’02

INTERNATIONAL FACTORS (SINGAPORE) LTD

ANNUAL REPORT 2002

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INTERNATIONAL FACTORS (SINGAPORE) LTD

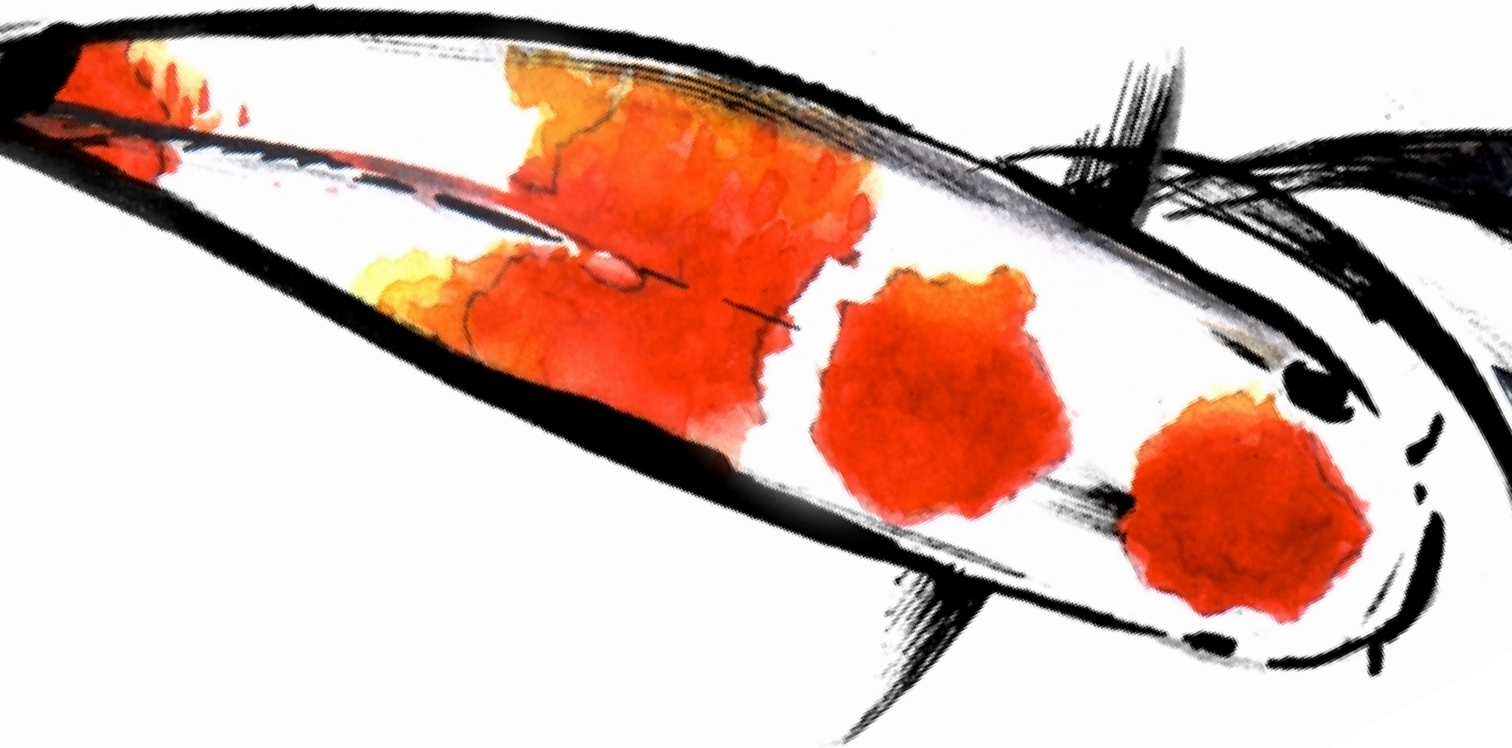
is a financial institution offering factoring and other financing facilities. Incorporated in Singapore in 1987, the Company was listed on the mainboard of the Singapore Exchange in July 1993. IFS also has operations in Malaysia, Indonesia and Thailand.

MISSION STATEMENT

To become a leading financial services group

with total commitment to service excellence and to the interests of shareholders and employees

CREATIVE CONSCIOUSNESS



sness

Some say financial intermediation is an art, some say it is a science.
We think it is both, and we believe success in this undertaking calls for
enterprise and innovation, tempered by sound judgement.

FINANCIAL HIGHLIGHTS

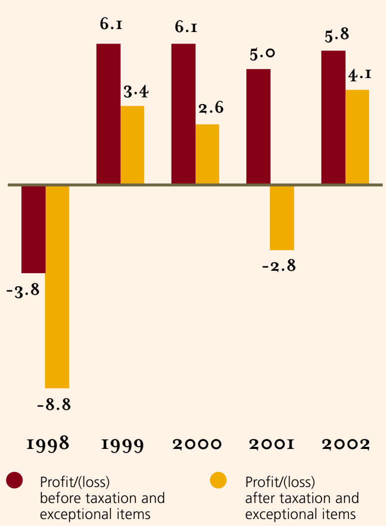
GROUP FINANCIAL HIGHLIGHTS

S$'000	**2002**	2001	2000	1999	1998
PROFIT & LOSS STATEMENT					
Gross operating income	**22,678**	22,924	28,657	29,602	35,690
Profit/(loss)					
- before tax					
• before exceptional items	**5,836**	4,950	6,122	6,068	(3,784)
• after exceptional items	**5,836**	(1,744)	5,715	6,068	(7,000)
- after tax					
• before exceptional items	**4,057**	3,902	3,014	3,374	(5,544)
• after exceptional items	**4,057**	(2,792)	2,607	3,374	(8,761)
BALANCE SHEET					
Issued share capital	**51,491**	51,491	51,491	51,491	51,049
Shareholders' funds - restated	**84,241**	80,667	77,265	75,289	71,821
Total assets	**362,020**	336,482	333,943	312,142	374,612
Total liabilities - restated	**277,779**	255,815	256,678	236,853	302,791
DIVIDEND INFORMATION					
Final dividends proposed (net of tax)	**803**	-	1,166	1,151	756
PER SHARE DATA					
Earnings/(loss) after tax					
- before exceptional items (cents)	**3.9**	3.8	2.9	3.3	(5.4)
- after exceptional items (cents)	**3.9**	(2.7)	2.5	3.3	(8.6)
Net tangible assets - restated ($)	**0.81**	0.78	0.75	0.73	0.70
Gross dividends paid and payable					
- in %	**2.0**	-	3.0	3.0	2.0
- in cents	**1.0**	-	1.5	1.5	1.0
RATIOS					
Return on average shareholders' funds - restated (%)					
- after tax					
• before exceptional items	**4.9**	4.9	4.0	4.6	(7.2)
• after exceptional items	**4.9**	(3.5)	3.4	4.6	(11.4)

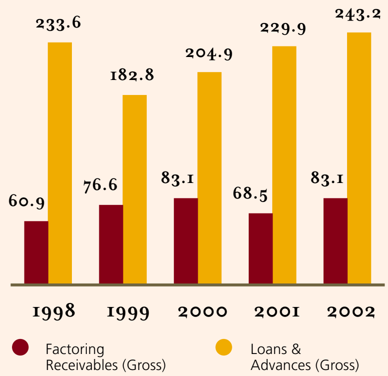
Note: The profit and loss statement and balance sheet for 1998 to 2002 inclusive have been restated from those previously reported for these years to effect changes in accounting policy relating to Income Taxes - SAS 12 (2001).

PERFORMANCE AT A GLANCE

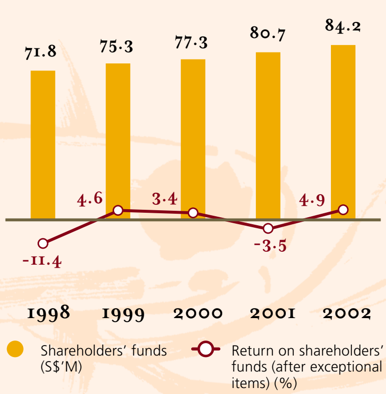
PROFIT & LOSS
(S$ MILLION)



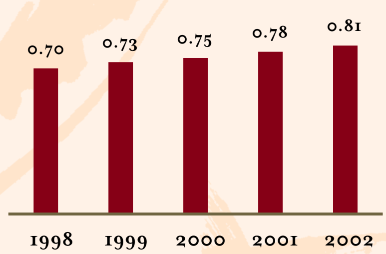
FACTORING RECEIVABLES AND LOANS & ADVANCES
(S$ MILLION)



SHAREHOLDERS' FUNDS & RETURN ON SHAREHOLDERS' FUNDS
(S$ MILLION)/(%)



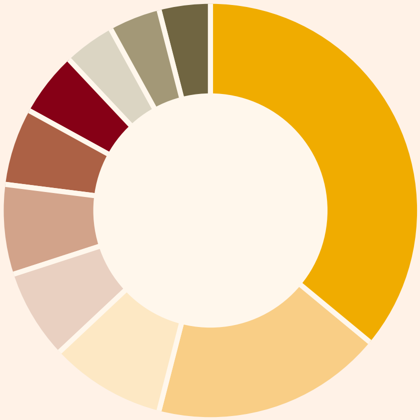
NET TANGIBLE ASSETS PER SHARE
(S$)



PERFORMANCE AT A GLANCE

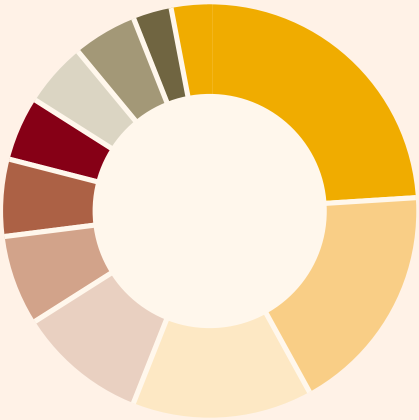
INDUSTRY EXPOSURE

LOANS & ADVANCES ($243.2M)	S$'000	%
Property development	88,757	36
Electronics	20,963	9
Construction works and engineering	17,943	7
Hotel/Food & beverage	16,098	7
Property management	13,863	6
Shipping and transportation	11,855	5
Fabricated metal products	10,620	4
Holding and investment companies	9,524	4
Printing, publishing and paper products/Packaging	9,225	4
Others	44,400	18
	243,248	100



INDUSTRY EXPOSURE

FACTORING RECEIVABLES ($83.1M)	S$'000	%
Electronics	14,947	18
Construction works and engineering	11,990	14
Machinery & electrical appliances	8,343	10
Printing, publishing and paper products	5,627	7
Retail	5,190	6
Professional services	4,095	5
Industrial chemicals and gases/plastics	4,050	5
Shipping and transportation	3,896	5
Food and beverage	2,191	3
Others	22,773	27
	83,102	100



CHAIRMAN'S STATEMENT

I am pleased to report that IFS turned in a strong performance for the financial year 2002 despite the difficult economic conditions. The Group recorded a profit of $4.1 million after tax against a loss of $2.8 million the previous year.

The Group's improved showing is attributable to its core activities of factoring and loans and advances which picked up steadily in the second half of 2002. Interest income rose 6.0 per cent to $18.4 million while fee income grew by 14.5 per cent to $4.3 million. The prevailing low interest rate environment also helped the Group's results, with interest expense falling by 29.1 per cent to $5.5 million from $7.7 million previously. Consequently, total income before expenses grew by 14.3 per cent to $17.8 million.

Operating costs remained little changed at $8.9 million. There was an increase in staff costs but this was offset by a reduction in general administrative and other expenses due to more effective cost controls.

Total allowances for loan losses and diminution in value of investments fell by 32.9 per cent to $3.6 million. For the financing business, there was a steep decline in allowances for loan losses by 66.9 per cent to $1.3 million. However, as a result of weakening global equity markets (in particular, the US market) which affected the value of the Group's

"We will continue to consolidate our position and to focus on providing quality factoring and asset–based financing services to the SME market..."

venture capital investments, additional allowances of $2.4 million were made.

Operating profit after allowances but before share of results of associates came to $5.3 million, almost four times that of the previous year.

Our associates in Malaysia, Thailand and Indonesia collectively returned improved performances, contributing $0.5 million to the Group's profit before tax (2001: $0.4 million). However, due to unfavourable global equity markets, an associated venture capital company in Singapore posted a loss of $71,000 (our share) against a profit of $3.1 million previously. Hence, the Group's share of results of associated companies declined from $3.6 million to $0.6 million. There were no exceptional items in the year under review.

The Group's net profit of $4.1 million after tax represents earnings per share of 3.9 cents against a loss of 2.7 cents previously. Your Board recommends a first and final dividend of 2.0 per cent.

DEVELOPMENTS

Subsequent to the year under review - in January 2003 - our substantial shareholder, ECICS Holdings Ltd, agreed to sell 29,800,000 IFS shares at a price of $0.52 to Phillip Capital Pte Ltd. The sale and purchase of the shares was successfully completed on 7 February 2003, with ECICS Holdings transferring the shares to Phillip Assets Pte Ltd, the transferee designated by Phillip Capital. Following the sale, Phillip Assets is now the single largest shareholder of IFS, holding 28.94 per cent of the company's issued capital. ECICS Holdings remains a substantial shareholder of IFS, with a shareholding of 9,564,376 shares representing approximately 9.29 per cent of the issued share capital.

We are pleased to be part of the Phillip Group and are positive that we will be able to reap the benefits of synergy and draw on the strengths and experience of both parties in the fast-changing financial landscape.

BUSINESS OUTLOOK

2003 is likely to be a year of global economic uncertainties. Shadowed by low consumer confidence and a protracted decline in the equity markets, the US economy which remains the main driver of global growth, is losing momentum. A slowdown in the US economy and an Iraqi war could stifle the nascent recovery in the global economy.

Given these uncertainties, we are cautious about the business outlook in the year ahead. We will continue to consolidate our position and to focus

"Barring unforeseen circumstances, we expect the Group to remain profitable in the year ahead."

on providing quality factoring and asset-based financing services to the SME market while maintaining effective cost control measures. We will also keep a watchful eye on economic conditions and review our regional expansion plans when the operating environment turns conducive.

Barring unforeseen circumstances, we expect the Group to remain profitable in the year ahead.

ACKNOWLEDGMENTS

I would like to welcome three new directors to the IFS Board. Mr Lok Vi Ming and Mr Manu Bhaskaran joined us on 26 June 2002 and Mr John Lim Cheng Ghim came on board on 24 July 2002. Mr Lok is a member of the Executive Committee of Rodyk & Davidson and Head of its Aviation Practice. Mr Bhaskaran is Partner and Head, Economic Research at the Centennial Group, a Washington DC-based strategic advisory group and Mr Lim is Managing Director of Capital Place Advisory Pte Ltd.

I thank the Board of Directors, Management and staff of IFS and its subsidiaries and associates for their dedication and contributions. I also wish to thank our clients, members of the International Factors Group S.C., all business associates and our shareholders for their unstinting support.

LUA CHENG ENG
25 February 2003
Singapore

REGIONAL ROUND-UP

INDONESIA

PT NIAGA INTERNATIONAL FACTORS

The Indonesian economy saw modest growth in 2002, fueled mainly by domestic consumption. Investment and trade remained generally sluggish. GDP rose 3.5%, at the lower end of the 3.5% - 4.0% growth forecasted at the beginning of 2002. Inflation was 10% (compared to 12.6% in 2001) and the rupiah appreciated 10.1% from an average of Rp 10,255 (in 2001) to Rp 9,316 per US dollar.

The various policies adopted in banking, supported by an improvement in macro indicators such as the rupiah exchange rate and easing of interest rates, have helped to bring about a recovery in the banking sector. This is demonstrated by growth in mobilized third party funds, better capital adequacy ratios and a reduction in non-performing loans. New loan disbursements also picked up, with a consequent increase in the banks' loan income, and the quality of loan assets generally improved.

The outlook for Indonesia in 2003 is positive, with GDP growth again forecasted at 3.5% - 4.0% The sustained improvement in macroeconomic indicators expected for the coming year will continue to bolster sentiment in the business community and promote further recovery.

As in previous years, this projected economic growth is expected to be driven by consumption. Lower interest rates and the continued low leverage of the household sector are expected to provide the impetus for increased consumer demand, particularly amongst the middle and upper class consumers. Higher consumption will also be supported by increases in pay for civil servants and in the provincial minimum wage level. Investment is expected to begin charting positive (albeit modest) growth, driven by government spending on a number of major projects postponed previously.

After having recorded losses for the last few years, PT Niaga International Factors managed to book a small profit before tax of approximately Rp 1.6 billion in 2002. Although the profit was derived mainly from non-operating income, it is nonetheless an improved performance. Factoring volume for the year was Rp 120 billion, while consumer finance was Rp 97 billion.

Given the large potential market for factoring and continuing growth in consumer finance in Indonesia, we believe that the Company will perform better in 2003.

YOSEF A.B. BADILANGOE
Vice Chairman

MALAYSIA

PB INTERNATIONAL FACTORS SDN BHD

The Malaysian economy continued to be plagued by uncertainties in 2002, as well as the slowdown that was felt in the previous year. Sluggish growth was further aggravated by increasing fear of a double-dip recession and the escalating geo-political conflict between the US and Iraq, thereby dampening the prospect of a quick recovery.

Whilst foreign direct investments had reduced substantially in the light of the overall softness in investment climate, the government's hope of domestic private investment and consumption to spur growth did not achieve its targeted growth rate. China's ascension to the World Trade Organization had attracted many bigger corporations to relocate their production bases there, followed closely by some supportive industries moving out of Malaysia in order to remain competitive. All these factors contributed to a relatively lower level of business activity.

The domestic factoring market was therefore adversely affected. There was also keener competition from other financial institutions servicing the small and medium scale industries (SMIs) that had the advantage of access to cheaper funds. The Government's support to the SMIs via the Credit Guarantee Corporation's various loan schemes further eroded PBIF's existing portfolio.

The Company's performance in 2002 was significantly affected by the overall difficult business conditions. There was a drop of 67% in pre-tax profit to RM1.02 million compared to the previous financial year. The lower pre-tax profit was also due to additional provisioning made and the slower than expected recovery from existing non-performing accounts.

The prospect for 2003 will remain challenging. Our strategy is to further consolidate and to focus on clients with a good credit risk profile. We also look towards a brighter economic outlook in the second half of the year to enhance the company's financial performance.

TAN SRI DATO' THONG YAW HONG
Chairman

THAILAND

AYUDHYA INTERNATIONAL FACTORS CO., LTD

The Thai Government was successful in its economic policy aimed at simultaneously strengthening domestic consumption and exports. As a result, the country's economic growth is expected to be between 4 to 4.5% in 2002.

The key off-budget spending program, i.e. the Village Fund, was almost completely allocated with over 90% injected into the grassroots economy. Commercial banks were stimulated to lend more in 2002, especially to small and medium-sized enterprises and start-up companies.

The recovery in Thailand's industrial sectors was in line with economic growth. As a result, the manufacturing utilization increased to 58.7% in the first nine months, up from 53.1% in the same period in 2001, while employment increased to 6.88 million workers compared with 5.96 million workers previously.

Tourism was another main engine driving the economy. Foreign visitor arrivals in the first eight months of 2002 numbered seven million, a 7% increase from the same period last year. However the impact of terrorist threats is expected to affect the tourism industry this year.

Given continuing domestic confidence, firm consumer demand and expected low interest rates, the Government strongly believes that the economy will continue to perform well in 2003. However, the possibility of a US-Iraq war is a key risk factor for 2003, which would affect the domestic and global economies. The potential impact on the US economy, oil prices and overall market confidence cannot be underestimated.

AIF turned in a lackluster performance for 2002. Factoring volume dropped by 13.5% to Baht 3,349 million, while total operating income declined by 21.58% to Baht 70.21 million. However, the Company made a net profit of Baht 6.80 million for the year.

The Company will strive to expand its portfolio in the year ahead. With a strengthened marketing team, lower funding cost and lower provisions for non-performing accounts, the Company expects to achieve significant growth in factoring volume and a satisfactory profitability level for 2003.

CHANSAK CHAROENPOJ
Chairman

QUIET CONFIDENCE

nce

In everything we do, discretion comes first.
Working relationships fortified faithfully over the years
are valued more than transitory gain.

CORPORATE STRUCTURE

INTERNATIONAL FACTORS (SINGAPORE) LTD

- **IFS MANAGEMENT SERVICES PTE LTD** (100%)
- **INTERNATIONAL FACTORS LEASING PTE LTD** (100%)
  - **FAR EAST BUNKERING SERVICES PTE LTD** (50%)
- **PT NIAGA INTERNATIONAL FACTORS** (47%)
- **PB INTERNATIONAL FACTORS SDN BHD** (45%)
- **AYUDHYA INTERNATIONAL FACTORS CO., LTD** (45.65%)
- **ECICS VENTURES 2 LTD** (25%)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lua Cheng Eng
Chairman

Gabriel Teo Chen Thye

Lim How Teck

Lok Vi Ming

Manu Bhaskaran

John Lim Cheng Ghim

Lim Jit Poh
Appointed 26 March 2003

Lee Soon Kie
Executive Director
Appointed 21 March 2003

Kwah Thiam Hock
Executive Director

Choo Boon Tiong
Managing Director

AUDIT COMMITTEE

Gabriel Teo Chen Thye
Chairman

Manu Bhaskaran

John Lim Cheng Ghim

Lim How Teck

COMPENSATION COMMITTEE

Lua Cheng Eng
Chairman

Gabriel Teo Chen Thye

Lok Vi Ming

EXECUTIVE COMMITTEE

Lua Cheng Eng
Chairman

Lim How Teck

Kwah Thiam Hock

Choo Boon Tiong

NOMINATING COMMITTEE

Gabriel Teo Chen Thye
Chairman

Lua Cheng Eng

Manu Bhaskaran

CREDIT COMMITTEE

Kwah Thiam Hock
Chairman

Choo Boon Tiong

Lee Soon Kie

Naganatha Pillay

Patrick Yang Pah Tsing

Wong Chin Kheng

Lim Mui Ling

Leong Kwok Seng

Eugene Tan Eu Jin

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

COMPANY SECRETARY

Naganatha Pillay

ASSISTANT COMPANY SECRETARY

Chionh Yi Chian

REGISTRARS

M&C Services Private Limited
138 Robinson Road
#17-00 The Corporate Office
Singapore 068906

AUDITORS

KPMG
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

PARTNER-IN-CHARGE

Philip Lee Jee Cheng *(since FY 2001)*

BOARD OF DIRECTORS

BOARD OF DIRECTORS *(from left to right)*

Gabriel Teo Chen Thye, Kwah Thiam Hock, John Lim Cheng Ghim, Lok Vi Ming, Manu Bhaskaran, Choo Boon Tiong, Lua Cheng Eng *(Chairman)*

DIRECTORS' PROFILE

LUA CHENG ENG
Chairman
International Factors (Singapore) Ltd (IFS)
International Factors Leasing Pte Ltd (IFL)

Lua Cheng Eng was appointed Chairman of International Factors (Singapore) Ltd on 24 May 2000. He holds a BA (Hons) degree and is a Fellow of the Chartered Institute of Transport, UK. He is concurrently Chairman of Jurong Engineering Ltd, Jurong Technologies Industrial Corporation Ltd and ECICS Holdings Ltd. He also sits on several other boards of listed companies.

He is the Honorary Senior Advisor of Neptune Orient Lines Ltd (NOL) where he retired in May 2002 as Chairman of NOL Board, after having served in NOL for more than 30 years.

Mr Lua serves as a Board Member of the Maritime and Port Authority of Singapore. He is a Council Member of the Singapore Business Federation and the Singapore Chinese Chamber of Commerce & Industry. Mr Lua has been the President of the Singapore Shipping Association since 1985.

For his overseas appointments, Mr Lua is a Counsellor of the Baltic & International Maritime Council (BIMCO) headquartered at Copenhagen, Denmark. He represents Singapore in the International Chamber of Commerce (ICC), Paris, serving as the Chairman of ICC Committee on Maritime Transport, and Vice Chairman of the ICC Commission on Transport and Logistics.

For his public service to the nation, Mr Lua was honoured with the award of the Public Service Medal (PBM) in 1979, and Public Service Star (BBM) in 1999 by the Government of the Republic of Singapore.

GABRIEL TEO CHEN THYE
Director, IFS

Gabriel Teo is the Managing Director of Gabriel Teo & Associates. He was appointed to the Board of IFS in November 1999. He also serves on the boards of Tuas Power Ltd, Sunningdale Precision Industries Pte Ltd, NTUC Income Insurance Cooperative Ltd and The Planner.com Pte Ltd. Gabriel Teo was formerly the Regional Managing Director of Bankers Trust in Asia and the Chief Executive Officer of the Chase Manhattan Bank in Singapore and Malaysia.

LIM HOW TECK
Director, IFS

Lim How Teck was appointed a Director of IFS in June 2000. He has been with the NOL Group of companies since 1979. He is Executive Director and Group Chief Financial Officer. He also holds directorships in various subsidiaries, associated companies and investment interests of the NOL Group.

He was awarded the Public Service Medal (Pingat Bakti Masyarakat) National Day Award in 1999. The Service to Education Medal (Singapore Ministry of Education) in 2000 and 2002 and The Good Service Medal (Singapore Civil Defence Force) in 1996.

LOK VI MING
Director, IFS

Lok Vi Ming is a member of the Executive Committee of Rodyk & Davidson and Head of its Aviation Practice. A trial lawyer with a focus on Aviation Law, he is presently Vice Chairman of the Aerospace Committee of the Inter Pacific Bar Association and is listed in Euromoney Legal Media's Guide to the World's Leading Aviation Lawyers.

Vi Ming is a Fellow of the Singapore Institute of Arbitrators and was appointed to the Board of IFS in June 2002. He is also Chairman, Bethesda Care & Counseling Services Centre, a Voluntary Welfare Organisation affiliated with the National Council of Social Services.

MANU BHASKARAN
Director, IFS

Manu Bhaskaran is Partner and Head, Economic Research at the Centennial Group, a Washington DC-based strategic advisory group. He was appointed to the Board of IFS in June 2002. He also serves on the boards of ECICS Holdings Ltd, Silk Air and the Centennial Group. In addition, he is Vice-President of the Economics Society of Singapore and a Council Member of the Singapore Institute of International Affairs.

Manu Bhaskaran was formerly Managing Director and Chief Economist, SG Securities Asia Ltd.

JOHN LIM CHENG GHIM
Director, IFS

John Lim CG is Managing Director of Capital Place Advisory Pte Ltd. He was appointed to the Board of IFS in July 2002. He is also the Managing Director of China Advisory Pte Ltd and is a director of The Master Writer Pte Ltd. He holds degrees in law and economics.

John Lim CG was formerly head of investment banking of an offshore merchant bank.

LIM JIT POH
Director, IFS

Lim Jit Poh was first appointed as a director of IFS on 26 May 1994. He resigned on 24 May 2002. He was re-appointed as a director on 26 March 2003. Mr Lim is the Chairman of ComfortDelGro Corporation Limited, SBS Transit Limited, VICOM Ltd as well as a director of L.C. Development Ltd, The Ascott Group Limited, Inchem Holdings International Limited and SHC Capital Limited. All these are public companies listed on the Singapore Exchange.

Lim Jit Poh was a former top civil servant and a Fulbright scholar. He was awarded the Public Administration Medal by the Government of Singapore in 1972 and three awards by the National Trades Union Congress; namely Friend of the Labour in 1986, Meritorious Service Award in 1990 and Distinguished Service Award in 2000.

Lim Jit Poh is a Trustee of the Singapore National Employers Federation and a Member of the Council of the National University of Singapore.

LEE SOON KIE
Executive Director, IFS

Lee Soon Kie was appointed as Executive Director of IFS in March 2003.

Lee Soon Kie is currently Director and Head of Debt Capital Markets in Phillip Securities Pte Ltd. He also holds directorships in other companies of the Phillip Capital Group of companies.

Prior to Phillip Securities, he held senior positions in the Schroders Group, including Head of Fixed Income (Asia) as well as country manager for Schroders in Thailand. He was also a board member of Schroder International Merchant Bankers Limited in Singapore.

KWAH THIAM HOCK
Executive Director, IFS
Executive Deputy Chairman, IFL and IFS Management Services (IFSMS)

Kwah Thiam Hock joined the ECICS Group in 1976. He was appointed President/Chief Executive Officer of ECICS Holdings Ltd in August 1999. He is also Chairman and Chief Executive Officer of ECICS Credit Insurance Ltd and Chairman of ECICS Credit and Guarantee Company (Singapore) Ltd (formerly known as ECICS-COFACE Guarantee Company (Singapore) Ltd). Kwah Thiam Hock graduated from the then University of Singapore with a Bachelor of Accountancy degree. He is a member of the Institute of Certified Public Accountants of Singapore and a Fellow of CPA Australia.

CHOO BOON TIONG
Managing Director, IFS
Director, IFL, IFSMS

Choo Boon Tiong is the Managing Director of International Factors (Singapore) Ltd. He graduated from the then University of Singapore with a Bachelor of Arts degree in 1978. He was previously with Heller Factoring (Singapore) Limited (now known as GE Commercial Finance (S) Ltd) for over seven years and held the position of Manager prior to his departure. Choo Boon Tiong joined the ECICS Group in 1986 and became the General Manager of International Factors in 1989. He was appointed a Director of International Factors in May 1990. From May 1991 to March 1992, he was seconded to PB International Factors Sdn Bhd as the company's Chief Executive Officer. He oversees the associated companies of International Factors in Thailand, Indonesia and Malaysia.

Choo Boon Tiong also currently serves on the Board of International Factors Group S.C. (Belgium).

MANAGEMENT TEAM

MANAGEMENT TEAM *(from left to right)*

Choo Boon Tiong, Kwah Thiam Hock, Naganatha Pillay, Leong Kwok Seng, Chionh Yi Chian, Eugene Tan, Lim Mui Ling, Wong Chin Kheng

LUA CHENG ENG
Chairman, IFS, IFL

KWAH THIAM HOCK
Executive Director, IFS
Executive Deputy Chairman, IFL, IFSMS

CHOO BOON TIONG
Managing Director, IFS
Director, IFL, IFSMS

NAGANATHA PILLAY
Company Secretary, IFS
Director, IFL, IFSMS

Naganatha Pillay began his career in the ECICS Group in 1977. He is Deputy President and Deputy Chief Executive Officer of ECICS Holdings Ltd, Deputy Chairman and Managing Director of ECICS Credit Insurance Ltd and Deputy Chairman of ECICS Management Pte Ltd and ECICS Ventures Pte Ltd. He also holds directorships in other subsidiaries and associated companies in the ECICS Group.

PROFILE OF MANAGEMENT

WONG CHIN KHENG
General Manager, IFS

Wong Chin Kheng was appointed General Manager of IFL on 1 May 1995. Prior to joining IFL, Wong Chin Kheng held appointments in the Bank of Montreal, Royal Trust Merchant Bank Ltd and Hong Leong Finance Ltd. He was redesignated General Manager of IFS with effect from 1 January 2001 with special responsibilities for business development.

LIM MUI LING
Group Financial Controller

A Bachelor of Accountancy graduate from the National University of Singapore, Lim Mui Ling is also a member of the Institute of Certified Public Accountants of Singapore. She was an auditor in an international accounting firm from 1982 to 1987 and joined the IFS Group in May 1988.

LEONG KWOK SENG
General Manager, IFS

Leong Kwok Seng has been with the ECICS Group since June 1983. He was seconded to IFS' joint venture in Indonesia, PT Niaga International Factors, from 1990 to 1992 as its General Manager. In 1995, he was appointed General Manager of IFS and in 1999, General Manager of IFSMS. His key responsibilities include business development as well as overseeing some of IFS' overseas joint ventures.

TAN LEY YEN
Director, Ayudhya International Factors Co., Ltd (Thailand)

Tan Ley Yen has been with the ECICS Group since August 1985. He was seconded to PB International Factors Sdn Bhd as the Company's General Manager in September 1990 before being seconded again to Ayudhya International Factors Co., Ltd in May 1991. Prior to joining the ECICS Group, he was with a local bank for several years.

EUGENE TAN
Deputy General Manager, IFS

Eugene Tan was appointed Deputy General Manager in June 1999. His career with the ECICS Group began in 1979. From 1990 to 1992, Eugene Tan was seconded to IFS' joint venture in the Philippines, UCPB Factors and Finance Corporation, as its General Manager to set up the company. In 1994, he was appointed Assistant General Manager of IFS and in 1996, Deputy General Manager of IFL.

OTHER PRINCIPAL OFFICERS

ASSISTANT VICE PRESIDENTS

CHIONH YI CHIAN *LLM*
Head, Legal & Secretariat

TEOH CHUN MOOI *BComm (Hons)*
Manager, Business Development

JANET TAN
Manager, Operations

DOREEN CHIA *BSc (Hons)*
Manager, Business Development

JULIE LOW
Manager, Business Development

CHOO SIEW CHIN
Manager, Internal Audit

JANE ANG *BBC*
Manager, Client Audit

ONG PECK LI *ACCA*
Manager, Finance

PHYLLIS CHIU *BA*
Manager, Business Development

LEONG YONG FEI *MBA*
Manager, Business Development

DELLA KOH
Deputy Manager, Underwriting Administration

CECILIA LEE *BBA*
Deputy Manager, Business Development

LYNETTE LAU *BBA*
Deputy Manager, Business Development

ANGELA LEOW
Deputy Manager, Collections

TAN KAY HIANG *BBA*
Deputy Manager, Account Relationship

OVERSEAS JOINT VENTURES

MALAYSIA

PB International Factors Sdn Bhd

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BRANCH
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CORPORATE GOVERNANCE

The Board of Directors is committed to increasing the level of corporate governance in the Company in order to protect the interest of its shareholders.

BOARD OF DIRECTORS

Board's Conduct of its Affairs

The Board oversees the business and affairs of the Group, sets the strategic direction, guides and monitors the performance of management, reviews the Group's financial performance and establishes a framework of internal controls and risk management procedures and monitors standards of performance. To assist in the execution of its responsibilities, the Board has established a number of Board committees: the Audit Committee, Credit Committee, Compensation Committee, Executive Committee and Nominating Committee.

The Board has delegated to management the implementation of systems of internal control. The Company has an internal audit department which monitors these internal controls and reports its findings and recommendations to both the management and the Audit Committee. The work of internal audit is guided by an assessment of the key areas of risk in the Group's operations.

Matters which require the Board's approval include the following:

- Announcements of financial results;
- Statutory accounts;
- Declaration of dividends;
- Budgets and financial planning;
- Corporate Strategy;
- 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.

The Board holds about four 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 2002, the Board of Directors held 5 meetings.

Board Composition and Balance

As at 31 December 2002, the Board comprised 9 directors (and 1 alternate director) of whom 4 are considered independent by the Board. The nature of the Directors' appointments on the Board is set out below:

Director	**Board Membership**
Lua Cheng Eng	Non-Executive Chairman
Ng Ser Miang (alternate : Teo Joo Huak)	*Non-Executive*
Lim How Teck	Non-Executive
Gabriel Teo Chen Thye	Non-Executive, Independent
Lok Vi Ming	Non-Executive, Independent
Manu Bhaskaran	Non-Executive, Independent
John Lim Cheng Ghim	Non-Executive, Independent
Kwah Thiam Hock	Executive
Choo Boon Tiong	Executive, Managing Director

Subsequent to 31 December 2002, Mr Ng Ser Miang resigned on 25 February 2003 and Mr Lee Soon Kie and Mr Lim Jit Poh were respectively appointed as Executive Director on 21 March 2003 and Independent Non-Executive Director on 26 March 2003. Following these changes, the Board comprises 10 directors of whom 5 are considered independent.

The Board adopts the definition of what constitutes an independent director as set out in the Code on Corporate Governance (”Code”). In the case of Mr Manu Bhaskaran, he is also an independent director of the Company’s substantial shareholder, ECICS Holdings Ltd. The Board has reviewed this and considers Mr Manu Bhaskaran an independent director of the Company.

The Directors submit themselves for re-nomination and re-election at regular intervals in accordance to the Articles of Association save for the Managing Director. Under the current Articles of Association, the Managing Director is not subject to retirement by rotation. The Code recommends, inter alia, that all directors be required to subject themselves for re-election at regular intervals at least every 3 years. The Company proposes to amend its current Articles of Association at the annual general meeting of the Company to be held on 20 May 2003 or such other date as the Directors may in their sole discretion decide (the ”AGM”) so as to align the Articles to the recommendations under the Code.

Details of the directors’ appointment dates on the Board, academic and professional qualifications and other appointments are set out on pages 31 - 33.

Access to Information

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 matters to be brought before the Board. In respect of budgets, any material variance between projections and actual results are explained.

The Chairman, with the assistance of the Managing Director, 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 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 their duties.

Role of Chairman and Chief Executive Officer

The Chairman of the Company is a non-executive director while the Managing Director (equivalent in position to a chief executive officer) is an executive director. The roles of the Chairman and the Managing Director are kept separate and there is a clear division of responsibilities between both of them.

BOARD COMMITTEES

Audit Committee

The Audit Committee comprises 4 members, all of whom are non-executive directors:

Gabriel Teo Chen Thye	Chairman, Independent
Manu Bhaskaran	Member, Independent
John Lim Cheng Ghim	Member, Independent
Lim How Teck	Member

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 of the overall internal control functions and the internal audit functions within the Group and the relationship of those functions to external audit. The Audit Committee reviews the quarterly, interim and annual announcements as well as the financial statements of the Group and 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 Listing Manual), including such transactions conducted under the shareholders' general mandate previously obtained.

To effectively discharge its functions, the Audit Committee has been given full access to both the external and internal auditors. The Audit Committee is also authorised to investigate any matters within its terms of reference.

Executive Committee

The Executive Committee comprises 4 members:

Lua Cheng Eng	Chairman, Non-executive
Lim How Teck	Member, Non-executive
Kwah Thiam Hock	Member, Executive
Choo Boon Tiong	Member, Executive

The Executive Committee, functioning under terms of reference approved by the Board assists the Board in overseeing and setting directions / policies and giving due consideration to the risk and return associated with the Group's operations, including business and financial risks.

Compensation Committee

The Compensation Committee comprises 3 members, all of whom are non-executive directors:

Lua Cheng Eng	Chairman
Gabriel Teo Chen Thye	Member, Independent
Lok Vi Ming	Member, Independent

The Code recommends that the Compensation Committee be chaired by an independent non-executive director. In the case of the Company, the Chairman of the Compensation Committee is a non-independent non-executive director. The Board is satisfied that currently, this will not affect the Compensation Committee in its performance of its functions and duties. The Company will review this for the financial year ending 31 December 2003.

The Compensation Committee functions under the terms of reference as approved by the Board. The Compensation Committee reviews and approves the remuneration packages for the executive directors and key executives as well as their terms of employment. The Compensation Committee also decides on policies relating to remuneration and incentive programs, including staff benefits and special bonuses, for the staff of the Group. Currently, the Board reviews the directors' fees payable to all directors but the terms of reference of the Compensation Committee have been amended so that the Compensation Committee will take over this review function of fees payable for all other directors as well.

The Compensation Committee has also been delegated the responsibilities of administering the share option schemes established in 1994 and 2000 and the performance share plan established in 2000.

Nominating Committee

The Company has recently established a Nominating Committee comprising of 3 members, all of whom are non-executive directors:

Gabriel Teo Chen Thye	Chairman, Independent
Lua Cheng Eng	Member
Manu Bhaskaran	Member, Independent

The Nominating Committee was constituted for the main purpose of assisting the Board to assess the effectiveness of the Board as a whole as well as the contribution of the individual directors to the effectiveness of the Board. The performance criteria to measure the effectiveness of the Board and the directors will be proposed to and approved by the Board. The Nominating Committee will also be looking into establishing a formal process for the Group on the appointment of directors, re-nomination and re-election of directors. The Nominating Committee will also consider and determine the independence of the directors.

Credit Committee

The Credit Committee was established to specifically assess, review and make decisions on credit risks that arise in the course of financial business activities of the Company within the authority limits imposed by the Board.

The Credit Committee comprises 2 executive directors and senior officers of the Company.

With the appointment of Mr Lee Soon Kie as member of the Credit Committee on 21 March 2003, the Credit Committee now comprises 3 executive directors.

REMUNERATION MATTERS

The Group's remuneration policy is to provide remuneration at a level which would be appropriate to attract, retain and motivate the directors and employees.

For the executive directors and key executive employees, their remuneration packages comprise of a fixed component which is benchmarked against the industry as well as a variable component which is based on performance of the Group as well as the individual. An annual performance incentive plan implemented by the Group links rewards purely to corporate and individual performance. The Group also has in place non-cash benefit schemes in the form of share option schemes and a performance share plan (details of the share option schemes and the performance share plan are on pages 42 - 45). As for the directors' fees, these are based on responsibilities held by each of the directors on the Board and the respective Board Committees, as well as their attendance at the meetings.

The table below shows the number of directors whose remuneration falls within the following bands:-

Remuneration band	**Number of Directors**	
	2002	2001
$500,000 and above	1	0
$250,000 to below $500,000	0	1
Below $250,000	11	8
Total	12*	9

** includes 3 directors who retired/resigned during the course of financial year ended 31 December 2002*

INTERNAL CONTROLS/INTERNAL AUDIT

Internal Controls

The Board is responsible for the overall internal control framework of the Group. The directors regularly review the effectiveness of all internal controls, including operational controls. This is to ensure that Management maintains a sound system of controls to safeguard the shareholders' investments and the Group's assets. The Board discharges its responsibilities through the various board committees described in the foregoing sections.

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 business environment. In addition, there is also a process in place to ensure that investigations and corrective action is taken up promptly whenever weaknesses in internal controls are detected.

In order to ensure smooth running of the risk management process, key business objectives have been communicated by Management to Heads of Department. The Group's operating units are aware of their responsibility 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 Group policies.

Internal Audit

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 internal audit procedures with regards to these controls. In the course of work, the internal auditors have adopted the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The internal auditors report primarily to the Chairman of the Audit Committee on audit matters and to the Managing Director on administrative matters. The Audit Committee ensures that the internal audit function has adequate resources and has appropriate standing within the Group. The Committee, on an annual basis, assesses the effectiveness of the internal auditors by examining:

- the scope of the internal auditor's work;
- the quality of their reports;
- to whom they report within the Group;
- their relationship with the external auditors;
- their independence of the areas reviewed.

The Board is satisfied with the adequacy of the internal controls.

COMMUNICATION WITH SHAREHOLDERS

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 MASNET and at times press releases.

DEALINGS IN SECURITIES

The Company has issued an Internal Compliance Code On Securities Transactions 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 transactions in the Company's shares by these persons. The code of conduct was based on the SGX's Best Practices Guide, with some modifications. These persons are required to report to the Company Secretary whenever they deal in the Company's shares and the latter will assist the Audit Committee and the Board to monitor such share transactions and make the necessary announcements.

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

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	(a) Present directorships in other listed companies (b) Other major appointments
Mr Lua Cheng Eng	Bachelor of Arts (Honours), University of London (1967)	(a) 04.05.1987 (b) 30.05.2001	(a) Jurong Engineering Ltd Jurong Technologies Industrial Corporation Ltd SembCorp Industries Ltd Intraco Ltd Sincere Watch Ltd (b) President, Singapore Shipping Association Council Member, Singapore Business Federation Member, Advisory Committee for Customs and Excise Department Member, Maritime & Port Authority of Singapore Corporate Advisor, SembCorp Marine Ltd President, Jurong Country Club Director, Jurong Country Club Ltd Honorary International Advisor, PSA Corporation Limited Council Member, Singapore Chinese Chamber of Commerce & Industry Honorary Senior Advisor, Neptune Orient Lines Ltd Corporate Advisor, Temasek Holdings (Private) Limited
Mr Ng Ser Miang	Bachelor of Business Administration (Honours) (Second Class), University of Singapore (1971)	(a) 22.12.1988 (b) 24.05.2000 (resigned on 25.02.2003)	(a) SMRT Corporation Ltd (b) Nominated Member of Parliament of Singapore
Mr Lim How Teck	Bachelor of Accountancy, University of Singapore (1975) Fellow, Chartered Institute of Management Accountants (UK) (1985) Diploma, Institute of Business Administration of Australia (1977) Certified Public Accountant, Institute of Certified Public Accountants of Singapore (1978)	(a) 30.06.2000 (b) 30.05.2001	(a) Neptune Orient Lines Ltd (b) Chairman, Advisory Committee for Maritime Services, International Enterprise Singapore Member, Inquiry Panel (under Legal Profession Act) Member, Resource Panel, Government Parliamentary Committee for Transport

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	(a) Present directorships in other listed companies (b) Other major appointments
Mr 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) 24.05.2000	(a) - (b) Member, School Management Committee, Montfort School Member, Advisory Board, School of Business Management, Nanyang Polytechnic Member, Board of Governors, St. Gabriel's Foundation
Mr Lok Vi Ming	Bachelor of Law (Honours), National University of Singapore (1986)	(a) 26.06.2002 (b) -	(a) - (b) Partner, Rodyk & Davidson Fellow, Singapore Institute of Arbitrators Vice Chairman, Aerospace Committee of the Inter-Pacific Bar Association Elder & Secretary, Bethesda Bedok Tampines Church Chairman, Bethesda Care & Counselling Services Centre Member, Royal Aeronautical Society Member, Law Society Professional Indemnity Sub Committee Executive Committee Member, Temasek Junior College Alumni
Mr 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) 26.06.2002 (b) -	(a) - (b) Council Member, Singapore Institute of International Affairs Vice President, Economics Society of Singapore
Mr John Lim Cheng Ghim	Bachelor of Arts, National University of Singapore (1983) Diploma in Investments, Institute of Banking & Finance (1988) Bachelor of Law (Honours) (Second Class), (External Degree) University of London (2002)	(a) 24.07.2002 (b) -	-

Name of Director	Academic & Professional Qualifications	IFS Board (a) Date First Appointed (b) Date Last Re-elected	(a) Present directorships in other listed companies (b) Other major appointments
Mr Lim Jit Poh	Bachelor of Science University of Singapore (1963) Bachelor of Science (Honours) University of Singapore (1964) Certificate in Education Teachers Training College (1965) Masters in Education University of Oregon, USA (1969)	(a) 26.03.2003 (previously director of IFS from 26.05.1994 – 24.05.2002) (b) -	(a) ComfortDelGro Corporation Limited Inchem Holdings International Limited L.C. Development Ltd SHC Capital Limited SBS Transit Limited The Ascott Group Limited VICOM Ltd (b) Trustee, Singapore National Employers Federation General Committee, Orchid Country Club Full Member, Singapore Institute of Directors Council Member, National University of Singapore Council Member, Singapore Chinese Chamber of Commerce & Industry
Mr Lee Soon Kie	Masters in Science, University of Wales, Aberystwyth, UK (2002) Bachelor of Arts, National University of Singapore (1983)	(a) 21.03.2003 (b) -	-
Mr Kwah Thiam Hock	Bachelor of Accountancy, University of Singapore (1973) Certified Public Accountant, Institute of Certified Public Accountants of Singapore (1977) Certified Public Accountant, Australian Society of Accountants (1991)	(a) 04.05.1987 (b) 08.06.1999	(a) Intraco Ltd Teledata (Singapore) Ltd (b) Management Committee of Singapore Turf Club
Mr Choo Boon Tiong	Bachelor of Arts, University of Singapore (1978)	(a) 24.05.1990 (b) being Managing Director, not subject to retirement by rotation under the current Articles of Association	-

FACILITIES AVAILABLE AT IFS

As a financing specialist, IFS meets the financial needs of businesses through a broad range of credit facilities. These include:

EXPORT AND DOMESTIC FACTORING

Factoring is a well-established means of providing companies with working capital. Very simply, our clients assign their accounts receivable to us in return for a cash advance of up to 90%. We undertake the task of collecting the receivables as and when they fall due and keep our clients informed of their account status. Not only does this service help our clients to increase their turnover, it also relieves them of the time-consuming tasks of sales ledgering and credit management.

ONLINE FACTORING

IFS is the first to launch an online factoring hub in Singapore. Called IntFactor, the hub offers end-to-end, business-to-business services for our clients and their customers, allowing them to trade goods and services through a real time marketplace with financing for online transactions provided by IFS.

For buyers and suppliers, trading on IntFactor means business round-the-clock. Through IntFactor's virtual catalogues, potential customers can view suppliers' products and services any time of the day, anywhere. Entire catalogues can be listed and managed at no extra cost.

As an added convenience, IntFactor also offers an online enquiry feature which allows clients to check on the status of their accounts as well as request for funds electronically.

ACCOUNTS RECEIVABLE FINANCING

This facility provides clients with financing against their trade receivables. With cash in hand, clients can then secure the best possible terms from suppliers or grant more competitive credit terms to their customers.

WORKING CAPITAL LOANS

Short-term loans are extended to meet clients' working capital requirements and these may either be revolving or repaid progressively over a period of time.

LETTERS OF CREDIT / TRUST RECEIPT FACILITIES

IFS makes available this import facility through the banks, usually without requiring additional collateral from clients.

HIRE PURCHASE / LEASING / MACHINERY LOANS

Clients can acquire capital assets that are needed to expand their production capacity via hire purchase, leasing or machinery loans. Financing is usually up to 90% of the asset value.

MORTGAGE LOANS

(For Industrial and Commercial Properties)

For clients who wish to acquire their own factory, shop or office premises, IFS can offer loans of up to 80% of valuation with repayment terms of up to 15 years.

MEZZANINE FINANCING / VENTURE CAPITAL

Depending on the project, IFS may be prepared to take an equity stake or provide financing on attractive terms in exchange for equity or a share in the profits of the project.

CONTRACT FINANCING

We provide this facility when our clients have firm contracts but lack the funds to execute them. Financing is available at all stages of the contract from the purchase of raw materials onwards.

MORTGAGE LOANS SECURED BY SHARES

We provide financing to businesses secured against stocks and shares quoted on the Singapore Exchange. Financing can be obtained in Singapore Dollars or foreign currency. A revolving credit line can also be arranged.

FINANCING FOR OVERSEAS OPERATIONS

Companies expanding overseas will appreciate other services available at IFS such as the financing of equipment used overseas either in Singapore dollars or other major foreign currencies. In Malaysia, Thailand and Indonesia, factoring and selected financial services may be provided by IFS' associated companies in these countries.

LOCAL ENTERPRISE FINANCE SCHEME

IFS is a participating financial institution in the Singapore government's Local Enterprise Finance Scheme administered by the Standards, Productivity and Innovation Board. Under this scheme, eligible companies are able to obtain working capital as well as asset-based financing on very competitive terms.

REFINED PERFORMANCE

rmance

While not all achievements are quantifiable, none is without a firm commitment to creating long term value.

FINANCIAL REPORT 2002

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2002

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 2002.

DIRECTORS

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

Lua Cheng Eng
Ng Ser Miang (resigned on 25 February 2003)
Teo Joo Huak (alternate to Ng Ser Miang) (vacated office on 25 February 2003)
Gabriel Teo Chen Thye
Lim How Teck
Lok Vi Ming (appointed on 26 June 2002)
Manu Bhaskaran (appointed on 26 June 2002)
John Lim Cheng Ghim (appointed on 24 July 2002)
Kwah Thiam Hock
Choo Boon Tiong

PRINCIPAL ACTIVITIES

The principal activities of the Company during the financial year have been those relating to factoring and other financing operations. The principal activities of the subsidiaries are detailed in Note 5(b) to the financial statements. There have been no significant changes in such activities during the financial year.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

During the financial year, the Company did not acquire or dispose of any subsidiaries.

FINANCIAL RESULTS

The results of the Group and of the Company for the financial year are as follows:-

	The Group $	The Company $
Profit after taxation	4,056,910	3,354,258
Accumulated profits/(losses) brought forward, as previously reported	1,997,826	(3,813,793)
Effect of adopting SAS 12	464,020	1,421,617
Accumulated profits/(losses) brought forward, as restated	2,461,846	(2,392,176)
Accumulated profits carried forward	6,518,756	962,082

TRANSFERS TO AND FROM RESERVES AND PROVISIONS

The following material transfer to reserves were made during the financial year:-

	The Group $	The Company $
Currency Translation Reserve:-		
Exchange loss on retranslation of net assets of foreign associates	483,426	–

Material movements in provisions are as set out in the accompanying financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the Company and its subsidiaries did not issue any shares and debentures.

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 in shares, debentures and share options in the Company are as follows:-

Name of Director	Holdings in the name of the director, spouse or infant children – At beginning of the year	At end of the year	Other holdings in which the director is deemed to have an interest – At beginning of the year	At end of the year
	Ordinary Shares of $0.50 each			
Kwah Thiam Hock	172,000	172,000	–	–
Choo Boon Tiong	208,270	208,270	–	–

	Options to Subscribe for Ordinary Shares of $0.50 each – At beginning of the year	At end of the year	Exercise Price	Exercise Period
Kwah Thiam Hock	30,000	–	$1.39	14/05/1998 to 12/05/2002
	34,000	–	$1.01	22/10/1998 to 20/10/2002
	15,270	15,270	$0.50	13/05/1999 to 11/05/2003
	45,370	45,370	$0.50	29/10/1999 to 27/10/2003
	15,230	15,230	$0.59	24/04/2000 to 22/04/2004
	35,830	35,830	$0.91	6/10/2000 to 4/10/2004
	60,000	60,000	$0.50	8/11/2001 to 6/12/2005
	60,000	60,000	$0.50	12/05/2002 to 10/05/2006
Choo Boon Tiong	45,370	45,370	$0.50	29/10/1999 to 27/10/2003
	15,230	15,230	$0.59	24/04/2000 to 22/04/2004
	35,830	35,830	$0.91	6/10/2001 to 4/10/2004
	60,000	60,000	$0.50	8/11/2001 to 6/12/2010
	60,000	60,000	$0.50	12/05/2002 to 10/05/2011

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 or at the end of the financial year.

There was no change in any of the abovementioned interests in the Company between the end of the financial year and 21 January 2003.

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 as disclosed below under "Share Options" and "Performance Share Plan".

DIRECTORS' INTERESTS (CONT'D)

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, except for professional fees of $16,000 paid by the Company during the financial year to firms of which the directors are members.

DIVIDENDS

Since the end of the last financial year, no dividend has been paid in respect of that previous year.

The directors now propose the payment of a net first and final dividend of $803,260 in respect of the financial year under review.

BAD AND DOUBTFUL DEBTS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain what action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the profit and loss account and the balance sheet of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values and that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report which would render the values attributable to current assets in the Group misleading.

CHARGES AND CONTINGENT LIABILITIES

Since the end of the financial year:-

(i) no charge on the assets of the Group or of the Company has arisen which secures the liabilities of any other person; and

(ii) no contingent liability of the Group or of the Company has arisen.

ABILITY TO MEET OBLIGATIONS

No contingent liability or other liability of the Group or of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render misleading any amount stated in the financial statements of the Group or of the Company.

UNUSUAL ITEMS

In the opinion of the directors, no item, transaction or event of a material and unusual nature has substantially affected the results of the operations of the Group or of the Company during the financial year.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SHARE OPTIONS

IFS Employees Share Option Scheme 1994 ("1994 Scheme")
The 1994 Scheme was terminated at the Extraordinary General Meeting on 24 May 2000 with the adoption of the IFS (2000) Share Option Scheme ("2000 Scheme") but the outstanding existing options will continue to remain valid until the fifth anniversary of the relevant date of grant of the respective options.

IFS (2000) Share Option Scheme ("2000 Scheme")
The 2000 Scheme succeeded the 1994 Scheme.

Under the 2000 Scheme:-

(i) Options will be granted to selected employees of the Company and/or its subsidiaries, including Executive and Non-Executive Directors of the Company and other selected participants, provided that they are not controlling shareholders, or associates of shareholders of the Company, to subscribe for ordinary shares in the Company.

(ii) The 2000 Scheme shall continue to be in force at the discretion of the Committee administering the Scheme, subject to a maximum period of 10 years commencing on 24 May 2000 provided always that the 2000 Scheme may continue beyond 10 years with the approval of the Company's shareholders by ordinary resolution in general meeting or any relevant authorities which may then be required.

(iii) The aggregate number of ordinary shares to be issued pursuant to the 2000 Scheme and those to be awarded under the Performance Share Plan, as detailed under "Performance Share Plan" ("PSP"), shall not exceed 15% of the issued share capital of the Company on the day preceding the relevant grant date.

(iv) The offer of an option to an eligible grantee, if not accepted by him within 30 days from the date of such offer, will lapse. Upon acceptance of the offer, the eligible grantee to whom the option is granted shall pay to the Company a consideration of $1.

SHARE OPTIONS (CONT'D)

(v) The subscription price shall be determined by the Committee administering the Scheme at:-

(1) Daily weighted average price for the ordinary share as determined by reference to the daily official list published by the Singapore Exchange Securities Trading Limited for the 3 consecutive trading days immediately preceding the date of grant of the option ("Market Price"); or

(2) A price which is set at a maximum discount of 20% of the Market Price.

Notwithstanding this, the subscription price per share shall in no event be less than the nominal value of the ordinary share.

(vi) The option can be exercised during the following period:-

Type of Option	Exercise Period
Option with subscription price fixed at Market Price granted to:- • Participants other than Non-Executive Directors • Non-Executive Directors	• 12 to 120 months from date of grant • 12 to 60 months from date of grant
Option with subscription price fixed at a discount to the Market Price granted to:- • Participants other than Non-Executive Directors • Non-Executive Directors	• 24 to 120 months from date of grant • 24 to 60 months from date of grant

The Schemes are administered by the Compensation Committee ("Committee") which comprises the following non-executive directors:-

Mr Lua Cheng Eng (Chairman)
Mr Gabriel Teo Chen Thye
Mr Lok Vi Ming

No eligible participant has been granted options which in aggregate, represent 5% or more of the total number of new shares available under the 2000 Scheme and the Performance Share Plan.

No options were granted under the 2000 Scheme to controlling shareholders or their associated corporations, or parent group employees.

The options granted by the Company do not entitle the holders of the options, by virtue of such holdings, to any rights to participate in any share issue of any other company.

SHARE OPTIONS (CONT'D)

The following are details of options granted to and exercised by Directors under the 1994 and 2000 Schemes:-

Name of Participant	Options granted during the financial year under review	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Options lapsed	Aggregate options outstanding as at end of financial year under review
1994 Scheme					
Kwah Thiam Hock	–	308,700	–	197,000	111,700
Choo Boon Tiong	–	304,700	208,270	–	96,430
2000 Scheme					
Kwah Thiam Hock	–	120,000	–	–	120,000
Choo Boon Tiong	–	120,000	–	–	120,000

During the financial year under review:-

- No options were granted under the 2000 Scheme.
- No shares were issued pursuant to the exercise of options under the 1994 and 2000 Schemes to take up unissued shares of the Company.

At the end of the financial year under review, unissued shares of the Company under the 1994 and 2000 Schemes are as follows:-

Date of Grant	Balance As at 1.1.02 or Later Date of Grant	Options Exercised	Options Cancelled	Balance As at 31.12.02	Subscription Price	Exercise Period
1994 Scheme						
13/05/97	187,500	–	187,500	–	$1.39	14/05/98 to 12/05/02
21/10/97	155,200	–	155,200	–	$1.01	22/10/98 to 20/10/02
12/05/98	36,420	–	–	36,420	$0.50	13/05/99 to 11/05/03
28/10/98	225,800	–	–	225,800	$0.50	29/10/99 to 27/10/03
23/04/98	115,020	–	–	115,020	$0.59	24/04/00 to 22/04/04
05/10/99	334,450	–	–	334,450	$0.91	06/10/00 to 04/10/04
	1,054,390	–	342,700	711,690		
2000 Scheme						
07/11/00	60,000	–	–	60,000	$0.50	08/11/01 to 06/12/05
07/11/00	401,700	–	–	401,700	$0.50	08/11/01 to 06/12/10
11/05/01	60,000	–	–	60,000	$0.50	12/05/02 to 10/05/06
11/05/01	401,800	–	–	401,800	$0.50	12/05/02 to 10/05/11
	923,500	–	–	923,500		

PERFORMANCE SHARE PLAN ("PSP")

Under the PSP, awards, which represent the right to receive the Company's ordinary shares free of charge upon the achievement of certain prescribed performance targets shares, will be given to those participants eligible to participate in the PSP. The limit on the number of ordinary shares to be issued under the PSP is detailed in the preceding section, "Share Options".

The PSP is administered by the Committee. The PSP shall continue to be in force at the discretion of the Committee subject to a maximum period of 10 years commencing 24 May 2000. Further details for the PSP are set out in the Company's Circular dated 2 May 2000.

No awards have been granted under the PSP since its commencement.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this report are:-

Gabriel Teo Chen Thye (Chairman), non-executive director
Manu Bhaskaran, non-executive director
John Lim Cheng Ghim, non-executive director
Lim How Teck, non-executive director

The Audit Committee performs the functions specified in section 201B of the Companies Act, the Listing Manual and the Best Practices Guide of the Singapore Exchange.

The Audit Committee has held 3 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;

- 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 Listing Manual of the Singapore Exchange).

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 recommends to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

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

On behalf of the Board of Directors

LUA CHENG ENG
Director

KWAH THIAM HOCK
Director

Singapore
25 February 2003

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2002

We, LUA CHENG ENG and KWAH THIAM HOCK, being directors of the Company, do hereby state that in our opinion:-

(a) the financial statements set out on pages 49 to 99 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 2002 and of the results of the business and changes in equity of the Group and of the Company and the cash flows of the Group for the year ended on that date; 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

LUA CHENG ENG
Director

KWAH THIAM HOCK
Director

Singapore
25 February 2003

REPORT OF THE AUDITORS TO THE MEMBERS OF INTERNATIONAL FACTORS (SINGAPORE) LTD

We have audited the consolidated financial statements of the Group and the financial statements of the Company for the year ended 31 December 2002 as set out on pages 49 to 99. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:-

  (i) the state of affairs of the Company and of the Group as at 31 December 2002 and of the results and changes in equity of the Company and of the Group and of the cash flows of the Group for the year ended on that date; and

  (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements of the Group and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

KPMG
Certified Public Accountants

Singapore
25 February 2003

BALANCE SHEETS

AS AT 31 DECEMBER 2002

	Note	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Non-current assets					
Property, plant and equipment	3	**21,893,835**	22,126,836	**21,681,057**	22,121,081
Intangible assets	4	**352,922**	318,411	**352,922**	318,411
Interests in subsidiaries	5	**–**	–	**18,263,000**	18,263,000
Investments in associates	6	**16,235,038**	16,953,598	**10,162,503**	10,162,503
Quoted investments	7	**224,628**	679,905	**96,842**	264,816
Unquoted investments	8	**3,674,879**	5,684,718	**2,501**	2,501
Loans to directors due after 12 months	9	**144,500**	327,792	**144,500**	327,792
Loans to staff due after 12 months		**203,503**	114,664	**202,976**	110,913
Loans and advances due after 12 months	10	**123,767,575**	133,374,541	**107,255,580**	105,299,405
Amounts owing by associates (other loans)	12	**3,500,270**	3,179,310	**3,500,270**	3,179,310
Membership rights	13	**250,000**	250,000	**125,000**	125,000
Deferred tax assets	14	**1,805,004**	1,595,608	**1,805,004**	1,595,608
		172,052,154	184,605,383	**163,592,155**	161,770,340
Current assets					
Trade and other receivables	15	**186,504,017**	147,832,890	**178,311,108**	148,560,247
Cash and cash equivalents	16	**3,464,134**	4,043,649	**1,054,823**	1,547,000
		189,968,151	151,876,539	**179,365,931**	150,107,247
Less:					
Current liabilities					
Bank overdraft (unsecured)	16	**114,825**	–	**–**	–
Trade and other payables	17	**45,731,275**	37,200,260	**46,582,478**	37,780,180
Interest-bearing borrowings	18	**142,810,638**	169,489,066	**139,485,153**	161,828,554
Current tax payable		**6,839,280**	1,615,148	**3,372,437**	2,111,947
		195,496,018	208,304,474	**189,440,068**	201,720,681
Net current liabilities		**(5,527,867)**	(56,427,935)	**(10,074,137)**	(51,613,434)
Non-current liabilities					
Interest-bearing borrowings	18	**(80,206,233)**	(42,006,703)	**(74,992,601)**	(34,956,494)
Deferred tax liabilities	14	**(2,077,154)**	(5,503,329)	**(144,738)**	(173,991)
		(82,283,387)	(47,510,032)	**(75,137,339)**	(35,130,485)
NET ASSETS		**84,240,900**	80,667,416	**78,380,679**	75,026,421
Share capital	23	**51,490,568**	51,490,568	**51,490,568**	51,490,568
Reserves	24	**32,750,332**	29,176,848	**26,890,111**	23,535,853
CAPITAL AND RESERVES		**84,240,900**	80,667,416	**78,380,679**	75,026,421

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

PROFIT AND LOSS ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Interest income	25	**18,389,330**	17,346,371	**14,901,929**	14,151,860
Interest expense	26	**(5,486,164)**	(7,738,129)	**(5,138,923)**	(7,071,242)
Net interest income		**12,903,166**	9,608,242	**9,763,006**	7,080,618
Fee income		**4,288,457**	3,744,214	**4,011,246**	3,520,421
Dividend income	27	**–**	205,874	**825,588**	2,036,029
Gain on disposal of equity investments, net		**–**	1,628,009	**–**	–
Other income	28	**614,242**	396,603	**1,157,284**	1,006,215
Income before operating expenses		**17,805,865**	15,582,942	**15,757,124**	13,643,283
Business development expenses		**(715,508)**	(711,077)	**(753,170)**	(655,053)
Staff costs		**(5,204,510)**	(4,936,768)	**(4,925,818)**	(4,575,000)
General and administrative expenses		**(2,974,987)**	(3,170,227)	**(2,635,739)**	(2,511,309)
Operating profit before allowances		**8,910,860**	6,764,870	**7,442,397**	5,901,921
Allowances for loan losses and diminution in value of investments	29	**(3,629,415)**	(5,406,246)	**(2,501,992)**	(3,155,803)
Operating profit after allowances	30	**5,281,445**	1,358,624	**4,940,405**	2,746,118
Share of results of associates		**554,660**	3,591,145	**–**	–
Profit from ordinary activities before exceptional items and taxation		**5,836,105**	4,949,769	**4,940,405**	2,746,118
Exceptional items	31	**–**	(6,694,130)	**–**	(7,488,986)
Profit/(Loss) from ordinary activities before taxation		**5,836,105**	(1,744,361)	**4,940,405**	(4,742,868)
Income tax expense	32	**(1,779,195)**	(1,047,105)	**(1,586,147)**	(259,463)
Net profit/(loss) for the year		**4,056,910**	(2,791,466)	**3,354,258**	(5,002,331)
Earnings per share	34				
– Basic		**3.9 cents**	(2.7) cents		
– Fully diluted		**3.9 cents**	(2.7) cents		

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

The Group	Share capital $	Share premium $	Capital reserves $	Currency translation reserve $	Accumulated profits $	Total $
At 1 January 2001	51,490,568	25,928,029	786,973	(7,360,180)	6,479,241	77,324,631
Effect of adopting SAS 12 (Note 33)	–	–	–	–	(59,668)	(59,668)
At 1 January 2001, restated	51,490,568	25,928,029	786,973	(7,360,180)	6,419,573	77,264,963
First and final dividend paid of 3% less tax at 24.5% in respect of year 2000	–	–	–	–	(1,166,261)	(1,166,261)
Transfer to profit and loss account: – exchange loss on foreign associates (Note 31)	–	–	–	6,870,114	–	6,870,114
Exchange differences: – Retranslation of net assets of foreign associates	–	–	–	490,066	–	490,066
Net loss for the year	–	–	–	–	(2,791,466)	(2,791,466)
At 31 December 2001, restated	51,490,568	25,928,029	786,973	–	2,461,846	80,667,416
At 1 January 2002, as previously reported	51,490,568	25,928,029	786,973	–	1,997,826	80,203,396
Effect of adopting SAS 12 (Note 33)	–	–	–	–	464,020	464,020
At 1 January 2002, restated	51,490,568	25,928,029	786,973	–	2,461,846	80,667,416
Exchange differences: – Retranslation of net assets of foreign associates	–	–	–	(483,426)	–	(483,426)
Net profit for the year	–	–	–	–	4,056,910	4,056,910
At 31 December 2002	51,490,568	25,928,029	786,973	(483,426)	6,518,756	84,240,900

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	Share capital $	Share premium $	Accumulated profits/(losses) $	Total $
The Company					
At 1 January 2001, as previously reported		51,490,568	25,928,029	3,061,511	80,480,108
Effect of adopting SAS 12	33	–	–	714,905	714,905
At 1 January 2001, restated		51,490,568	25,928,029	3,776,416	81,195,013
First and final dividend paid of 3% less tax at 24.5% in respect of year 2000		–	–	(1,166,261)	(1,166,261)
Net loss for the year		–	–	(5,002,331)	(5,002,331)
At 31 December 2001, restated		51,490,568	25,928,029	(2,392,176)	75,026,421
At 1 January 2002, as previously reported		51,490,568	25,928,029	(3,813,793)	73,604,804
Effect of adopting SAS 12	33	–	–	1,421,617	1,421,617
At 1 January 2002, restated		51,490,568	25,928,029	(2,392,176)	75,026,421
Net profit for the year		–	–	3,354,258	3,354,258
At 31 December 2002		51,490,568	25,928,029	962,082	78,380,679

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 $	2001 $
Cash Flows from Operating Activities		
Profit before exceptional items and taxation	**5,836,105**	4,949,769
Adjustments for:-		
Share of results of associates	**(554,660)**	(3,591,145)
Amortisation of:-		
– Goodwill on consolidation	**–**	30,110
– Intangible assets	**223,310**	168,022
Depreciation of property, plant and equipment	**550,013**	575,653
Loss/(Gain) on disposal of:-		
– Property, plant and equipment	**472**	(25,927)
– Investments	**–**	(1,628,009)
Interest income	**(18,389,330)**	(17,346,371)
Interest expense	**5,486,164**	7,738,129
Dividend income	**–**	(205,874)
Property, plant and equipment written off	**–**	3,329
Bad debts written off	**2,451**	–
Allowance for:-		
– Doubtful debts	**1,248,352**	3,775,950
– Investments	**2,381,063**	1,630,296
Exchange (gain)/loss, net	**(45,517)**	103,926
Impairment loss on property, plant and equipment	**–**	150,686
Operating loss before changes in working capital	**(3,261,577)**	(3,671,456)
Changes in working capital:-		
(Increase)/Decrease in factoring receivables	**(14,819,000)**	13,994,037
Decrease/(Increase) in factoring control account	**8,459,866**	(13,803,333)
Increase in amounts owing to affiliated companies, net	**1,041,741**	956,535
Increase in loans and advances	**(15,127,413)**	(29,462,127)
(Increase)/Decrease in other debtors and prepayments	**(344,720)**	358,528
(Increase)/Decrease in loans to a director	**(144,713)**	80,230
(Decrease)/Increase in trade and other creditors and accruals	**(208,394)**	265,078
Cash used in operations	**(24,404,210)**	(31,282,508)
Interest received	**18,314,441**	17,289,736
Interest paid	**(6,099,958)**	(7,788,964)
Income taxes paid	**(138,860)**	(764,274)
Dividends paid	**–**	(1,166,261)
Net Cash used in Operating Activities	**(12,328,587)**	(23,712,271)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 $	2001 $
Cash Flows from Investing Activities			
Investment in associates		**–**	(1,803,024)
(Disbursement)/Repayment of loans by associates		**(241,028)**	10,363,839
Purchase of property, plant and equipment		**(320,545)**	(137,546)
Proceeds from sale of property, plant and equipment		**3,060**	26,686
Purchase of intangible assets		**(257,821)**	(158,840)
Purchase of investments		**(68,281)**	(1,485,249)
Proceeds from sale of investments		**172,172**	2,108,531
Dividends received from investments and associates		**825,588**	1,228,586
Net Cash generated from Investing Activities		**113,145**	10,142,983
Cash Flows from Financing Activities			
Proceeds from/(Repayment):-			
Term loans		**38,271,102**	(5,528,487)
Floating rate notes		**(26,750,000)**	16,750,000
Net Cash generated from Financing Activities		**11,521,102**	11,221,513
Net Decrease in Cash and Cash Equivalents		**(694,340)**	(2,347,775)
Cash and Cash Equivalents at beginning of the year		**4,043,649**	6,391,424
Cash and Cash Equivalents at end of the year	16	**3,349,309**	4,043,649

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2002

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 25 February 2003.

1. DOMICILE AND ACTIVITIES

International Factors (Singapore) Ltd (the "Company") is incorporated in the Republic of Singapore with its registered office at 7 Temasek Boulevard, #10-01 Suntec Tower One, Singapore 038987.

The principal activities of the Company are those relating to factoring and other financing operations. The principal activities of the subsidiaries are detailed in Note 5(b) to the financial statements.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Statements of Accounting Standard ("SAS") including related Interpretations promulgated by the Institute of Certified Public Accountants of Singapore and the applicable requirements of the Singapore Companies Act, Chapter 50.

The historical cost basis is used. Amounts are expressed in Singapore dollars, unless stated otherwise.

(b) Consolidation

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment loss. Subsidiaries are consolidated with the Company in the Group's financial statements.

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses. In the Group's financial statements, they are accounted for by using the equity method of accounting. The Group's investment in these entities includes goodwill (net of accumulated amortisation) on acquisition.

(c) Goodwill on Consolidation

Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. Goodwill arising on acquisitions of associates is included in investments in associates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill on Consolidation (cont'd)

Goodwill on acquisitions of subsidiaries and associates that occurred prior to 1 January 2001 were written off against reserves and has not been retrospectively capitalised and amortised. Goodwill is amortised in the profit and loss account using the straight-line method over its estimated useful life of 10 years.

(d) Affiliated Companies

The Company was an associate of ECICS Holdings Ltd ("EHL") during the year under review. Affiliated companies refer to EHL and its subsidiaries. (See Note 20)

(e) Foreign Currencies

Foreign Currency Transactions

Monetary assets and liabilities in foreign currencies are translated into Singapore dollars at rates of exchange approximate to those ruling at the balance sheet date. Transactions in foreign currencies are translated at rates ruling on transaction dates. Translation differences are included in the profit and loss account, except:-

- Where foreign currency loans provide an effective hedge against the net investment in foreign subsidiaries and associates, exchange differences arising on the loans are recognised directly in equity until disposal of the investment.

- Where monetary items in substance form part of the Group's net investment in the foreign subsidiaries and associates, exchange differences arising on such monetary items are recognised directly in equity until disposal of the investment.

Foreign Operations

The assets and liabilities of foreign operations are translated into Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign operations are translated at the average exchange rates for the year. Exchange differences arising on translation are recognised directly in equity. Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates.

(f) Membership Rights

Transferable corporate club memberships are stated cost less an allowance for diminution in value.

(g) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the straight-line basis to write-off the cost of property, plant and equipment over their estimated useful lives as follows:-

Leasehold land	–	over the period of the lease
Leasehold building	–	50 years
Freehold residential building	–	50 years
Renovations	–	4 years
Office equipment, furniture and fittings	–	4 to 6 years
Computer equipment	–	3 to 5 years
Motor vehicles	–	5 years

Fully depreciated property, plant and equipment are retained in the financial statements until they are disposed of.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Intangible Assets

Intangible assets comprising computer software, are stated at cost less accumulated amortisation and impairment losses. Intangible assets are amortised from the date the asset is available for use. Amortisation is charged to the profit and loss account on the straight-line basis over the estimated useful lives of 3 to 5 years.

(i) Investments

Quoted equity and other investments that have no restrictions on transferability are valued at the lower of cost and last traded price as at the balance sheet date. Investments that are publicly traded but have restrictions on transferability are valued at the lower of cost and last traded price less a discount of up to one-third (33%).

Unquoted equity and other investments, held for long-term purposes, are stated at cost less an allowance for diminution in value which, in the opinion of the directors, is other than temporary.

The fair value of unquoted investments is determined after giving consideration to the financial performance, achievement of business plan objectives, prospects of the investee companies, value at which independent third parties have invested in the investee companies and other relevant factors pertinent to the valuation of the unquoted investments.

Dividends from equity investments are recognised as and when they are received.

Interest income is recognised on the accrual basis.

(j) Trade and Other Receivables

Trade and other receivables are stated at cost less allowance for doubtful receivables.

(k) Allowance for Doubtful Receivables

A general allowance is made based on management's evaluation of known and inherent risks in the factoring receivables and loans portfolio.

Specific allowance is made against factoring receivables and loans when their recovery is in doubt.

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank deposits and short-term, highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Group's cash management.

(m) Liabilities and Interest-Bearing Borrowings

Trade and other payables and interest-bearing borrowings are recognised at cost. Interest-bearing borrowings are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the profit and loss account over the period of the borrowings on an effective interest basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Derivatives and Hedging

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis to the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets or liabilities.

(o) Deferred Tax

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for: goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not be reversed in the foreseeable future.

(p) Income Recognition

Interest on loans and factoring accounts is charged principally on a monthly rest basis. Interest income is recognised on the accrual basis, except in the case of doubtful receivables where interest is credited to a suspense account and excluded from interest income.

Guarantee fees are recognised over the term of the guarantee on the straight line basis. The deferred portion of guarantee fees is disclosed as Deferred Income under "Other Creditors and Accruals".

(q) Employee Benefits

No compensation cost or obligation is recognised when share options are issued under employee incentive programmes. When options are exercised, equity is increased by the amount of the proceeds received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and corporate taxation.

(i) Business Segments

The Group comprises the following main business segments:-

Factoring	:	The advancement of cash against invoices factored, accounting and monitoring of outstanding receivables as well as collecting debts on behalf of clients.
Loans and Advances	:	The provision of credit facilities to corporate clients.
Venture Capital	:	The acquisition, holding and disposal of equity interests in private companies.
Investment	:	The long-term investments in overseas joint ventures and financial instruments.

(ii) Geographical Segments

Factoring, Loans and Advances, Venture Capital and Investment segments are managed and operated in four principal geographical areas. Singapore is the major market for factoring and financing activities. Australia, United States and Asia (other than Singapore) are the major markets for venture capital and investment activities.

3. PROPERTY, PLANT AND EQUIPMENT

The Group 2002	Leasehold land $	Leasehold building $	Freehold residential property $	Renovations $	Office equipment, furniture and fittings $	Computer equipment $	Motor vehicles $	Total $
Cost								
At 1 January 2002	12,822,498	10,510,395	494,574	684,209	1,026,812	1,097,472	21,068	26,657,028
Additions	–	–	–	–	15,226	71,663	233,656	320,545
Disposals	–	–	–	–	(1,793)	(43,166)	(7,960)	(52,919)
At 31 December 2002	12,822,498	10,510,395	494,574	684,209	1,040,245	1,125,969	246,764	26,924,654
Accumulated depreciation and impairment losses								
At 1 January 2002	769,351	1,156,143	236,927	625,225	934,635	796,476	11,435	4,530,192
Depreciation for the year	139,882	210,208	3,651	25,194	41,556	110,619	18,903	550,013
Disposals	–	–	–	–	(1,431)	(41,220)	(6,735)	(49,386)
At 31 December 2002	909,233	1,366,351	240,578	650,419	974,760	865,875	23,603	5,030,819
Depreciation charge for 2001	139,882	210,208	6,771	23,309	54,946	137,099	3,438	575,653
Carrying amount								
At 31 December 2002	11,913,265	9,144,044	253,996	33,790	65,485	260,094	223,161	21,893,835
At 31 December 2001	12,053,147	9,354,252	257,647	58,984	92,177	300,996	9,633	22,126,836

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company 2002	Leasehold land $	Leasehold building $	Freehold residential property $	Renovations $	Office equipment, furniture and fittings $	Computer equipment $	Motor vehicles $	Total $
Cost								
At 1 January 2002	12,822,498	10,510,395	494,574	684,209	1,000,650	730,559	21,068	26,263,953
Additions	–	–	–	–	14,858	68,977	9,655	93,490
Disposals	–	–	–	–	(1,793)	(43,166)	(7,960)	(52,919)
At 31 December 2002	12,822,498	10,510,395	494,574	684,209	1,013,715	756,370	22,763	26,304,524
Accumulated depreciation and impairment losses								
At 1 January 2002	769,351	1,156,143	236,927	625,225	908,588	435,203	11,435	4,142,872
Depreciation for the year	139,882	210,208	3,651	25,194	41,519	105,557	3,970	529,981
Disposals	–	–	–	–	(1,431)	(41,220)	(6,735)	(49,386)
At 31 December 2002	909,233	1,366,351	240,578	650,419	948,676	499,540	8,670	4,623,467
Depreciation charge for 2001	139,882	210,208	6,771	23,309	54,588	123,413	3,438	561,609
Carrying amount								
At 31 December 2002	11,913,265	9,144,044	253,996	33,790	65,039	256,830	14,093	21,681,057
At 31 December 2001	12,053,147	9,354,252	257,647	58,984	92,062	295,356	9,633	22,121,081

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The 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
Lot 1647, Title No. EMR 75, Mukim of Pengereng, District of Kota Tinggi, Johore	Freehold	Residential building
#14-06, Seaview Tower, Ocean Palms Klebang Besar, Malacca	Freehold	Residential apartment

4. INTANGIBLE ASSETS

	Computer Software $
The Group and the Company	
2002	
Cost	
At 1 January 2002	3,178,777
Additions	257,821
At 31 December 2002	3,436,598
Amortisation and impairment losses	
At 1 January 2002	2,860,366
Amortisation charge for the year	223,310
At 31 December 2002	3,083,676
Amortisation charge for 2001	168,022
Carrying amount	
At 31 December 2002	352,922
At 31 December 2001	318,411

5. INTERESTS IN SUBSIDIARIES

	The Company	
	2002	2001
	$	$
(a) Unquoted ordinary shares, at cost	**18,263,000**	18,263,000

(b) Details of the subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation/ Place of Business	Effective Equity Interest held by the Group		Cost of Investment	
		2002	2001	2002	2001
		%	%	$	$
International Factors Leasing Pte Ltd	Singapore	**100**	100	**15,763,000**	15,763,000
IFS Management Services Pte Ltd	Singapore	**100**	100	**2,500,000**	2,500,000
				18,263,000	18,263,000

The principal activities of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Activities
* International Factors Leasing Pte Ltd	Working capital and asset-based financing.
* IFS Management Services Pte Ltd	Financial services consultants and advisers and venture capital investment.

* Audited by KPMG Singapore

6. INVESTMENTS IN ASSOCIATES

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Unquoted shares at cost, net of amount written off	**–**	–	**17,827,473**	17,827,473
Net tangible assets of associates on acquisition, net of amounts written off	**11,821,177**	18,266,262	**–**	–
Goodwill on consolidation	**85,374**	96,046	**–**	–
Allowance for impairment losses:-				
At 1 January	**–**	–	**7,664,970**	6,000,000
Allowance made during the year (Note 31)	**–**	–	**–**	7,664,970
Allowance reversed during the year (Note 31)	**–**	–	**–**	(175,984)
Allowance utilised during the year	**–**	–	**–**	(5,824,016)
At 31 December	**–**	–	**(7,664,970)**	(7,664,970)
Balance carried forward	**11,906,551**	18,362,308	**10,162,503**	10,162,503

6. INVESTMENTS IN ASSOCIATES (CONT'D)

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Balance brought forward	**11,906,551**	18,362,308	**10,162,503**	10,162,503
Exchange differences on retranslation of the net assets of foreign associates (Note 24)	**(483,426)**	–	**–**	–
Exchange loss on cost of investments in foreign associates	**–**	(6,445,087)	**–**	–
	11,423,125	11,917,221	**10,162,503**	10,162,503
Share of reserves:-				
Retained earnings	**4,024,940**	4,249,404	**–**	–
Capital reserve - Capitalisation of retained earnings (Note 24)	**786,973**	786,973	**–**	–
	4,811,913	5,036,377	**–**	–
	16,235,038	16,953,598	**10,162,503**	10,162,503
Movement in goodwill on consolidation during the year:				
At beginning of the year	**96,046**	106,715	**–**	–
Amortisation charge for the year	**(10,672)**	(10,669)	**–**	–
At end of the year	**85,374**	96,046	**–**	–

The amortisation of goodwill arising on consolidation of associates is included in the share of results before tax of associates.

Details of the associates are as follows:-

	Name of Associates	Principal Activities	Country of Incorporation/ Place of Business	Percentage of Equity held by the Group 2002 %	2001 %
1	PB International Factors Sdn Bhd	Factoring and other financing operations	Malaysia	**45**	45
2	PT Niaga International Factors	Factoring operations	Indonesia	**47**	47

6. INVESTMENTS IN ASSOCIATES (CONT'D)

Details of the associates are as follows:-

	Name of Associates	Principal Activities	Country of Incorporation/ Place of Business	Percentage of Equity held by the Group 2002 %	Percentage of Equity held by the Group 2001 %
3	Ayudhya International Factors Company Ltd	Factoring and other financing operations	Thailand	**45.6**	45.6
4	Far East Bunkering Services Pte Ltd	Shipowner, ship operators and charterers	Singapore	**50**	50
5	ECICS Ventures 2 Ltd	Venture capital investments	Singapore	**25**	25

A subsidiary has a 24% (2001: 24%) interest in Pacific Coatings Pte Ltd ("PCPL") which has not been accounted for as an associate as the subsidiary does not exercise significant influence over the financial and operating policies of PCPL. Accordingly, the Group's and the subsidiary's interest in PCPL are accounted for in unquoted equity investments.

1 Audited by KPMG Kuala Lumpur, Malaysia (member firm of KPMG International)
2 Audited by Siddharta Siddharta & Widjaja, Indonesia (member firm of KPMG International)
3 Audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd, Thailand
4 Audited by Price WaterhouseCoopers, Singapore
5 Audited by KPMG Singapore

7. QUOTED INVESTMENTS

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Equity investments, at cost	**1,407,912**	1,407,912	**908,225**	908,225
Floating rate notes, at cost	**–**	5,594,700	**–**	–
	1,407,912	7,002,612	**908,225**	908,225
Less:				
Allowance for diminution in value:-				
At 1 January	**6,322,707**	5,639,681	**643,409**	442,182
Allowance made during the year, net (Note 29)	**95,276**	683,026	**167,974**	201,227
Allowance utilised	**(5,234,699)**	–	**–**	–
At 31 December	**(1,183,284)**	(6,322,707)	**(811,383)**	(643,409)
	224,628	679,905	**96,842**	264,816
Market Value:-				
Equity investments	**224,628**	728,499	**96,842**	264,816
Floating rate notes	**–**	1	**–**	–

The floating rate notes were written off during the year.

8. UNQUOTED INVESTMENTS

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
Unquoted equity investments, at cost	**10,866,222**	10,590,274	**2,252,500**	2,252,500
Less:				
Allowance for diminution in value:-				
At 1 January	**4,905,556**	4,088,286	**2,249,999**	2,249,999
Allowance made during the year (Note 29)	**2,285,787**	817,270	**–**	–
At 31 December	**(7,191,343)**	(4,905,556)	**(2,249,999)**	(2,249,999)
	3,674,879	5,684,718	**2,501**	2,501

9. LOANS TO DIRECTORS

	Note	The Group and The Company	
		2002	2001
		$	$
Due within 12 months	21	**381,792**	53,787
Due after 12 months		**144,500**	327,792
		526,292	381,579

The above relates to car and housing loans granted to executive directors under the Company's car and housing benefit schemes.

The car and housing benefit schemes are for employees of the Group, including executive directors of the Group and the Company, and were approved by the shareholders at the Annual General Meeting held on 21 June 1995 and Extraordinary General Meeting held on 8 June 1999, respectively.

10. LOANS AND ADVANCES

	Note	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Loans and advances					
Hire purchase	11	**50,435,273**	47,040,681	**47,602,387**	37,651,284
Other loans		**192,812,376**	182,861,125	**136,851,172**	116,703,716
		243,247,649	229,901,806	**184,453,559**	154,355,000
Less:					
Allowance for doubtful debts:-					
At 1 January		**13,977,234**	15,332,551	**4,937,973**	4,047,714
Allowance made during the year, net (Note 29)		**1,557,843**	3,142,197	**2,606,284**	2,220,853
Allowance utilised during the year		**(1,781,570)**	(4,497,514)	**(413,577)**	(1,330,594)
At 31 December		**(13,753,507)**	(13,977,234)	**(7,130,680)**	(4,937,973)
		229,494,142	215,924,572	**177,322,879**	149,417,027
Due within 12 months	15	**105,726,567**	82,550,031	**70,067,299**	44,117,622
Due after 12 months		**123,767,575**	133,374,541	**107,255,580**	105,299,405
		229,494,142	215,924,572	**177,322,879**	149,417,027

Included in the loans and advances is an amount of $22,228,956 (2001: $22,695,525) with a Company in which the Group has a 10% equity interest.

The weighted average interest rates of loans and advances at the balance sheet date and the periods in which they reprice are as follows:-

	Effective interest rate	Floating rate	Fixed rate maturing within 1 year	Fixed rate maturing 1 to 5 years	Fixed rate maturing after 5 years	Total
The Group	%	$	$	$	$	$
2002						
Loans and advances						
– Fixed rate	6.2	–	33,504,404	34,471,096	9,962,814	77,938,314
– Variable rate	6.0	151,555,828	–	–	–	151,555,828
		151,555,828	33,504,404	34,471,096	9,962,814	229,494,142

10. LOANS AND ADVANCES (CONT'D)

	Effective interest rate %	Floating rate $	Fixed rate maturing within 1 year $	Fixed rate maturing 1 to 5 years $	Fixed rate maturing after 5 years $	Total $
2001						
Loans and advances						
– Fixed rate	6.3	–	27,391,296	44,006,061	916,303	72,313,660
– Variable rate	6.6	143,610,912	–	–	–	143,610,912
		143,610,912	27,391,296	44,006,061	916,303	215,924,572
The Company						
2002						
Loans and advances						
– Fixed rate	6.2	–	31,372,722	27,948,525	6,123,927	65,445,174
– Variable rate	6.2	111,877,705	–	–	–	111,877,705
		111,877,705	31,372,722	27,948,525	6,123,927	177,322,879
2001						
Loans and advances						
– Fixed rate	6.6	–	22,396,576	31,045,172	–	53,441,748
– Variable rate	6.6	95,975,279	–	–	–	95,975,279
		95,975,279	22,396,576	31,045,172	–	149,417,027

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

11. HIRE PURCHASE

	The Group					
	2002			2001		
	Gross $	Unearned Interest $	Principal $	Gross $	Unearned Interest $	Principal $
Within 1 year	**22,987,032**	**–**	**22,987,032**	18,130,034	–	18,130,034
After 1 year but within 5 years	**27,290,041**	**–**	**27,290,041**	28,910,647	–	28,910,647
After 5 years	**158,200**	**–**	**158,200**	–	–	–
	50,435,273	**–**	**50,435,273**	47,040,681	–	47,040,681

11. HIRE PURCHASE (CONT'D)

	The Company					
	2002			2001		
	Gross $	Unearned Interest $	Principal $	Gross $	Unearned Interest $	Principal $
Within 1 year	**21,638,196**	**–**	**21,638,196**	14,716,346	–	14,716,346
After 1 year but within 5 years	**25,805,991**	**–**	**25,805,991**	22,934,938	–	22,934,938
After 5 years	**158,200**	**–**	**158,200**	–	–	–
	47,602,387	**–**	**47,602,387**	37,651,284	–	37,651,284

Interest is levied on outstanding principal at monthly rest.

12. AMOUNTS OWING BY ASSOCIATES (OTHER LOANS)

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Loans	**3,500,270**	3,669,779	**3,500,270**	3,669,779
Less:				
Allowance for doubtful debts:-				
At 1 January	**490,469**	455,647	**490,469**	455,647
Allowance (reversed)/ made during the year (Note 29)	**(22,329)**	34,822	**(22,329)**	34,822
Amount utilised during the year	**(468,140)**	–	**(468,140)**	–
At 31 December	**–**	(490,469)	**–**	(490,469)
	3,500,270	3,179,310	**3,500,270**	3,179,310

The loans are unsecured, interest bearing and repayable on demand or at the expiry of one year from the date of first drawdown, whichever is earlier. The Company does not expect these amounts to be repayable in the next 12 months. Interest on the above loans is at 6.25% (2001: 9.0%) per annum.

The weighted average interest rates of loans to associates at the balance sheet date and the periods in which they reprice are as follows:-

		Fixed rate maturing			
The Group and the Company	Effective interest rate %	within 1 year $	1 to 5 years $	after 5 years $	Total $
2002					
Amounts owing by associate	6.25	–	3,500,270	–	3,500,270

12. AMOUNTS OWING BY ASSOCIATES (OTHER LOANS) (CONT'D)

The Group and the Company	Effective interest rate %	Fixed rate maturing within 1 year $	1 to 5 years $	after 5 years $	Total $
2001					
Amounts owing by associate	9.0	–	3,179,310	–	3,179,310

13. MEMBERSHIP RIGHTS

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Membership rights, at cost	**380,000**	380,000	**190,000**	190,000
Less:				
Allowance for diminution in value:-				
At 1 January	**130,000**	–	**65,000**	–
Allowance made during the year (Note 29)	**–**	130,000	**–**	65,000
At 31 December	**(130,000)**	(130,000)	**(65,000)**	(65,000)
	250,000	250,000	**125,000**	125,000

14. DEFERRED TAX

Movements in recognised deferred tax assets and liabilities (prior to offsetting of balances) during the year are as follows:-

Group	At 1 Jan 2002 $	Effect of adopting SAS 12 (2001) $	(Credited)/ charged to profit and loss account (note 32) $	At 31 Dec 2002 $
Deferred tax liabilities				
Property, plant and equipment	–	160,900	(16,162)	144,738
Unrealised exchange differences	–	13,091	(13,091)	–
Investments in associates	–	957,597	(82,166)	875,431
Gains on disposal of investments (Note 32)	3,194,645	–	(3,194,645)	–
Income not remitted into Singapore	1,177,096	–	(120,111)	1,056,985
Total	4,371,741	1,131,588	(3,426,175)	2,077,154

14. DEFERRED TAX (CONT'D)

Group	At 1 Jan 2002 $	Effect of adopting SAS 12 (2001) $	(Credited)/ charged to profit and loss account (note 32) $	At 31 Dec 2002 $
Deferred tax assets				
Quoted investments	–	(157,635)	(20,869)	(178,504)
Loans and advances	–	(631,437)	(334,776)	(966,213)
Factoring receivables	–	(804,817)	254,192	(550,625)
Unrealised exchange differences	–	–	(98,324)	(98,324)
Others	–	(1,719)	(9,619)	(11,338)
Total	–	(1,595,608)	(209,396)	(1,805,004)
Company				
Deferred tax liabilities				
Property, plant and equipment	–	160,900	(16,162)	144,738
Unrealised exchange differences	–	13,091	(13,091)	–
Total	–	173,991	(29,253)	144,738
Deferred tax assets				
Quoted investments	–	(157,635)	(20,869)	(178,504)
Loans and advances	–	(631,437)	(334,776)	(966,213)
Factoring receivables	–	(804,817)	254,192	(550,625)
Unrealised exchange differences	–	–	(98,324)	(98,324)
Others	–	(1,719)	(9,619)	(11,338)
Total	–	(1,595,608)	(209,396)	(1,805,004)

Deferred tax assets have not been recognised in respect of the following items:

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Property, plant and equipment	(816)	(1,410)	–	–
Loans and advances	1,144,381	1,819,459	–	–
Factoring receivables	7,872	10,730	–	–
Unrealised exchange differences	(681)	27,881	–	–
Tax losses	394,585	299,880	–	–
Capital allowances	330,000	367,500	330,000	367,500
	1,875,341	2,524,040	330,000	367,500

14. DEFERRED TAX (CONT'D)

The deductible temporary differences and unutilised tax losses do not expire under current tax legislation.

As at 31 December 2002, the Group and the Company had unabsorbed capital allowances amounting to approximately $1,500,000 (2001: $1,500,000) respectively which are available for set-off against future taxable income subject to compliance with Section 23 of the Singapore Income Tax Act, Chapter 134.

As at 31 December 2002, the Group had unabsorbed tax losses amounting to approximately $1,794,000 (2001: $1,224,000) respectively which are available for set-off against future taxable income subject to compliance with Section 37 of the Singapore Income Tax Act, Chapter 134.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise these benefits.

15. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
	Note	2002 $	2001 $	2002 $	2001 $
Loans and advances	10	**105,726,567**	82,550,031	**70,067,299**	44,117,622
Factoring receivables	19	**78,919,728**	63,762,899	**78,919,728**	63,645,852
Amounts owing by:-					
Subsidiaries (mainly trade)		**–**	–	**27,567,179**	39,588,482
Affiliated companies (mainly non-trade)	20	**4,038**	68,492	**1,008**	1,099
Other debtors and prepayments	21	**1,853,684**	1,451,468	**1,755,894**	1,207,192
		186,504,017	147,832,890	**178,311,108**	148,560,247

The amounts owing by subsidiaries are unsecured, interest bearing and have no fixed terms of repayment.

16. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Cash at banks and in hand	**778,106**	1,369,781	**668,039**	1,189,803
Fixed deposits	**2,686,028**	2,673,868	**386,784**	357,197
	3,464,134	4,043,649	**1,054,823**	1,547,000
Bank overdraft (unsecured)	**(114,825)**	–	**–**	–
Cash and cash equivalents in the statement of cash flows	**3,349,309**	4,043,649		

16. CASH AND CASH EQUIVALENTS (CONT'D)

Included in cash at banks and in hand is an amount of $545,949 (2001: $979,458) which is not immediately available for use.

The weighted average effective interest rates of fixed deposits of the Group and the Company at the end of the financial year were 0.9% and 4.23% (2001: 3.9% and 3.6%) respectively per annum. Interest rates reprice at intervals of one, three or six months.

17. TRADE AND OTHER PAYABLES

	Note	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Factoring control account		**32,074,370**	23,614,504	**32,072,582**	23,614,504
Trade creditors		**153,655**	86,568	**153,655**	87,528
Amounts owing to:-					
Subsidiary:					
Non interest-bearing loans		**–**	–	**1,146,604**	1,146,604
Affiliated companies:	20				
Loans		**10,281,651**	9,318,972	**10,281,651**	9,318,972
Non-trade		**26,640**	12,032	**26,640**	12,032
Other creditors and accruals	22	**3,194,959**	4,168,184	**2,901,346**	3,600,540
		45,731,275	37,200,260	**46,582,478**	37,780,180

The amounts owing to a subsidiary is unsecured and has no fixed terms of repayment.

The weighted average effective interest rates of amounts owing to affiliated companies at the balance sheet date and the periods in which they reprice are as follows:-

The Group and the Company	Effective interest rate %	Floating rate $	Fixed rate maturing within 1 year $	Fixed rate maturing 1 to 5 years $	Fixed rate maturing after 5 years $	Total $
2002						
Amounts owing to affiliated companies	3.5	10,308,291	–	–	–	10,308,291
2001						
Amounts owing to affiliated companies	2.1	9,331,004	–	–	–	9,331,004

18. INTEREST-BEARING BORROWINGS

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Interest-bearing borrowings:-				
Payable within 12 months	**142,810,638**	169,489,066	**139,485,153**	161,828,554
Payable after 12 months	**80,206,233**	42,006,703	**74,992,601**	34,956,494
	223,016,871	211,495,769	**214,477,754**	196,785,048

The interest-bearing borrowings comprise:-

	Note	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Unsecured short-term bank loans		**96,453,167**	112,951,520	**94,453,167**	108,154,170
Floating rate notes		**–**	26,750,000	**–**	26,750,000
Unsecured long-term bank loan	(a)	**10,000,000**	10,000,000	**10,000,000**	10,000,000
Unsecured long-term bank loan	(b)	**50,000,000**	–	**50,000,000**	–
Unsecured long-term bank loan	(c)	**15,000,000**	15,000,000	**15,000,000**	15,000,000
Unsecured loans from external parties	(d)	**51,563,704**	46,794,249	**45,024,587**	36,880,878
		223,016,871	211,495,769	**214,477,754**	196,785,048

(a) The bank loan bears interest at rates ranging from 4.5% to 4.6% (2001: 4.5% to 4.6%) per annum and are repayable by bullet repayment in 2003.

(b) The bank loan bears interest at a rate of 1.79% (2001: Nil%) per annum and was repayable by a bullet repayment in 2005.

(c) The bank loan bears interest at a rate of 1.62% (2001: 2.11%) per annum and is repayable by a bullet repayment in 2004.

(d) These represent advances from the Standards, Productivity and Innovations Board ("SPRING Singapore") [previously known as Singapore Productivity and Standard Board] and the Economic Development Board ("EDB") to fund loans and advances extended by the Group and the Company to borrowers under the Local Enterprise Finance Scheme and Resources Productivity Scheme, respectively. Credit risk for loans and advances made under these schemes are shared by SPRING Singapore or EDB with the Group 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. Interest on the above loans ranged from 1.75% to 4.95% (2001: 1.75% to 4%) per annum.

18. INTEREST-BEARING BORROWINGS (CONT'D)

Maturity of borrowings

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Within 1 year	**142,810,638**	169,489,066	**139,485,153**	161,828,554
After 1 year but within 5 years	**78,592,849**	41,090,400	**73,379,217**	34,956,494
After 5 years	**1,613,384**	916,303	**1,613,384**	–
Total borrowings	**223,016,871**	211,495,769	**214,477,754**	196,785,048

Effective interest rates and repricing analysis:-

	Effective interest rate %	Floating rate $	Fixed rate maturing within 1 year $	Fixed rate maturing 1 to 5 years $	Fixed rate maturing after 5 years $	Total $
The Group						
2002						
Unsecured short-term bank loans	2.0	96,453,167	–	–	–	96,453,167
Unsecured loans from external parties (Fixed rate)	2.9	–	36,357,471	13,592,849	1,613,384	51,563,704
Unsecured long term bank loans						
– fixed rate	4.6	–	10,000,000	–	–	10,000,000
– variable rate	1.7	65,000,000	–	–	–	65,000,000
		161,453,167	46,357,471	13,592,849	1,613,384	223,016,871
2001						
Unsecured short-term bank loans	2.5	112,951,520	–	–	–	112,951,520
Unsecured loans from external parties (Fixed rate)	2.9	–	29,787,546	16,090,400	916,303	46,794,249
Unsecured long term bank loans						
– fixed rate	4.6	–	–	10,000,000	–	10,000,000
– variable rate	2.1	15,000,000	–	–	–	15,000,000
Floating rate note	3.3	26,750,000	–	–	–	26,750,000
		154,701,520	29,787,546	26,090,400	916,303	211,495,769

18. INTEREST-BEARING BORROWINGS (CONT'D)

	Effective interest rate %	Floating rate $	Fixed rate maturing within 1 year $	1 to 5 years $	after 5 years $	Total $
The Company						
2002						
Unsecured short-term bank loans	2.0	94,453,167	–	–	–	94,453,167
Unsecured loans from external parties (Fixed rate)	2.9	–	35,031,986	8,379,217	1,613,384	45,024,587
Unsecured long term bank loans						
– fixed rate	4.6	–	10,000,000	–	–	10,000,000
– variable rate	1.7	65,000,000	–	–	–	65,000,000
		159,453,167	45,031,986	8,379,217	1,613,384	214,477,754
2001						
Unsecured short-term bank loans	2.5	108,154,170	–	–	–	108,154,170
Unsecured Loans from external parties (Fixed rate)	2.9	–	26,924,384	9,956,494	–	36,880,878
Unsecured long term bank loans						
– fixed rate	4.6	–	–	10,000,000	–	10,000,000
– variable rate	2.1	15,000,000	–	–	–	15,000,000
Floating rate note	3.3	26,750,000	–	–	–	26,750,000
		149,904,170	26,924,384	19,956,494	–	196,785,048

19. FACTORING RECEIVABLES

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Factoring receivables	**83,101,534**	68,525,300	**83,065,749**	68,364,455
Less:				
Allowance for doubtful debts:-				
At 1 January	**4,762,401**	4,740,421	**4,718,603**	4,699,947
Allowance made during the year, net (Note 29)	**(337,829)**	639,423	**(338,045)**	636,099
Allowance utilised during the year	**(242,766)**	(617,443)	**(234,537)**	(617,443)
At 31 December	**(4,181,806)**	(4,762,401)	**(4,146,021)**	(4,718,603)
	78,919,728	63,762,899	**78,919,728**	63,645,852

The weighted average interest rates of factoring receivables net of factoring control account at the balance sheet date and the periods in which they reprice are as follows:

	Effective interest rate %	Floating rate $	Fixed rate maturing within 1 year $	Fixed rate maturing 1 to 5 years $	Fixed rate maturing after 5 years $	Total $
The Group and the Company						
2002						
Factoring receivables net of factoring control account						
– fixed rate	5.1	–	27,535,085	–	–	27,535,085
– variable rate	6.0	19,281,982	–	–	–	19,281,982
		19,281,982	27,535,085	–	–	46,817,067
2001						
Factoring receivables net of factoring control account						
– fixed rate	5.0	–	20,046,785	–	–	20,046,785
– variable rate	7.4	20,924,733	–	–	–	20,924,733
		20,924,733	20,046,785	–	–	40,971,518

20. AMOUNTS OWING BY/(TO) AFFILIATED COMPANIES

The amounts owing by/(to) the affiliated companies are unsecured, interest bearing and have no fixed terms of repayment.

The Company was an associate of ECICS Holdings Ltd ("EHL") during the year under review. Affiliated companies refer to EHL and its subsidiaries. Subsequent to the balance sheet date, the Company ceased to be an associate of EHL when the latter reduced its equity interest in the Company from 38.23% to 9.29%.

21. OTHER DEBTORS AND PREPAYMENTS

		The Group		The Company	
	Note	2002 $	2001 $	2002 $	2001 $
Prepayments		**239,535**	163,070	**238,337**	161,609
Deposits:-					
Own deposits		**11,810**	11,710	**11,310**	11,210
Deposits held on behalf of clients		**762,377**	846,327	**762,377**	846,327
Accrued interest receivable		**74,889**	–	**74,889**	–
Housing, renovation, vehicle and other loans to:-					
Directors of the Company	9	**381,792**	53,787	**381,792**	53,787
Staff		**107,810**	38,176	**104,586**	35,079
Non-trade debtors, net		**169,866**	95,257	**145,906**	67,572
Other assets		**105,605**	243,141	**36,697**	31,608
		1,853,684	1,451,468	**1,755,894**	1,207,192

Non-trade debtors comprise:-

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Non-trade debtors	**531,890**	442,064	**260,295**	98,291
Less:				
Allowance for doubtful debts:-				
At 1 January	**346,807**	807,580	**30,719**	77,183
Allowance made/(reversed) during the year (Note 29)	**50,667**	(40,492)	**88,108**	(2,198)
Allowance utilised during the year	**(35,450)**	(420,281)	**(4,438)**	(44,266)
At 31 December	**(362,024)**	(346,807)	**(114,389)**	(30,719)
	169,866	95,257	**145,906**	67,572

21. OTHER DEBTORS AND PREPAYMENTS (CONT'D)

The weighted average effective interest rates of loans to staff and directors at the balance sheet date and the periods in which they reprice are as follows:-

	Effective interest rate %	Non-interest bearing $	Fixed rate maturing within 1 year $	Fixed rate maturing 1 to 5 years $	Fixed rate maturing after 5 years $	Total $
The Group						
2002						
Loans to staff and directors	4.0	365,000	363,602	99,749	9,254	837,605
2001						
Loans to staff and directors	4.0	–	91,963	380,583	61,873	534,419
The Company						
2002						
Loans to staff and directors	4.0	365,000	360,378	99,222	9,254	833,854
2001						
Loans to staff and directors	4.0	–	88,866	376,832	61,873	527,571

22. OTHER CREDITORS AND ACCRUALS

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Accrued operating expenses	**1,970,387**	2,270,366	**1,676,774**	1,702,722
Deferred income	**11,553**	7,215	**11,553**	7,215
Clients' security deposits	**762,377**	846,327	**762,377**	846,327
Rental deposit	**49,140**	49,140	**49,140**	49,140
Payments received in advance	**22,758**	2,598	**22,758**	2,598
Accrued interest payable	**378,744**	992,538	**378,744**	992,538
	3,194,959	4,168,184	**2,901,346**	3,600,540

23. SHARE CAPITAL

	The Company 2002 $	The Company 2001 $
Authorised:		
500,000,000 (2001: 500,000,000) ordinary shares of $0.50 each	**250,000,000**	250,000,000
Issued and fully paid:		
102,981,136 (2001: 102,981,136) ordinary shares of $0.50 each	**51,490,568**	51,490,568

23. SHARE CAPITAL (CONT'D)

At the end of the financial year, unissued shares of $0.50 each of the Company under options granted to eligible employees of the Company under the IFS Employees Share Option Scheme 1994 ("1994 Scheme") and the IFS (2000) Share Option Scheme ("2000 Scheme") are as follows:-

	2002	2001
Options exercisable between:-		
1994 Scheme		
14/5/1998 to 12/5/2002 at a price of $1.39 per share	**–**	187,500
22/10/1998 to 20/10/2002 at a price of $1.01 per share	**–**	155,200
13/5/1999 to 11/5/2003 at a price of $0.50 per share	**36,420**	36,420
29/10/1999 to 27/10/2003 at a price of $0.50 per share	**225,800**	225,800
24/4/2000 to 22/4/2004 at a price of $0.59 per share	**115,020**	115,020
6/10/2000 to 4/10/2004 at a price of $0.91 per share	**334,450**	334,450
	711,690	1,054,390
2000 Scheme		
8/11/2001 to 6/12/2005 at a price of $0.50 per share	**60,000**	60,000
8/11/2001 to 6/12/2010 at a price of $0.50 per share	**401,700**	401,700
12/5/2002 to 10/5/2006 at a price of $0.50 per share	**60,000**	60,000
12/5/2002 to 10/5/2011 at a price of $0.50 per share	**401,800**	401,800
	923,500	923,500

Details of the 1994 Scheme and 2000 Scheme are as set out in the Directors' Reports for the years ended 31 December 1994 and 31 December 2001, respectively.

24. RESERVES

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Share premium	**25,928,029**	25,928,029	**25,928,029**	25,928,029
Capital reserves (Note 6)	**786,973**	786,973	**–**	–
Currency translation reserve	**(483,426)**	–	**–**	–
	26,231,576	26,715,002	**25,928,029**	25,928,029
Accumulated profits/(losses)	**6,518,756**	2,461,846	**962,082**	(2,392,176)
	32,750,332	29,176,848	**26,890,111**	23,535,853

Share Premium

The application of the share premium account is governed by Sections 69-69F of the Singapore Companies Act, Chapter 50.

Capital Reserves

The capital reserves comprise legal reserves and capitalised retained earnings of associated corporations.

24. RESERVES (CONT'D)

Currency Translation Reserve

The currency translation reserve comprise foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operation of the Company.

Dividends

After the balance sheet date, the directors proposed the following dividends. The following dividends have not been provided for:-

	2002 $	2001 $
First and final dividend proposed of 2% (2001: Nil%) per share less tax at 22% (2001: 24.5%)	**803,260**	–

	The Group	
	2002 $	2001 $
Accumulated profits/(losses) are retained in:-		
The Company	**962,082**	(2,392,176)
Subsidiaries	**1,462,953**	607,334
Associates	**4,024,940**	4,249,404
	6,449,975	2,464,562
Consolidated adjustments	**68,790**	(2,716)
	6,518,765	2,461,846

25. INTEREST INCOME

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Interest income from:-				
Subsidiaries	**–**	–	**1,031,576**	2,185,005
Associates	**253,513**	464,796	**253,513**	464,796
Affiliated companies	**69**	142	**69**	142
Others	**18,135,748**	16,881,433	**13,616,771**	11,501,917
	18,389,330	17,346,371	**14,901,929**	14,151,860

Included in interest income from loans and advances is an amount of $1,275,592 (2001: $1,405,688) earned from a company in which the Group has a 10% equity interest.

26. INTEREST EXPENSE

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Interest expense to:-				
Subsidiaries	**–**	–	**15,468**	7,174
Affiliated companies	**248,902**	374,815	**248,902**	374,815
Others	**5,237,262**	7,363,314	**4,874,553**	6,689,253
	5,486,164	7,738,129	**5,138,923**	7,071,242

27. DIVIDEND INCOME

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Gross dividends from:-				
Unquoted equity investments in:				
– Subsidiary in respect of:-				
Year 2000	**–**	–	**–**	750,000
– Associates in respect of:-				
Year 2000	**–**	–	**–**	205,155
Year 2001	**–**	–	**–**	875,000
Year 2002	**–**	–	**825,588**	–
Unquoted equity investments	**–**	205,874	**–**	205,874
	–	205,874	**825,588**	2,036,029

28. OTHER INCOME

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Management fee	**28,818**	30,769	**673,717**	581,934
Gain on disposal of property, plant and equipment	**–**	25,927	**–**	25,927
Rental income	**188,370**	196,560	**228,798**	236,988
Bad debts (trade) recovered	**117,201**	23,634	**98,608**	23,457
Exchange gain	**110,040**	–	**–**	53,433
Others	**169,813**	119,713	**156,161**	84,476
	614,242	396,603	**1,157,284**	1,006,215

29. ALLOWANCES FOR LOAN LOSSES AND DIMINUTION IN VALUE OF INVESTMENTS

	Note	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Allowances made/(reversed) for doubtful debts:-					
Associates	12	**(22,329)**	34,822	**(22,329)**	34,822
Loans and advances	10	**1,557,843**	3,142,197	**2,606,284**	2,220,853
Factoring receivables	19	**(337,829)**	639,423	**(338,045)**	636,099
Non-trade debtors	21	**50,667**	(40,492)	**88,108**	(2,198)
Allowances made for diminution in value of investments:-					
Quoted	7	**95,276**	683,026	**167,974**	201,227
Unquoted	8	**2,285,787**	817,270	**–**	–
Membership rights	13	**–**	130,000	**–**	65,000
		3,629,415	5,406,246	**2,501,992**	3,155,803

30. OPERATING PROFIT AFTER ALLOWANCES

The following items have been included in arriving at operating profit after allowances:

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
After charging:-				
Amortisation:-				
Goodwill on consolidation:-				
– Subsidiary	**–**	30,110	**–**	–
Intangible assets (Note 4)	**223,310**	168,022	**223,310**	168,022
Auditors' remuneration:-				
Auditors of the Company:-				
– Current year	**97,000**	90,000	**75,000**	65,000
– Prior years	**(1,500)**	1,000	**–**	–
Non-audit fees:-				
Auditors of the Company	**85,000**	61,600	**68,000**	43,500
Depreciation of property, plant and equipment (Note 3)	**550,013**	575,653	**529,981**	561,609
Directors' remuneration (cash and benefits-in-kind)	**560,211**	480,620	**516,166**	480,620
Directors' fees	**220,692**	205,677	**220,692**	205,677
Fees paid to corporations in which the directors have interests	**16,000**	33,000	**16,000**	33,000
Impairment loss on property, plant and equipment	**–**	150,686	**–**	150,686
Loss on disposal of property, plant and equipment	**472**	–	**472**	–
Property, plant and equipment written off	**–**	3,329	**–**	3,234
Exchange loss	**64,523**	103,926	**60,793**	–
Bad debts written off (mainly non-trade)	**2,451**	55,282	**–**	54,994
Staff costs	**4,730,792**	3,983,577	**4,452,100**	4,136,971
Contributions to defined contribution plans included in staff costs	**551,873**	515,162	**525,850**	483,536
Contributions to defined contribution plans included in directors' remuneration	**30,000**	25,919	**30,000**	25,919
And crediting:-				
Gain on disposal of equity investments:-				
Quoted	**–**	1,606,309	**–**	–
Unquoted	**–**	21,700	**–**	–

31. EXCEPTIONAL ITEMS

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Transfer from currency translation reserve:				
– exchange loss on foreign associates	**–**	(6,870,114)	**–**	–
Reversal of allowance for impairment loss in an associate (Note 6)	**–**	–	**–**	175,984
Gain on liquidation of an associate	**–**	175,984	**–**	–
Allowance for impairment loss in certain associates (Note 6)	**–**	–	**–**	(7,664,970)
	–	(6,694,130)	**–**	(7,488,986)

32. INCOME TAXES

	The Group 2002 $	The Group 2001 $	The Company 2002 $	The Company 2001 $
Current tax				
Current year	**2,119,688**	1,910,733	**1,776,140**	1,472,733
Under/(Over) provision in prior years	**554,921**	(633,003)	**48,656**	(506,558)
	2,674,609	1,277,730	**1,824,796**	966,175
Deferred tax				
Movements in temporary differences	**(3,660,348)**	(409,723)	**(383,537)**	(734,747)
Reduction in tax rate	**24,777**	28,035	**144,888**	28,035
	(3,635,571)	(381,688)	**(238,649)**	(706,712)
Advance tax paid written off	**2,688,383**	–	**–**	–
Share of associates' taxation	**51,774**	151,063	**–**	–
Income tax expense	**1,779,195**	1,047,105	**1,586,147**	259,463

32. INCOME TAXES (CONT'D)

Reconciliation of effective tax rate

	2002 $	2001 $
Group		
Profit/(Loss) before tax	**5,836,105**	(1,744,361)
Income tax using Singapore tax rates	**1,283,943**	(427,368)
Effect of reduction in tax rates	**24,777**	28,035
Effect of different tax rates in other countries	**28,554**	6,525
Tax rebate	**–**	(103,531)
Expenses not deductible for tax purposes	**1,167,491**	2,253,181
Reversal of temporary differences	**(3,194,645)**	–
Tax exempt revenues	**(28,875)**	(720,816)
Advance tax paid written off	**2,688,383**	–
Under/(Over) provision in prior years	**554,921**	(635,613)
Unrecognised movements in deferred tax	**(667,280)**	777,343
Utilisation of previously unrecognised losses	**(76,598)**	(128,531)
Others	**(1,476)**	(2,120)
	1,779,195	1,047,105

Reconciliation of effective tax rate

	2002 $	2001 $
Company		
Profit/(Loss) before tax	**4,940,402**	(4,742,868)
Income tax using Singapore tax rates	**1,086,888**	(1,162,003)
Effect of reduction in tax rates	**144,888**	28,035
Effect of different tax rates in other countries	**19,565**	7,180
Tax rebate	**–**	(77,512)
Expenses not deductible for tax purposes	**436,776**	2,206,202
Tax exempt revenues	**(121,440)**	(227,238)
Under/(Over) provision in prior years	**48,656**	(506,558)
Others	**(29,186)**	(8,643)
	1,586,147	259,463

<u>Group</u>

Deferred tax – movements in temporary differences include $3,194,645 (2001: $Nil) deferred tax provision in respect of gains on disposals of investments made in prior years now written back as it is no longer required. (Note 14)

33. CHANGES IN ACCOUNTING POLICIES

For the year ended 31 December 2002, five new or revised accounting standards were adopted.

The adoption of SAS 12 (2001) - *Income Taxes* resulted in the Group recognising income taxes based on the tax rates applicable to undistributed profits and the recognition of certain deferred tax assets. This change in accounting policy has been accounted for by restating comparatives and adjusting the opening balance of accumulated profits/(losses) at 1 January 2001.

This change in accounting policy, applied retrospectively, has the following impact (net of tax):-

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Effect of changes in accounting policy on accumulated profits/(losses):-				
Opening accumulated profits/(losses), as previously reported	**1,997,826**	6,479,241	**(3,813,793)**	3,061,511
Effect of adopting SAS 12 (2001)	**464,020**	(59,668)	**1,421,617**	714,905
Opening accumulated profits/(losses) restated	**2,461,846**	6,419,573	**(2,392,176)**	3,776,416

	The Group		The Company	
	2002 $	2001 $	2002 $	2001 $
Effect of changes in accounting policy on net profit/(loss) for the year:-				
Net profit/(loss) before change in accounting policy	**3,736,098**	(3,315,154)	**3,115,609**	(5,709,043)
Effect of adopting SAS 12 (2001)	**320,812**	523,688	**238,649**	706,712
Net profit/(loss) for the year	**4,056,910**	(2,791,466)	**3,354,258**	(5,002,331)

The adoption of SAS 30 – *Interim Financial Reporting,* SAS 38 – *Financial Reporting in Hyperinflationary Economies,* SAS 39 – *Agriculture* and the limited revisions to SAS 17 (2001) – *Employee Benefits* did not give rise to any adjustments to the opening balances of accumulated profits/(losses) of the prior and current periods or to changes in comparatives.

34. EARNINGS PER SHARE

	The Group	
	2002	2001
Basic earnings per share is based on:-		
Net profit/(loss) for the year	**$4,056,910**	$(2,791,466)
Weighted average number of shares outstanding during the year	**102,981,136**	102,981,136

In calculating fully diluted earnings per share, the weighted average number of ordinary shares is adjusted for the effects of all dilutive potential ordinary shares:-

	2002	2001
Weighted average number of ordinary shares (used in the calculation of basic earnings per share)	**102,981,136**	102,981,136
Effect of shares options in issue	**–**	–
Weighted average number of ordinary shares (diluted)	**102,981,136**	102,981,136

The earnings per share for the comparative period have been restated to account for the effects of adopting the new accounting standards in note 33.

35. COMMITMENTS

(a) A subsidiary has an outstanding investment commitment of US$320,771 (approximately S$559,713) [2001: US$373,299 (approximately S$696,165)].

(b) A subsidiary has an outstanding spot foreign exchange contract amounting to $76,817 (2001: $Nil).

36. STATUTORY INFORMATION REQUIRED BY PARAGRAPH 7 OF THE NINTH SCHEDULE OF THE COMPANIES ACT, CHAPTER 50

	Liabilities Payable		Debts Receivable	
	2002 $	2001 $	2002 $	2001 $
The Company				
Within 2 years	**208,894,567**	211,720,684	**223,957,485**	184,871,945
After 2 years but within 5 years	**53,924,718**	24,956,491	**33,073,594**	44,560,587
After 5 years	**1,613,384**	–	**32,383,357**	28,045,135

37. RELATED PARTY TRANSACTIONS

During the financial year, there were the following significant related party transactions undertaken on terms as agreed between the parties in the normal course of business:-

	The Group		The Company	
	2002	2001	2002	2001
	$	$	$	$
With Subsidiaries:-				
Management fee income	**–**	–	**644,899**	551,165
Rental income	**–**	–	**40,428**	40,428
With Affiliated companies:-				
Insurance premium expense	**300,047**	232,102	**227,584**	153,315
Management fee expense	**164,389**	371,518	**105,000**	105,000
Management fee income	**28,818**	30,769	**28,818**	30,769
With Associates:-				
Retainer fee income	**207,742**	180,000	**–**	–

38. FINANCIAL INSTRUMENTS

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. Exposure to market, credit, interest rate, liquidity and foreign currency risks arises in the normal course of the Group's business.The Group has risk management policies and guidelines setting out its overall business strategies, its tolerance of risk and its general risk management philosophy.

Market risk

Under the venture capital activities, the Group has equity interests in private companies as well as quoted equity shares under the management of a fund manager, which is an affiliated company. These investments are subject to market risk such as economic risks, credit default risks and investment risks inherently arising from the nature of the venture capital business activities. 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.

Credit risk and concentration of credit risk

Credit risk is the potential risk of financial loss from the failure of a client or debtor (as in the case of non-recourse factoring) to settle their financial and contractual obligations to the Group, as and when they fall due. Credit risk arises primarily from lending activities and represents the Group's major risk type.

Credit risk 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 Executive Committee and Credit Committee.

38. FINANCIAL INSTRUMENTS (CONT'D)

Credit risk and concentration of credit risk (cont'd)

Outlined below is the approach that the Group has taken to provide credit risk management oversight and control.

A delegated credit approval authority limit structure, approved by the Board of Directors, is as follows:-

- The Credit Committee, comprising executive directors and senior management staff meet regularly to specifically assess, review and make decisions on credit risks of the Group within the authority limits imposed by the Board;
- The creditworthiness of each client is evaluated and appropriate facility limits are established. For factoring proposals, the Group has an Underwriting Administration Department which analyses and sets the overall credit limits for each factored debtor using independent credit information obtained;
- In addition, the Group also has a Client Audit Department which conducts audits on new factoring clients before account activation and for existing ones, on a periodic basis;
- Monitoring of accounts is handled by the Account Relationship and Collections Departments;
- Credit processes and policy compliance are subject to internal audit; and
- Established limits and actual levels of exposure are regularly reviewed and reported to the Executive Committee and Board of Directors on a periodic basis.

The credit exposure of the Group and the Company by business sectors is as follows:-

	Loans and advances	
	The Group $	The Company $
2002		
Property development	88,757,376	48,015,219
Electronics	20,962,846	20,962,846
Construction works and engineering	17,942,911	13,713,168
Hotel/food and beverage	16,097,878	11,026,223
Property management	13,862,639	13,862,639
Shipping and transportation	11,854,899	11,854,899
Fabricated metal products	10,619,926	10,619,926
Holding and investment companies	9,523,997	9,523,997
Printing, publishing and paper products/packaging	9,224,819	8,923,383
Machinery and electrical appliances	8,192,277	8,192,277
Banking and finance	4,832,075	1,317,000
Textiles, garments and accessories	2,472,915	2,472,915
Plastics	2,100,243	2,100,243
Others	26,802,848	21,868,824
	243,247,649	184,453,559

38. FINANCIAL INSTRUMENTS (CONT'D)

	Loans and advances	
	The Group	The Company
	$	$
2001		
Property development	84,446,042	40,535,810
Electronics	15,233,619	15,233,619
Construction works and engineering	21,562,645	14,510,323
Hotel/food and beverage	20,356,516	13,679,274
Property management	14,778,137	14,778,137
Shipping and transportation	3,691,773	3,691,773
Fabricated metal products	9,432,755	9,432,755
Holding and investment companies	13,516,232	12,178,536
Printing, publishing and paper products/packaging	13,477,127	5,587,232
Machinery and electrical appliances	5,621,594	5,621,594
Banking and finance	400,531	–
Textiles, garments and accessories	2,238,844	2,238,844
Plastics	4,413,074	4,413,074
Others	20,732,917	12,454,029
	229,901,806	154,355,000

	Factoring receivables	
	The Group	The Company
	$	$
2002		
Electronics	14,946,691	14,946,691
Construction works and engineering	11,989,894	11,989,894
Machinery and electrical appliances	8,342,510	8,342,510
Printing, publishing and paper products	5,627,311	5,627,311
Retail	5,190,355	5,190,355
Professional services	4,094,794	4,094,794
Industrial chemicals and gases/plastics	4,049,966	4,049,966
Shipping and transportation	3,895,875	3,895,875
Food and beverage	2,190,836	2,190,836
Textiles, garments and accessories	2,162,595	2,162,595
Holding and investment companies	2,077,460	2,077,460
Fabricated metal products	1,592,420	1,592,420
General hardware	1,331,576	1,331,576
Footwear and leather products	1,326,547	1,326,547
Instrumental and optical products	1,228,308	1,228,308
Others	13,054,396	13,018,611
	83,101,534	83,065,749

38. FINANCIAL INSTRUMENTS (CONT'D)

	Factoring receivables The Group $	Factoring receivables The Company $
2001		
Electronics	10,358,276	10,358,276
Construction works and engineering	12,164,507	12,164,507
Machinery and electrical appliances	5,612,260	5,612,260
Printing, publishing and paper products	3,403,765	3,403,765
Retail	6,633,038	6,633,038
Professional services	1,973,655	1,973,655
Industrial chemicals and gases/plastics	2,409,633	2,409,633
Shipping and transportation	3,865,621	3,865,621
Food and beverage	1,496,347	1,496,347
Textiles, garments and accessories	2,758,365	2,758,365
Holding and investment companies	899,820	899,820
Fabricated metal products	2,915,210	2,915,210
General hardware	1,016,407	1,016,407
Footwear and leather products	–	–
Instrumental and optical products	284,857	284,857
Others	12,733,539	12,572,694
	68,525,300	68,364,455

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 liability 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.

The Group attempts to minimise the interest rate risks wherever possible by matching the tenure 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 possible of the same tenor. Where appropriate, the Group will tap the interest rate swap market to adjust its interest rate risk profile.

The notional amounts indicate the volume of the open derivatives at the balance sheet date and therefore do not reflect the Group's exposures or risks from such transactions. The notional amounts do not represent amounts exchanged by the parties, but rather represent the contracts on which payments are calculated. The potential risk relates to fluctuations in market prices as well as the credit risk of contract partners. The fair values indicate the accrued gains or losses to be recognised when the hedged item affects the profit and loss account. The computation of fair values does not consider the offsetting change in the value of the item being hedged. The fair values of existing interest rate swaps represent the indicative amounts that the Group would have had to pay or would have received if the contracts were terminated at the balance sheet date.

38. FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

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

Foreign currency risk

For its lending denominated in foreign currencies, the Group ensures that the foreign exchange exposure is matched by borrowings in the same currency.

However, the Group's long term equity investments in foreign currencies are not hedged. Currently, the Group's investments in associated companies in Indonesia, Malaysia and Thailand account for most of its foreign currency risks as both earnings and invested capital are exposed to movements in exchange rates.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's and the Company's financial instruments are accounted for under the historical cost convention. Fair value represents the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Disclosed below are the estimated fair values of the Group's and the Company's financial instruments presented in accordance with the requirements of the Statement of Accounting Standard 32 "Financial Instruments: Disclosure and Presentation".

Although management has employed its best judgement in the estimation of fair values, there is inevitably an element of subjectivity involved in the calculations. Therefore, the fair value estimates presented below are not necessarily indicative of the amounts the Group and the Company could have realised in a sale transaction at 31 December 2002.

Methodologies

The methodologies and assumptions used depend on the terms and risk characteristics of the various instruments and include the following:-

Loans and Advances

The fair value of loans and advances that reprice within six months of balance date is assumed to equate the carrying value. The fair value of fixed rate loans and advances 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, if the loans were performing at reporting date.

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Investments

The fair value of long-term quoted investment is the quoted bid price at the balance sheet date.

It is not practicable to estimate the fair value of the Group's and the Company's long term unquoted equity investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

Derivatives

The fair values of existing financial derivatives represent the amount that the Group would have had to pay or would have received if the contracts were terminated at the balance sheet date.

	Notional Principal $	Positive Fair Value $	Negative Fair Value $
The Group and The Company			
2002			
Derivative financial instruments:			
Cross currency swap	9,659,520	495,833	–
Interest rate swaps	30,000,000	–	(546,362)
2001			
Derivative financial instruments:			
Cross currency swap	–	–	–
Interest rate swaps	–	–	–

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Summary

The following table provides a comparison of carrying and fair values in the balance sheet date as at 31 December 2002:-

	2002		2001	
The Group	**Carrying Value $**	**Fair Value $**	Carrying Value $	Fair Value $
Financial Assets				
Loans and advances	**229,494,142**	**230,523,064**	215,924,572	215,177,100
Factoring receivables	**78,919,728**	**78,919,728**	63,762,899	63,762,899
Quoted investments	**224,628**	**224,628**	679,905	728,500
Unquoted equity investments	**3,674,879**	**3,674,879**	5,684,718	5,684,718
Membership rights	**250,000**	**250,000**	250,000	250,000
Amounts owing by associates	**3,500,270**	**3,500,270**	3,179,310	3,179,310
Loan to staff and directors	**837,605**	**831,861**	534,419	540,569
	316,901,252	**317,924,430**	290,015,823	289,323,096
Financial Liabilities				
Trade and other payables	**45,731,275**	**45,731,275**	37,200,260	37,200,260
Short-term borrowings (unsecured)	**96,453,167**	**96,453,167**	112,951,520	112,951,520
Short-term loans (unsecured)	**36,357,471**	**36,357,471**	29,787,546	29,787,546
Floating rate notes	–	–	26,750,000	26,750,000
Long-term loans (unsecured)	**90,206,233**	**90,431,172**	42,006,703	42,264,275
	268,748,146	**268,973,085**	248,696,029	248,953,601
Net	**48,153,106**	**48,951,345**	41,319,794	40,369,495

39. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

	2002		2001	
The Company	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Financial Assets				
Loans and advances	**177,322,879**	**178,961,930**	149,417,027	149,451,256
Factoring receivables	**78,919,728**	**78,919,727**	63,645,852	63,645,852
Quoted investments	**96,842**	**96,842**	264,816	264,816
Unquoted equity investments	**2,501**	**2,501**	2,501	2,501
Membership rights	**125,000**	**125,000**	125,000	125,000
Amounts owing by associates	**3,500,270**	**3,500,270**	3,179,310	3,179,310
Loan to staff and directors	**833,854**	**828,110**	527,571	533,721
	260,801,074	**262,434,380**	217,162,077	217,202,456
Financial Liabilities				
Trade and other payables	**46,582,478**	**46,582,478**	37,780,180	37,780,180
Short-term borrowings (unsecured)	**94,453,167**	**94,453,167**	108,154,170	108,154,170
Short-term loans (unsecured)	**35,031,986**	**35,031,986**	26,924,387	26,924,387
Floating rate notes	**–**	**–**	26,750,000	26,750,000
Long-term loans (unsecured)	**84,992,601**	**85,217,540**	34,956,491	35,214,063
	261,060,232	**261,285,171**	234,565,228	234,822,800
Net	**(259,158)**	**1,149,209**	(17,403,151)	(17,620,344)

40. SEGMENT REPORTING

(a) ***Business Segments***

2002	Factoring $	Loans and Advances $	Venture Capital $	Investment and Others $	Total $
Operating Income and Expenses					
Total operating income	5,763,521	16,563,128	549	350,589	22,677,787
Segment results	784,962	7,051,726	(2,765,060)	209,817	5,281,445
Share of results of associates	523,259	–	(70,826)	102,227	554,660
Taxation					(1,779,195)
Net profit for the year					4,056,910
2002					
Assets and Liabilities					
Segment assets	86,394,364	250,105,701	3,387,108	2,902,310	342,789,483
Interest in associates	9,668,457	–	4,306,133	2,260,448	16,235,038
Unallocated assets					2,995,784
Total assets					362,020,305
Segment liabilities	80,333,087	188,381,814	18,740	85,742	268,819,383
Unallocated liabilities					8,960,022
Total liabilities					277,779,405
Other Information					
Capital expenditure	109,160	469,206	–	–	578,366
Depreciation and amortisation	425,328	347,995	–	–	773,323

40. SEGMENT REPORTING (CONT'D)

(a) *Business Segments (cont'd)*

2001	Factoring $	Loans and Advances $	Venture Capital $	Investment and Others $	Total $
Operating Income and Expenses					
Total operating income	5,708,053	15,011,779	1,827,912	376,724	22,924,468
Segment results	(258,005)	1,546,282	726,730	(626,273)	1,388,734
Share of results of associates	369,736	–	3,062,238	159,171	3,591,145
Unallocated expenses					(30,110)
Exceptional item					(6,694,130)
Taxation					(1,047,105)
Minority interest					–
Net loss for the year					(2,791,466)
Assets and Liabilities					
Segment assets	71,448,891	236,674,651	5,712,661	3,061,746	316,897,949
Interest in associates	9,928,031	–	4,855,652	2,169,915	16,953,598
Unallocated assets					2,630,375
Total assets					336,481,922
Segment liabilities	67,415,272	180,975,536	178,619	104,555	248,673,982
Unallocated liabilities					7,140,524
Total liabilities					255,814,506
Other Information					
Capital expenditure	114,894	181,490	–	–	296,384
Depreciation and amortisation	409,021	334,654	–	–	743,675

40. SEGMENT REPORTING (CONT'D)

(b) Geographical Segments

	Singapore $	Asia other than Singapore $	Australia $	US $	Europe $	Total $
2002						
Total operating income	22,084,523	571,159	22,105	–	–	22,677,787
Segment assets	338,083,218	6,937,341	330,431	397,580	36,697	345,785,267
Interest in associates	6,566,581	9,668,457	–	–	–	16,235,038
Total assets	344,649,799	16,605,798	330,431	397,580	36,697	362,020,305
Capital expenditure	578,366	–	–	–	–	578,366
2001						
Total operating income	22,113,695	780,357	30,416	–	–	22,924,468
Segment assets	310,585,683	7,448,821	354,634	1,107,578	31,608	319,528,324
Interest in associates	7,025,567	9,928,031	–	–	–	16,953,598
Total assets	317,611,250	17,376,852	354,634	1,107,578	31,608	336,481,922
Capital expenditure	296,384	–	–	–	–	296,384

41. NUMBER OF EMPLOYEES

The number of employees in the Group and the Company at 31 December 2002 were 74 (2001: 71) and 72 (2001: 69) respectively.

42. COMPARATIVE FIGURES

Comparatives in the financial statements have been changed from the previous year due to the adoption of the requirements of the new and revised accounting standards stated in note 33.

ADDITIONAL INFORMATION

31 DECEMBER 2002

1. INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $
Credit facility and credit insurance		
ECICS Holdings Ltd and its Associates/ Temasek Holdings Pte Ltd and its Associates	548,949	9,923,028
Management and support services		
ECICS Holdings Ltd and its Associates	121,182	–
Advances due		
ECICS Holdings Ltd and its Associates/ Temasek Holdings Pte Ltd and its Associates	990,595	–
	1,660,726	9,923,028

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST

Loans by the Company

Name of borrower : Choo Boon Tiong
Position : Director
Loan amount : $526,292
Terms of loan :

Type	Loan Amount $	Interest Rate	Duration	Security
Car loan	198,500	0%	15 April 2002 - 15 August 2006	Nil
Housing loan	327,792*	4%	31 January 2000 - 31 December 2009	Property

**The loan was fully repaid on 18 February 2003.*

SHAREHOLDING STATISTICS

AS AT 2 APRIL 2003

SHAREHOLDERS' INFORMATION

Authorised Share Capital	:	500,000,000 ordinary shares of S$0.50 each
Issued and Fully Paid	:	102,981,136 ordinary shares of S$0.50 each
Voting Rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 - 999	5	0.13	2,350	0.00
1,000 - 10,000	3,613	91.09	11,339,870	11.01
10,001 - 1,000,000	340	8.57	13,994,892	13.59
1,000,001 and above	8	0.21	77,644,024	75.40
Total	3,966	100.00	102,981,136	100.00

TOP TWENTY SHAREHOLDERS

	Name of Shareholder	Number of Shares Held	%
1	Phillip Securities Pte Ltd	30,154,000	29.28
2	Neptune Orient Lines Ltd	11,198,496	10.87
3	ECICS Holdings Ltd	9,564,376	9.29
4	United Overseas Bank Nominees Pte Ltd	8,141,000	7.91
5	TIBS Holdings Ltd	7,100,078	6.89
6	DBS Nominees Pte Ltd	7,061,000	6.86
7	Oversea-Chinese Bank Nominees Pte Ltd	3,080,000	2.99
8	Overseas Union Bank Nominees Pte Ltd	1,345,074	1.31
9	Citibank Nominees Singapore Pte Ltd	761,000	0.74
10	Hong Leong Finance Nominees Pte Ltd	721,000	0.70
11	Chan Joo Soon	426,000	0.41
12	Tan Li Cheng Nee Lee	408,000	0.40
13	Kim Eng Ong Asia Securities Pte Ltd	365,000	0.36
14	Polywell Enterprise Sdn Bhd	300,000	0.29
15	Citibank Consumer Nominees Pte Ltd	258,000	0.25
16	Singapore Manufacturers Services Pte Ltd	209,672	0.20
17	Choo Boon Tiong	208,270	0.20
18	Foo Kok Swee	196,270	0.19
19	Hochstadt Herman Ronald	177,500	0.17
20	Ong Hock Siong	172,000	0.17
		81,846,736	79.48

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 2 April 2003:

Substantial Shareholder	Number of Shares			%
	Direct Interest	Deemed Interest	Total Interest	
Phillip Assets Pte Ltd	29,800,000[1]	-	29,800,000	28.94
Lim Hua Min	-	29,800,000[2]	29,800,000	28.94
Temasek Holdings (Private) Limited	-	27,862,950[3]	27,862,950	27.06
Neptune Orient Lines Ltd	11,198,496	-	11,198,496	10.87
ECICS Holdings Ltd	9,564,376	-	9,564,376	9.29
TIBS Holdings Ltd	7,100,078	-	7,100,078	6.89

Notes: (1) Deposited with the Depository Agent, Phillip Securities Pte Ltd.

(2) Mr Lim Hua Min is deemed to have an interest in the 29,800,000 shares held by Phillip Assets Pte Ltd.

(3) Temasek Holdings (Private) Limited is deemed to have an interest in the following shares held by:-

Name of Company	No. of Shares
Neptune Orient Lines Ltd	11,198,496
ECICS Holdings Ltd	9,564,376
TIBS Holdings Ltd	7,100,078
	27,862,950

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 2 April 2003, approximately 43.4% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of International Factors (Singapore) Ltd will be held in the IFS Boardroom at 7 Temasek Boulevard #10-01 Suntec Tower One Singapore 038987 on Tuesday 20 May 2003 at 11.00 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 2002 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of a first and final dividend of 2% less income tax of 22% as recommended by the Directors for the financial year ended 31 December 2002. **(Resolution 2)**

3. To approve the Directors' fees of S$220,692 (2001: S$205,677) for the financial year ended 31 December 2002. **(Resolution 3)**

4. To re-elect Mr Kwah Thiam Hock, a Director retiring in accordance with Article 91 of the Company's Articles of Association. **(Resolution 4)**

5. To re-elect the following Directors retiring in accordance with Article 97 of the Company's Articles of Association:-
   (i) Mr John Lim Cheng Ghim **(Resolution 5)**
   (ii) Mr Lee Soon Kie **(Resolution 6)**
   (iii) Mr Lim Jit Poh **(Resolution 7)**

6. To re-appoint Messrs KPMG as Auditors and authorise the Directors to fix their remuneration. **(Resolution 8)**

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions, of which Resolution 9 will be proposed as a Special Resolution and Resolutions 10, 11 and 12 will be proposed as Ordinary Resolutions:-

7. That Articles 2, 4, 8(B), 11, 15, 18, 20(A), 20(B), 34, 35, 36, 43, 44, 45, 53, 65, 66, 71, 72, 86, 87, 88, 89, 91, 97, 101, 105, 119, 129, 130, 131, 132, 134, 138, 139, 140, 141, 144 and 147, the heading "MANAGING DIRECTORS" before Article 86 and the heading "ALTERATION OF ARTICLES" before Article 147 of the Articles of Association of the Company be and are hereby altered, new Articles 99(B) and 132(B) be and are hereby inserted, and Articles 99, 132, 145 and 146 of the Articles of Association of the Company be and are hereby re-numbered, in the manner and to the extent as set out in the Appendix to the Company's Letter to Shareholders dated 25 April 2003. **(Resolution 9)**

8. 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 fifty per cent (50%) of the issued share capital of the Company (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 twenty per cent (20%) of the issued share capital of the Company (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 share capital shall be based on the issued share capital of the Company 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 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 10)**

9. That approval be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the provisions of the "IFS EMPLOYEES' SHARE OPTION SCHEME 1994" approved by the Company on 26 May 1994 (the "1994 Scheme") provided always that the aggregate number of shares to be issued pursuant to the 1994 Scheme shall not exceed five per cent (5%) of the issued share capital of the Company for the time being. **(Resolution 11)**

10. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the "International Factors (Singapore) Ltd (2000) Share Option Scheme" approved by the Company on 24 May 2000 (the "2000 Scheme") and to offer and grant awards in accordance with the provisions of the "International Factors (Singapore) Ltd Performance Share Plan" approved by the Company on 24 May 2000 (the "Performance Share Plan") and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the 2000 Scheme and the vesting of awards granted or to be granted under the Performance Share Plan, provided that the aggregate number of shares to be issued pursuant to the 2000 Scheme and the Performance Share Plan shall not exceed fifteen per cent (15%) of the total issued share capital of the Company for the time being. **(Resolution 12)**

OTHER BUSINESS

11. 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 the Share Transfer Books and the Register of Members of the Company will be closed from 27 May 2003 to 28 May 2003, both dates inclusive, for the purpose of determining shareholders' entitlements to the proposed first and final dividend for the year ended 31 December 2002.

Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to the close of business at 5.00 p.m. on 26 May 2003 will be registered before entitlements to the proposed 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 26 May 2003 will be entitled to the proposed dividend.

The proposed dividend, if approved at the Annual General Meeting, will be paid on 6 June 2003.

By Order of the Board

Naganatha Pillay
Company Secretary
International Factors (Singapore) Ltd
Singapore, 25 April 2003

NOTE:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for the Annual General Meeting.

1. **Notes to Resolution 5:-**

   Mr John Lim Cheng Ghim will, upon re-election as a Director of the Company, continue to serve as a Member of the Audit Committee and is considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Lok Vi Ming, an independent Director who is due to retire at the Sixteenth Annual General Meeting under Article 97 of the Company's Articles of Association, has expressed his desire not to seek re-election as a Director of the Company thereat. Upon his retirement as a Director, he will also cease to be a member of the Compensation Committee.

   Mr Manu Bhaskaran, an independent Director who is due to retire at the Sixteenth Annual General Meeting under Article 97 of the Company's Articles of Association, has expressed his desire not to seek re-election as a Director of the Company thereat. Upon his retirement as a Director, he will also cease to be a member of the Audit Committee and the Nominating Committee.

2. **Notes to Resolution 9:-**

   Resolution 9 is to alter the Articles of Association of the Company in the manner described in the Company's Letter to Shareholders dated 25 April 2003. Please refer to the Company's Letter to Shareholders dated 25 April 2003 for details.

3. **Notes to Resolution 10:-**

   Resolution 10 is to empower the Directors to issue shares in 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. Please refer to the Company's Letter to Shareholders dated 25 April 2003 for details.

4. **Notes to Resolution 11:-**

   The "IFS EMPLOYEES' SHARE OPTION SCHEME 1994" (the "1994 Scheme") was terminated at an Extraordinary General Meeting of the Company held on 24 May 2000 and replaced by the "International Factors (Singapore) Ltd (2000) Share Option Scheme" (the "2000 Scheme"). The effect of this resolution is to empower the Directors of the Company to allot and issue shares in the capital of the Company on the exercise of options already granted under the 1994 Scheme, prior to the termination of the 1994 Scheme, provided that the aggregate number of shares to be issued pursuant to the 1994 Scheme shall not exceed five per cent (5%) of the issued share capital of the Company for the time being.

5. **Notes to Resolution 12:-**

   The effect of this resolution is to empower the Directors of the Company to offer and grant options and/or awards under the 2000 Scheme and the "International Factors (Singapore) Ltd Performance Share Plan" (the "Performance Share Plan") respectively and to allot and issue shares in the capital of the Company on the exercise of options granted under the 2000 Scheme and the vesting of awards granted under the Performance Share Plan, provided that the aggregate number of shares to be issued pursuant to the 2000 Scheme and the Performance Share Plan shall not exceed fifteen per cent (15%) of the total issued share capital of the Company for the time being.

PROXY FORM

INTERNATIONAL FACTORS (SINGAPORE) LTD
(INCORPORATED IN THE REPUBLIC OF SINGAPORE)

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of International Factors (Singapore) Ltd, the 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.

16th Annual General Meeting

I/We ______________________________ (NRIC/Passport No.) ____________

of ____

being a member/members of **International Factors (Singapore) Ltd** (the "Company"), hereby appoint:-

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%) No. of Shares	(%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	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 Sixteenth Annual General Meeting of the Company to be held in the IFS Boardroom at 7 Temasek Boulevard #10-01 Suntec Tower One Singapore 038987 on Tuesday 20 May 2003 at 11.00 a.m. and at any adjournment thereof. The proxy is to vote for or against the Resolutions before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

	Resolutions	For	Against
Ordinary Business			
1	Adoption of Directors' Report, Audited Accounts and Auditors' Report		
2	Payment of a First and Final Dividend		
3	Approval of Directors' Fees amounting to S$220,692		
4	Re-election of Director: Mr Kwah Thiam Hock (under Article 91)		
5	Re-election of Director: Mr John Lim Cheng Ghim (under Article 97)		
6	Re-election of Director: Mr Lee Soon Kie (under Article 97)		
7	Re-election of Director: Mr Lim Jit Poh (under Article 97)		
8	Re-appointment of KPMG as Auditors		
Special Business			
9	Special Resolution: Alterations to Articles of Association		
10	Ordinary Resolution: Authorise Directors to Issue Shares and Instruments Convertible into Shares		
11	Ordinary Resolution: Authorise Directors to Issue Shares Pursuant to the IFS Employees' Share Option Scheme 1994		
12	Ordinary Resolution: Authorise Directors to Grant Options and Awards and to Issue Shares Pursuant to the International Factors (Singapore) Ltd (2000) Share Option Scheme and the International Factors (Singapore) Ltd Performance Share Plan.		

[Please indicate with an "X" in the space provided whether you wish your vote(s) to be cast "for" or "against" the Resolutions as set out in the Notice of Annual General Meeting.]

Dated this ________ day of ______________ 2003

Total Number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s) or
Common Seal of Corporate Shareholder

Notes:-

1 *Please insert the total number of ordinary shares in the capital of the Company ("Shares") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.*

2 *A member of the Company 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. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.*

3 *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 an officer or attorney duly authorised.*

4 *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.*

5 *The instrument appointing a proxy or proxies, duly completed, 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 the Annual General Meeting.*

6 *The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 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
INTERNATIONAL FACTORS (SINGAPORE) LTD
7 Temasek Boulevard
#10-01 Suntec Tower One
Singapore 038987

<< 2nd fold here >>

<< FOLD ALONG THIS LINE AND GLUE OVERLEAF >>

A FIREFLY IMPRESSION

INTERNATIONAL FACTORS (SINGAPORE) LTD

7 Temasek Boulevard
#10-01 Suntec Tower One
Singapore 038987
www.IntFactor.com.sg