03

INTERNATIONAL FACTORS (SINGAPORE) LTD

ANNUAL REPORT 2003

CONTENTS

TO SEE A WORLD IN A GRAIN OF SAND
AND HEAVEN IN A WILD FLOWER,
HOLD INFINITY IN THE PALM OF YOUR HAND
AND ETERNITY IN AN HOUR.

WILLIAM BLAKE

CREATIVE COGNIZANCE

There is poetry in finance;
We call it expertise.
There is beauty in service;
We call it duty.

"In IFS, finance is our business. We thrive on our expertise. We see service as our duty."

International Factors (Singapore) Ltd

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.

THE WORLD IN A GRAIN, GRAIN OF THE WORLD.

We reach for excellence . . .

FINANCIAL HIGHLIGHTS

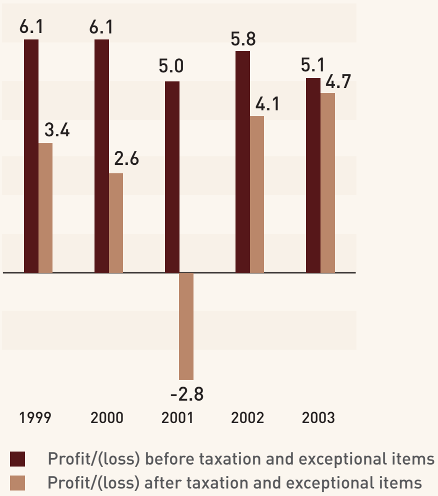
GROUP FINANCIAL HIGHLIGHTS

S$'000	**2003**	2002	2001	2000	1999
PROFIT & LOSS STATEMENT					
Gross operating income	**23,153**	22,678	22,924	28,657	29,602
Profit/(loss)					
- before tax					
* before exceptional items	**5,097**	5,836	4,950	6,122	6,068
* after exceptional items	**5,097**	5,836	(1,744)	5,715	6,068
- after tax					
* before exceptional items	**4,677**	4,057	3,902	3,014	3,374
* after exceptional items	**4,677**	4,057	(2,792)	2,607	3,374
BALANCE SHEET					
Issued share capital	**51,491**	51,491	51,491	51,491	51,491
Shareholders' funds	**88,266**	84,241	80,667	77,265	75,289
Total assets	**381,961**	347,068	336,482	333,943	312,142
Total liabilities	**293,695**	262,827	255,815	256,678	236,853
DIVIDEND INFORMATION					
Final dividends proposed/paid (net of tax)	**1,004**	803	-	1,166	1,151
PER SHARE DATA					
Earnings/(loss) after tax					
- before exceptional items (cents)	**4.5**	3.9	3.8	2.9	3.3
- after exceptional items (cents)	**4.5**	3.9	(2.7)	2.5	3.3
Net tangible assets ($)	**0.90**	0.81	0.78	0.75	0.73
Gross dividends paid and payable					
- in %	**2.5**	2.0	-	3.0	3.0
- in cents	**1.25**	1.00	-	1.50	1.50
RATIOS					
Return on average shareholders' funds (%)					
- after tax					
* before exceptional items	**5.4**	4.9	4.9	4.0	4.6
* after exceptional items	**5.4**	4.9	(3.5)	3.4	4.6

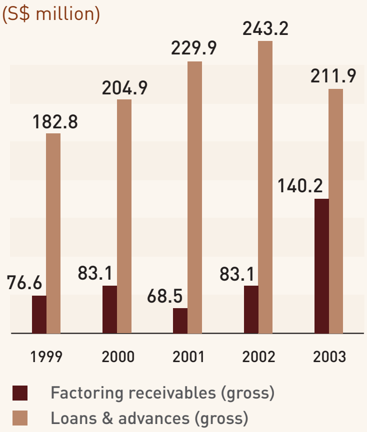
Note: Certain comparatives in the financial statements have been changed from the previous year to conform with current year's presentation.

PERFORMANCE AT A GLANCE

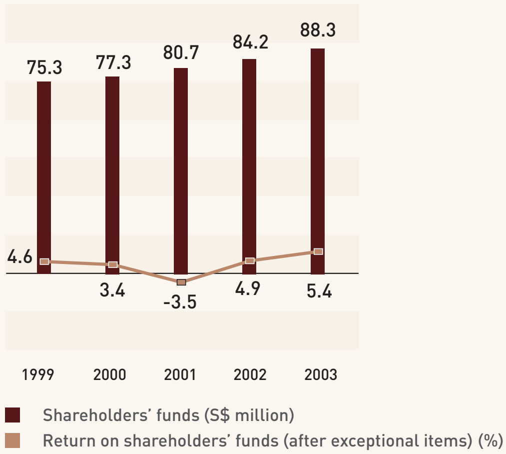
Profit & Loss
(S$ million)



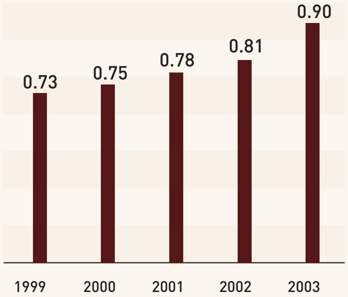
Factoring Receivables and Loans & Advances
(S$ million)



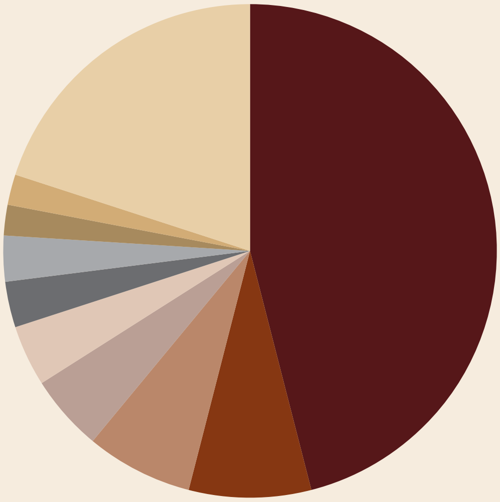
Shareholders' Funds & Return on Shareholders' Funds
(S$ million) / (%)



Net Tangible Assets Per Share (S$)



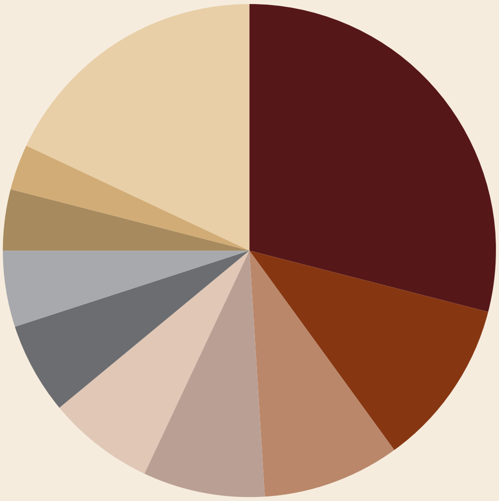
INDUSTRY EXPOSURE:
Factoring Receivables



Factoring Receivables
(S$140.2 million)

	S$'000	%
Electronic products and components	65,159	46
Construction works and engineering services	10,512	8
Machinery and electrical appliances	10,256	7
Printing, publishing and paper products	7,057	5
Retail	6,212	4
Professional services	4,160	3
Shipping and transportation	3,538	3
Industrial chemicals and gases/plastics	2,981	2
Food and beverage	2,933	2
Others	27,392	20
	140,200	100

INDUSTRY EXPOSURE:
Loans & Advances



Loans & Advances
(S$211.9 million)

	S$'000	%
Property development	62,116	29
Electronic products and components	22,733	11
Fabricated metal products except machinery and equipment	17,987	9
Construction works and engineering services	17,388	8
Hotel/Food and beverage	15,419	7
Property management	12,145	6
Shipping and transportation	10,907	5
Printing, publishing and paper products/packaging	7,738	4
Machinery and electrical appliances	6,502	3
Others	39,003	18
	211,938	100

CHAIRMAN'S STATEMENT

It is my pleasure to report that in 2003, IFS achieved a net profit after tax, including share of results of associates, of $4.68 million, a growth of 15 per cent over last year's $4.06 million.

The improved performance is attributable mainly to better results from the Group's associates and a maiden contribution from the credit insurance, bonds and guarantee businesses acquired during the year. This offset the decline in the net interest income.

The Group's gross operating income from financing remained little changed at $22.4 million. Revenue from the Group's core activity, factoring, was strong as business volume continued to show encouraging growth. Fee and commission income from factoring, asset-based loans and trade finance rose by 16.4 per cent to $4.99 million. However, interest income from loans and advances declined 9.8 per cent due to lower loans booked. Interest expense fell 4.8 per cent to $5.2 million, due to lower borrowings and a low interest rate environment. Underwriting income from ECICS Limited gave a surplus of $781,248.

Operating costs increased by 7.1 per cent to $9.5 million due largely to non-recurring expenses related to the acquisition of the credit insurance and guarantee businesses of the ECICS Group, review of business processes and General Offer by Phillip Assets Pte. Ltd.

Allowances for loan losses increased from $1.2 million to $5.7 million for FY 2003 due to a shortfall in collateral value of some of the non-performing loans. The Group had also set aside higher general allowances for loan losses following the adoption of a higher general provisioning rate for prudential reasons. Allowances for diminution in value of investments declined, partly due to improved global equity markets. A significant portion of the allowances for the Group's venture capital investments had already been made in 2002.

Operating profit after allowances was $3.0 million, 43.9 per cent below that achieved in 2002. However, contribution from the Group's associated companies was strong, led by overseas joint ventures, which contributed $1.6 million (the Group's share) in pre-tax profits (2002: $0.5 million). Much of this came from our associate in Malaysia, which had a pre-tax profit of $1.0 million. The Group's local joint ventures also turned in a pre-tax profit of $0.6 million against $31,401 for the same period last year.

Your Board is pleased to recommend a first and final dividend of 2.5 per cent or 1.25 cents per share.

DEVELOPMENTS

On 28 April 2003, IFS acquired the credit insurance and guarantee businesses of ECICS Credit Insurance Limited and ECICS Credit and Guarantee Company (Singapore) Ltd. The acquisition was completed on 1 December 2003. We consider this a strategic acquisition. A rationalization exercise was carried out and a risk management system has been put in place. With the highly experienced ECICS management team, we believe we are in a position to build upon what has been acquired and to bring ECICS Limited to a higher ground in terms of profitability. We are optimistic that the company will contribute significantly towards the Group's revenue in the coming years.

FUTURE DIRECTIONS

In the longer term, we intend to give our shareholders consistent yields and a good return on their investment. In this respect, we will, in the coming year and beyond, be looking at two major parameters for accountability to shareholders: return on equity and cost to income ratio. We will be benchmarking these parameters against the industry as well as cross border comparisons, in order to address the interests of all stakeholders.

As a niche player, we realize the importance of allocating financial resources wisely. In that light, we are re-examining the operations, procedures and activities within the Group. Our immediate focus is to go back to basics, of centering our attention on our customers, particularly the SME market. This continues to be a priority sector for us. We will continue to innovate and expand our financing services, especially factoring.

However, we also want to position ourselves as more than just owners of loans. We would like to be managers of loans, giving a better value proposition to clients. We will be looking to provide new services such as vendor financing and insurance premium financing. We may form alliances with strategic business partners to extend our financing products and seek to use securitization in the provision of some services.

To move beyond financing, we would need to improve our existing technology and infrastructure and to reorganize our skill sets. Technology will be used to allow timely access to information and improve our connectivity to our client base. We will therefore be investing in our IT infrastructure, both for factoring and loans. In this respect, PhillipCapital, whose core competitiveness lies in the exploitation of technology and distribution of financial products can augment IFS' strengths.

With regards to regional expansion, this has not been without difficulties in the past, particularly in light of the currency crisis of the late 1990s. We are therefore reviewing the joint ventures we have in the region, but continue to be open to good opportunities. However, returning to our direction of going back to basics, we would, in the near term, be focusing on ensuring strength and growth in Singapore before turning our attention to the region.

OUTLOOK

On the economic front, 2004 looks set to be a better year. The US economy is growing more strongly, Japan is finally picking up and Europe has made a turnaround. With this positive external environment, Singapore is showing signs of a recovery and the full year growth estimate for 2004 is expected at 3 to 5 per cent.

Given these encouraging economic indicators, we are optimistic that 2004 will be a better year for the Group. Looking forward, the Group will continue with its cost control measures as well as strive towards increasing revenue so as to give good returns to shareholders.

ACKNOWLEDGEMENTS

I wish to thank our past Chairman, Mr Lua Cheng Eng, for his invaluable contributions to the Group. Mr Lua stepped down as Chairman and was appointed as Deputy Chairman on 20 May 2003, and resigned as Deputy Chairman on 26 February 2004. On behalf of the Board, Management and staff, I would like to express our sincere appreciation to Mr Lua for his guidance and leadership.

I would also like to record my thanks to our directors, Mr Lok Vi Ming and Mr John Lim Cheng Ghim, who stepped down from the Board during the year for their wise counsel and contributions. On behalf of the Board, I would also like to record our thanks and appreciation to Mr Naganatha Pillay, our Company Secretary of many years who retired recently.

My thanks also to our shareholders, business associates, joint venture partners, clients and members of the International Factors Group for the support they have extended to us. And finally, I thank the management and staff for their unstinting efforts, commitment and loyalty.

LIM HUA MIN
26 FEBRUARY 2004
SINGAPORE

REGIONAL ROUND-UP

INDONESIA
PT NIAGA INTERNATIONAL FACTORS

All signs point to Indonesia's economy being back on a solid footing. In 2003, GDP is estimated to reach about 4%, with growth for 2004 expected at 4.5% - 5%. Although consumption will again be the dominant driving force, investment and exports (non-oil exports in particular) will provide an important contribution to economic growth.

Inflation has been halved to 5% and is predicted to remain low at about 5.5% in 2004. The rupiah is also expected to remain stable. With improved macroeconomic stability, interest rates on Bank Indonesia Certificates (SBI 1-mo) have gradually eased to 8.3% from 12.9% in 2002.

Total exports in 2003 increased 6.8% to USD 61.0 billion, while total imports grew by 3.5% to USD 32.4 billion. Consequently, Indonesia's trade surplus increased from USD 25.9 billion to USD 28.6 billion. The capital account is also steadily improving, as indicated by the onset of capital inflows from privatization receipts, sale of banking assets by IBRA and foreign buying of government bonds and shares. In line with these developments, Indonesia's international reserves have steadily risen to USD 36.2 billion, sufficient to finance more than 6 months of imports, up from USD 31.6 billion in 2002.

In the fiscal sector, the Government has succeeded in trimming the national budget deficit. The expected budget deficit for 2003 is 1.8%, down from the 2.8% peak reached previously.

In 2003, the banking system achieved significant improvements in performance. This is reflected in the rising Capital Adequacy Ratio or CAR for the national banking system to above 8% and the improving ratio of non-performing loans at less than 5%, well below the 60% figure of 1998. Total loan growth as of November 2003 was 19.7%, with rupiah loans growing by 22.9% and foreign currency loans growing by 10.3%.

Consistent with the brightening outlook, performance in the banking sector is set to improve, with little likelihood of disruption to the financial system's stability. This is supported by a recovery in public confidence in the sector, as indicated by findings in a confidence index survey.

The Company posted a pre-tax profit of Rp 2,393 million in 2003, a slight improvement over the previous year. Factoring volume was Rp 124 billion and consumer financing amounted to Rp 145 billion.

In 2004, the Company will strive to expand its portfolio in both factoring and consumer financing. We will also explore the possibility of merging with a subsidiary of Bank Niaga engaged in leasing activities to create a larger, more diversified finance company. We look forward to a further improvement in performance in the coming year.

YOSEF A. B. BADILANGOE
VICE CHAIRMAN

MALAYSIA

PB INTERNATIONAL FACTORS SDN BHD

2003 was a challenging year. The invasion of Iraq led by the United States and Britain in the first quarter of 2003, followed by the outbreak of a deadly disease, Severe Acute Respiratory Syndrome (SARS) in May, dampened business activities, especially in Asia.

Governments in the affected countries implemented various pre-emptive measures to stimulate economic growth. In Malaysia, access to cheaper funding was made available to business enterprises, especially to small- and medium-sized industries via various credit schemes introduced in the second half of the year. Competition for quality clients remained keen while many existing clients chose to switch to government sponsored schemes with relatively soft terms of loan financing.

Despite the slow-down in business activities, I am pleased to report that the Company managed to record a significantly better performance. Pre-tax profit improved from RM1.02 million to RM4.86 million, representing an increase of 376% over the preceding year. The stringent credit control and focused recovery efforts had yielded positive results.

With Malaysia's economy forecast to grow by 5.4% in 2004, there is much optimism that the overall business environment will continue to improve, thereby translating into better opportunities for financial institutions. However, we shall continue to be prudent with credit appraisals to ensure that the Company maintains high quality assets. It has been said that bad loans are created during good times; this reminds us to be vigilant at all times.

The smooth transition in the country's premiership and continued pro-business policies will sustain growth in 2004 and beyond. The recent outbreak of bird-flu in neighbouring countries, while very unfortunate and disruptive of some business sectors, is not expected to be as serious as SARS, since the impact is only confined to the poultry sector. Barring any unforeseen circumstances, the Company's performance for 2004 is expected to improve further in tandem with the economic recovery.

TAN SRI DATO' THONG YAW HONG
CHAIRMAN

THAILAND

AYUDHYA INTERNATIONAL FACTORS CO., LTD

Thailand enters 2004 with a projected economic growth of 7% to 8%, driven by domestic demand, government and private investment.

Economic growth in third quarter 2003 was 6.5% attributable to government stimulus, low interest rates and improved sentiment. These in turn helped spur a boom in consumption and increased confidence in the economy.

Financial markets grew strongly in 2003. As low interest rates are likely to be maintained in 2004 by the Central Bank, most economists expect private investment to pick up sharply in the year, further boosting growth.

Foreign Direct Investment for the first 10 months of 2003 is expected to reach Baht 300 billion, up from Baht 240 billion. Looking forward, FDI for 2004 looks promising with stronger regional co-operation and improved country competitiveness, boosted by the global economic recovery.

The property sector is in a new boom cycle, particularly the residential market, with sales expanding 30% - 35% in 2003. Rapid growth in the market has prompted the government to take actions to prevent a bubble effect in the future.

The Stock Exchange of Thailand has been one of the outstanding performers for the year. Daily turnover by October had more than tripled from the end of 2002, an average of Baht 28 billion for the month. New market listing in 2004 is targeted at 52, double that of 2003. Market capitalization is estimated to reach Baht 4 trillion at the end of 2003, and is expected to increase to Baht 5 trillion by the end of the next year, due to new listings and the overall market revaluation.

Thai exports have been impressive in 2003, with gains recorded in both volume and value. Asean and China now account for more than half of the country's export, reflecting the increased economic interdependency within the region. The Central Bank, generally conservative in its forecast, maintained growth projection at 5.5% to 6.5% for 2004.

Overall performance of the Company in 2003 was better than that of the previous year. Total factoring volume grew by 21% from the year before to Baht 4,059 million. Leasing/hire-purchase volume grew substantially by 400% to Baht 130 million. Meanwhile, total operating income declined slightly by 0.4% from the previous year to Baht 69.73 million. Net profit for the year was Baht 19.15 million.

The outlook for 2004 is positive. Given the expected growth in the economy, low funding cost and reduced provisions for non-performing accounts, the Company projects double-digit growth in factoring volume and a substantial increase in leasing/hire-purchase loans. The Company expects improved profitability in 2004.

CHANSAK CHAROENPOJ
CHAIRMAN

HARMONY IN MOVEMENT, MOVEMENT IN HARMONY.

We trace our growth momentum to careful planning and execution.

CORPORATE STRUCTURE

INTERNATIONAL FACTORS (SINGAPORE) LTD

- **ECICS LIMITED**
  (formerly known as
  IFS Management Services Pte Ltd)
  (100%)
- **INTERNATIONAL FACTORS LEASING PTE LTD**
  (100%)
- **PT NIAGA INTERNATIONAL FACTORS**
  (47%)
- **PB INTERNATIONAL FACTORS SDN BHD**
  (45%)
- **AYUDHYA INTERNATIONAL FACTORS CO., LTD**
  (45.6%)
- **ECICS VENTURES 2 LTD**
  (25%)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Hua Min
Chairman
Gabriel Teo Chen Thye
Lim How Teck
Lim Jit Poh
Manu Bhaskaran
(resigned on 20 May 2003; re-appointed on 26 February 2004)
Lee Soon Kie
Kwah Thiam Hock
Executive Director
Choo Boon Tiong
Managing Director

AUDIT COMMITTEE

Gabriel Teo Chen Thye
Chairman
Lim How Teck
Lim Jit Poh

EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE

Lim Hua Min
Chairman
Gabriel Teo Chen Thye
Lim How Teck
Lim Jit Poh

EXECUTIVE COMMITTEE

Lim Hua Min
Chairman
Manu Bhaskaran
Lee Soon Kie
Kwah Thiam Hock
Choo Boon Tiong

CREDIT COMMITTEE

Kwah Thiam Hock
Chairman
Choo Boon Tiong
Lee Soon Kie
Wong Chin Kheng
Lim Mui Ling
Leong Kwok Seng
Eugene Tan Eu Jin

REGISTERED OFFICE

7 Temasek Boulevard
#10-01 Suntec Tower One
Singapore 038987
Tel : 6270 7711
Fax : 6339 9527
Website: www.IntFactor.com.sg
Email: IFS_Corporate@IntFactor.com.sg

REGISTRARS

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

COMPANY SECRETARY

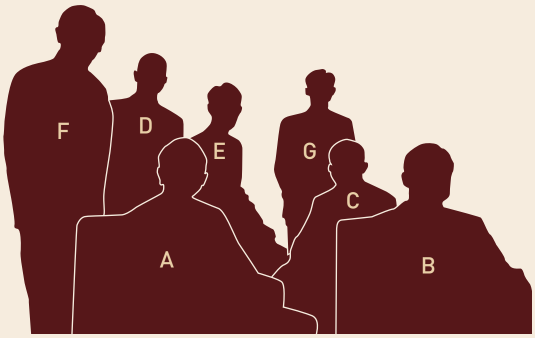
Chionh Yi Chian

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

A: Lim Hua Min - Chairman
B: Gabriel Teo Chen Thye - Director
C: Lim Jit Poh - Director
D: Manu Bhaskaran - Director
E: Lee Soon Kie - Director
F: Kwah Thiam Hock - Executive Director
G: Choo Boon Tiong - Managing Director

DIRECTORS' PROFILE

LIM HUA MIN

Chairman

Lim Hua Min was appointed Chairman of International Factors (Singapore) Ltd on 20 May 2003. Mr Lim is concurrently the Executive Chairman of the PhillipCapital Group of Companies. He began his career holding senior positions in the Stock Exchange of Singapore and the Securities Research Institute. He has served on a number of committees and sub-committees of the Stock Exchange of Singapore. In 1997, he was appointed Chairman of the Stock Exchange of Singapore (SES) Review Committee, which was responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. For this service, he was awarded the Public Service Medal (PBM) in 1999 by the Singapore Government.

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

GABRIEL TEO CHEN THYE

Director

Gabriel Teo runs his own consulting firm, Gabriel Teo & Associates. He has been a Director of IFS since November 1999. Mr 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. He also sits on the Boards of several other organizations.

LIM HOW TECK

Director

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.

LIM JIT POH

Director

Lim Jit Poh was first appointed as a Director of IFS on 26 May 1994. He resigned on 24 May 2002 and 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 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.

MANU BHASKARAN
Director

Manu Bhaskaran is Partner and Head, Economic Research at the Centennial Group, a Washington DC-based strategic advisory group. Manu Bhaskaran was first appointed as a Director of IFS in June 2002. He resigned on 20 May 2003 and was re-appointed as a Director on 26 February 2004. He was appointed as Chairman of ECICS Holdings Ltd on 22 December 2003 and also serves on the boards of 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.

LEE SOON KIE
Director

Lee Soon Kie was appointed as Executive Director of IFS in March 2003 and re-designated as a Non-Executive Director in November 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 PhillipCapital Group of Companies.

KWAH THIAM HOCK
Executive Director

Kwah Thiam Hock is currently the Executive Director of International Factors (Singapore) Ltd. He also heads the wholly-owned subsidiary, ECICS Limited which by way of scheme of transfer under Section 47 of the Singapore Insurance Act has taken over the credit insurance and guarantee business of the ECICS Group effective 14 November 2003.

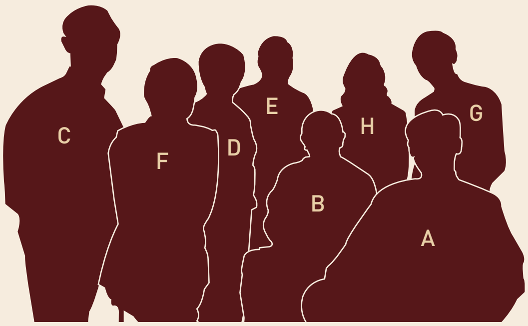
Mr Kwah is a Fellow Member of the Australian Society of Accountants and an Associate Member of the Institute of Certified Public Accountants of Singapore.

CHOO BOON TIONG
Managing Director

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 Financing (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 IFS in 1989. He was appointed a director 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 IFS 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

A: Choo Boon Tiong
B: Kwah Thiam Hock
C: Wong Chin Kheng
D: Lim Mui Ling
E: Leong Kwok Seng
F: Jean Phoon
G: Eugene Tan
H: Chionh Yi Chian

CHOO BOON TIONG

Managing Director, IFS

KWAH THIAM HOCK

Executive Director, IFS
Chief Executive Officer / Principal Officer, ECICS Limited

WONG CHIN KHENG

General Manager, IFS

Wong Chin Kheng was appointed General Manager of International Factors Leasing Pte Ltd (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 as General Manager of IFS on 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

Deputy CEO, ECICS Limited

Leong Kwok Seng joined the ECICS Group in June 1983. He was transferred to IFS in 1987 and in 1990, was seconded to IFS' joint venture in Indonesia, PT Niaga International Factors, as its General Manager for 2 years. In 1995, he was appointed General Manager of IFS with key responsibilities of business development and overseeing some of IFS' overseas associated companies. In December 2003, he was appointed Deputy Chief Executive Officer of ECICS Limited.

JEAN PHOON

General Manager, ECICS Limited

Jean Phoon started her career with the ECICS Group in 1976. During the span of her career in ECICS, she has held positions as Head of Department for Business Development, Underwriting, Claims and Operations. In 2000, she was the General Manager for Operations and was also the Head for Underwriting and Claims for ECICS Credit Insurance Ltd and ECICS Credit and Guarantee Company Singapore Ltd. In November

2003, she was appointed as General Manager - Operations for ECICS Limited.

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.

CHIONH YI CHAN

Company Secretary
Head, Legal & Secretariat

Chionh Yi Chian holds a Masters degree in Law from the National University of Singapore. She has been with the IFS Group since 1995 and prior to this, practised law in Singapore.

OTHER PRINCIPAL OFFICERS

ASSISTANT VICE PRESIDENTS

IFS

CHRISTOPHER SIM
Manager, Business Development

ONG PENG
Manager, Credit

TEOH CHUN MOOI
Manager, Account Relationship

DOREEN CHIA
Manager, Business Development

JULIE LOW
Manager, Business Development

JANE ANG
Manager, Client Audit

ONG PECK LI
Manager, Finance

PHYLLIS CHIU
Manager, Business Development

LEONG YONG FEI
Chief of Commercial Finance,
PT Niaga International Factors

CECILIA LEE
Deputy Manager, Business Development

TAN KAY HIANG
Deputy Manager, Account Relationship

CORINNA LIM
Deputy Manager, Special Assets

ERNEST QUEK
Deputy Manager, Business Development

DONALD CHIA
Deputy Manager, Business Development

ECICS LIMITED

JONATHAN TANG
AVP, Business Development

JOHANN ONG
AVP, Risk Management

NG KIAN MIN
AVP, Operations

TANG LEE LEE
AVP, Compliance

OVERSEAS JOINT VENTURES

MALAYSIA

PB International Factors Sdn Bhd

Head Office
Kuala Lumpur
Level 18
Menara Public Bank
146 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel : 03 2162 2955
Fax : 03 2162 2962

Branch
Johore Bahru
Lot 26.02 26th Floor
Public Bank Tower
19 Jalan Wong Ah Fook
80000 Johore Bahru
Malaysia
Tel : 07 223 4834
Fax : 07 223 4837

Branch
Penang
51-7-C Menara Ban Hin Lee
Jalan Sultan Ahmad Shah
10050 Penang
Malaysia
Tel : 04 226 5822
Fax : 04 227 5455

INDONESIA

PT Niaga International Factors

Bank Niaga Gajah Mada
3rd Floor
Jalan Gajah Mada 18
Jakarta 10130
Indonesia
Tel : 62 21 631 5530 / 40
Fax : 62 21 631 5560

THAILAND

Ayudhya International Factors Co., Ltd

20th Floor
Lumpini Tower
1168/55 Rama IV Road
Tungmahamek Sathorn
Bangkok 10120
Thailand
Tel : 66 2 285 6326
Fax : 66 2 285 6335

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.

1. BOARD OF DIRECTORS

1.1 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 four Board committees: the Audit Committee, the Credit Committee, the Executive Committee and the Executive Resource and Compensation Committee.

The Board has delegated to management the day-to-day operations and 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 the Audit Committee. The work of the internal audit department 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 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 2003, the Board of Directors held five meetings.

1.2 Board Composition and Balance

As at 31 December 2003, the Board comprised 9 directors of whom 3 are considered independent by the Board. The nature of the Directors' appointment on the Board are set out below:

Director	Board Membership
Lim Hua Min	Non-Executive, Non-Independent, Chairman
Lua Cheng Eng	Non-Executive, Non-Independent, Deputy Chairman
Lim How Teck	Non-Executive, Non-Independent
Lee Soon Kie	Non-Executive, Non-Independent

Gabriel Teo Chen Thye	Non-Executive, Independent
Lim Jit Poh	Non-Executive, Independent
John Lim Cheng Ghim	Non-Executive, Independent
Kwah Thiam Hock	Executive, Non-Independent
Choo Boon Tiong	Executive, Non-Independent, Managing Director

Subsequent to 31 December 2003, Mr Lua Cheng Eng stepped down as director and chairman and Mr John Lim Cheng Ghim stepped down as director of the Company on 26 February 2004. Following the resignations, Mr Manu Bhaskaran was appointed as a non-executive director of the Company on 26 February 2004.

The Board adopts the definition of what constitutes an independent director as set out in the Code on Corporate Governance ("Code"). Previously, Mr Lim How Teck was considered a non-independent director of the Company as he is also an executive director and group chief financial officer of Neptune Orient Lines Ltd ("NOL"), a substantial shareholder of the Company. On 20 November 2003, NOL ceased to be a substantial shareholder of the Company following its sale of all its shares in the Company. The Board, on the recommendation of the Executive Resource and Compensation Committee, had on 26 February 2004 reviewed the status of Mr Lim How Teck and has determined Mr Lim How Teck to be an independent director.

With the above resignations and appointment and Mr Lim How Teck being considered independent, the Board comprises 8 members of whom 3 are considered independent. The Board has examined its size and is satisfied that a size of 7 to 9 members is currently appropriate for the Company.

The Directors (including the Managing Director) submit themselves for re-nomination and re-election at regular intervals in accordance to the Articles of Association. The Code recommends, inter alia, that all directors (including the Managing Director) be required to subject themselves for re-election at regular intervals at least every 3 years. The Articles of Association was amended at the last annual general meeting of the Company held on 20 May 2003 to align the Articles to the recommendations under the Code.

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

Details of the directors' appointment dates on the Board, academic and professional qualifications and other appointments are set out on pages 38-40.

1.3 Attendance Report

The attendance of the Board members (existing as at 31 December 2003) at the Board and Board committees meetings during the financial year ended 31 December 2003 is set out in the following page:

Board		
Directors	No. of meetings	Attendance
Lim Hua Min*	3	3
Lua Cheng Eng	5	5
Lim How Teck	5	2
Lee Soon Kie**	4	4
Gabriel Teo Chen Thye	5	5
Lim Jit Poh***	4	4
John Lim Cheng Ghim	5	4
Kwah Thiam Hock	5	5
Choo Boon Tiong	5	5

* Mr Lim Hua Min was appointed on 20 May 2003
** Mr Lee Soon Kie was appointed on 21 March 2003
*** Mr Lim Jit Poh was appointed on 26 March 2003

	Executive		Audit		ERCC		Credit	
Directors	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance	No. of meetings	Attendance
Lim Hua Min#	2	2	NA	NA	2	2	NA	NA
Lua Cheng Eng	3	3	NA	NA	4	4	NA	NA
Lim How Teck##	3	1	2	0	NA	NA	NA	NA
Lee Soon Kie^	1	1	NA	NA	NA	NA	37	27
Gabriel Teo Chen Thye	NA	NA	3	3	4	4	NA	NA
Lim Jit Poh^^	NA	NA	1	1	2	2	NA	NA
John Lim Cheng Ghim^^^	NA	NA	3	3	2	2	NA	NA
Kwah Thiam Hock	3	3	NA	NA	NA	NA	48	47
Choo Boon Tiong	3	3	NA	NA	NA	NA	48	35

ERCC Executive Resource and Compensation Committee
NA not applicable
\# Mr Lim Hua Min was appointed as member of ERCC and the Executive Committee on 20 May 2003
\#\# Mr Lim How Teck ceased to be a member of the Audit Committee on 20 May 2003
^ Mr Lee Soon Kie was appointed as member of the Credit Committee on 21 March 2003 and the Executive Committee on 22 August 2003
^^ Mr Lim Jit Poh was appointed as member of the Audit Committee and ERCC on 20 May 2003
^^^ Mr John Lim was appointed as member of the Audit Committee and ERCC on 20 May 2003

1.4 Board Performance

At the beginning of every year, the Board adopts a performance benchmark for the Company's performance based mainly on the average return on equity of the various comparable companies in the industry.

Deviation – Guidance Notes 5.3: The Code recommends that the Board implements a formal process to be carried out by a nominating committee to assess the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board. Although the Board has not implemented such a formal process, the performance of the Board is evaluated informally every quarter when the Board meets to review the performance of the Company.

1.5 Access to information and training

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

Deviation – Guidance Note 10.2: Management provides all members of the Board with a progress report on the performance of the Group (including group consolidated accounts) on a quarterly basis. Although such reports are not provided to all the members of the Board on a monthly basis as recommended by the Code, such monthly reports are available upon request.

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 company secretary attends all the board meetings. The directors, whether as a group or individually, are also entitled to seek independent professional advice with costs to be borne by the Company on any issue(s) which may arise in the course of their duties.

The Company conducts an orientation program to familiarise new directors with the Company's business and policies. From time to time where suitable training courses are available, the directors are encouraged to attend these courses.

1.6 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 them.

The Chairman is primarily responsible for the workings of the Board. The Chairman's responsibilities include scheduling of meetings and setting out meeting agenda (with the assistance of the company secretary) and assisting in ensuring the Group's compliance of the Code. As Chairman of the Board, he also leads Board discussions and deliberation.

2. BOARD COMMITTEES

2.1 Audit Committee

As at 31 December 2003, the Audit Committee comprised 3 members, all of whom were non-executive and independent directors:

Gabriel Teo Chen Thye	Chairman, Independent
Lim Jit Poh	Member, Independent
John Lim Cheng Ghim	Member, Independent

Mr John Lim has since ceased to be a member of the Audit Committee on 26 February 2004. Mr Lim How Teck was appointed on 26 February 2004 to replace Mr John Lim as an independent member of the Audit Committee.

The Audit Committee functions under the terms of reference approved by the Board which sets out its duties and responsibilities. The role of the Audit Committee is mainly to oversee the adequacy of the overall internal control functions, the internal audit functions within the Group, the relationship of those functions to external audit as well as the independence of the external auditor. The Audit Committee reviews the 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).

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.

2.2 Executive Committee

As at 31 December 2003, the Executive Committee comprised 6 members:

Lua Cheng Eng	Chairman, Non-executive
Lim Hua Min	Member, Non-executive
Lim How Teck	Member, Non-executive
Lee Soon Kie	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. On 26 February 2004, Mr Lua Cheng Eng ceased to be a member and chairman and Mr Lim How Teck ceased to be a member of the Executive Committee. On the same date of 26 February 2004, Mr Lim Hua Min was appointed chairman and Mr Manu Bhaskaran was appointed a member of the Executive Committee.

2.3 Executive Resource and Compensation Committee

The Remuneration Committee and the Nominating Committee merged to form one committee and the merged committee was renamed the Executive Resource and Compensation Committee.

As at 31 December 2003, the Executive Resource and Compensation Committee comprised 5 members, all of whom were non-executive directors:

Lua Cheng Eng	Chairman
Lim Hua Min	Member
Gabriel Teo Chen Thye	Member, Independent
Lim Jit Poh	Member, Independent
John Lim Cheng Ghim	Member, Independent

On 26 February 2004, Mr Lua Cheng Eng ceased to be a member and chairman and Mr John Lim ceased to be a member of the Executive Resource and Compensation Committee. On the same date of 26 February 2004, Mr Lim Hua Min was appointed chairman and Mr Lim How Teck was appointed an independent member of the Executive Resource and Compensation Committee.

Deviation – Guidance Notes 4.1 and 7.2: The Code recommends that a remuneration committee and a nominating committee be chaired by an independent non-executive director. However, in the case of the Company, the Chairman of the Executive Resource and Compensation Committee (which performs both the function of a remuneration committee and a nominating committee) is a non-independent non-executive director. The Board was satisfied that this would not affect the Executive Resource and Compensation Committee in the performance of its functions and duties since the majority of the members is independent.

The Executive Resource and Compensation Committee functions under the terms of reference as approved by the Board. This Committee performs both the functions and duties of a remuneration committee and a nominating committee.

Under the terms of reference, the Executive Resource and Compensation Committee:

(i) in respect of its function as a remuneration committee:-

(a) reviews and approves the remuneration packages for the executive directors and key executives as well as their terms of employment, and also decides on policies relating to remuneration and incentive programs (including staff benefits and special bonuses) for the staff of the Group; and

(b) administers the share option schemes established in 1994 and 2000, and the performance share plan established in 2000.

This Committee, if it requires, can seek expert advice on executive compensation matters from professional firms.

(ii) in respect of its function as a nominating committee:-

(a) assists 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;

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

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

(d) recommends to the Board all board appointments and reappointments.

2.4 Credit Committee

The Credit Committee is 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, 1 non-executive director and senior officers of the Company.

3. REMUNERATION MATTERS

3.1 Remuneration Policy

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 financial services industry, and a variable component which is based on the 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 48-52). 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. Currently, the Board reviews the directors' fees payable to the directors.

Non-executive directors have no service contracts with the Company and they are subject to the Articles of Association of the Company. The service contracts of the executive directors do not contain onerous removal clauses.

Deviation - Guidance Note 9.4: Currently, the Company has not adopted any methodology of valuing share options granted to the directors and employees as recommended by the Code.

3.2 Remuneration Report

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

Remuneration band	Number of Directors	
	2003	2002
$500,000 and above	1	1
$250,000 to below $500,000	0	0
Below $250,000	11	11
Total	12*	12

* includes 3 directors who retired/resigned during the course of the financial year ended 31 December 2003

There are no employees who are immediate family members of a director or managing director and whose remuneration exceeds S$150,000 during the year.

Deviation - Guidance Note 9.2: The Code recommends that the report should set out the names of directors and at least the top 5 key executives (who are not also directors) earning remuneration which falls within bands of S$250,000 and within each band, there should be a breakdown (in percentage terms) showing the various components comprised in each director's remuneration.

From the table above, it can be seen that one director's remuneration falls within the band of $500,000 and above. 11 other directors' remuneration falls into the lowest band of below $250,000. The Board has decided that it is not necessary to disclose a breakdown showing the various components of the fees payable to non-executive directors whose remuneration constitutes mainly the directors' fees which will be subjected to shareholders' approval at the forthcoming annual general meeting.

To maintain confidentiality of staff remuneration matters, the Board has also decided not to disclose the details of the remuneration of the top 5 key executives who are not directors as well as the detailed breakdown of the components of the remuneration of the Managing Director and Executive Director which would include their salary component.

4. INTERNAL CONTROLS/INTERNAL AUDIT

4.1 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 the 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 the heads of the various departments in the Group. 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 the Group's policies.

4.2 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 the internal audit procedures with regards to these controls. In the course of their 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:

(a) the scope of the internal auditor's work;
(b) the quality of their reports;
(c) to whom they report within the Group;
(d) their relationship with the external auditors;
(e) their independence of the areas reviewed.

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

5. 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.

Deviation – Guidance Note 10.1: The Company releases its financial results half-yearly instead of quarterly as recommended by the Code because currently the Company is not required to release its results quarterly under the rules of the SGX Listing Manual.

Chairperson of the Audit Committee and the Executive Resource and Compensation Committee and the external auditor attend annual general meetings to address any questions which may be raised by the shareholders at such meetings.

Shareholders are afforded the opportunity to raise relevant questions and to communicate their views at shareholders' meetings.

Deviation - Guidance Note 15.1: Currently, a shareholder may appoint one or two proxies to attend and vote in his stead. Other methods of voting in absentia (like voting by electronic mail) as recommended by the Code are not made available at the moment until issues of security controls and integrity of information for such methods are carefully studied and reviewed.

6. 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 Lim Hua Min	- Bachelor of Science (Honours) University of Surrey, England (1968) - Master of Science Imperial College, London University (1969)	(a) 20.05.2003 (b) –	(a) – (b) –
Mr Lua Cheng Eng	- Bachelor of Arts (Honours) University of London (1967)	(a) 04.05.1987 (b) 30.05.2001 (resigned on 26 February 2004)	(a) Jurong Technologies Industrial Corporation Ltd SembCorp Industries Ltd Sincere Watch Ltd (b) Corporate Advisor, SembCorp Marine Ltd President, Jurong Country Club Honorary International Advisor, PSA Corporation Limited Council Member, Singapore Chinese Chamber of Commerce & Industry Honorary Senior Advisor, Neptune Orient Lines Ltd Member, Temasek Advisory Panel, Temasek Holdings (Private) Limited
Mr Lim How Teck	- Bachelor of Accountancy, University of Singapore (1975) - 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) Member, Resource Panel, Government Parliamentary Committee for Transport Vice-Chairman, Executive Committee of Victoria Junior College/Victoria School Fellow, Chartered Institute of Management Accountants (UK) Fellow, Singapore Institute of Directors

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) Sunningdale Precision Industries Pte Ltd (b) Member, Board of Directors, NTUC Income Insurance Cooperative Limited Member, Board of Directors, Tuas Power Ltd
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) 20.05.2003 (resigned on 26 February 2004)	(a) – (b) –
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) 20.05.2003	(a) ComfortDelGro Corporation Limited Inchem Holdings International Limited SHC Capital Limited SBS Transit Ltd The Ascott Group Limited VICOM Ltd (b) Trustee, Singapore National Employers Federation Vice President, General Committee, Orchid Country Club Fellow, Singapore Institute of Directors Council Member, National University of Singapore

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 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 February 2004 (previously director of IFS from 26.06.2002 – 20.05.2003) (b) -	(a) – (b) Council Member, Singapore Institute of International Affairs Vice President, Economic Society of Singapore Senior Adjunct Fellow, Institute of Policies Studies
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) 20.05.2003	(a) – (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) 20.05.2003	(a) Teledata (Singapore) Ltd (b) Management Committee of Singapore Turf Club
Mr Choo Boon Tiong	- Bachelor of Arts, National University of Singapore (1978)	(a) 24.05.1990 (b) –	(a) – (b) –

FACILITIES AVAILABLE AT IFS

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

FACTORING AND OTHER LOAN SERVICES

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 the accounts 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 on-line transactions provided by IFS. 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, client 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 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 AND ENTERPRISE DEVELOPMENT FUND

IFS is a participating financial institution in the Singapore government's Local Enterprise Finance Scheme and Enterprise Development Fund, both of which are administered by SPRING Singapore (formerly known as the Singapore Productivity and Standards Board). Under these schemes, eligible companies are able to obtain working capital as well as asset-based financing on very competitive terms.

CREDIT INSURANCE, BONDS AND GUARANTEES

COMPREHENSIVE POLICY

The Comprehensive Policy caters for a wide range of businesses, and is especially suitable for manufacturers and traders whose contracts are repetitive in nature. With a Comprehensive Policy, you can be assured of payment on approved buyers.

The Comprehensive Policy covers:

- insolvency of the buyer;
- non-payment of goods accepted by the buyer;
- buyer's failure to take up the goods;
- transfer delay or delay in payment due to imposition of foreign exchange controls in the buyer's country;
- cancellation or imposition of import licence in the buyer's country; and
- war and other disturbances in buyer's country which could affect the settlement of the debt.

DOMESTIC CREDIT INSURANCE

Non-payment arising from insolvency and default by the buyer of local sales can be insured under our Domestic Trade Policy. The percentage of indemnity, as in the Comprehensive Policy, is up to 90%, with other terms and conditions being similar.

SPECIFIC POLICY

The Specific Policy provides credit and political risk for medium-and long-term transactions, including sale of capital goods, infrastructure and other projects as well as service provided thereafter.

Risks covered include those set out for the short-term policy while sovereign risks and unfair calling of bonds can also be considered under the coverage.

BOND ISSUE SUPPORT (OVERSEAS)

If a contract is insured by a Specific Policy and our clients' buyers require an on-demand bond or performance guarantee, our clients can apply for our bond issue support facility. For construction bonds, the bond value should not exceed 30% of the contract value.

We will issue the bonds required directly to the Beneficiary, or as advised by our clients.

BOND ISSUE (LOCAL)

We offer a wide range of guarantees and bonds that are accepted by public and private beneficiaries in Singapore. Our range of guarantees and bonds includes advance payment bonds, qualifying certificate bonds, bid and tender guarantees, deferred payment bonds, customs bonds and security deposit bonds.

OVERSEAS INVESTMENT INSURANCE

Available to Singapore-registered companies planning to invest overseas, this policy covers risks such as transfer restriction, expropriation, breach of contract between host government and investor, and war and disturbance.

VALUE OF CONSTANCY, CONSTANCY OF VALUE.

We seek to achieve results that assure both clients and shareholders.

Financial Report
2003

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

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 2003.

DIRECTORS

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

Lim Hua Min	(appointed on 20 May 2003)
Lua Cheng Eng	(resigned on 26 February 2004)
Gabriel Teo Chen Thye	
Lim How Teck	
John Lim Cheng Ghim	(resigned on 26 February 2004)
Lim Jit Poh	(appointed on 26 March 2003)
Manu Bhaskaran	(resigned on 20 May 2003; re-appointed on 26 February 2004)
Lee Soon Kie	(appointed on 21 March 2003)
Kwah Thiam Hock	
Choo Boon Tiong	

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:-

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Name of Director	Ordinary Shares of $0.50 each			
Lim Hua Min	-	-	29,800,000	40,999,496
Kwah Thiam Hock	172,000	172,000	-	-
Choo Boon Tiong	208,270	208,270	-	-

DIRECTORS' INTERESTS (CONT'D)

	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	15,270	-	$0.50	13/05/1999 to 11/05/2003
	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	06/10/2000 to 04/10/2004
	60,000	60,000	$0.50	08/11/2001 to 06/12/2005
	60,000	60,000	$0.50	12/05/2002 to 10/05/2006
Choo Boon Tiong	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	06/10/2000 to 04/10/2004
	60,000	60,000	$0.50	08/11/2001 to 06/12/2010
	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 of the financial year, or date of appointment if later, 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 2004.

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".

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 a management fee of $90,000 paid by the Company during the financial year to a firm of which a director is a member.

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.

SHARE OPTIONS (CONT'D)

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.

(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.

SHARE OPTIONS (CONT'D)

IFS (2000) Share Option Scheme ("2000 Scheme") (cont'd)

(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 Executive Resource and Compensation Committee ("Committee") which comprises the following non-executive directors:-

Lim Hua Min (Chairman)	(appointed as Chairman of the Committee on 26 February 2004)
Lua Cheng Eng (Chairman)	(resigned on 26 February 2004)
Gabriel Teo Chen Thye	
John Lim Cheng Ghim	(resigned on 26 February 2004)
Lim Jit Poh	
Lim How Teck	(appointed on 26 February 2004)

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	-	257,640	51,060
Choo Boon Tiong	-	304,700	208,270	45,370	51,060
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 1.1.03 or Later Date of Grant	Options Exercised	Options Cancelled	Balance As at 31.12.03	Subscription Price	Exercise Period
1994 Scheme						
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
23/04/99	115,020	-	900	114,120	$0.59	24/04/00 to 22/04/04
05/10/99	334,450	-	38,330	296,120	$0.91	06/10/00 to 04/10/04
	711,690	-	301,450	410,240		
2000 Scheme						
07/11/00	60,000	-	-	60,000	$0.50	08/11/01 to 06/12/05
07/11/00	401,700	-	4,800	396,900	$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	-	4,800	397,000	$0.50	12/05/02 to 10/05/11
	923,500	-	9,600	913,900		

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, 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	
Lim Jit Poh, non-executive director	
John Lim Cheng Ghim, non-executive director	(resigned on 26 February 2004)
Lim How Teck, non-executive director	(appointed on 26 February 2004)

The Audit Committee performs the functions specified in section 201B of the Companies Act, the Listing Manual of the Singapore Exchange, and the Code of Corporate Governance.

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 has recommended 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

Lim Hua Min
Director

Kwah Thiam Hock
Director

Singapore
26 February 2004

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2003

We, **Lim Hua Min** and **Kwah Thiam Hock**, being directors of the Company, do hereby state that in our opinion:-

(a) the financial statements set out on pages 56 to 114 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 2003 and of the results, changes in equity and 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

Lim Hua Min
Director

Kwah Thiam Hock
Director

Singapore
26 February 2004

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

We have audited the accompanying financial statements of International Factors (Singapore) Ltd for the year ended 31 December 2003 as set out on pages 56 to 114. 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 consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and of the results, changes in equity and cash flows of the Group for the year ended on that date;

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

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 the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

KPMG
KPMG
Certified Public Accountants

Singapore
26 February 2004

BALANCE SHEET

AS AT 31 DECEMBER 2003

	Note	The Group 2003 $	The Group 2002 $	The Company 2003 $	The Company 2002 $
Non-current assets					
Property, plant and equipment	3	**21,625,288**	21,893,835	**21,256,011**	21,681,057
Intangible assets	4	**(4,560,131)**	352,922	**267,153**	352,922
Interests in subsidiaries	5	**-**	-	**40,763,000**	18,263,000
Investments in associates	6	**14,904,397**	16,235,038	**8,212,697**	10,162,503
Quoted investments	7	**493,098**	224,628	**307,863**	96,842
Unquoted investments	8	**2,562,386**	3,674,879	**1**	2,501
Staff loans	9	**199,825**	348,003	**199,825**	347,476
Loans and advances to clients	10	**106,585,920**	123,767,575	**91,069,477**	107,255,580
Amounts owing by associates	12	**4,128,743**	3,500,270	**4,128,743**	3,500,270
Other assets	13	**48,002**	250,000	**24,001**	125,000
Deferred tax assets	14	**3,089,164**	1,805,004	**3,089,164**	1,805,004
		149,076,692	172,052,154	**169,317,935**	163,592,155
Current assets					
Trade and other receivables	15	**174,536,754**	171,551,412	**165,724,229**	163,358,503
Cash and cash equivalents	16	**58,347,868**	3,464,134	**431,368**	1,054,823
		232,884,622	175,015,546	**166,155,597**	164,413,326
Less:					
Current liabilities					
Trade and other payables	17	**38,976,672**	30,778,670	**28,230,302**	31,629,873
Interest-bearing borrowings	18	**107,944,730**	142,810,638	**107,030,259**	139,485,153
Current tax payable		**6,477,519**	6,839,280	**2,950,396**	3,372,437
Bank overdraft (unsecured)	16	**1,866,275**	114,825	**1,866,275**	-
		155,265,196	180,543,413	**140,077,232**	174,487,463
Net current assets/(liabilities)		**77,619,426**	(5,527,867)	**26,078,365**	(10,074,137)
Non-current liabilities					
Interest-bearing borrowings	18	**(120,665,363)**	(80,206,233)	**(116,164,907)**	(74,992,601)
Provision for:-					
- unexpired risks	19	**(12,722,000)**	-	**-**	-
- insurance claims	20	**(2,868,000)**	-	**-**	-
Deferred tax liabilities	14	**(2,175,044)**	(2,077,154)	**(115,853)**	(144,738)
		(138,430,407)	(82,283,387)	**(116,280,760)**	(75,137,339)
NET ASSETS		**88,265,711**	84,240,900	**79,115,540**	78,380,679
Share capital	24	**51,490,568**	51,490,568	**51,490,568**	51,490,568
Reserves	25	**36,775,143**	32,750,332	**27,624,972**	26,890,111
CAPITAL AND RESERVES		**88,265,711**	84,240,900	**79,115,540**	78,380,679

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

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

		The Group	
	Note	2003	2002
		$	$
Interest income	26	**17,344,440**	18,389,330
Interest expense	27	**(5,223,459)**	(5,486,164)
Net interest income		**12,120,981**	12,903,166
Fee income		**4,991,661**	4,288,457
Gain on disposal of equity investments, net		**106,876**	-
Underwriting income, net	28	**781,248**	-
Other income	29	**1,243,306**	549,719
Income before operating expenses		**19,244,072**	17,741,342
Business development expenses		**(732,957)**	(715,508)
General and administrative expenses		**(8,725,956)**	(8,114,974)
Operating profit before allowances		**9,785,159**	8,910,860
Allowances for loan losses and diminution in value of investments	30	**(6,823,935)**	(3,629,415)
Operating profit after allowances	31	**2,961,224**	5,281,445
Share of results of associates		**2,135,612**	554,660
Profit from ordinary activities before taxation		**5,096,836**	5,836,105
Income tax expense	32	**(420,154)**	(1,779,195)
Net profit for the year		**4,676,682**	4,056,910
Earnings per share	33		
- Basic		**4.5 cents**	3.9 cents
- Fully diluted		**4.5 cents**	3.9 cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2003

	Share capital $	Share premium $	Capital reserves $	Currency translation reserve $	Accumulated profits $	Total $
The Group						
At 1 January 2002	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
At 1 January 2003	51,490,568	25,928,029	786,973	(483,426)	6,518,756	84,240,900
First and final dividend paid of 1.00 cent less tax at 22% in respect of year 2002	-	-	-	-	(803,253)	(803,253)
Exchange differences:-						
- Retranslation of net assets of foreign associates	-	-	-	151,382	-	151,382
Net profit for the year	-	-	-	-	4,676,682	4,676,682
At 31 December 2003	51,490,568	25,928,029	786,973	(332,044)	10,392,185	88,265,711

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2003

	2003 $	2002 $
Cash Flows from Operating Activities		
Profit before exceptional items and taxation	**5,096,836**	5,836,105
Adjustments for:-		
Share of results of associates	**(2,135,612)**	(554,660)
Amortisation of intangible assets	**234,086**	223,310
Amortisation of negative goodwill	**(142,238)**	-
Depreciation of property, plant and equipment	**578,843**	550,013
(Gain)/Loss on disposal of:-		
- Property, plant and equipment	**(3,656)**	472
- Investments	**(106,876)**	-
Property, plant and equipment written off	**15,706**	-
Impairment loss on property, plant and equipment	**43,357**	-
Allowances for:-		
- Doubtful receivables	**5,712,895**	1,248,352
- Investments	**1,111,040**	2,381,063
Provision for:-		
- Unexpired risks	**(93,436)**	-
- Insurance claims, net	**(293,000)**	-
Interest income	**(17,361,684)**	(18,389,330)
Interest expense	**5,233,779**	5,486,164
Operating loss before changes in working capital	**(2,109,960)**	(3,218,511)
Changes in working capital:-		
Factoring receivables	**(19,881,689)**	(14,819,000)
Factoring amounts owing to clients	**4,623,622**	8,459,866
Amounts owing to affiliated companies, net	**(10,307,283)**	1,041,741
Loans and advances	**30,707,651**	(15,127,413)
Other receivables and prepayments	**60,917**	(489,433)
Trade and other payables	**1,044,501**	(208,394)
Cash generated from/(used in) operations	**4,137,759**	(24,361,144)
Interest received	**17,392,389**	18,314,441
Interest paid	**(5,239,469)**	(6,099,958)
Income taxes paid	**(1,531,868)**	(138,860)
Net Cash generated from/(used in) Operating Activities	**14,758,811**	(12,285,521)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003 $	2002 $
Cash Flows from Investing Activities			
Redemption of preference shares in associate		**1,949,806**	-
Disbursement of loans to associates		**(630,374)**	(284,094)
Purchase of property, plant and equipment		**(368,737)**	(320,545)
Proceeds from sale of property, plant and equipment		**258,225**	3,060
Purchase of intangible assets		**(299,357)**	(257,821)
Purchase of investments		**(241,703)**	(68,281)
Proceeds from sale of investments		**283,560**	172,172
Net cash inflow on acquisition of business	4	**20,434,114**	-
Dividends received from investments and associates		**1,231,527**	825,588
Net Cash generated from Investing Activities		**22,617,061**	70,079
Cash Flows from Financing Activities			
Dividends paid		**(803,253)**	-
Proceeds from/(Repayment of):-			
Term loans		**5,593,222**	38,271,102
Floating rate notes		**-**	(26,750,000)
Net Cash generated from Financing Activities		**4,789,969**	11,521,102
Net Increase/(Decrease) in Cash and Cash Equivalents		**42,165,841**	(694,340)
Cash and Cash Equivalents at beginning of the year		**3,349,309**	4,043,649
Cash and Cash Equivalents at end of the year	16	**45,515,150**	3,349,309

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2003

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 26 February 2004.

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 the provision of factoring services and working capital and asset based financing. 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.

On 28 April 2003, the Company entered into a conditional agreement ("the Agreement") to acquire the insurance and guarantee businesses (the "businesses") of ECICS Credit Insurance Ltd ("ECIL") and ECICS Credit and Guarantee Company (Singapore) Ltd ("ECGC") (collectively, the "Transferors"). The Company designated its wholly-owned subsidiary, ECICS Limited ("EL") (formerly known as IFS Management Services Pte Ltd) to undertake the acquisition and to manage the acquired businesses pending confirmation of the schemes of transfer of business by the High Court of the Republic of Singapore.

On 14 November 2003, the schemes for the transfer of business were confirmed by the High Court. On 1 December 2003, the effective date of the schemes, the Transferors transferred the assets and liabilities to EL.

EL was registered as a direct general insurer on 14 August 2003 under the Insurance Act, Chapter 142 ("Insurance Act") to underwrite general insurance business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS) including related Interpretations promulgated by the Council on Corporate Disclosure and Governance (CCDG).

The financial statements were previously prepared in accordance with Singapore Statements of Accounting Standard (SAS). There is no effect on the financial statements due to the transition from SAS to FRS.

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

(a) Basis of Preparation (cont'd)

The historical cost basis is used. Amounts are expressed in Singapore dollars.

During the year ended 31 December 2003, several new accounting standards, revisions and interpretations to accounting standards became effective. The effect of these changes on the financial statements is not significant.

(b) Basis of Consolidation

(i) Subsidiaries

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. In assessing controls, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses.

(ii) Associates

Associates are companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses.

(iii) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised gains arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised gains arising from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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

(c) Affiliated Companies

In 2002, the Company was an associate of ECICS Holdings Ltd ("ECICS"). During the financial year under review, the Company became an associate of Phillip Assets Pte. Ltd. ("PA"). Affiliated companies refer to PA and its subsidiaries (2002: ECICS and its subsidiaries).

(d) 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. Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates. Exchange differences arising on translation are recognised directly in equity. On disposal, the accumulated translation differences are recognised in the consolidated profit and loss account as part of the gain or loss on sale.

(e) Membership Rights

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

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

(f) 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.

(g) Intangible Assets

(i) Goodwill and Negative goodwill

Goodwill (positive and negative) represents amounts arising on acquisition of subsidiaries, associates and joint ventures.

Positive goodwill is stated at cost less accumulated amortisation and impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the weighted average useful life of those assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

Goodwill on acquisitions of subsidiaries and associates that occurred prior to 1 January 2001 was written off against reserves and has not been retrospectively capitalised and amortised.

The negative goodwill on the acquisition of insurance businesses is recognised in the profit and loss account over a three year period from the date of acquisition.

In respect of associates, the carrying amount of negative goodwill is included in the carrying amount of the investment in the associate. The carrying amount of other negative goodwill is deducted from the carrying amount of intangible assets.

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

(g) Intangible Assets (cont'd)

(ii) Computer software

Computer software are stated at cost less accumulated amortisation and impairment losses. Computer software 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.

(iii) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

(iv) Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Goodwill is amortised from the date of the initial recognition; other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:-

Goodwill	10 years
Negative goodwill	3 years
Computer software	3 to 5 years

(h) 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.

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

(i) Trade and Other Receivables

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

(j) Factoring Receivables

Factoring receivables are stated at cost less allowance for doubtful receivables. Factoring receivables are stated net of amounts due to clients where there is an intention and legal right of set-off.

(k) Allowance for Doubtful Receivables

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

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

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and bank balances, 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) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account.

(n) Liabilities and Interest-Bearing Borrowings

Trade and other payables and interest-bearing borrowings are stated 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 using the effective interest method. The difference between proceeds and redemption value is recognised in the profit and loss account over the period of the borrowings.

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

(o) 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.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

(p) Deferred Tax

Deferred tax 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.

(q) Income Recognition

Interest Income

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

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

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

(q) Income Recognition (cont'd)

Underwriting Income

Premiums on short-term comprehensive credit insurance policies are recognised when declarations are received. Premiums from long-term credit insurance policies are recognised upon inception of risk.

Premiums for bonds and guarantees are recognised upon inception of risk.

Management fees

Management fees are recognised on an accrual basis.

(r) 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.

(s) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Provision for insurance claims

Provision is made for the estimated cost of all claims notified but not settled at the balance sheet date, less reinsurance recoveries, and for claims incurred but not reported (IBNR), using the best information available at that time.

Provision for unexpired risks

The provision for unexpired risks consists of unearned premiums calculated at a flat rate of 25% on the net written premiums for short-term credit insurance policies, on the basis that is in line with the underlying credit risk exposure for long-term credit insurance policies, and on a daily pro-rata basis over the policy period for bonds and guarantees. Where the expected value of claims and related expenses attributable to the unearned exposures of contracts in force at the balance sheet date exceeds the calculated provision for unearned premiums for any line of business, additional provisions will be made for that line of insurance business.

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

(t) Trade and Other Payables

Trade and other payables are stated at cost.

(u) 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.
Underwriting Operations	:	The provision of credit insurance facilities to Singapore exporters and the issue of performance bonds and securities.

(ii) Geographical Segments

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

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land $	Leasehold building $	Freehold residential property $	Renovations $	Office equipment, furniture and fittings $	Computer equipment $	Motor vehicles $	Total $
The Group								
2003								
Cost								
At 1 January 2003	12,822,498	10,510,395	494,574	684,209	1,040,245	1,125,969	246,764	26,924,654
Additions	-	-	-	85,749	111,308	171,680	-	368,737
Disposals	-	-	-	(99,504)	(43,833)	(23,134)	-	(166,471)
At 31 December 2003	12,822,498	10,510,395	494,574	670,454	1,107,720	1,274,515	246,764	27,126,920
Accumulated depreciation and impairment losses								
At 1 January 2003	909,233	1,366,351	240,578	650,419	974,760	865,875	23,603	5,030,819
Impairment loss	-	-	43,357	-	-	-	-	43,357
Depreciation for the year	139,882	210,208	3,651	25,163	48,826	101,760	49,353	578,843
Disposals	-	-	-	(98,304)	(37,138)	(15,945)	-	(151,387)
At 31 December 2003	1,049,115	1,576,559	287,586	577,278	986,448	951,690	72,956	5,501,632
Depreciation charge for 2002	139,882	210,208	3,651	25,194	41,556	110,619	18,903	550,013
Carrying amount								
At 31 December 2003	11,773,383	8,933,836	206,988	93,176	121,272	322,825	173,808	21,625,288
At 31 December 2002	11,913,265	9,144,044	253,996	33,790	65,485	260,094	223,161	21,893,835

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

	Leasehold land $	Leasehold building $	Freehold residential property $	Renovations $	Office equipment, furniture and fittings $	Computer equipment $	Motor vehicles $	Total $
The Company								
2003								
Cost								
At 1 January 2003	12,822,498	10,510,395	494,574	684,209	1,013,715	756,370	22,763	26,304,524
Additions	-	-	-	7,000	84,625	56,947	-	148,572
Disposals	-	-	-	(99,504)	(37,202)	(15,928)	-	(152,634)
At 31 December 2003	12,822,498	10,510,395	494,574	591,705	1,061,138	797,389	22,763	26,300,462
Accumulated depreciation and impairment losses								
At 1 January 2003	909,233	1,366,351	240,578	650,419	948,676	499,540	8,670	4,623,467
Impairment loss	-	-	43,357	-	-	-	-	43,357
Depreciation for the year	139,882	210,208	3,651	25,163	48,119	97,412	4,553	528,988
Disposals	-	-	-	(98,304)	(37,138)	(15,919)	-	(151,361)
At 31 December 2003	1,049,115	1,576,559	287,586	577,278	959,657	581,033	13,223	5,044,451
Depreciation charge for 2002	139,882	210,208	3,651	25,194	41,519	105,557	3,970	529,981
Carrying amount								
At 31 December 2003	11,773,383	8,933,836	206,988	14,427	101,481	216,356	9,540	21,256,011
At 31 December 2002	11,913,265	9,144,044	253,996	33,790	65,039	256,830	14,093	21,681,057

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

	Negative goodwill $	Computer software $	Total $
The Group			
2003			
Cost			
At 1 January 2003	-	3,436,598	3,436,598
Balance arising on acquisition of business	(5,120,555)	-	(5,120,555)
Additions	-	299,357	299,357
Disposals	-	(43,754)	(43,754)
At 31 December 2003	(5,120,555)	3,692,201	(1,428,354)
Amortisation and impairment losses			
At 1 January 2003	-	3,083,676	3,083,676
Amount recognised as income for the year	(142,238)	-	(142,238)
Amortisation charge for the year	-	234,086	234,086
Disposals	-	(43,747)	(43,747)
At 31 December 2003	(142,238)	3,274,015	3,131,777
Amortisation charge for 2002	-	223,310	223,310
Carrying amount			
At 31 December 2003	(4,978,317)	418,186	(4,560,131)
At 31 December 2002	-	352,922	352,922

4. INTANGIBLE ASSETS (CONT'D)

	Negative goodwill $	Computer software $	Total $
The Company			
2003			
Cost			
At 1 January 2003	-	3,436,598	3,436,598
Additions	-	143,408	143,408
Disposals	-	(43,754)	(43,754)
At 31 December 2003	-	3,536,252	3,536,252
Amortisation and impairment losses			
At 1 January 2003	-	3,083,676	3,083,676
Amortisation charge for the year	-	229,170	229,170
Disposals	-	(43,747)	(43,747)
At 31 December 2003	-	3,269,099	3,269,099
Amortisation charge for 2002	-	223,310	223,310
Carrying amount			
At 31 December 2003	-	267,153	267,153
At 31 December 2002	-	352,922	352,922

Negative goodwill

On 1 December 2003, the effective date of the schemes for the transfer of business and assets and liabilities acquired by the Group described in Note 1, the Transferors transferred the following net assets to ECICS Limited:-

	$
Assets:-	
Property, plant and equipment	253,296
Trade and other receivables	2,358,185
Cash collaterals held on behalf of clients	11,793,442
Cash at bank and on hand	20,534,114
	34,939,037

4. INTANGIBLE ASSETS (CONT'D)

Negative goodwill (cont'd)

	$
Liabilities:-	
Trade and other payables	(1,948,604)
Cash collaterals held on behalf of clients	(11,793,442)
Technical provisions	(15,976,436)
	(29,718,482)
Fair value of identifiable net assets acquired	5,220,555
Negative goodwill on acquisition	(5,120,555)
Purchase consideration paid in cash	100,000
Cash acquired on acquisition (cash at bank and on hand)	20,534,114
Less: Purchase consideration paid in cash	100,000
Net cash inflow on acquisition	20,434,114

5. INTERESTS IN SUBSIDIARIES

	The Company	
	2003 $	2002 $
(a) Unquoted ordinary shares, at cost	**40,763,000**	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	
		2003 %	2002 %	2003 $	2002 $
International Factors Leasing Pte Ltd	Singapore	**100**	100	**15,763,000**	15,763,000
ECICS Limited (formerly known as IFS Management Services Pte Ltd)	Singapore	**100**	100	**25,000,000**	2,500,000
				40,763,000	18,263,000

5. INTERESTS IN SUBSIDIARIES (CONT'D)

During the financial year, ECICS Limited applied for and obtained a general insurance licence. The issued share capital of ECICS Limited was increased from $2.5 million to $25 million by the issue of 22,500,000 shares of $1 each fully paid at par for cash to comply with the requirements of the Insurance Act, Chapter 142.

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.
ECICS Limited *	General insurer and guarantee and bond underwriting business.

* Audited by KPMG Singapore

6. INVESTMENTS IN ASSOCIATES

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Unquoted shares at cost, net of amounts written off	**-**	-	**15,877,667**	17,827,473
Net tangible assets of associates on acquisition, net of amounts written off	**9,871,381**	11,821,177	**-**	-
Goodwill on consolidation	**74,702**	85,374	**-**	-
Allowance for impairment losses	**-**	-	**(7,664,970)**	(7,664,970)
	9,946,083	11,906,551	**8,212,697**	10,162,503
Exchange differences on retranslation of the net assets of foreign associates (Note 25)	**(332,044)**	(483,426)	**-**	-
Share of reserves:-				
Retained earnings	**4,503,385**	4,024,940	**-**	-
Capital reserve - Capitalisation of retained earnings (Note 25)	**786,973**	786,973	**-**	-
	5,290,358	4,811,913	**-**	-
	14,904,397	16,235,038	**8,212,697**	10,162,503
Movement in goodwill on consolidation during the year:-				
At beginning of the year	**85,374**	96,046	**-**	-
Amortisation charge for the year	**(10,672)**	(10,672)	**-**	-
At end of the year	**74,702**	85,374	**-**	-

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

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 2003 %	2002 %
1 PB International Factors Sdn Bhd	Factoring and other financing operations	Malaysia	**45**	45
2 PT Niaga International Factors	Factoring operations	Indonesia	**47**	47
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% (2002: 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 PricewaterhouseCoopers, Indonesia
3 Audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd, Thailand
4 Audited by PricewaterhouseCoopers, Singapore
5 Audited by KPMG Singapore

7. QUOTED INVESTMENTS

	The Group		The Company	
	2003 $	2002 $	2003 $	2002 $
Equity investments, at cost	**1,094,919**	1,407,912	908,225	908,225
Less:				
Allowance for diminution in value:-				
At 1 January	**1,183,284**	6,322,707	**811,383**	643,409
Allowance (reversed)/made during the year, net (Note 30)	**(382,295)**	95,276	**(211,021)**	167,974
Allowance utilised	**(199,168)**	(5,234,699)	**-**	-
At 31 December	**(601,821)**	(1,183,284)	**(600,362)**	(811,383)
	493,098	224,628	**307,863**	96,842
Market Value:-				
Equity investments	**510,756**	224,628	**307,863**	96,842

8. UNQUOTED INVESTMENTS

	The Group		The Company	
	2003 $	2002 $	2003 $	2002 $
Unquoted equity investments, at cost	**5,455,247**	10,866,222	**2,250,000**	2,252,500
Less:				
Allowance for diminution in value:-				
At 1 January	**7,191,343**	4,905,556	**2,249,999**	2,249,999
Allowance made during the year (Note 30)	**1,291,337**	2,285,787	**-**	-
Allowance utilised	**(5,589,819)**	-	**-**	-
At 31 December	**(2,892,861)**	(7,191,343)	**(2,249,999)**	(2,249,999)
	2,562,386	3,674,879	**1**	2,501

9. STAFF LOANS

	Note	The Group 2003 $	The Group 2002 $	The Company 2003 $	The Company 2002 $
Due within 12 months					
- directors of the Company		**54,000**	381,792	**54,000**	381,792
- other staff		**104,242**	107,810	**102,563**	104,586
	22	**158,242**	489,602	**156,563**	486,378
Due after 12 months					
- directors of the Company		**90,500**	144,500	**90,500**	144,500
- other staff		**109,325**	203,503	**109,325**	202,976
		199,825	348,003	**199,825**	347,476
		358,067	837,605	**356,388**	833,854

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

10. LOANS AND ADVANCES TO CLIENTS

	Note	The Group 2003 $	The Group 2002 $	The Company 2003 $	The Company 2002 $
Loans and advances					
Hire purchase	11	**48,617,644**	50,435,273	**46,935,159**	47,602,387
Other loans		**163,320,822**	192,812,376	**129,567,096**	136,851,172
		211,938,466	243,247,649	**176,502,255**	184,453,559
Less:					
Allowance for doubtful receivables:-					
At 1 January		**13,753,507**	13,977,234	**7,130,680**	4,937,973
Allowance made during the year, net	30	**4,667,540**	1,557,843	**5,235,802**	2,606,284
Allowance utilised during the year		**(601,532)**	(1,781,570)	**(491,337)**	(413,577)
At 31 December		**(17,819,515)**	(13,753,507)	**(11,875,145)**	(7,130,680)
		194,118,951	229,494,142	**164,627,110**	177,322,879
Due within 12 months	15	**87,533,031**	105,726,567	**73,557,633**	70,067,299
Due after 12 months		**106,585,920**	123,767,575	**91,069,477**	107,255,580
		194,118,951	229,494,142	**164,627,110**	177,322,879

Included in the loans and advances is an amount of $13,644,335 (2002: $22,228,956) with a Company in which the Group has a 10% (2002: 10%) equity interest.

10. LOANS AND ADVANCES TO CLIENTS (CONT'D)

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						
2003						
Loans and advances						
- fixed rate	6.0	-	28,498,334	37,285,962	3,460,069	69,244,365
- variable rate	6.1	124,874,586	-	-	-	124,874,586
		124,874,586	28,498,334	37,285,962	3,460,069	194,118,951
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
The Company						
2003						
Loans and advances						
- fixed rate	6.0	-	27,697,538	35,386,446	197,801	63,281,785
- variable rate	6.2	101,345,325	-	-	-	101,345,325
		101,345,325	27,697,538	35,386,446	197,801	164,627,110
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

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

11. HIRE PURCHASE

	The Group					
	2003			2002		
	Gross $	Unearned Interest $	Principal $	Gross $	Unearned Interest $	Principal $
Within 1 year	**23,281,640**	**-**	**23,281,640**	22,987,032	-	22,987,032
After 1 year but within 5 years	**25,336,004**	**-**	**25,336,004**	27,290,041	-	27,290,041
After 5 years	**-**	**-**	**-**	158,200	-	158,200
	48,617,644	**-**	**48,617,644**	50,435,273	-	50,435,273

	The Company					
	2003			2002		
	Gross $	Unearned Interest $	Principal $	Gross $	Unearned Interest $	Principal $
Within 1 year	**22,341,724**	**-**	**22,341,724**	21,638,196	-	21,638,196
After 1 year but within 5 years	**24,593,435**	**-**	**24,593,435**	25,805,991	-	25,805,991
After 5 years	**-**	**-**	**-**	158,200	-	158,200
	46,935,159	**-**	**46,935,159**	47,602,387	-	47,602,387

Interest is levied on outstanding principal at monthly rest.

12. AMOUNTS OWING BY ASSOCIATES

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Loans to an associate	**2,129,821**	3,497,070	**2,129,821**	3,497,070
Other receivables (non-trade)	**1,998,922**	3,200	**1,998,922**	3,200
	4,128,743	3,500,270	**4,128,743**	3,500,270
Less:				
Allowance for doubtful receivables:-				
At 1 January	**-**	490,469	**-**	490,469
Allowance reversed during the year (Note 30)	**-**	(22,329)	**-**	(22,329)
Amount utilised during the year	**-**	(468,140)	**-**	(468,140)
At 31 December	**-**	-	**-**	-
	4,128,743	3,500,270	**4,128,743**	3,500,270

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 the loans to be repayable in the next 12 months. Interest on the above loans is at 6.20% (2002: 6.25%) 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			
	Effective interest rate	within 1 year	1 to 5 years	after 5 years	Total
	%	$	$	$	$
The Group and the Company					
2003					
Loans to an associate	6.20	-	2,129,821	-	2,129,821
2002					
Loans to an associate	6.25	-	3,497,070	-	3,497,070

13. OTHER ASSETS

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Club membership rights, at cost	**380,000**	380,000	**190,000**	190,000
Less:				
Allowance for diminution in value:-				
At 1 January	**130,000**	130,000	**65,000**	65,000
Allowance made during the year (Note 30)	**201,998**	-	**100,999**	-
At 31 December	**(331,998)**	(130,000)	**(165,999)**	(65,000)
	48,002	250,000	**24,001**	125,000

14. DEFERRED TAX

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

	At 1 Jan 2003 $	(Credited)/ charged to profit and loss account (note 32) $	At 31 Dec 2003 $
The Group			
Deferred tax liabilities			
Property, plant and equipment	144,738	(28,885)	115,853
Investments in associates	875,431	126,775	1,002,206
Income not remitted into Singapore	1,056,985	-	1,056,985
Trade and other receivables	-	(76,064)	(76,064)
Tax losses recognised	-	76,064	76,064
Total	2,077,154	97,890	2,175,044
Deferred tax assets			
Quoted investments	(178,504)	46,424	(132,080)
Loans and advances	(966,213)	(1,227,993)	(2,194,206)
Factoring receivables	(550,625)	(200,915)	(751,540)
Unrealised exchange differences	(98,324)	98,324	-
Others	(11,338)	-	(11,338)
Total	(1,805,004)	(1,284,160)	(3,089,164)

14. DEFERRED TAX (CONT'D)

	At 1 Jan 2003	(Credited)/ charged to profit and loss account (note 32)	At 31 Dec 2003
	$	$	$
The Company			
Deferred tax liabilities			
Property, plant and equipment	144,738	(28,885)	115,853
Deferred tax assets			
Quoted investments	(178,504)	46,424	(132,080)
Loans and advances	(966,213)	(1,227,993)	(2,194,206)
Factoring receivables	(550,625)	(200,915)	(751,540)
Unrealised exchange differences	(98,324)	98,324	-
Others	(11,338)	-	(11,338)
Total	(1,805,004)	(1,284,160)	(3,089,164)

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

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Property, plant and equipment	**(2,413)**	(3,710)	**-**	-
Loans and advances	**3,867,850**	5,201,733	**-**	-
Factoring receivables	**35,156**	35,784	**-**	-
Unrealised exchange differences	**-**	(3,096)	**-**	-
Tax losses	**2,294,000**	1,793,568	**-**	-
Capital allowances	**-**	1,500,000	**-**	1,500,000
	6,194,593	8,524,279	**-**	1,500,000
Net deferred tax	**1,362,810**	1,875,341	**-**	330,000

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

14. DEFERRED TAX (CONT'D)

As at 31 December 2003, the Group and the Company had unabsorbed capital allowances amounting to approximately $Nil (2002: $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 2003, the Group had unabsorbed tax losses amounting to approximately $2,294,000 (2002: $1,794,000) 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.

15. TRADE AND OTHER RECEIVABLES

		The Group		The Company	
	Note	2003	2002	2003	2002
		$	$	$	$
Loans and advances	10	**87,533,031**	105,726,567	**73,557,633**	70,067,299
Factoring receivables	21	**83,025,685**	63,967,123	**83,025,685**	63,967,123
Trade receivables		**2,390,193**	-	**-**	-
Amounts owing by:-					
Subsidiaries					
(trade)		**-**	-	**8,054,151**	27,567,179
(non-trade)		**-**	-	**146,813**	-
Affiliated companies					
(mainly non-trade)		**-**	4,038	**-**	1,008
Other receivables and prepayments	22	**1,587,845**	1,853,684	**939,947**	1,755,894
		174,536,754	171,551,412	**165,724,229**	163,358,503

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

16. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Cash at banks and in hand	**1,118,057**	778,106	**431,368**	668,039
Fixed deposits	**46,263,368**	2,686,028	**-**	386,784
	47,381,425	3,464,134	**431,368**	1,054,823
Bank overdraft (unsecured)	**(1,866,275)**	(114,825)	**(1,866,275)**	-
Cash and cash equivalents in the statement of cash flows	**45,515,150**	3,349,309		
Deposits placed on behalf of clients	**10,966,443**	-		
	56,481,593	3,349,309		

The weighted average effective interest rates of fixed deposits of the Group and the Company at the end of the financial year were 0.43% (2002: 0.9% and 4.23%) respectively per annum. Interest rates reprice at intervals of one, three or six months.

17. TRADE AND OTHER PAYABLES

		The Group		The Company	
	Note	2003	2002	2003	2002
		$	$	$	$
Factoring amounts owing to clients		**21,745,387**	17,121,765	**21,744,781**	17,119,977
Trade payables		**2,427,023**	153,655	**300,162**	153,655
Amounts owing to:-					
Subsidiary:					
Non interest-bearing loans		**-**	-	**1,146,604**	1,146,604
Interest bearing		**-**	-	**1,765,550**	-
Affiliated companies:					
Loans		**-**	10,281,651	**-**	10,281,651
Non-trade		**-**	26,640	**-**	26,640
Other payables and accruals	23	**14,804,262**	3,194,959	**3,273,205**	2,901,346
		38,976,672	30,778,670	**28,230,302**	31,629,873

17. TRADE AND OTHER PAYABLES (CONT'D)

The amounts owing to a subsidiary are unsecured and have no fixed terms of repayment.

The amounts owing to the affiliated companies are unsecured, interest bearing and have 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:-

	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						
Amounts owing to affiliated companies	3.5	10,308,291	-	-	-	10,308,291

18. INTEREST-BEARING BORROWINGS

	The Group 2003	The Group 2002	The Company 2003	The Company 2002
	$	$	$	$
Interest-bearing borrowings:-				
Payable within 12 months	**107,944,730**	142,810,638	**107,030,259**	139,485,153
Payable after 12 months	**120,665,363**	80,206,233	**116,164,907**	74,992,601
	228,610,093	223,016,871	**223,195,166**	214,477,754

18. INTEREST-BEARING BORROWINGS (CONT'D)

The interest-bearing borrowings comprise:-

		The Group		The Company	
	Note	2003	2002	2003	2002
		$	$	$	$
Unsecured short-term bank loans		**59,454,120**	96,453,167	**59,454,120**	94,453,167
Unsecured long-term bank loan	(a)	**-**	10,000,000	**-**	10,000,000
Unsecured long-term bank loan	(b)	**50,000,000**	50,000,000	**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 long-term bank loan	(d)	**5,000,000**	-	**5,000,000**	-
Unsecured loans from external parties	(e)	**49,395,699**	51,563,704	**43,980,772**	45,024,587
Floating rate notes	(f)	**49,760,274**	-	**49,760,274**	-
		228,610,093	223,016,871	**223,195,166**	214,477,754

(a) The bank loan which bore interest at rates ranging from 4.5% to 4.6% per annum was fully repaid during the year.

(b) The bank loan bears interest at a rate of 1.74% (2002: 1.79%) per annum and is repayable by bullet repayment in 2005.

(c) The bank loan bears interest at a rate of 1.61% (2002: 1.62%) per annum and is repayable by bullet repayment in 2004.

(d) The bank loan bears interest at a rate of 2.85% per annum and is repayable by bullet repayment in 2006.

(e) These represent advances from the Standards, Productivity and Innovations Board ("SPRING Singapore") 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 4.00% (2002: 1.75% to 4.95%) per annum.

18. INTEREST-BEARING BORROWINGS (CONT'D)

(f)

	The Group and The Company	
	2003	2002
	$	$
Floating rate notes (unsecured)	**50,000,000**	-
Less:		
Unamortised discount:-		
At 1 January	**-**	-
Unamortised discount for the year	**300,000**	-
Amortisation for the year	**(60,274)**	-
At 31 December	**239,726**	-
	49,760,274	-

The unsecured floating rate notes ("FRN") were issued at the price of 99.4% of the principal amounts. Interest is payable every 6 months from the date of issue of the FRN, being 29 May 2003 at (swap offer rate + 1.08%) per annum. The FRN is repayable by bullet repayment in 2006.

Maturity of borrowings

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Within 1 year	**107,944,730**	142,810,638	**107,030,259**	139,485,153
After 1 year but within 5 years	**117,337,940**	78,592,849	**116,164,907**	73,379,217
After 5 years	**3,327,423**	1,613,384	**-**	1,613,384
Total borrowings	**228,610,093**	223,016,871	**223,195,166**	214,477,754

18. INTEREST-BEARING BORROWINGS (CONT'D)

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						
2003						
Unsecured short-term bank loans	2.0	59,454,120	-	-	-	59,454,120
Unsecured loans from external parties (fixed rate)	3.0	-	33,490,610	12,577,666	3,327,423	49,395,699
Unsecured long term bank loans						
- fixed rate	2.9	-	-	5,000,000	-	5,000,000
- floating rate notes/ variable rate	1.8	114,760,274	-	-	-	114,760,274
		174,214,394	33,490,610	17,577,666	3,327,423	228,610,093
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

18. INTEREST-BEARING BORROWINGS (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
	%	$	$	$	$	$
The Company						
2003						
Unsecured short-term bank loans	2.0	59,454,120	-	-	-	59,454,120
Unsecured loans from external parties (fixed rate)	2.8	-	32,576,139	11,404,633	-	43,980,772
Unsecured long term bank loans						
- fixed rate	2.9	-	-	5,000,000	-	5,000,000
- floating rate notes/ variable rate	1.8	114,760,274	-	-	-	114,760,274
		174,214,394	32,576,139	16,404,633	-	223,195,166
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

19. PROVISION FOR UNEXPIRED RISKS

	The Group	
	2003 $	2002 $
At 1 January	-	-
Balance arising on acquisition of business	12,815,436	-
Provision for the year (Note 28)	(93,436)	-
At 31 December	12,722,000	-

20. PROVISION FOR INSURANCE CLAIMS

	The Group	
	2003 $	2002 $
At 1 January	-	-
Balance arising on acquisition of business	3,161,000	-
Claims paid during the year	(638,604)	-
Claims incurred (Note 28)	345,604	-
At 31 December	2,868,000	-
Gross claims	4,118,683	-
Reinsurers' share	(1,250,683)	-
At 31 December	2,868,000	-

21. FACTORING RECEIVABLES

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Factoring receivables	**140,200,197**	83,101,534	**140,165,039**	83,065,749
Less:				
Factoring amounts owing to clients	**(52,803,090)**	(14,952,605)	**(52,803,090)**	(14,952,605)
	87,397,107	68,148,929	**87,361,949**	68,113,144
Less:				
Allowance for doubtful receivables:-				
At 1 January	**4,181,806**	4,762,401	**4,146,021**	4,718,603
Allowance made/(reversed) during the year, net (Note 30)	**823,127**	(337,829)	**823,754**	(338,045)
Allowance utilised during the year	**(633,511)**	(242,766)	**(633,511)**	(234,537)
At 31 December	**(4,371,422)**	(4,181,806)	**(4,336,264)**	(4,146,021)
	83,025,685	63,967,123	**83,025,685**	63,967,123

The weighted average interest rates of factoring receivables net of factoring amounts owing to clients 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						
2003						
Factoring receivables net of factoring amounts owing to clients						
- fixed rate	5.0	-	23,515,579	-	-	23,515,579
- variable rate	5.9	37,516,770	-	-	-	37,516,770
		37,516,770	23,515,579	-	-	61,032,349

21. FACTORING RECEIVABLES (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
	%	$	$	$	$	$
The Group and the Company						
2002						
Factoring receivables net of factoring amounts owing to clients						
- fixed rate	5.1	-	27,535,085	-	-	27,535,085
- variable rate	6.0	18,708,027	-	-	-	18,708,027
		18,708,027	27,535,085	-	-	46,243,112

22. OTHER RECEIVABLES AND PREPAYMENTS

	The Group 2003	The Group 2002	The Company 2003	The Company 2002
	$	$	$	$
Prepayments	**417,556**	239,535	**310,300**	238,337
Deposits:-				
Own deposits	**13,350**	11,810	**11,510**	11,310
Deposits held on behalf of clients	**283,523**	762,377	**283,523**	762,377
Deposits with Monetary Authority of Singapore	**500,000**	-	**-**	-
Accrued interest receivable	**46,663**	74,889	**35,124**	74,889
Staff loans (Note 9)	**158,242**	489,602	**156,563**	486,378
Non-trade receivables, net	**142,927**	169,866	**142,927**	145,906
Other assets	**25,584**	105,605	**-**	36,697
	1,587,845	1,853,684	**939,947**	1,755,894

22. OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Non-trade receivables comprise:-				
Non-trade receivables	**664,640**	531,890	**472,734**	260,295
Less:				
Allowance for doubtful receivables:-				
At 1 January	**362,024**	346,807	**114,389**	30,719
Allowance made during the year (Note 30)	**222,228**	50,667	**255,036**	88,108
Allowance utilised during the year	**(62,539)**	(35,450)	**(39,618)**	(4,438)
At 31 December	**(521,713)**	(362,024)	**(329,807)**	(114,389)
	142,927	169,866	**142,927**	145,906

During the year, a deposit of $500,000 (2002: $Nil) was lodged with the Monetary Authority of Singapore pursuant to the requirements of the Insurance Act, Chapter 142.

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:-

			Fixed rate maturing			
	Effective interest rate	Non-Interest bearing	within 1 year	1 to 5 years	after 5 years	Total
	%	$	$	$	$	$
The Group						
2003						
Loans to staff and directors	4.0	239,000	32,242	82,315	4,510	358,067
2002						
Loans to staff and directors	4.0	365,000	363,602	99,749	9,254	837,605
The Company						
2003						
Loans to staff and directors	4.0	239,000	30,563	82,315	4,510	356,388
2002						
Loans to staff and directors	4.0	365,000	360,378	99,222	9,254	833,854

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2003	2002	2003	2002
	$	$	$	$
Accrued operating expenses	**3,026,830**	1,970,387	**2,475,716**	1,676,774
Deferred income	**133,204**	11,553	**133,204**	11,553
Clients' security deposits	**11,263,466**	762,377	**283,523**	762,377
Rental deposits	**-**	49,140	**-**	49,140
Payments received in advance	**1,386**	22,758	**1,386**	22,758
Accrued interest payable	**379,376**	378,744	**379,376**	378,744
	14,804,262	3,194,959	**3,273,205**	2,901,346

24. SHARE CAPITAL

	The Company	
	2003 $	2002 $
Authorised:		
500,000,000 (2002: 500,000,000) ordinary shares of $0.50 each	**250,000,000**	250,000,000
Issued and fully paid:		
102,981,136 (2002: 102,981,136) ordinary shares of $0.50 each	**51,490,568**	51,490,568

24. 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:-

	2003 $	2002 $
Options exercisable between:-		
1994 Scheme		
13/05/1999 to 11/05/2003 at a price of $0.50 per share	**-**	36,420
29/10/1999 to 27/10/2003 at a price of $0.50 per share	**-**	225,800
24/04/2000 to 22/04/2004 at a price of $0.59 per share	**114,120**	115,020
06/10/2000 to 04/10/2004 at a price of $0.91 per share	**296,120**	334,450
	410,240	711,690
2000 Scheme		
08/11/2001 to 06/12/2005 at a price of $0.50 per share	**60,000**	60,000
08/11/2001 to 06/12/2010 at a price of $0.50 per share	**396,900**	401,700
12/05/2002 to 10/05/2006 at a price of $0.50 per share	**60,000**	60,000
12/05/2002 to 10/05/2011 at a price of $0.50 per share	**397,000**	401,800
	913,900	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.

25. RESERVES

	The Group		The Company	
	2003 $	2002 $	2003 $	2002 $
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	**(332,044)**	(483,426)	**-**	-
	26,382,958	26,231,576	**25,928,029**	25,928,029
Accumulated profits	**10,392,185**	6,518,756	**1,696,943**	962,082
	36,775,143	32,750,332	**27,624,972**	26,890,111

25. RESERVES (CONT'D)

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.

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:

	2003 $	2002 $
First and final dividend proposed of 1.25 cents (2002: 1.00 cent) per share less tax at 22%	**1,004,066**	803,253

	The Group	
	2003 $	2002 $
Accumulated profits/(losses) are retained in:-		
The Company	**1,696,943**	962,082
Subsidiaries	**4,260,513**	1,462,953
Associates	**4,503,385**	4,024,940
	10,460,841	6,449,975
Consolidation adjustments	**(68,656)**	68,781
	10,392,185	6,518,756

26. INTEREST INCOME

	The Group	
	2003 $	2002 $
Interest income from:-		
Associates	**199,188**	253,513
Affiliated companies	**4**	69
Others	**17,145,248**	18,135,748
	17,344,440	18,389,330

Included in interest income from loans and advances is an amount of $645,662 (2002: $1,275,592) earned from a company in which the Group has a 10% (2002: 10%) equity interest.

27. INTEREST EXPENSE

	The Group	
	2003 $	2002 $
Interest expense:-		
Affiliated companies	**31,273**	248,902
Others	**5,192,186**	5,237,262
	5,223,459	5,486,164

28. UNDERWRITING INCOME

	Note	The Group 2003 $	The Group 2002 $
Underwriting Income			
Gross premium		710,513	-
Reinsurance premium		(533,199)	-
Net written premium		177,314	-
Transfer to unearned premium reserve	19	93,436	-
Net earned premium		270,750	-
Commission income		142,402	-
Commission expense		(14,777)	-
		127,625	-
Investment income		(12,655)	-
Profits relating to insurance business for the period 1 February 2003 to 30 November 2003 (see note below)		596,021	-
Other income		165,267	-
		748,633	-
		1,147,008	-
Less:			
Underwriting Outgo			
Gross claims incurred	20	(345,604)	-
Claims and reinsurance recoveries		356,062	-
		10,458	-
Other distribution expenses		(25,624)	-
Administrative expenses		(340,274)	-
Finance costs		(10,320)	-
		(376,218)	-
Net underwriting income for the year		781,248	-

The Group is entitled to the profits derived from the insurance business of the Transferors, for the period 1 February 2003 to 30 November 2003, pursuant to the acquisition agreement described in Note 1.

29. OTHER INCOME

	The Group	
	2003 $	2002 $
Management fee	**9,476**	28,818
Gain on disposal of property, plant and equipment	**3,656**	-
Rental income	**122,849**	188,370
Bad debts (trade) recovered	**669,547**	117,201
Exchange gain	**220,129**	45,517
Others	**217,649**	169,813
	1,243,306	549,719

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

	Note	The Group	
		2003 $	2002 $
Allowances made/(reversed) for doubtful receivables:-			
Associates	12	**-**	(22,329)
Loans and advances	10	**4,667,540**	1,557,843
Factoring receivables	21	**823,127**	(337,829)
Non-trade receivables	22	**222,228**	50,667
		5,712,895	1,248,352
Allowances made/(reversed) for diminution in value of investments:-			
Quoted	7	**(382,295)**	95,276
Unquoted	8	**1,291,337**	2,285,787
Club membership rights	13	**201,998**	-
		1,111,040	2,381,063
		6,823,935	3,629,415

31. OPERATING PROFIT AFTER ALLOWANCES

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

	The Group	
	2003 $	2002 $
After charging:		
Amortisation:-		
- Intangible assets (Note 4)	**234,086**	223,310
Depreciation of property, plant and equipment (Note 3)	**578,843**	550,013
Loss on disposal of property, plant and equipment	**-**	472
Impairment loss on property, plant and equipment (Note 3)	**43,357**	-
Audit fees:-		
- Auditors of the Company	**140,000**	97,000
Non-audit fees:-		
- Auditors of the Company	**93,000**	85,000
Directors' remuneration (cash and benefits-in-kind)	**582,201**	560,211
Directors' fees	**179,635**	220,692
Fees paid to corporations in which the directors have interests	**90,000**	16,000
Staff costs	**4,804,197**	4,680,116
Contributions to defined contribution plans (included in directors' remuneration and staff costs)	**532,219**	581,873
Bad debts written off:-		
- Trade	**47,462**	-
- Mainly non-trade	**-**	2,451
And crediting:		
Exchange gain (net)	**220,129**	45,517
Gain on disposal of equity investments:-		
- Quoted	**76,456**	-
- Unquoted	**30,420**	-
Amortisation of negative goodwill (Note 4)	**142,238**	-
Provision for:-		
- Unexpired risks	**93,436**	-
- Insurance claims	**293,000**	-
Number of employees at year end	**96**	74

32. INCOME TAX EXPENSE

	The Group	
	2003 $	2002 $
Current tax		
Current year	**2,072,310**	2,119,688
(Over)/Underprovision in respect of prior years	**(902,188)**	554,921
	1,170,122	2,674,609
Deferred tax		
Movements in temporary differences	**(1,186,270)**	(3,660,348)
Reduction in tax rate	**-**	24,777
	(1,186,270)	(3,635,571)
Advance tax paid written off	**-**	2,688,383
Share of associates' taxation	**439,613**	51,774
Overprovision in respect of prior years	**(3,311)**	-
Income tax expense	**420,154**	1,779,195

Reconciliation of effective tax rate

	2003 $	2002 $
The Group		
Profit before tax	**5,096,836**	5,836,105
Income tax using Singapore tax rates	**1,121,304**	1,283,943
Income subject to concessionary rate at 10%	**(1,656)**	-
Effect of reduction in tax rates	**-**	24,777
Effect of different tax rates in other countries	**89,883**	28,554
Expenses not deductible for tax purposes	**346,248**	1,167,491
Reversal of temporary differences	**260,727**	(3,194,645)
Tax exempt revenues	**(133,959)**	(28,875)
Income not subject to tax	**(59,663)**	-
Advance tax paid written off	**-**	2,688,383
(Over)/Under provision in prior years	**(905,499)**	554,921
Unrecognised movements in deferred tax	**(292,626)**	(667,280)
Utilisation of previously unrecognised losses	**(5,311)**	(76,598)
Others	**706**	(1,476)
	420,154	1,779,195

Pursuant to Section 43C of the Singapore Income Tax Act, Chapter 134, income from offshore insurance business is subject to tax at the concessionary rate of 10% instead of the standard rate of 22%.

33. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 31 December 2003 was based on the net profit attributable to ordinary shareholders of $4,676,682 (2002: $4,056,910) and a weighted average number of ordinary shares outstanding during the year ended 31 December 2003 of 102,981,136 (2002: 102,981,136) calculated as follows:-

	The Group	
	2003 $	2002 $
Net profit attributable to ordinary shareholders:-		
Net profit for the year	**4,676,682**	4,056,910
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:-

	2003 $	2002 $
Weighted average number of ordinary shares (used in the calculation of basic earnings per share)	**102,981,136**	102,981,136
Effect of share options in issue	**-**	-
Weighted average number of ordinary shares (diluted)	**102,981,136**	102,981,136

34. COMMITMENTS

(a) A subsidiary has an outstanding investment commitment of US$181,363 (approximately S$308,480) [2002: US$320,771 (approximately S$559,713)].

(b) A subsidiary has an outstanding spot foreign exchange contract amounting to $Nil (2002: $76,817).

(c) The Company has outstanding banker's guarantees of S$5,926,120 (2002: S$Nil) issued on behalf of customers.

35. 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	
	2003 $	2002 $
With Affiliated companies:-		
Management fee expense	**90,000**	164,389
Management fee income	**-**	28,818
Insurance premium expense	**-**	300,047
With Associates:-		
Retainer fee income	**192,000**	207,742

36. 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, underwriting, 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.

Underwriting risk and 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 and underwriting activities and represents the Group's major risk type.

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

36. FINANCIAL INSTRUMENTS (CONT'D)

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

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

Other credit risks represents the loss that would be recognised if counterparties in connection with reinsurance and investment transactions failed to perform as contracted. The Company ensures that it transacts business with brokers or licensed intermediaries, reinsurers, financial institutions and other parties of good credit standing.

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.

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 main credit exposures of the Group relate to the property development and electronics sectors. These exposures account for 43% (2002: 38%) and 40% (2002: 31%) of total loans and advances and factoring receivables of the Group and of the Company respectively.

36. FINANCIAL INSTRUMENTS (CONT'D)

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.

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.

37. 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 Financial Reporting 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 2003.

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.

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.

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

Derivatives

The fair values of existing financial derivatives, not recognised in the financial statements, are:-

	Notional Principal $	Positive Fair Value $	Negative Fair Value $
The Group and The Company			
2003			
Derivative financial instruments:-			
Interest rate swaps	30,000,000	-	(280,958)
2002			
Derivative financial instruments:-			
Cross currency swap	9,659,520	495,833	-
Interest rate swaps	30,000,000	-	(546,362)

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

Summary

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the balance sheet date at 31 December 2003 are represented in the following table:-

	2003		2002	
	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
The Group				
Financial Assets				
Loans and advances	**194,118,951**	**191,913,776**	229,494,142	230,523,064
Quoted investments	**493,098**	**510,756**	224,628	224,628
Loan to staff and directors	**358,067**	**415,317**	837,605	831,861
	194,970,116	**192,839,849**	230,556,375	231,579,553
Financial Liabilities				
Long-term loans (unsecured)	**135,665,363**	**134,929,747**	90,206,233	90,431,172
Net	**59,304,753**	**57,910,102**	140,350,142	141,148,381
Unrecognised (loss)/gain		**(1,394,651)**		798,239
The Company				
Financial Assets				
Loans and advances	**164,627,111**	**163,178,129**	177,322,879	178,961,930
Quoted investments	**307,863**	**307,863**	96,842	96,842
Loan to staff and directors	**356,389**	**413,764**	833,854	828,110
	165,291,363	**163,899,756**	178,253,575	179,886,882
Financial Liabilities				
Long-term loans (unsecured)	**131,164,907**	**130,429,291**	84,992,601	85,217,540
Net	**34,126,456**	**33,470,465**	93,260,974	94,669,342
Unrecognised (loss)/gain		**(655,991)**		1,408,368

The carrying value of certain loans and advances are carried in excess of their net fair value. No allowances are considered necessary as management expects to recover the full carrying amount.

38. SEGMENT REPORTING

(a) Business Segments

	Factoring $	Loans and Advances $	Venture Capital $	Underwriting Operations $	Investment and Others $	Total $
2003						
Operating Income and Expenses						
Total operating income	6,830,749	15,237,757	76,587	710,514	297,747	23,153,354
Segment results	303,138	2,870,401	(1,372,964)	781,248	379,401	2,961,224
Share of results of associates	1,569,922	-	477,654	-	88,036	2,135,612
Taxation						(420,154)
Net profit for the year						4,676,682
2003						
Assets and Liabilities						
Segment assets	90,727,022	213,510,480	2,747,620	55,221,735	1,345,240	363,552,097
Interest in associates	10,744,079	-	2,812,233	-	1,348,085	14,904,397
Unallocated assets						3,504,820
Total assets						381,961,314
Segment liabilities	76,526,895	179,536,495	-	28,960,290	-	285,023,680
Unallocated liabilities						8,671,923
Total liabilities						293,695,603
Other Information						
Capital expenditure	75,401	216,579	-	376,114	-	668,094
Depreciation and amortisation	442,356	361,927	-	8,646	-	812,929

38. SEGMENT REPORTING (CONT'D)

(a) Business Segments (cont'd)

	Factoring $	Loans and Advances $	Venture Capital $	Underwriting Operations $	Investment and Others $	Total $
2002						
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	71,441,759	250,105,701	3,387,108	-	2,902,310	327,836,878
Interest in associates	9,668,457	-	4,306,133	-	2,260,448	16,235,038
Unallocated assets						2,995,784
Total assets						347,067,700
Segment liabilities	65,380,482	188,381,814	18,740	-	85,742	253,866,778
Unallocated liabilities						8,960,022
Total liabilities						262,826,800
Other Information						
Capital expenditure	109,160	469,206	-	-	-	578,366
Depreciation and amortisation	425,328	347,995	-	-	-	773,323

38. SEGMENT REPORTING (CONT'D)

(b) Geographical Segments

	Singapore $	Asia other than Singapore $	Australia $	US $	Europe $	Total $
2003						
Total operating income	22,688,808	445,776	18,770	-	-	23,153,354
Segment assets	363,274,478	3,170,743	318,661	293,035	-	367,056,917
Interest in associates	4,160,318	10,744,079	-	-	-	14,904,397
Total assets	367,434,796	13,914,822	318,661	293,035	-	381,961,314
Capital expenditure	668,094	-	-	-	-	668,094
2002						
Total operating income	22,084,523	571,159	22,105	-	-	22,677,787
Segment assets	323,130,613	6,937,341	330,431	397,580	36,697	330,832,662
Interest in associates	6,566,581	9,668,457	-	-	-	16,235,038
Total assets	329,697,194	16,605,798	330,431	397,580	36,697	347,067,700
Capital expenditure	578,366	-	-	-	-	578,366

39. SUBSEQUENT EVENTS

Subsequent to the year ended 31 December 2003, the Group entered into a Share Purchase Agreement to sell its investment in an associated company. It is anticipated that this transaction will give rise to a profit on disposal to the Group of approximately $850,000 in 2004. The net assets of the associated company constitute approximately 1.5% of the consolidated net assets in the financial statements for the year ended 31 December 2003.

40. COMPARATIVE INFORMATION

Certain comparatives in the financial statements have been changed from the previous year to conform with current year's presentation.

ADDITIONAL INFORMATION

31 DECEMBER 03

1 INTERESTED PERSON TRANSACTIONS

	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)	
	2003	2002
	$	$
Name of interested person		
Credit facility and credit insurance		
Temasek Holdings Pte Ltd and its Associates	293,775	548,949
Consideration on acquisition of credit insurance and guarantee businesses		
Temasek Holdings Pte Ltd and its Associates	100,000	-
	393,775	548,949

2 MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST

Loans by the Company

Name of borrower : Choo Boon Tiong
Position : Director
Loan amount : $144,500
Terms of loan :

Type	Loan Amount $	Interest Rate	Duration	Security
Car loan	144,500	0%	15 April 2002 - 15 August 2006	Nil

SHAREHOLDING STATISTICS

AS AT 12 MARCH 2004

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	3,414	89.54	10,782,830	10.47
10,001 - 1,000,000	387	10.15	15,040,932	14.61
1,000,001 and above	7	0.18	77,155,024	74.92
	3,813	100.00	102,981,136	100.00

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholder	Number of Shares Held	%
1	Phillip Securities Pte Ltd	41,734,496	40.53
2	ECICS Holdings Ltd	9,564,376	9.29
3	United Overseas Bank Nominees Pte Ltd	7,716,000	7.49
4	TIBS Holdings Ltd	7,100,078	6.89
5	DBS Nominees Pte Ltd	6,706,000	6.51
6	Oversea-Chinese Bank Nominees Pte Ltd	2,989,000	2.90
7	Overseas Union Bank Nominees Pte Ltd	1,345,074	1.31
8	Hong Leong Finance Nominees Pte Ltd	651,000	0.63
9	Citibank Nominees Singapore Pte Ltd	601,000	0.58
10	Chan Joo Soon	426,000	0.41
11	Tan Li Cheng nee Lee	408,000	0.40
12	Kim Eng Securities Pte Ltd	359,000	0.35
13	Polywell Enterprise Sdn Bhd	300,000	0.29
14	Lai Weng Kay	264,000	0.26
15	Singapore Manufacturers Services Pte Ltd	209,672	0.20
16	Loh Khee Chang	209,000	0.20
17	Choo Boon Tiong	208,270	0.20
18	Ong Hock Siong @ Benny Ong Hock Siong	192,000	0.19
19	Hochstadt Herman Ronald	177,500	0.17
20	Ho Seong Peng	159,000	0.16
		81,319,466	78.96

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 12 March 2004:

	Number of Shares			
Substantial Shareholder	Direct Interest	Deemed Interest	Total Interest	%
Phillip Assets Pte. Ltd.	40,999,496 [1]	-	40,999,496	39.81
Lim Hua Min	-	40,999,496[2]	40,999,496	39.81
Temasek Holdings (Private) Limited	-	16,664,454[3]	16,664,454	16.18
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 40,999,496 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	Number of Shares
ECICS Holdings Ltd	9,564,376
TIBS Holdings Ltd	7,100,078
	16,664,454

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 March 2004, approximately 43.55% 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.

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A FIREFLY IMPRESSION

INTERNATIONAL FACTORS
(SINGAPORE) LTD

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