-term performance of the Group. The financial indicators, as set out in the Code as guides for the evaluation of the performance of the Board, are more of a measurement of management's performance and less applicable to the directors. Although the Board uses some indicators such as average return on equity of comparable companies in the industry as a guide, a more important consideration is that the Board, through the Executive Resource and Compensation Committee, has ensured from the outset that it comprises directors with the requisite blend of background, experience and knowledge for the Group's businesses and that the directors bring to the Board their respective perspectives and views to enable balanced and well-considered decisions to be made.

ACCESS TO INFORMATION

Principle 6

Management provides all the members of the Board with a progress report on the performance of the Group (including group consolidated accounts) on a monthly basis.

Prior to each Board meeting, the Board members are provided with board papers in advance of meetings so that sufficient time is given to the Board members to prepare. The board papers will set out information which includes background or explanatory information relating to the matters to be brought before the Board. In respect of budgets, any material variances between projections and actual results are explained.

The Chairman, with the assistance of the Company Secretary, exercises control over the quality and timeliness of information flow between the Board and management.

The directors have direct access to the Company's senior management and the Company Secretary. The Company Secretary attends all the Board meetings. The directors, whether as a group or individually, are also entitled to seek independent professional advice with costs to be borne by the Company on any issue(s) which may arise in the course of performing their duties.

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES
Principle 7

The Executive Resource and Compensation Committee also performs the role of a remuneration committee. The Committee comprises entirely of Non-Executive Directors, the majority of whom, including the Chairman, are independent.

Pursuant to the terms of reference, the Executive Resource and Compensation Committee reviews and approves the remuneration packages for each director and the key management personnel, and also decides on policies relating to remuneration and incentive programs (including staff benefits and bonuses) for the staff of the Group. In reviewing the remuneration framework, the Executive Resource and Compensation Committee takes into consideration industry practices and benchmarks to ensure that its remuneration and compensation package are competitive. The Committee, if it requires, may seek expert advice on executive compensation matters from professional firms.

The Executive Resource and Compensation Committee also reviews the terms of compensation and employment for executive directors and key management personnel at the time of their employment including considering the Company's obligations in the event of termination of services. The service contracts of the Group Chief Executive Officer/Executive Director and key management personnel do not contain onerous removal clauses.

LEVEL AND MIX OF REMUNERATION
Principle 8

Remuneration Policy

The Group's remuneration policy is directed towards the attraction, retention and motivation of talent to achieve the Group's business objectives. The remuneration framework aims to foster a strong performance-oriented culture within an appropriate overall risk management framework. The Group subscribes to linking executive remuneration to corporate and individual performance, hence the remuneration framework ensures that rewards and incentives relate directly to the performance of individuals, the operations and functions in which they work for which they are responsible, and the overall performance of the Group.

Remuneration of Executive Director and Key Management Personnel

The remuneration package of the Group Chief Executive Officer/Executive Director and key management personnel comprises of a fixed component which is benchmarked against the financial services industry and a variable component which is linked to the performance of the Group as well as the individual performance.

The variable component of the remuneration package is mainly in the form of cash-based variable bonuses which reward employees that commensurate with the performance of the Company. The performance-related variable cash bonus pool is computed based on established formula approved by the Executive Resource and Compensation Committee which is calibrated as a percentage of the profit before tax for the year of review in excess of a required hurdle rate. There is currently no commission-based scheme for staff nor share-based awards under long-term incentive scheme.

Based on the current mix of fixed and variable compensation components and design of the variable cash bonus pool formula, the remuneration of executives is aligned with the interests of shareholders and took into account risk policies of the Group.

Having reviewed and considered the variable components of the Executive Director and key management personnel, which is moderate, and the principles behind the formulation of the variable cash bonus pool, the Executive Resource and Compensation Committee is of the view that there is currently no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years.

Remuneration of Non-Executive Director

For the Non-Executive Directors, they are remunerated based on a framework of basic director fees and committee fees which is formulated taking into account factors such as responsibilities, level of contribution and time spent. The framework is reviewed by the Executive Resource and Compensation Committee and endorsed by the Board.

The directors' fees payable to the Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting. The Group Chief Executive Officer/Executive Director does not receive director's fees.

DISCLOSURE ON REMUNERATION
Principle 9

Disclosure of Remuneration of the Directors

A breakdown showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2014 is as follows:

	Number of Directors	
Remuneration Band	**FYE 31 Dec 2014**	**FYE 31 Dec 2013**
$500,000 to below $750,000	0	1
$250,000 to below $500,000	1	0
Below $250,000	5	5
Total	**6**	**6**

	Remuneration Band/ Directors of Company	Directors' Fees* %	Fixed Pay %	Annual Wage Supplement and Variable Bonus %	Allowances & Others %	Total %
(i)	**$500,000 to below $750,000**					
	-	-	-	-	-	-
(ii)	**$250,000 to below $500,000**					
	Mr Lee Soon Kie	-	82.7	6.9	10.4	100
(iii)	**Below $250,000**					
	Mr Lim Hua Min	100	-	-	-	100
	Mr Gabriel Teo Chen Thye	100	-	-	-	100
	Mr Law Song Keng	100	-	-	-	100
	Mr Manu Bhaskaran	100	-	-	-	100
	Mr Kwah Thiam Hock	100	-	-	-	100

** Directors' Fees refer to fees for financial year ended 31 December 2014, subject to approval by shareholders at the forthcoming AGM.*

Top Five Key Management Personnel's Remuneration

The breakdown of the five most highly compensated key management personnel of the Group (who are not also directors or chief executive officer of the Company) into remuneration bands of $250,000 is as follows:

Remuneration Band	FYE 31 Dec 2014	FYE 31 Dec 2013
$500,000 to below $750,000	1	1
$250,000 to below $500,000	0	3
Below $250,000	4	1
Total	**5**	**5**

In aggregate, the total remuneration paid to the above top five key management personnel of the Group (who are not also directors or chief executive officer of the Company) is $1.45 million in the financial year ended 31 December 2014.

The Code recommends that the report should set out the names of at least the top five key management personnel (who are not also directors or chief executive officer of the Company) as well as full disclosure of the remuneration figures for each director, the chief executive officer and top five key management personnel. Given the competitive industry conditions, the Board, after weighing the advantages and disadvantages, feels that it is in the interests of the Company that the names of these top five key management personnel are not disclosed and the remuneration of the Group Chief Executive Officer/Executive Director, the Non-Executive Directors and the top five key management personnel be disclosed in bands of $250,000.

During the financial year ended 31 December 2014, there was no employee who was immediate family members of a director or the Group Chief Executive Officer and whose remuneration exceeds $50,000.

Currently, the Company does not have any employee share schemes.

ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY
Principle 10

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to the shareholders within 45 days of the reporting period while the full-year results are released to the shareholders within 60 days of the financial year-end. In presenting the financial reports, the Board aims to provide a balanced and understandable assessment of the Group's financial performance and prospects.

Management provides all the members of the Board with management accounts on the performance of the Group on a monthly basis.

RISK MANAGEMENT AND INTERNAL CONTROLS
Principle 11

The Audit Committee assists the Board in its oversight responsibility for internal controls and risk management of the Group. The Audit Committee reviews the adequacy and effectiveness of the risk management and internal control system that includes financial, operational, compliance and information technology controls established by management, with the assistance of the internal and external auditors. Any significant internal control weaknesses noted during their audits are highlighted to the Audit Committee and the internal auditors assist in monitoring that necessary actions are taken by management.

Management is responsible for maintaining a sound system of risk management and internal controls. Risk assessment and evaluation is an ongoing process which forms an integral part of the Group's business cycle. The Group has in general adopted a standard procedure in managing risks. This includes the identification and evaluation of priority risks and a monitoring mechanism to respond to changes within both the enterprise and the business environment. In order to ensure smooth running of the risk management process, key business objectives have been communicated by management to the heads of the various departments in the Group. The Group's operating units are aware of their responsibilities for the internal control systems and the role they play in ensuring that the financial results are properly stated in accordance with statutory requirements and the Group's policies. The Group has also conducted control self-assessment workshops or surveys for the various business units, functions or processes as part of the risk management and evaluation process to review the key risks of the Group and the internal controls in place to manage or mitigate those risks. A Group Risk Management Committee comprising the Group Chief Executive Officer and senior management staff was set up to oversee the enterprise-wide risk management of the Group's key risks.

The Board has received assurance from the Group Chief Executive Officer and Group Chief Financial Officer that, for the year under review:

(i) the Group's financial records have been properly maintained, and the financial statements give a true and fair view of the Group's operations and finances; and

(ii) the Group's risk management and internal control systems are effective and adequate in all material respects.

Based on the risk management framework and the system of internal controls established and maintained by the Group, information furnished to the Board, the internal and external audits conducted and the reviews performed by management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's system of risk management and internal controls addressing financial, operational, compliance and information technology risks currently maintained by management is adequate and effective to meet the Group's current business objectives.

The Board notes that all internal control systems contain its inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. Hence, the system of internal controls can only provide reasonable, but not absolute, assurance against material financial misstatement or loss.

AUDIT COMMITTEE

Principle 12

Composition of the Audit Committee

As at 31 December 2014, the Audit Committee comprises 3 members, all of whom are independent Non-Executive Directors:

Gabriel Teo Chen Thye	Chairman, Independent
Law Song Keng	Member, Independent
Manu Bhaskaran	Member, Independent

The Board is of the view that the members of the Audit Committee have the requisite experience and expertise to discharge the functions of the Audit Committee.

Authority and Duties of the Audit Committee

The Audit Committee functions under the terms of reference approved by the Board which sets out its duties and responsibilities. The role of the Audit Committee is mainly to oversee the adequacy and effectiveness of the overall internal control functions, the internal audit functions within the Group, the relationship of those functions to external audit, the scope of audit by the external auditor as well as their independence. The Audit Committee reviews the quarterly and annual announcements of the Group's financial results as well as the financial statements of the Group and the Company before they are submitted to the Board for approval. The Audit Committee also reviews interested person transactions (as defined in Chapter 9 of SGX-ST Listing Manual).

The Audit Committee is authorised to investigate any matters within its terms of reference, with full access to and co-operation by the management. The Audit Committee also has full discretion to invite any director or executive officer to attend its meetings and reasonable resources to carry out its functions.

In the course of the year, at Audit Committee meetings, the external auditor, KPMG LLP briefed the Audit Committee members on developments in accounting and governance standards as well as issues which have a direct impact on financial statements.

In performing its functions, the Audit Committee met with the internal and external auditors, without the presence of management, and reviewed the overall scope of both the internal and external audits, and the assistance given by management to the auditors.

Review of Independence of External Auditor

The Audit Committee also undertook the annual review of the independence of external auditors through discussions with the external auditors as well as reviewing all the non-audit services provided by the external auditors and the fees payable to them. The Audit Committee is satisfied that the non-audit services performed by them would not affect the independence of the external auditors and has recommended the re-appointment of the external auditors at the Company's forthcoming Annual General Meeting.

A breakdown of the fees of audit and non-audit services paid to the external auditors for the financial year ended 31 December 2014 is found in note 35 of the financial statements on page 109 of this Annual Report.

Whistleblowing Policy

The Company has in place a whistle-blowing framework whereby staff of the Group can have access to the Audit Committee Chairman, Group Chief Executive Officer, Head of Internal Audit, Head of Human Resource and Head of Compliance to raise concerns of any improprieties in confidence. The Audit Committee reviews this framework with an objective to ensure that arrangements are in place for independent investigation of such concerns raised and for appropriate follow-up action.

INTERNAL AUDIT
Principle 13

The Group has an in-house internal audit function that is independent of the activities it audits. The Internal Audit department was set up to ensure internal controls are adequate and to monitor the performance and effective application of the internal audit procedures with regards to these controls. In the course of their work, the internal auditors' activities are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The internal auditors have full access to the Group's documents, records and personnel necessary for their purpose of their duties.

The internal auditors report functionally to the Chairman of the Audit Committee on audit matters and to the Group Chief Executive Officer on administrative matters.

Adequacy of the Internal Audit Function

The Audit Committee ensures that the internal audit function has adequate resources, is staffed with persons with relevant qualification and expertise and has appropriate standing within the Group. The Audit Committee, on an annual basis, assesses the effectiveness of the internal auditors by examining:

(i) the scope of the internal auditors' work;

(ii) the quality of their reports;

(iii) the reporting lines of the internal auditors within the Group;

(iv) their relationship with the external auditors; and

(v) their independence of the areas reviewed.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

SHAREHOLDER RIGHTS
Principle 14

To facilitate shareholders' ownership rights, the Board ensures that all material information is disclosed on a comprehensive, accurate and timely basis.

All shareholders are entitled to attend the Annual General Meeting and are afforded the opportunity to raise relevant questions and to communicate their views in the Annual General Meeting. The Articles of Association allow a shareholder to attend and vote at the Annual General Meeting in person or by proxy. A shareholder may appoint one or two proxies to attend and vote in his place at general meetings of shareholders. The Company also allows holders of shares through nominee companies to attend the general meetings as observers, subject to availability of seats.

COMMUNICATION WITH SHAREHOLDERS
Principle 15

The Board strives for timeliness in its disclosures to shareholders and the public and it is the Board's policy to keep shareholders informed of material developments that would have an impact on the Company or the Group through announcements via SGXNET. In addition, the Group also uses other channels where appropriate for communication with the shareholders, such as press releases regularly updated corporate website, annual reports, analyst briefings and shareholders' meetings.

The Company also notifies shareholders in advance of the date of release of its financial results through announcements via SGXNET and posting them on the corporate website. After the announcement of its financial results, briefings are held by management for analysts.

The latest Annual Reports, financial results and company announcements are posted on the corporate website following the release to the market. The corporate website has a clearly dedicated "Investor Relations" link, which enables shareholders to raise their queries or concerns.

CONDUCT OF SHAREHOLDER MEETINGS
Principle 16

Shareholders are informed of shareholdings' meetings through published notices and reports or circulars sent to all shareholders. The Annual General Meeting procedures provide shareholders the opportunity to raise relevant questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage and openly communicate their views on matters relating to the Group to the directors and the external auditors.

Other methods of voting in absentia as recommended by the Code are not made available at the moment. Voting in absentia may only be possible after careful study to ensure that the integrity of the information and authentication of identity of shareholders through the web are not compromised.

Chairpersons of the Audit Committee and the Executive Resource and Compensation Committee and the external auditors attend Annual General Meetings to address any questions which may be raised by the shareholders at such meetings.

Minutes of shareholder meetings are available upon request in writing by shareholders. The Company ensures that there are separate resolutions at general meetings on each substantial separate issue and avoids "bundling" separate resolutions.

The Company plans to conduct voting by poll for all the resolutions at general meetings when the new Rule 730A(2) of the SGX-ST Listing Manual comes into effect on 1 August 2015.

CODE ON DEALINGS IN SECURITIES

The Company has issued a Code on Dealings in IFS Securities (the "Internal Code") to directors and key employees (including employees with access to price-sensitive information in relation to the Company's shares) of the Company, setting out a code of conduct on dealings in the Company's shares by these persons in line with the best practices set out in Rule 1207(19) of the SGX-ST Listing Manual. The guidelines under the Internal Code, inter alia, provide that officers (i) should not deal in the Company's shares on short-term considerations; and (ii) should not deal in the Company's shares during the period commencing two weeks before the release of the Company's results for the first three quarters and one month before the announcement of the Company's full-year financial results, and ending on the date of announcement.

Details of the directors' academic and professional qualifications, appointment dates on the Board and other appointments:

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	Other Key Information
Lim Hua Min	• Bachelor of Science (Honours), University of Surrey, England (1968) • Master of Science, Imperial College, London University (1969)	(a) 20.05.2003 (b) 22.04.2013	**Present Directorships in Other Listed Companies:** • Director, Walker Crips Group plc. (UK) • Director, Walker Crips Stockbrokers Limited (UK) **Other Principal Commitments:** *Directorships in other companies* • Executive Chairman, Phillip Group of Companies • Director, Phillip Bank Plc (Cambodia) • Director, ECICS Limited *Other major appointments (other than directorships)* Nil **Past Directorships in other listed companies held over the preceding 3 years:** Nil

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	Other Key Information
Gabriel Teo Chen Thye	• Bachelor of Business Administration, University of Singapore (1975) • Masters in Business Administration, Cranfield School of Management (UK) (1980)	(a) 02.11.1999 (b) 17.04.2014	**Present Directorships in Other Listed Companies:** • Director, Sunningdale Tech Ltd **Other Principal Commitments:** *Directorships in other companies* • Director, Tenet Sompo Insurance Pte Ltd • Chairman, One Marina Property Services Pte Ltd • Managing Director, Gabriel Teo & Associates Pte Ltd *Other major appointments (other than directorships)* • Member, Board of Governors, St Gabriel's Foundation • Chairman, School Management Committee, Assumption Pathway School **Past Directorships in other listed companies held over the preceding 3 years:** Nil

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	Other Key Information
Law Song Keng	- Bachelor of Science, (Maths, First Class Honours), University of Singapore (1968) - Master of Science (Actuarial Science), Northeastern University, USA (1970) - Fellowship of Society of Actuaries, USA (1978)	(a) 31.01.2011 (b) 17.04.2014	**Present Directorships in Other Listed Companies:** ◆ Director, Great Eastern Holdings Ltd **Other Principal Commitments:** *Directorships in other companies* ◆ Chairman, Asia Capital Reinsurance Group Pte Ltd ◆ Chairman, Frasers Hospitality Asset Management Pte Ltd ◆ Chairman, Frasers Hospitality Trust Management Pte Ltd ◆ Director, ECICS Limited ◆ Director, Concord Insurance Company Limited *Other major appointments (other than directorships)* Nil **Past Directorships in other listed companies held over the preceding 3 years:** Nil

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	Other Key Information
Manu Bhaskaran	• Bachelor of Arts (Honours), Magdalene College, Cambridge University (1980) • Masters in Public Administration, John F Kennedy School of Government, Harvard University (1987) • Chartered Financial Analyst (1992)	(a) 26.02.2004 (previously director of IFS from 26.06.2002 to 20.05.2003) (b) 20.04.2012	**Present Directorships in Other Listed Companies:** Nil **Other Principal Commitments:** *Directorships in other companies* • Director, Aspen Networks Inc • Director and Chief Executive Officer, Centennial Asia Advisors Pte Ltd • Director, Centennial Group Holdings • Director, Luminor Capital Pte Ltd • Director, MinorCap Pte Ltd and Shining Star Solutions and Services Private Limited • Director, Jebsen & Jessen (SEA) Pte Ltd *Other major appointments (other than directorships)* • Partner and Head of Economic Research, Centennial Group Inc • Council Member, Singapore Institute of International Affairs • Vice President, Economic Society of Singapore • Senior Adjunct Fellow, Institute of Policies Studies **Past Directorships in other listed companies held over the preceding 3 years:** Nil

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	Other Key Information
Lee Soon Kie	- Bachelor of Arts, National University of Singapore (1983) - Master of Science, University of Wales, Aberystwyth, UK (2002)	(a) 21.03.2003 (b) 20.04.2012	**Present Directorships in Other Listed Companies:** ◆ Chairman, IFS Capital (Thailand) Public Company Limited **Other Principal Commitments:** *Directorships in other companies* ◆ Director, ECICS Limited ◆ Director, Phillip Bank Plc (Cambodia) *Other major appointments (other than directorships)* Nil **Past Directorships in other listed companies held over the preceding 3 years:** Nil

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	Other Key Information
Kwah Thiam Hock	- Bachelor of Accountancy, University of Singapore (1973) - Fellow, Certified Public Accountant, Institute of Singapore Chartered Accountants - Fellow, Certified Public Accountant, Australian Society of Accountants - Fellow, Association of Chartered Certified Accountants (UK)	(a) 04.05.1987 (b) 22.04.2013	**Present Directorships in Other Listed Companies:** ◆ Director, Select Group Limited ◆ Director, Wilmar International Limited ◆ Director, Excelpoint Technology Limited ◆ Director, Teho International Inc Ltd **Other Principal Commitments:** *Directorships in other companies* ◆ Director, ECICS Limited *Other major appointments (other than directorships)* Nil **Past Directorships in other listed companies held over the preceding 3 years:** Nil

Financial Report

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

Directors

The directors in office at the date of this report are as follows:

- Lim Hua Min
- Gabriel Teo Chen Thye
- Manu Bhaskaran
- Law Song Keng
- Kwah Thiam Hock
- Lee Soon Kie

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 ("the Act"), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Lim Hua Min		
IFS Capital Limited		
- ordinary shares		
- deemed interests	60,761,657	61,326,657
Lee Soon Kie		
IFS Capital Limited		
- ordinary shares		
- interest held	1,386,900	1,386,900
IFS Capital (Thailand) Public Company Limited	400,000	400,000
IFS Factors (Malaysia) Sdn. Bhd.	1	1
Kwah Thiam Hock		
IFS Capital Limited		
- ordinary shares		
- interest held	508,200	508,200

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or at date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2015.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for the salaries, bonuses and fees and those benefits that are disclosed in this report and in notes 35 and 39 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Audit Committee

The members of the Audit Committee during the year and at the date of this report comprise the following Non-Executive Directors:

Gabriel Teo Chen Thye (Chairman)	Independent
Manu Bhaskaran	Independent
Law Song Keng	Independent

The Audit Committee performs the functions specified in Section 201B of the Singapore Companies Act, the SGX-ST Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing the audit firm for the Group, the Audit Committee is satisfied that the Company has complied with the Rules 712, 715 and 716 of the SGX-ST Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Lee Soon Kie
Director

Kwah Thiam Hock
Director

Singapore
6 March 2015

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 47 to 145 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors

Lee Soon Kie
Director

Kwah Thiam Hock
Director

Singapore
6 March 2015

Independent Auditors' Report

Members of the Company
IFS Capital Limited

Report on the financial statements

We have audited the accompanying financial statements of IFS Capital Limited ("the Company") and its subsidiaries ("the Group"), which comprise the statement of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 145.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 March 2015

Statement of Financial Position
As at 31 December 2014

	Note	Group		Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current assets					
Property, plant and equipment	4	**17,231**	17,639	**15,111**	15,685
Intangible assets	5	**642**	348	**184**	176
Subsidiaries	6	**-**	-	**75,845**	67,703
Other investments	7	**48,704**	31,288	**7,000**	7,906
Loans, advances, hire purchase and leasing receivables	8	**48,785**	50,971	**40,483**	36,212
Deferred tax assets	10	**6,832**	4,558	**230**	36
		122,194	104,804	**138,853**	127,718
Current assets					
Reinsurers' share of insurance contract provisions	11	**19,110**	12,789	**-**	-
Insurance receivables	12	**1,052**	1,192	**-**	-
Trade and other receivables	13	**212,745**	206,505	**107,246**	93,127
Other investments	7	**24,794**	11,688	**-**	2,354
Derivative financial assets	16	**190**	580	**190**	580
Cash and cash equivalents	17	**24,013**	62,142	**7,510**	8,828
Assets held for sale	18	**167**	-	**-**	-
		282,071	294,896	**114,946**	104,889
Total assets		**404,265**	399,700	**253,799**	232,607
Equity					
Share capital	20	**88,032**	88,032	**88,032**	88,032
Other reserves	21	**(3,599)**	(7,523)	**863**	1,485
Accumulated profits		**36,148**	47,047	**27,585**	22,445
Equity attributable to owners of the Company		**120,581**	127,556	**116,480**	111,962
Non-controlling interests	22	**11,221**	10,078	**-**	-
Total equity		**131,802**	137,634	**116,480**	111,962
Non-current liabilities					
Interest-bearing borrowings	23	**46,683**	33,591	**35,610**	25,672
Employee benefits	24	**931**	763	**-**	-
Deferred tax liabilities	10	**-**	29	**-**	-
		47,614	34,383	**35,610**	25,672
Current liabilities					
Trade and other payables	25	**8,275**	11,091	**5,068**	7,491
Insurance payables	27	**2,418**	3,145	**-**	-
Interest-bearing borrowings	23	**182,419**	190,639	**96,173**	86,779
Insurance contract provisions for					
- gross unexpired risks	11	**13,512**	15,898	**-**	-
- gross insurance claims	11	**16,905**	4,875	**-**	-
Current tax payable		**1,320**	2,035	**468**	703
		224,849	227,683	**101,709**	94,973
Total liabilities		**272,463**	262,066	**137,319**	120,645
Total equity and liabilities		**404,265**	399,700	**253,799**	232,607

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Interest income	28	**24,607**	27,613
Interest expense	29	**(6,068)**	(6,848)
Net interest income		**18,539**	20,765
Gross written premiums		**8,032**	12,604
Change in gross provision for unexpired risks	11	**2,386**	(4,034)
Gross earned premium revenue		**10,418**	8,570
Written premiums ceded to reinsurers		**(4,522)**	(7,485)
Reinsurers' share of change in provision for unexpired risks	11	**(2,016)**	1,834
Reinsured premium expense		**(6,538)**	(5,651)
Net earned premium revenue	30	**3,880**	2,919
Fee and commission income	31	**8,694**	10,404
Investment income	32	**2,998**	3,295
Other income	33	**495**	727
Non-interest income		**12,187**	14,426
Income before operating expenses		**34,606**	38,110
Business development expenses		**(796)**	(795)
Commission expenses		**(640)**	(829)
Staff costs		**(13,109)**	(11,902)
General and administrative expenses		**(6,690)**	(6,667)
Operating expenses		**(21,235)**	(20,193)
Change in provision for insurance claims		**(12,030)**	(2,318)
Reinsurers' share of change in provision for insurance claims		**8,337**	1,843
Gross claims paid	11	**(4,735)**	(1,369)
Reinsurers' share of claims paid	11	**3,252**	911
Net claims incurred	30	**(5,176)**	(933)
Operating profit before allowances		**8,195**	16,984
Allowances for loan losses and impairment of investments	34	**(15,802)**	(21,175)
Loss before tax	35	**(7,607)**	(4,191)
Tax credit	36	**1,280**	803
Loss for the year		**(6,327)**	(3,388)
(Loss)/profit attributable to:			
Owners of the Company		**(7,694)**	(4,840)
Non-controlling interests		**1,367**	1,452
Loss for the year		**(6,327)**	(3,388)
Loss per share			
Basic loss per share (cents)	37	**(5.1)**	(3.2)
Diluted loss per share (cents)	37	**(5.1)**	(3.2)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Loss for the year		**(6,327)**	(3,388)
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Defined benefit plan remeasurements	24	**-**	204
Tax on items that will not be reclassified to profit or loss		**-**	(41)
		-	163
Items that are or may be reclassified subsequently to profit or loss			
Net change in fair value of available-for-sale financial assets		**2,725**	(124)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss due to:			
- impairment of available-for-sale financial assets	34	**986**	1,485
- disposal of available-for-sale financial assets		**(1,067)**	(2,010)
		(81)	(525)
Foreign currency translation differences of foreign operations		**1,968**	(4,272)
Tax on other comprehensive income	36	**(449)**	110
		4,163	(4,811)
Other comprehensive income for the year, net of tax		**4,163**	(4,648)
Total comprehensive income for the year		**(2,164)**	(8,036)
Attributable to :			
Owners of the Company		**(3,967)**	(9,185)
Non-controlling interests		**1,803**	1,149
Total comprehensive income for the year		**(2,164)**	(8,036)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Note	Attributable to owners of the Company							
		Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2014		88,032	(236)	1,507	(8,794)	47,047	127,556	10,078	137,634
Total comprehensive income for the year									
(Loss)/profit for the year		-	-	-	-	(7,694)	(7,694)	1,367	(6,327)
Other comprehensive income									
Foreign currency translation differences		-	-	-	1,532	-	1,532	436	1,968
Net change in fair value of available-for-sale financial assets		-	-	2,725	-	-	2,725	-	2,725
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	-	(81)	-	-	(81)	-	(81)
Tax on other comprehensive income		-	-	(449)	-	-	(449)	-	(449)
Total other comprehensive income		-	-	2,195	1,532	-	3,727	436	4,163
Total comprehensive income for the year		-	-	2,195	1,532	(7,694)	(3,967)	1,803	(2,164)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Capitalisation of statutory legal reserves of a subsidiary		-	197	-	-	(197)	-	-	-
Dividends to owners of the Company	21	-	-	-	-	(3,008)	(3,008)	-	(3,008)
Total contributions by and distributions to owners		-	197	-	-	(3,205)	(3,008)	-	(3,008)

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

Attributable to owners of the Company (cont'd)

	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Changes in ownership interests in subsidiaries									
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	-	(660)	(660)
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	(660)	(660)
Total transactions with owners		-	197	-	-	(3,205)	(3,008)	(660)	(3,668)
At 31 December 2014		88,032	(39)	3,702	(7,262)	36,148	120,581	11,221	131,802

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

		Attributable to owners of the Company							
	Note	**Share capital $'000**	**Capital reserve $'000**	**Fair value reserve $'000**	**Translation reserve $'000**	**Accumulated profits $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
At 1 January 2013		88,032	(422)	2,046	(4,869)	54,962	139,749	9,564	149,313
Total comprehensive income for the year									
(Loss)/profit for the year		-	-	-	-	(4,840)	(4,840)	1,452	(3,388)
Other comprehensive income									
Foreign currency translation differences		-	-	-	(3,925)	-	(3,925)	(347)	(4,272)
Net change in fair value of available-for-sale financial assets		-	-	(124)	-	-	(124)	-	(124)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss		-	-	(525)	-	-	(525)	-	(525)
Defined benefit plan remeasurements		-	-	-	-	119	119	44	163
Tax on other comprehensive income		-	-	110	-	-	110	-	110
Total other comprehensive income		-	-	(539)	(3,925)	119	(4,345)	(303)	(4,648)
Total comprehensive income for the year		-	-	(539)	(3,925)	(4,721)	(9,185)	1,149	(8,036)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Capitalisation of statutory legal reserves of a subsidiary		-	186	-	-	(186)	-	-	-
Dividends to owners of the Company	21	-	-	-	-	(3,008)	(3,008)	-	(3,008)
Total contributions by and distributions to owners		-	186	-	-	(3,194)	(3,008)	-	(3,008)

The accompanying notes form an integral part of these financial statements.

Attributable to owners of the Company (cont'd)

	Note	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Changes in ownership interests in subsidiaries									
Dividends paid by a subsidiary company to non-controlling interests		-	-	-	-	-	-	(635)	(635)
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	(635)	(635)
Total transactions with owners		-	186	-	-	(3,194)	(3,008)	(635)	(3,643)
At 31 December 2013		88,032	(236)	1,507	(8,794)	47,047	127,556	10,078	137,634

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Loss for the year		**(6,327)**	(3,388)
Adjustments for:			
Amortisation of			
- intangible assets	5	**315**	447
- held-to-maturity securities	32	**33**	(19)
Net foreign exchange loss/(gain)		**34**	(518)
Depreciation of property, plant and equipment	4	**987**	993
Fixed assets written off		**20**	-
Gain on disposal of equity securities	32	**(452)**	(1,797)
Gain on early redemption on held-to-maturity debt securities	32	**(32)**	-
Gain on partial redemption of convertible loans	32	**(1,067)**	(525)
Gain on disposal of property, plant and equipment	33	**-**	(16)
Net change in fair value of financial assets at fair value through profit or loss	32	**250**	68
Allowance for impairment of investments	34	**986**	1,485
(Reversal of)/provision for, net of reinsurers' share			
- unexpired risks	11	**(370)**	2,200
- insurance claims		**3,693**	475
Interest income	28	**(24,607)**	(27,613)
Interest income from investments and fixed deposits	32	**(1,152)**	(936)
Dividend income from investments	32	**(517)**	(86)
Interest expense	29	**6,068**	6,848
Tax credit	36	**(1,280)**	(803)
Operating cashflows before changes in working capital		**(23,418)**	(23,185)
Changes in working capital:			
Factoring receivables		**9,226**	(3,646)
Factoring amounts due to clients		**(1,100)**	85
Loans, advances, hire purchase and leasing receivables		**(8,255)**	39,345
Assets held for sale		**(167)**	-
Insurance and other receivables		**1,107**	1,636
Trade, other and insurance payables		**(2,450)**	98
Cash (used in)/from operations		**(25,057)**	14,333
Interest received		**25,580**	28,666
Interest paid		**(6,025)**	(6,728)
Taxes paid, net		**(2,584)**	(3,154)
Tax refund		**-**	282
Net cash (used in)/from operating activities		**(8,086)**	33,399

The accompanying notes form an integral part of these financial statements.

	Note	2014 $'000	2013 $'000
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**7**	34
Purchase of property, plant and equipment		**(561)**	(144)
Purchase of intangible assets		**(609)**	(116)
Purchase of investments		**(42,951)**	(23,035)
Proceeds from disposal of investments		**15,806**	24,808
Dividends received from investments		**517**	86
Net cash (used in)/from investing activities		**(27,791)**	1,633
Cash flows from financing activities			
Dividends paid to owners of the Company		**(3,008)**	(3,008)
Dividends paid to non-controlling interests		**(660)**	(635)
(Proceeds from)/repayments of interest-bearing borrowings		**893**	(21,679)
Net cash used in financing activities		**(2,775)**	(25,322)
Net (decrease)/increase in cash and cash equivalents		**(38,652)**	9,710
Cash and cash equivalents at beginning of year		**62,142**	53,356
Effect of exchange rate fluctuations on cash held		**523**	(924)
Cash and cash equivalents at end of year	17	**24,013**	62,142

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 6 March 2015.

1. Domicile and activities

IFS Capital Limited ("the Company") is a company incorporated in Singapore and has its registered office at 7 Temasek Boulevard #10-01, Suntec Tower One, Singapore 038987.

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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 based financing and the provision of alternative and structured financial solutions offered to clients to address either equity or debt capital requirements. The principal activities of the subsidiaries are detailed in note 6 below.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

The assets and liabilities of the Group which relate to the insurance business carried on in Singapore are subject to the requirements of the Insurance Act, Chapter 142 (Insurance Act). Such assets and liabilities are accounted for in the books of the insurance funds established under the Insurance Act. The net assets of the Group held in the insurance funds must be sufficient to meet the solvency requirements stipulated in Section 18 of the Insurance Act at all times. Assets held in the insurance funds may be withdrawn only if the withdrawal meets the requirements stipulated in Section 17 and the Group continues to be able to meet the solvency requirements of Section 18 of the Insurance Act.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value as described in the notes below.

2.3 Functional and presentation currency

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.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. **Basis of preparation** (cont'd)

2.4 **Use of estimates and judgements** (cont'd)

Information about critical judgements, assumptions and estimation in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and may have a significant risk of resulting in a material adjustment within the next financial year are included in note 41.

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. This includes a valuation team that has an overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Chief Executive Officer. The valuation team reviews significant unobservable inputs and valuation adjustments on a 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 market observable 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 in 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 might be categorised in 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.

Further information about the assumptions made in measuring fair values is included in notes 40 and 41.

2.5 **Changes in accounting policies**

(i) Subsidiaries

As a result of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The Group has evaluated its involvement with investees under the new control model. Based on its assessment, the Group has concluded that there is no impact to the Group's classification in subsidiaries.

2. Basis of preparation (cont'd)

2.5 Changes in accounting policies (cont'd)

(ii) Disclosure of interests in other entities

From 1 January 2014, as a result of FRS 112 *Disclosure of Interests in Other Entities*, the Group has expanded its disclosures about its interests in subsidiaries (see note 22).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements, and have been applied consistently by the Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Where share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

3. Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3. Significant accounting policies (cont'd)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Singapore dollars at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to Singapore dollars at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3. Significant accounting policies (cont'd)

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available-for-sale.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, insurance and trade and other receivables.

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities and debt securities.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. Financial liabilities for contingent consideration payable in a business combination are recognised at the acquisition date. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in the profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise interest-bearing borrowings, bank overdrafts, insurance, trade and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3. **Significant accounting policies** (cont'd)

3.3 **Financial instruments** (cont'd)

Derivative financial instruments

The Group used derivative financial instruments to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. These derivative financial instruments are only used for hedging an underlying risk. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Derivative financial asset

The derivative financial asset is measured at fair value and changes therein are recognised in profit or loss.

Separable embedded derivatives

Changes in the fair value of separated embedded derivatives are recognised immediately in profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

Offsetting of financial instalments

There are no financial assets and liabilities that are offset in the Group and the Company's statement of financial position or are subject to enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3.4 **Property, plant and equipment**

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

3. Significant accounting policies (cont'd)

3.4 Property, plant and equipment (cont'd)

Recognition and measurement (cont'd)

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined as the difference between the net proceeds from disposal with the carrying amount of the item, and is recognised net within other income in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if the component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:-

◆ Leasehold land	99 years
◆ Leasehold building	30 years
◆ Freehold residential properties	50 years
◆ Freehold building	40 years
◆ Renovations	4 years
◆ Office equipment, furniture and fittings	2 to 6 years
◆ Computer equipment	3 to 5 years
◆ Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1 (i).

3. Significant accounting policies (cont'd)

3.5 Intangible assets and goodwill (cont'd)

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Membership rights

Corporate club membership is stated at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line and reducing balance basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

- computer software 3 to 5 years
- customer lists 5 years
- copyrights 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

3. Significant accounting policies (cont'd)

3.7 Impairment (cont'd)

Non-derivative financial assets (cont'd)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

3. **Significant accounting policies** (cont'd)

3.7 **Impairment** (cont'd)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 **Classification of insurance contracts**

Contracts under which the Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary are classified as insurance contracts. Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract, it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

3. Significant accounting policies (cont'd)

3.8 Classification of insurance contracts (cont'd)

Credit insurance and political risk insurance

The Group provides credit insurance against non-payment risks arising from commercial and political events. Commercial events may be due to protracted default in payments or insolvency of the buyer. Political events are defined as external factors beyond the control of both the policyholder and the buyer that lead to the buyer not being able to make payments to the policyholders. Political events are for example the occurrence of war or other disturbances in the buyer's country affecting the settlement of debt, transfer payment delays due to the imposition of foreign exchange controls, or the cancellation or imposition of import licence in the buyer's country.

The Group issues short-term comprehensive contracts where the period of coverage is usually a year or less. These policies are typically purchased by exporters who are based mainly in Singapore. The Group also issues specific policies for medium and long term credit period.

Bond and guarantee insurance contracts

Risks covered under the guarantee business are related to the client's performance capabilities to meet the requirements of projects or contracts, for which the Group issues bonds and guarantees on behalf of the clients.

The major classes of bonds and guarantees issued include Performance Bond, Advance Payment Bond, Contract Tender Bond/Bid Bond, Qualifying Certificate Bond, Customs Bond, Foreign Worker Bond, Tenancy/Rental Bond and Account Payment Bond.

The Group also provides financial guarantees guaranteeing the payment obligations of our clients under a loan agreement, bond or any debt instrument.

Maid insurance

The Group provides coverage for domestic maids against personal accidents, hospitalisation and surgical expenses and issuance of security bond to Ministry of Manpower of Singapore.

Contractors' all risks insurance

Risks covered under the contractors' all risks business are related to accidental losses or damages to property in the course of their construction. The coverage also includes indemnity towards liability to third party whose property might be damaged or bodily injury sustained as a result of the construction works.

Work injury compensation insurance

The work injury compensation insurance policy is a compulsory insurance by virtue of the Work Injury Compensation Act Cap 354 whereby it provides compensation to workers or their dependents for specified occupational diseases, personal injuries or deaths caused by accidents arising out of and in the course of employment. In addition, the policy also covers the employers' liability under the common law to his workers, due to negligence leading to accident and resulting in injury and death.

3. Significant accounting policies (cont'd)

3.9 Recognition and measurement of insurance contracts

Premiums and provision for unexpired risks

Gross written premiums are disclosed gross of commission payable to intermediaries (brokers) and exclude taxes and levies based on premiums. Premiums written do not include an estimate for pipeline premiums.

For short-term comprehensive credit insurance contracts, premiums are recognised when minimum premium is invoiced. A minimum premium is received from the policyholder upfront at the commencement of the cover. This minimum premium is determined using premium rates which are adjusted according to the level of credit risk exposure to buyers. At expiry of the policy contract, the Company will assess the premium on total declared sales and invoice any excess premium and recognised it as revenue.

For bonds and guarantees, maid insurance contracts, contractors' all risks and work injury compensation insurance, premiums are recognised upon inception of risk.

The provision for unexpired risks includes unearned premiums calculated at a flat rate of 25% on the net written premiums for short-term credit insurance policies, and on a daily pro rata basis over the policy period for maid insurance and bonds and guarantees, contractors' all risks and work injury compensation insurance policies. An additional provision for unexpired risks is made where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the reporting date exceeds the unearned premiums in relation to such policies. The provision for unexpired risks is calculated separately by reference to classes of business which are managed together.

Fees and other charges to policyholders

Administration fees are charged to policyholders for the cost of processing and issuing bonds and guarantees. These are recognised in profit or loss immediately.

Claims incurred and provision for insurance claims

Claims incurred comprise claims paid during the financial year, net of subrogation recoveries, and changes in the provision for outstanding claims.

Provision for insurance claims comprises provisions for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses and a provision for adverse deviation ("PAD"). Provision for insurance claims is assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provision for insurance claims is discounted where there is a particularly long period from incident to claims settlement and where there exists a suitable claims pattern from which to calculate the discount.

Whilst the management considers that the gross provision for claims and the related reinsurance recoveries are fairly stated on the basis of the information currently available to them, the ultimate liability will vary as a result of subsequent information and events and may result in significant adjustments to the amounts provided. Adjustments to the amounts of claims provisions established in prior years are reflected in the financial statements for the period in which the adjustments are made. The methods used, and the estimates made, are reviewed annually.

3. Significant accounting policies (cont'd)

3.9 Recognition and measurement of insurance contracts (cont'd)

Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net losses. Reinsurance arrangements do not relieve the Group from its direct obligations to its policyholders.

Reinsurance premium expense, reinsurers' share of claims incurred and reinsurance commission income are presented in profit or loss and statement of financial position on a gross basis.

Reinsurance assets comprise reinsurers' share of insurance contract provisions and balances due from reinsurance companies. The amounts recognised as reinsurers' share of insurance contract provisions are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts. Balances due from reinsurance companies in respect of claims paid are included within insurance receivables on the statement of financial position.

Reinsurance assets are assessed for impairment at each reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

Commission expense

Commission expenses are fees paid to intermediaries (brokers) upon acquiring new and renewal of insurance business.

For short term comprehensive credit insurance contracts, maid insurance and bonds and guarantees, commission expenses are not amortised on a pro-rata basis over the period of the contracts.

For credit insurance contracts under which advance premium is received upfront but only earned upon achieving the pre-set minimum insured volume, the upfront commission expense paid is deferred and amortised on a pro rata basis over the period of the contracts.

Commission income

Commission income comprises reinsurance and profit commissions received or receivable which do not require the Group to render further service. Commission income is not deferred and amortised on a pro-rata basis over the period of the contracts but is recognised in full on the effective commencement or renewal dates of the policies.

Claim recoveries

Claim recoveries represent actual subrogation recoveries received from policyholders during the year.

Insurance receivables and payables

Insurance receivables and insurance payables are recognised when due. These include amounts due to and from insurance and reinsurance contract holders. They are measured on initial recognition at the fair value of the consideration receivables or payable. Subsequent to initial recognition, receivables and payables are measured at amortised cost, using the effective interest rate method. Insurance receivables and insurance payables are derecognised based on the same derecognition criteria as financial assets and liabilities respectively, as described in note 3.3.

3. Significant accounting policies (cont'd)

3.9 Recognition and measurement of insurance contracts (cont'd)

Insurance receivables and payables (cont'd)

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable. If there is objective evidence that the insurance receivable is impaired, the Group reduces the carrying amount of the insurance receivable and recognises that impairment loss in the profit or loss. The Group gathers the objective evidence that an insurance receivable is impaired using the same process adopted for loans and receivables. The impairment loss is calculated under the same method used for these financial assets, as described in note 3.7.

Liability adequacy test

The liability of the Group under insurance contracts is tested for adequacy by comparing the expected future contractual cash flows with the carrying amount of the insurance contract provisions for gross unexpired risks and gross insurance claims. Where an expected shortfall is identified, additional provisions are made for unexpired risks or insurance claims and the deficiency is recognised in profit or loss.

3.10 Employee benefits

Defined contributions plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to statutory defined contribution pension plan are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset).

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements from defined benefit plan comprise actuarial gains and losses. The Group recognises them immediately in other comprehensive income and all expenses related to defined benefit plans in employee benefits expense in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

3. Significant accounting policies (cont'd)

3.10 Employee benefits (cont'd)

Defined benefit plans (cont'd)

The Group recognises gains and losses on the settlement of a detailed benefit plan when the settlement occurs. The gain or loss on settlement is the difference between the present value of the defined benefit obligation being settled as determined on the date of settlement and the settlement price, including any plan assets transferred and any payments made directly by the Group in connection with the settlement.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.11 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Finance income and finance cost

Finance income comprises interest income, dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, that are recognised in profit or loss and reclassifications of net gains previously recognised in other comprehensive income.

Interest income

Interest income on loans, advances, hire purchase, leasing receivables and factoring accounts is recognised in profit or loss on an accrual basis, taking into account the effective yield of the assets.

Interest income from debt securities and bank deposits

Interest income from debt securities and bank deposits are recognised as it accrues in profit or loss using the effective interest method.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive income is established, which in the case of quoted securities is the ex-dividend date.

Finance costs

Finance costs comprise interest expense on borrowings and are recognised in profit or loss at amortised cost using the effective interest method.

3. Significant accounting policies (cont'd)

3.13 Revenue recognition

Fee and commission income

Fee and commission income are recognised in profit or loss on an accrual basis.

Management fees

Management fees are recognised on an accrual basis.

Insurance contracts

Revenue recognition from insurance contracts is explained in note 3.9.

3.14 Government grants

Cash grants received from the government in relation to the SME Cash Grant are recognised in profit or loss upon receipt.

3.15 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement contains the right to use the asset(s).

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

3. Significant accounting policies (cont'd)

3.16 Tax (cont'd)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Deposits relating to collateral of clients

Deposits relating to collateral of the Group's insurance subsidiary's clients are held in a fiduciary capacity on behalf of the Group's clients and are excluded from the financial statements.

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3. Significant accounting policies (cont'd)

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segment's operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.20 New standards and interpretations not adopted

A number of new standards, amendments to the standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except for FRS 109 . The Group does not plan to adopt these standards early. The management is assessing the potential impact on its consolidated financial statements resulting from its application of FRS 109.

4. Property, plant and equipment

	Leasehold land $'000	Leasehold building $'000	Freehold residential properties $'000	Freehold land & building $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group									
Cost									
At 1 January 2014	12,822	10,510	183	2,377	787	2,150	1,808	485	31,122
Additions	-	-	-	-	219	51	157	134	561
Disposals	-	-	-	-	-	(23)	(169)	(22)	(214)
Write-off	-	-	-	-	(68)	(45)	(4)	-	(117)
Effect of movements in exchange rates	-	-	-	66	1	52	24	9	152
At 31 December 2014	12,822	10,510	183	2,443	939	2,185	1,816	606	31,504
Accumulated depreciation									
At 1 January 2014	2,448	5,547	104	869	755	1,959	1,531	270	13,483
Depreciation for the year	140	397	3	69	53	122	108	95	987
Disposals	-	-	-	-	-	(17)	(169)	(22)	(208)
Write-off	-	-	-	-	(50)	(44)	(3)	-	(97)
Effect of movements in exchange rates	-	-	-	31	(1)	50	23	5	108
At 31 December 2014	2,588	5,944	107	969	757	2,070	1,490	348	14,273
Carrying amounts									
At 31 December 2014	10,234	4,566	76	1,474	182	115	326	258	17,231

4. Property, plant and equipment (cont'd)

	Leasehold land $'000	Leasehold building $'000	Freehold residential properties $'000	Freehold land & building $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group									
Cost									
At 1 January 2013	12,822	10,510	183	2,432	777	2,253	1,877	630	31,484
Additions	-	-	-	-	12	14	118	-	144
Disposals	-	-	-	-	-	(22)	(71)	(87)	(180)
Write-off	-	-	-	-	-	(22)	(75)	-	(97)
Effect of movements in exchange rates	-	-	-	(55)	(2)	(73)	(41)	(58)	(229)
At 31 December 2013	12,822	10,510	183	2,377	787	2,150	1,808	485	31,122
Accumulated depreciation									
At 1 January 2013	2,308	5,150	101	825	734	1,928	1,587	279	12,912
Depreciation for the year	140	397	3	70	23	142	129	89	993
Disposals	-	-	-	-	-	(22)	(71)	(67)	(160)
Write-off	-	-	-	-	-	(22)	(74)	-	(96)
Effect of movements in exchange rates	-	-	-	(26)	(2)	(67)	(40)	(31)	(166)
At 31 December 2013	2,448	5,547	104	869	755	1,959	1,531	270	13,483
Carrying amounts									
At 1 January 2013	10,514	5,360	82	1,607	43	325	290	351	18,572
At 31 December 2013	10,374	4,963	79	1,508	32	191	277	215	17,639

4. Property, plant and equipment (cont'd)

	Leasehold land $'000	Leasehold building $'000	Freehold residential properties $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Company								
Cost								
At 1 January 2014	12,822	10,510	183	619	1,070	621	17	25,842
Additions	-	-	-	-	2	53	-	55
Disposals	-	-	-	-	(2)	(165)	-	(167)
Write-off	-	-	-	-	(3)	-	-	(3)
At 31 December 2014	12,822	10,510	183	619	1,067	509	17	25,727
Accumulated depreciation								
At 1 January 2014	2,448	5,547	104	613	1,025	416	4	10,157
Depreciation for the year	140	397	3	2	15	68	4	629
Disposals	-	-	-	-	(2)	(165)	-	(167)
Write-off	-	-	-	-	(3)	-	-	(3)
At 31 December 2014	2,588	5,944	107	615	1,035	319	8	10,616
Carrying amounts								
At 31 December 2014	10,234	4,566	76	4	32	190	9	15,111

4. Property, plant and equipment (cont'd)

	Leasehold land $'000	Leasehold building $'000	Freehold residential properties $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Company								
Cost								
At 1 January 2013	12,822	10,510	183	619	1,065	629	17	25,845
Additions	-	-	-	-	7	101	-	108
Disposals	-	-	-	-	-	(45)	-	(45)
Write-off	-	-	-	-	(2)	(64)	-	(66)
At 31 December 2013	12,822	10,510	183	619	1,070	621	17	25,842
Accumulated depreciation								
At 1 January 2013	2,308	5,150	101	611	1,007	465	1	9,643
Depreciation for the year	140	397	3	2	20	59	3	624
Disposals	-	-	-	-	-	(45)	-	(45)
Write-off	-	-	-	-	(2)	(63)	-	(65)
At 31 December 2013	2,448	5,547	104	613	1,025	416	4	10,157
Carrying amounts								
At 1 January 2013	10,514	5,360	82	8	58	164	16	16,202
At 31 December 2013	10,374	4,963	79	6	45	205	13	15,685

4. Property, plant and equipment (cont'd)

The Group and Company's properties consist of the following:

Location	Title	Description of properties
7 Temasek Boulevard #10-01 Singapore 038987	Leasehold (99 years from 1995)	Offices Floor area: 14,381 sq ft
#14-06 Seaview Tower, Ocean Palms Klebang Besar, Malacca, Malaysia	Freehold	Residential apartment
#20-00 Lumpini Tower, 1168/55 Rama IV Road, Thungmahamek, Sathorn, Bangkok, Thailand	Freehold	Offices Floor area: 11,492 sq ft

5. Intangible assets

	Computer software $'000	Customer lists $'000	Membership rights $'000	Copyrights $'000	Total $'000
Group					
Cost					
At 1 January 2014	3,167	1,131	22	1,180	5,500
Additions	609	-	-	-	609
Disposals	(1)	-	-	-	(1)
Write-off	(289)	-	-	-	(289)
Effect of movements in exchange rates	(1)	-	1	-	-
At 31 December 2014	3,485	1,131	23	1,180	5,819
Accumulated amortisation and impairments					
At 1 January 2014	2,882	1,073	17	1,180	5,152
Amortisation charge for the year	258	57	-	-	315
Disposals	(1)	-	-	-	(1)
Write-off	(289)	-	-	-	(289)
Effect of movements in exchange rates	(1)	1	-	-	-
At 31 December 2014	2,849	1,131	17	1,180	5,177
Carrying amounts					
At 31 December 2014	636	-	6	-	642

5. Intangible assets (cont'd)

	Computer software $'000	Customer lists $'000	Membership rights $'000	Copyrights $'000	Total $'000
Group					
Cost					
At 1 January 2013	3,087	1,131	22	1,180	5,420
Additions	116	-	-	-	116
Disposals	-	-	-	-	-
Write-off	(3)	-	-	-	(3)
Effect of movements in exchange rates	(33)	-	-	-	(33)
At 31 December 2013	3,167	1,131	22	1,180	5,500
Accumulated amortisation and impairments					
At 1 January 2013	2,695	848	17	1,180	4,740
Amortisation charge for the year	221	226	-	-	447
Disposals	-	-	-	-	-
Write-off	(3)	-	-	-	(3)
Effect of movements in exchange rates	(31)	(1)	-	-	(32)
At 31 December 2013	2,882	1,073	17	1,180	5,152
Carrying amounts					
At 1 January 2013	392	283	5	-	680
At 31 December 2013	285	58	5	-	348
Company					
Cost					
At 1 January 2014	**1,521**	**-**	**-**	**-**	**1,521**
Additions	**128**	**-**	**-**	**-**	**128**
Write-off	**(286)**	**-**	**-**	**-**	**(286)**
At 31 December 2014	**1,363**	**-**	**-**	**-**	**1,363**
Accumulated amortisation					
At 1 January 2014	**1,345**	**-**	**-**	**-**	**1,345**
Amortisation charge for the year	**120**	**-**	**-**	**-**	**120**
Write-off	**(286)**	**-**	**-**	**-**	**(286)**
At 31 December 2014	**1,179**	**-**	**-**	**-**	**1,179**
Carrying amounts					
At 31 December 2014	**184**	**-**	**-**	**-**	**184**

5. Intangible assets (cont'd)

	Computer software $'000	Total $'000
Company		
Cost		
At 1 January 2013	1,446	1,446
Additions	75	75
Write-off	-	-
At 31 December 2013	1,521	1,521
Accumulated amortisation		
At 1 January 2013	1,196	1,196
Amortisation charge for the year	149	149
Write-off	-	-
At 31 December 2013	1,345	1,345
Carrying amounts		
At 1 January 2013	250	250
At 31 December 2013	176	176

The amortisation charge for the year is included in "General and administrative expenses" in the consolidated statement of profit or loss.

6. Subsidiaries

	Company	
	2014 $'000	**2013 $'000**
Quoted ordinary shares, at cost	**7,898**	7,898
Unquoted ordinary shares, at cost	**70,781**	60,781
Allowance for impairment loss	**(2,834)**	(976)
	75,845	67,703

The movements in the allowance for impairment loss against subsidiaries are as follows:

	Company	
	2014 $'000	**2013 $'000**
At 1 January	**(976)**	-
Impairment loss for the year	**(1,858)**	(976)
At 31 December	**(2,834)**	(976)

6. **Subsidiaries** (cont'd)

Details of the subsidiaries are as follows:

Company name	**Country of incorporation**	**Proportion of ownership interest at beginning and end of the year**		
Direct and indirect subsidiaries		**Group's effective interest**	**Held by Company**	**Held by Subsidiary**
		%	**%**	**%**
(a) IFS Capital Assets Private Limited	Singapore	100	100	-
IFS Ventures Private Limited	Singapore	100	-	100
IFS Ventures 2 Limited	Singapore	100	25	75
IFS Capital Intellectual Property Private Limited	Singapore	100	-	100
(b) ECICS Limited	Singapore	100	100	-
(c) IFS Capital (Malaysia) Sdn. Bhd.	Malaysia	70+	70+	-
IFS Factors (Malaysia) Sdn. Bhd.	Malaysia	30+	-	30+ *
(d) PT. IFS Capital Indonesia	Indonesia	85	85	-
(e) IFS Capital (Hong Kong) Limited	Hong Kong	100	100	-
(f) IFS Capital Holdings (Thailand) Limited	Thailand	100	100	-
(g) IFS Capital (Thailand) Public Company Limited	Thailand	73.1	36.5	36.6

\+ Consolidation is prepared based on 100% beneficial interest.

* Although the Group owns less than half of the voting power of IFS Factors (Malaysia) Sdn. Bhd. ("IFS Factors"), the Group has power over IFS Factors' exposure or rights to variable returns from its involvement with IFS Factors and ability to use its power to affect those returns. Consequently, the Group consolidates the results of IFS Factors.

On 18 December 2014, the Company subscribed for additional 10 million ordinary shares in the capital of its subsidiary, ECICS Limited. The Company's percentage shareholding remained unchanged.

6. Subsidiaries (cont'd)

The principal activities of the subsidiaries are as follows:

Name of subsidiaries	Principal activities
[1] IFS Capital Assets Private Limited	Working capital, asset-based financing, venture capital investments and private equity investments
[1] IFS Ventures 2 Limited	Venture capital investments
[1] IFS Ventures Private Limited	Venture capital investments
[1] IFS Capital Intellectual Property Private Limited	Investment holding
[1] ECICS Limited	Direct general insurer, guarantee, bond, political risks, contractors' all risks, and work injury compensation insurance and underwriting business
[2] IFS Capital (Malaysia) Sdn. Bhd.	Hire purchase financing, business debt factoring and provision of other related services
[2] IFS Factors (Malaysia) Sdn. Bhd.	Hire purchase financing, business debt factoring, provision of other related services, focusing on government related projects
[2] PT. IFS Capital Indonesia	Factoring of onshore and offshore short-term trade receivables, direct financing, operating leases and consumer financing
[3] IFS Capital (Hong Kong) Limited	Dormant
[4] IFS Capital Holdings (Thailand) Limited	Investment holding
[4] IFS Capital (Thailand) Public Company Limited	Factoring, hire purchase and leasing businesses

[1] Audited by KPMG LLP Singapore
[2] Audited by other member firms of KPMG International
[3] Audited by Peter W.H. Ma & Co., Hong Kong
[4] Audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd, Thailand

KPMG LLP Singapore is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for IFS Capital (Thailand) Public Company Limited which is audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd., Thailand. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

The Company complies with SGX-ST listing rule 716 as the Board and Audit Committee are satisfied that the appointment of different auditors for its listed significant Thailand-incorporated subsidiary would not compromise the standard and effectiveness of the Company's audit.

7. Other investments

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current investments					
Held-to-maturity financial assets					
- Debt securities	(a)	**24,930**	9,512	**-**	-
Available-for-sale financial assets					
- Unquoted debt securities	(b)	**-**	995	**-**	-
- Quoted and unquoted equity securities		**14,405**	13,100	**4,339**	4,326
- Convertible loans	(c)	**14,810**	13,080	**3,264**	3,580
		54,145	36,687	**7,603**	7,906
Allowance for impairment loss		**(5,441)**	(5,399)	**(603)**	-
		48,704	31,288	**7,000**	7,906
Current investments					
Held-to-maturity financial assets					
- Debt securities	(a)	**10,045**	2,000	**-**	-
Held-for-trading financial assets					
- Equity securities		**14,749**	7,334	**-**	-
Convertible loan		**-**	2,354	**-**	2,354
		24,794	11,688	**-**	2,354
Total		**73,498**	42,976	**7,000**	10,260

(a) Held-to-maturity debt securities have interest rates of 1.0% to 5.6% (2013: 1.7% to 5.0%) per annum and mature in 1 to 5 years.

(b) All available-for-sale unquoted debt securities were disposed during the year.

(c) The convertible loans contain embedded equity conversion options. They are non-interest bearing and expected to mature between 2016 and 2018.

The maximum credit exposure to credit risk of the investments at the reporting date is the carrying amount.

Information about the Group's and Company's exposures to credit and market risk and fair value measurement is included in note 40.

7. Other investments (cont'd)

The movements in allowance for impairment of investments during the year are as follows:

		Group		Company	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At 1 January		**5,399**	6,657	**-**	2,168
Allowance for impairment made during the year	34	**986**	1,485	**603**	(264)
Allowance utilised during the year		**(944)**	(2,743)	**-**	(1,904)
At 31 December		**5,441**	5,399	**603**	-

The weighted average effective interest rates per annum of debt securities at the reporting date and the periods in which they mature are as follows:

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Group				
2014				
Held-to-maturity debt securities	**2.8**	**10,045**	**24,930**	**34,975**
2013				
Held-to-maturity debt securities	3.9	2,000	9,512	11,512
Available-for-sale debt securities	3.5	-	995	995
		2,000	10,507	12,507

8. Loans, advances, hire purchase and leasing receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Hire purchase and leasing receivables	9	**28,629**	39,074	**1,611**	2,881
Less: Deposits on leasing receivables		**(8,248)**	(9,119)	**-**	-
		20,381	29,955	**1,611**	2,881
Loans and advances		**130,880**	110,802	**114,386**	94,432
		151,261	140,757	**115,997**	97,313
Allowance for impairment of doubtful receivables					
- hire purchase receivables		**(34)**	(52)	**(31)**	(47)
- leasing receivables		**(1,576)**	(1,149)	**-**	-
- loans and advances		**(19,445)**	(18,477)	**(11,513)**	(12,407)
		(21,055)	(19,678)	**(11,544)**	(12,454)
	40	**130,206**	121,079	**104,453**	84,859
Due within 12 months	13	**81,421**	70,108	**63,970**	48,647
Due after 12 months		**48,785**	50,971	**40,483**	36,212
		130,206	121,079	**104,453**	84,859

The movements in allowance for impairment of loans, advances, hire purchase and leasing receivables during the year are as follows:

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
At 1 January		**19,678**	9,615	**12,454**	5,854
Translation adjustment		**(91)**	(274)	**-**	-
Allowance made during the year	34	**8,057**	12,668	**3,235**	8,197
Allowance utilised during the year		**(6,589)**	(2,331)	**(4,145)**	(1,597)
At 31 December		**21,055**	19,678	**11,544**	12,454

8. Loans, advances, hire purchase and leasing receivables (cont'd)

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Group					
2014					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	**9.0**	**-**	**5,089**	**6,448**	**11,537**
- variable rate	**7.8**	**118,669**	**-**	**-**	**118,669**
		118,669	**5,089**	**6,448**	**130,206**
2013					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	12.8	-	6,496	6,121	12,617
- variable rate	7.9	108,462	-	-	108,462
		108,462	6,496	6,121	121,079
Company					
2014					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	**4.7**	**-**	**1,611**	**4,111**	**5,722**
- variable rate	**7.3**	**98,731**	**-**	**-**	**98,731**
		98,731	**1,611**	**4,111**	**104,453**
2013					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	7.2	-	1,454	1,005	2,459
- variable rate	7.1	82,400	-	-	82,400
		82,400	1,454	1,005	84,859

Variable rate loans and advances are repriced at intervals of three or six months.

The above loans, advances, hire purchase and leasing receivables are reflected net of allowance for impairment of doubtful receivables.

9. Hire purchase and leasing receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Gross receivables		**30,221**	41,844	**1,611**	2,881
Unearned income		**(1,592)**	(2,770)	**-**	-
	8	**28,629**	39,074	**1,611**	2,881
Within 1 year		**14,159**	15,481	**1,066**	1,875
After 1 year but within 5 years		**14,470**	23,593	**545**	1,006
		28,629	39,074	**1,611**	2,881

10. Deferred tax assets and liabilities

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2014 $'000	Assets 2013 $'000	Liabilities 2014 $'000	Liabilities 2013 $'000
Group				
Loans, advances, hire purchase and leasing receivables	**(2,047)**	(1,344)	**-**	-
Factoring receivables	**(648)**	(890)	**-**	-
Other investments	**-**	(12)	**-**	-
Others	**(5,057)**	(2,838)	**-**	-
Property, plant and equipment	**-**	-	**156**	114
Trade and other payables	**-**	-	**6**	6
Dividend not remitted to Singapore	**-**	-	**-**	114
Other investments	**-**	-	**758**	321
Deferred tax (assets)/liabilities	**(7,752)**	(5,084)	**920**	555
Set off of tax	**920**	526	**(920)**	(526)
Net deferred tax (assets)/liabilities	**(6,832)**	(4,558)	**-**	29

10. Deferred tax assets and liabilities (cont'd)

	Assets		Liabilities	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Company				
Loans, advances, hire purchase and leasing receivables	**(10)**	(14)	**-**	-
Other investments	**-**	-	**176**	304
Others - losses	**(466)**	(397)	**-**	-
Property, plant and equipment	**-**	-	**70**	71
Deferred tax (assets)/liabilities	**(476)**	(411)	**246**	375
Set off of tax	**246**	375	**(246)**	(375)
Net deferred tax (assets)	**(230)**	(36)	**-**	-

Movements in the temporary differences during the year are as follows:

	At 1/1/2014 $'000	Recognised in profit or loss (note 36) $'000	Recognised in other comprehen-sive income $'000	Exchange differences $'000	At 31/12/2014 $'000
Group					
Deferred tax liabilities					
Property, plant and equipment	**114**	**42**	**-**	**-**	**156**
Trade and other payables	**6**	**-**	**-**	**-**	**6**
Dividend not remitted to Singapore	**114**	**(114)**	**-**	**-**	**-**
Other investments	**321**	**-**	**437**	**-**	**758**
	555	**(72)**	**437**	**-**	**920**
Deferred tax assets					
Loans, advances, hire purchase and leasing receivables	**(1,344)**	**(654)**	**-**	**(49)**	**(2,047)**
Factoring receivables	**(890)**	**276**	**-**	**(34)**	**(648)**
Other investments	**(12)**	**-**	**12**	**-**	**-**
Others	**(2,838)**	**(2,276)**	**-**	**57**	**(5,057)**
	(5,084)	**(2,654)**	**12**	**(26)**	**(7,752)**
Net deferred tax (assets)/liabilities	**(4,529)**	**(2,726)**	**449**	**(26)**	**(6,832)**

10. Deferred tax assets and liabilities (cont'd)

Movements in the temporary differences during the year are as follows: (cont'd)

	At 1/1/2013 $'000	Recognised in profit or loss (note 36) $'000	Recognised in other comprehen-sive income $'000	Exchange differences $'000	At 31/12/2013 $'000
Group					
Deferred tax liabilities					
Property, plant and equipment	138	(23)	-	(1)	114
Trade and other payables	4	2	-	-	6
Dividend not remitted to Singapore	114	-	-	-	114
Other investments	619	-	(298)	-	321
	875	(21)	(298)	(1)	555
Deferred tax assets					
Loans, advances, hire purchase and leasing receivables	(751)	(663)	-	70	(1,344)
Factoring receivables	(729)	(212)	-	51	(890)
Other investments	(200)	-	188	-	(12)
Others	(1,106)	(1,826)	41	53	(2,838)
	(2,786)	(2,701)	229	174	(5,084)
Net deferred tax (assets)/liabilities	(1,911)	(2,722)	(69)	173	(4,529)

	At 1/1/2014 $'000	Recognised in profit or loss $'000	Recognised in other comprehen-sive income $'000	At 31/12/2014 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	**71**	**(1)**	**-**	**70**
Other investments	**304**	**-**	**(128)**	**176**
	375	**(1)**	**(128)**	**246**
Deferred tax assets				
Loans, advances, hire purchase and leasing receivables	**(14)**	**4**	**-**	**(10)**
Other - losses	**(397)**	**(69)**	**-**	**(466)**
	(411)	**(65)**	**-**	**(476)**
Net deferred tax (assets)	**(36)**	**(66)**	**(128)**	**(230)**

10. Deferred tax assets and liabilities (cont'd)

	At 1/1/2013 $'000	Recognised in profit or loss $'000	Recognised in other comprehensive income $'000	At 31/12/2013 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	75	(4)	-	71
Other investments	602	-	(298)	304
	677	(4)	(298)	375
Deferred tax assets				
Loans, advances, hire purchase and leasing receivables	(46)	32	-	(14)
Factoring receivables	(4)	4	-	-
Other investments	-	(397)	-	(397)
	(50)	(361)	-	(411)
Net deferred tax liabilities/(assets)	627	(365)	(298)	(36)

11. Insurance contract provisions

	2014 Gross $'000	2014 Reinsurance $'000	2014 Net $'000	2013 Gross $'000	2013 Reinsurance $'000	2013 Net $'000
Group						
Provision for unexpired risks	**13,512**	**(7,593)**	**5,919**	15,898	(9,609)	6,289
Provision for claims	**16,905**	**(11,517)**	**5,388**	4,875	(3,180)	1,695
	30,417	**(19,110)**	**11,307**	20,773	(12,789)	7,984

Analysis of movements in provision for unexpired risks

	2014 Gross $'000	2014 Reinsurance $'000	2014 Net $'000	2013 Gross $'000	2013 Reinsurance $'000	2013 Net $'000
Group						
At 1 January	**15,898**	**(9,609)**	**6,289**	11,864	(7,775)	4,089
Change during the year	**(2,386)**	**2,016**	**(370)**	4,034	(1,834)	2,200
At 31 December	**13,512**	**(7,593)**	**5,919**	15,898	(9,609)	6,289

11. Insurance contract provisions (cont'd)

Analysis of movements in provision for insurance claims

	2014			2013		
	Gross $'000	Reinsurance $'000	Net $'000	Gross $'000	Reinsurance $'000	Net $'000
Group						
At 1 January	**4,875**	**(3,180)**	**1,695**	2,557	(1,337)	1,220
Claims (paid)/recovered	**(4,735)**	**3,252**	**(1,483)**	(1,369)	911	(458)
Claims incurred/(reversed)	**16,765**	**(11,589)**	**5,176**	3,687	(2,754)	933
At 31 December	**16,905**	**(11,517)**	**5,388**	4,875	(3,180)	1,695

Analysis of the estimated timing of cash outflows (undiscounted) relating to provision for insurance claims

	Group	
	2014 $'000	2013 $'000
Less than 1 year	**5,338**	1,629
Between 1-2 years	**50**	60
Between 2-3 years	**-**	6
Between 3-4 years	**-**	-
	5,388	1,695

12. Insurance receivables

	Group	
	2014 $'000	2013 $'000
Receivables arising from insurance contracts	**1,217**	1,431
Reinsurance contract receivables	**12**	11
	1,229	1,442
Allowance for doubtful receivables	**(177)**	(250)
	1,052	1,192

Insurance receivables are non-interest bearing.

The maximum credit exposure to credit risk of insurance receivables at the reporting date is the carrying amount.

12. Insurance receivables (cont'd)

The movements in the allowance for impairment of doubtful receivables during the year are as follows:

	Note	Group 2014 $'000	Group 2013 $'000
At 1 January		**250**	279
Allowance (reversed)/made during the year	34	**(73)**	11
Allowance utilised during the year		**-**	(40)
At 31 December		**177**	250

13. Trade and other receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Loans, advances, hire purchase and leasing receivables	8	**81,421**	70,108	**63,970**	48,647
Factoring receivables	14	**128,590**	133,245	**10,772**	14,320
Amount owing by non-controlling shareholders		**96**	96	**2,487**	2,487
Loan owing by subsidiaries					
- trade		**-**	-	**31,054**	28,612
- non-trade		**-**	-	**312**	377
		-	-	**31,366**	28,989
Allowance for impairment		**-**	-	**(1,605)**	(1,582)
		-	-	**29,761**	27,407
Deposits and other receivables	15	**1,827**	2,201	**27**	34
Loans and receivables		**211,934**	205,650	**107,017**	92,895
Prepayment		**811**	855	**229**	232
		212,745	206,505	**107,246**	93,127

The movements in the allowance for impairment of loan owing by a subsidiary (trade) during the year are as follows:

	Group 2014 $'000	Group 2013 $'000
At 1 January	**1,582**	1,505
Allowance made during the year	**23**	77
At 31 December	**1,605**	1,582

The amount owing by non-controlling shareholders is unsecured and interest-free. The loans owing by subsidiaries (trade) are unsecured and interest-bearing. The loans owing by subsidiaries (non-trade) are unsecured and non-interest bearing.

13. Trade and other receivables (cont'd)

Effective interest rates and repricing analysis:

	Weighted average effective interest rate	Total 2014	Weighted average effective interest rate	Total 2013
	%	$'000	%	$'000
Company				
Loans owing by subsidiaries				
- variable rate	3.3	**29,449**	3.4	27,030
- non-interest bearing	-	**312**	-	377
		29,761		27,407

Group

Effective interest rate and repricing analysis for loans, advances, hire purchase and leasing receivables and factoring receivables are as set out in notes 8 and 14 respectively.

14. Factoring receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Factoring receivables	40	**185,980**	185,739	**19,718**	24,315
Less:					
Factoring amounts owing to clients		**(41,677)**	(42,217)	**(8,049)**	(9,191)
		144,303	143,522	**11,669**	15,124
Allowance for doubtful receivables		**(15,713)**	(10,277)	**(897)**	(804)
	13	**128,590**	133,245	**10,772**	14,320

14. Factoring receivables (cont'd)

The movements in the allowance for impairment of factoring receivables during the year are as follows:

		Group		Company	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At 1 January		**10,277**	4,957	**804**	329
Translation adjustment		**(70)**	(433)	**-**	-
Allowance made during the year	34	**6,696**	6,783	**93**	476
Allowance utilised during the year		**(1,190)**	(1,030)	**-**	(1)
At 31 December		**15,713**	10,277	**897**	804

The weighted average interest rates of factoring receivables net of factoring amounts owing to clients included in Trade and other payables of $815,514 for the Group and Company (2013: Group and Company: $1,915,089) (refer to note 25) and allowance for doubtful receivables at the reporting date and the periods in which they reprice are as follows:

	Weighted average effective interest rate %	Total 2014 $'000	Weighted average effective interest rate %	Total 2013 $'000
Group				
Factoring receivables, net				
- fixed rate	**5.0**	**43**	5.0	71
- variable rate	**9.8**	**127,731**	9.4	131,259
		127,774		131,330
Company				
Factoring receivables, net				
- fixed rate	**5.0**	**34**	5.0	71
- variable rate	**7.5**	**9,922**	7.5	12,334
		9,956		12,405

15. Deposits and other receivables

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Deposits		**53**	40	**5**	6
Tax recoverable		**691**	361	**-**	-
Accrued interest receivable		**340**	162	**-**	-
Other receivables:					
Gross receivables		**3,029**	4,030	**350**	460
Allowance for doubtful receivables		**(2,286)**	(2,392)	**(328)**	(432)
Other receivables, net		**743**	1,638	**22**	28
	13	**1,827**	2,201	**27**	34

The movements in the allowance for impairment of other receivables during the year are as follows:

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
At 1 January		**2,392**	2,264	**432**	304
Allowance (reversed)/made during the year	34	**(48)**	189	**(48)**	189
Allowance utilised during the year		**(58)**	(61)	**(56)**	(61)
At 31 December		**2,286**	2,392	**328**	432

16. Derivative financial assets

	Group and Company 2014 $'000	Group and Company 2013 $'000
Held-for-trading		
(a) Warrants	**100**	580
(b) Embedded derivative	**90**	-
	190	580

(a) The table below shows an analysis of exchange-traded warrants outstanding at 31 December.

	Group and Company			
	Fair value 2014 $'000	Notional amount 2014 $'000	Fair value 2013 $'000	Notional amount 2013 $'000
Exchange-traded warrants	**100**	**250**	580	250

16. Derivative financial assets (cont'd)

(b) The embedded derivative relates to a redeemable convertible loan where it will be converted into shares subject to the approval from the SGX-ST. The listing will be completed within a period of six months after the conversion or the time period between conversion and the date when the Listing is aborted.

17. Cash and cash equivalents

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Cash at banks and in hand	**9,732**	16,213	**1,336**	1,602
Fixed deposits	**14,281**	45,929	**6,174**	7,226
Cash and cash equivalents in the consolidated statement of cash flows	**24,013**	62,142	**7,510**	8,828

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	**Floating rate $'000**	**Fixed interest rate maturing within 1 year $'000**	**Non-interest bearing $'000**	**Total $'000**
Group					
2014					
Cash at banks and in hand	**0.5**	**6,953**	**-**	**2,779**	**9,732**
Fixed deposits	**0.8**	**-**	**14,281**	**-**	**14,281**
		6,953	**14,281**	**2,779**	**24,013**
2013					
Cash at banks and in hand	0.5	8,468	-	7,745	16,213
Fixed deposits	0.8	-	45,929	-	45,929
		8,468	45,929	7,745	62,142
Company					
2014					
Cash at banks and in hand	**-**	**-**	**-**	**1,336**	**1,336**
Fixed deposits	**0.9**	**-**	**6,174**	**-**	**6,174**
		-	**6,174**	**1,336**	**7,510**
2013					
Cash at banks and in hand	-	-	-	1,602	1,602
Fixed deposits	0.7	-	7,226	-	7,226
		-	7,226	1,602	8,828

18. Assets held for sale

The Group's subsidiary in Indonesia repossessed some vessels belonging to its leasing receivable in November 2014. Accordingly, that facility of its leasing receivable is derecognised and reclassified as assets held for sale at their fair value. The Group's policy is to pursue timely realisation of the processed assets in an orderly manner. The Group does not generally use the non-cash processed assets for its own operations.

19. Deposits relating to collateral of clients

The Group has fixed deposits of $9,655,444 (2013: $5,870,549) held as collateral for guarantees issued on behalf of policyholders. The fair values of the cash collateral as at reporting dates approximate their carrying amounts. These amounts have been excluded from both cash at bank and other payables in the statement of financial position.

20. Share capital

	Group and Company No. of shares	
	2014	**2013**
At 1 January and 31 December	**150,387,866**	150,387,866

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

Except for one of its subsidiaries, the Group is not regulated by externally imposed capital requirements. However, the capital of this regulated subsidiary is separately managed to comply with the insurance capital requirements required by the local regulator.

The minimum capital required for the insurance business as stipulated by the local regulator is $25 million. The subsidiary has to comply with the Risk Based Capital Adequacy Requirement ("CAR") as prescribed by the Monetary Authority of Singapore ("MAS") (subject to the financial resource of the subsidiary not being less than $5 million). Although the MAS prescribed financial warning CAR, the subsidiary has set two higher internal trigger limits for monitoring the CAR. In the event of any breaches of the internal trigger limits, the Board has prescribed certain courses of action for the management to undertake to bring the CAR level to the prescribed levels. The subsidiary is in compliance with all externally imposed capital requirements during the year.

The regulated subsidiary manages and ensures adequacy of its capital resources requirement in accordance with the computation of risk charge on insurance risk, investment risks and interest rate sensitivity and foreign currency mismatch between assets and liabilities and concentration risks as stipulated under the Insurance (Valuation and Capital) Regulations of the Insurance Acts (Chapter 142). In addition, stress tests are conducted to understand the sensitivity of the key assumptions in the subsidiary's capital to the effects of plausible stress scenarios and evaluate how the subsidiary can continue to maintain adequate capital under such scenarios.

The Group's policy is to maintain a strong capital base so as to maintain investors, creditors and market confidence and to sustain future development of the business as well as to ensure that the minimum required capital of its regulated subsidiary is maintained. Capital consists of total equity.

20. Share capital (cont'd)

Capital management (cont'd)

The Board of Directors monitors the return on equity, which the Group defines as profit after tax divided by total average shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the leverage ratio as well as the level of dividends to ordinary shareholders. The leverage ratio is defined as total consolidated liabilities divided by the total consolidated tangible net worth.

As part of the annual corporate planning process, the Group projects the capital and funding requirements for the Board's approval.

The Group's strategy is to maintain a leverage ratio of less than 5.5 times and dividend distribution of at least 30% of the earnings each year.

There were no changes to the Group's approach to capital management during the year.

21. Other reserves

Other reserves comprise:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Fair value reserve	**3,702**	1,507	**863**	1,485
Capital reserve	**1,457**	1,260	**-**	-
Other equity	**(1,496)**	(1,496)	**-**	-
	(39)	(236)	**-**	-
Currency translation reserve	**(7,262)**	(8,794)	**-**	-
	(3,599)	(7,523)	**863**	1,485

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised.

Capital reserve

The capital reserve relates to the statutory legal reserve transferred from revenue reserve in accordance with the foreign jurisdiction in which the Group's subsidiary operates.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries.

21. Other reserves (cont'd)

Other equity

The other equity represents the effect of 25.1% dilution from 98.2% to 73.1% of the Group's shareholding interest in IFS Capital (Thailand) Public Company Limited following its initial public offer of 120 million new shares at offer price of THB 1.35 per share on 5 August 2010. As the change in the Group's percentage does not result in a loss of control, the effect of dilution as computed was recognised directly in equity.

Dividends

The following dividends were paid and declared by the Group and Company:

For the year ended 31 December	Group and Company	
	2014	2013
	$'000	$'000
Final one-tier tax exempt dividend of 2.0 cents (2013: 2.0 cents) per share in respect of year 2013/2012	**3,008**	3,008

After the respective reporting dates, the following dividend was proposed by the directors. The dividend has not been provided for and there is no income tax consequence.

	Group and Company	
	2014	2013
	$'000	$'000
First and final one-tier tax exempt dividend of 1.5 cents (2013: 2.0 cents) per share in respect of year 2014/2013	**2,256**	3,008

22. Non-controlling interests

Company name	Principal place of business/Country of incorporation	Operating segment	Ownership interests held by non-controlling interests	
			2014	2013
IFS Capital (Thailand) Public Company Limited	Thailand	Factoring, hire purchase and leasing	**26.9%**	26.9%

The following summarises the financial information for IFS Capital (Thailand) Public Company Limited, prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies. The information is before inter-company eliminations and other companies in the Group.

	2014	2013
	$'000	$'000
Revenue	**14,551**	16,392
Profit	**5,086**	5,404
Profit attributable to non-controlling interests	**1,367**	**1,452**

22. Non-controlling interests (cont'd)

	2014 $'000	2013 $'000
Other comprehensive income	-	163
Total comprehensive income	5,086	5,568
Total comprehensive income attributable to non-controlling interests	**1,367**	**1,496**
Current assets	121,326	128,495
Non-current assets	9,490	12,978
Current liabilities	(77,049)	(95,284)
Non-current liabilities	(12,004)	(8,682)
Net assets	41,763	37,507
Net assets attributable to non-controlling interests	**11,221**	**10,078**
Cash flows from operating activities	16,390	3,019
Cash used in investing activities	(154)	(13)
Cash used in financing activities	(21,616)	(1,901)
Net (decrease)/increase in cash and cash equivalents	**(5,380)**	**1,105**
Dividends paid to non-controlling interests during the year *	**660**	**635**

**Included in cash flows from financing activities*

23. Interest-bearing borrowings

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Payable:				
Within 12 months	182,419	190,639	96,173	86,779
After 12 months	46,683	33,591	35,610	25,672
	229,102	224,230	131,783	112,451

The interest-bearing borrowings comprise:

		2014		2013	
	Note	Face value $'000	Carrying amount $'000	Face value $'000	Carrying amount $'000
Group					
Unsecured short-term bank loans	(a)	161,480	161,480	168,764	168,764
Unsecured long-term bank loans	(b)	62,249	62,249	53,370	53,370
Unsecured SPRING and IES loans	(c)	5,373	5,373	2,096	2,096
		229,102	229,102	224,230	224,230
Company					
Unsecured short-term bank loans	(a)	83,243	83,243	74,355	74,355
Unsecured long-term bank loans	(b)	43,167	43,167	36,000	36,000
Unsecured SPRING and IES loans	(c)	5,373	5,373	2,096	2,096
		131,783	131,783	112,451	112,451

23. Interest-bearing borrowings (cont'd)

(a) Unsecured short-term bank loans bear nominal interest rates ranging from 1.5% to 12.4% (2013: 1.4% to 8.1%) per annum and are repayable in 2015. For the Group, these include subsidiaries' bank loans denominated in Malaysian Ringgit, Indonesian Rupiah and Thai Baht.

(b) The unsecured long-term bank loans bear nominal interest rates ranging from 2.1% to 4.6% (2013: 2.1% to 4.5%) per annum and are repayable by quarterly/semi-annual/bullet repayments in 2015 to 2019. For the Group, these include subsidiaries' bank loans denominated in Thai Baht.

(c) These represent unsecured advances from SPRING Singapore and International Enterprise Singapore ("IES") to fund loans and advances extended by the Company to borrowers under the Local Enterprise Finance Scheme ("LEFS") and Internationalisation Finance Scheme ("IF Scheme") respectively. Credit risk for loans and advances made under these schemes are shared by the providers of these borrowings and the Company.

The interest rates and repayment periods vary in accordance with the type, purpose and security for the facilities granted under the above schemes. Nominal interest rates on the above loans and advances ranged from 2.0% to 5.4% (2013: 2.0% to 5.4%) per annum and are repayable between 2015 and 2018.

(d) In 2003, the Company established a $250 million Multi-currency Medium Term Note Programme (the "MTN Programme"). Pursuant to this, the Company may from time to time issue debt under the Programme subject to availability of funds from the market. There were no notes issued under this programme in 2014 and 2013.

Intra-group financial guarantee

Intra-group financial guarantee comprises a guarantee granted by the Company to banks in respect of banking facilities amounting to $16,252,261 (2013: $20,131,748) granted to subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Group					
2014					
Unsecured short-term bank loans	**2.8**	**161,480**	**-**	**-**	**161,480**
Unsecured long-term bank loans	**3.1**	**62,249**	**-**	**-**	**62,249**
Unsecured SPRING and IES loans	**2.5**	**-**	**1,264**	**4,109**	**5,373**
		223,729	**1,264**	**4,109**	**229,102**
2013					
Unsecured short-term bank loans	2.8	168,764	-	-	168,764
Unsecured long-term bank loans	3.1	53,370	-	-	53,370
Unsecured SPRING and IES loans	2.7	-	1,090	1,006	2,096
		222,134	1,090	1,006	224,230

23. Interest-bearing borrowings (cont'd)

Effective interest rates and repricing analysis (cont'd)

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Company					
2014					
Unsecured short-term bank loans	**2.0**	**83,243**	**-**	**-**	**83,243**
Unsecured long-term bank loans	**2.6**	**43,167**	**-**	**-**	**43,167**
Unsecured SPRING and IES loans	**2.5**	**-**	**1,264**	**4,109**	**5,373**
		126,410	**1,264**	**4,109**	**131,783**
2013					
Unsecured short-term bank loans	1.7	74,355	-	-	74,355
Unsecured long-term bank loans	2.4	36,000	-	-	36,000
Unsecured SPRING and IES loans	2.7	-	1,090	1,006	2,096
		110,355	1,090	1,006	112,451

24. Employee benefits

A foreign subsidiary of the Group provides for severance pay under the Thai Labor Protection Act and long service awards payable to employees. The foreign subsidiary of the Group calculated the provision for employee benefits by using the actuarial technique. The assumptions used were similar to 2013.

Principal actuarial assumptions at the reporting date are as follows:

	Group 2014	Group 2013
Discount rate at 31 December	**4.18%**	4.18%
Resignation rate based on age group of employees	**4%, 6% & 9%**	4%,6% &9%
Future salary increases	**10%**	10%
Retirement age	**60 years**	60 years

24. Employee benefits (cont'd)

Provision for employee benefits for the year ended 31 December consists of the following:

	Group	
	2014	2013
	$'000	$'000
At 1 January	**763**	866
Provision for severance pay and long service awards (note 35)	**152**	137
Remeasurements:		
- Experience assumptions	**-**	(144)
- Actuarial gains from changes in demographic assumptions	**-**	(7)
- Actuarial gains from changes in financial assumptions	**-**	(53)
Benefits paid during the year	**(19)**	(11)
Translation adjustments	**35**	(25)
	931	763

An amount of $152,000 (2013: $137,000) was recognised in "General and administrative expenses" in the consolidated statement of profit or loss for the year ended 31 December 2014.

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased (decreased) as a result of a change in the respective assumptions by one percent.

Group	Defined benefit obligation	
	1 percent increase	1 percent decrease
	$'000	$'000
Discount rate	**(95)**	**112**
Resignation rate based on age group of employees	**7**	**(7)**
Future salary increases	**101**	**(87)**

The above sensitivities are based on the average duration of the benefit obligation determined at the date of the last full actuarial valuation and are applied to adjust the defined benefit obligation at the end of the reporting period for the assumptions concerned.

25. Trade and other payables

		Group		Company	
	Note	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Factoring amounts owing to clients	14	**816**	1,915	**816**	1,915
Trade payables		**172**	182	**172**	176
Interest bearing loans due to subsidiary		**-**	-	**2,370**	2,327
Other payables and accruals	26	**7,287**	8,994	**1,710**	3,073
		8,275	11,091	**5,068**	7,491

25. Trade and other payables (cont'd)

Group

Trade payables, other payables and accruals are non-interest bearing financial liabilities.

Company

The interest bearing loans owing to subsidiary are unsecured.

The weighted average effective interest rate of interest bearing loan owing to subsidiary at the end of the financial year 2014 was 2.4% (2013: 2.2%) per annum.

26. Other payables and accruals

		Group		Company	
	Note	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Accrued operating expenses		**4,825**	4,922	**1,225**	1,581
Deferred income		**43**	59	**-**	-
Clients' deposits		**1,899**	3,536	**124**	1,181
Accrued interest payable		**520**	477	**361**	311
	25	**7,287**	8,994	**1,710**	3,073

27. Insurance payables

	Group	
	2014 $'000	2013 $'000
Payables arising from insurance contracts	**1,682**	1,800
Reinsurance contract payables	**736**	1,345
	2,418	3,145

28. Interest Income

	Group	
	2014 $'000	2013 $'000
Loans, advances, hire purchase, leasing receivables and factoring accounts to customers		
- unimpaired	**22,110**	25,249
- impaired	**2,497**	2,364
	24,607	27,613

29. Interest expense

	Group	
	2014 $'000	2013 $'000
Banks and SPRING Singapore	**6,068**	6,848

30. Statement of profit or loss of insurance subsidiary - ECICS Limited

	Note	Group 2014 $'000	Group 2013 $'000
Revenue			
Gross written premiums		**8,032**	12,604
Change in gross provision for unexpired risks	11	**2,386**	(4,034)
Gross earned premium revenue		**10,418**	8,570
Written premiums ceded to reinsurers		**(4,522)**	(7,485)
Reinsurers' share of change in provision for unexpired risks	11	**(2,016)**	1,834
Reinsured premium expenses		**(6,538)**	(5,651)
Net earned premium revenue		**3,880**	2,919
Other revenue			
Commission income		**1,692**	2,491
Investment income		**2,123**	440
Other income		**1**	45
		3,816	2,976
Net income before claims and expenses		**7,696**	5,895
Claims and expenses			
Change in provision for insurance claims		**(12,030)**	(2,318)
Reinsurers' share of change in provision for insurance claims		**8,337**	1,843
Gross claims paid	11	**(4,735)**	(1,369)
Reinsurers' share of claims paid	11	**3,252**	911
Net claims incurred		**(5,176)**	(933)
Commission expenses		**(640)**	(829)
Distribution expenses		**(126)**	(68)
Administration expenses		**(1,193)**	(846)
Staff costs		**(2,368)**	(2,093)
Reversal of/(allowance for) insurance and other receivables		**73**	(11)
Total claims and expenses		**(9,430)**	(4,780)
Net (loss)/profit before tax for the year		**(1,734)**	1,115

The statement of profit or loss reflects the credit, political risk, maid insurance, contractors' all risks and work injury compensation, bonds and guarantee, marine cargo and motor insurance businesses of the insurance subsidiary, ECICS Limited, that are consolidated in the Group's profit or loss. All intra-group transactions relating to credit premium income and expenses are eliminated on consolidation.

31. Fee and commission income

	Group	
	2014	2013
	$'000	$'000
Fee income	**7,002**	7,913
Underwriting commission income	**1,692**	2,491
	8,694	10,404

32. Investment income

	Group	
	2014	2013
	$'000	$'000
Exchange gain	**61**	-
Dividend income	**517**	86
Gain on disposal of equity securities	**452**	1,797
Gain on early redemption on held-to-maturity debt securities	**32**	-
Gain on partial redemption of convertible loan	**1,067**	525
Net change in fair value of financial assets through profit or loss	**(250)**	(68)
Interest income from bonds, fixed deposits and others	**1,152**	936
Amortisation of held-to-maturity debt securities	**(33)**	19
	2,998	3,295

33. Other income

	Group	
	2014	2013
	$'000	$'000
Recoveries - loans, advances and receivables	**379**	509
Gain on disposal of property, plant and equipment	**-**	16
Others	**116**	202
	495	727

34. Allowances for loan losses and impairment of investments

		Group	
	Note	2014	2013
		$'000	$'000
In respect of:			
Trade and other receivables			
- loans, advances, hire purchase, leasing and factoring receivables	8,14	**14,753**	19,451
- insurance and other receivables	12,15	**(121)**	200
- debts written off		**179**	39
- assets held for sale		**5**	-
Available-for-sale equity and debt securities	7	**986**	1,485
		15,802	21,175

35. Loss before tax

The following items have been included in arriving at loss before tax:

	Note	Group 2014 $'000	Group 2013 $'000
Amortisation of intangible assets	5	**315**	447
Depreciation of property, plant and equipment	4	**987**	993
Property, plant and equipment written off	4	**20**	1
Exchange loss, net		**36**	68
Audit fees			
- auditors of the Company		**383**	370
- other auditors		**100**	83
Non-audit fees			
- auditors of the Company		**75**	74
- other auditors		**-**	-
Directors' fees		**392**	391
Fees paid to corporations in which the directors have interests		**15**	50
Contributions to defined contribution plans included in staff costs		**917**	850
Provision for severance pay and long service awards	24	**152**	137

36. Tax credit

	Note	Group 2014 $'000	Group 2013 $'000
Current tax (expense)/credit			
Current year		**(1,422)**	(2,406)
(Under)/overprovided in prior years		**(24)**	487
		(1,446)	(1,919)
Deferred tax credit/(expense)			
Movements in temporary differences		**2,611**	3,095
Under/(over)provided in prior years		**115**	(373)
	10	**2,726**	2,722
		1,280	803
Reconciliation of effective tax rate			
Loss before tax		**(7,607)**	(4,191)
Tax using Singapore tax rate of 17% (2013:17%)		**1,293**	712
Effect of different tax rates		**405**	216
Expenses not deductible for tax purposes		**(635)**	(364)
Tax benefit		**94**	121
Tax exempt revenues		**27**	4
Overprovided in prior years		**91**	114
Others		**5**	-
		1,280	803

36. Tax credit (cont'd)

Tax recognised in other comprehensive income

	2014 Before tax $'000	2014 Tax expense $'000	2014 Net of tax $'000	2013 Before tax $'000	2013 Tax expense $'000	2013 Net of tax $'000
Group						
Foreign currency translation differences for foreign operations	**1,968**	**-**	**1,968**	(4,272)	-	(4,272)
Net change in fair value of available-for-sale financial assets	**2,644**	**(449)**	**2,195**	(649)	110	(539)
	4,612	**(449)**	**4,163**	(4,921)	110	(4,811)

37. Loss per share

	Group 2014 $'000	Group 2013 $'000
Basic and diluted loss per share		
Basic loss per share is based on:		
Net loss attributable to ordinary shareholders	**(7,694)**	(4,840)
	No. of shares '000	**No. of shares '000**
Issued ordinary shares at beginning of the year	**150,388**	150,388
Weighted average number of ordinary shares during the year	**150,388**	150,388

38. Contingent liabilities and commitments

Contingent liabilities

As at 31 December, the Group and the Company have outstanding standby letters of credit and bankers guarantees issued on behalf of customers as follows:

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Letters of credit	**2,352**	1,594	**196**	850
Bankers guarantees	**2,019**	2,802	**-**	-
	4,371	4,396	**196**	850

38. Contingent liabilities and commitments (cont'd)

Commitments

At 31 December, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2014 **$'000**	**2013** **$'000**
Within 1 year	**308**	137
After 1 year but within 5 years	**421**	271
	729	408

The Group's subsidiaries lease three office premises under operating leases. The leases typically run for an initial period of two to three years, with an option to renew the lease after that date. Lease payments are increased annually to reflect market rentals.

39. Significant related parties transactions

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Key management personnel compensation

	Group	
	2014 **$'000**	**2013** **$'000**
Short-term employee benefits	**2,398**	2,665
Post-employment benefits	**119**	128
	2,517	2,793

Key management personnel refers to the Group Chief Executive Officer, Chief Executive Officers and Country Head equivalent of the subsidiaries, General Managers and Senior Management of the holding company, who have the authority and responsibility for planning, directing and controlling the activities of the Group and the Company.

Remuneration comprises salary, allowances, bonuses (comprises annual wage supplement and performance bonus), employers' contributions to defined contribution plans and other benefits including severance and retirement benefits provided for a key management personnel of an overseas subsidiary as required under the country's labour regulations.

39. Significant related parties transactions (cont'd)

Other related parties transactions

	Group	
	2014	**2013**
	$'000	**$'000**
Related parties		
Professional and brokerage fees incurred	**6**	66
Software development fees incurred	**3**	2
Fund management fees incurred	**1**	-
Director of Company		
Professional fees	**5**	5

40. Financial and insurance risk management

Accepting and managing risk is central to the business of being a financial services provider and is an important part of the Group's overall business strategy. The Group has adopted formal risk management policies and procedures which are approved by the Board. These risk management guidelines set out both procedures as well as quantitative limits to minimise risks arising from the Group's exposures to such factors. The main financial and insurance risks that the Group is exposed to and how they are being managed are set out below.

Credit risk

The principal risk to which the Group is exposed is credit risk in connection with its loans, factoring, credit insurance, bond, guarantee and insurance activities. Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due. Management has established credit and insurance processes and limits to manage these risks including performing credit reviews of its customers and counterparties, risk-sharing and obtaining collaterals as security where considered necessary.

Other credit risks represent the loss that would be recognised if counterparties in connection with insurance, reinsurance, investment and banking transactions failed to perform as contracted. Credit evaluations are performed on all new brokers, reinsurers, financial institutions and other counterparties.

Credit risk in respect of the Group's lending activities is managed and monitored in accordance with defined credit policies and procedures. Significant credit risk strategies and policies are approved, and reviewed periodically by the Board of Directors. These include setting authority limits for approving credit facilities and establishing limits on single client, related entities, and industry exposures to ensure the broad diversification of credit risk and to avoid undue concentration. These policies are delegated to and disseminated under the guidance and control of the Management Committee (comprising Senior Management) and Credit Committee. A delegated credit approval authority limit structure, approved by the Board of Directors, is as follows:

- The Credit Committee, comprising executive director and senior management staff assess, review and make decisions on credit risks of the Group within the authority limits imposed by the Board;
- The Credit Risk Management Department independently assesses the creditworthiness and risk profile of the obligors and formulates credit policies and procedures for the Group;
- The Client Audit Unit conducts audits on new factoring clients and some times, loan clients before account activation and for existing ones, on a periodic basis;

40. Financial and insurance risk management (cont'd)

Credit risk *(cont'd)*

- Daily monitoring of accounts is handled by Client Relationship and Business Development Teams together with Operations Department and Credit Risk Management Department;
- The Internal Audit function provides independent assurance to senior management and the Audit Committee concerning compliance with credit processes, policies and the adequacy of internal controls; and
- Established limits and actual levels of exposure are regularly reviewed and reported to the Board of Directors on a periodic basis.

Credit risk arising on loans to customers under the LEFS and IF Scheme are under risk-sharing arrangements with SPRING Singapore and IES respectively, with the risk-sharing ranging from 50% to 80% of the funds disbursed.

The credit risk for loans, advances, hire purchase, leasing, factoring and insurance receivables based on the information provided to management are as follows:

(I) Exposure to credit risk

(a) Loans, advances, hire purchase and leasing receivables

Loans, advances, hire purchase and leasing receivables are summarised as follows:

	Note	Group		Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Collectively assessed					
Neither past due nor impaired (i)		**120,280**	103,308	**97,792**	74,482
Past due but not impaired (ii)		**7,153**	10,598	**7,080**	10,524
Gross amount		**127,433**	113,906	**104,872**	85,006
Collective impairment		**(2,548)**	(1,523)	**(2,441)**	(1,349)
Carrying amount		**124,885**	112,383	**102,431**	83,657
Individually impaired (iii)		**23,828**	26,851	**11,125**	12,307
Allowance for impairment		**(18,507)**	(18,155)	**(9,103)**	(11,105)
Carrying amount		**5,321**	8,696	**2,022**	1,202
Total carrying amount	8	**130,206**	121,079	**104,453**	84,859

(i) Loans, advances, hire purchase and leasing receivables neither past due nor impaired:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Gross amount	**120,280**	103,308	**97,792**	74,482
includes accounts with renegotiated terms	**1,815**	2,062	**-**	173
includes accounts that are unsecured	**37,042**	31,990	**35,667**	27,604

40. Financial and insurance risk management (cont'd)

Credit risk (cont'd)

(I) Exposure to credit risk (cont'd)

(a) Loans, advances, hire purchase and leasing receivables (cont'd)

(ii) Loans, advances, hire purchase and leasing receivables past due but not impaired, analysed by past due period:

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Gross amount	**7,153**	10,598	**7,080**	10,524
Past due comprises:				
1-30 days	**6,712**	9,657	**6,712**	9,657
31 - 60 days	**114**	61	**74**	14
61 - 90 days	**92**	255	**65**	240
91 - 180 days	**90**	250	**84**	238
More than 180 days	**145**	375	**145**	375
Gross amount	**7,153**	10,598	**7,080**	10,524

(iii) Loans, advances, hire purchase and leasing receivables individually impaired, analysed by loan grading:

	Group		Company	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Pass	**-**	-	**-**	-
Substandard	**3,024**	7,637	**-**	1,053
Doubtful	**12,938**	8,229	**3,259**	2,660
Loss	**7,866**	10,985	**7,866**	8,594
Gross amount	**23,828**	26,851	**11,125**	12,307
Allowance for impairment	**(18,507)**	(18,155)	**(9,103)**	(11,105)
Carrying amount	**5,321**	8,696	**2,022**	1,202

(b) Factoring receivables

The Group's credit risk exposures on factoring receivables comprise the following types of risks: recourse and non-recourse factoring. The receivables represent the debts that were factored to the Group by its clients of which the Group may provide funding up to 90% of the eligible debts.

The "recourse" factoring relates to debts for which the Group and the Company do not bear the risk of non-payment. Conversely, in the "non-recourse" factoring, the Group and the Company bear any bad debt risk that may arise. The Group reinsures part of the debts under non-recourse factoring with external reinsurers.

40. Financial and insurance risk management (cont'd)

Credit risk (cont'd)

(I) Exposure to credit risk (cont'd)

(b) Factoring receivables (cont'd)

The breakdown by type of factoring risk is as follows:

	Note	Factoring receivables			
		Group		Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Recourse		**182,586**	181,854	**16,324**	20,430
Non-recourse		**3,394**	3,885	**3,394**	3,885
	14	**185,980**	185,739	**19,718**	24,315

The credit quality of the factoring receivables that were neither past due nor impaired of the Group and the Company is assessed based on the credit policy established by the Credit Committee. An analysis of the credit quality of the factoring receivables that were neither past due nor impaired at the reporting date is as follows:

	Group		Company	
	2014 $'000	2014 $'000	2014 $'000	2013 $'000
Acceptable risk	**104,052**	108,528	**9,760**	10,334

The ageing of past due but not impaired factoring receivables for more than 180 days and above at the reporting date is as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Past due but not impaired receivables				
More than 180 days	**1,946**	2,633	**366**	1,337

For non-recourse factoring, the Group will assume the credit risks for debts commencing from the day the credit sales is approved. The settlement date in relation to claims arising from such debts is 180 days after the due date of the invoices.

(c) Insurance receivables

The ageing of past due but not impaired insurance receivables at the reporting date are as follows:

	Group	
	2014 $'000	2013 $'000
1 - 180 days	**12**	108
More than 180 days	**24**	42
	36	150

40. Financial and insurance risk management (cont'd)

Credit risk (cont'd)

(I) Exposure to credit risk (cont'd)

(c) Insurance receivables (cont'd)

Analysis of receivables that were not past due nor impaired at the reporting date is as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Acceptable risks	**1,015**	1,042

(d) Guarantees

The maximum exposure of the Company in respect of the intra-group financial guarantee (see note 23) at the reporting date if the facility is drawn down by the subsidiary is in the amount of $16,252,261 (2013: $20,131,748). At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

(II) Impaired loans and investments

(a) Loan classification

The Group has in place an internal credit scoring model for quantitative credit assessment of the loan. This together with the following categorisation of loans helps the Group to grade the non-performing loan accounts. During the year the Group refined its internal credit scoring model and performing loans are categorised as Pass and Special Mention while Non-Performing loans are categorised as Substandard, Doubtful and Loss based on the following guidelines:

- Pass - Payment of principal and interests are up-to-date and timely repayment of the outstanding credit facilities is not in doubt
- Special Mention - Credit facilities exhibit potential weaknesses that, if not corrected in a timely manner, may adversely affect future repayments
- Substandard - Credit facilities exhibit definable weaknesses, either in respect of businesses, cash flow or financial position of the borrower that may jeopadise repayment of existing terms
- Doubtful - Credit facilities exhibit severe weaknesses such that the prospect of full recovery is questionable and prospect of a loss is high, but exact amount remains undeterminable
- Loss - The long outstanding debt is regarded as uncollectible and nothing can be done to recover the debt

(b) Loans with renegotiated terms

Loans with renegotiated terms refer to one where the original contractual terms and conditions have been modified upon mutual agreement between the Group and the borrower on commercial grounds due to temporary financial difficulties, corporate restructuring or other events.

(c) Allowances for non-performing financial assets

(i) Allowances for loans and receivables

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan and receivable portfolios. Allowances for loans and factoring receivables comprise specific allowances as well as collective allowances. Specific allowance is established when the present value of future recoverable cash flows of the impaired loans

40. Financial and insurance risk management (cont'd)

Credit risk (cont'd)

(II) Impaired loans and investments (cont'd)

(c) Allowances for non-performing financial assets (cont'd)

(i) Allowances for loans and receivables (cont'd)

and receivables are lower than the carrying value of the loans and receivables. Assessment for impairment of loans and receivables is conducted on a case-by-case basis. For collective loss allowance, this is provided on the remaining loans and receivables which are grouped according to their risk characteristics and collectively assessed taking into account the historical loss experience on such loans and receivables.

(ii) Allowances for investments

The Group establishes an allowance for impairment losses of investments that represents its estimate of incurred impairment in its investment portfolios. At each reporting date, Management assesses whether there is objective evidence that an investment is impaired. In the case of an equity investment classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator that the investment is impaired. If such evidence exists, the cumulative loss measured as the difference between the acquisition cost net of any principal repayments and current fair value, less any impairment loss on that investment previously recognised in profit or loss, is removed from the fair value reserve within equity and recognised in profit or loss. Impairment losses recognised in profit or loss on available-for-sale equity investments are not reversed through profit or loss. Any subsequent increase in the fair value is recognised in the fair value reserve within equity and the accumulated balance is included in profit or loss when such equity investments are disposed of.

(d) Write-off policy

The Group writes off a loan or a receivable balance (and any related allowances for impairment losses) when the Group determines that the loans/receivables/investments are uncollectible. This determination is reached when there is no realisable tangible collateral securing the account, and all feasible avenues of recovery have been exhausted.

(e) Upgrading of non-performing loan

The loan can only be upgraded after a reasonable period (typically six months) of regular payments under the restructured terms.

(f) Impairment losses

Set out below is an analysis of the gross and net (of allowances for impairment) amounts of individually impaired loans, advances, hire purchase and leasing receivables by risk grade:

	Loans, advances, hire purchase and leasing receivables			
	2014		2013	
	Gross $'000	Net $'000	Gross $'000	Net $'000
Group				
Pass	-	-	-	-
Substandard	**3,024**	**716**	7,637	4,204
Doubtful	**12,938**	**4,580**	8,229	4,437
Loss	**7,866**	**25**	10,985	55
	23,828	**5,321**	26,851	8,696

40. Financial and insurance risk management (cont'd)

Credit risk (cont'd)

(II) Impaired loans and investments (cont'd)

(f) Impairment losses (cont'd)

	Loans, advances, hire purchase and leasing receivables			
	2014		2013	
	Gross $'000	Net $'000	Gross $'000	Net $'000
Company				
Substandard	**-**	**-**	1,053	1,053
Doubtful	**3,259**	**1,997**	2,660	94
Loss	**7,866**	**25**	8,594	55
	11,125	**2,022**	12,307	1,202

(III) Collateral

The Group holds collateral against loans and advances to clients in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of the fair value are based on the value of collateral at the time of lending and generally are not updated except when the loan is individually assessed as impaired. Generally, collateral is not held against the Group's investment securities, and no such collateral was held at 31 December 2014 or 2013.

An estimate fair value of collateral and other security enhancements held against financial assets is shown below:

	Loans, advances, hire purchase and leasing receivables			
	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Against individually impaired				
Accounts receivable	**-**	1,966	-	-
Equipment	**2,379**	5,122	-	-
Subtotal	**2,379**	7,088	-	-
Against past due but not impaired				
Properties	**12,150**	12,150	**12,150**	12,150
Vessels	**12,200**	12,800	**12,200**	12,800
Equipment	**1,069**	999	**1,011**	940
Shares	**-**	269	**-**	269
Subtotal	**25,419**	26,218	**25,361**	26,159
Against neither past due nor impaired				
Accounts receivable	**165**	-	**-**	-
Fixed/cash deposits	**9,311**	1,089	**8,830**	1,000
Properties	**71,651**	36,858	**71,651**	36,858
Equipment	**38,723**	41,626	**18,984**	14,715
Vessels	**49,361**	54,452	**49,361**	54,452
Subtotal	**169,211**	134,025	**148,826**	107,025
Total	**197,009**	167,331	**174,187**	133,184

40. Financial and insurance risk management (cont'd)

Credit risk (cont'd)

(IV) Concentration of credit risk

The Group monitors concentration of credit risk by sectors.

The concentration of credit risk of derivative financial assets at the reporting date is in manufacturing sector.

An analysis of concentration of credit risk of loans, investments and factoring receivables at the reporting date is shown below:

	Loans, advances, hire purchase and leasing receivable (note 8)		Investments (note 7)	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Group				
Concentration by sector				
Manufacturing	**73,045**	86,723	**4,556**	2,130
Services	**37,025**	31,133	**15,951**	8,045
Holding and investment companies	**4,219**	2,222	**3,165**	376
Property	**10,169**	537	**41,100**	29,009
Transport	**-**	-	**7,508**	-
Others	**5,748**	464	**1,218**	3,416
	130,206	121,079	**73,498**	42,976
Company				
Concentration by sector				
Manufacturing	**53,824**	56,217	**-**	-
Services	**30,493**	25,419	**3,736**	4,326
Holding and investment companies	**4,219**	2,222	**-**	-
Property	**10,169**	537	**3,264**	5,934
Others	**5,748**	464	**-**	-
	104,453	84,859	**7,000**	10,260

	Factoring receivables (note 14)			
	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Concentration by sector				
Manufacturing	**120,994**	120,032	**7,868**	10,151
Services	**62,927**	63,544	**9,791**	12,001
Holding and investment companies	**13**	273	**13**	273
Property	**308**	409	**308**	409
Others	**1,738**	1,481	**1,738**	1,481
	185,980	185,739	**19,718**	24,315

40. Financial and insurance risk management (cont'd)

Credit risk (cont'd)

(IV) Concentration of credit risk (cont'd)

The maximum exposure to credit risk for loans, factoring receivables and investments at the reporting date by geographical region was:

	Loans, advances, hire purchase and leasing receivables			
	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	**96,623**	84,788	**96,623**	84,788
Southeast Asia	**27,573**	36,220	**1,820**	-
Rest of Asia	**6,010**	71	**6,010**	71
	130,206	121,079	**104,453**	84,859

	Factoring receivables			
	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	**19,718**	24,315	**19,718**	24,315
Southeast Asia	**166,262**	161,424	**-**	-
	185,980	185,739	**19,718**	24,315

	Investments			
	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Singapore	**69,969**	38,450	**3,758**	6,415
Southeast Asia	**3,241**	3,844	**3,241**	3,844
Rest of Asia	**255**	641	**-**	-
Others	**33**	41	**1**	1
	73,498	42,976	**7,000**	10,260

Interest rate risk

In carrying out its lending activities, the Group strives to meet client demands for products with various interest rate structures and maturities. Sensitivity to interest rate movements arises from mismatches in the repricing dates, cash flows and other characteristics of the assets and their corresponding liabilities funding. As interest rates and yield curves change over time, the size and nature of these mismatches may result in a loss or gain in earnings.

40. Financial and insurance risk management (cont'd)

Interest rate risk (cont'd)

The Group attempts to minimise the interest rate risks wherever possible over the tenor of the financing. Floating rate lending is matched by floating rate borrowings. For fixed rate loans, these are matched by shareholders' funds and fixed rate borrowings and, if economically feasible, of the same tenor and amount. However, gaps may arise due to prepayments or delays in drawdown by clients.

On a minimum quarterly basis, the Group calculates its interest rate sensitivity gaps by time bands based on the earlier of contractual repricing date and maturity date. Where there is a gap arising out of a mismatch, the Group will use interest rate derivative instruments such as interest rate swaps, caps and floors to hedge its position.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss, and the Group does not designate derivatives (interest rate cap and floor) as hedging instruments under the fair value accounting model. Therefore a change in interest rate at the reporting date would not affect the profit or loss.

Sensitivity analysis for variable rate instruments

As at 31 December 2014, it is estimated that a general increase of 100 basis points (bp) in interest rates would have increased the Group's profit after tax by approximately $246,000 and the Company's profit after tax by approximately $77,000 (2013: Group: $213,000; Company: $75,000). A decrease in 100bp in interest rates would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Liquidity risk

Liquidity risk is the risk due to having insufficient funds to meet contractual and business obligations in a timely manner. The Group manages and projects its cash flow commitments on a regular basis and this involves monitoring the concentration of funding maturity at any point in time and ensuring that there are committed credit lines from banks for its funding requirements.

The following are the expected contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000
Group						
2014						
Non-derivative financial liabilities						
Trade and other payables	8,275	8,275	8,275	-	-	-
Insurance payables	2,418	2,418	2,418	-	-	-
Interest-bearing borrowings	229,102	233,722	172,261	15,484	23,041	22,936
Letters of credit	-	2,352	2,352	-	-	-
Bankers guarantees	-	2,019	2,019	-	-	-
	239,795	248,786	187,325	15,484	23,041	22,936

40. Financial and insurance risk management (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000
Group						
2013						
Non-derivative financial liabilities						
Trade and other payables	11,091	11,091	11,091	-	-	-
Insurance payables	3,145	3,145	3,145	-	-	-
Interest-bearing borrowings	224,230	227,789	178,122	14,842	18,619	16,206
Letters of credit	-	1,594	1,594	-	-	-
Bankers guarantees	-	2,802	2,802	-	-	-
	238,466	246,421	196,754	14,842	18,619	16,206
Company						
2014						
Non-derivative financial liabilities						
Trade and other payables	**5,068**	**5,068**	**5,068**	**-**	**-**	**-**
Interest-bearing borrowings	**131,783**	**135,012**	**90,866**	**9,691**	**15,776**	**18,679**
Letters of credit	**-**	**196**	**196**	**-**	**-**	**-**
	136,851	**140,276**	**96,130**	**9,691**	**15,776**	**18,679**
2013						
Non-derivative financial liabilities						
Trade and other payables	7,491	7,491	7,491	-	-	-
Interest-bearing borrowings	112,451	114,662	77,878	10,116	12,019	14,649
Letters of credit	-	850	850	-	-	-
	119,942	123,003	86,219	10,116	12,019	14,649

Currency risk

The Group operates in Southeast Asia with dominant operations in Singapore, Indonesia, Malaysia and Thailand. Entities in the Group also transact in currencies other than their respective functional currencies ("foreign currencies") such as United States Dollar ("USD"), Australian Dollar ("AUD"), Sterling Pound ("GBP"), Indonesian Rupiah ("IDR"), Malaysian Ringgit ("RM"), and Thai Baht ("THB").

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group is exposed to foreign currency risk on investments, loans, advances and factoring receivables and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily USD, THB, GBP, AUD and RM. If necessary, the Group may use derivative financial instruments to hedge its foreign currency risk.

40. Financial and insurance risk management (cont'd)

Currency risk (cont'd)

Interest-bearing borrowings are denominated in currencies that match cashflows generated by the underlying operations of the Group, primarily USD, AUD, THB, IDR and RM. This provides an economic hedge and no derivatives are entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when necessary to address short term imbalances.

The Group's investments in foreign subsidiaries and associates are not hedged as these currency positions are considered to be non-monetary and long-term in nature.

The Group's and Company's exposures to major foreign currency risks are as follows:

	USD $'000	THB $'000	GBP $'000	AUD $'000
Group				
2014				
Loans & advances, trade and other receivables	**24,490**	**-**	**31**	**6,181**
Other investments	**23**	**3,242**	**-**	**254**
Cash and cash equivalents	**494**	**5**	**24**	**13**
Other financial assets	**67**	**-**	**-**	**-**
Trade and other payables	**(76)**	**(10,707)**	**-**	**(34)**
Interest-bearing borrowings	**(24,634)**	**-**	**-**	**(6,061)**
Other financial liabilities	**(32)**	**-**	**-**	**-**
Net currency exposure	**332**	**(7,460)**	**55**	**353**
2013				
Loans & advances, trade and other receivables	22,408	-	22	-
Other investments	32	3,844	376	265
Cash and cash equivalents	738	5	17	17
Other financial assets	197	-	-	-
Trade and other payables	(157)	(11,058)	-	-
Interest-bearing borrowings	(22,565)	-	-	-
Other financial liabilities	(65)	-	-	-
Net currency exposure	588	(7,209)	415	282

40. Financial and insurance risk management (cont'd)

Currency risk (cont'd)

	USD $'000	THB $'000	RM $'000	GBP $'000	AUD $'000
Company					
2014					
Loans & advances, trade and other receivables	**24,735**	**17**	**29**	**-**	**6,181**
Other investments	**-**	**3,241**	**-**	**-**	**-**
Cash and cash equivalents	**74**	**5**	**-**	**24**	**13**
Trade and other payables	**(22)**	**(1)**	**-**	**(41)**	**(34)**
Interest-bearing borrowings	**(24,634)**	**-**	**-**	**-**	**(6,061)**
Net currency exposure	**153**	**3,262**	**29**	**(17)**	**99**
2013					
Loans & advances, trade and other receivables	22,363	16	49	-	-
Other investments	-	3,844	-	-	-
Cash and cash equivalents	443	5	-	17	17
Trade and other payables	(91)	-	-	(40)	-
Interest-bearing borrowings	(22,565)	-	-	-	-
Net currency exposure	150	3,865	49	(23)	17

Sensitivity analysis

A 10 percent strengthening of the Singapore dollar against the following currencies at the reporting date would have increased (decreased) the equity and profit or loss after tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000
31 December 2014				
USD	**(2)**	**(26)**	**-**	**(13)**
THB	**(324)**	**888**	**(324)**	**(2)**
RM	**-**	**-**	**-**	**(2)**
GBP	**-**	**(5)**	**-**	**1**
AUD	**(25)**	**(8)**	**-**	**(8)**
31 December 2013				
USD	(2)	(47)	-	(13)
THB	722	-	(384)	(2)
RM	-	-	-	(4)
GBP	(38)	(3)	-	2
AUD	(27)	(1)	-	(1)

40. Financial and insurance risk management (cont'd)

Currency risk (cont'd)

Sensitivity analysis (cont'd)

A 10 percent weakening of the Singapore dollar against the above currencies would have had the equal but opposite effect on the basis that all other variables remain constant.

Other market price risk

The Group has equity interests in private companies as well as quoted equity shares which are subject to market risks such as fluctuations in market prices, economic risks, credit default risks and investment risks inherently arising from the nature of the venture capital business activities.

The Group's venture capital investments are both internally and externally managed. The internally managed venture capital investments are predominantly investments that the Group is looking to divest. For externally managed venture capital investments, the Group has representatives in the Investment Committee of the Fund Manager that makes investment and divestment decisions. The Fund Manager has established policies and procedures to monitor and control its investments and divestments.

Investments in equity securities arise mainly from structured finance activities and they relate to those financial instruments in which embedded derivatives either in the form of the options or warrants are attached. Upon the maturity of the derivatives, the options or warrants are exercised and converted into equity with the moratorium period attached. As such, the Group has to hold these equities until the expiry of the moratorium before divesting. The Group has established policies and procedures to monitor and control its divestments.

For investments under the Insurance Fund, the Group has asset allocation guidelines which are reviewed periodically by the management and the Board. Under the asset allocation guidelines, limits are set in place for various asset classes such as equities, bonds and fixed/cash deposits.

Sensitivity analysis - market price risk

For other investments carried at fair value, a 5 percent increase in the prices of the financial instruments at the reporting date would have increased equity and profit or loss after tax by the amounts shown below:

	Group		**Company**	
	2014 $'000	**2013 $'000**	**2014 $'000**	**2013 $'000**
Equity	**449**	964	**188**	321
Profit or loss	**620**	329	**8**	24

A 5 percent decrease in the prices of the financial instruments at the reporting date would have had the equal but opposite effect to the amounts shown above.

40. Financial and insurance risk management (cont'd)

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost of effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit.

Compliance with Group standards is supported by a risk based plan approved by the Audit Committee on an annual basis and carried out by Internal Audit. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, and reported to the Audit Committee on a periodic basis.

The Compliance Unit of the Group updates management and the Board of Directors on the changes and development in the laws and regulations and assists Management to check on the Group's compliance of the limits set by the Risk Management guidelines.

Insurance contract risk

Underwriting risk

Underwriting risk includes the risk of incurring higher claims costs than expected owing to the random nature of claims and their frequency and severity and the risk of change in legal or economic conditions or behavioural patterns affecting insurance pricing and conditions of insurance or reinsurance cover.

The principal underwriting risk to which the Group is exposed is credit risk in connection with its credit insurance and bond and guarantee underwriting activities. Management has established underwriting processes and limits to manage this risk including performing credit reviews of its customers and obtaining cash collateral as security where considered necessary.

Pricing risk

The underwriting function carries out qualitative and quantitative risk assessments on all buyers and clients before deciding on an approved credit limit. Policies in riskier markets may be rejected or charged at a higher premium rate accompanied by stricter terms and conditions to commensurate the risks.

40. Financial and insurance risk management (cont'd)

Insurance contract risk (cont'd)

Concentration risk

Concentration limits are set to avoid heavy concentration within a specific industry or country. Maximum limits are set for buyer credit limits and guarantee facility limits and higher limits require special approval. There is also monthly monitoring and reporting of any heavy concentration of risk exposure towards any industry, country, buyer and client limits. Buyer credit limits and client facility limits are reviewed on a regular basis to track any deterioration in their financial position that may result in a loss to the Group.

The main exposures of the Group's credit insurance contracts are to the electronics, wholesale and retail trade sectors. For bond and guarantee insurance contracts, the property and construction sectors contribute to a larger proportion of the Group's risk exposure. The Group does not have any significant concentration of risk to customers in countries outside of Singapore.

Reinsurance outwards

The Group participates in reinsurance treaties to cede risks to its reinsurers, which are internationally established firms with credit ratings and reviewed by the Board. Under the treaties, the Group undertakes to cede to its reinsurers between 65% to 70% of its total written premium as well as the same proportion of corresponding losses for 2014. Risks undertaken which do not fall within the treaty scope of cover are ceded to reinsurers on a facultative basis.

Asset-liability management ("ALM")

The ALM policy is designed to ensure financial assets are managed with maturity profile that matches the projected cash-flows for the Company's liabilities. In addition, the Company maintains at least 30% of claims liability in cash and cash equivalent to meet claims settlement as and when they arise.

Counterparty and concentration risk

For investments in fixed income securities, the Group invests primarily in securities issued by the Singapore Government, Statutory Boards and high grade corporate bonds. Such investments require approval from two delegated authority. The Group has put in place investment, counterparty and foreign currency limits in relation to its investment activities to ensure that there is no over-concentration to any one class of investment.

Claims development in respect of credit and bond and guarantee insurance business

Claim development tables are disclosed to allow comparison of the outstanding claim provisions with those of prior years. In effect, the tables highlight the Group's ability to provide an estimate of the total value of claims. The top part of the table provides a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or accident year-ends. The estimate is increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims. The lower part of the table provides a reconciliation of the total provision included in the statement of financial position and the estimated cumulative claims.

40. Financial and insurance risk management (cont'd)

Insurance contract risk (cont'd)

Claims development in respect of credit and bond and guarantee insurance business (cont'd)

While the information in the table provides a historical perspective on the adequacy of unpaid claims estimates in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Group believes that the estimated total claims outstanding as at 31 December 2014 are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

The analysis of claims development has been performed on a gross basis before accounting for reinsurance and on a net basis after accounting for reinsurance.

The claims information for the accident years below is based on the following:

Accident year:

- 2005 - 12 months ended 31 December 2005
- 2006 - 12 months ended 31 December 2006
- 2007 - 12 months ended 31 December 2007
- 2008 - 12 months ended 31 December 2008
- 2009 - 12 months ended 31 December 2009
- 2010 - 12 months ended 31 December 2010
- 2011 - 12 months ended 31 December 2011
- 2012 - 12 months ended 31 December 2012
- 2013 - 12 months ended 31 December 2013
- 2014 - 12 months ended 31 December 2014

40. Financial and insurance risk management (cont'd)

Insurance contract risk (cont'd)

Claims development in respect of credit and bond and guarantee insurance business (cont'd)

Analysis of claims development – net of reinsurance basis

Total business
Net loss development tables as at 31 December 2014
Unit: $'000s

Estimate of cumulative claims **Accident year**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
At end of accident year	1,551	1,899	2,594	998	1,464	616	227	275	1,658	5,625	
One year later	996	1,392	2,405	1,199	1,465	459	314	133	565		
Two years later	1,013	4,377	1,690	1,132	1,151	459	136	84			
Three years later	520	3,750	1,014	520	863	166	12				
Four years later	515	3,750	743	519	863	-					
Five years later	514	3,750	732	519	863						
Six years later	514	3,525	724	519							
Seven years later	514	3,525	724								
Eight years later	514	3,525									
Nine years later	514										
Current estimate of ultimate claims	514	3,525	724	519	863	-	12	84	565	5,625	12,431
Cumulative payments	(514)	(3,525)	(724)	(519)	(863)	-	(12)	(84)	(499)	(457)	(7,197)
Net estimate of outstanding claim liability	-	-	-	-	-	-	-	-	66	5,168	5,234
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	7	39	46
Effect of discounting	-	-	-	-	-	-	-	-	-	-	-
Best estimate of outstanding claim liability	-	-	-	-	-	-	-	-	73	5,207	5,280
Provision for adverse deviation											108
Net provision for insurance claims (note 11)											**5,388**

40. Financial and insurance risk management (cont'd)

Insurance contract risk (cont'd)

Claims development in respect of credit and bond and guarantee insurance business (cont'd)

Analysis of claims development – net of reinsurance basis

Total business
Net loss development tables as at 31 December 2013
Unit: $'000s

Estimate of cumulative claims Accident year	2005	2006	2007	2008	2009	2010	2011	2012	2013	Total
At end of accident year	1,551	1,899	2,594	998	1,464	616	227	275	1,658	
One year later	996	1,392	2,405	1,199	1,465	459	314	133		
Two years later	1,013	4,377	1,690	1,132	1,151	459	136			
Three years later	520	3,750	1,014	520	863	166				
Four years later	515	3,750	743	519	863					
Five years later	514	3,750	732	519						
Six years later	514	3,525	724							
Seven years later	514	3,525								
Eight years later	514									
Current estimate of ultimate claims	514	3,525	724	519	863	166	136	133	1,658	8,238
Cumulative payments	(514)	(3,525)	(724)	(519)	(863)	(8)	(12)	(84)	(452)	(6,701)
Net estimate of outstanding claim liability	-	-	-	-	-	158	124	49	1,206	1,537
Unallocated loss adjustment expenses	-	-	-	-	-	18	13	6	25	62
Effect of discounting	-	-	-	-	-	-	-	-	(1)	(1)
Best estimate of outstanding claim liability	-	-	-	-	-	176	137	55	1,230	1,598
Provision for adverse deviation										97
Net provision for insurance claims (note 11)										**1,695**

40. Financial and insurance risk management (cont'd)

Estimation of fair value

Derivative financial assets

The fair value of quoted warrants is their last bid price at the reporting date.

Investments in equity and debt securities

The fair value of quoted equity securities is their last bid price at the reporting date. The fair values of unquoted corporate bonds, unquoted unit trusts and money market funds are their indicative prices at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

Loans, advances, hire purchase, leasing and receivables

The fair values of loans, advances, hire purchase, leasing and receivables that reprice within six months of reporting date are assumed to equate the carrying values. The fair values of fixed rate loans, advances, hire purchase, leasing and factoring receivables were calculated using discounted cash flow models based on the maturity of the loans. The discount rates applied in this exercise were based on the current interest rates of similar types of loans, advances, hire purchase, leasing and factoring receivables if these assets were performing at reporting date.

Other financial assets and liabilities

The Company and the Group's subsidiary granted convertible loans to finance residential projects in Singapore. The convertible loans contain embedded equity conversion options and are expected to convert or mature between 2016 and 2018. These have been classified as available-for-sale financial assets as Level 2 and 3. Management has used discounted cash flow technique in which inputs were based on units sold and sales projections and development cost projections as at 31 December 2014. The discounted rate of 5% was used to ascertain the fair value.

The notional amounts of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values because of the short period of maturity.

The fair value of quoted equity securities is their last bid price at the reporting date. The fair values of the unquoted corporate bonds, unquoted unit trusts and money market funds are their indicative prices at the reporting date.

The fair values of the financial assets including their levels in the fair value hierarchy are as follows:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2014				
Derivative financial assets	100	-	90	190
Available-for-sale financial assets				
- Equity securities	-	-	8,964	8,964
- Convertible loans	-	3,264	11,546	14,810
Held-for-trading equity securities	14,749	-	-	14,749
	14,849	3,264	20,600	38,713

40. Financial and insurance risk management (cont'd)

Estimation of fair value (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2013				
Derivative financial assets	580	-	-	580
Available-for-sale financial assets				
- Equity securities	376	-	7,325	7,701
- Debt securities	-	995	-	995
- Convertible loans	-	5,934	9,500	15,434
Held-for-trading equity securities	7,334	-	-	7,334
	8,290	6,929	16,825	32,044
Company				
2014				
Derivative financial assets	**100**	**-**	**90**	**190**
Available-for-sale financial assets				
- Equity securities	**-**	**-**	**3,736**	**3,736**
- Convertible loan	**-**	**3,264**	**-**	**3,264**
	100	**3,264**	**3,826**	**7,190**
2013				
Derivative financial assets	580	-	-	580
Available-for-sale financial assets				
- Equity securities	-	-	4,326	4,326
- Convertible loan	-	5,934	-	5,934
	580	5,934	4,326	10,840

Level 3 fair values relate to unquoted equity securities, funds and convertible loans.

During the financial year ended 31 December 2014, there was a transfer between Level 1 and Level 3 resulting from delisting of a quoted equity share.

40. Financial and insurance risk management (cont'd)

Estimation of fair value (cont'd)

The following table shows a reconciliation from the beginning balances to the ending balances for the fair value measurements in Level 3 of fair value hierarchy:

	Group $'000	Company $'000
At 1 January 2014	**16,825**	**4,326**
Transfer from Level 1	**376**	**-**
Additions	**1,000**	**-**
Redemptions	**(1,090)**	**-**
Allowance for impairment	**(986)**	**(603)**
Provision utilised	**944**	**-**
Gain recognised in other comprehensive income	**3,441**	**13**
Gain recognised in profit or loss	**90**	**90**
At 31 December 2014	**20,600**	**3,826**
At 1 January 2013	5,655	4,333
Additions	11,500	-
Redemptions	(691)	-
Provisions utilised	578	-
Loss recognised in other comprehensive income	(214)	(7)
Loss recognised in profit or loss	(3)	-
At 31 December 2013	16,825	4,326

The following table shows the valuation technique used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Type	**Valuation technique**	**Significant unobservable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Convertible loans	*Discounted cash flows:* The fair value computed were based on units sold, sales projections on unsold units and development costs projections, discounted to the present value using a risk-adjusted discount rate	Risk-adjusted discount rate of 5%	The estimated fair value would increase (decrease) if the risk-adjusted rate was lower (higher)

40. Financial and insurance risk management (cont'd)

Estimation of fair value (cont'd)

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Equity securities	*Discounted cash flows:* The valuation model considers the present value of the net cash flows expected to be generated by the investee. The cash flow projections include specific estimates for 5 years. The expected net cash flows are discounted using a risk-adjusted discount rate.	Risk-adjusted discount rate of 9.6%	The estimated fair value would increase (decrease) if the risk-adjusted rate was lower (higher)
Funds	*Net asset value:* The valuation model inputs were based on net asset value of the funds invested	Net asset value of the funds	The estimated fair value would increase (decrease) if the net asset value was higher (lower)

Sensitivity analysis – Level 3 valuation

For the fair values of convertible loans and unquoted equity securities – available-for-sale, reasonably possible changes at the reporting date to risk-adjusted discount rate by 1%, holding other inputs constant, would have the following effects:

	Equity and other comprehensive income			
	Group		Company	
Risk-adjusted discount rate (1% movement)	Increase $'000	Decrease $'000	Increase $'000	Decrease $'000
31 December 2014				
Convertible loans	(330)	344	-	-
Equity securities	(396)	518	(396)	518
	(726)	862	(396)	518

40. Financial and insurance risk management (cont'd)

Estimation of fair value (cont'd)

Summary

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair values in the statement of financial position as at 31 December are represented in the following table:

	2014		2013	
	Carrying value $'000	**Fair value $'000**	**Carrying value $'000**	**Fair value $'000**
Group				
Financial assets				
Held-to-maturity investments	**34,975**	**34,859**	11,512	11,689
Unrecognised loss/(gain)		**116**		(177)
Company				
Financial assets				
Held-to-maturity investments	**-**	-	**-**	-
Unrecognised loss/(gain)		-		-

41. Accounting judgements and estimates

Management has assessed the development, selection and disclosure of the critical accounting policies and estimates, and the application of these policies and estimates.

The following are critical accounting judgements or estimates made by the management in applying accounting policies:

Critical accounting judgements

Impairment losses on loans, advances, hire purchase, leasing and receivables

The Group reviews the loan portfolio to assess impairment on a regular basis. To determine whether there is an impairment loss, the Group makes judgements as to whether there is any observable data indicating a measurable decrease in the estimated future cash flows of the loan portfolio. The evidence may include observable data indicating adverse changes in the payment status of the borrowers or local economic conditions that correlate with defaults in the loan portfolio. The methodology and assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between estimated and actual loss experience.

Valuation and impairment losses on unquoted investments

Significant judgements and estimates are made by the Group for valuation of unquoted equities to assess impairment on a regular basis. Valuations of unquoted equities are based on management analysis using the discounted cashflows and net assets of the investee companies.

41. Accounting judgements and estimates (cont'd)

Critical accounting judgements (cont'd)

Held-to-maturity financial assets

The Group has the intention and ability to hold the debt securities, which include quoted and unquoted corporate bonds to maturity. These securities will be redeemed upon maturity and will not be subject to disposal prior to maturity.

If the Group fails to hold these debt securities to maturity other than for specific circumstances explained in FRS 39 Financial Instruments, it will be required to classify the whole class as available-for-sale. The debt securities would therefore be measured at fair value and not amortised cost. If the class of held-to-maturity debt securities is tainted, its carrying amount would decrease by $116,000 (2013: increase by $177,000) with a corresponding entry in the fair value reserve in equity.

Provisions for unexpired risks and insurance claims

Provisions for unexpired risks and insurance claims as at 31 December 2014 have been assessed by the approved actuary (Ernst & Young Advisory Pte. Ltd.) in accordance with local insurance regulatory requirements.

The description of the principal estimates and assumptions underlying the determination of provisions for unexpired risks and insurance claims and the impact of changes in these estimates and assumptions are discussed in the sensitivity analysis set out in sections I and II of this note. The process of establishing the provision for insurance claims is described in section II of this note.

The sensitivity analysis has been performed on a gross basis before accounting for reinsurance and on a net basis after accounting for reinsurance.

Users of these financial statements should take note of the following:

(a) The sensitivity analysis in sections I and II is based upon the assumptions set out in the actuarial report issued to the Group by the approved actuary for the financial year ended 31 December 2014. The sensitivity analysis is subject to the reliance that the approved actuary has placed on management and limitations described in the report. One particular reliance is that the net sensitivity results assume that all reinsurance recoveries are receivable in full;

(b) The estimates and assumptions discussed are independent of each other. However, in practice, a combination of adverse and favourable changes can occur; and

(c) The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

I. Provision for unexpired risks - sensitivity analysis

The provision for unexpired risks is the higher of:

(a) The aggregate of the total best estimates of unexpired risk and the provision for adverse deviation ("PAD"); and

(b) Unearned premium reserves.

41. Accounting judgements and estimates (cont'd)

Critical accounting judgements (cont'd)

I. Provision for unexpired risks - sensitivity analysis (cont'd)

For short-term credit insurance policies, the provision for unexpired risks is based on the ultimate loss ratio for 2014 which is obtained from outstanding claim analysis. For bonds and guarantee insurance contracts, a simulation approach is used to project expected future losses. In the base scenario, the Group has selected default rate of 0.50% to 4.53% based on each bond category (2013: 1.00% to 4.80%).

The provision for unexpired risks includes a PAD which is intended to provide a 75% probability of adequacy for the provision for unexpired risks. The PAD assumption relied on the approved actuary's inputs. An allowance for future management expenses and claim handling costs is made.

Based on the current assumptions, the gross and net provisions for unexpired risks are as follows:

	Net $'000	Gross $'000
At 31 December 2014		
Estimated provision for unexpired risks under the base scenario	**5,919**	**13,512**
At 31 December 2013		
Estimated provision for unexpired risks under the base scenario	6,289	15,898

Probability of default for bonds and guarantees

Probability of default of bonds and guarantees is computed based on historical claims experience of the Group. Under the base scenario, the Group has selected different default rates ranging from a minimum of 0.5% to 4.53% based on each bond category. Increasing and decreasing the average default rates by 0.5%, the provision will be modified as follows:

	High 0.5%	Low -0.5%	High 0.5%	Low -0.5%
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for unexpired risks	**7,385**	**5,915**	**16,801**	**13,512**
At 31 December 2013				
Provision for unexpired risks	7,568	6,274	16,829	15,898

Recovery rate for bonds and guarantees

Recovery rates for bonds and guarantees are computed based on published recovery rates from Moody's. Under the base scenario, the Group has allowed for recovery rate of 65% (2013: 75%) of the bond or guarantee value if it is called. Using rates of 75% or 55% (2013: 83% or 68%), the provision for unexpired risks would change as follows:

41. Accounting judgements and estimates (cont'd)

Critical accounting judgements (cont'd)

I. Provision for unexpired risks - sensitivity analysis (cont'd)

Recovery rate for bonds and guarantees (cont'd)

	High 75%	Low 55%	High 75%	Low 55%
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for unexpired risks	**5,916**	**6,614**	**13,512**	**14,200**

	High 83%	Low 68%	High 83%	Low 68%
	Net $'000		Gross $'000	
At 31 December 2013				
Provision for unexpired risks	6,275	7,049	15,898	15,898

Claim handling expenses ("CHE")

Allowance for CHE relates to the costs of administering outstanding claims until all claims are fully settled. CHE is computed based on 5% of expected future losses and maintenance expenses computed at 8% of the Group's unearned premium reserves for all classes of business. The effects of increasing and reducing CHE by 10% are presented below:

	High +10%	Low -10%	High +10%	Low -10%
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for unexpired risks	**5,919**	**5,918**	**13,512**	**13,512**
At 31 December 2013				
Provision for unexpired risks	6,290	6,287	15,898	15,898

Provision for adverse deviation

The actuary has assumed premium PAD of 25% (2013: 25% to 30%) under the base scenario. If the assumed PAD is increased or decreased by 10%, the resulting provision will be as follows:

41. Accounting judgements and estimates (cont'd)

Critical accounting judgements (cont'd)

I. Provision for unexpired risks - sensitivity analysis (cont'd)

Provision for adverse deviation (cont'd)

	High +10%	Low -10%	High +10%	Low -10%
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for unexpired risks	**5,919**	**5,918**	**13,512**	**13,512**
At 31 December 2013				
Provision for unexpired risks	6,290	6,287	15,898	15,898

II. Provision for insurance claims - sensitive analysis

Process of establishing provision for insurance claims

For short-term credit insurance contracts, the Group sets aside specific provisions based on actual claims notified by the policyholders. Each notified claim is assessed on a case-by-case basis with regards to the claim circumstances and information available from external sources. These specific provisions are reviewed and updated regularly as and when there are developments and are not discounted for the time value of money.

The Group closely monitors the relevant projects for which the bonds and guarantees are issued, and makes specific provisions should the Group be made aware of potential claim payments through its regular project monitoring.

Given the uncertainty in estimating the provision for insurance claims, it is likely that the actual outcome will be different from the provisions made based on internal provisioning. Accordingly, the Group engages an approved actuary to assess the adequacy of the Group's provision for insurance claims on an annual basis.

The reserving methodology and assumptions used by the approved actuary, which remain unchanged from prior year, are intended to produce a "best" estimate of the provision for insurance claims through the analysis of historical claims payment and recovery data to project future claims payment. The "best" estimate is intended to represent the mean value of the range of future outcomes of the claim costs. The provision for insurance claims is expressed in terms of the present value of the future claim costs using discount rate based on the prevailing "risk free" rate chosen as the yield of Singapore Government Bonds.

For short-term credit insurance policies, claim development triangles are constructed using the historical number of paid claims. The chain ladder method is applied to the triangle to project the ultimate number of claims. Analysis of average cost per claim and reinsurance recovery rates is then performed to compute an average net cost per claim. The estimate of outstanding claims is then derived by combining these items.

41. Accounting judgements and estimates (cont'd)

Critical accounting judgements (cont'd)

II. Provision for insurance claims - sensitive analysis (cont'd)

Process of establishing provision for insurance claims (cont'd)

The chain ladder method involves the analysis of historical claim number development factors and the selection of estimated development factors based on the historical pattern. The selected factors are then applied to the cumulative numbers of claims for each accident year, for which the data is not yet fully developed, to produce an estimated ultimate number of claims.

In estimating the provision for insurance claims, the actuary includes an allowance for claims handling expenses and maintenance cost which are intended to cover the costs of administering outstanding claims until all claims are fully settled.

The actuary's estimate for the provision for insurance claims is subject to uncertainty and variations of the actual and expected experience are to be expected. The inherent uncertainty is due to the fact that the ultimate claim cost is subject to the outcome of future events. Possible uncertainties include those related to the selection of models and assumptions, the statistical uncertainty, the general business and economic environment, and the impact of legislative reform. A PAD is therefore made to allow for uncertainty surrounding the estimation process and is intended to provide a 75% probability of adequacy for the provision for insurance claims. The PAD assumption relied on the actuary's inputs.

Based on the current assumptions, the gross and net provisions for insurance claims are as follows:

	Net $'000	Gross $'000
At 31 December 2014		
Estimated provision for insurance claims under the base scenario	**5,388**	**16,905**
At 31 December 2013		
Estimated provision for insurance claims under the base scenario	1,695	4,875

Ultimate number of claims per million earned premiums in accident year 2014 for short-term credit insurance

The ultimate number of claims is computed based on loss development triangles constructed using the number of paid claims from prior years. As the most recent accident years are relatively underdeveloped, an exposure-based method has been adopted to estimate the ultimate number of claims in these accident years.

In estimating the number of outstanding claims under the base scenario, the Company has assumed that there will be approximately 1 to 2 (2013: 4 to 6) claims per million of earned premiums for the last 4 accident years. If the ultimate number of claims per million of earned premiums increases or decreases by one claim in the accident year 2014, the corresponding gross and net provisions for insurance claims are set out as follows:

41. Accounting judgements and estimates (cont'd)

Critical accounting judgements (cont'd)

II. Provision for insurance claims - sensitive analysis (cont'd)

Ultimate number of claims per million earned premiums in accident year 2014 for short-term credit insurance (cont'd)

	High +1 claim	Low -1 claim	High +1 claim	Low -1 claim
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for insurance claims	**5,478**	**5,297**	**17,177**	**16,633**
At 31 December 2013				
Provision for insurance claims	1,901	1,513	5,359	4,449

Average claim size for short-term credit insurance

Analyses on average cost per claim and reinsurance recovery rates are performed to derive an average net cost per claim.

The Group has assumed an average claim size of $39,400 (2013: $39,600) under the base scenario. If the average claim size is assumed to be $43,340 (High) and $35,640 (Low), the corresponding gross and net provisions for insurance claims will be as follows:

	High $43,340	Low $35,640	High $43,340	Low $35,640
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for insurance claims	**5,401**	**5,374**	**16,945**	**16,865**
At 31 December 2013				
Provision for insurance claims	1,749	1,642	4,997	4,751

Claim handling expenses ("CHE")

Allowance for CHE relates to the costs of administering outstanding claims until all claims are fully settled. CHE is computed based on 5% (2013: 5%) of incurred-but-not-reported claims and 2.5% (2013: 2.5%) of case reserves.

The effects of varying CHE by 10% (both upwards and downwards) are presented below:

41. Accounting judgements and estimates (cont'd)

Critical accounting judgements (cont'd)

II. Provision for insurance claims - sensitive analysis (cont'd)

Claim handling expenses ("CHE") (cont'd)

	High 6%	Low 4%	High 6%	Low 4%
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for insurance claims	**5,399**	**5,377**	**16,916**	**16,894**

	High +10%	Low -10%	High +10%	Low -10%
	Net $'000		Gross $'000	
At 31 December 2013				
Provision for insurance claims	1,703	1,688	4,881	4,867

Provision for adverse deviation

Provision for insurance claims also includes a PAD which will provide a 75% probability of adequacy for the provision for insurance claims.

The Group has assumed a claim PAD of 15% to 20% (2013: 15% to 20%) under the base scenario. Increasing or decreasing the PAD by 10% results in changes in provision as follows:

	High +10%	Low -10%	High +10%	Low -10%
	Net $'000		Gross $'000	
At 31 December 2014				
Provision for insurance claims	**5,418**	**5,538**	**16,963**	**16,847**
At 31 December 2013				
Provision for insurance claims	1,705	1,686	4,895	4,852

42. Operating segment

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 centralized support costs and funding costs.

42. Operating segment (cont'd)

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, alternative and structured finance businesses and focuses on providing services to corporate clients, mainly the small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing, mortgage financing, working capital, financing for overseas operations, hire purchase as well as participating in financing by SPRING and IES under LEFS and IF Scheme respectively. Where conventional forms of commercial finance are inadequate, alternative and structured financial solutions are offered to clients to address either equity or debt capital requirements.
Insurance	:	The provision of credit insurance facilities to Singapore exporters and the issue of performance bonds and guarantees, domestic maid insurance, spa insurance for pre-paid packages, marine cargo and motor insurance, political risks, contractors' all risks 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 mezzanine financing, convertible debt instruments and direct private equity investments.

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

Information about reportable segments

	Credit financing $'000	Insurance $'000	Private equity and other investments $'000	Total $'000
2014				
Operating results				
Total operating income	31,684	7,695	800	40,179
Reportable segment loss before tax	(3,920)	(2,488)	(1,199)	(7,607)
Net interest income	18,539	-	-	18,539
Net earned premium revenue	-	3,880	-	3,880
Non-interest income	7,572	3,815	800	12,187
Other material non-cash items				
- Allowances for loan losses and impairment of investments	(14,889)	73	(986)	(15,802)
- Depreciation and amortisation	(1,106)	(142)	(54)	(1,302)
Assets and liabilities				
Reportable segment assets	292,017	80,228	24,320	396,565
Capital expenditure	674	496	-	1,170
Reportable segment liabilities	236,868	33,825	351	271,044

42. Operating segment (cont'd)

Information about reportable segments (cont'd)

	Credit financing $'000	Insurance $'000	Private equity and other investments $'000	Total $'000
2013				
Operating results				
Total operating income	35,485	5,850	2,896	44,231
Reportable segment (loss)/profit before tax	(4,859)	245	423	(4,191)
Net interest income	20,621	-	144	20,765
Net earned premium revenue	-	2,919	-	2,919
Non-interest income	8,688	2,986	2,752	14,426
Other material non-cash items				
- Allowances for loan losses and impairment of investments	(19,679)	(11)	(1,485)	(21,175)
- Depreciation and amortisation	(1,299)	(71)	(70)	(1,440)
Assets and liabilities				
Reportable segment assets	295,685	74,282	24,083	394,050
Capital expenditure	213	47	-	260
Reportable segment liabilities	229,555	25,098	5,362	260,015

Reconciliations of reportable segment operating income, profit or loss, assets and liabilities and other material items

	2014 $'000	2013 $'000
Operating income		
Interest income	**24,607**	27,613
Net earned premium revenue	**3,880**	2,919
Fee and commission income	**8,694**	10,404
Investment income	**2,998**	3,295
Total operating income for reportable segments	**40,179**	44,231
Loss		
Total loss for reportable segments	**(7,607)**	(4,191)
Consolidated loss before tax	**(7,607)**	(4,191)
Non-interest income		
Total non-interest income for reportable segments	**12,187**	14,426
Consolidated non-interest income	**12,187**	14,426
Assets		
Total assets for reportable segments	**396,565**	394,050
Other unallocated amounts	**7,700**	5,650
Consolidated assets	**404,265**	399,700

42. Operating segment (cont'd)

Reconciliations of reportable segment operating income, profit or loss, assets and liabilities and other material items (cont'd)

	2014 $'000	2013 $'000
Liabilities		
Total liabilities for reportable segments	**271,044**	260,015
Other unallocated amounts	**1,419**	2,051
Consolidated liabilities	**272,463**	262,066

Geographical segments

In view of the Group's continuing efforts to develop its businesses across the region, resources are now allocated mainly to the five principal geographical areas. As a result, the segment information of the Group for the current year and the comparative figures have been prepared to reflect such changes.

Geographical segments are analysed by five principal geographical areas. *Singapore, Thailand, Malaysia, Indonesia and Others* 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 $'000	Non-current assets $'000	Total assets $'000
2014			
Singapore	**18,098**	**15,675**	**231,545**
Thailand	**14,530**	**1,828**	**134,680**
Malaysia	**4,408**	**306**	**12,411**
Indonesia	**2,118**	**64**	**17,127**
Others	**1,025**	**-**	**8,502**
	40,179	**17,873**	**404,265**
2013			
Singapore	18,947	15,972	217,986
Thailand	15,981	1,800	146,034
Malaysia	5,308	131	18,588
Indonesia	2,513	84	15,839
Others	1,482	-	1,253
	44,231	17,987	399,700

Additional Information

31 December 2014

INTERESTED PERSON TRANSACTIONS

For the financial year ended 31 December 2014, all interested person transactions, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company were less than S$100,000. Hence, no disclosure is required in the Annual Report.

MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST

Saved as disclosed in the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the directors.

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Statistics of Shareholdings

As at 2 March 2015

SHARE CAPITAL

Issued and Paid-up Share Capital	:	$88,278,936
Number of Shares	:	150,387,866
Class of Shares	:	ordinary shares
Voting Rights	:	one vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	30	0.77	1,184	0.00
100 - 1000	133	3.43	56,215	0.04
1,001 - 10,000	2,661	68.60	10,129,087	6.73
10,001 - 1,000,000	1,044	26.92	41,366,252	27.51
1,000,001 and above	11	0.28	98,835,128	65.72
Total	3,879	100.00	150,387,866	100.00

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Phillip Securities Pte Ltd	62,523,716	41.57
2	SMRT Road Holdings Ltd	10,309,312	6.86
3	Lee Boon Leong	6,824,400	4.54
4	United Overseas Bank Nominees Pte Ltd	5,547,448	3.69
5	DBS Nominees Pte Ltd	5,495,823	3.65
6	OCBC Nominees Singapore Pte Ltd	2,422,029	1.61
7	Lee Soon Kie	1,386,900	0.92
8	Lee Chue Chye, Lionel	1,200,000	0.80
9	Ng Chit Tong Peter	1,080,880	0.72
10	Raffles Nominees (Pte) Ltd	1,033,820	0.69
11	Tan Soon Lin	1,010,800	0.67
12	Lai Weng Kay	592,000	0.39
13	Ng Soh Lian	552,000	0.37
14	Boon Kok Hup	551,660	0.37
15	Citibank Nominees Singapore Pte Ltd	513,090	0.34
16	Kwah Thiam Hock	508,200	0.34
17	Tan Li Cheng Nee Lee	493,680	0.33
18	Quek Hwee Inn	450,000	0.30
19	Koh Chin Chai	442,000	0.29
20	Teo Yew Hock	413,260	0.27
	Total	103,351,018	68.72

Statistics of Shareholdings

As at 2 March 2015

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 2 March 2015, approximately 50.3% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 2 March 2015

	No. of Shares			
Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%**
Phillip Assets Pte. Ltd.	61,326,657[1]	-	61,326,657	40.78
Lim Hua Min	-	61,326,657[2]	61,326,657	40.78
SMRT Road Holdings Ltd	10,309,312	-	10,309,312	6.86
Temasek Holdings (Private) Limited	-	10,348,312[3]	10,348,312	6.88

Notes:

1 Deposited with the Depository Agent, Phillip Securities Pte. Ltd.

2 Mr Lim Hua Min is deemed to have an interest in the 61,326,657 shares held by Phillip Assets Pte. Ltd.

3 Temasek Holdings (Private) Limited is deemed to have an interest in SMRT Road Holdings Ltd's direct interest of 10,309,312 shares and ST Asset Management Ltd's deemed interest of 39,000 shares.

Notice of Annual General Meeting

IFS CAPITAL LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No. 198700827C

NOTICE IS HEREBY GIVEN that the Twenty-Eighth (28th) Annual General Meeting of IFS Capital Limited (the "**Company**") will be held at Hotel Royal, Royal Room 1, Level 3, 36 Newton Road, Singapore 307964, on Wednesday, 22 April 2015 at 10.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of a first and final one-tier tax exempt ordinary cash dividend of 1.5 cents per share for the financial year ended 31 December 2014. **(Resolution 2)**

3. To approve the Directors' fees of S$243,200 (2013: S$256,000) for the financial year ended 31 December 2014. **(Resolution 3)**

4. To re-elect the following Directors retiring in accordance with Article 91 of the Company's Articles of Association:
   (i) Mr Manu Bhaskaran **(Resolution 4)**
   (ii) Mr Lee Soon Kie **(Resolution 5)**

5. To re-appoint Mr Law Song Keng as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), to hold such office from the date of this Annual General Meeting until the next Annual General Meeting. **(Resolution 6)**

6. To re-appoint KPMG LLP as Auditors and authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolution 8 which will be proposed as Ordinary Resolution:

7. That authority be and is hereby given to the Directors to:

   (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

   provided that:

   (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which

the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**

OTHER BUSINESS

8. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, 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 30 April 2015, 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 2014.

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 29 April 2015 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 29 April 2015 will be entitled to the proposed first and final dividend.

The proposed first and final dividend if approved at the Annual General Meeting, will be paid on 8 May 2015.

By Order of the Board

Chionh Yi Chian
Company Secretary
IFS Capital Limited

Singapore
30 March 2015

Notes:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Temasek Boulevard #10-01, Suntec Tower One, Singapore 038987 (Attention: The Company Secretary), not less than 48 hours before the time appointed for holding the Annual General Meeting.

1. **Notes to Resolution 4:**

   Mr Manu Bhaskaran will, upon re-election as a Director of the Company, continue to serve as the Chairman of the Executive Resource and Compensation Committee and a Member of the Audit Committee. Mr Manu Bhaskaran is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

2. **Notes to Resolution 6:**

   Mr Law Song Keng has attained the age of 70 years in February 2015 and his office as a Director of the Company will be vacated at the forthcoming Annual General Meeting pursuant to Section 153(2) of the Companies Act. Mr Law will be standing for re-appointment at the Annual General Meeting pursuant to Section 153(6) of the Companies Act. Mr Law will, upon re-appointment as a Director of the Company, continue to serve as a Member of the Audit Committee. Mr Law Song Keng is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. **Notes to Resolution 8:**

   Resolution No. 8 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares in the capital of the Company (excluding treasury shares), with a sub-limit of 20 per cent. for issues other than on a *pro rata* basis to shareholders. The aggregate number of shares which may be issued shall be based on the total number of the issued shares in the capital of the Company (excluding treasury shares) at the time that Resolution No. 8 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 8 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IFS CAPITAL LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 198700827C

PROXY FORM

Twenty-Eighth (28th) Annual General Meeting

IMPORTANT

CPF investors

1. For investors who have used their Central Provident Fund ("CPF") monies to buy shares in the capital of IFS Capital Limited, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable their CPF Approved Nominees to vote on their behalf.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 March 2015.

I/We ______________________________ (Name) ______________________________ (NRIC/Passport No.)

of ____ (Address)

being a member/members of **IFS Capital Limited** (the "**Company**"), hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and if necessary, to demand a poll, at the Twenty-Eighth (28th) Annual General Meeting of the Company to be held at Hotel Royal, Royal Room 1, Level 3, 36 Newton Road, Singapore 307964, on Wednesday, 22 April 2015 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

	Resolutions Relating To:	For*	Against*
Ordinary Business			
1	Adoption of Directors' Report, Audited Accounts and Auditors' Report		
2	Payment of a First and Final One-Tier Tax Exempt Ordinary Cash Dividend of 1.5 cents per share		
3	Approval of Directors' Fees amounting to S$243,200		
4	Re-election of Director: Mr Manu Bhaskaran		
5	Re-election of Director: Mr Lee Soon Kie		
6	Re-appointment of Director: Mr Law Song Keng		
7	Re-appointment of KPMG LLP as Auditors		
Special Business			
8	Ordinary Resolution: Authority for Directors to Issue Shares and Instruments Convertible into Shares		

* ***If you wish to exercise all your votes "For" or "Against", please indicate with an "X" in the box provided. Alternatively, please indicate the number of votes as appropriate.***

Dated this ______ day of ________________ 2015

Total No. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES TO PROXY FORM OVERLEAF

NOTES TO PROXY FORM:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.
4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by the member.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 7 Temasek Boulevard #10-01, Suntec Tower One, Singapore 038987 (Attention: The Company Secretary), not less than 48 hours before the time appointed for holding the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Postage
Stamp

The Company Secretary

IFS Capital Limited

7 Temasek Boulevard

#10-01 Suntec Tower One

Singapore 038987

2nd fold here

IFS Capital Limited
(Reg No. 198700827C)
7 Temasek Boulevard, #10-01 Suntec Tower One, Singapore 038987
Tel: 65-6270 7711 Fax: 65-6339 9527