International Factors (Singapore) Ltd

ANNUAL REPORT 2004

International Factors (Singapore) Ltd ("IFS") is an established financial institution offering factoring, credit insurance and guarantees and a broad range of other financial services. Incorporated in Singapore in 1987, the company was listed on the mainboard of the Singapore Exchange in July 1993. IFS also has operations in Indonesia and Thailand.

Contents

To become a leading financial services group with total commitment to service excellence and to the interests of shareholders, clients and employees.

Group Financial Highlights

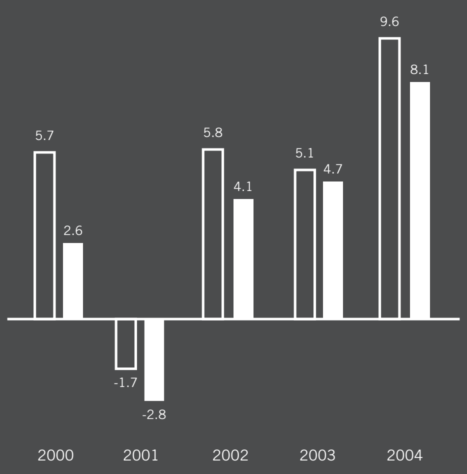
S$'000	2004	2003	2002	2001	2000
PROFIT & LOSS STATEMENT					
Gross operating income	**33,488**	22,874	22,678	22,924	28,657
Profit/(loss)					
- before tax	**9,554**	5,097	5,836	(1,744)	5,715
- after tax	**8,107**	4,677	4,057	(2,792)	2,607
BALANCE SHEET					
Issued share capital	**51,649**	51,491	51,491	51,491	51,491
Shareholders' funds	**95,788**	88,266	84,241	80,667	77,265
Total assets	**415,404**	381,961	347,068	336,482	333,943
Total liabilities	**319,616**	293,695	262,827	255,815	256,678
DIVIDEND INFORMATION					
Dividends declared for the year (net of tax)	**2,892**	1,030	803	-	1,166
FINANCIAL RATIOS					
Earnings/(loss) per share after tax (cents)	**7.87**	4.54	3.94	(2.71)	2.53
Gross dividends declared (ordinary) per share *					
- %	**7.00**	2.50	2.00	-	3.00
- cents	**3.50**	1.25	1.00	-	1.50
Dividend cover (number of times) *	**3.07**	1.49	4.18	-	2.69
Net tangible assets per share ($)	**0.95**	0.90	0.81	0.78	0.75
Return on average shareholders' funds (%)	**8.81**	5.42	4.92	(3.54)	3.42

Note: *Gross dividends per share and dividend cover are stated based on the dividend declared/proposed in relation to the respective financial years.

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

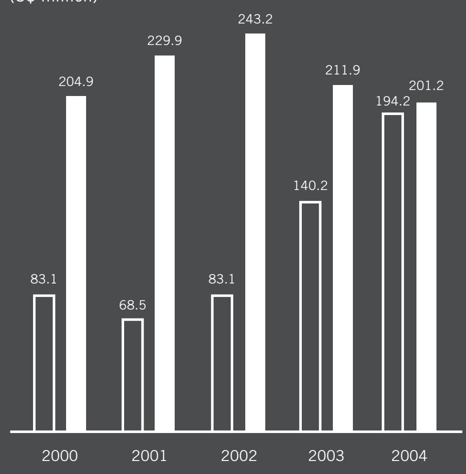
Performance at a Glance

PROFIT AND LOSS
(S$ million)



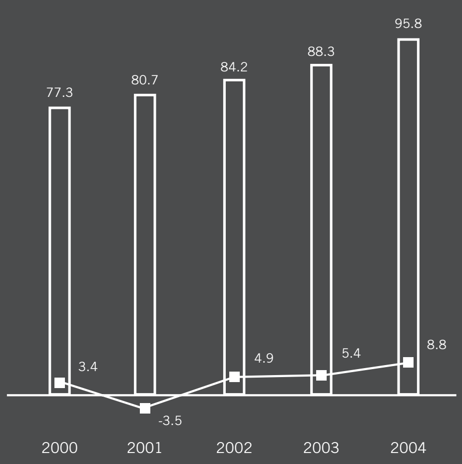
☐ Profit/(loss) before taxation
■ Profit/(loss) after taxation

FACTORING RECEIVABLES AND LOANS & ADVANCES
(S$ million)



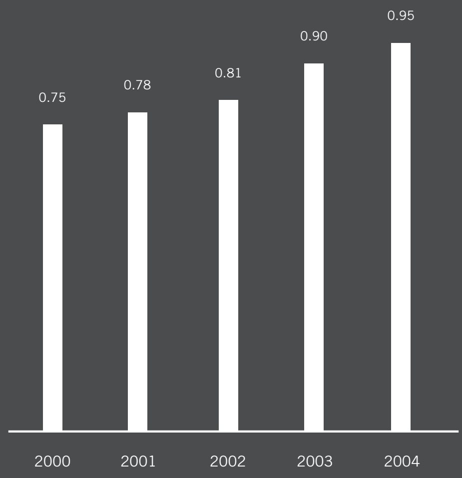
☐ Factoring receivables (gross)
■ Loans & advances (gross)

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



☐ Shareholders' funds (S$ million)
■ Return on average shareholders' funds (%)

NET TANGIBLE ASSETS PER SHARE (S$)



Industry Exposure

GROUP'S FACTORING RECEIVABLES AND LOANS & ADVANCES AS AT 31 DECEMBER 2004

	2004		2003	
	S$'000	%	S$'000	%
Electronic products and components	79,809	20	87,893	25
Fabricated metal products except machinery & equipment	39,166	10	19,434	6
Machinery and electrical appliances	36,588	9	18,704	5
Property development	34,722	9	62,116	18
Construction works and engineering services	24,235	6	28,840	8
Shipping and transportation	22,082	6	14,445	4
Property management	15,750	4	12,145	3
Printing, publishing and paper products/packaging	14,271	4	14,795	4
Hotel/food and beverage	12,174	3	15,419	4
Textiles, garments and accessories	10,468	3	1,204	1
Others include petroleum & coal, plastics, holding & investment, IT services etc.	106,121	26	77,143	22
Total	395,386	100	352,138	100

Chairman's Statement

It is my pleasure to report that IFS has achieved better performance for the financial year 2004. A confluence of events contributed to this progression – better business environment; a full year accounting for the Group's insurance subsidiary, ECICS Limited ("ECICS"); corporate restructuring efforts and a re-focus on our core competence of factoring. This improved performance validates the organizational measures taken by our new management team led by our CEO, Mr Lee Soon Kie. A stronger foundation has been set for future growth. It is based on a deeper appreciation of what we are good at and a clearer vision of what we seek to offer to the marketplace.

For 2004, we recorded a Group net profit of $8.1 million, an increase of 73.3% over $4.7 million the previous year. This improvement was attributed to significantly higher income from factoring, and lower allowances for loan losses and diminution in value of investments.

Factoring interest income rose by 28.7% as compared to the previous year. The sharpened focus on factoring came at a time when we consciously sought to reduce exposure to property. Accordingly, property-related loans fell by $27.0 million in 2004 from $62.0 million in 2003 and interest income from loans and advances declined 15.3%, in turn resulting in net interest income from financing operations to decrease by 9.1%.

Compensation was made by an increase in total fee and commission income from factoring, asset-based loans, trade finance and underwriting, which rose 33.1% in 2004 to $6.8 million compared to $5.1 million in 2003. Total non-interest income jumped 50.7% to $11.0 million in 2004, by one-time gains in investment and other income. Excluding ECICS' results, profit-after-tax rose 33.3% to $5.2 million in 2004 against $3.9 million over the previous year.

Contribution from insurance, bonds and guarantee businesses jumped substantially this year owing to the full-year consolidation of ECICS which contributed a net pre-tax profit of $3.0 million as compared to a maiden one-month profit of $0.8 million in 2003.

After accounting for operating costs, the Group's operating profit before allowances rose 33.8% to $13.1 million in 2004. Allowances for loan losses and diminution in value of investments decreased from $6.8 million in 2003 to $3.9 million in 2004 due to lower specific allowances made on non-performing loans and improved performance of global equity markets. During the year, the Group adopted a higher general provisioning rate to build up its general provision to the same prudent level generally adopted by financial institutions in Singapore.

PERFORMANCE BENCHMARKING

Shareholders may be aware that we had embarked on a restructuring exercise under a new management team. The results of this exercise had proven to be salutary.

The Group's earnings per share on weighted average basis rose to 7.9 cents in 2004 compared to 4.5 cents in the previous year while the net asset value per share for the Group stood at 92.7 cents at the end of 2004 compared to 85.7 cents a year earlier.

"We believe that we are on the right path of delivering total stakeholder value. This is an overarching concept of enhancing value not just for shareholders but also our clients, employees, business associates, suppliers, bankers and management."

While the total operating expenses rose by 24.8% owing to consolidation with ECICS, rationalization of staff, lower advertising and promotional expenses and professional fees reduced the operating costs by 10.3% in 2004 to $8.5 million compared to $9.5 million in 2003, if the ECICS' costs were excluded.

The cost-to-income ratio (excluding ECICS) decreased from 50.3% in 2003 to 42.6% in 2004. Our return on equity jumped to 8.8% in 2004 from 5.4% the previous year.

The restructuring also led to the formation of a new credit risk management department to allow for independence and segregation of credit decisions as well as risk monitoring and management. This allowed the front office to focus on acquisition and business expansion. Additional prudent steps were instituted to provide for internal checks and balances.

The other positive element of our restructuring efforts is the introduction of several new products and services. We have now put in place a new structured finance team to boost mezzanine financing; initiated cross-border non-recourse factoring and started bundling of products with ECICS. These efforts are designed to create a momentum for long-term stable growth alongside our efforts to make IFS a leaner and more streamlined operation.

DIVIDEND POLICY

To reward shareholders for the splendid performance, the IFS Board is pleased to recommend an ordinary dividend of 3.5 cents per share which gives a payout ratio of about 33.0% of earnings. The Board has agreed to institute a transparent dividend policy of paying out not less than 30.0% of earnings each year.

THE ROAD AHEAD

We believe that we are on the right path of delivering total stakeholder value. This is an overarching concept of enhancing value not just for shareholders but also our clients, employees, business associates, suppliers, bankers and management. In many ways 2004 was a year of renewal with a strong sense of continuity.

We believe there is yet-untapped synergy between IFS and ECICS. When harnessed, these synergies can create a very powerful network for cross-marketing, product development and innovation, information flow, risk insurance and management, amongst others. This synergistic integration, I believe, will provide the bedrock for better staff cooperation, sales and marketing enquiries, better recoveries, funding, debt collection, insurance deals and bundled products, enabling us to provide total financing solutions to small and medium enterprises.

Going forward, SMEs have traditionally been and will continue to be our target market. We see ourselves not just as owners of loans but effective managers of loans. Operating in the economic space between the buyer and the seller, we will go beyond plain-vanilla factoring services to offer value-added and sophisticated products in this operating space. We can increasingly shift our marketing paradigm from products and services to business solutions.

We expect factoring volume to improve further this year while loan growth will also be higher.

For lateral growth, we will explore regional growth opportunities and given the right price-value equation look at both organic and acquisition route to expansion. Hong Kong, Thailand, Malaysia and Indonesia will continually be on our radar screen.

The year has provided our new management team an insight of the limitations and possibilities of our business. There is urgency to continually reinvent ourselves to be relevant to our marketplace. With a clearer appreciation of our own talent pool, we are in pursuit of augmenting our talent composition to move beyond traditional financing. The possibilities are tremendous when we choose to focus on the economic space between buyers and sellers. Rome will take years to build and I am thankful that a foundation has been set in place to provide an affirmative vision of what one can together progressively achieve. It will be wrong to assume that we are in a mature industry. It will also not be correct to view our business as wholly capital intensive.

APPRECIATION

Changes always create uncertainty. The hard work, foresight and sacrifices of staff and management under Soon Kie's leadership have been rewarding on team morale and dynamism. Our deep appreciation is also extended to all shareholders, clients, business partners for their unstinting support and forbearance.

Thank you.

Lim Hua Min
Chairman
24 February 2005

Regional Round-Up

INDONESIA
PT NIAGA INTERNATIONAL FACTORS

The Indonesian economy has been on the upturn. With an estimated GDP growth of 5.5% to 8% in 2004, a relatively stable rupiah, favourable balance of payment and subdued inflation, the macro-economic situation has been conducive for the factoring business.

Strong economic fundamentals, an improved credit rating and stable social and political environment helped boost investor confidence which kept the rupiah range-bound in the first half of FY04. In the second half, a downward trend set in with uncertainty in the Chinese economy, high oil prices and Fed's move to raise interest rates pushing down the rupiah to 9,100 per USD to finally end at around 9,285 per USD at the close of the year. This weakening was considered temporary as the national budget still assumed Rupiah 8,600 per USD to be the official exchange rate.

The weakening rupiah did impact inflation which rose to 6.4% by December FY04 from 5.2% in December FY03. However, interest rates remained stable. On the contrary, with macro-economic indicators showing strength, the interest rate on Bank Indonesia Certificates gradually eased from 8.2% in December FY03 to 7.4% in December FY04.

Foreign exchange reserves improved to an estimated USD 37.4 billion in FY04 from USD 35.9 billion in FY03. The budget deficit is estimated to have been contained within 2%. Loan disbursements by banks improved, with consumer finance business booming. Car finance was especially buoyant with car sales soaring 27% over the previous year.

Under the new government, the business outlook for FY05 continues to be rosy. The rupiah is expected to remain stable; inflation is under control and interests rates low. This spells strong growth for a multi-finance company like ours, though we were not able to benefit in full from the past year's buoyancy. Our Company posted a pre-tax loss of Rupiah 5 billion on weak consumer finance and factoring volumes. Non-performing loans presented a tricky problem forcing strategic changes in direction. The Company's management changed leading to delay in business decisions.

With a new management team and strategic plan in place, the Company expects that its performance will be in line with the strong performance of the economy in FY05.

Sindbad R. Hardjodipuro
Chairman

THAILAND
AYUDHYA INTERNATIONAL FACTORS CO., LTD

As the Thailand economy enters FY05, all economic indicators point to an increased momentum in the coming year. Although uncertainty around oil prices, increase in interest rates and depreciating US dollar, have tamed growth expectation to an official figure of 5.5% to 6.5%, the outlook for exports, investment and domestic consumption remains bright.

Exports are growing at a healthy clip, investment activity is on the rise and domestic consumption is booming. Buoyed by the pick-up in Europe, Japan and the US, exports from Thailand are projected to improve 20% over US$80 billion in FY03.

Spurred by low interest rates and directed lending, investment activity is on the rise. Industrial capacity utilization was up to 74.6% in October 2004. The Board of Investment received Baht 482.5 billion-worth proposals in the first ten month of FY04 compared to Baht 258.8 billion-worth proposals in the same period of FY03. More jobs and capital assets are being created, especially in industries like automobiles and hard disk drives. The government is even planning to amend the Investment Promotion Act with a view to attract more investors.

In the domestic market, retail consumption is booming. The sale of consumer durables was up 6% on the back of more purchasing power in households and the government's initiative to boost spending by opening up more credit channels for consumers.

The small and medium enterprises sector in Thailand has benefited from initiatives like the setting of the first SME Bank in the country and policies like 'One Tambon' and 'One Product Project' to encourage entrepreneurial competence. As a result, SME share in the GDP during the first half of FY04 increased by 6.7% to Baht 1.2 trillion compared to the same period in FY03. Their contribution to exports was even more impressive at an increase of 25% to 27% in FY04 over the previous year.

On the back of the vibrancy in the economy, the financial performance of our Company was significantly better in FY04 compared to the previous year. The total factoring volume grew by 34% to Baht 5,429 million from Baht 4,059 million in FY03. Leasing/hire-purchase volume grew by a robust 75% to Baht 227 million. Meanwhile, the total operating income which had registered a slight fall in the previous year at Baht 69.7 million, registered an impressive increase of 39% to Baht 96.9 million. As a result the Company posted a pre-tax profit of Baht 35.7 million. The net profit for the year was Baht 31.5 million as compared to Baht 19.2 million in the previous year.

The outlook for FY05 is promising. Given the projected growth in the economy, incentives for investment in targetted industries and the mushrooming SME segment, the Company projects a significant increase in factoring volume and leasing/hire-purchase loans. In FY05 the company hopes to post another year of good results.

Surapon Sukumsuwun
Chairman

Corporate Structure

INTERNATIONAL FACTORS (SINGAPORE) LTD

- **ECICS LIMITED** (100%)
- **INTERNATIONAL FACTORS LEASING PTE LTD** (100%)
- **PT NIAGA INTERNATIONAL FACTORS** (47%)
- **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
(Appointed on 26 February 2004)

Lee Soon Kie
Executive Director and Chief Executive Officer

Kwah Thiam Hock
Executive 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

MANAGEMENT COMMITTEE

Lee Soon Kie
Chairman

Wong Chin Kheng

Lim Mui Ling

Ong Peng

Eugene Tan

Chionh Yi Chian

CREDIT COMMITTEE

Kwah Thiam Hock
Chairman

Lee Soon Kie

Wong Chin Kheng

Ong Peng

Eugene Tan

REGISTERED OFFICE

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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)

Overseas Associates

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

Board of Directors

1 **LIM HUA MIN**

Chairman

Lim Hua Min was appointed Chairman of International Factors (Singapore) Ltd ("IFS") 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. Currently, he serves as a board member in the Inland Revenue Authority of Singapore.

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.

2 **GABRIEL TEO CHEN THYE**

Director

Gabriel Teo has been a Director of IFS since November 1999. He runs his own consulting firm, Gabriel Teo & Associates. Mr Teo has more than 20 years of experience in the banking industry and was previously the Regional Managing Director of Bankers Trust in Asia and the Chief Executive Officer of the Chase Manhattan Bank in Singapore and Malaysia. He presently sits on the boards of several other organizations.

3 **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 of NOL. 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.

4 **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, SHC Capital Limited, Kim Eng Holdings Limited and China Sun Bio-Chem Technology Group Company Ltd. 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.


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5 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 EH Group Ltd., a substantial shareholder of IFS 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 is an adjunct senior research fellow at the Institute of Policy Studies. He was formerly Managing Director and Chief Economist of SG Securities Asia Ltd.

6 LEE SOON KIE

Executive Director

Lee Soon Kie is the Chief Executive Officer of IFS. As CEO, he is responsible for the overall management of the Group. Prior to IFS, he was a senior executive of the PhillipCapital Group of Companies where he was in charge of the institutional business involving mergers and acquisitions and debt capital markets business. Before PhillipCapital, Mr Lee held various senior appointments with an international investment banking group - Schroders.

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

7 KWAH THIAM HOCK

Executive Director

Kwah Thiam Hock is currently an Executive Director of IFS. He also heads IFS' wholly-owned subsidiary, ECICS Limited which specialises in trade credit protection, guarantee and bonds and related products.

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

IFS Management Team

LEE SOON KIE
Chief Executive Officer

WONG CHIN KHENG
General Manager, Business Development

Mr Wong was appointed General Manager in January 2001 with special responsibilities for business development. He joined the IFS Group as General Manager of International Factors Leasing Pte Ltd ("IFL") in May 1995. Prior to joining IFL, Mr Wong held appointments in the Bank of Montreal, Royal Trust Merchant Bank Ltd and Hong Leong Finance Ltd. He holds a Bachelor of Social Science (Honours) from the University of Singapore.

LIM MUI LING
General Manager, Finance/Human Resources and Administration

Ms Lim was appointed General Manager in June 2004 and is responsible for finance, human resources and administrative functions. She joined the IFS/EH Group ("the Group") in May 1988 and was Head of Finance/ Accounting. Before joining the Group, Ms Lim was an auditor in an international accounting firm for over 5 years. A Bachelor of Accountancy graduate from the National University of Singapore, she is also a member of the Institute of Certified Public Accountants of Singapore.

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

Mr Tan was seconded to Ayudhya International Factors Co., Ltd as General Manager in May 1991 and was appointed Executive Director in October 2000. He has been with the Group since August 1985 and was seconded to PB International Factors Sdn Bhd as its General Manager in September 1990. Prior to joining the Group, he was with a local bank for several years. Mr Tan holds a MBA in International Management with the University of London and a Bachelor of Science (Honours) degree in Management Sciences from the University of Manchester Institute of Science and Technology.

EUGENE TAN
General Manager, Operations

Mr Tan was appointed General Manager in June 2004 overseeing the factoring and loans operations. His career with the Group began in 1979 and was previously Deputy General Manager in IFS and IFL. From 1990 to 1992, he was seconded to IFS' joint venture in the Philippines, UCPB Factors and Finance Corporation, as its General Manager to set up the company. Mr Tan holds a Diploma from the Institute of Banking and Finance.

CHIONH YI CHIAN
General Manager, Legal & Secretariat/Compliance

Ms Chionh was appointed General Manager in June 2004 and is responsible for legal, secretariat and group compliance matters. She has been with the Group since 1995 and prior to this, practised law in Singapore. Ms Chionh holds a Master's degree in Law as well as a Bachelor of Laws (Honours) from the National University of Singapore.

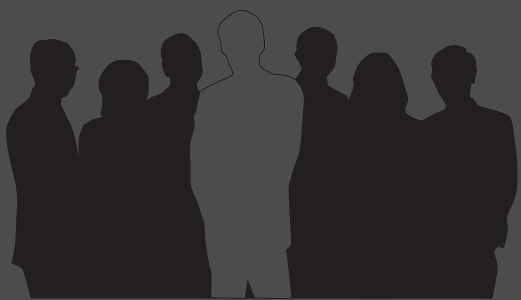
ONG PENG
General Manager, Credit Risk Management

Mr Ong was appointed General Manager in June 2004 and is responsible for credit risk management ("CRM"). He joined IFS in March 2004 and set up the CRM unit. Prior to IFS, he held various senior level appointments in Standard Chartered Bank from 1974 to 2002. He holds a Bachelor of Business Administration from the University of Singapore.

ONG GEOK YEOW
Senior Manager, Head of Structured Finance

Mr Ong joined IFS in June 2004 as Head of the Structured Finance unit. He has more than 12 years of professional experience in private equity, venture capital and corporate finance. He holds a Master of Science degree in Financial Engineering and a Bachelor of Business Administration (Honours) from the National University of Singapore. He is also a Chartered Financial Analyst.

Note: EH Group refers to ECICS Holdings Ltd whose business in credit insurance and bonds and guarantees was divested to ECICS Limited, a wholly-owned subsidiary of IFS.



IFS MANAGEMENT TEAM *(Left to right)*

Eugene Tan
Lim Mui Ling
Ong Geok Yeow
Lee Soon Kie *(Center)*
Ong Peng
Chionh Yi Chian
Wong Chin Kheng

OTHER PRINCIPAL OFFICERS

TEOH CHUN MOOI
Senior Manager, Business Development

DOREEN CHIA
Senior Manager, Business Development

PHYLLIS CHIU
Senior Manager, Credit Risk Management

ONG PECK LI
Senior Manager, Finance

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

JANE ANG
Manager, Operations

CECILIA LEE
Manager, Business Development

ECICS Management Team

KWAH THIAM HOCK
Chief Executive Officer

LEONG KWOK SENG

General Manager, Marketing & Business Development

Mr Leong was transferred to ECICS Limited in December 2003 as General Manager to oversee the marketing & business development functions. Prior to this, he was General Manager of IFS since 1995. He joined the Group in June 1983 and was seconded to PT Niaga International Factors (Indonesia) in 1990 as its General Manager for 2 years. Mr Leong holds a Bachelor of Commerce (Honours) from the University of Birmingham.

JEAN PHOON

General Manager, Operations

Ms Phoon was appointed as General Manager of operations in ECICS Limited in November 2003. She started her career with the EH Group in 1976. During the span of her career in the EH Group, she has held positions as Head of business development, underwriting, claims and operations as well as General Manager of operations in the credit insurance and bonds/guarantees companies. Ms Phoon holds Diplomas in Business Administration and Marketing.

JONATHAN TANG

Senior Manager, Marketing & Business Development

Mr Tang was appointed Senior Manager for the marketing & business development in January 2005. He joined the EH Group in 1997 and has more than 7 years of experience in credit insurance as well as in bonds and guarantees services. He holds a Bachelor of Business from the Royal Melbourne Institute of Technology.

JOHANN ONG

Senior Manager, Head of Risk Management

Mr Ong was appointed the Head of risk management in January 2005. He joined the EH Group as a credit analyst at its credit information subsidiary in December 1996 and was transferred to the credit insurance subsidiary in June 1998 as an underwriter. He holds a Master of Business Administration (Investment and Finance) from the University of Hull and a Bachelor of Science (Economics) with Honours from the University of London.

KIM LIN MIN

Senior Manager, Operations

Mr Kim joined ECICS Limited in February 2004. In January 2005, he was appointed as Senior Manager overseeing operations. He holds a Master of Engineering Science (Project Management) from the University of NSW and a Bachelor of Engineering from the University of Western Australia.

ROSAMUND LOH

Senior Manager, Marketing & Business Development

Ms Loh was appointed Senior Manager in marketing & business development in January 2005. She joined the EH Group in November 2001. She holds a Bachelor of Commerce (Finance and Marketing) from the Curtin University.

Note: EH Group refers to ECICS Holdings Ltd whose business in credit insurance and bonds and guarantees was divested to ECICS Limited, a wholly-owned subsidiary of IFS.

ECICS MANAGEMENT TEAM *(Left to right)*

Kwah Thiam Hock *(Seated)*
Leong Kwok Seng
Johann Ong
Rosamund Loh
Kim Lin Min
Jonathan Tang
Jean Phoon

Corporate Governance Report

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 2004, the Board of Directors held five meetings.

1.2 Board Composition and Balance

The Board comprises 7 directors of whom 3 are considered independent by the Board. The nature of the Directors' appointments on the Board is set out in the next page:-

Director	Board Membership
Lim Hua Min	Non-Executive, Non-Independent, Chairman
Lim How Teck	Non-Executive, Independent
Gabriel Teo Chen Thye	Non-Executive, Independent
Lim Jit Poh	Non-Executive, Independent
Manu Bhaskaran	Non-Executive, Non-Independent
Lee Soon Kie	Executive, Non-Independent, Chief Executive Officer
Kwah Thiam Hock	Executive, Non-Independent

During the financial year ended 31 December 2004, 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 a non-executive director of the Company on 26 February 2004. Mr Lee Soon Kie was appointed the Chief Executive Officer of the Company with effect from 8 April 2004 when Mr Choo Boon Tiong resigned as Managing Director of the Company with effect from 27 April 2004.

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 submit themselves for re-nomination and re-election at regular intervals in accordance with the Articles of Association. The Code recommends, inter alia, that all directors be required to subject themselves for re-election at regular intervals at least every 3 years. The Articles of Association was amended at the 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 29-31.

1.3 Attendance Report

The attendance of the Board members at the Board meetings and meetings of the Audit Committee and the Executive Resource and Compensation Committee during the financial year ended 31 December 2004 is set out in the next page:-

	BOARD		AUDIT		ERCC	
DIRECTORS	NO. OF MEETINGS	ATTENDANCE	NO. OF MEETINGS	ATTENDANCE	NO. OF MEETINGS	ATTENDANCE
Lim Hua Min#	5	5	NA	NA	2	2
Lim How Teck##	5	2	1	1	1	0
Gabriel Teo Chen Thye	5	4	2	1	2	2
Lim Jit Poh	5	4	2	2	2	2
Manu Bhaskaran###	4	4	NA	NA	NA	NA
Lee Soon Kie	5	5	NA	NA	NA	NA
Kwah Thiam Hock	5	5	NA	NA	NA	NA
Lua Cheng Eng^	1	1	NA	NA	1	1
John Lim Cheng Ghim^^	1	1	1	0	1	1
Choo Boon Tiong^^^	2	2	NA	NA	NA	NA

ERCC Executive Resource and Compensation Committee

NA not applicable

Mr Lim Hua Min was appointed as Chairman of ERCC and the Executive Committee on 26 February 2004

Mr Lim How Teck was appointed as members of ERCC and Audit Committee on 26 February 2004 and ceased to be a member of the Executive Committee on 26 February 2004

Mr Manu Bhaskaran was appointed as director of the Board and member of the Executive Committee on 26 February 2004

^ Mr Lua Cheng Eng resigned as director and chairman of the Board and ceased to be Chairman of ERCC and Executive Committee on 26 February 2004

^^ Mr John Lim Cheng Ghim resigned as director of the Board and ceased to be members of the Audit Committee and ERCC on 26 February 2004

^^^ Mr Choo Boon Tiong resigned as Managing Director and ceased to be members of Executive Committee and Credit Committee on 27 April 2004

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. Currently, the performance of the Board is evaluated informally every quarter when the Board meets to review the performance of the Company. The Executive Resource and Compensation Committee will be looking into implementing a formal process of review.

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 the 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 Chief Executive Officer, 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 Chief Executive Officer is an executive director. The roles of the Chairman and the Chief Executive Officer are kept separate and there is a clear division of responsibilities between them. The Chairman and the Chief Executive Officer are also not related to each other.

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

The Audit Committee comprises 3 members, all of whom are non-executive and independent directors:

Gabriel Teo Chen Thye	Chairman, Independent
Lim Jit Poh	Member, Independent
Lim How Teck	Member, Independent

During the financial year ended 31 December 2004, Mr Lim How Teck was appointed as an independent member of the Audit Committee on 26 February 2004 to replace Mr John Lim Cheng Ghim who ceased to be a member of the Audit Committee on 26 February 2004.

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 the Company before they are submitted to the Board for approval. The Audit Committee also reviews interested person transactions (as defined in Chapter 9 of SGX Listing Manual).

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

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

The Executive Committee comprises 4 members:

Lim Hua Min	Chairman, Non-executive
Manu Bhaskaran	Member, Non-executive
Lee Soon Kie	Member, Executive
Kwah Thiam Hock	Member, Executive

During the financial year ended 31 December 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 26 February 2004. 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.

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.

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.

The Executive Resource and Compensation Committee comprises 4 members, all of whom are non-executive directors:

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

During the financial year ended 31 December 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 26 February 2004. 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.

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

(a) will assist 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 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 38-40). 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, on the recommendation of the Executive Resource and Compensation Committee, 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: During the financial year ended 31 December 2004, no share options were granted by the Company to the directors or the employees; thus, the Company has not adopted any methodology of valuing share options 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	
	2004	2003
$500,000 and above	1	1
$250,000 to below $500,000	1	0
Below $250,000	8	11
Total	10*	12

*includes 3 directors who retired/resigned during the course of the financial year ended 31 December 2004

#includes *ex gratia* payment made to a director who resigned during the course of the financial year ended 31 December 2004

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.

Given the competitive industry conditions, the Board, after weighing the advantages and disadvantages, feels that it is in the interests of the Company that the details of the remuneration of the Executive Directors and the top 5 key executives (who are not directors) are not disclosed.

As for the remuneration of the non-executive directors, it constitutes the directors' fees which are subject to the approval of the shareholders at the forthcoming annual general meeting.

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 Chief Executive Officer 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 SGXNET 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) 27.04.2004	(a) – (b) Board Member, Inland Revenue Authority of Singapore
Mr Lim How Teck	- Bachelor of Accountancy, University of Singapore (1975) - Fellow, the Chartered Institute of Managment Accountants of UK - Associate, Institute of Business Administration of Australia	(a) 30.06.2000 (b) 30.05.2001	(a) Neptune Orient Lines Ltd (b) Vice-Chairman, Executive Committee of Victoria Junior College/Victoria School Member, Resource Panel, Government Parliamentary Committee for Transport Member, Advisory Panel, The Chartered Institute of Logistics and Transport, Singapore Fellow of Certified Public Accountants Australia Fellow, Institute of Certified Public Accountants of Singapore 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) 27.04.2004	(a) Sunningdale Precision Industries Ltd (b) Member, Board of Directors, NTUC Income Insurance Cooperative Limited Member, Board of Directors, Tuas Power Ltd Chairman, SLF Management Services Pte Ltd
Mr Lim Jit Poh	- Bachelor of Science, University of Singapore (1963) - Bachelor of Science (Honours), University of Singapore (1964) - 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 Kim Eng Holdings Limited China Sun Bio-Chem Technology Group Company Ltd (b) Trustee, Singapore National Employers Federation Vice President, General Committee, Orchid Country Club 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 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) 27.04.2004	(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	- Bachelor of Arts, National University of Singapore (1983) - Masters in Science, University of Wales, Aberystwyth, UK (2002)	(a) 21.03.2003 (b) 20.05.2003	(a) LifeBrandz Ltd (b) -
Mr Kwah Thiam Hock	- Bachelor of Accountancy, University of Singapore (1973)	(a) 04.05.1987 (b) 20.05.2003	(a) - (b) Management Committee of Singapore Turf Club Fellow, Institute of Certified Public Accountants of Singapore Fellow of Certified Public Accountant Australia

Facilities Available at IFS

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

EXPORT, DOMESTIC AND CROSS BORDER FACTORING

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

ONLINE FACTORING

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

WORKING CAPITAL LOANS

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

LETTER OF CREDIT / TRUST RECEIPT FACILITIES

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

HIRE PURCHASE / LEASING / MACHINERY LOANS

Clients can acquire capital assets that are needed to expand their production capacity via hire purchase, leasing or machinery loans. Financing is usually up to 80% 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.

MORTGAGE LOANS SECURED BY SHARES

IFS provides financing to businesses secured against stocks and shares. Financing can be obtained in Singapore dollars or foreign currency. A revolving credit line can also be arranged.

STRUCTURED FINANCE / PRIVATE EQUITY INVESTMENTS

IFS provides development capital to local and overseas companies in the form of mezzanine financing, convertible debt instruments and direct private equity investments. IFS has the expertise and the resources to structure and provide straight equity, straight debt or a mixture of debt and equity instruments to meet the financial needs of its clients. These financing needs may arise due to expansion capital requirements, special projects (i.e. project financing), mergers and acquisitions (e.g. management buyout, leveraged buyout, acquisition financing), private investments in public enterprises ("PIPES") and corporate financial restructuring.

CONTRACT FINANCING

IFS provides 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.

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 Indonesia and Thailand, 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. Under these schemes, eligible companies are able to obtain working capital as well as asset-based financing on very competitive terms.

In addition, IFS is also active in the micro loan scheme. Micro loans are fixed interest-financing programme designed by SPRING Singapore to help small local enterprises with employment size of less than 10 workers to gain better access to financing. It can be structured as a machinery loan, hire purchase loan, term loan or factoring loan to modernise and automate plant and equipment, expand existing manufacturing capacity or provide working capital needs.

Facilities Available at ECICS

As the pioneer of export credit protection in Singapore, ECICS Limited ("ECICS") has been a partner to many companies. ECICS helped business to grow by providing a broad range of credit facilities. These include:

COMPREHENSIVE POLICY

The Comprehensive Policy caters for a wide range of businesses, and is especially suitable for manufacturers and traders of consumer goods and commodities which are repetitive in nature.

With a Comprehensive Policy, client can be assured of payment on buyers approved by ECICS. The client can:

- compete effectively with competitors;
- maintain better credit control;
- improve risk management;
- protect balance sheet and increase profitability; and
- have confidence to venture into new markets.

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 PROTECTION

Non-payment arising from insolvency and default by the buyer of local sales can be insured under The 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 protection for medium and long-term transactions, including sale of capital goods, infrastructure and other projects as well as services provided thereafter.

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

BOND ISSUE SUPPORT (OVERSEAS)

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

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

BOND ISSUE (LOCAL)

ECICS offers a wide range of surety bonds and guarantees that are accepted by public and private beneficiaries in Singapore. These includes advance payment bonds, qualifying certificate bonds, bid and tender guarantees, deferred payment bonds, performance and maintenance bonds, account payment bonds, customs bonds and security deposit bonds.

OVERSEAS INVESTMENT INSURANCE

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

Financial Report 2004

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DIRECTORS' REPORT

For the year ended 31 December 2004

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 2004.

DIRECTORS

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

Lim Hua Min	
Gabriel Teo Chen Thye	
Lim How Teck	
Lim Jit Poh	
Manu Bhaskaran	(appointed on 26 February 2004)
Lee Soon Kie	
Kwah Thiam Hock	
Lua Cheng Eng	(resigned on 26 February 2004)
John Lim Cheng Ghim	(resigned on 26 February 2004)
Choo Boon Tiong	(resigned on 27 April 2004)

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, warrants 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 and corporation in which interests are held				
International Factors (Singapore) Ltd	**Ordinary Shares of $0.50 each**			
Lim Hua Min	-	-	40,999,496	41,006,496
Kwah Thiam Hock	132,000	192,000	-	-
Lee Soon Kie	-	48,000	-	-

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	15,230	-	$0.59	24/04/2000 to 22/04/2004
	35,830	-	$0.91	06/10/2000 to 04/10/2004
	60,000	-	$0.50	08/11/2001 to 06/12/2005
	60,000	60,000	$0.50	12/05/2002 to 10/05/2006

DIRECTORS' INTERESTS (CONT'D)

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 2005.

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 an amount of $424,863 paid by the Group during the financial year to firms 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.

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 its associates of the Company, to subscribe for ordinary shares in the Company.

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

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

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

SHARE OPTIONS (CONT'D)

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

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

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

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

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

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

The Schemes are administered by the 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)
Gabriel Teo Chen Thye	
Lim Jit Poh	
Lim How Teck	(appointed on 26 February 2004)
Lua Cheng Eng (Chairman)	(resigned on 26 February 2004)
John Lim Cheng Ghim	(resigned 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	-	308,700	-
2000 Scheme					
Kwah Thiam Hock	-	120,000	60,000	-	60,000

During the financial year under review:-

- No options were granted under the 2000 Scheme.
- 316,000 ordinary shares of $0.50 each were issued at the exercise price of $0.50 per share pursuant to the exercise of options granted under the 2000 Scheme.

There were no unissued shares under option granted pursuant to the 1994 Scheme but there were a total of 306,500 unissued shares under the 2000 Scheme at the end of the financial year. Details of the options to subscribe for shares (including those granted to the Executive Directors) are as disclosed in Note 26 to the financial statements.

Except as disclosed above, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries as at the end of the financial year.

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

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

The Audit Committee has held two 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

Lee Soon Kie
Director

Kwah Thiam Hock
Director

Singapore
24 February 2005

STATEMENT BY DIRECTORS

For the year ended 31 December 2004

In our opinion:

(a) the financial statements set out on pages 44 to 104 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 2004 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

Lee Soon Kie
Director

Kwah Thiam Hock
Director

Singapore
24 February 2005

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 2004 as set out on pages 44 to 104. 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 2004 and of the results, changes in equity and cash flows of the Group for the year ended on that date; and

(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.

KPMG
Certified Public Accountants

Singapore
24 February 2005

BALANCE SHEETS

As at 31 December 2004

	Note	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Non-current assets					
Property, plant and equipment	3	**20,709,155**	21,625,288	**20,510,433**	21,256,011
Intangible assets	4	**(2,861,257)**	(4,560,131)	**209,897**	267,153
Interests in subsidiaries	5	**-**	-	**40,763,000**	40,763,000
Investments in associates	6	**7,856,705**	14,904,397	**5,197,499**	8,212,697
Quoted investments	7	**109,990**	493,098	**-**	307,863
Unquoted investments	8	**2,833,912**	2,562,386	**800,001**	1
Staff loans	9	**31,497**	199,825	**31,497**	199,825
Loans, advances and hire purchase receivables	10	**97,623,577**	106,585,920	**92,247,235**	91,069,477
Amounts owing by associates	12	**2,079,834**	4,128,743	**2,079,834**	4,128,743
Other assets	13	**-**	48,002	**-**	24,001
Deferred tax assets	14	**2,587,246**	3,089,164	**2,587,246**	3,089,164
		130,970,659	149,076,692	**164,426,642**	169,317,935
Current assets					
Investments	15	**27,117,133**	-	**-**	-
Trade and other receivables	16	**234,527,885**	185,503,197	**212,202,782**	165,724,229
Cash and cash equivalents	17	**22,787,815**	47,381,425	**2,349,237**	431,368
		284,432,833	232,884,622	**214,552,019**	166,155,597
Current liabilities					
Trade and other payables	18	**(47,483,979)**	(38,976,672)	**(43,860,108)**	(28,230,302)
Interest-bearing borrowings	19	**(161,756,215)**	(107,944,730)	**(156,863,614)**	(107,030,259)
Bank overdrafts (unsecured)	17	**(7,878)**	(1,866,275)	**(7,878)**	(1,866,275)
Current tax payable		**(8,428,585)**	(6,477,519)	**(3,791,330)**	(2,950,396)
		(217,676,657)	(155,265,196)	**(204,522,930)**	(140,077,232)
Net current assets		**66,756,176**	77,619,426	**10,029,089**	26,078,365
Non-current liabilities					
Interest-bearing borrowings	19	**(87,273,948)**	(120,665,363)	**(87,273,948)**	(116,164,907)
Provision for:-					
- unexpired risks	20	**(7,350,000)**	(12,722,000)	**-**	-
- insurance claims	21	**(7,133,000)**	(2,868,000)	**-**	-
Deferred tax liabilities	14	**(181,608)**	(2,175,044)	**(75,193)**	(115,853)
		(101,938,556)	(138,430,407)	**(87,349,141)**	(116,280,760)
Net assets		**95,788,279**	88,265,711	**87,106,590**	79,115,540
Share capital	25	**51,648,568**	51,490,568	**51,648,568**	51,490,568
Reserves	27	**44,139,711**	36,775,143	**35,458,022**	27,624,972
Shareholders' equity		**95,788,279**	88,265,711	**87,106,590**	79,115,540

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2004

	Note	Group 2004 $	Group 2003 $
Interest income	28	**16,008,538**	17,275,995
Interest expense	29	**(5,061,334)**	(5,233,779)
Net interest income		**10,947,204**	12,042,216
Gross earned premiums		**17,223,378**	1,069,330
Premiums ceded to reinsurers		**(8,387,231)**	(798,580)
Net earned premiums	30	**8,836,147**	270,750
Fee and commission income	31	**6,831,354**	5,134,063
Investment income	32	**1,812,391**	193,572
Other income	33	**2,359,909**	1,973,688
Income before operating expenses		**30,787,005**	19,614,289
Business development expenses		**(949,235)**	(758,581)
Commission expenses		**(490,321)**	(14,776)
General and administrative expenses		**(10,838,040)**	(9,066,231)
		(12,277,596)	(9,839,588)
Gross claims incurred		**(9,154,077)**	(345,604)
Claims recovered and reinsurers' share of claims		**3,738,780**	356,062
Net claims incurred		**(5,415,297)**	10,458
Operating profit before allowances		**13,094,112**	9,785,159
Allowances for loan losses and diminution in value of investments	34	**(3,918,488)**	(6,823,935)
Operating profit after allowances		**9,175,624**	2,961,224
Gain on disposal of associates		**921,674**	-
Restructuring costs	35	**(1,200,911)**	-
Share of results of associates		**657,856**	2,135,612
Profit from ordinary activities before taxation	35	**9,554,243**	5,096,836
Income tax expense	36	**(1,447,193)**	(420,154)
Net profit for the year		**8,107,050**	4,676,682
Earnings per share	37		
- Basic		**7.9 cents**	4.5 cents
- Fully diluted		**7.9 cents**	4.5 cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2004

	Share capital $	Share premium $	Capital reserves $	Currency translation reserve $	Accumulated profits $	Total $
Group						
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 per share 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
316,000 ordinary shares (2003:Nil) issued pursuant to exercise of IFS (2000) Share Option Scheme	158,000	-	-	-	-	158,000
First and final dividend paid of 1.25 cents per share less tax at 20% in respect of year 2003	-	-	-	-	(1,029,811)	(1,029,811)
Exchange differences:-						
- Retranslation of net assets of foreign associates	-	-	-	(237,334)	-	(237,334)
- Realisation to profit and loss account upon disposal of associate	-	-	-	524,663	-	524,663
Net profit for the year	-	-	-	-	8,107,050	8,107,050
At 31 December 2004	51,648,568	25,928,029	786,973	(44,715)	17,469,424	95,788,279

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2004

	Group	
	2004	2003
	$	$
Operating Activities		
Profit from ordinary activities before taxation	9,554,243	5,096,836
Adjustments for:-		
Share of results of associates	(657,856)	(2,135,612)
Amortisation of:		
- intangible assets	280,925	234,086
- negative goodwill	(1,706,852)	(142,238)
- discount on floating rate notes	100,274	60,274
- debt securities	62,688	-
Depreciation of property, plant and equipment	780,545	578,843
(Gain)/Loss on disposal of:-		
- property, plant and equipment	(5,413)	(3,656)
- investments	(1,439,249)	(106,876)
- associates	(921,674)	-
- other assets	3,502	-
Property, plant and equipment written off	2,071	15,705
Impairment loss on property, plant and equipment	90,610	43,357
Allowances for:-		
- doubtful receivables	3,614,577	5,712,895
- investments	303,911	1,111,040
Provision for:-		
- unexpired risks	(5,372,000)	(93,436)
- insurance claims, net	4,265,000	(293,000)
Interest income	(16,008,538)	(17,275,995)
Investment income - bonds	(212,728)	-
Interest income - fixed deposits	(115,057)	(86,696)
Other income - interest	(2,149)	-
Financial expense for capital injection to subsidary	229,148	27,142
Interest expense	5,061,334	5,233,779
Dividend income	(205,548)	-
Bad and doubtful debts written off	21	-
Operating loss before changes in working capital	(2,298,215)	(2,023,552)

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

For the year ended 31 December 2004

	Note	Group 2004	Group 2003
		$	$
Changes in working capital:-			
Factoring receivables		(51,802,958)	(19,881,689)
Factoring amounts owing to clients		4,688,219	4,623,622
Amounts owing to affiliated companies, net		(22)	(10,307,283)
Loans, advances and hire purchase receivables		8,315,687	30,707,651
Trade and other receivables		427,718	60,917
Trade and other payables		2,900,840	1,044,501
Cash (used in)/generated from operations		(37,768,731)	4,224,167
Interest received		16,209,838	17,387,706
Interest paid		(4,692,632)	(5,260,920)
Income taxes paid		(627,664)	(1,531,868)
Cash (used in)/generated from operating activities		(26,879,189)	14,819,085
Investing Activities			
Redemption of loans by associate, net		2,048,910	-
Redemption of preference shares in associate		-	1,949,806
Disbursement of loans to associates		-	(630,374)
Purchase of property, plant and equipment		(120,903)	(368,737)
Proceeds from sale of property, plant and equipment		169,232	258,225
Purchase of intangible assets		(272,957)	(299,357)
Purchase of investments, net		(33,286,624)	(241,703)
Proceeds from sale / redemption of investments		7,398,223	283,560
Proceeds from sale of associates		5,023,437	-
Net cash inflow on acquisition of business	4	-	20,434,114
Dividends received from investments and associates		3,736,673	1,231,527
Cash flows (used in)/generated from investing activities		(15,304,009)	22,617,061
Financing Activities			
Dividends paid		(1,029,811)	(803,253)
Proceeds from term loans		20,319,796	5,532,948
Proceeds from issue of ordinary shares		158,000	-
Cash flows from financing activities		19,447,985	4,729,695
Net (decrease)/increase in cash and cash equivalents		(22,735,213)	42,165,841
Cash and cash equivalents at beginning of the year		45,515,150	3,349,309
Cash and cash equivalents at end of the year	17	22,779,937	45,515,150

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 24 February 2005.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(2.2) Consolidation

2.2.1 Subsidiaries

Subsidiaries are 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.

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

2.2.2 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.

2.2.3 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 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.

(2.3) Affiliated companies

The Company is an associate of Phillip Assets Pte. Ltd. ("PA"). Affiliated companies refer to PA and its subsidiaries.

(2.4) Foreign currencies

2.4.1 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.

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

2.4.2 Foreign entities

The assets and liabilities of foreign entities are translated to Singapore dollars at the rates of exchange ruling at the balance sheet date. The results of foreign entities 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.

(2.5) Membership rights

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

(2.6) Property, plant and equipment

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

Leasehold land	-	99 years
Leasehold building	-	30 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 off.

With effect from 1 January 2004, the Group and the Company changed its estimated useful life of its leasehold building from 50 years to 30 years to better reflect its expected economic useful life. The effect of the revision resulted in an increase in depreciation expense of the Group and the Company by $186,851 during the year and a reduction on profit before and after tax by the same amount.

(2.7) Intangible assets

2.7.1 Goodwill and negative goodwill

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

Goodwill arising on acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. 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.

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

Negative goodwill arising on an acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition.

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 profit and loss account 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 profit and loss account 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 profit and loss account.

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

The negative goodwill on the acquisition of insurance businesses in 2003 is recognised in the profit and loss account over a three-year period from the date of acquisition as it relates to an expectation of future losses that are identified in the plan of acquisition and is recognised in the profit and loss account over the period when the future losses are expected to be realised.

In respect of associates, 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.

2.7.2 Computer software

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

2.7.3 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.

2.7.4 Amortisation

Amortisation is charged to the profit and loss account 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

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

(2.8) 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.

(2.9) Loans, advances and receivables

Loans, advances and receivables are stated at cost less allowance for doubtful receivables.

(2.10) 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.

(2.11) Allowance for doubtful receivables

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

General allowance is made based on management's evaluation of known and inherent risks in the portfolio of loans, advances and receivables.

(2.12) Cash and cash equivalents

Cash and cash equivalents in the balance sheets comprise cash at banks and in hand and bank deposits. For the purpose of the consolidated 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.

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

(2.13) Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(2.14) 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.

(2.15) 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 contract is its quoted market price at the balance sheet date, being the present value of the quoted forward price.

(2.16) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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

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 substantively 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 assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

(2.17) Revenue and interest expense recognition

Interest income

Interest income on loans, advances 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 until it is received.

Interest income from bank deposits is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

Guarantee fees

Fees on financial guarantees 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".

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.

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

Dividend Income

Dividend income is recognised in the profit and loss account when the shareholder's right to receive payment is established.

Interest expense

Interest expense is recognised in the profit and loss account as it accrues.

(2.18) Employee share options

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

(2.19) 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.

(2.20) 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.

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land $	Leasehold building $	Freehold residential properties $	Renovations $	Office equipment, furniture and fittings $	Computer equipment $	Motor vehicles $	Total $
Group								
2004								
Cost								
At 1 January 2004	12,822,498	10,510,395	494,574	670,454	1,107,720	1,274,515	246,764	27,126,920
Additions	-	-	-	-	51,751	63,242	5,910	120,903
Disposals	-	-	-	-	(143,069)	(84,459)	(237,109)	(464,637)
At 31 December 2004	12,822,498	10,510,395	494,574	670,454	1,016,402	1,253,298	15,565	26,783,186
Accumulated depreciation and impairment losses								
At 1 January 2004	1,049,115	1,576,559	287,586	577,278	986,448	951,690	72,956	5,501,632
Impairment loss	-	-	90,610	-	-	-	-	90,610
Depreciation for the year	139,882	397,059	3,651	29,135	53,603	144,638	12,577	780,545
Disposals	-	-	-	-	(141,803)	(78,175)	(78,778)	(298,756)
At 31 December 2004	1,188,997	1,973,618	381,847	606,413	898,248	1,018,153	6,755	6,074,031
Carrying amount								
At 31 December 2004	**11,633,501**	**8,536,777**	**112,727**	**64,041**	**118,154**	**235,145**	**8,810**	**20,709,155**
At 31 December 2003	11,773,383	8,933,836	206,988	93,176	121,272	322,825	173,808	21,625,288

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

	Leasehold land $	Leasehold building $	Freehold residential properties $	Renovations $	Office equipment, furniture and fittings $	Computer equipment $	Motor vehicles $	Total $
Company								
2004								
Cost								
At 1 January 2004	12,822,498	10,510,395	494,574	591,705	1,061,138	797,389	22,763	26,300,462
Additions	-	-	-	-	34,555	15,222	-	49,777
Disposals	-	-	-	-	(142,803)	(84,459)	(13,108)	(240,370)
At 31 December 2004	12,822,498	10,510,395	494,574	591,705	952,890	728,152	9,655	26,109,869
Accumulated depreciation and impairment losses								
At 1 January 2004	1,049,115	1,576,559	287,586	577,278	959,657	581,033	13,223	5,044,451
Impairment loss	-	-	90,610	-	-	-	-	90,610
Depreciation for the year	139,882	397,059	3,651	7,807	42,338	102,159	3,023	695,919
Disposals	-	-	-	-	(141,791)	(78,175)	(11,578)	(231,544)
At 31 December 2004	1,188,997	1,973,618	381,847	585,085	860,204	605,017	4,668	5,599,436
Carrying amount								
At 31 December 2004	**11,633,501**	**8,536,777**	**112,727**	**6,620**	**92,686**	**123,135**	**4,987**	**20,510,433**
At 31 December 2003	11,773,383	8,933,836	206,988	14,427	101,481	216,356	9,540	21,256,011

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 $
Group			
Cost			
At 1 January 2004	(5,120,555)	3,692,201	(1,428,354)
Additions	-	272,957	272,957
Disposals	-	(6,972)	(6,972)
At 31 December 2004	(5,120,555)	3,958,186	(1,162,369)
Accumulated amortisation and impairment losses			
At 1 January 2004	(142,238)	3,274,015	3,131,777
Amount recognised as income for the year	(1,706,852)	-	(1,706,852)
Amortisation charge for the year	-	280,925	280,925
Disposals	-	(6,962)	(6,962)
At 31 December 2004	(1,849,090)	3,547,978	1,698,888
Carrying amount			
At 31 December 2004	**(3,271,465)**	**410,208**	**(2,861,257)**
At 31 December 2003	(4,978,317)	418,186	(4,560,131)

4. INTANGIBLE ASSETS (CONT'D)

	Computer software $	Total $
Company		
Cost		
At 1 January 2004	3,536,252	3,536,252
Additions	119,988	119,988
Disposals	(6,972)	(6,972)
At 31 December 2004	3,649,268	3,649,268
Accumulated amortisation and impairment losses		
At 1 January 2004	3,269,099	3,269,099
Amortisation charge for the year	177,234	177,234
Disposals	(6,962)	(6,962)
At 31 December 2004	3,439,371	3,439,371
Carrying amount		
At 31 December 2004	**209,897**	**209,897**
At 31 December 2003	267,153	267,153

Negative goodwill

On 1 December 2003, the Group acquired insurance and guarantee businesses and the following assets and liabilities:

	Group 2003 $
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 in hand	20,534,114
	34,939,037
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)

4. INTANGIBLE ASSETS (CONT'D)

	Group 2003 $
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 in hand)	20,534,114
Less: Purchase consideration paid in cash	(100,000)
Net cash inflow on acquisition	20,434,114

5. INTERESTS IN SUBSIDIARIES

		Company	
		2004 $	2003 $
(a)	Unquoted ordinary shares, at cost	**40,763,000**	40,763,000

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

Name of Subsidiaries	Country of Incorporation/ Place of Business	Effective Equity Interest held by the Group	
		2004 %	2003 %
International Factors Leasing Pte Ltd	Singapore	**100**	100
ECICS Limited	Singapore	**100**	100

The principal activities of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Activities
*International Factors Leasing Pte Ltd	Working capital, asset-based financing and venture capital investments.
*ECICS Limited	General insurer and guarantee and bond underwriting business.

*Audited by KPMG Singapore

6. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2004	2003	2004	2003
	$	$	$	$
Unquoted shares at cost, net of amounts written off	**-**	-	**12,918,917**	15,877,667
Net tangible assets of associates on acquisition, net of amounts written off	**7,162,942**	9,871,381	**-**	-
Goodwill on consolidation	**64,030**	74,702	**-**	-
Allowance for impairment losses	**-**	-	**(7,721,418)**	(7,664,970)
	7,226,972	9,946,083	**5,197,499**	8,212,697
Exchange differences on retranslation of the net assets of foreign associates (Note 27)	**(44,715)**	(332,044)	**-**	-
Share of reserves:-				
Retained earnings	**(112,525)**	4,503,385	**-**	-
Capital reserves (Note 27)	**786,973**	786,973	**-**	-
	629,733	4,958,314	**-**	-
	7,856,705	14,904,397	**5,197,499**	8,212,697
Movement in goodwill on consolidation during the year:-				
At beginning of the year	**74,702**	85,374	**-**	-
Amortisation charge for the year	**(10,672)**	(10,672)	**-**	-
At end of the year	**64,030**	74,702	**-**	-

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 and Place of Business	Percentage of Equity held by the Group 2004 %	2003 %
*	PB International Factors Sdn Bhd	Factoring and other financing operations	Malaysia	-	45
1	PT Niaga International Factors	Factoring operations	Indonesia	**47**	47
2	Ayudhya International Factors Company Ltd	Factoring and other financing operations	Thailand	**45.6**	45.6
*	Far East Bunkering Services Pte Ltd	Shipowner, ship operators and charterers	Singapore	-	50
3	ECICS Ventures 2 Ltd	Venture capital investments	Singapore	**25**	25

A subsidiary has a 8% (2003: 24%) interest in Pacific Coatings Pte Ltd ("PCPL") which has not been accounted for as an associate in the previous financial year, 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 instruments.

1 Audited by PricewaterhouseCoopers, Indonesia
2 Audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd, Thailand
3 Audited by KPMG Singapore

*Investments in the two associates were disposed off during the year.

7. QUOTED INVESTMENTS

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Equity investments, at cost	**193,946**	1,094,919	-	908,225
Allowance for diminution in value	**(83,956)**	(601,821)	-	(600,362)
	109,990	493,098	-	307,863
Market Value:-				
Equity investments	**193,049**	510,756	-	307,863

8. UNQUOTED INVESTMENTS

	Group		Company	
	2004 $	2003 $	2004 $	2003 $
Unquoted equity investments, at cost	**6,085,001**	5,455,247	**3,050,000**	2,250,000
Allowance for diminution in value	**(3,251,089)**	(2,892,861)	**(2,249,999)**	(2,249,999)
	2,833,912	2,562,386	**800,001**	1

9. STAFF LOANS

	Note	Group		Company	
		2004 $	2003 $	2004 $	2003 $
Due within 12 months					
- directors of the Company		**-**	54,000	**-**	54,000
- other staff		**42,240**	104,242	**42,240**	102,563
	23	**42,240**	158,242	**42,240**	156,563
Due after 12 months					
- directors of the Company		**-**	90,500	**-**	90,500
- other staff		**31,497**	109,325	**31,497**	109,325
		31,497	199,825	**31,497**	199,825
		73,737	358,067	**73,737**	356,388

The 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.

Effective interest rates and repricing analysis:

	Effective interest rate %	Fixed rate maturing within 1 year $	1 to 5 years $	after 5 years $	Non interest-earning $	Total $
Group						
2004						
Loans to staff and directors	4.0	19,740	31,497	-	22,500	73,737
2003						
Loans to staff and directors	4.0	32,242	82,315	4,510	239,000	358,067

9. STAFF LOANS (CONT'D)

	Effective interest rate %	Fixed rate maturing within 1 year $	1 to 5 years $	after 5 years $	Non interest-earning $	Total $
Company						
2004						
Loans to staff and directors	4.0	19,740	31,497	-	22,500	73,737
2003						
Loans to staff and directors	4.0	30,563	82,315	4,510	239,000	356,388

10. LOANS, ADVANCES AND HIRE PURCHASE RECEIVABLES

	Note	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Hire purchase receivables	11	**47,693,837**	48,617,644	**46,643,270**	46,935,159
Loans and advances		**153,525,826**	163,320,822	**133,154,465**	129,567,096
		201,219,663	211,938,466	**179,797,735**	176,502,255
Allowance for doubtful receivables					
- hire purchase receivables		**1,400,428**	3,466,662	**912,741**	2,698,604
- loans and advances		**15,516,756**	14,352,853	**10,232,172**	9,176,541
		(16,917,184)	(17,819,515)	**(11,144,913)**	(11,875,145)
		184,302,479	194,118,951	**168,652,822**	164,627,110
Due within 12 months	16	**86,678,902**	87,533,031	**76,405,587**	73,557,633
Due after 12 months		**97,623,577**	106,585,920	**92,247,235**	91,069,477
		184,302,479	194,118,951	**168,652,822**	164,627,110

Group

Included in the loans, advances and receivables is an amount of $8,402,009 (2003: $13,644,335) with a Company in which the Group has a 10% (2003: 10%) equity interest.

10. LOANS, ADVANCES AND HIRE PURCHASE RECEIVABLES (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 $
Group						
2004						
Loans, advances and receivables						
- fixed rate	6.0	-	30,780,464	47,279,449	930,250	78,990,163
- variable rate	6.4	105,312,316	-	-	-	105,312,316
		105,312,316	30,780,464	47,279,449	930,250	184,302,479
2003						
Loans, advances and receivables						
- 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
Company						
2004						
Loans, advances and receivables						
- fixed rate	6.0	-	30,229,399	47,279,449	930,250	78,439,098
- variable rate	6.5	90,213,724	-	-	-	90,213,724
		90,213,724	30,229,399	47,279,449	930,250	168,652,822
2003						
Loans, advances and receivables						
- 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

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

11. HIRE PURCHASE

	Group					
	2004			2003		
	Gross $	Unearned Interest $	Principal $	Gross $	Unearned Interest $	Principal $
Within 1 year	22,948,448	-	22,948,448	23,281,640	-	23,281,640
After 1 year but within 5 years	24,745,389	-	24,745,389	25,336,004	-	25,336,004
	47,693,837	-	47,693,837	48,617,644	-	48,617,644

	Company					
	2004			2003		
	Gross $	Unearned Interest $	Principal $	Gross $	Unearned Interest $	Principal $
Within 1 year	22,050,985	-	22,050,985	22,341,724	-	22,341,724
After 1 year but within 5 years	24,592,285	-	24,592,285	24,593,435	-	24,593,435
	46,643,270	-	46,643,270	46,935,159	-	46,935,159

Interest is levied on outstanding principal at monthly rest.

12. AMOUNTS OWING BY ASSOCIATES

	Group		Company	
	2004 $	2003 $	2004 $	2003 $
Loans to an associate	**2,051,726**	2,129,821	**2,051,726**	2,129,821
Other receivables (non-trade)	**28,108**	1,998,922	**28,108**	1,998,922
	2,079,834	4,128,743	**2,079,834**	4,128,743

The loans to an associate are unsecured, interest-bearing and are 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 4.4% (2003: 6.2%) per annum.

12. AMOUNTS OWING BY ASSOCIATES (CONT'D)

Effective interest rates and repricing analysis:

	Effective interest rate %	Fixed rate maturing within 1 year $	Fixed rate maturing 1 to 5 years $	Fixed rate maturing after 5 years $	Non interest-earning $	Total $
Group and Company						
2004						
Amounts owing by associates	4.4	-	2,051,726	-	28,108	2,079,834
2003						
Amounts owing by associates	6.2	-	2,129,821	-	1,998,922	4,128,743

13. OTHER ASSETS

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Club membership rights, at cost	-	380,000	-	190,000
Allowance for diminution in value	-	(331,998)	-	(165,999)
	-	48,002	-	24,001

The club membership rights were disposed off during the year.

14. DEFERRED TAX

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

	At 1 Jan 2004 $	(Credited)/ charged to profit and loss account (note 36) $	At 31 Dec 2004 $
Group			
Deferred tax liabilities			
Property, plant and equipment	115,853	16,871	**132,724**
Investments in associates	1,002,206	(1,002,206)	**-**
Dividend income not remitted into Singapore	1,056,985	(1,056,985)	**-**
Trade and other receivables	(76,064)	116,216	**40,152**
Trade and other payables	-	(13,978)	**(13,978)**
Tax losses recognised	76,064	(53,354)	**22,710**
Total	2,175,044	(1,993,436)	**181,608**
Deferred tax assets			
Quoted investments	(132,080)	132,080	**-**
Loans, advances and hire purchase receivables	(2,194,206)	357,030	**(1,837,176)**
Factoring receivables	(751,540)	1,470	**(750,070)**
Others	(11,338)	11,338	**-**
Total	(3,089,164)	501,918	**(2,587,246)**
Company			
Deferred tax liability			
Property, plant and equipment	115,853	(40,660)	**75,193**
Deferred tax assets			
Quoted investments	(132,080)	132,080	-
Loans, advances and hire purchase receivables	(2,194,206)	357,030	**(1,837,176)**
Factoring receivables	(751,540)	1,470	**(750,070)**
Others	(11,338)	11,338	**-**
Total	(3,089,164)	501,918	**(2,587,246)**

14. DEFERRED TAX (CONT'D)

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

	Group	
	2004	2003
	$	$
Property, plant and equipment	(1,123)	(2,413)
Loans, advances and hire purchase receivables	3,863,787	3,867,850
Factoring receivables	59,753	35,156
Tax losses	1,500,000	2,294,000
	5,422,417	6,194,593
Net deferred tax at 20% (2003: 22%)	1,084,483	1,362,810

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.

As at 31 December 2004, the Group had unabsorbed tax losses amounting to approximately $1,500,000 (2003: $2,294,000) 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. INVESTMENTS

	Carrying amount	Market value
	$	$
Group		
2004		
Singapore government securities	2,998,586	2,998,586
Equity securities	3,783,371	3,988,046
Unit trusts	4,511,342	4,615,797
Corporate bonds	13,609,494	13,609,494
Money market funds	2,214,340	2,214,340
	27,117,133	27,426,263

15. INVESTMENTS (CONT'D)

Effective interest rates and repricing analysis:

	Effective interest rate %	Fixed rate maturing within 1 year $	1 to 5 years $	after 5 years $	Non interest-earning $	Total $
Group						
2004						
Singapore government securities	1.3	1,999,140	999,446	-	-	2,998,586
Equity securites	-	-	-	-	3,783,371	3,783,371
Unit trusts	-	-	-	-	4,511,342	4,511,342
Corporate bonds	3.0	5,000,000	8,609,494	-	-	13,609,494
Money market funds	-	-	-	-	2,214,340	2,214,340
		6,999,140	9,608,940	-	10,509,053	27,117,133

16. TRADE AND OTHER RECEIVABLES

	Note	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Loans, advances and hire purchase receivables	10	**86,678,902**	87,533,031	**76,405,587**	73,557,633
Factoring receivables	22	**133,038,070**	83,025,685	**133,038,070**	83,025,685
Trade receivables		**1,794,899**	2,390,193	**-**	-
Amounts and loan owing by a subsidiary:					
- loan		**-**	-	**1,573,627**	8,054,151
- non-trade		**-**	-	**-**	146,813
Affiliated company		**22**	-	**22**	-
Other receivables and prepayments	23	**1,895,918**	1,587,845	**1,185,476**	939,947
Deposits held on behalf of clients		**11,120,074**	10,966,443	**-**	-
		234,527,885	185,503,197	**212,202,782**	165,724,229

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

16. TRADE AND OTHER RECEIVABLES (CONT'D)

Effective interest rates and repricing analysis:

	Effective interest rate	Floating rate	Fixed interest rate maturing within 1 year	Fixed interest rate maturing 1 to 5 years	Fixed interest rate maturing after 5 years	Non interest-earning	Total
	%	$	$	$	$	$	$
Company							
2004							
Loan owing by Subsidiary							
Fixed rate	3.4	-	1,551,091	-	-	-	1,551,091
Variable rate	3.2	22,536	-	-	-	-	22,536
Other receivables (excluding prepayments and staff loans)	-	-	-	-	-	950,733	950,733
		22,536	1,551,091	-	-	950,733	2,524,360
Company							
2003							
Loan owing by Subsidiary							
Fixed rate	4.2	-	1,499,848	-	-	-	1,499,848
Variable rate	1.8	6,554,303	-	-	-	-	6,554,303
Other receivables (excluding prepayments and staff loans)	-	-	-	-	-	473,084	473,084
		6,554,303	1,499,848	-	-	473,084	8,527,235

Group

Effective interest rate and repricing analysis for loans, advances and hire purchase receivables and factoring receivables are as set out in Notes 10 and 22 to the financial statements respectively.

16. TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables of $1,794,899 (2003: $2,390,193) and other receivables (excluding prepayments and staff loans) of $1,579,723 (2003: $1,012,047) are non interest-earning financial assets.

The weighted average effective interest rate of deposits held on behalf of clients at the end of the financial year was 1.2% (2003: 0.7%). Interest rates are repriced at intervals of one month or three months.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2004	2003	2004	2003
	$	$	$	$
Cash at banks and in hand	**5,399,168**	1,118,057	**2,349,237**	431,368
Fixed deposits	**17,388,647**	46,263,368	**-**	-
Cash and cash equivalents in the balance sheets	**22,787,815**	47,381,425	**2,349,237**	431,368
Bank overdrafts (unsecured)	**(7,878)**	(1,866,275)	**(7,878)**	(1,866,275)
Cash and cash equivalents in the consolidated statement of cash flows	**22,779,937**	45,515,150		

Effective interest rates and repricing analysis:

	Effective interest rate	Floating rate	Fixed interest rate maturing within 1 year	Fixed interest rate maturing 1 to 5 years	Fixed interest rate maturing after 5 years	Total
	%	$	$	$	$	$
Group						
2004						
Fixed deposits	1.3	-	17,388,647	-	-	17,388,647
2003						
Fixed deposits	0.4	-	46,263,368	-	-	46,263,368

Group and Company

The cash at banks are non interest-earning.

The weighted average effective interest rate of bank overdrafts at the end of the financial year was 4.8% (2003:6.3%).

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2004	2003	2004	2003
	$	$	$	$
Factoring amounts owing to clients	**26,433,259**	21,745,387	**26,433,000**	21,744,781
Trade payables	**1,824,468**	2,427,023	**183,497**	300,162
Amounts and loans owing to subsidiaries:				
- non interest-bearing loans	**-**	-	**-**	1,146,604
- non-trade	**-**	-	**103,235**	-
- interest-bearing loans	**-**	-	**9,881,923**	1,765,550
Other payables and accruals (Note 24)	**8,106,178**	3,837,819	**7,258,453**	3,273,205
Collateral deposits from clients	**11,120,074**	10,966,443	**-**	-
	47,483,979	38,976,672	**43,860,108**	28,230,302

Company

The non interest-bearing loans and the non-trade amounts owing to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

The interest-bearing loans owing to subsidiaries are unsecured, and have no fixed terms of repayment.

Effective interest rates and repricing analysis:

	Effective interest rate	Floating rate	Fixed interest rate maturing within 1 year	Fixed interest rate maturing 1 to 5 years	Fixed interest rate maturing after 5 years	Non interest-bearing	Total
	%	$	$	$	$	$	$
Company							
2004							
Interest-bearing loan owing to subsidiaries	3.2	9,881,923	-	-	-	-	9,881,923
Trade payables	-	-	-	-	-	183,497	183,497
Other payables and accruals	-	-	-	-	-	7,258,453	7,258,453
		9,881,923	-	-	-	7,441,950	17,323,873

18. TRADE AND OTHER PAYABLES (CONT'D)

	Effective interest rate	Floating rate	Fixed interest rate maturing within 1 year	Fixed interest rate maturing 1 to 5 years	Fixed interest rate maturing after 5 years	Non interest-bearing	Total
	%	$	$	$	$	$	$
Company							
2003							
Interest-bearing loan owing to subsidiaries	0.7	1,765,550	-	-	-	-	1,765,550
Trade payables	-	-	-	-	-	300,162	300,162
Other payables and accruals	-	-	-	-	-	3,273,205	3,273,205
		1,765,550	-	-	-	3,573,367	5,338,917

Group

Factoring amounts owing to clients (refer to Note 22 to the financial statements), trade payables, other payables and accruals are non interest-bearing financial liabilities.

The weighted average effective interest rate of collateral deposits from clients at the end of the financial year was 1.2% (2003: 0.7%). Interest rates are repriced at intervals of one month or three months.

19. INTEREST-BEARING BORROWINGS

	Note	Group 2004	Group 2003	Company 2004	Company 2003
		$	$	$	$
Interest-bearing borrowings:					
Payable within 12 months		**161,756,215**	107,944,730	**156,863,614**	107,030,259
Payable after 12 months		**87,273,948**	120,665,363	**87,273,948**	116,164,907
		249,030,163	228,610,093	**244,137,562**	223,195,166

19. INTEREST-BEARING BORROWINGS (CONT'D)

	Note	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
The interest-bearing borrowings comprise:					
Unsecured short-term bank loans		**73,541,982**	59,454,120	**68,785,976**	59,454,120
Unsecured long-term bank loan	(a)	**-**	50,000,000	**-**	50,000,000
Unsecured long-term bank loan	(b)	**-**	15,000,000	**-**	15,000,000
Unsecured long-term bank loan	(c)	**5,000,000**	5,000,000	**5,000,000**	5,000,000
Unsecured long-term bank loan	(d)	**19,515,200**	-	**19,515,200**	-
Unsecured SPRING loans	(e)	**51,112,433**	49,395,699	**50,975,838**	43,980,772
Floating rate notes	(f)	**49,860,548**	49,760,274	**49,860,548**	49,760,274
Variable rate notes	(g)	**50,000,000**	-	**50,000,000**	-
		249,030,163	228,610,093	**244,137,562**	223,195,166

(a) The bank loan which bore interest at a rate of 1.77% (2003: 1.74%) per annum was fully repaid during the year.

(b) The bank loan which bore interest at a rate of 1.65% (2003: 1.61%) per annum was fully repaid during the year.

(c) The bank loan bears interest at a rate of 2.85% (2003: 2.85%) per annum and is repayable by bullet repayment in 2006.

(d) The bank loan bears interest at a rate of 2.23% to 2.85% (2003: Nil) per annum and is repayable by bullet repayment in 2007.

(e) These represent unsecured advances from the Standards, Productivity and Innovation Board, Singapore ("SPRING") to fund loans and advances extended by the Group and the Company to borrowers under the Local Enterprise Finance Scheme. Credit risk for loans and advances made under these schemes are shared by SPRING 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 and advances ranged from 1.75% to 4.00% (2003: 1.75% to 4.00%) per annum.

19. INTEREST-BEARING BORROWINGS (CONT'D)

(f) 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 2.48% (2003: 1.94%) per annum. The FRN is repayable by bullet repayment in 2006.

	Group and Company	
	2004	**2003**
	$	**$**
FRN (unsecured)	**50,000,000**	50,000,000
Less:		
Unamortised discount:		
At 1 January	**239,726**	-
Unamortised discount for the year	**-**	300,000
Amortisation for the year	**(100,274)**	(60,274)
At 31 December	**139,452**	239,726
	49,860,548	49,760,274

(g) The unsecured variable rate notes Series A & B are repayable in 2009 with a 3-monthly or 6-monthly put and call option. Interest is payable 6-monthly at 1.55% to 1.88% per annum.

Maturity of borrowings

	Group		Company	
	2004	**2003**	**2004**	**2003**
	$	**$**	**$**	**$**
Within 1 year	**161,756,215**	107,944,730	**156,863,614**	107,030,259
After 1 year but within 5 years	**87,273,948**	117,337,940	**87,273,948**	116,164,907
After 5 years	**-**	3,327,423	**-**	-
Total borrowings	**249,030,163**	228,610,093	**244,137,562**	223,195,166

19. INTEREST-BEARING BORROWINGS (CONT'D)

Effective interest rates and repricing analysis:

	Effective interest rate %	Floating rate $	Fixed rate maturing within 1 year $	1 to 5 years $	after 5 years $	Total $
Group						
2004						
Unsecured short-term bank loans	2.7	58,541,982	15,000,000	-	-	73,541,982
Unsecured SPRING loans (fixed rate)	2.8	-	38,214,369	12,898,064	-	51,112,433
Unsecured long-term bank loans						
- fixed rate	2.9	-	-	5,000,000	-	5,000,000
- floating rate	2.7	19,515,200	-	-	-	19,515,200
- floating and variable rate notes	2.1	99,860,548	-	-	-	99,860,548
		177,917,730	53,214,369	17,898,064	-	249,030,163
2003						
Unsecured short-term bank loans	2.0	59,454,120	-	-	-	59,454,120
Unsecured SPRING loans (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/ floating rate loans	1.8	114,760,274	-	-	-	114,760,274
		174,214,394	33,490,610	17,577,666	3,327,423	228,610,093

19. 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 $
Company						
2004						
Unsecured short-term bank loans	2.7	53,785,976	15,000,000	-	-	68,785,976
Unsecured SPRING loans (fixed rate)	2.8	-	38,077,774	12,898,064	-	50,975,838
Unsecured long-term bank loans						
- fixed rate	2.9	-	-	5,000,000	-	5,000,000
- floating rate	2.7	19,515,200	-	-	-	19,515,200
- floating and variable rate notes	2.1	99,860,548	-	-	-	99,860,548
		173,161,724	53,077,774	17,898,064	-	244,137,562
2003						
Unsecured short-term bank loans	2.0	59,454,120	-	-	-	59,454,120
Unsecured SPRING loans (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 /floating rate loans	1.8	114,760,274	-	-	-	114,760,274
		174,214,394	32,576,139	16,404,633	-	223,195,166

20. PROVISION FOR UNEXPIRED RISKS

	Group 2004 $	Group 2003 $
At 1 January	**12,722,000**	12,815,436
Decrease in provision for unexpired risks	**(5,372,000)**	(93,436)
At 31 December	**7,350,000**	12,722,000
Gross unearned premium	**14,143,498**	26,514,150
Reinsurers' share of unearned premium	**(6,793,498)**	(13,792,150)
	7,350,000	12,722,000

21. CLAIMS EXPENSE AND PROVISION FOR INSURANCE CLAIMS

	Group 2004 $	Group 2003 $
At 1 January	**2,868,000**	3,161,000
Claims paid during the financial year	**(4,889,077)**	(638,604)
Claims incurred during the financial year	**9,154,077**	345,604
At 31 December	**7,133,000**	2,868,000
Gross outstanding claims	**8,391,765**	4,118,683
Reinsurers' share of outstanding claims	**(1,258,765)**	(1,250,683)
At 31 December	**7,133,000**	2,868,000

22. FACTORING RECEIVABLES

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Factoring receivables	**194,165,973**	140,200,197	**194,165,973**	140,165,039
Less :				
Factoring amounts owing to clients	**(55,481,499)**	(52,803,090)	**(55,481,499)**	(52,803,090)
	138,684,474	87,397,107	**138,684,474**	87,361,949
Allowance for doubtful receivables	**(5,646,404)**	(4,371,422)	**(5,646,404)**	(4,336,264)
	133,038,070	83,025,685	**133,038,070**	83,025,685

The weighted average interest rates of factoring receivables net of factoring amounts owing to clients of $26,433,259 (2003: $21,745,387) and allowance for doubtful receivables 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 $
Group and Company						
2004						
Factoring receivables net of factoring amounts owing to clients						
- fixed rate	5.1	-	27,026,750	-	-	27,026,750
- variable rate	5.4	79,578,061	-	-	-	79,578,061
		79,578,061	27,026,750	-	-	106,604,811

22. 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 $
Group and 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	37,764,719	-	-	-	37,764,719
		37,764,719	23,515,579	-	-	61,280,298

23. OTHER RECEIVABLES AND PREPAYMENTS

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Prepayments	**273,955**	417,556	**192,503**	310,300
Deposits:				
- Own deposits	**12,602**	13,350	**10,910**	11,510
- Deposits held on behalf of clients	**279,741**	283,523	**279,741**	283,523
- Deposits lodged with Monetary Authority of Singapore	**500,000**	500,000	**-**	-
- Retention sum	**534,629**	-	**534,629**	-
Accrued interest receivable	**175,297**	46,663	**49,812**	35,124
Staff loans (note 9)	**42,240**	158,242	**42,240**	156,563
Other receivables, net	**77,454**	168,511	**75,641**	142,927
	1,895,918	1,587,845	**1,185,476**	939,947

Other receivables comprise of :

	Group 2004 $	Group 2003 $	Company 2004 $	Company 2003 $
Gross receivables	**566,004**	690,224	**472,993**	472,734
Allowance for doubtful receivables	**(488,550)**	(521,713)	**(397,352)**	(329,807)
Other receivables, net	**77,454**	168,511	**75,641**	142,927

The deposit with Monetary Authority of Singapore (MAS) consists of a fixed deposit lodged with the MAS under the Insurance Act, Chapter 142.

24. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2004	2003	2004	2003
	$	$	$	$
Accrued operating expenses	**6,579,772**	3,026,830	**5,812,355**	2,475,716
Deferred income	**175,792**	133,204	**175,792**	133,204
Clients' security deposits	**282,741**	297,023	**279,741**	283,523
Payments received in advance	**-**	1,386	**-**	1,386
Accrued interest payable	**1,067,873**	379,376	**990,565**	379,376
	8,106,178	3,837,819	**7,258,453**	3,273,205

25. SHARE CAPITAL

	Company	
	2004	2003
	$	$
Authorised: 500,000,000 (2003: 500,000,000) ordinary shares of $0.50 each	**250,000,000**	250,000,000

	2004		2003	
	Number of shares	$	Number of shares	$
Issued and fully paid : ordinary shares of $0.50 each				
At beginning of the year	**102,981,136**	**51,490,568**	102,981,136	51,490,568
Issue of shares	**316,000**	**158,000**	-	-
At end of the year	**103,297,136**	**51,648,568**	102,981,136	51,490,568

Pursuant to the Employee Share Option Scheme ("ESO"), an additional 316,000 (2003: Nil) ordinary shares of $0.50 each were issued fully paid at par for cash during the year. The additional ordinary shares issued rank pari passu in all respects with the existing ordinary shares.

26. EQUITY COMPENSATION BENEFITS

IFS Employees Share Option Scheme 1994 ("1994 Scheme")

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

IFS (2000) Share Option Scheme ("2000 Scheme")

2000 Scheme succeeded the 1994 Scheme. Under the 2000 Scheme, 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.

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)
Gabriel Teo Chen Thye	
Lim Jit Poh	
Lim How Teck	(appointed on 26 February 2004)
Lua Cheng Eng (Chairman)	(resigned on 26 February 2004)
John Lim Cheng Ghim	(resigned on 26 February 2004)

26. EQUITY COMPENSATION BENEFITS (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:-

Date of Grant of Option	Options outstanding As at 1.1.04	Options Granted	Options Exercised	Options Cancelled/ Lapsed	Balance As at 31.12.04	Options Exercisable As at 1.1.04	Options Exercisable As at 31.12.04	Exercise Price	Proceeds on exercise of options during the year credited to share capital	Market Price of shares at Exercise Date of option	Exercise Dates for options exercised during the year	Exercise Period
1994 Scheme												
23/04/99	114,120	-	-	(114,120)	-	114,120	-	$0.59	-	-	-	24/04/00-22/04/04
05/10/99	296,120	-	-	(296,120)	-	296,120	-	$0.91	-	-	-	06/10/00-04/10/04
	410,240	-	-	(410,240)	-	410,240	-		-			
2000 Scheme												
07/11/00	60,000	-	(60,000)	-	-	60,000	-	$0.50	$30,000	$0.555	08/11/04	08/11/01-06/12/05
07/11/00	396,900	-	(128,000)	(145,000)	123,900	396,900	123,900	$0.50	$64,000	$0.535-$0.575	18/10/04-22/11/04	08/11/01-06/12/10
11/05/01	60,000	-	-	-	60,000	60,000	60,000	$0.50	-	-	-	12/05/02-10/05/06
11/05/01	397,000	-	(128,000)	(146,400)	122,600	397,000	122,600	$0.50	$64,000	$0.535-$0.575	18/10/04-22/11/04	12/05/02-10/05/11
	913,900	-	(316,000)	(291,400)	306,500	913,900	306,500		$158,000			

27. RESERVES

	Group		Company	
	2004	2003	2004	2003
	$	$	$	$
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 (Note 6)	**(44,715)**	(332,044)	**-**	-
	26,670,287	26,382,958	**25,928,029**	25,928,029
Accumulated profits	**17,469,424**	10,392,185	**9,529,993**	1,696,943
	44,139,711	36,775,143	**35,458,022**	27,624,972

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 associates.

Currency Translation Reserve

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

Dividends

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

	2004	2003
	$	$
First and final dividend proposed of 3.5 cents (2003: 1.25 cents) per share less tax at 20%	**2,892,320**	1,029,811

28. INTEREST INCOME

	Group	
	2004 $	2003 $
Interest income from:		
Associates	**104,947**	199,188
Third parties	**15,903,591**	17,076,807
	16,008,538	17,275,995

Included in interest income from loans and advances is an amount of $360,473 (2003: $645,662) earned from a company in which the Group has a 10% (2003: 10%) equity interest.

29. INTEREST EXPENSE

	Group	
	2004 $	2003 $
Affiliated companies	**-**	31,273
Third parties	**5,061,334**	5,202,506
	5,061,334	5,233,779

30. UNDERWRITING INCOME AND EXPENSES

	Group 2004 $	Group 2003 $
Revenue		
Gross premium earned	**17,223,378**	1,069,330
Premium ceded to reinsurers	**(8,387,231)**	(798,580)
Net earned premiums	**8,836,147**	270,750
Commission income	**814,246**	142,402
Investment income	**591,546**	(12,655)
Other income	**1,904,575**	761,288
Total revenue	**12,146,514**	1,161,785
Expenses		
Gross claims incurred	**(9,154,077)**	(345,604)
Claims recovered and reinsurers' share of claims	**3,738,780**	356,062
Net claims incurred	**(5,415,297)**	10,458
Commission expenses	**(490,321)**	(14,776)
Distribution expenses	**(317,059)**	(25,625)
Administrative expenses	**(2,958,265)**	(340,274)
Finance costs	**-**	(10,320)
Total losses and expenses	**(9,180,942)**	(380,537)
Net underwriting income for the year	**2,965,572**	781,248

The underwriting income and expenses reflect the credit insurance, bonds and guarantee businesses of the insurance subsidiary, ECICS Limited, that are consolidated in the Group's profit and loss account. All intragroup transactions relating to credit premium income and expenses are eliminated on consolidation.

31. FEES AND COMMISSION INCOME

	Group 2004 $	Group 2003 $
Fees income	**6,017,108**	4,991,661
Underwriting commission income	**814,246**	142,402
	6,831,354	5,134,063

32. INVESTMENT INCOME

	Group 2004 $	Group 2003 $
Dividend income	**205,548**	-
Gain on disposal of equities and unit trusts	**1,372,009**	106,876
Gain on sale of investments	**63,737**	-
Investment income - bonds	**212,728**	-
Interest income - fixed deposits	**115,057**	86,696
Amortisation of debt securities	**(62,688)**	-
Fees paid to fund manager	**(94,000)**	-
	1,812,391	193,572

33. OTHER INCOME

	Group 2004 $	Group 2003 $
Amortisation of negative goodwill arising from acquisition of the insurance business	**1,706,852**	142,238
Profit relating to insurance business for the period 1 February 2003 to 30 November 2003	**-**	596,021
Management fees received	**137,648**	21,976
Gain on disposal of property, plant and equipment	**5,413**	3,656
Interest	**2,149**	-
Rental income	**-**	122,849
Exchange gain (net)	**-**	189,223
Recoveries - loans & advances	**140,013**	669,547
Write back of unquoted equity investments previously written off	**78,356**	-
Others	**289,478**	228,178
	2,359,909	1,973,688

The subsidiary, ECICS Limited, is entitled to the profits derived from the insurance business of the Transferors, for the period from 1 February 2003 to 30 November 2003, as part of the Acquisition Agreement.

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

	Group	
	2004 $	2003 $
Allowances made for doubtful receivables:		
Loans, advances and hire purchase receivables	**1,500,788**	4,667,540
Factoring receivables	**1,790,573**	823,127
Non-trade receivables	**323,216**	222,228
	3,614,577	5,712,895
Allowances made/(reversed) for diminution in value of investments:		
Quoted equities	**(54,317)**	(382,295)
Unquoted equities	**358,228**	1,291,337
Club membership rights	**-**	201,998
	303,911	1,111,040
	3,918,488	6,823,935

35. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

The following items have been included in arriving at profit from ordinary activities before taxation:

	Group	
	2004 $	2003 $
After charging:		
Amortisation:		
- Intangible assets (Note 4)	**280,925**	234,086
Depreciation of property, plant and equipment (Note 3)	**780,545**	578,843
Impairment loss on property, plant and equipment (Note 3)	**90,610**	43,357
Loss on disposal of other assets	**3,502**	-
Exchange loss (net)	**177,566**	-
Audit fees:		
- Auditors of the Company	**138,000**	140,000
Non-audit fees:		
- Auditors of the Company	**32,500**	93,000
Directors' fees	**155,682**	179,635
Fees paid to corporations in which the directors have interests	**424,863**	90,000
Staff costs	**6,268,055**	5,328,367
Contributions to defined contribution plans (included in staff costs)	**540,999**	532,219
Bad debts written off (trade)	**2,189**	47,462
Restructuring costs*	**1,200,911**	-

35. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION (CONT'D)

	Group 2004 $	Group 2003 $
And crediting:		
Dividend income from investment	**205,548**	-
Exchange gain (net)	**-**	189,223
Gain on disposal of investments:		
- Quoted equity investments	**755,747**	76,456
- Unquoted equity investments	**357,486**	30,420
- Equity investments & unit trusts	**260,528**	-
- Other investments	**65,488**	-
- Associates	**921,674**	-
Amortisation of negative goodwill (Note 4)	**1,706,852**	142,238
Provisions for:		
- Unexpired risks	**5,372,000**	93,436
- Insurance claims	**(4,265,000)**	293,000

*Restructuring costs mainly relate to retrenchment benefits and ex-gratia payments made during the year.

The number of employees as at 31 December 2004 for the Group was 86 (2003: 96) and the Company was 60 (2003: 71).

36. INCOME TAX EXPENSE

	Group 2004 $	Group 2003 $
Current tax		
Current year	**2,578,726**	2,072,310
Over provision in respect of prior years	**-**	(902,188)
	2,578,726	1,170,122
Deferred tax		
Movements in temporary differences	**(1,491,518)**	(1,186,270)
Share of taxation of associates:		
- Current year	**359,985**	439,613
- Over provision in respect of prior years	**-**	(3,311)
Income tax expense	**1,447,193**	420,154

36. INCOME TAX EXPENSE (CONT'D)

	Group	
	2004 $	2003 $
Reconciliation of effective tax rate		
Profit before tax	**9,554,243**	5,096,836
Income tax using Singapore tax rates of 20% (2003: 22%)	**1,910,849**	1,121,304
Income subject to concessionary rate at 10%	**(57,170)**	(1,656)
Effect of different tax rates	**137,712**	89,883
Expenses not deductible for tax purposes	**978,922**	346,247
Reversal of temporary differences	**(795,104)**	260,727
Tax exempt revenues	**(43,322)**	(133,959)
Income not subject to tax	**(717,325)**	(59,663)
Overprovision in prior years	**-**	(905,499)
Unrecognised movements in deferred tax	**(52,898)**	(292,626)
Utilisation of previously unrecognised losses	**85,529**	(5,311)
Others	**-**	707
	1,447,193	420,154

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 20% (2003: 22%).

37. EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2004	2003
Basic earnings per share is based on:		
Net profit for the year	**$8,107,050**	$4,676,682

	No. of shares	No. of shares
Weighted average number of shares outstanding during the year	**102,981,136**	102,981,136
Weighted average number of shares issued under share option granted	**48,283**	-
	103,029,419	102,981,136

37. EARNING PER SHARE (CONT'D)

(b) **Diluted earnings per share**

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

	2004	2003
	No. of shares	No. of shares
Weighted average number of shares issued, used in the calculation of basic earnings per share	**103,029,419**	102,981,136
Weighted average number of unissued shares under share options	**645,419**	-
Number of shares that would have been issued at average fair value	**(620,596)**	-
Weighted average number of shares (diluted)	**103,054,242**	102,981,136

38. COMMITMENTS

(a) A subsidiary has an outstanding investment commitment of US$104,332 (approximately S$171,025) [2003: US$181,363 (approximately S$308,480)].

(b) The Company has outstanding banker's guarantees of $6,137,480 (2003: $5,926,120) issued on behalf of customers.

39. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

During the financial year, in addition to the information disclosed elsewhere in the financial statements, there were the following significant transactions between the Company and its related corporations carried out on terms as agreed between the parties in the normal course of business:

39. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D)

	Group	
	2004 $	2003 $
Affiliated Companies		
Management fee expense	**-**	90,000
Professional fee incurred	**15,511**	-
Software development fees incurred	**146,785**	-
Fund management fees incurred	**262,567**	-
Insurance received	**(4,843)**	-
Associates		
Retainer fee income	**76,911**	192,000
Remuneration of key management personnel (included in staff and restructuring costs)	**1,096,632**	582,201

Key management personnel of the Group participate in the IFS Employees Share Option Scheme 1994 and the IFS (2000) Share Option Scheme as described in Note 26. The movement of share options granted to key management personnel is as follows:

	Group	
	2004	2003
Balance at begining of the year	**342,120**	448,130
Options granted	**-**	-
Options exercised	**(60,000)**	-
Options cancelled / lapsed	**(222,120)**	(106,010)
Balance at end of the year	**60,000**	342,120

40. 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.

Credit risk and Underwriting risks

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.

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

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;

- A Credit Risk Management Unit was set up during the year to independently assess the creditworthiness and risk profile of the obligors and formulate credit policies and procedures for the Company;

- The Group 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 Business Development Teams together with the Credit Risk Management Unit;

- 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 29% (2003: 43%) and 26% (2003: 40%) of total loans, advances and receivables of the Group and of the Company respectively.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets. Allowances have been set aside in arriving at such carrying amount. The Company and its subsidiary normally takes collateral to secure the amounts due under credit transactions. The maximum exposure to credit risk will accordingly also be reduced by the value of such collateral.

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 associates in Indonesia and Thailand account for most of its foreign currency risks as both earnings and invested capital are exposed to movements in exchange rates.

41. 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 2004.

Methodologies

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

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

Loans, advances and receivables

The fair values of loans, advances and receivables that reprice within six months of balance sheet date are assumed to equate the carrying values. The fair values of fixed rate loans, advances, hire purchase and factoring receivables were calculated using discounted cash flow models based on the maturity of the loans. The discount rates applied in this exercise were based on the current interest rates of similar types of loans, advances, hire purchase and factoring receivables 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 values 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 values without incurring excessive costs. However, management believes that the carrying amounts recorded at balance sheet date reflect the corresponding fair values.

Derivatives

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

	Notional Principal $	Positive Fair Value $	Negative Fair Value $
Group and Company			
2004			
Derivative financial instruments:			
Interest rate swaps	30,000,000	-	(328,649)
Foreign currency swaps	26,000,000	364,703	-
2003			
Derivative financial instruments:			
Interest rate swaps	30,000,000	-	(280,958)

41. 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 values in the balance sheets date at 31 December 2004 are represented in the following table:

	2004		2003	
	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Group				
Financial Assets				
Loans, advances and receivables	184,302,479	184,436,446	194,118,951	191,913,776
Loans to staff and directors	73,737	70,282	358,067	415,317
Quoted investments	109,990	193,049	493,098	510,756
Investments	27,117,133	27,426,263	-	-
	211,603,339	212,126,040	194,970,116	192,839,849
Financial Liabilities				
Long-term loans (unsecured)	24,515,200	24,219,227	135,665,363	134,929,747
Net	187,088,139	187,906,813	59,304,753	57,910,102
Unrecognised gain/(loss)		818,674		(1,394,651)
Company				
Financial Assets				
Loans, advances and receivables	168,652,822	168,736,197	164,627,110	163,178,129
Quoted investments	-	-	307,863	307,863
Loan to staff and directors	73,737	70,282	356,388	413,764
	168,726,559	168,806,479	165,291,361	163,899,756
Financial Liabilities				
Long-term loans (unsecured)	24,515,200	24,219,227	131,164,907	130,429,291
Net	144,211,359	144,587,252	34,126,454	33,470,465
Unrecognised gain/(loss)		375,893		(655,989)

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

42. SEGMENT REPORTING

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.

(A) Business Segments

The Group comprises the following main business segments:

Financing	:	Financing business focuses on providing services to corporate clients, mainly the small and medium enterprises. The service provided include factoring / accounts receivable financing, trade financing, mortgage financing, working capital, syndicated loans, hire purchase, financing under the Singapore government's Local Enterprise Finance Scheme and Enterprise Development Fund.
Insurance	:	The provision of credit insurance facilities to Singapore exporters and the issue of performance bonds and securities.
Venture Capital	:	The acquisition, holding and disposal of equity interests in private companies.
Investment and others	:	The long-term investments in overseas joint ventures and financial instruments.

(B) Geographical Segments

Financing, Insurance, Venture Capital and Investment segments are managed and operated in five principal geographical areas (2003:four). Singapore and Europe are the major markets for factoring, financing and underwriting activities. Australia, United States, and Asia (other than Singapore) are the major markets for venture capital and investment activities.

42. SEGMENT REPORTING (CONT'D)

(A) Business Segments

	Financing $	Insurance $	Venture Capital $	Investment and Others $	Total $
2004					
Operating Income and Expenses					
Total operating income	21,945,664	10,265,938	444,599	832,229	33,488,430
Segment results	5,670,475	2,736,423	14,496	754,230	9,175,624
Share of results of associates	509,217	-	127,273	21,366	657,856
Gain on disposal of associates					921,674
Restructuring costs					(1,200,911)
Profit before taxation					9,554,243
Taxation					(1,447,193)
Net profit for the year					8,107,050
Assets and Liabilities					
Segment assets	343,118,686	61,526,094	2,943,901	25,521	407,614,202
Interest in associates	4,917,200	-	2,939,505	-	7,856,705
Unallocated assets					(67,415)
Total assets					415,403,492
Segment liabilities	282,552,102	27,883,819	-	-	310,435,921
Unallocated liabilities					9,179,292
Total liabilities					319,615,213
Other Information					
Capital expenditure	169,765	224,095	-	-	393,860
Depreciation, amortisation and impairment loss	972,520	179,560	-	-	1,152,080

42. SEGMENT REPORTING (CONT'D)

	Financing $	Insurance $	Venture Capital $	Investment and Others $	Total $
2003					
Operating Income and Expenses					
Total operating income	22,068,506	431,403	76,587	297,884	22,874,380
Segment results	3,173,539	781,248	(1,372,964)	379,401	2,961,224
Share of results of associates	1,569,922	-	477,654	88,036	2,135,612
Profit before taxation					5,096,836
Taxation					(420,154)
Net profit for the year					4,676,682
Assets and Liabilities					
Segment assets	304,237,502	55,221,735	2,747,620	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	256,063,390	28,960,290	-	-	285,023,680
Unallocated liabilities					8,671,923
Total liabilities					293,695,603
Other Information					
Capital expenditure	291,980	376,114	-	-	668,094
Depreciation and amortisation	804,283	8,646	-	-	812,929

42. SEGMENT REPORTING (CONT'D)

(B) Geographical Segments

	Singapore $	Asia other than Singapore $	Australia $	Europe $	US & Others $	Total $
2004						
Total operating income	30,724,505	1,888,403	458,816	376,945	39,761	33,488,430
Segment assets	351,217,750	17,589,352	15,486	38,009,027	715,172	407,546,787
Interest in associates	2,939,505	4,917,200	-	-	-	7,856,705
Total assets	354,157,255	22,506,552	15,486	38,009,027	715,172	415,403,492
Capital expenditure	393,860	-	-	-	-	393,860
2003						
Total operating income	22,409,834	445,776	18,770	-	-	22,874,380
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

In presenting information on the basis of geographical segments, total operating income is based on the geographical location of customers.

Total operating income comprises interest income, net earned premiums, fee and commission income and investment income.

Segment assets are based on the geographical location of the assets.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

43. COMPARATIVE INFORMATION

The presentation of the consolidated profit and loss account has been changed to present on a gross basis, the gross earned premiums and premiums ceded to reinsurers during the financial year. In 2003, only the net underwriting income of the acquired credit insurance, bonds and guarantee business of $781,248 was disclosed in the consolidated profit and loss account for the year ended 31 December 2003. In 2004, the components of the net underwriting income have been disclosed to show more clearly the gross underwriting income and expenses of the credit insurance, bonds and guarantee business. In addition, deposits held on behalf of clients have been presented as other receivables instead of cash and cash equivalents in the current financial year to better reflect the nature of such deposits. The comparative figures have been reclassified to conform with the current year's presentation.

ADDITIONAL INFORMATION

31 Dec 2004

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)	
	2004	**2003**
	$	**$**
Name of interested person		
Management services		
EH Group Ltd	142,500	-
Credit facility and credit insurance		
EH Group Ltd	-	293,775
Consideration on acquisition of credit insurance and guarantee businesses		
EH Group Ltd	-	100,000
	142,500	393,775
Management and professional services		
CyberQuote Pte Ltd	486,265	-
ECICS Management Pte Ltd	168,567	-
	654,832	-

2) **MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST**

The outstanding loan to Mr Choo Boon Tiong, a director, amounting to $144,500 as at 31 December 2003 was fully repaid on 27 April 2004. Saved as disclosed herein and in the Directors' Report, there were no material contracts entered into by the Group involving the interests of the directors.

SHAREHOLDING STATISTICS

As at 11 March 2005

SHAREHOLDERS' INFORMATION

Authorised Share Capital	:	500,000,000 ordinary shares of S$0.50 each
Issued and Fully Paid	:	103,297,136 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	9	0.24	3,220	0.00
1,000 - 10,000	3,290	89.19	10,378,000	10.05
10,001 - 1,000,000	383	10.38	16,022,892	15.51
1,000,001 and above	7	0.19	76,893,024	74.44
	3,689	100.00	103,297,136	100.00

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholder	Number of Shares Held	%
1	Phillip Securities Pte Ltd	42,405,496	41.05
2	EH Group Ltd (formerly known as ECICS Holdings Ltd)	9,564,376	9.26
3	United Overseas Bank Nominees Pte Ltd	7,301,000	7.07
4	SMRT Road Holdings Ltd (formerly known as TIBS Holdings Ltd)	7,100,078	6.87
5	DBS Nominees Pte Ltd	6,327,000	6.13
6	OCBC Nominees Singapore Pte Ltd	2,901,000	2.81
7	Overseas Union Bank Nominees Pte Ltd	1,294,074	1.25
8	Hong Leong Finance Nominees Pte Ltd	719,000	0.70
9	Lua Cheng Eng	410,000	0.40
10	Tan Li Cheng Nee Lee	408,000	0.39
11	Libra Enterprises and Engineering Pte Ltd	400,000	0.39
12	Citibank Nominees Singapore Pte Ltd	312,000	0.30
13	Ho Seong Peng	302,000	0.29
14	Lai Weng Kay	281,000	0.27
15	Polywell Enterprise Sdn Bhd	245,000	0.24
16	Naganatha Pillay	237,000	0.23
17	Goh Chia Lam or Teng Siew Yeok	224,000	0.22
18	Oh Aye Lip	222,000	0.21
19	SMA Services Pte Ltd	209,672	0.20
20	UOB Kay Hian Pte Ltd	197,000	0.19
		81,059,696	78.47

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 11 March 2005

	Number of Shares			
Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%**
Phillip Assets Pte. Ltd.	41,006,496 [(1)]	-	41,006,496	39.70
Lim Hua Min	-	41,006,496[(2)]	41,006,496	39.70
Temasek Holdings (Private) Limited	-	16,664,454[(3)]	16,664,454	16.13
EH Group Ltd	9,564,376	-	9,564,376	9.26
SMRT Road Holdings Ltd	7,100,078	-	7,100,078	6.87

Notes:

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

(2) Mr Lim Hua Min is deemed to have an interest in the 41,006,496 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**
EH Group Ltd	9,564,376
SMRT Road Holdings Ltd	7,100,078
	16,664,454

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 11 March 2005, 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.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth Annual General Meeting of International Factors (Singapore) Ltd will be held in the IFS Boardroom at 7 Temasek Boulevard #10-01 Suntec Tower One Singapore 038987 on Tuesday 26 April 2005 at 2.00 p.m. for the following purposes:-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2004 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of a first and final ordinary dividend of 3.50 cents per share less income tax of 20% as recommended by the Directors for the financial year ended 31 December 2004. **(Resolution 2)**

3. To approve the Directors' fees of S$155,682 (2003:S$179,635) for the financial year ended 31 December 2004. **(Resolution 3)**

4. To re-elect the following Directors retiring in accordance with Article 91 of the Company's Articles of Association:-
   (i) Mr Lim How Teck **(Resolution 4)**
   (ii) Mr Lim Jit Poh **(Resolution 5)**
   (iii) Mr Kwah Thiam Hock **(Resolution 6)**

5. To re-appoint Messrs KPMG as Auditors and authorise the Directors to fix their remuneration. **(Resolution 7)**

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolutions 8 and 9 which will be proposed as Ordinary Resolutions:-

6. That authority be and is hereby given to the Directors to:-

   (a) (i) issue shares in the capital of the Company ("shares") (whether by way of rights, bonus or otherwise); and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:-

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:-

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. **(Resolution 8)**

7. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the "International Factors (Singapore) Ltd (2000) Share Option Scheme" approved by the Company on 24 May 2000 (the "2000 Scheme") and to offer and grant awards in accordance with the provisions of the "International Factors (Singapore) Ltd Performance Share Plan" approved by the Company on 24 May 2000 (the "Performance Share Plan") and to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted or to be granted under the 2000 Scheme and the vesting of awards granted or to be granted under the Performance Share Plan, provided that the aggregate number of shares to be issued pursuant to the 2000 Scheme and the Performance Share Plan shall not exceed fifteen per cent (15%) of the total issued share capital of the Company for the time being. **(Resolution 9)**

OTHER BUSINESS

8. To transact any other business that may be transacted at an Annual General Meeting.

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and the Register of Members of the Company will be closed from 4 May 2005 to 5 May 2005, both dates inclusive, for the purpose of determining shareholders' entitlements to the proposed first and final ordinary dividend for the year ended 31 December 2004.

Duly completed registrable transfers received by the Company's Registrar, M & C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to the close of business at 5.00 p.m. on 3 May 2005 will be registered before entitlements to the proposed dividend are determined. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 3 May 2005 will be entitled to the proposed dividend.

The proposed dividend, if approved at the Annual General Meeting, will be paid on 13 May 2005.

By Order of the Board

Chionh Yi Chian
Company Secretary
International Factors (Singapore) Ltd
Singapore, 8 April 2005

Note:

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

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

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

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

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

3. **Notes to Resolution 8:-**

   Resolution 8 is to empower the Directors from the date of this Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held, whichever is the earlier, to issue shares in the Company and to make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including the creation and issue of warrants, debentures or other instruments convertible into shares, and to issue shares in pursuance of such Instruments. The aggregate number of shares to be issued pursuant to such authority including shares to be issued in pursuance of Instruments made or granted pursuance thereto, shall not exceed fifty per centum (50%) of the issued capital of the Company, of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders shall not exceed twenty per centum (20%) of the issued capital of the Company.

   For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued capital is based on the Company's issued capital at the time this Resolution No. 8 is passed after adjusting for (a) new shares arising upon the conversion or exercise of convertible securities or share options or the vesting of share awards outstanding or subsisting at the time when this Resolution No. 8 is passed; and (b) any subsequent consolidation or subdivision of shares.

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

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

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PROXY FORM
International Factors (Singapore) Ltd

(Incorporated in the Republic of Singapore)
Company Registration No. 198700827C

IMPORTANT

1. For investors who have used their CPF monies to buy shares in the capital of International Factors (Singapore) Ltd, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

18TH ANNUAL GENERAL MEETING

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

of ____________________

being a member/members of **INTERNATIONAL FACTORS (SINGAPORE) LTD** (the "Company"), hereby appoint:-

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)	
			NO. OF SHARES	%

and/or (delete as appropriate)

NAME	ADDRESS	NRIC/PASSPORT NUMBER	PROPORTION OF SHAREHOLDINGS (%)	
			NO. OF SHARES	%

as my/our proxy/proxies to attend and vote for me/us on my/our behalf, and if necessary to demand a poll, at the Eighteenth Annual General Meeting of the Company to be held in the IFS Boardroom at 7 Temasek Boulevard #10-01 Suntec Tower One Singapore 038987 on Tuesday 26 April 2005 at 2.00 p.m. and at any adjournment thereof. The proxy is to vote for or against the Resolutions before the Meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting.

Resolutions	For	Against
Ordinary Business		
1 Adoption of Directors' Report, Audited Accounts and Auditors' Report		
2 Payment of a First and Final Ordinary Dividend		
3 Approval of Directors' Fees amounting to S$155,682		
4 Re-election of Director: Mr Lim How Teck (under Article 91)		
5 Re-election of Director: Mr Lim Jit Poh (under Article 91)		
6 Re-election of Director: Mr Kwah Thiam Hock (under Article 91)		
7 Re-appointment of KPMG as Auditors		
Special Business		
8 Ordinary Resolution: Authorise Directors to Issue Shares and Instruments Convertible into Shares		
9 Ordinary Resolution: Authorise Directors to Grant Options and Awards and to Issue Shares Pursuant to the International Factors (Singapore) Ltd (2000) Share Option Scheme and the International Factors (Singapore) Ltd Performance Share Plan.		

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

Dated this ____________ day of ____________ 2005

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

____

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

Notes:-

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

2 A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

4 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act Chapter 50.

5 The instrument appointing a proxy or proxies, duly completed, must be deposited at the registered office of the Company at 7 Temasek Boulevard #10-01 Suntec Tower One Singapore 038987 (Attention : The Company Secretary) not less than 48 hours before the time appointed for the Annual General Meeting.

6 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.

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AFFIX
POSTAGE
STAMP

THE COMPANY SECRETARY
INTERNATIONAL FACTORS (SINGAPORE) LTD

7 TEMASEK BOULEVARD
#10-01 SUNTEC TOWER ONE
SINGAPORE 038987

2nd fold here

Fold along this line and glue overleaf

International Factors (Singapore) Ltd

Reg No. 198700827C

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