IFS CAPITAL LIMITED

IFS CAPITAL LIMITED

ANNUAL REPORT 2009

Annual Report 2009

RISING ABOVE

BUILDING UPON SOLID FOUNDATIONS

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IFS Capital Limited ("IFS") is an established financial institution involved in commercial and structured finance, private equity investments as well as credit insurance and guarantees. Incorporated in Singapore in 1987, the company was listed on the Mainboard of the Singapore Exchange in July 1993. IFS also has operations in Malaysia, Indonesia and Thailand.

MISSION STATEMENT

To be an innovative regional financial solutions provider for our clients, committed to service excellence and creating value for shareholders, management and staff.

Our strong capital and liquidity position will enable us to take advantage of opportunities as they arise. We will increase our scale of business in the regional markets we operate in. In Singapore there are improving signs.

Despite challenging market conditions we continued our profitability last year. Net profit before tax rose marginally to $7.9 million. Our net profit after tax and minority interests was corresponding lower at $6.5 million due to a net tax expense of $1.4 million, unlike the previous year which was a net tax credit position of $158,000.

This performance is commendable given the continuing uncertainties last year. On hindsight we could have been more aggressive given the recoveries we have witnessed. The resilience and strengths of the group have enabled us to ride through this uncertain period.

We are declaring a first and final dividend of 1.5 cents per share and proposing a one for ten bonus share issue to express our appreciation to and reward shareholders for their loyalty to and continuing support for the Company.

REVIEW OF 2009 PERFORMANCE

Our 2009 performance was exceptional in several instances.

- We generated significant cash flows from operating activities of $95.2 million. Our leverage and gearing ratios improved significantly to 1.7 times and 1.4 times respectively (as compared to the previous year of 2.0 times and 1.7 times respectively). Excluding the consolidation of the Thailand subsidiaries' liabilities, the leverage and gearing ratios would be lower to 1.2 times and 0.9 times respectively. We are in a strong capital position with significant liquid resources. This affords us capabilities for expansion.

- Our net interest margins rose to a historical high of 5.4% as compared to 3.5% the previous year. Towards the end of 2008, we increased our charged out rates and we have enjoyed a full year's benefit of higher margins. While loan assets have fallen, the higher margins compensate the drop in volumes. Realistically we expect margins to come under pressure as market conditions improve.

- Our costs continued to come down if we exclude the consolidated effects of our Thailand operations which became subsidiaries of the Group in April 2009. Operating expenses declined 14% or $2.1 million to $13.1 million as a result of tight cost control measures adopted earlier in 2008.

Our regional subsidiaries performed well last year.

Thailand continued its strong performance despite the drop in business volumes due to the global financial crisis. Thailand was consolidated as subsidiaries from the second quarter last year and we benefited from these nine months' consolidation.

Indonesia performed better than 2008 and we reported a profit of $0.9 million last year as compared to $268,000 the previous year.

Our Malaysian operations reported a loss due to the small scale of operations there. Overall business conditions in Malaysia continue to remain good and we intend to increase the scale of our operations there.

Our insurance subsidiary, ECICS, continued to maintain its performance. Net earned premium revenue increased 53% from $3.8 million to $5.8 million in 2009. This was due to a net reversal of unearned premium to earned premium

income arising from lower expected loss ratios adopted by the actuary. During the global financial crisis, higher provisions were set aside for contingencies which were higher than the actual historical experience. With signs of the global financial crisis abating, projected loss ratios have reverted back to a normal historical model.

PERFORMANCE BENCHMARKING

The Group's earnings per share was 4.8 cents versus 5.9 cents on an adjusted basis the previous year.

Net asset value per share for the Group stood at 93 cents as compared to 88.5 cents after adjustment.

Our cost-to-income ratio on a consolidated group basis improved to 52.4% as compared to 55.6% in 2008.

FINANCIAL MARKETS POST GLOBAL FINANCIAL CRISIS

Markets have recovered strongly worldwide and the markets we operate in seem to be less impacted than in Europe and the US. While we are optimistic that this would continue, we would maintain our conservative stance.

Our strong capital and liquidity position will enable us to take advantage of opportunities as they arise. We will increase our scale of business in the regional markets we operate in. In Singapore there are improving signs. Prior to the global financial crisis, markets in Singapore were overly competitive which led to an unhealthy drop in margins. We have managed to increase our margins and with our cost containment strategy, we hope to maintain our profitability and growth in future years. However we should caution that our high net margins of 5.4% could be unprecedented. We are adopting a growth strategy and would naturally expect some erosions as markets improve.

On behalf of the Board and management, I would like to thank once again all staff, clients and associates who have helped to build up IFS.

Lim Hua Min
Chairman
2 March 2010

CORPORATE INFORMATION

BOARD OF DIRECTORS
Lim Hua Min
Chairman
Gabriel Teo Chen Thye
Lim How Teck
Manu Bhaskaran
Kwah Thiam Hock
Lee Soon Kie
Executive Director and Group Chief Executive Officer

AUDIT COMMITTEE
Gabriel Teo Chen Thye
Chairman
Lim How Teck
Manu Bhaskaran

EXECUTIVE RESOURCE AND COMPENSATION COMMITTEE
Lim How Teck
Chairman
Lim Hua Min
Gabriel Teo Chen Thye

MANAGEMENT COMMITTEE
Lee Soon Kie
Chairman
Lim Mui Ling
Chionh Yi Chian
Teoh Chun Mooi
Chua Chye Seng
Lua Too Swee

CREDIT COMMITTEE
Lee Soon Kie
Chairman
Teoh Chun Mooi
Chionh Yi Chian
(Alternate: Ee Sin Soo)
Chua Chye Seng
Phyllis Chiu

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REGISTRAR
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138 Robinson Road #17-00
The Corporate Office
Singapore 068906

COMPANY SECRETARY
Chionh Yi Chian

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

Partner-In-Charge
Jeya Poh Wan Suppiah
(since FY2009)

BOARD OF DIRECTORS

Gabriel Teo Chen Thye

Lim Hua Min

Lim How Teck

LIM HUA MIN

Chairman

Lim Hua Min was appointed Chairman of IFS Capital Limited ("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 ("SES") and the Securities Research Institute. He has served on a number of committees and sub-committees of SES. In 1997, he was appointed Chairman of SES Review Committee, which was responsible for devising a conceptual framework to make Singapore's capital markets more globalised, competitive and robust. For this service, he was awarded the Public Service Medal in 1999 by the Singapore Government. 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.

GABRIEL TEO CHEN THYE

Director

Gabriel Teo has been a Director of IFS since November 1999. Mr Teo runs his own consultancy firm, Gabriel Teo & Associates. Prior to starting his own practice, he spent more than 20 years in the banking industry in the region, holding senior appointments with global institutions. He was Head of Corporate Banking at Citibank, Chief Executive Officer of Chase Manhattan Bank and Regional Managing Director of Bankers Trust. Currently, he also serves on the boards of several other corporates as well as non-profit organisations. Mr Teo holds a Bachelor of Business Administration degree from the National University of Singapore and an MBA in Finance from Cranfield School of Management. He has also attended the Executive Program in Management at Columbia Business School.

LIM HOW TECK

Director

Lim How Teck was appointed a Director of IFS in June 2000. Mr Lim had been with the NOL Group of Companies since 1979, retiring as Executive Director and Group Chief Financial Officer of NOL in June 2005. He is currently Chairman of Certis CISCO Security Pte Ltd and Redwood International Pte Ltd, a consultancy and investment company. He is also Deputy Chairman of Tuas Power Ltd and a director of several other organisations. Mr Lim was awarded the Public Service Medal (Pingat Bakti Masyarakat) National Day Award in 1999, the Service Education Medal (Ministry of Education) in 2000 and 2002 and The Good Service Medal (Singapore Civil Defence Force) in 1996.

Manu Bhaskaran

Kwah Thiam Hock

Lee Soon Kie

MANU BHASKARAN

Director

Manu Bhaskaran is Partner and Head Economic Research at the Centennial Group, a Washington DC-based strategic advisory group. Mr 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 also appointed as Director of IFS' wholly-owned subsidiary, ECICS Limited in May 2007 and also serves on the boards of the Centennial Group and CIMB-GK Pte Ltd. In addition, he is Vice-President of the Economics Society of Singapore and Council Member of the Singapore Institute of International Affairs. Mr 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.

LEE SOON KIE

Executive Director

Lee Soon Kie is the Group Chief Executive Officer of IFS and 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 institutional business involving mergers and acquisitions and debt capital markets business. Before PhillipCapital, Mr Lee held various senior appointments with an international investment banking group – Schroders. Mr Lee holds a Bachelor of Arts Degree from the National University of Singapore and a Master of Science Degree in Computer Science (Distinction) from the University of Wales, Aberystwyth.

KWAH THIAM HOCK

Director

Kwah Thiam Hock was an Executive Director of IFS and Chief Executive Officer/Principal Officer of IFS' wholly-owned subsidiary, ECICS Limited from June 2003 to December 2006. Mr Kwah retired as Executive Director of IFS and ECICS but remain as Non-Executive Director of both IFS and ECICS. In July 2007, Mr Kwah was appointed an Advisor and Principal Officer of ECICS. He stepped down as Principal Officer on 14 September 2009. He is currently an Independent Director of Wilmar International Limited, Select Group Limited, Excelpoint Technology Limited, Swissco International Limited and Teho International Inc Ltd. He is also a member of Singapore Turf Club Management Committee and a member of the Audit Committee of Singapore Totalisation Board. 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 and a Fellow Member of the Association of Chartered Certified Accountants (UK).

MANAGEMENT TEAM

LEE SOON KIE

Group Chief Executive Officer

LIM MUI LING

Group Chief Financial Officer, Finance, Human Resources & Administration

Ms Lim was appointed Group Chief Financial Officer in January 2007 and is responsible for finance, human resources and administrative functions. She was appointed a Director of IFS Capital (Thailand) Public Company Limited in August 2009. She has been with the Group since 1988 and was overseeing the Finance/Accounting Department. Before joining the Group, Ms Lim was an auditor in an international accounting firm for over 5 years. Ms Lim holds a Bachelor of Accountancy from the National University of Singapore. She is also a Member of the Institute of Certified Public Accountants of Singapore.

CHIONH YI CHIAN

Group Chief Risk Officer, Risk Management, Legal, Compliance & Secretariat

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

TEOH CHUN MOOI

General Manager, Operations

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

CHUA CHYE SENG

General Manager, Business Development

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

SERENE LIM GEK LUANG

Assistant General Manager, Business Development – Commercial Finance

Ms Lim was appointed Assistant General Manager overseeing the business development functions for Commercial Finance. She joined IFS in March 2005. She has more than 20 years of working experience in the banking and financial industry. Ms Lim holds a Bachelor of Commerce from the Nanyang University.

PHYLLIS CHIU YIN WAH

Assistant General Manager, Credit Risk Management

Ms Chiu was appointed Assistant General Manager in January 2008 overseeing the Credit Risk Management department. Prior to this, she was heading one of the business development teams. She has been with the Group since 1989. Ms Chiu is a Certified Risk Management Professional conferred by Asian Risk Management Institute. She holds a Bachelor of Arts from the National University of Singapore.

LUA TOO SWEE

Chief Executive Officer and Principal Officer, ECICS Limited

Mr Lua joined ECICS Limited as General Manager, Risk Management in July 2008. He was appointed Chief Executive Officer and Principal Officer in September 2009. He was appointed a member of the Board of Commissioner of PT. IFS Capital Indonesia in April 2009. Mr Lua has more than 20 years of international banking experience in the areas of credit risk evaluation and credit risk management. His extensive credit experience includes 10 years as Head of Credit in Singapore for Germany's WestLB Ag covering the Asia Pacific countries. Prior to joining the Group, he was Chief Credit Officer for the Bank of Maldives. Mr Lua holds a Master of Accountancy from Charles Sturt University, Australia and a Bachelor of Arts from the University of Singapore.

JEAN PHOON YOOK SEEN

General Manager, Operations, ECICS Limited

Ms Phoon was appointed General Manager in July 2008 and is responsible for the subsidiary's insurance operations and claims matters. Ms Phoon has been with the predecessor companies in ECICS Group for close to 30 years and she was involved in business development, underwriting, claims and operations. Ms Phoon holds a Diploma in Business Administration as well as a Diploma in Marketing.

TAN LEY YEN

Chief Executive Officer, IFS Capital (Thailand) Public Company Limited

Mr Tan was appointed Chief Executive Officer in February 2007 of IFS Capital (Thailand) Public Company Limited. He was seconded to the overseas company 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.

DANI FIRMANSJAH

Chief Executive Officer, PT. IFS Capital Indonesia

Mr Firmansjah joined PT. IFS Capital Indonesia in August 2006 as Chief Executive Officer. He has several years of experience in financial industry in Indonesia, primarily in the area of leasing & factoring business. Prior to joining the company, he had held appointments in PT Saseka Gelora Finance and PT BFI Finance Indonesia Tbk. He was appointed Secretary General of the Indonesian Financial Services Association in 2004 and Secretary General of the Asian Leasing & Finance Association in 2006, all based in Jakarta. Mr Firmansjah holds a Master in Management degree from the Asian Institute of Management, Manila, the Philippines, and he was recognized as one of the Outstanding Alumni in 2005.

KATRINA BINTI AB RAHMAN

General Manager, IFS Capital (Malaysia) Sdn. Bhd.

Ms Katrina joined IFS Capital (Malaysia) Sdn. Bhd. in August 2006 as General Manager to set up the Group's new operations in Kuala Lumpur, and is responsible for the running and overall management of the subsidiary. Prior to this, she was working in the banking and financial institutions, and had vast experience in area of credit and business development. For the last 10 years, she served as the General Manager of Affin Factors Sdn Bhd, a subsidiary of Affin Bank Berhad. She holds a Bachelor of Business Administration from Eastern Michigan University, USA.

OTHER KEY EXECUTIVES

IFS

PERLIN ASTRID WONG PUI LENG
Regional Credit Risk Manager
MSSc, BSSc (Hons)
(seconded to PT. IFS Capital Indonesia)

KEN HAN YEH KWONG
Manager, Credit Risk Management
BComm

JANE ANG LEE KEOW
Manager, Operations & Client Relationship
BBC

CHAN YEE SUN
Manager, Loan Operations & Collections
BBA

SIMON CHIA KENG HOONG
Manager, Information Technology
BASc

SOW HWEE SIANG
Manager, Information Technology
BComp, BSc (Hons)

EE SIN SOO
Senior Manager, Legal, Secretariat & Compliance
LLB (Hons), Associate ACIS

ANGELINE NG CHING LOO
Manager, Legal, Secretariat & Compliance
LLB (Hons)

TANG MEI LING
Manager, Internal Audit
CPA, CIA, BComm

ONG PECK LI
Senior Manager, Finance
CPA, FCCA

DAVID TSANG KAI KONG
Manager, Finance
CPA, FCCA

FELICIA LIM SOK PENG
Manager, HR & Admin
GDipPM, BSc (Hons)

ECICS LIMITED

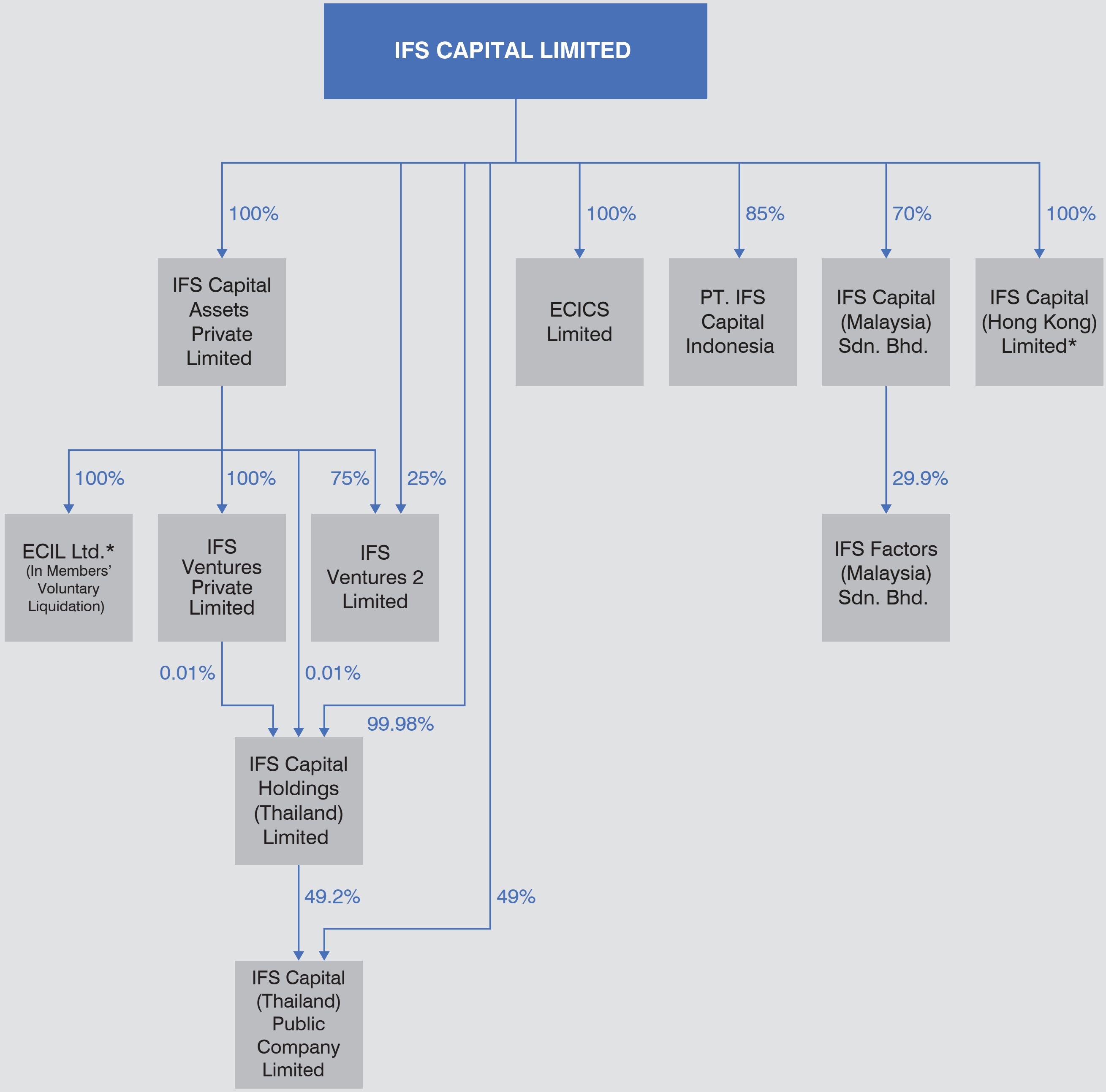
CHEE TENG JOO
Senior Manager, Business Development
LLB (Hons)

GENEVIENE ANN CHENG
Senior Manager, Business Development
BA (Hons)

KEVIN WONG VUI KHONG
Head, Risk Management
BSc

RICHARD ONG BOON CHEOW
Finance Manager
MBA, CPA, FCCA

CORPORATE STRUCTURE

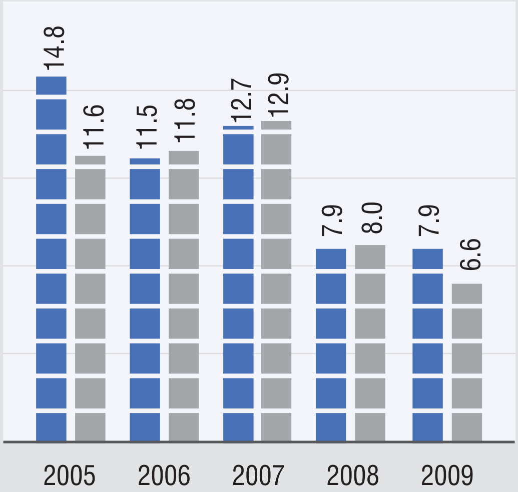


* Dormant/inactive

PERFORMANCE AT A GLANCE

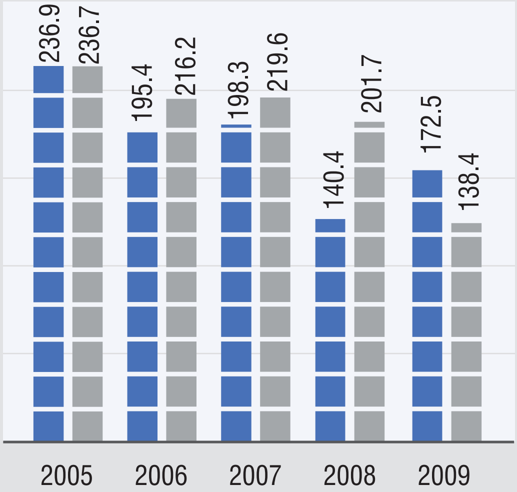
PROFIT & LOSS
(S$ million)

- Profit before tax
- Profit after tax



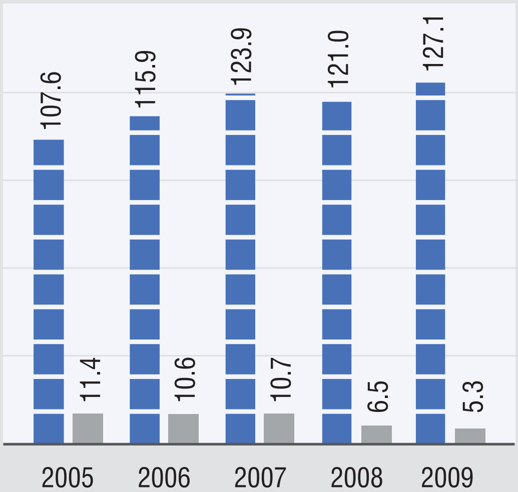
FACTORING RECEIVABLES AND LOANS & ADVANCES
(S$ million)

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

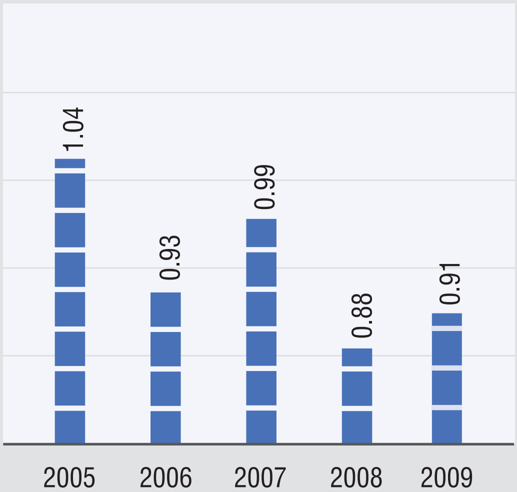


SHAREHOLDERS' FUNDS *(S$ million)*
RETURN ON AVERAGE SHAREHOLDERS' FUNDS *(%)*

- Shareholders' funds
- Return on average shareholders' funds



NET TANGIBLE ASSETS PER SHARE *(S$)*



Notes: 1. Net tangible assets per share for FY2006 has been restated to take into account the rights issue completed in June 2007.
2. Net tangible assets per share for FY2008 has been restated to adjust for the effects of one Bonus Share for every ten existing ordinary shares issued on 6 May 2009.

GROUP FINANCIAL HIGHLIGHTS

S$'000	2009	2008	2007	2006	2005
PROFIT & LOSS STATEMENT					
Gross operating income	34,612	34,270	45,468	41,491	39,964
Profit					
- before tax	7,948	7,857	12,677	11,473	14,780
- after tax	6,571	8,015	12,856	11,827	11,588
BALANCE SHEET					
Issued share capital	88,032	88,032	88,032	77,675	51,649
Shareholders' funds	127,090	120,972	123,921	115,907	107,591
Total assets	357,070	393,437	481,044	459,444	554,760
Total liabilities	229,548	272,465	357,123	343,537	447,169
DIVIDEND INFORMATION					
Dividends declared/proposed for the year (net of tax)	2,051	2,486	7,096	14,863	4,140
Dividend cover (number of times)*	1.62	3.63	0.75	0.66	2.32
Gross dividends declared per share*					
- Ordinary (cents)	1.50	2.00	6.25	5.00	5.00
- Bonus (cents)	–	–	–	12.50	–
FINANCIAL RATIOS					
Earnings per share after tax (cents)	4.78	5.86	10.80	9.94	11.22
Return on average shareholders' funds (%)	5.27	6.55	10.72	10.58	11.40
Cost-income ratios (%)	52.40	55.60	42.50	47.00	37.50
Net tangible assets per share ($)	0.91	0.88	0.99	0.93	1.04

Notes:

* Gross dividends per share and times covered are stated based on the dividend declared/proposed in respect of the respective financial years. Gross dividend per share for FY2009 relates to the proposed one-tier tax exempt first and final dividend of 1.5 cents (FY2008: Interim dividend paid of 1.0 cent and final dividend of 1.0 cent).

Earnings per share and net tangible assets per share for FY2006 have been restated to take into account the rights issue completed in June 2007.

Earnings per share and net tangible assets per share for FY2008 have been restated to adjust for the effects of one Bonus Share for every ten existing ordinary shares issued on 6 May 2009.

MAIN SUBSIDIARIES AND AFFILIATED COMPANIES

SUBSIDIARIES

ECICS LIMITED
7 Temasek Boulevard #10-01
Suntec Tower One
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Fax: (65) 6338 9267

IFS CAPITAL ASSETS PRIVATE LIMITED
IFS VENTURES PRIVATE LIMITED
IFS VENTURES 2 LIMITED
7 Temasek Boulevard #10-01
Suntec Tower One
Singapore 038987
Tel : (65) 6270 5555
Fax: (65) 6339 9527

IFS CAPITAL (MALAYSIA) SDN. BHD.
IFS FACTORS (MALAYSIA) SDN. BHD.
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Tel : (852) 2277 6819
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IFS CAPITAL (THAILAND) PUBLIC COMPANY LIMITED
IFS CAPITAL HOLDINGS (THAILAND) LIMITED
20th Floor, Lumpini Tower
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Bangkok 10120
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AFFILIATES

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Fax : (662) 626 2301

PHILLIP VENTURES ENTERPRISE FUND LTD
250 North Bridge Road #06-00
Raffles City Tower
Singapore 179101
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Fax : (65) 6338 9778

Overview – A firm recovery in an uncertain global setting

After a challenging two years in which the global economy endured the worst recession since the Second World War, the global economy is now enjoying an unambiguous recovery, supported by unprecedented and globally co-ordinated policy stimulus by the major economies. The lagged impact of this fiscal and monetary stimulus is providing sufficient momentum to ensure global economic growth will continue to recover into 2010.

However, in the major economies of the US, Japan and Europe, the recovery remains overly dependent on temporary factors such as policy support and the rebuilding of inventories following the exaggerated cutbacks in inventories in late 2008. Thus, economic activity will moderate unless there is a pick up in the fundamental drivers of economic activity. Unfortunately, the structural adjustments required to enable such a fundamental shift recovery are not unfolding quickly enough:

- First, US consumers need to rebuild their balance sheets and return their savings rate to about the 8% - 10% rate believed to be the equilibrium level. But this will take time: the latest data showed the household savings rate falling back to 4.8% of GDP in December 2009 from a recent peak of 6.4% in May 2009.

- Second, the US imbalance in its external accounts continues to persist, with the trade deficit rising again in late 2009, with imports of consumer goods rising again.

- Third, the process of deleveraging and "cleansing" of the financial sector still has a long way to go. Continued sharp declines in consumer credit balances and bank loans support this view. Financial research house IRA estimates that more than 1,000 banks will fail in the crisis – so far, only 180 banks have closed since 2008[1].

- Fourth, some of the financial stresses in the global system remain unresolved and will cause stresses from time to time as we saw with the financial problems in Dubai and Greece recently.

This means that governments in major economies will maintain aggressive monetary and fiscal policies for the time being. So long as this is the case, the global economy will perform much better in 2010 than in 2009 and the recovery will probably be sustained into 2011 – even with the risks mentioned above. Policy stimulus in the major economies still has some way to run: As of December 2009, only one-third of the USD787bn stimulus in the US had been disbursed. Moreover, additional stimulus measures from the major economies are being put in place such as Japanese Premier Hatoyama's recently approved JPY7.2tr extra stimulus and the US Congress's plan for another USD80bn package.

Given this global backdrop, we expect Southeast Asia to enjoy a far more buoyant outlook as compared to advanced economies:

- First, the lagged effects of Asian stimulus measures and inventory rebuilding in advanced economies will continue to drive the rebound in regional economies in much of 2010. This recovery will be further boosted by increased bank lending as region's well capitalized banks resume lending.

- Second, Southeast Asia has some positive factors supporting it. Its financial systems remain robust, so their economies are not burdened by the structural adjustments the big economies are suffering. As demand from China, India and other large emerging economies picks up, Southeast Asia will benefit.

- Third, even if external demand fails to pick up significantly, other external factors such as foreign direct investment and remittances are likely to recover, as the region's fundamental strengths remain.

1 FDIC

However, the region will have to be prepared for some challenges. Medium term growth will not return to pre-crisis levels as global growth will be slower than in pre-crisis days. That could limit the impetus to growth from exports and tourism. Financial markets in the region will be buffeted by periodic shocks as the unresolved financial stresses mentioned above crystallize from time to time.

On the whole, we are optimistic that Southeast Asia's recovery will be sustained as shown in our forecasts for 2010. The biggest risk for the region is not economic growth but (a) volatile capital flows and impact on financial system (liquidity, currency, asset prices); (b) adjusting to the long term by devising new economic strategies etc; and (c) managing the high deficit levels in coming years.

SINGAPORE

Economic growth in Singapore is likely to be very strong in 2010 and this should provide the momentum for resilient growth in 2011 and 2012. The recovery in the export sector is unfolding just as new sources of growth are kicking in, such as the Integrated Resorts and large new manufacturing plants. Low interest rates and a recovering property market will also add vigour to the economy while strong recovery in Malaysia and Indonesia will boost the regional hub activities. New government initiatives following the recommendations of the Economic Strategy Committee ("ESC") can help provide support to economic growth. Singapore's strong fundamentals and resilience during the crisis position it well to attract the flood of capital expected to flow into emerging Asia amid a slower recovery in the developed economies. Given that major economies will maintain their stimulus programmes, the downside risks to Singapore are probably contained for now.

Given this backdrop, the immediate questions are (a) whether such a recovery will stoke inflationary concerns in the coming year and therefore how quickly stimulative fiscal and monetary measures are withdrawn; and (b) how the ESC's recommendations will be implemented and what effects they might have.

First, we see monetary and fiscal policies being normalised in Singapore given our assessment below:

- Consumer price inflation will rise, but only moderately. After the worst deflationary shock in many decades, there is considerable unused capacity in the global economy that will keep the impact of global inflation on Singapore low. While there might be price surges in particular commodities such as food if there are supply shocks, the risks of consumer inflation in Singapore are relatively low.

- Abundant global liquidity and the relative ease for foreign capital to flow into Singapore's real estate market suggest a risk of asset price inflation. We suspect micro-prudential measures such as bank lending restrictions could be introduced to curb excessive real estate price gains.

- While Singapore stands in good stead relative to its peers, as one of the most externally-oriented economies in the world, its vulnerabilities to global risks have been clearly shown in this last downturn.

As such, there is less need for policy stimulus. Most of the fiscal measures in 2009 are already unwinding and we expect the Monetary Authority of Singapore to allow a renewed appreciation of the trade-weighted exchange rate in the course of this year. Other administrative support measures such as the Jobs Credit Scheme will be gradually phased out.

Second, looking ahead, the focus in Singapore will shift toward the implementation of changes to Singapore's growth model as suggested by the ESC: the priority areas will be to enhance productivity, re-shape Singapore toward a commercial base of enterprise expertise for the region and continue ongoing efforts to make Singapore a global and endearing city to boost our human capital.

With labour growth in Singapore unlikely to be sustained at the high rates in recent years, policy makers have correctly identified the need to focus on productivity and move toward a more innovation driven economy. In the short term, this might mean slower growth.

Table 1: Singapore Forecasts

	2007	2008	2009	2010	2011
GDP growth	8.2	1.4	-2.0	7.0	4.5
Inflation	2.1	6.6	0.6	2.0	2.5
Current Account/GDP %	27.6	19.2	19.1	23.0	18.0
Currency/USD (end period)	1.44	1.44	1.40	1.28	1.25

Source: Historical data collated from CEIC Database and forecasts by Centennial Group

MALAYSIA

Malaysia saw one of the most dramatic declines in output following the collapse in global trade at the end of 2008 and early 2009. The strong monetary and fiscal stimulus that ensued helped to moderate the contraction in the economy by the year end. As we get into 2010, the economic leading indicators are flashing positively. The fears of extended weakness in private consumption and domestic demand have elapsed, with real consumer spending growth turning positive in 2Q 2009.

In addition, lagged effects from government deregulation and stimulus spending, together with expectations for a recovery in external demand, will provide further support as the year gets underway.

- Export growth began to recover in October 2009 but the recovery has been fitful, with a fall again in November 2009. Still, with the key electronics sector showing clear signs of enjoying a global recovery and oil exports steadily climbing, the path to a firm external recovery is clear.
- With higher oil and commodity prices and expectations for further increases into 2010 as demand from China and India continues, rural incomes stand to see a recovery in the coming year, boosting the outlook for domestic demand going forward.

Headwinds will however come from political uncertainty, the need to improve Malaysia’s fiscal balance and the risks from a loss of long term competitiveness relative to peers.

- Political uncertainty has increased as a result of controversies over religious and ethnic issues as well as the ongoing political struggle between the government coalition and a resurgent opposition. However, the government under Prime Minister Najib Razak has managed to contain these risks for now.
- The strong fiscal measures put in place by the government in 2009 were necessary to support economic growth but there are rising concerns over the persistent deficits as well as the undue reliance on oil-related revenues. Nevertheless, Malaysia’s debt levels are manageable with external debt estimated at 33.6% in 2009. The government’s bold decision to go ahead with the implementation of a goods and services tax will also bring about a structural improvement in the fiscal accounts.
- Long term growth has to address the issues of competitiveness, political stability and fiscal consolidation, in that order. The Government Transformation Programme (“GTP”) introduced in April 2009, along with the 1 Malaysia concept will help in this regard. The government has begun to deregulate the economy including taking politically sensitive decisions to ease affirmative action rules. The government is also scheduled to announce a new growth model soon which like the ESC in Singapore is likely to provide a foundation for a new phase of growth.

Table 2: Malaysia Forecasts

	2007	2008	2009	2010	2011
GDP growth	6.2	4.6	-1.8	4.8	5.0
Inflation	2.0	5.4	0.6	3.3	2.5
Current Account/GDP %	15.7	17.5	14.0	12.5	15.0
Currency/USD	3.31	3.46	3.42	3.30	3.25

Source: Historical data collated from CEIC Database and forecasts by Centennial Group

THAILAND

Economic growth has the potential to surprise to the upside in 2010 as Thailand continues to show an ability to bounce back and shake off significant challenges such as severe political instability, insurgencies in the South, a relatively large reliance on external drivers of growth, and the blow to business confidence caused by court action to shut down key projects in the Map Ta Phut industrial hub.

Since coming out of a technical recession in 1Q 2009, Thailand has seen a recovery in investment and trade. Looking forward, with global demand for Thai exports underway, resilient consumption spending and aggressive government spending, economic growth is set to rebound firmly. Note that the bulk of the government's Thai Khem Kaeng (Strong Thailand) stimulus package will be disbursed over the course of 2010 to 2012. As government spending on infrastructure and other key projects is implemented, the private sector will be encouraged to step up investment. In addition, the latest data shows that Thailand has not yet begun its re-stocking phase in the recovery: thus, we see scope for a strong rebound in inventories adding to growth in 2010.

Nevertheless, Thailand will have to manage some serious challenges in the near future:

The main risks are political:

- First, the ruling coalition government led by Premier Abhisit Vejjajiva faces a series of challenges to its survival. There are renewed efforts by supporters of ex-Premier Thaksin to mount public demonstrations and some coalition partners are uneasy about amendments to the constitution proposed by the government. However, opinion polls show continued support for Premier Abhisit and the major institutions in the country continue to support him.

- Second, the illness of His Majesty the King is worrying Thais who revere him.

The risks from politics are obvious but should not be exaggerated. Thailand has shown a capacity to manage these challenges and eventually produce a new consensus in society.

Another source of concern is how Thailand will adapt to the more challenging post-crisis global economy. On this, there are some positive factors. Thailand has strong fundamentals: a highly flexible and adaptive economy, a credible and effective central bank, a correspondingly stable and robust financial market, and the ability for government to implement policies effectively. As the government implements long-delayed infrastructure projects, growth will receive a boost. Moreover, the rapid development of the Greater Mekong Sub-Region with help from vastly improving infrastructure linkages with many neighbouring countries will boost the status of Bangkok as a key regional hub.

A final concern is inflation risks. With a low unemployment rate and some industries approaching full capacity, there are some fears of rising inflation. But with considerable slack remaining in the overall economy and careful monetary management by the Bank of Thailand, such risks remain low. While monetary policy is likely to be tightened by the second half of 2010, the Bank of Thailand is unlikely to see a need to expedite an exit from low interest rates. The main policy concern in monetary management is likely to be regarding the potentially destabilising impact of speculative capital inflows. Here, the central bank is likely to employ administrative measures to protect Thailand.

In short, while the risks to growth in Thailand are real in the near term, the government's Thai Khem Kaeng stimulus and global recovery will help mitigate the risks.

Table 3: Thailand Forecasts

	2007	2008	2009	2010	2011
GDP growth	4.9	2.5	-2.3	4.5	6.5
Inflation	2.2	5.5	-0.8	2.0	2.5
Current Account/GDP %	7.8	0.6	6.0	1.0	-0.5
Currency/USD	33.7	34.9	33.3	32.0	30.5

Source: Historical data collated from CEIC Database and forecasts by Centennial Group
Notes: Interest rate refers to the 3 Month Inter-bank offered rate.

INDONESIA

The hallmark of Indonesia's economic performance during the recent crisis was its extraordinary resilience. In the face of severe challenges, economic growth remained positive, registering one of the best economic outcomes in Asia. This resilience augurs well for Indonesia. The country is poised to enjoy a period of strong and rising economic growth if key challenges can be managed well.

During the crisis, the strong pullback in global demand saw Indonesia's export-oriented sector hit badly with both exports and industrial production growth contracting. Tourism and stock markets were also adversely affected at the start of 2009 with the currency coming under severe pressure in late 2008. Despite this, Indonesia only saw a modest 2% point fall in output between 3Q 2008 and 1Q 2009, the strongest performance in the region and one of the strongest in Asia. Some positive features stand out.

- First, Indonesia's ability to remain a global destination for tourism is remarkable. In the face of multiple shocks – the global crisis, a global pandemic scare (H1N1 flu) and terrorist bombings of two Jakarta hotels in July 2009 – tourist arrivals continued to grow. In fact, average hotel room occupancy for January - October 2009 was higher at 52.5% compared to 51.7% in 2008.

- Second, investment spending did not contract during the crisis as it did in other export-oriented economies. This suggests that strong domestic demand encouraged local businesses to remain confident about long-term prospects despite the biggest global downturn in recent memory.

- Third, the stabilization of the global crisis saw a very quick recovery in Indonesia's financial sector, indicating a good structural base in Indonesia's credit markets. Notably, the credit rating agency, Moody's downgraded Indonesia's banking sector to negative but reversed the change by September 2009. The central bank, Bank Indonesia, has gained credibility through its deft handling of the severe pressures on the currency and banking system in late 2008.

In the immediate term, key factors are looking very supportive of higher economic growth.

- First, the signs of recovery in external demand are set to keep exports and tourism on a firm recovery path.

- Rising commodity prices, including strong demand for coal, basic metals as well as palm oil and rubber should boost exports to a certain degree.

- A smaller than expected fiscal deficit and supportive monetary policy keeps scope for more government initiatives to support growth.

Further out, long-term economic prospects in Indonesia are looking up as well. First, Indonesia has been politically stable for several years and with President Yudhoyono re-elected, business and foreign investor confidence has improved. This renewed interest in Indonesia was demonstrated in the CVC purchase of Matahari, one of Indonesia's leading retail store chains. Second, the domestic market is growing strongly, making Indonesia. Scale economies could provide Indonesia with a global position in areas such as motor cycles.

Nevertheless, there remain challenges that need to be managed carefully. While Indonesia is enjoying a period of impressive political stability, there have been political attacks on some of the reformist members of the cabinet. Corruption also remains a problem. In the economic sphere, Indonesia remains highly vulnerable to sudden changes of risk appetite because of its large stock of financially mobile capital in relation to its foreign exchange reserves. Infrastructural constraints – power, road transport – could also affect growth unless more vigorous efforts are made to address them.

Overall, however, the prospects for Indonesia are very bright.

Table 4: Indonesia Forecasts

	2007	2008	2009	2010	2011
GDP growth	6.3	6.1	4.6	7.1	7.5
Inflation	6.3	10.3	4.9	6.0	5.0
Current Account/GDP %	2.4	0.0	0.0	2.0	2.5
Currency/USD	9,419	10,950	9,400	9,000	9,500

Source: Historical data collated from CEIC Database and forecasts by Centennial Group
Note: Interest rate refers to the 3 Month SBI rate from Bank Indonesia

The Board of Directors is committed to increasing the level of corporate governance in the Company in order to protect the interests of its shareholders. This report sets out the corporate governance practices of the Company during the financial year ended 31 December 2009, with specific reference to the principles of the Singapore Code of Corporate Governance 2005 (the "Code").

1. THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with management to achieve this and the management remains accountable to the Board.

1.1 The Board oversees the businesses 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 three Board committees: the Audit Committee, the Executive Resource and Compensation Committee and the Credit Committee. The Credit Committee, comprising of Chief Executive Officer and senior officers of the Company, assesses, reviews and makes decisions on credit risks that arise in the course of the financial business activities of the Company within the authority limits imposed by the Board. The details on the composition and functions of the Audit Committee and the Executive Resource and Compensation Committee can be found in the subsequent sections in this Report.

1.2 The Board has delegated to management the day-to-day operations and the implementation of systems of internal control. The Chief Executive Officer is assisted by a Management Committee chaired by the Chief Executive Officer and comprising senior management staff. In the absence of the Chief Executive Officer, the Management Committee is authorised to make decisions on his behalf. The Company has an internal audit department which monitors the 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.

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

During the financial year ended 31 December 2009, the Board of Directors held five meetings.

1.4 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 2009 is set out as follows:

	Board		**Audit Committee**		**ERCC**	
Name of 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	5	4	4	2	2
Gabriel Teo Chen Thye	5	5	4	4	2	2
Manu Bhaskaran	5	5	4	4	NA	NA
Lee Soon Kie	5	5	NA	NA	NA	NA
Kwah Thiam Hock	5	3	NA	NA	NA	NA

ERCC Executive Resource and Compensation Committee
NA not applicable

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

2. BOARD COMPOSITION AND GUIDANCE

<u>Principle 2</u>: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

2.1 The Board comprises 6 directors of whom 3 are independent directors. The nature of the directors' appointments on the Board is set out as follows:

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

2.2 The Board has examined its size and is satisfied that a size of 6 members is currently appropriate for the Company.

2.3 Details of the directors' academic and professional qualifications, appointment dates on the Board and other appointments are set out on pages 32 to 34.

3. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

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

3.2 The Chairman 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 the division of responsibilities between them are set out in writing.

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

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

4. BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

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

4.2 The Executive Resource and Compensation Committee currently comprises 3 members, the majority of whom are independent. The Committee is chaired by Mr Lim How Teck who is an independent Non-Executive Director and is not associated with a substantial shareholder.

The composition of the Executive Resource and Compensation Committee is set out below:

Lim How Teck	Chairman, Independent
Lim Hua Min	Member, Non-Independent
Gabriel Teo Chen Thye	Member, Independent

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

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

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

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

(iv) recommends to the Board on all Board appointments and reappointments.

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

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

Any proposed appointment of potential new directors will be reviewed by the Executive Resource and Compensation Committee before the recommendation is put up to the Board for its approval. In accordance with the Company's Articles of Association, all new appointees to the Board, if not elected by the shareholders at the Annual General Meeting, will only hold office until the next Annual General Meeting after the date of their appointment whereupon they will seek re-election at the Annual General Meeting.

5. BOARD PERFORMANCE

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

5.1 In the beginning of each year, the Executive Resource and Compensation Committee assesses the effectiveness of the Board through a self-assessment process that involves the completion of evaluation questionnaires on issues such as board performance, effectiveness and board composition as well as a review of the collated results.

5.2 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.

6. ACCESS TO INFORMATION

<u>Principle 6</u>: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

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

6.2 Where there are Board meetings, 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.

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

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

7. PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

<u>Principle 7</u>: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

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

7.2 Pursuant to the terms of reference, the Committee:

(i) reviews and approves the remuneration packages for each director and the 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

(ii) administers the share option scheme and the performance share plan, both established in the year 2000.

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

8. LEVEL AND MIX OF REMUNERATION

<u>Principle 8</u>: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

8.1 For the Chief Executive Officer/Executive Director(s), the remuneration packages comprise of a fixed component which is benchmarked against the financial services industry and a variable component which is linked to the performance of the Group as well as the individual performance. An annual performance incentive plan implemented by the Group links rewards purely to corporate and individual performance.

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

8.3 The directors' fees payable to the Non-Executive Directors are subject to shareholders' approval at the Annual General Meeting. Executive Directors do not receive directors' fees.

8.4 The service contract of the Chief Executive Officer/Executive Director does not contain onerous removal clauses.

<u>Deviation - Guideline 8.3</u>: There is no fixed appointment period of the Chief Executive Officer/Executive Director in the service contract. However, the service contract contains the usual notice of termination clause of less than 6 months and there are no onerous removal clauses.

8.5 The Group has in place two non-cash benefit schemes in the form of a share option scheme and a performance share plan (details of the share option scheme and the performance share plan are on pages 37 to 39). These schemes are administered by the Executive Resource and Compensation Committee.

9. DISCLOSURES ON REMUNERATION

<u>Principle 9</u>: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

9.1 A breakdown showing the level and mix of each individual director's remuneration payable for the financial year ended 31 December 2009 is as follows:

Remuneration Band	Number of Directors	
	2009	2008
$500,000 and above	1	1
$250,000 to below $500,000	0	0
Below $250,000	5	5
Total	**6**	**6**

	Remuneration Band/ Directors of Company	Directors' Fees %	Fixed Pay %	Annual Wage Supplement and Variable Bonus %	Allowances & Others %	Total %
(i)	**$500,000 to below $750,000**					
	Mr Lee Soon Kie	-	58	35	7	100
(ii)	**$250,000 to below $500,000**					
	-	-	-	-	-	-
(iii)	**Below $250,000**					
	Mr Lim Hua Min	100	-	-	-	100
	Mr Gabriel Teo Chen Thye	100	-	-	-	100
	Mr Lim How Teck	100	-	-	-	100
	Mr Manu Bhaskaran	100	-	-	-	100
	Mr Kwah Thiam Hock	100	-	-	-	100

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

9.3 The breakdown of the five most highly compensated key executives of the Group (who are not also directors of the Company) into remuneration bands of S$250,000 is as follows:

Remuneration Band	Number of Key Executives	
	2009	2008
$500,000 and above	0	0
$250,000 to below $500,000	1	3
Below $250,000	4	2
Total	**5**	**5**

Deviation – Guideline 9.2: The Code recommends that the report should set out the names of at least the top 5 key executives (who are not also directors) earning remuneration which falls within bands of S$250,000. Given the competitive industry conditions, the Board, after weighing the advantages and disadvantages, feels that it is in the interests of the Company that the names of the top 5 key executives (who are not directors) and the details of their remuneration are not disclosed.

10. ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

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

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

11. AUDIT COMMITTEE

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

11.1 The Audit Committee comprises 3 members, all of whom are independent Non-Executive Directors:

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

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

11.2 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, the scope of audit by the external auditor as well as their independence. The Audit Committee reviews the quarterly and annual announcements of the Group's financial results as well as the financial statements of the Group and the Company before they are submitted to the Board for approval. The Audit Committee also reviews interested person transactions (as defined in Chapter 9 of SGX Listing Manual).

11.3 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.

The Audit Committee also reviews the independence of external auditors annually as well as the re-appointment of external auditors.

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

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

12. INTERNAL CONTROLS

<u>Principle 12</u>: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

12.1 The Audit Committee reviews the adequacy of the internal control system that includes internal financial, operational and compliance controls, and risk management policies and systems established by management, with the assistance of the internal and external auditors. The internal auditors conduct reviews of the internal control systems and will highlight any significant internal control weaknesses noted to the Audit Committee as well as monitor that necessary actions are taken by management.

12.2 Risk assessment and evaluation is an ongoing process which forms an integral part of the Group's business cycle. The Group has in general adopted a standard procedure in managing risks. This includes the identification and evaluation of priority risks and a monitoring mechanism to respond to changes within both the enterprise and the business environment. In order to ensure smooth running of the risk management process, key business objectives have been communicated by management to the heads of the various departments in the Group. The Group's operating units are aware of their responsibilities for the internal control systems and the role they play in ensuring that the financial results are properly stated in accordance with statutory requirements and the Group's policies.

12.3 The Board notes that all internal control systems contain its inherent limitations and thus can only provide reasonable, but not absolute, assurance against material financial misstatement or loss.

Based on the information furnished to the Board, the Board is satisfied with the adequacy of the Company's internal control system currently maintained by management.

13. INTERNAL AUDIT

<u>Principle 13</u>: The company should establish an internal audit function that is independent of the activities it audits.

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

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

13.3 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:

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

(ii) the quality of their reports;

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

(iv) their relationship with the external auditors; and

(v) their independence of the areas reviewed.

14. COMMUNICATION WITH SHAREHOLDERS

<u>Principle 14</u>: Companies should engage in regular, effective and fair communication with shareholders.

14.1 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.

15. GREATER SHAREHOLDER PARTICIPATION

<u>**Principle 15**</u>**: Companies should encourage greater shareholder participation at annual general meetings, and allow shareholders the opportunity to communicate their views on various matters affecting the company**.

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

The Articles of Association allow a shareholder to appoint one or two proxies to attend and vote in his place at general meetings.

<u>**Deviation – Guideline 15.1**</u>: Other methods of voting in absentia (like voting by electronic mail, email or fax) as recommended by the Code are not made available at the moment. Voting in absentia may only be possible after careful study to ensure that the integrity of the information and authentication of identity of shareholders through the web are not compromised.

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

16. CODE ON DEALINGS IN SECURITIES

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

Details of the directors' 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
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) 26.04.2007	(a) Walker Crips Group plc. (UK) (b) Member, Board of Directors, Phillip Securities Pte Ltd Member, Board of Directors, Phillip Futures Pte Ltd Member, Board of Directors, Phillip Financial Pte Ltd Board Member, Inland Revenue Authority of Singapore
Lim How Teck	- Bachelor of Accountancy, University of Singapore (1975) - Fellow, The Chartered Institute of Management Accountants of UK - Associate, Institute of Business Administration of Australia	(a) 30.06.2000 (b) 25.04.2008	(a) Eng Kong Holdings Limited Lasseters International Holdings Limited Rickmers Trust Management Pte Ltd (Rickmers Maritime Trust) Mermaid Maritime Public Company Limited ARA Asset Management Ltd (b) Fellow, Certified Public Accountants of 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
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) 25.04.2008	(a) Sunningdale Tech Ltd (b) Member, Board of Directors, NTUC Income Insurance Co-operative Limited Member, Board of Directors, SP Services Ltd Chairman, Board of Directors, One Marina Property Services Pte Ltd Member, Board of Governors, St Gabriel's Foundation Member, Advisory Committee, School of Business Management, Nanyang Polytechnic Chairman, School Management Committee, Assumption Pathway School
Manu Bhaskaran	- Bachelor of Arts (Honours), Magdalene College, Cambridge University (1980) - Masters in Public Administration, John F Kennedy School of Government, Harvard University (1987) - Chartered Financial Analyst (1992)	(a) 26.02.2004 (previously director of IFS from 26.06.2002 to 20.05.2003) (b) 28.04.2009	(a) - (b) Council Member, Singapore Institute of International Affairs Vice President, Economic Society of Singapore Senior Adjunct Fellow, Institute of Policies Studies

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
Lee Soon Kie	- Bachelor of Arts, National University of Singapore (1983) - Master of Science, University of Wales, Aberystwyth, UK (2002)	(a) 21.03.2003 (b) 28.04.2009	(a) - (b) -
Kwah Thiam Hock	- Bachelor of Accountancy, University of Singapore (1973) - Fellow, Certified Public Accountant, Institute of Certified Public Accountants of Singapore - Fellow, Certified Public Accountant, Australian Society of Accountants - Fellow, Association of Chartered Certified Accountants (UK)	(a) 04.05.1987 (b) 26.04.2007	(a) Select Group Limited Wilmar International Limited Excelpoint Technology Limited Swissco International Limited Teho International Inc Ltd. (b) Member, Management Committee, Singapore Turf Club Member, Audit Committee, Singapore Totalisation Board

FINANCIAL REPORT 2009

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 2009.

DIRECTORS

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

Lim Hua Min
Gabriel Teo Chen Thye
Lim How Teck
Manu Bhaskaran
Lee Soon Kie
Kwah Thiam Hock

DIRECTORS' INTERESTS

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

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Lim Hua Min		
IFS Capital Limited		
- ordinary shares		
- deemed interests	50,216,246	55,237,870
Lee Soon Kie		
IFS Capital Limited		
- ordinary shares		
- interest held	720,000	869,000
Kwah Thiam Hock		
IFS Capital Limited		
- ordinary shares		
- interest held	420,000	462,000

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 or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2010.

Except as disclosed under the "Share Options" section of this report, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for the salaries, bonuses and fees and those benefits that are disclosed in this report and in Notes 34 and 39 to the financial statements, since the end of the 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 as disclosed in the notes to the financial statements and in this report.

SHARE OPTIONS

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

The 2000 Scheme was approved on 24 May 2000.

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 IFS Performance Share Plan, as detailed under "Performance Share Plan", shall not exceed 15% of the issued shares in the capital of the Company on the day preceding the relevant grant date.

SHARE OPTIONS (cont'd)

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

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

(a) 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

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

(vi) All options are settled by physical delivery of shares to The Central Depository (Pte) Limited.

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

Type of options	Exercise period
Option with subscription price fixed at Market Price granted to:	
■ Participants other than Non-Executive Directors	■ 12 to 120 months from date of grant
■ Non-Executive Directors	■ 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	■ 24 to 120 months from date of grant
■ Non-Executive Directors	■ 24 to 60 months from date of grant

The Scheme is administered by the Executive Resource and Compensation Committee ("Committee") which comprises the following Non-Executive Directors:

Lim How Teck (Chairman)	Independent
Lim Hua Min	Non-Independent
Gabriel Teo Chen Thye	Independent

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 IFS Performance Share Plan.

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

SHARE OPTIONS (cont'd)

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.

During the financial year under review:

- No options were granted under the 2000 Scheme.
- No options were exercised under the 2000 Scheme. There were a total of 21,500 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 21 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

IFS 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 Audit Committee comprises the following Non-Executive Directors:

Gabriel Teo Chen Thye (Chairman)	Independent
Lim How Teck	Independent
Manu Bhaskaran	Independent

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

AUDIT COMMITTEE (cont'd)

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

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

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

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

AUDITORS

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

On behalf of the Board of Directors

Lee Soon Kie
Director

Kwah Thiam Hock
Director

Singapore
2 March 2010

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 44 to 150 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 2009 and of the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Lee Soon Kie
Director

Kwah Thiam Hock
Director

Singapore
2 March 2010

We have audited the accompanying financial statements of IFS Capital Limited (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2009, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 44 to 150.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion:

(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 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 2009 and 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 required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
2 March 2010

BALANCE SHEETS

AS AT 31 DECEMBER 2009

		Group		Company	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Non-current assets					
Property, plant and equipment	4	**20,579**	19,066	**17,915**	18,571
Intangible assets	5	**1,998**	406	**114**	117
Subsidiaries	6	**-**	-	**55,927**	46,495
Associates	7	**-**	11,546	**-**	8,145
Other investments	8	**40,250**	29,286	**5,973**	4,611
Loans, advances, hire purchase and leasing receivables	9	**43,788**	68,999	**30,822**	50,728
Deferred tax assets	11	**2,416**	1,707	**1,254**	1,322
		109,031	131,010	**112,005**	129,989
Current assets					
Derivative financial instruments	12	**-**	117	**-**	117
Reinsurers' share of insurance contract provisions	13	**10,985**	30,033	**-**	-
Insurance receivables	14	**323**	1,759	**-**	-
Trade and other receivables	15	**197,907**	186,574	**114,993**	182,547
Other investments	8	**12,172**	18,872	**980**	41
Cash and cash equivalents	18	**26,652**	25,072	**5,848**	4,376
		248,039	262,427	**121,821**	187,081
Total assets		**357,070**	393,437	**233,826**	317,070
Equity					
Share capital	20	**88,032**	88,032	**88,032**	88,032
Other reserves	22	**(1,223)**	(2,349)	**101**	(28)
Accumulated profits		**40,281**	35,289	**15,332**	13,259
Total equity attributable to equity holders of the Company		**127,090**	120,972	**103,465**	101,263
Minority interests		**432**	-	**-**	-
Total equity		**127,522**	120,972	**103,465**	101,263
Non-current liabilities					
Interest-bearing borrowings	23	**45,361**	61,299	**45,361**	60,837
Deposit on leasing receivables		**3,327**	-	**-**	-
Deferred tax liabilities	11	**369**	114	**-**	-
		49,057	61,413	**45,361**	60,837
Current liabilities					
Trade and other payables	24	**20,009**	25,298	**20,679**	28,329
Insurance payables	26	**3,285**	3,960	**-**	-
Interest-bearing borrowings	23	**136,455**	139,091	**64,321**	126,641
Insurance contract provisions for					
- gross unexpired risks	13	**13,307**	34,951	**-**	-
- gross insurance claims	13	**5,132**	6,669	**-**	-
Current tax payable		**2,303**	1,083	**-**	-
		180,491	211,052	**85,000**	154,970
Total liabilities		**229,548**	272,465	**130,361**	215,807
Total equity and liabilities		**357,070**	393,437	**233,826**	317,070

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2009

	Note	2009 $'000	2008 $'000
Interest income	27	**19,482**	20,481
Interest expense	28	**(6,353)**	(9,405)
Net interest income		**13,129**	11,076
Gross written premiums		**6,941**	11,927
Change in gross provision for unexpired risks	13	**21,644**	(3,583)
Gross earned premium revenue		**28,585**	8,344
Written premiums ceded to reinsurers		**(4,340)**	(7,194)
Reinsurers' share of change in the provision for unexpired risks	13	**(18,415)**	2,668
Reinsured premium expense		**(22,755)**	(4,526)
Net earned premium revenue	29	**5,830**	3,818
Fee and commission income	30	**6,371**	6,412
Investment income	31	**2,929**	3,559
Other income	32	**763**	1,313
Non-interest income		**10,063**	11,284
Income before operating expenses		**29,022**	26,178
Business development expenses		**(681)**	(959)
Commission expenses		**(418)**	(968)
Staff costs		**(9,257)**	(8,378)
General and administrative expenses		**(5,253)**	(4,831)
		(15,609)	(15,136)
Change in provision for insurance claims		**1,537**	3,731
Reinsurers' share of change in provision for insurance claims		**(633)**	456
Gross claims paid	13	**(4,325)**	(3,125)
Reinsurers' share of claims paid	13	**3,371**	85
Net claims - (incurred)/reversal		**(50)**	1,147
Operating profit before allowances		**13,363**	12,189
Allowances for loan losses and impairment of investments	33	**(6,739)**	(6,226)
Operating profit after allowances		**6,624**	5,963
Negative goodwill on acquisition of a subsidiary		**850**	-
Share of after-tax results of associates		**474**	1,894
Profit before income tax	34	**7,948**	7,857
Tax (expense)/credit	35	**(1,377)**	158
Profit for the year		**6,571**	8,015
Profit attributable to:			
Owners of the Company		**6,531**	8,015
Minority interests		**40**	-
Profit for the year		**6,571**	8,015
Earnings per share	36		
Basic earnings per share (cents)		**4.8**	5.9
Diluted earnings per share (cents)		**4.8**	5.9

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2009

	Note	2009 $'000	2008 $'000
Profit for the year		**6,571**	8,015
Other comprehensive income			
Net change in fair value of available-for-sale financial assets	35	**288**	(4,137)
Foreign currency translation differences of foreign operations		**595**	(2,290)
Income tax on other comprehensive income	35	**(59)**	745
Other comprehensive income for the year, net of income tax		**824**	(5,682)
Total comprehensive income for the year		**7,395**	2,333
Attributable to :			
Owners of the Company		**7,361**	2,333
Minority interests		**34**	-
Total comprehensive income for the year		**7,395**	2,333

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company							
	Share capital $'000	**Capital reserve $'000**	**Fair value reserve $'000**	**Translation reserve $'000**	**Accumulated profits $'000**	**Total $'000**	**Minority interests $'000**	**Total $'000**
At 1 January 2008	88,032	182	2,534	566	32,607	123,921	-	123,921
Total comprehensive income for the year								
Profit for the year	-	-	-	-	8,015	8,015	-	8,015
Other comprehensive income								
Foreign currency translation differences of foreign operations	-	-	-	(2,290)	-	(2,290)	-	(2,290)
Net change in fair value of available-for-sale financial assets	-	-	(4,137)	-	-	(4,137)	-	(4,137)
Income tax on other comprehensive income	-	-	745	-	-	745	-	745
Total other comprehensive income	-	-	(3,392)	(2,290)	-	(5,682)	-	(5,682)
Total comprehensive income for the year	-	-	(3,392)	(2,290)	8,015	2,333	-	2,333
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capitalisation of statutory legal reserves of an associate	-	51	-	-	(51)	-	-	-
Dividends to equity holders	-	-	-	-	(5,282)	(5,282)	-	(5,282)
Total transactions with owners	-	51	-	-	(5,333)	(5,282)	-	(5,282)
At 31 December 2008	88,032	233	(858)	(1,724)	35,289	120,972	-	120,972

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company							
	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interests $'000	Total $'000
At 1 January 2009	**88,032**	**233**	**(858)**	**(1,724)**	**35,289**	**120,972**	**-**	**120,972**
Total comprehensive income for the year								
Profit for the year	-	-	-	-	6,531	6,531	40	6,571
Other comprehensive income								
Foreign currency translation differences of foreign operations	-	-	-	601	-	601	(6)	595
Net change in fair value of available-for-sale financial assets	-	-	288	-	-	288	-	288
Income tax on other comprehensive income	-	-	(59)	-	-	(59)	-	(59)
Total other comprehensive income	-	-	229	601	-	830	(6)	824
Total comprehensive income for the year	**-**	**-**	**229**	**601**	**6,531**	**7,361**	**34**	**7,395**
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Capitalisation of statutory legal reserves of a subsidiary	-	296	-	-	(296)	-	-	-
Dividends to equity holders	-	-	-	-	(1,243)	(1,243)	-	(1,243)
Total contributions by and distributions to owners	-	296	-	-	(1,539)	(1,243)	-	(1,243)

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

	Attributable to equity holders of the Company							
	Share capital $'000	Capital reserve $'000	Fair value reserve $'000	Translation reserve $'000	Accumulated profits $'000	Total $'000	Minority interests $'000	Total $'000
Changes in ownership interests arising from acquisition								
Acquisition of a subsidiary	-	-	-	-	-	-	421	421
Dividends paid by a subsidiary company to minority shareholders	-	-	-	-	-	-	(23)	(23)
Total changes in ownership interests	-	-	-	-	-	-	398	398
Total transactions with owners	-	296	-	-	(1,539)	(1,243)	398	(845)
At 31 December 2009	**88,032**	**529**	**(629)**	**(1,123)**	**40,281**	**127,090**	**432**	**127,522**

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

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2009

	2009 $'000	2008 $'000
Cash flows from operating activities		
Profit for the year	**6,571**	8,015
Adjustments for:		
Share of after-tax results of associates	**(474)**	(1,894)
Amortisation of		
- intangible assets	**400**	194
- held-to-maturity debt securities	**(121)**	72
Negative goodwill	**(850)**	-
Net foreign exchange loss	**(15)**	61
Depreciation of property, plant and equipment	**1,004**	882
Gain on disposal of equity securities	**(439)**	(2,014)
Gain on disposal of property, plant and equipment	**(99)**	(1)
Remaining proceeds from disposal of an investment in prior year	**-**	(512)
Net change in fair value of financial assets through profit or loss	**(717)**	995
Net change in fair value of derivatives	**117**	(122)
Property, plant and equipment written off	**2**	1
Allowance for impairment of investments	**2,982**	1,839
(Reversals of)/provisions for, net of reinsurers' share		
- unexpired risks	**(3,229)**	915
- insurance claims	**(904)**	(4,187)
Interest income	**(19,482)**	(20,481)
Interest income from available-for-sale investments, held-to-maturity debt securities and fixed deposits	**(1,591)**	(1,502)
Dividend income from investment	**(62)**	(689)
Financial expense	**115**	138
Interest expense	**6,353**	9,405
Bad debts written off	**63**	82
Tax expense/(credit)	**1,377**	(158)
Operating cashflows before changes in working capital	**(8,999)**	(8,961)
Changes in working capital:		
Factoring receivables	**14,466**	38,025
Factoring amounts due to clients	**(4,095)**	(6,236)
Loans, advances, hire purchase and leasing receivables	**76,745**	18,796
Insurance and other receivables	**2,255**	(522)
Trade, other and insurance payables	**4,158**	(10,356)
Cash generated from operations	**84,530**	30,746
Interest received	**21,177**	21,597
Interest paid	**(7,445)**	(9,376)
Income taxes paid, net	**(3,054)**	(3,167)
Net cash from operating activities	**95,208**	39,800

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

	2009 $'000	2008 $'000
Cash flows from investing activities		
Disbursement of loans to associate, net	**-**	(81)
Net cash outflow on acquisition of subsidiaries **(Note 37)**	**(5,645)**	-
Proceeds from sale of property, plant and equipment	**146**	4
Purchase of property, plant and equipment	**(232)**	(502)
Purchase of intangible assets	**(739)**	(308)
Purchase of investments	**(21,953)**	(34,298)
Proceeds from disposal of investments	**16,172**	50,908
Remaining proceeds from disposal of an investment in prior year	**-**	512
Dividends received from investments and associate	**62**	1,215
Net cash (used in)/from investing activities	**(12,189)**	17,450
Cash flows from financing activities		
Dividends paid	**(1,266)**	(5,282)
Repayments of interest-bearing borrowings	**(80,182)**	(63,852)
Net cash used in financing activities	**(81,448)**	(69,134)
Net increase/(decrease) in cash and cash equivalents	**1,571**	(11,884)
Cash and cash equivalents at beginning of year	**25,072**	37,090
Effect of exchange rate fluctuations on cash held	**9**	(134)
Cash and cash equivalents at end of year (Note 18)	**26,652**	25,072

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 2 March 2010.

1 DOMICILE AND ACTIVITIES

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

The financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates.

The principal activities of the Company are those relating to the provision of commercial, alternative and structured finance businesses such as factoring services, working capital, asset based financing and the provision of alternative and structured financial solutions offered to clients to address either equity or debt capital requirements. The principal activities of the subsidiaries are detailed in Note 6 below.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

2 BASIS OF PREPARATION (cont'd)

2.4 Use of estimates and judgements (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in Note 41.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in Note 37.

2.5 Changes in accounting policies

(i) Overview

Starting as of 1 January 2009 on adoption of new/revised FRSs, the Group has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial statements
- Disclosure pertaining to fair values and liquidity risk for financial instruments

(ii) Determination and presentation of operating segments

As of 1 January 2009, the Group determines and presents operating segments based on the information that internally is provided to the Group Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. This change in accounting policy is due to the adoption of the FRS 108 *Operating Segments*. Previously operating segments were determined and presented in accordance with FRS 14 *Segment Reporting*. The new accounting policy in respect of operating segment disclosures is presented as follows:

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

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

2 BASIS OF PREPARATION (cont'd)

2.5 Changes in accounting policies (cont'd)

(ii) Determination and presentation of operating segments (cont'd)

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

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

(iii) Presentation of financial statements

The Group applies revised FRS 1 *Presentation of Financial Statements (2008)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(iv) Disclosures pertaining to fair values and liquidity risk for financial instruments

The Group has applied *Improving Disclosures about Financial Instruments (Amendments to FRS 107)*, issued in March 2009, that require enhanced disclosures about fair value measurements and liquidity risk in respect of financial instruments.

The amendments require that fair value measurement disclosures use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require that any significant transfers between Level 1 and Level 2 of the fair value hierarchy be disclosed separately, distinguishing between transfers into and out of each level. Furthermore, changes in valuation techniques from one period to another, including the reasons therefore, are required to be disclosed for each class of financial instruments.

Further, the definition of liquidity risk has been amended and it is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Revised disclosures in respect of fair values and liquidity risk of financial instrements are included in Note 40.

3 SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Consolidation

Business combinations

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Associates are accounted for using the equity method and are recognised initially at cost. The Group's investments include goodwill identified on acquisition, net of any accumulated impairment losses. The financial statements include the Group's share of the income and expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest 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.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.1 Consolidation (cont'd)

Accounting for subsidiaries and associates

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

3.2 Affiliated companies

An affiliated company is a company, other than a related corporation, in which the directors and/or shareholders of the Group have substantial financial interests and may be able to exercise significant influence over the Group. All transactions with affiliated companies are therefore related party transactions carried out on terms agreed between the Group and such parties.

3.3 Foreign currencies

Foreign currency transactions

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

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below), and available-for-sale equity instruments. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.3 Foreign currencies (cont'd)

Foreign operations (cont'd)

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement as part of the profit or loss on disposal.

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

3.4 Classification of insurance contracts

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

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

Credit insurance

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Classification of insurance contracts (cont'd)

Bond and guarantee insurance contracts

Risks covered under the guarantee business are related to the client's performance capabilities to meet the requirements of projects or contracts, for which the Group issues bonds and guarantees on behalf of the clients. The major classes of bonds and guarantees issued include Performance Bond, Advance Payment Bond, Contract Tender Bond/Bid Bond, Qualifying Certificate Bond, Customs Bond, Foreign Worker Bond, Tenancy/Rental Bond and Account Payment Bond.

3.5 Recognition and measurement of insurance contracts

Premiums and provision for unexpired risk

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

For short-term comprehensive credit insurance contracts, premiums are recognised when sales declarations are received. A minimum premium is received from the policyholder upfront at the commencement of the cover. This minimum premium is determined using premium rates which are adjusted according to the level of credit risk exposure to buyers. The minimum premium is not recognised as revenue but as a liability. Upon declaration of sales to buyers by the policyholder, the Group will recognise the revenue by reversing the minimum premium from the liability account.

For bonds and guarantees insurance contracts, premiums are recognised upon inception of risk.

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

Fees and other charges to policyholders

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Claims incurred and provision for insurance claims

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

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

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

Reinsurance

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

Reinsurance premium expense, reinsurers' share of claims incurred and reinsurance commission income are presented in the income statement and balance sheet on a gross basis.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Commission expense

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

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

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

Commission income

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

Claim recoveries

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

Liability adequacy test

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Property, plant and equipment

Recognition and measurement

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

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

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

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the income statement.

Subsequent costs

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

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Property, plant and equipment (cont'd)

Depreciation (cont'd)

The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.7 Intangible assets

Goodwill

Acquisitions on or after 1 January 2005

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill arising on the acquisition of subsidiaries is presented in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Goodwill is measured at cost less accumulated impairment losses, tested for impairment. Negative goodwill is recognised immediately in the income statement.

Computer software

Computer software is stated at cost less accumulated amortisation and impairment losses. Computer software is amortised in the income statement on a straight-line basis over the estimated useful lives of 3 to 5 years, from the date on which they are available for use.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.7 Intangible assets (cont'd)

Customer lists

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

3.8 Financial instruments

Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

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

Financial assets at fair value through profit or loss

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

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

Loans and receivables comprise insurance, trade and other receivables.

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

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see Note 3.3), are recognised directly in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group has the following non-derivative financial liabilities: interest-bearing borrowings, bank overdrafts, insurance, trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments

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

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Separable embedded derivatives

Changes in the value of separable embedded derivatives are recognised immediately in the income statement.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Financial instruments (cont'd)

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately to the income statement.

Share capital

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

3.9 Impairment

Financial assets (including receivables)

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

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment (cont'd)

Financial assets (including receivables) (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.9 Impairment (cont'd)

Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

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

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.10 Lease payments

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

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

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

3.11 Employee benefits

Defined contributions plans

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

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.11 Employee benefits (cont'd)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

3.12 Provisions

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

3.13 Revenue recognition

Interest income

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

Fee and commission income

Fee and commission income are recognised in the income statement on an accrual basis.

Management fees

Management fees are recognised on an accrual basis.

Insurance contracts

Revenue recognition from insurance contracts is explained in Note 3.5.

Interest expense

Interest expense is recognised in the income statement at amortised cost using the effective interest rate method.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.13 Revenue recognition (cont'd)

Interest income from debt securities and bank deposits

Interest income from debt securities and bank deposits are recognised in the income statement at amortised cost using the effective interest rate method.

Dividend income

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

Jobs Credit Scheme

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

3.14 Dividends

Dividends payable on the issued ordinary shares are recognised as a liability in the financial year in which they are declared.

3.15 Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in income statement except to the extent that it relates to items recognised directly to equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.15 Income tax expense (cont'd)

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

3.16 Deposits relating to collaterals of clients

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

3.17 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, which comprise share options granted to employees.

3.18 Segment reporting

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

3.19 New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2009 have not been applied in preparing these financial statements. None of these will have an effect to the financial statements of the Group, except for *Eligible Hedged Items - Amendment to FRS 39 Financial Instruments: Recognition and Measurement,* which clarifies the existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. The amendment, which becomes mandatory for the Group's 2010 consolidated financial statements, is not expected to have a significant impact on the consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land $'000	Leasehold building $'000	Freehold residential properties $'000	Freehold land & building $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group									
Cost									
At 1 January 2008	12,822	10,510	495	-	653	1,224	1,165	191	27,060
Additions	-	-	-	-	95	197	183	27	502
Disposals	-	-	-	-	-	(22)	(28)	-	(50)
Write-off	-	-	-	-	-	(64)	(244)	-	(308)
Effect of movements in exchange rates	-	-	-	-	(3)	(15)	(9)	(17)	(44)
At 31 December 2008	12,822	10,510	495	-	745	1,320	1,067	201	27,160
At 1 January 2009	**12,822**	**10,510**	**495**	**-**	**745**	**1,320**	**1,067**	**201**	**27,160**
Acquisitions through business combinations	**-**	**-**	**-**	**2,554**	**-**	**531**	**867**	**231**	**4,183**
Other additions	**-**	**-**	**-**	**-**	**-**	**26**	**60**	**146**	**232**
Disposals	**-**	**-**	**(312)**	**-**	**-**	**(8)**	**(10)**	**(101)**	**(431)**
Write-off	**-**	**-**	**-**	**-**	**-**	**(33)**	**(209)**	**-**	**(242)**
Effect of movements in exchange rates	**-**	**-**	**-**	**(32)**	**(1)**	**7**	**(11)**	**7**	**(30)**
At 31 December 2009	**12,822**	**10,510**	**183**	**2,522**	**744**	**1,843**	**1,764**	**484**	**30,872**
Accumulated depreciation									
At 1 January 2008	1,608	3,165	393	-	614	982	763	64	7,589
Depreciation for the year	140	397	4	-	38	107	157	39	882
Disposals	-	-	-	-	-	(22)	(25)	-	(47)
Write-off	-	-	-	-	-	(64)	(243)	-	(307)
Effect of movements in exchange rates	-	-	-	-	(1)	(8)	(7)	(7)	(23)
At 31 December 2008	1,748	3,562	397	-	651	995	645	96	8,094

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land $'000	Leasehold building $'000	Freehold residential properties $'000	Freehold land & building $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Group									
At 1 January 2009	**1,748**	**3,562**	**397**	**-**	**651**	**995**	**645**	**96**	**8,094**
Acquisitions through business combinations	-	-	-	607	-	500	611	115	1,833
Depreciation for the year	140	397	4	29	36	125	197	76	1,004
Disposals	-	-	(312)	-	-	(8)	(10)	(56)	(386)
Write-off	-	-	-	-	-	(33)	(207)	-	(240)
Effect of movements in exchange rates	-	-	-	(11)	-	(1)	(5)	5	(12)
At 31 December 2009	**1,888**	**3,959**	**89**	**625**	**687**	**1,578**	**1,231**	**236**	**10,293**
Carrying amount									
At 1 January 2008	11,214	7,345	102	-	39	242	402	127	19,471
At 31 December 2008	11,074	6,948	98	-	94	325	422	105	19,066
At 1 January 2009	**11,074**	**6,948**	**98**	**-**	**94**	**325**	**422**	**105**	**19,066**
At 31 December 2009	**10,934**	**6,551**	**94**	**1,897**	**57**	**265**	**533**	**248**	**20,579**

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Leasehold land $'000	Leasehold building $'000	Freehold residential properties $'000	Renovations $'000	Office equipment, furniture and fittings $'000	Computer equipment $'000	Motor vehicles $'000	Total $'000
Company								
Cost								
At 1 January 2008	12,822	10,510	495	525	995	778	10	26,135
Additions	-	-	-	86	134	35	-	255
Disposals	-	-	-	-	(21)	(25)	-	(46)
Write-off	-	-	-	-	(64)	(244)	-	(308)
At 31 December 2008	12,822	10,510	495	611	1,044	544	10	26,036
At 1 January 2009	**12,822**	**10,510**	**495**	**611**	**1,044**	**544**	**10**	**26,036**
Additions	**-**	**-**	**-**	**-**	**-**	**35**	**-**	**35**
Disposal	**-**	**-**	**(312)**	**-**	**-**	**-**	**-**	**(312)**
Write-off	**-**	**-**	**-**	**-**	**(4)**	**(36)**	**-**	**(40)**
At 31 December 2009	**12,822**	**10,510**	**183**	**611**	**1,040**	**543**	**10**	**25,719**
Accumulated depreciation								
At 1 January 2008	1,608	3,165	393	524	884	540	10	7,124
Depreciation for the year	140	397	4	22	57	71	-	691
Disposals	-	-	-	-	(20)	(23)	-	(43)
Write-off	-	-	-	-	(64)	(243)	-	(307)
At 31 December 2008	1,748	3,562	397	546	857	345	10	7,465
At 1 January 2009	**1,748**	**3,562**	**397**	**546**	**857**	**345**	**10**	**7,465**
Depreciation for the year	**140**	**397**	**4**	**22**	**57**	**69**	**-**	**689**
Disposals	**-**	**-**	**(312)**	**-**	**-**	**-**	**-**	**(312)**
Write-off	**-**	**-**	**-**	**-**	**(4)**	**(34)**	**-**	**(38)**
At 31 December 2009	**1,888**	**3,959**	**89**	**568**	**910**	**380**	**10**	**7,804**
Carrying amount								
At 1 January 2008	11,214	7,345	102	1	111	238	-	19,011
At 31 December 2008	11,074	6,948	98	65	187	199	-	18,571
At 1 January 2009	**11,074**	**6,948**	**98**	**65**	**187**	**199**	**-**	**18,571**
At 31 December 2009	**10,934**	**6,551**	**94**	**43**	**130**	**163**	**-**	**17,915**

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

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

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

5 INTANGIBLE ASSETS

	Computer software $'000	Customer lists $'000	Membership rights $'000	Total $'000
Group				
Cost				
At 1 January 2008	3,974	-	-	3,974
Additions	308	-	-	308
Effect of movements in exchange rates	(9)	-	-	(9)
At 31 December 2008	4,273	-	-	4,273
At 1 January 2009	**4,273**	**-**	**-**	**4,273**
Acquisitions through business combinations	**123**	**1,131**	**23**	**1,277**
Other additions	**739**	**-**	**-**	**739**
Disposals	**(2)**	**-**	**-**	**(2)**
Effect of movements in exchange rates	**5**	**-**	**-**	**5**
At 31 December 2009	**5,138**	**1,131**	**23**	**6,292**

5 INTANGIBLE ASSETS (cont'd)

	Computer software $'000	Customer lists $'000	Membership rights $'000	Total $'000
Group				
Accumulated amortisation				
At 1 January 2008	3,677	-	-	3,677
Amortisation charge for the year	194	-	-	194
Effect of movements in exchange rates	(4)	-	-	(4)
At 31 December 2008	3,867	-	-	3,867
At 1 January 2009	**3,867**	**-**	**-**	**3,867**
Acquisition through business combinations	**25**	**-**	**-**	**25**
Amortisation charge for the year	**400**	**-**	**-**	**400**
Disposals	**(2)**	**-**	**-**	**(2)**
Effect of movements in exchange rates	**4**	**-**	**-**	**4**
At 31 December 2009	**4,294**	**-**	**-**	**4,294**
Carrying amount				
At 1 January 2008	297	-	-	297
At 31 December 2008	406	-	-	406
At 1 January 2009	**406**	**-**	**-**	**406**
At 31 December 2009	**844**	**1,131**	**23**	**1,998**
Company				
Cost				
At 1 January 2008	3,525	-	-	3,525
Additions	81	-	-	81
At 31 December 2008	3,606	-	-	3,606
At 1 January 2009	**3,606**	**-**	**-**	**3,606**
Additions	**75**	**-**	**-**	**75**
At 31 December 2009	**3,681**	**-**	**-**	**3,681**
Accumulated amortisation				
At 1 January 2008	3,407	-	-	3,407
Amortisation charge for the year	82	-	-	82
At 31 December 2008	3,489	-	-	3,489
At 1 January 2009	**3,489**	**-**	**-**	**3,489**
Amortisation charge for the year	**78**	**-**	**-**	**78**
At 31 December 2009	**3,567**	**-**	**-**	**3,567**
Carrying amount				
At 1 January 2008	118	-	-	118
At 31 December 2008	117	-	-	117
At 1 January 2009	**117**	**-**	**-**	**117**
At 31 December 2009	**114**	**-**	**-**	**114**

5 INTANGIBLE ASSETS (cont'd)

The amortisation charge for the year is included in the "General and administrative expenses" in the consolidated income statement.

For customer lists acquired through business combinations, please refer to Note 37.

6 SUBSIDIARIES

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Unquoted ordinary shares, at cost	**-**	-	**55,927**	48,018
Impairment losses	**-**	-	**-**	(1,523)
	-	-	**55,927**	46,495

Details of the subsidiaries are as follows:

Company name	Country of incorporation	Proportion of Ownership Interest		
Principal direct and indirect subsidiaries		**Group's effective interest**	**Held by Company**	**Held by Subsidiary**
		%	**%**	**%**
(a) IFS Capital Assets Private Limited	Singapore	100	100	-
IFS Ventures Private Limited	Singapore	100	-	100
IFS Ventures 2 Limited	Singapore	100	25	75
ECIL Ltd.	Singapore	100	-	100
(b) ECICS Limited	Singapore	100	100	-
(c) IFS Capital (Malaysia) Sdn. Bhd.	Malaysia	70+	70+	-
IFS Factors (Malaysia) Sdn. Bhd.	Malaysia	30+	-	30+*
(d) PT. IFS Capital Indonesia	Indonesia	85+	85+	-
(e) IFS Capital (Hong Kong) Limited	Hong Kong	100	100	-
(f) IFS Capital Holdings (Thailand) Limited ^	Thailand	100	100	-
(g) IFS Capital (Thailand) Public Company Limited ^	Thailand	98.2	49.0	49.2

^ The associates became subsidiaries on 1 April 2009 following the Company's acquisition of additional 55% interest in the shareholding of IFS Capital Holdings (Thailand) Limited.

+ Consolidation is prepared based on 100% beneficial interest.

* Although the Group owns less than half of the voting power of IFS Factors (Malaysia) Sdn. Bhd., it is able to govern the financial and operating policies of the Company by virtue of an agreement with the other investors of IFS Factors (Malaysia) Sdn. Bhd. Consequently, the Group consolidates its investment in the Company.

6 SUBSIDIARIES (cont'd)

The principal activities of the subsidiaries are as follows:

	Name of subsidiaries	Principal activities
[1]	IFS Capital Assets Private Limited	Working capital, asset-based financing, venture capital investments and private equity investments
[1]	IFS Ventures 2 Limited	Venture capital investments
[1]	IFS Ventures Private Limited	Venture capital investments
[1]	ECIL Ltd.	In members' voluntary liquidation
[1]	ECGC Ltd.	In members' voluntary liquidation (completed on 3 Nov 2009)
[1]	ECICS Limited	Direct general insurer, guarantee, bond and underwriting business
[2]	IFS Capital (Malaysia) Sdn. Bhd.	Hire purchase financing, business debt factoring and provision of other related services
[2]	IFS Factors (Malaysia) Sdn. Bhd.	Hire purchase financing, business debt factoring, provision of other related services, focusing on government related projects
[2]	PT. IFS Capital Indonesia	Factoring of onshore and offshore short-term trade receivables, direct financing, operating leases and consumer financing
[3]	IFS Capital (Hong Kong) Limited	Dormant
[4]	IFS Capital Holdings (Thailand) Limited	Investment holding
[4]	IFS Capital (Thailand) Public Company Limited	Factoring, hire purchase and leasing businesses

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

6 SUBSIDIARIES (cont'd)

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

7 ASSOCIATES

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Unlisted shares, at cost	-	-	-	7,903
Share of net assets	-	11,304	-	-
Loans to associates:				
- Interest-bearing	-	211	-	211
- Non-interest bearing	-	31	-	31
	-	242	-	242
	-	11,546	-	8,145

During the year, the Company acquired additional shares in IFS Capital Holdings (Thailand) Limited and increased its shareholding interest from 45% to 100%. As a result, the associates became subsidiaries of the Company.

Interest-bearing loans to associates in 2008 were denominated in Thai Baht and form part of the Company's net investment in the associates. The loans were unsecured and are repayable on demand. As the amount is, in substance, a part of the Company's net investment in the entity, it is stated at cost.

The weighted average effective interest rate of interest bearing loan to associates at the end of the financial year 2008 was 7.5% per annum. Interest rate was repriced at monthly intervals.

7 ASSOCIATES (cont'd)

Details of the associates are as follows:

Name of associates	Country of incorporation	Effective equity held by the Group 2009 %	Effective equity held by the Group 2008 %
[1] IFS Capital Holdings (Thailand) Limited	Thailand	100.0	45.0
[1] IFS Capital (Thailand) Public Company Limited	Thailand	98.2	49.0

[1] Audited by Deloitte Touche Tohmatsu Jaiyos Co., Ltd, Thailand

The summarised financial information relating to the associates which is not adjusted for the percentage of ownership held by the Group is as follows:

	2009 $'000	2008 $'000
Assets and liabilities		
Non-current assets	-	26,045
Current assets	-	85,912
Total assets	-	111,957
Non-current liabilities	-	3,888
Current liabilities	-	84,886
Total liabilities	-	88,774
Results		
Revenue	-	12,233
Profit after taxation	-	3,938

8 OTHER INVESTMENTS

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Non-current investments					
Debt securities					
Held-to-maturity					
At amortised cost					
- Corporate bonds	(a)	**30,992**	19,931	**1,207**	-
Equity securities					
Available-for-sale					
At fair value					
- Quoted and unquoted equity		**9,699**	9,264	**922**	767
Allowance for impairment loss		**(4,285)**	(3,772)	**-**	-
		5,414	5,492	**922**	767
At cost		**3,844**	4,565	**3,844**	3,844
Allowance for impairment loss		**-**	(702)	**-**	-
		3,844	3,863	**3,844**	3,844
		40,250	29,286	**5,973**	4,611
Current investments					
Debt securities					
Held-to-maturity					
At amortised cost					
- Corporate bonds	(a)	**9,958**	15,497	**980**	-
Available-for-sale					
At fair value					
- Convertible bond and notes		**5,079**	4,619	**-**	-
Allowance for impairment loss		**(4,514)**	(1,806)	**-**	-
		565	2,813	**-**	-
Equity securities					
Held-for-trading					
At fair value		**645**	226	**-**	41
Financial derivatives					
At fair value through profit or loss		**1,004**	336	**-**	-
		12,172	18,872	**980**	41
Total		**52,422**	48,158	**6,953**	4,652

8 OTHER INVESTMENTS (cont'd)

(a) Held-to-maturity debt securities have interest rates of 1.55% to 5.0% (2008: 2.3% to 5.1%) per annum and mature in 1 to 5 years.

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

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

	Note	Group 2009 $'000	Group 2008 $'000
At 1 January		**6,280**	4,766
Allowance made during the year (net)	33	**2,982**	1,838
Reversal to profit or loss from fair value reserve through equity		**-**	500
Allowance utilised during the year		**(463)**	(824)
At 31 December		**8,799**	6,280

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

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Group				
2009				
Debt securities held-to-maturity				
Corporate bonds	3.79	**9,958**	**30,992**	**40,950**
2008				
Debt securities held-to-maturity				
Corporate bonds	3.55	15,497	19,931	35,428

8 OTHER INVESTMENTS (cont'd)

	Weighted average effective interest rate %	Fixed interest rate maturing within 1 year $'000	in 1 to 5 years $'000	Total $'000
Company				
2009				
Debt securities held-to-maturity				
Corporate bonds	3.76	**980**	**1,207**	**2,187**
2008				
Debt securities held-to-maturity				
Corporate bonds	-	-	-	-

9 LOANS, ADVANCES, HIRE PURCHASE AND LEASING RECEIVABLES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Hire purchase and leasing receivables	10	**47,009**	75,744	**21,734**	52,257
Loans and advances		**91,346**	126,002	**76,621**	114,662
		138,355	201,746	**98,355**	166,919
Allowance for impairment of doubtful receivables					
- hire purchase receivables		**(1,729)**	(750)	**(928)**	(660)
- leasing receivables		**(555)**	(198)	**-**	-
- loans and advances		**(7,280)**	(10,603)	**(6,981)**	(10,353)
		(9,564)	(11,551)	**(7,909)**	(11,013)
	40	**128,791**	190,195	**90,446**	155,906
Due within 12 months	15	**85,003**	121,196	**59,624**	105,178
Due after 12 months		**43,788**	68,999	**30,822**	50,728
		128,791	190,195	**90,446**	155,906

9 LOANS, ADVANCES, HIRE PURCHASE AND LEASING RECEIVABLES (cont'd)

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

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
At 1 January		**11,551**	10,640	**11,013**	10,171
Translation adjustment		**15**	(29)	**-**	-
Acquisitions through business combinations		**590**	-	**-**	-
Allowance made during the year (net)	33	**3,321**	2,347	**2,809**	2,249
Allowance utilised during the year		**(5,913)**	(1,407)	**(5,913)**	(1,407)
At 31 December		**9,564**	11,551	**7,909**	11,013

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Group					
2009					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	8.0	**-**	**30,156**	**12,764**	**42,920**
- variable rate	7.9	**85,871**	**-**	**-**	**85,871**
		85,871	**30,156**	**12,764**	**128,791**
2008					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	7.8	-	41,917	32,558	74,475
- variable rate	8.4	115,720	-	-	115,720
		115,720	41,917	32,558	190,195

9 LOANS, ADVANCES, HIRE PURCHASE AND LEASING RECEIVABLES (cont'd)

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Fixed interest rate maturing in 1 to 5 years $'000	Total $'000
Company					
2009					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	5.9	**-**	**15,618**	**8,305**	**23,923**
- variable rate	7.5	**66,523**	**-**	**-**	**66,523**
		66,523	**15,618**	**8,305**	**90,446**
2008					
Loans, advances, hire purchase and leasing receivables					
- fixed rate	6.7	-	28,981	17,739	46,720
- variable rate	8.3	109,186	-	-	109,186
		109,186	28,981	17,739	155,906

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

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

10 HIRE PURCHASE AND LEASING RECEIVABLES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Gross receivables		**49,277**	78,547	**21,734**	52,257
Unearned income		**(2,268)**	(2,803)	**-**	-
	9	**47,009**	75,744	**21,734**	52,257
Within 1 year		**29,314**	40,113	**15,969**	29,111
After 1 year but within 5 years		**17,695**	35,631	**5,765**	23,146
		47,009	75,744	**21,734**	52,257

11 DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets

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

	Group	
	2009	**2008**
	$'000	**$'000**
Loans, advances, hire purchase and leasing receivables	**-**	68
Tax losses	**-**	896
	-	964
Net deferred tax at 17% (2008: 18%)	**-**	173

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

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Loans, advances, hire purchase and leasing receivables	**(912)**	(948)	**290**	-
Factoring receivables	**(648)**	(493)	**-**	-
Other investments	**(908)**	(470)	**-**	-
Others	**(270)**	(47)	**-**	-
Property, plant and equipment	**-**	-	**178**	158
Trade and other receivables	**-**	-	**69**	67
Trade and other payables	**-**	-	**4**	6
Dividend not remitted to Singapore	**-**	-	**114**	121
Other investments	**-**	-	**36**	13
Deferred tax (assets) liabilities	**(2,738)**	(1,958)	**691**	365
Set off of tax	**322**	251	**(322)**	(251)
Net deferred tax (assets) liabilities	**(2,416)**	(1,707)	**369**	114

11 DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

	Assets		Liabilities	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Company				
Loans, advances, hire purchase and leasing receivables	**(768)**	(892)	**-**	-
Factoring receivables	**(568)**	(493)	**-**	-
Other investments	**-**	(6)	**21**	-
Property, plant and equipment	**-**	-	**61**	69
Deferred tax (assets) liabilities	**(1,336)**	(1,391)	**82**	69
Set off of tax	**82**	69	**(82)**	(69)
Net deferred tax (assets) liabilities	**(1,254)**	(1,322)	**-**	-

Movements in temporary differences during the year are as follows:

	At 1/1/2009 $'000	Recognised in income statement (Note 35) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	At 31/12/2009 $'000
Group					
Deferred tax liabilities					
Property, plant and equipment	158	21	-	(1)	178
Trade and other receivables	67	292	-	-	359
Trade and other payables	6	(2)	-	-	4
Dividend not remitted to Singapore	121	(7)	-	-	114
Other investments	13	-	23	-	36
	365	304	23	(1)	691
Deferred tax assets					
Loans, advances, hire purchase and leasing receivables	(948)	35	-	1	(912)
Factoring receivables	(493)	(155)	-	-	(648)
Other investments	(470)	(474)	36	-	(908)
Others	(47)	(220)	-	(3)	(270)
	(1,958)	(814)	36	(2)	(2,738)
Total	(1,593)	(510)	59	(3)	(2,047)

11 DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

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

	At 1/1/2008 $'000	Recognised in income statement (Note 35) $'000	Recognised in other comprehensive income $'000	Exchange differences $'000	At 31/12/2008 $'000
Group					
Deferred tax liabilities					
Property, plant and equipment	137	23	-	(2)	158
Trade and other receivables	57	10	-	-	67
Trade and other payables	6	-	-	-	6
Dividend not remitted to Singapore	121	-	-	-	121
Other investments	646	(43)	(589)	(1)	13
	967	(10)	(589)	(3)	365
Deferred tax assets					
Loans, advances, hire purchase and leasing receivables	(720)	(230)	-	2	(948)
Factoring receivables	(312)	(181)	-	-	(493)
Other investments	(46)	(268)	(156)	-	(470)
Others	(41)	(11)	-	5	(47)
	(1,119)	(690)	(156)	7	(1,958)
Total	(152)	(700)	(745)	4	(1,593)

	At 1/1/2009 $'000	Recognised in income statement (Note 35) $'000	Recognised in other comprehensive income $'000	At 31/12/2009 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	**69**	**(8)**	**-**	**61**
	69	**(8)**	**-**	**61**
Deferred tax assets				
Loans, advances, hire purchase and leasing receivables	**(892)**	**124**	**-**	**(768)**
Factoring receivables	**(493)**	**(75)**	**-**	**(568)**
Other investments	**(6)**	**-**	**27**	**21**
	(1,391)	**49**	**27**	**(1,315)**
Total	**(1,322)**	**41**	**27**	**1,254**

11 DEFERRED TAX ASSETS AND LIABILITIES (cont'd)

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

	At 1/1/2008 $'000	Recognised in income statement (Note 35) $'000	Recognised in other comprehen-sive income $'000	At 31/12/2008 $'000
Company				
Deferred tax liabilities				
Property, plant and equipment	72	(3)	-	69
	72	(3)	-	69
Deferred tax assets				
Loans, advances, hire purchase and leasing receivables	(684)	(208)	-	(892)
Factoring receivables	(312)	(181)	-	(493)
Other investments	-	-	(6)	(6)
	(996)	(389)	(6)	(1,391)
Total	(924)	(392)	(6)	(1,322)

12 DERIVATIVE FINANCIAL INSTRUMENTS

The foreign exchange forward contracts of notional amount of US$15 million that the Group entered into to hedge the exposure matured in June 2009 and as at 31 December 2009, there were no outstanding forward exchange contracts.

13 REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

	Group	
	2009 $'000	**2008 $'000**
Reinsurers' share of insurance contract provisions		
- Unexpired risks	**8,688**	27,103
- Insurance claims	**2,297**	2,930
	10,985	30,033

13 REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS (cont'd)

Unexpired risks

	2009			2008		
	Gross $'000	**Reinsurance $'000**	**Net $'000**	**Gross $'000**	**Reinsurance $'000**	**Net $'000**
Group						
At 1 January	**34,951**	**(27,103)**	**7,848**	31,368	(24,435)	6,933
Change during the year	**(21,644)**	**18,415**	**(3,229)**	3,583	(2,668)	915
At 31 December	**13,307**	**(8,688)**	**4,619**	34,951	(27,103)	7,848

The balance of net unexpired risks provision relating to the renewal business arising from the acquisition of ECICS Credit Insurance Ltd ("ECIL") and ECICS Credit and Guarantee Company (Singapore) Ltd ("ECGC") businesses in 2003 at balance sheet date is $313,000 (2008: $313,000).

Insurance claims

	2009			2008		
	Gross $'000	**Reinsurance $'000**	**Net $'000**	**Gross $'000**	**Reinsurance $'000**	**Net $'000**
Group						
At 1 January	**6,669**	**(2,930)**	**3,739**	10,400	(2,474)	7,926
Change in specific reserves for reported claims	**(1,375)**	**921**	**(454)**	(3,120)	(735)	(3,855)
Change in incurred-but-not-reported losses	**(162)**	**(288)**	**(450)**	(611)	279	(332)
At 31 December	**5,132**	**(2,297)**	**2,835**	6,669	(2,930)	3,739
Claims paid	**7,713**	**(5,546)**	**2,167**	4,708	(1,129)	3,579
Claims recovered	**(3,388)**	**2,175**	**(1,213)**	(1,583)	1,044	(539)
Net claims paid/ (recovered)	**4,325**	**(3,371)**	**954**	3,125	(85)	3,040

13 REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS (cont'd)

The balance of net insurance claims provision relating to the business arising from the acquisition of ECIL and ECGC businesses as at balance sheet date is $1,463 (2008: $78,408).

Net claims paid/(recovered) for the year on risks underwritten by ECIL or ECGC and transferred to ECICS amounted to $8,964 (2008: $2,997,946).

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

	Group	
	2009	**2008**
	$'000	**$'000**
Less than 1 year	**2,390**	2,723
Between 1-2 years	**391**	808
Between 2-3 years	**54**	189
Between 3-4 years	**-**	19
	2,835	3,739

14 INSURANCE RECEIVABLES

	Group	
	2009	**2008**
	$'000	**$'000**
Receivables arising from insurance contracts	**550**	1,552
Reinsurance contract receivables	**31**	496
	581	2,048
Allowance for doubtful receivables	**(258)**	(289)
	323	1,759

Insurance receivables are non interest-earning.

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

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

		Group	
	Note	**2009**	**2008**
		$'000	**$'000**
At 1 January		**289**	181
Allowance (reversed)/made during the year	33	**(31)**	108
At 31 December		**258**	289

15 TRADE AND OTHER RECEIVABLES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Loans, advances, hire purchase and leasing receivables	9	**85,003**	121,196	**59,624**	105,178
Factoring receivables	16	**107,541**	59,224	**23,409**	50,901
Amount owing by minority shareholders		**96**	96	**969**	664
Loan owing by subsidiaries					
- trade		**-**	-	**29,344**	24,586
- non-trade		**-**	-	**-**	50
Deposits and other receivables	17	**4,793**	5,578	**1,530**	953
Loans and receivables		**197,433**	186,094	**114,876**	182,332
Prepayment		**474**	480	**117**	215
		197,907	186,574	**114,993**	182,547

The amount owing by minority shareholders is unsecured, interest-free and is repayable on demand. The loans owing by subsidiaries (trade) are unsecured, interest-bearing and are repayable on demand. There are no allowances for doubtful debts arising from the outstanding balances.

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Total $'000
Company		
2009		
Loans owing by subsidiaries		
- fixed rate	4.2	**1,892**
- variable rate	4.4	**27,025**
- non interest-earning	-	**427**
		29,344
2008		
Loans owing by subsidiaries		
- fixed rate	4.2	1,814
- variable rate	4.5	22,772
- non interest-earning	-	50
		24,636

Group

Effective interest rate and repricing analysis for loans, advances, hire purchase and leasing receivables and factoring receivables are as set out in Notes 9 and 16 respectively.

16 FACTORING RECEIVABLES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Factoring receivables	40	**172,504**	140,379	**58,219**	124,673
Less:					
Factoring amounts owing to clients		**(50,460)**	(68,929)	**(23,985)**	(61,738)
		122,044	71,450	**34,234**	62,935
Allowance for doubtful receivables		**(14,503)**	(12,226)	**(10,825)**	(12,034)
	15	**107,541**	59,224	**23,409**	50,901

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

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
At 1 January		**12,226**	11,290	**12,034**	11,178
Translation adjustment		**11**	(16)	**-**	-
Acquisitions through business combinations		**3,213**	-	**-**	-
Allowance made during the year (net)	33	**(566)**	1,312	**(836)**	1,216
Allowance utilised during the year		**(381)**	(360)	**(373)**	(360)
At 31 December		**14,503**	12,226	**10,825**	12,034

The weighted average interest rates of factoring receivables net of factoring amounts owing to clients included in Trade and Other Payables of $9,737,144 for the Group and Company (2008: Group and Company: $13,831,708) (refer to Note 24) and allowance for doubtful receivables at the balance sheet date and the periods in which they reprice are as follows:

	Weighted average effective interest rate %	Total $'000
Group		
2009		
Factoring receivables, net		
- fixed rate	6.2	**3,083**
- variable rate	9.6	**94,721**
		97,804
2008		
Factoring receivables, net		
- fixed rate	5.8	4,636
- variable rate	8.2	40,756
		45,392

16 FACTORING RECEIVABLES (cont'd)

	Weighted average effective interest rate %	Total $'000
Company		
2009		
Factoring receivables, net		
- fixed rate	5.2	**3,083**
- variable rate	6.6	**10,589**
		13,672
2008		
Factoring receivables, net		
- fixed rate	5.8	4,636
- variable rate	7.6	32,433
		37,069

17 DEPOSITS AND OTHER RECEIVABLES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Deposits					
- own deposits		**32**	25	**7**	12
- deposits lodged with Monetary Authority of Singapore		**500**	500	**-**	-
		532	525	**7**	12
Tax recoverable		**1,143**	678	**1,104**	621
Accrued interest receivable		**405**	371	**-**	-
Other receivables:					
Gross receivables		**4,331**	4,856	**2,035**	1,169
Allowance for doubtful receivables		**(1,618)**	(852)	**(1,616)**	(849)
Other receivables, net		**2,713**	4,004	**419**	320
	15	**4,793**	5,578	**1,530**	953

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

17 DEPOSITS AND OTHER RECEIVABLES (cont'd)

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

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
At 1 January		**852**	418	**849**	415
Allowance made during the year (net)	33	**971**	538	**970**	538
Allowance utilised during the year		**(205)**	(104)	**(203)**	(104)
At 31 December		**1,618**	852	**1,616**	849

18 CASH AND CASH EQUIVALENTS

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Cash at banks and in hand	**8,143**	3,659	**2,537**	1,891
Fixed deposits	**18,509**	21,413	**3,311**	2,485
Cash and cash equivalents in the consolidated statement of cash flows	**26,652**	25,072	**5,848**	4,376

Effective interest rates and repricing analysis:

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Non interest-earning $'000	Total $'000
Group					
2009					
Cash at banks and in hand	1.1	**856**	**-**	**7,287**	**8,143**
Fixed deposits	0.3	**3,425**	**15,084**	**-**	**18,509**
		4,281	**15,084**	**7,287**	**26,652**
2008					
Cash at banks and in hand	0.1	1,807	-	1,852	3,659
Fixed deposits	1.0	3,522	17,891	-	21,413
		5,329	17,891	1,852	25,072

18 CASH AND CASH EQUIVALENTS (cont'd)

	Weighted average effective interest rate %	Floating rate $'000	Fixed interest rate maturing within 1 year $'000	Non interest-earning $'000	Total $'000
Company					
2009					
Cash at banks and in hand	-	**-**	**-**	**2,537**	**2,537**
Fixed deposits	0.4	**3,311**	**-**	**-**	**3,311**
		3,311	**-**	**2,537**	**5,848**
2008					
Cash at banks and in hand	0.1	1,746	-	145	1,891
Fixed deposits	1.3	2,485	-	-	2,485
		4,231	-	145	4,376

19 DEPOSITS RELATING TO COLLATERAL OF CLIENTS

The Group has fixed deposits of $23,972,102 (2008: $16,733,734) held as collateral for guarantees issued on behalf of policyholders. The fair value of the cash collateral as at balance sheet date approximate their carrying amounts. These amounts have been excluded from both cash at bank and other payables in the balance sheet.

20 SHARE CAPITAL

	Group and Company No. of shares 2009	2008
At 1 January	**124,287,522**	124,287,522
Issue of bonus shares	**12,428,740**	-
Exercise of share options	**-**	-
At 31 December	**136,716,262**	124,287,522

On 6 May 2009, the company issued 12,428,740 new ordinary shares on the basis of 1 bonus share credited as fully paid at nil consideration for every 10 existing ordinary shares held by the shareholders of the company.

There were no shares issued during the year (2008: nil) under the Employee Share Option Scheme ("ESOS").

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

20 SHARE CAPITAL (cont'd)

Capital Management

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

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

The minimum capital required for the insurance business as stipulated by the local regulator is $25 million. With effect from 1 January 2008, the subsidiary has to comply with the Risk Based Capital Adequacy Requirement ("CAR") of a minimum of 120% (subject to the financial resource of the subsidiary not being less than $5 million). Although the prescribed financial warning event for the CAR is 120%, the Group has set two higher internal trigger limits for monitoring the CAR. In the event of any breaches of the internal trigger limits, the Board has prescribed certain courses of action for the management to undertake to bring the CAR level to the prescribed levels.

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

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

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

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

21 EMPLOYEE SHARE OPTIONS

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

Under the 2000 Scheme, the subscription price shall be determined by the Committee administering the Scheme at:

(a) 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

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

All options are settled by physical delivery of shares to The Central Depository (Pte) Limited.

The option can be exercised during the following period:

Type of options	**Exercise period**
Option with subscription price fixed at Market Price granted to:	
■ Participants other than Non-Executive Directors	■ 12 to 120 months from date of grant
■ Non-Executive Directors	■ 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	■ 24 to 120 months from date of grant
■ Non-Executive Directors	■ 24 to 60 months from date of grant

The Scheme is administered by the Executive Resource and Compensation Committee ("Committee") which comprises the following Non-Executive Directors:

Lim How Teck (Chairman)	Independent
Lim Hua Min	Non-Independent
Gabriel Teo Chen Thye	Independent

21 EMPLOYEE SHARE OPTIONS (cont'd)

At the end of the financial year, unissued shares of the Company under options granted to eligible employees of the Company under the 2000 Scheme are as follows:

Date of grant of option	Options outstanding as at 1/1/2009	Options granted	Options exercised	Options cancelled/ lapsed	Options balance as at 31/12/2009	Options exercisable as at 1/1/2009	Options exercisable as at 31/12/2009	Exercise price for all Options	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
2000 Scheme												
07/11/2000	9,700	-	-	-	**9,700**	-	-	$0.50	-	-	-	08/11/2001 – 06/11/2010
11/05/2001	11,800	-	-	-	**11,800**	-	-	$0.50	-	-	-	12/05/2002 – 10/05/2011
	21,500	-	-	-	**21,500**	-	**-**		-	-	-	

No options were exercised in 2009.

Under transitional provision of FRS 102 Share-based Payment, the recognition and measurement principles in FRS 102 have not been applied to all of the above share options as all the share options were granted to eligible employees prior to 22 November 2002.

The weighted average remaining contractual life of the options is 1.1 years (2008: 2.1 years).

22 RESERVES

Other reserves comprise:

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Fair value reserve	**(629)**	(858)	**101**	(28)
Capital reserve	**529**	233	**-**	-
Currency translation reserve	**(1,123)**	(1,724)	**-**	-
	(1,223)	(2,349)	**101**	(28)

Fair value reserve

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

Capital reserve

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

Currency translation reserve

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

Dividends

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

For the year ended 31 December

	Group and Company	
	2009	**2008**
	$'000	**$'000**
Final one-tier tax exempt dividend of 1.00 cent (2008: 3.25 cents) per share in respect of year 2008/2007	**1,243**	4,039
Interim one-tier tax exempt dividend of 1.00 cent per share in respect of year 2008	**-**	1,243
	1,243	5,282

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

22 RESERVES (cont'd)

Dividends (cont'd)

	Group and Company	
	2009	2008
	$'000	$'000
First and final one-tier tax exempt dividend of 1.5 cents (2008: 1.0 cent) per share in respect of year 2009/2008	**2,051**	1,243

23 INTEREST-BEARING BORROWINGS

	Group		Company	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Payable:				
Within 12 months	**136,455**	139,091	**64,321**	126,641
After 12 months	**45,361**	61,299	**45,361**	60,837
	181,816	200,390	**109,682**	187,478

The interest-bearing borrowings comprise:

	Note	2009		2008	
		Face value	Carrying amount	Face value	Carrying amount
		$'000	$'000	$'000	$'000
Group					
Unsecured short-term bank loans	(a)	**108,288**	**108,288**	68,372	68,372
Unsecured long-term bank loans	(b)	**47,630**	**47,630**	49,116	49,116
Unsecured SPRING and IES loans	(c)	**25,898**	**25,898**	37,902	37,902
Medium term notes	(d)	**-**	**-**	45,000	45,000
		181,816	**181,816**	200,390	200,390
Company					
Unsecured short-term bank loans	(a)	**36,154**	**36,154**	55,922	55,922
Unsecured long-term bank loans	(b)	**47,630**	**47,630**	48,654	48,654
Unsecured SPRING and IES loans	(c)	**25,898**	**25,898**	37,902	37,902
Medium term notes	(d)	**-**	**-**	45,000	45,000
		109,682	**109,682**	187,478	187,478

(a) Unsecured short-term bank loans bear nominal interest rates ranging from 2.0% to 13.0% (2008: 1.9% to 11.1 %) per annum and are repayable in 2010. These include subsidiaries' bank loans denominated in Indonesian Rupiah, Malaysian Ringgit and Thai Baht.

(b) The unsecured long-term bank loans bear nominal interest rates ranging from 1.4% to 3.52% (2008: 1.7% to 11.1%) per annum and are repayable by quarterly/semi-annual/bullet repayments between 2010 to 2013. These include subsidiaries' bank loans denominated in Indonesian Rupiah.

23 INTEREST-BEARING BORROWINGS (cont'd)

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

The interest rates and repayment periods vary in accordance with the type, purpose and security for the facilities granted under the above schemes. Nominal interest rates on the above loans and advances ranged from 1.8% to 5.4% (2008: 1.8% to 6.9%) per annum and are repayable between 2010 and 2013.

(d) In 2003, the Company established a S$250 million Multi-currency Medium Term Note Programme (the "MTN Programme"). Pursuant to this, the Company may from time to time issue debt under the Programme subject to availability of funds from the market. The outstanding notes of $45 million were fully settled upon maturity in 2009.

Intra-group financial guarantee

Intra-group financial guarantee comprises a guarantee granted by the Company to banks in respect of banking facilities amounting to $11,285,568 (2008: $24,585,695) granted to subsidiaries. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

Effective interest rates and repricing analysis:

	Weighted average effective interest rate	Floating rate	Fixed rate maturing within 1 year	Fixed rate maturing in 1 to 5 years	Total
	%	$'000	$'000	$'000	$'000
Group					
2009					
Unsecured short-term bank loans	2.7	**108,288**	**-**	**-**	**108,288**
Unsecured long-term bank loans	2.2	**47,630**	**-**	**-**	**47,630**
Unsecured SPRING and IES loans	2.8	**-**	**19,353**	**6,545**	**25,898**
		155,918	**19,353**	**6,545**	**181,816**
2008					
Unsecured short-term bank loans	4.8	56,357	12,015	-	68,372
Unsecured long-term bank loans	3.0	49,116	-	-	49,116
Unsecured SPRING and IES loans	3.9	-	25,720	12,182	37,902
Floating rate notes	1.9	30,000	-	-	30,000
Fixed rate notes	4.4	-	15,000	-	15,000
		135,473	52,735	12,182	200,390

23 INTEREST-BEARING BORROWINGS (cont'd)

	Weighted average effective interest rate %	Floating rate $'000	Fixed rate maturing within 1 year $'000	Fixed rate maturing in 1 to 5 years $'000	Total $'000
Company					
2009					
Unsecured short-term bank loans	2.3	**36,154**	**-**	**-**	**36,154**
Unsecured long-term bank loans	2.2	**47,630**	**-**	**-**	**47,630**
Unsecured SPRING and IES loans	2.8	**-**	**19,353**	**6,545**	**25,898**
		83,784	**19,353**	**6,545**	**109,682**
2008					
Unsecured short-term bank loans	4.7	55,922	-	-	55,922
Unsecured long-term bank loans	2.9	48,654	-	-	48,654
Unsecured SPRING and IES loans	3.9	-	25,720	12,182	37,902
Floating rate notes	1.9	30,000	-	-	30,000
Fixed rate notes	4.4	-	15,000	-	15,000
		134,576	40,720	12,182	187,478

24 TRADE AND OTHER PAYABLES

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Factoring amounts owing to clients		**9,737**	13,832	**9,737**	13,832
Trade payables		**179**	304	**152**	285
Amounts and loans due to subsidiary					
- non-trade		**-**	-	**-**	7
- interest-bearing loans		**-**	-	**6,041**	7,464
Deposits relating to leasing contracts		**481**	-	**-**	-
Other payables and accruals	25	**9,612**	11,162	**4,749**	6,741
		20,009	25,298	**20,679**	28,329

Group

For factoring amounts owing to clients, please refer to Note 16 to the financial statements. Trade payables, other payables and accruals are non interest-bearing financial liabilities.

24 TRADE AND OTHER PAYABLES (cont'd)

Company

The interest-bearing loans owing to subsidiary are unsecured and repayable on demand and priced on an arm's length basis.

The weighted average effective interest rate of interest bearing loan owing to subsidiary at the end of the financial year 2009 was 2.9% (2008: 3.4%) per annum.

25 OTHER PAYABLES AND ACCRUALS

		Group		Company	
	Note	2009	2008	2009	2008
		$'000	$'000	$'000	$'000
Accrued operating expenses		**7,601**	6,618	**3,376**	2,692
Deferred income		**56**	295	**-**	293
Clients' security deposits		**1,481**	2,877	**1,004**	2,485
Accrued interest payable		**474**	1,372	**369**	1,271
	24	**9,612**	11,162	**4,749**	6,741

26 INSURANCE PAYABLES

	Group	
	2009	2008
	$'000	$'000
Payables arising from insurance contracts	**2,769**	2,127
Reinsurance contract payables	**516**	1,833
	3,285	3,960

27 INTEREST INCOME

	Group	
	2009	2008
	$'000	$'000
Associates	**4**	7
Third parties	**19,478**	20,474
	19,482	20,481

28 INTEREST EXPENSE

	Group	
	2009	**2008**
	$'000	**$'000**
Banks	**6,353**	9,405

29 INCOME STATEMENT OF INSURANCE SUBSIDIARY - ECICS LIMITED

		Group	
	Note	**2009**	**2008**
		$'000	**$'000**
Revenue			
Gross written premiums		**6,941**	11,927
Change in gross provision for unexpired risks	13	**21,644**	(3,583)
Gross earned premium revenue		**28,585**	8,344
Written premiums ceded to reinsurers		**(4,340)**	(7,194)
Reinsurers' share of change in the provision for unexpired risks	13	**(18,415)**	2,668
Reinsured premium expenses		**(22,755)**	(4,526)
Net earned premium revenue		**5,830**	3,818
Other revenue			
Commission income		**1,614**	2,186
Investment income		**1,418**	20
Other operating income		**1**	37
		3,033	2,243
Net income before claims and expenses		**8,863**	6,061
Claims and expenses			
Change in provision for insurance claims		**1,537**	3,731
Reinsurers' share of change in provision for insurance claims		**(633)**	456
Gross claims paid	13	**(4,325)**	(3,125)
Reinsurers' share of claims recovered	13	**3,371**	85
Net claims (incurred)/reversal		**(50)**	1,147
Commission expenses		**(417)**	(968)
Investment expenses		**(1)**	(2)
Distribution expenses		**(96)**	(195)
Administration expenses		**(721)**	(1,139)
Staff costs		**(2,043)**	(1,486)
Reversal/(allowance made) for insurance receivables and investments		**33**	(109)
Total claims and expenses		**(3,295)**	(2,752)
Net profit before tax for the year		**5,568**	3,309

29 INCOME STATEMENT OF INSURANCE SUBSIDIARY - ECICS LIMITED (cont'd)

The income statement reflects the credit insurance, bonds and guarantee businesses of the insurance subsidiary, ECICS Limited, that are consolidated in the Group's income statement. All intra-group transactions relating to credit premium income and expenses are eliminated on consolidation.

30 FEE AND COMMISSION INCOME

	Group	
	2009	**2008**
	$'000	**$'000**
Fee income	**4,757**	4,226
Underwriting commission income	**1,614**	2,186
	6,371	6,412

31 INVESTMENT INCOME

	Group	
	2009	**2008**
	$'000	**$'000**
Exchange loss	**-**	(156)
Dividend income	**62**	689
Fee income	**-**	67
Gain on disposal of equity securities	**439**	2,014
Remaining proceeds from disposal of an investment in prior year	**-**	512
Net change in fair value of financial assets through profit or loss		
- held-for-trading	**49**	(184)
- designated as fair value through profit or loss	**668**	(811)
Interest income		
- bonds	**1,150**	1,026
- others	**276**	73
- fixed deposits	**165**	403
Amortisation of held-to-maturity debt securities	**121**	(72)
Fees paid to fund manager	**(1)**	(2)
	2,929	3,559

32 OTHER INCOME

	Group	
	2009	**2008**
	$'000	**$'000**
Write back of provision for indemnity for contingent tax liability	**277**	907
Recoveries - loans and advances & receivables	**163**	250
Gain on disposal of property, plant and equipment	**99**	-
Others	**224**	156
	763	1,313

33 ALLOWANCES FOR/(REVERSAL OF) LOAN LOSSES AND IMPAIRMENT OF INVESTMENTS

		Group	
	Note	**2009**	**2008**
		$'000	**$'000**
Trade and other receivables			
- loans, advances, hire purchase, leasing and factoring receivables (net)	9, 16	**2,755**	3,659
- insurance and other receivables	14	**(31)**	108
- non-trade receivables	17	**971**	538
- bad debts written off		**63**	82
Available-for-sale equity and debt securities	8	**2,982**	1,839
Others		**(1)**	-
		6,739	6,226

34 PROFIT BEFORE INCOME TAX

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

		Group	
	Note	**2009**	**2008**
		$'000	**$'000**
Amortisation of intangible assets	5	**400**	194
Depreciation of property, plant and equipment	4	**1,004**	882
Property, plant and equipment written off	4	**2**	1
Exchange loss/(gain), (net)		**117**	(44)
Net change in fair value of derivatives through profit or loss		**-**	(122)
Non-audit fees paid to auditors of the Company		**89**	46
Directors' fees		**442**	328
Fees paid to corporations in which the directors have interests		**8**	18
Contributions to defined contribution plans included in staff costs		**774**	693
Financial expense		**115**	138

35 INCOME TAX (EXPENSE)/CREDIT

	Note	Group 2009 $'000	Group 2008 $'000
Current tax (expense)/credit			
Current year		**(2,496)**	(1,747)
Income tax refund		**273**	109
Overprovided in prior years		**336**	1,096
		(1,887)	(542)
Deferred tax credit/(expense)			
Movements in temporary differences	11	**510**	700
		(1,377)	158

Reconciliation of effective tax rate

	2009 $'000	2008 $'000
Profit before income tax	**7,948**	7,857
Income tax using Singapore tax rates of 17% (2008:18%)	**(1,351)**	(1,414)
Income subject to concessionary rate of 10%	**(30)**	11
Effect of different tax rates in other countries	**(447)**	(37)
Effect of change in tax rate	**(85)**	-
Expenses not deductible for tax purposes	**(492)**	(249)
Tax exempt revenues	**246**	207
Income not subject to tax	**-**	74
Unrecognised movements in deferred tax	**173**	361
Income tax refund	**273**	109
Overprovided in prior years	**336**	1,096
	(1,377)	158

On 22 January 2009, the Minister of Finance announced in his Budget speech that the corporate tax rate will be reduced from 18% to 17% from year of assessment 2010. The tax expense for the year ended 31 December 2009 has been computed at the rate of 17%, being the corporate tax rate in effect as at that date.

35 INCOME TAX (EXPENSE)/CREDIT (cont'd)

Income tax recognised in other comprehensive income

For the year ended 31 December

	2009			2008		
	Before tax $'000	**Tax (expense) benefit $'000**	**Net of tax $'000**	**Before tax $'000**	**Tax (expense) benefit $'000**	**Net of tax $'000**
Group						
Foreign currency translation differences for foreign operations	**595**	**-**	**595**	(2,290)	-	(2,290)
Net change in fair value of available-for-sale financial assets	**288**	**(59)**	**229**	(4,137)	745	(3,392)
	883	**(59)**	**824**	(6,427)	745	(5,682)

36 EARNINGS PER SHARE

	Group	
	2009 $'000	**2008 $'000**
Basic earnings per share		
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	**6,531**	8,015
	No. of shares '000	**No. of shares '000**
Issued ordinary shares at beginning of the year	**124,288**	124,288
Effect of bonus shares issued	**12,429**	12,429
Weighted average number of ordinary shares at end of the year	**136,717**	136,717
Diluted earnings per share		
Diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	**6,531**	8,015

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options, with the potential ordinary shares weighted for the period outstanding.

36 EARNINGS PER SHARE (cont'd)

The effect of the exercise of share options on the weighted average number of ordinary shares in issue is as follows:

	Group	
	2009	**2008**
	No. of shares	**No. of shares**
	'000	**'000**
Weighted average number of:		
Ordinary shares used in the calculation of		
Basic earnings per share	**136,717**	136,717
Potential ordinary shares issuable under share options	**-**	3
Weighted average number of ordinary issued and potential shares assuming full conversion	**136,717**	136,720

The calculation of basic and diluted earnings per share for 2009 and 2008 were adjusted for the financial effects of the bonus issue of 1 bonus share for every 10 existing ordinary shares during the year (Note 20).

37 ACQUISITION OF SUBSIDIARY

On 1 April 2009, the Group acquired an additional 55% shareholding in the capital of IFS Capital Holdings (Thailand) Limited ("IFSCH") for a total consideration of $5,880 in cash. The purchase consideration was arrived at on a "willing buyer and willing seller" basis. As a result of the acquisition, the Group's shareholding in IFSCH increased from 45% to 100%. With IFSCH becoming a wholly-owned subsidiary, the Group's effective interest in IFS Capital Thailand Public Company Limited ("IFST") was increased by 27.06% through IFSCH's current shareholding of 49.2% in IFST. Together with IFS' existing direct 49% shareholding in IFST, IFST became a 98.2% subsidiary of the Group.

In the nine months to 31 December 2009, IFSCH contributed nil operating income and a net loss of $494,000. There was no contribution of operating income from the acquisition of IFSCH as IFSCH's operating income of $622,000 was entirely intercompany and hence was fully eliminated at the Group level.

In the nine months to 31 December 2009, IFST contributed an operating income of $7,154,000 and profit after tax of $1,999,000.

If the acquisition had occurred on 1 January 2009, management estimates that consolidated operating income would have been $37,068,000 ($34,612,000 in Note 42) and consolidated profit for the year would have been $6,626,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2009.

The acquisition had the following provisional effect on the Group's assets and liabilities on acquisition date.

37 ACQUISITION OF SUBSIDIARY (cont'd)

	Pre-acquisition carrying amounts $'000	Fair value adjustments $'000	Recognised values on acquisition $'000
Property, plant and equipment	**1,549**	**801**	**2,350**
Intangible assets	**98**	**1,131**	**1,229**
Trade and other receivables	**80,204**	**-**	**80,204**
Other investments	**54**	**-**	**54**
Cash and cash equivalents	**5,929**	**-**	**5,929**
Trade and other payables	**(5,343)**	**-**	**(5,343)**
Interest-bearing borrowings	**(58,837)**	**-**	**(58,837)**
Net identifiable assets and liabilities	**23,654**	**1,932**	**25,586**
Negative goodwill			**(850)**
Minority interests			**(421)**
Amounts previously accounted for as investments in associates			**(5,045)**
Total consideration paid			**19,270**
Consideration paid in 2009			**6**
Loans disbursed to acquiree prior to date of acquisition			**11,568**
Cash acquired			**(5,929)**
Net cash outflow			**5,645**

Pre-acquisition carrying amounts were determined based on the applicable FRS immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values.

Included in the intangible assets is an amount of $1.1 million representing the fair value of customer lists of IFST. The fair value of the intangible asset is provisional pending the completion of the valuation of the customer lists.

38 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

As at 31 December 2009, the Group and the Company has outstanding standby letters of credit issued on behalf of customers as follows:

	Group and Company	
	2009 $'000	2008 $'000
Letters of credit	**795**	6,349

38 CONTINGENT LIABILITIES AND COMMITMENTS (cont'd)

Commitments

At 31 December 2009, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2009	**2008**
	$'000	**$'000**
Within 1 year	**50**	112
After 1 year but within 5 years	**-**	24
	50	136

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

39 SIGNIFICANT RELATED PARTIES TRANSACTIONS

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.

Key management personnel compensation

Key management personnel refers to Group CEO, Senior Management and CEO or General Manager of the Group's overseas subsidiaries, who have the authority and responsibility for planning, directing and controlling the activities of the Group and the Company.

The key management personnel compensation of the Group comprises mainly short-term employee benefits (remuneration) amounting to $2,356,000 (2008: $2,438,000).

Remuneration includes salary, allowances, bonus (which includes Annual Wage Supplement and performance bonus), employer CPF and other benefits.

39 SIGNIFICANT RELATED PARTIES TRANSACTIONS (cont'd)

Other related party transactions

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2009	**2008**
	$'000	**$'000**
Affiliated corporations		
Professional and brokerage fees incurred	**-**	1
Software development fees incurred	**2**	2
Fund management fees incurred	**3**	24
Commission received	**(30)**	(26)
Rental	**4**	-
Interest received	**(121)**	(150)
Director of company		
Professional Fees	**4**	4

40 FINANCIAL AND INSURANCE RISK MANAGEMENT

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

Credit risk

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

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

- The Credit Committee, comprising executive director and senior management staff assess, review and make decisions on credit risks of the Group within the authority limits imposed by the Board;
- The Credit Risk Management Department independently assess the creditworthiness and risk profile of the obligors and formulate credit policies and procedures for the Group;
- The Client Audit Unit conducts audits on new factoring clients before account activation and for existing ones, on a periodic basis;
- Daily monitoring of accounts is handled by the Business Development Teams together with Operations and Credit Risk Management Departments;
- The Internal Audit provides independent assurance to senior management and the Audit Committee concerning compliance with credit processes, policies and the adequacy of internal controls; and
- Established limits and actual levels of exposure are regularly reviewed and reported to the Board of Directors on a periodic basis.

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

(I) Exposure to credit risk

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

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

	Note	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Collectively assessed					
Neither past due nor impaired (i)		**100,162**	174,429	**64,888**	143,020
Past due but not impaired (ii)		**25,853**	11,863	**22,908**	9,026
Gross amount		**126,015**	186,292	**87,796**	152,046
Collective impairment		**(751)**	(2,147)	**(461)**	(1,775)
Carrying amount		**125,264**	184,145	**87,335**	150,271
Individually impaired (iii)		**12,340**	15,454	**10,559**	14,873
Allowance for impairment		**(8,813)**	(9,404)	**(7,448)**	(9,238)
Carrying amount		**3,527**	6,050	**3,111**	5,635
Total carrying amount	9	**128,791**	190,195	**90,446**	155,906

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

	Group 2009 $'000	Group 2008 $'000	Company 2009 $'000	Company 2008 $'000
Grades 1-5 (gross amount)	**100,162**	174,429	**64,888**	143,020
includes accounts with renegotiated terms	**14,722**	17,737	**12,363**	15,733
include accounts that are unsecured	**17,954**	29,376	**14,126**	27,522

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

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

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Grades 6 - 9 (gross amount)	**25,853**	11,863	**22,908**	9,026
Past due comprises:				
1 - 30 days	**10,658**	2,647	**10,089**	1,244
31- 60 days	**416**	1,458	**1**	24
61 - 90 days	**95**	11	**-**	11
91 - 180 days	**839**	146	**-**	146
More than 180 days	**13,845**	7,601	**12,818**	7,601
Gross amount	**25,853**	11,863	**22,908**	9,026

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

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Grade 7	**1,190**	6,672	**608**	6,091
Grade 8	**3,673**	2,737	**2,878**	2,737
Grade 9	**7,477**	6,045	**7,073**	6,045
Gross amount	**12,340**	15,454	**10,559**	14,873
Allowance for impairment	**(8,813)**	(9,404)	**(7,448)**	(9,238)
Carrying amount	**3,527**	6,050	**3,111**	5,635

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

(b) Factoring receivables

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

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

The breakdown by type of factoring risk is as follows:

		Group Factoring receivables		Company Factoring receivables	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Carrying amount	16	**172,504**	140,379	**58,219**	124,673
Recourse		**160,005**	116,341	**45,720**	100,635
Non-recourse		**12,499**	24,038	**12,499**	24,038
		172,504	140,379	**58,219**	124,673

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

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Past due but not impaired receivables				
More than 180 days	**1,515**	1,597	**1,282**	1,236

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

(c) Insurance receivables

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

	Group	
	2009	**2008**
	$'000	**$'000**
Insurance receivables		
1 - 180 days	**-**	9
More than 180 days	**3**	46
	3	55

(II) Impaired loans and investments

(a) Loan classification

The Group classifies its loans in accordance with the regulatory guidelines and internal loan classification policies. Performing loans are categorized as Grades 1 to 6 while non performing loans are categorised as Grades 7 to 9, based on the following guidelines:

- Grades 1 to 5 - Payment of principal and interests are up-to-date and timely repayment of outstanding credit facilities is in no doubt.
- Grade 6 - Indicate that credit facilities exhibit potential weakness that, if not corrected in a timely manner, may adversely affect future repayments.
- Grade 7 - Timely repayment and/or settlement is at risk. Well-defined weakness is evident.
- Grade 8 - Full repayment and/or settlement is improbably.
- Grade 9 - The outstanding debt is regarded as uncollectible and little or nothing can be done to recover the debt.

(b) Loans with renegotiated terms

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

(c) Allowances for non-performing financial assets

(i) Allowances for loans and receivables

The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan and receivable portfolios. Allowances for loans and factoring receivables comprise specific allowances as well as collective allowances. Specific allowance is established when the present value of future recoverable cash flows of the impaired loan and receivable are lower than the carrying value of the loans and receivables. Assessment for impairment of loan and receivable is conducted on a case-by-case basis. For collective loss allowance, this is provided on the remaining loan and receivables which are grouped according to their risk characteristics and collectively assessed taking into account the historical loss experience on such loans and receivables.

(ii) Allowances for investments

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

(d) Write-off policy

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

(e) Upgrading of non-performing loan

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

(f) Impairment losses

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

	2009		2008	
	Gross $'000	**Net $'000**	**Gross $'000**	**Net $'000**
Group				
Loans, advances, hire purchase and leasing receivables				
Grade 7	**1,190**	**840**	6,672	3,770
Grade 8	**3,673**	**2,041**	2,737	1,698
Grade 9	**7,477**	**646**	6,045	582
Total	**12,340**	**3,527**	15,454	6,050
Company				
Loans, advances, hire purchase and leasing receivables				
Grade 7	**608**	**425**	6,091	3,355
Grade 8	**2,878**	**2,041**	2,737	1,698
Grade 9	**7,073**	**645**	6,045	582
Total	**10,559**	**3,111**	14,873	5,635

(III) Collateral

The Group holds collateral against loans and advances to clients in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of the fair value are based on the value of collateral at the time of lending and generally are not updated except when the loan is individually assessed as impaired. Generally, collateral is not held against the Group's investment securities, and no such collateral was held at 31 December 2009 or 2008.

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

(III) Collateral (cont'd)

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

	Group Loans, advances, hire purchase and leasing receivables		Company Loans, advances, hire purchase and leasing receivables	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Against individually impaired				
Properties	**2,000**	1,604	**-**	795
Equipment	**1,722**	1,558	**1,683**	1,558
Motor vehicles	**15**	122	**15**	122
Vessels	**-**	53	**-**	53
Subtotal	**3,737**	3,337	**1,698**	2,528
Against past due but not impaired				
Accounts receivable	**-**	442	**-**	-
Fixed/cash deposits	**980**	50	**980**	50
Properties	**14,000**	13,833	**14,000**	13,833
Equipment	**2,322**	6,343	**34**	2,507
Subtotal	**17,302**	20,668	**15,014**	16,390
Against neither past due nor impaired				
Accounts receivable	**-**	10,931	**-**	-
Fixed/Cash deposits	**600**	3,814	**600**	3,814
Properties	**39,700**	48,690	**32,500**	41,490
Equipment	**90,825**	139,212	**62,290**	106,126
Shares	**41,000**	42,991	**28,501**	42,046
Motor vehicles	**-**	2,916	**-**	2,916
Vessels	**10,860**	19,423	**10,860**	19,423
Irrevocable bankers' guarantees	**-**	1,750	**-**	-
Subtotal	**182,985**	269,727	**134,751**	215,815
Total	**204,024**	293,732	**151,463**	234,733

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

(IV) Concentration of credit risk

The Group monitors concentration of credit risk by sectors. An analysis of concentrations of credit risk of loans and investments at the reporting date is shown below:

	Loans, advances, hire purchase and leasing receivables		Investments	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Carrying amount	**128,791**	190,195	**52,422**	48,158
Concentration by sector				
Manufacturing	**56,428**	98,381	**4,579**	4,500
Services	**40,683**	54,382	**12,998**	14,229
Holding and investment companies	**18,895**	21,010	**16,017**	5,484
Property	**7,442**	8,435	**9,502**	15,479
Multi-Industry	**-**	-	**8,826**	4,953
Others	**5,343**	7,987	**500**	3,513
Total	**128,791**	190,195	**52,422**	48,158
Company				
Carrying amount	**90,446**	155,906	**6,953**	4,652
Concentration by sector				
Manufacturing	**37,122**	79,029	**-**	-
Services	**26,904**	39,445	**5,746**	4,652
Holding and investment companies	**18,895**	21,010	**-**	-
Property	**7,442**	8,435	**-**	-
Multi-Industry	**-**	-	**1,207**	-
Others	**83**	7,987	**-**	-
Total	**90,446**	155,906	**6,953**	4,652

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

The concentration of credit risk of factoring receivables at the reporting date is shown below:

	Factoring receivables			
	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Carrying amount	**172,504**	140,379	**58,219**	124,673
Concentration by sector				
Manufacturing	**143,152**	74,973	**38,839**	71,306
Services	**27,520**	49,720	**17,547**	37,681
Holding and investment companies	**59**	781	**59**	781
Property	**32**	9,545	**33**	9,545
Shipping	**-**	2,969	**-**	2,969
Others	**1,741**	2,391	**1,741**	2,391
Total	**172,504**	140,379	**58,219**	124,673

The maximum exposure to credit risk for loans, advances, hire purchase and leasing receivables at the reporting date by geographical region was:

	Loans, advances, hire purchase and leasing receivables			
	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**100,737**	160,724	**90,241**	154,149
Southeast Asia	**27,806**	27,768	**205**	555
Rest of Asia	**-**	1,202	**-**	1,202
US & Others	**248**	501	**-**	-
Total	**128,791**	190,195	**90,446**	155,906

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

	Factoring receivables			
	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**58,219**	124,673	**58,219**	124,673
Southeast Asia	**114,285**	15,706	**-**	-
Total	**172,504**	140,379	**58,219**	124,673

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

The maximum exposure to credit risk for investments at the reporting date by geographical region was:

	Investments			
	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Singapore	**31,252**	33,048	**3,108**	766
Southeast Asia	**3,889**	3,844	**3,844**	3,844
Rest of Asia	**9,086**	6,394	**-**	-
US & Others	**8,195**	4,872	**1**	42
Total	**52,422**	48,158	**6,953**	4,652

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

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

Fair value sensitivity analysis for fixed rate instruments

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

Sensitivity analysis for variable rate instruments

As at 31 December 2009, it is estimated that a general increase of 100bp in interest rates would have increased the Group's profit after tax by approximately $240,700 and the Company's profit after tax by approximately $146,000 (2008: Group: $216,000; Company: $205,000). A decrease in 100bp in interest rates would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Liquidity risk

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

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

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Group							
2009							
Non-derivative financial liabilities							
Trade, other payables and deposit on leasing receivables	**23,336**	**23,336**	**19,602**	**407**	**2,192**	**859**	**276**
Insurance payables	**3,285**	**3,285**	**3,285**	**-**	**-**	**-**	**-**
Interest-bearing borrowings	**181,816**	**184,884**	**115,672**	**30,947**	**34,701**	**3,564**	**-**
Letters of credit	**-**	**795**	**795**	-	-	-	-
	208,437	**212,300**	**139,354**	**31,354**	**36,893**	**4,423**	**276**
2008							
Non-derivative financial liabilities							
Trade and other payables	25,298	25,298	25,156	142	-	-	
Insurance payables	3,960	3,960	3,960	-	-	-	
Interest-bearing borrowings	200,390	208,199	102,604	45,388	23,250	36,957	
Letters of credit	-	6,349	6,349	-	-	-	
Derivative financial liabilities							
Forward exchange contracts	(117)	-	-	-	-	-	
- inflow	-	21,825	21,825	-	-	-	
- outflow	-	(21,708)	(21,708)	-	-	-	
	229,531	243,923	138,186	45,530	23,250	36,957	

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Liquidity risk (cont'd)

	Carrying amount $'000	Contractual cash flows $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000
Company						
2009						
Non-derivative financial liabilities						
Trade and other payables	**20,679**	**20,679**	**20,679**	**-**	**-**	**-**
Interest-bearing borrowings	**109,682**	**112,472**	**43,259**	**30,948**	**34,701**	**3,564**
Letters of credit	**-**	**795**	**795**	**-**	**-**	**-**
	130,361	**133,946**	**64,733**	**30,948**	**34,701**	**3,564**
2008						
Non-derivative financial liabilities						
Trade and other payables	28,329	28,329	28,329	-	-	-
Interest-bearing borrowings	187,478	195,040	90,194	45,145	22,811	36,890
Letters of credit	-	6,349	6,349	-	-	-
Derivative financial liabilities						
Forward exchange contracts	(117)	-	-	-	-	-
- outflow	-	21,825	21,825	-	-	-
- inflow	-	(21,708)	(21,708)	-	-	-
	215,690	229,835	124,989	45,145	22,811	36,890

Currency risk

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

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

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Currency risk (cont'd)

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

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

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

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

	USD $'000	THB $'000	RM $'000	GBP $'000	SGD $'000
Group					
2009					
Loans & advances, trade and other receivables	**36,918**	**1**	**15**	**-**	**-**
Other investments	**522**	**3,844**	**-**	**3,824**	**-**
Cash and cash equivalents	**554**	**4**	**-**	**20**	**-**
Insurance receivables	**201**	**-**	**-**	**-**	**-**
Trade and other payables	**(444)**	**(23)**	**(6)**	**(4)**	**(11,847)**
Interest-bearing borrowings	**(41,220)**	**-**	**-**	**(564)**	**-**
Insurance payables	**(358)**	-	-	-	**-**
Net currency exposure	**(3,827)**	**3,826**	**9**	**3,276**	**(11,847)**
2008					
Loans & advances, trade and other receivables	61,045	-	-	-	-
Other investments	3,727	7,276	-	2,376	-
Cash and cash equivalents	516	4	-	15	-
Other financial assets	539	-	-	-	-
Trade and other payables	(711)	(4)	-	-	-
Interest-bearing borrowings	(42,253)	(207)	-	-	-
Currency exposure	22,863	7,069	-	2,391	-
Currency forward contracts	(21,732)	-	-	-	-
Net currency exposure	1,131	7,069	-	2,391	-

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Currency risk (cont'd)

	USD $'000	THB $'000	RM $'000	GBP $'000
Company				
2009				
Loans & advances, trade and other receivables	**41,151**	**19**	**57**	**565**
Other investments	**-**	**3,845**	**-**	**-**
Cash and cash equivalents	**230**	**4**	**-**	**19**
Trade and other payables	**(101)**	**-**	**(16)**	**(1)**
Interest-bearing borrowings	**(41,220)**	**-**	**-**	**(564)**
Net currency exposure	**60**	**3,868**	**41**	**19**
2008				
Loans & advances, trade and other receivables	65,148	-	32	-
Other investments	-	3,845	-	41
Cash and cash equivalents	245	4	-	15
Trade and other payables	(423)	(4)	-	-
Interest-bearing borrowings	(42,253)	(207)	-	-
Currency exposure	22,717	3,638	32	56
Currency forward contracts	(21,732)	-	-	-
Net currency exposure	985	3,638	32	56

Sensitivity analysis

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

	Group		Company	
	Equity $'000	Profit or loss $'000	Equity $'000	Profit or loss $'000
31 December 2009				
USD	**(50)**	**359**	**-**	**(5)**
THB	**(389)**	**5**	**(384)**	**(2)**
RM	**-**	**-**	**-**	**(3)**
GBP	**(226)**	**(85)**	**-**	**(2)**
SGD	**1,185**	**-**	**-**	**-**
31 December 2008				
USD	(91)	(18)	-	(81)
THB	(728)	17	(384)	17
RM	-	-	-	(3)
GBP	(234)	(5)	-	(5)

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Currency risk (cont'd)

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

Equity price risk

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

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

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

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

Sensitivity analysis - equity price risk

For other investments carried at fair value, a 5 percent increase in the underlying equity prices at the reporting date would have increased (decreased) equity and profit or loss after tax by the amounts shown below.

	Group		Company	
	2009	**2008**	**2009**	**2008**
	$'000	**$'000**	**$'000**	**$'000**
Equity	**225**	218	**-**	-
Profit or loss	**(63)**	57	**-**	2

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Operational risk

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

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

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

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

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

Insurance contract risk

Underwriting risk

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

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

Pricing risk

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Concentration risk

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

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

Reinsurance outwards

The Group participates in reinsurance treaties to cede risks to its reinsurers, which are internationally established firms with credit ratings and reviewed by the Board. Under the treaties, the Group undertakes to cede to its reinsurers between 50% to 70% of its total written premium as well as the same proportion of corresponding losses for 2009. Risks undertaken which do not fall within the treaty scope of cover are ceded to reinsurers on a facultative basis.

Counterparty and concentration risk

For investments in fixed income securities, the Group invests primarily in securities issued by the Singapore Government, Statutory Boards and high grade corporate bonds. These corporate bonds are approved by two directors. The Group has put in place investment, counter party and foreign currency limits in relation to its investment activities to ensure that there is no over-concentration to any one class of investment.

Recognised financial assets

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

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

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

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

While the information in the table provides a historical perspective on the adequacy of unpaid claims estimates in previous years, users of these financial statements are cautioned against extrapolating redundancies or deficiencies of the past on current unpaid loss balances. The Group believes that the estimated total claims outstanding as at end of 2009 are adequate. However, due to the inherent uncertainties in the reserving process, it cannot be assured that such balances will ultimately prove to be adequate.

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

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

Underwriting year:

- 2002 - 12 months ended 31 March 2002
- 2003 - 12 months ended 31 March 2003
- 2004 - 9 months ended 31 December 2004
- 2005 - 12 months ended 31 December 2005
- 2006 - 12 months ended 31 December 2006
- 2007 - 12 months ended 31 December 2007
- 2008 - 12 months ended 31 December 2008
- 2009 - 12 months ended 31 December 2009

Claims information for underwriting years 2002 to 2003 relates to the insurance and guarantee businesses of ECICS Credit Insurance Ltd ("ECIL") and ECICS Credit and Guarantee Company (Singapore) Ltd ("ECGC"), under which such businesses were acquired by the Group through the Company effective from 1 December 2003.

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

(i) Analysis of claims development – gross basis

Credit insurance business
Gross loss development tables as at 31 December 2009
Unit: $'000s

Estimate of cumulative claims **Underwriting year**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**Total**
At end of underwriting year		1,411	1,515	1,904	1,886	1,658	1,208	914	
One year later	3,971	2,191	1,581	2,199	2,949	2,251	4,762		
Two years later	6,153	1,966	1,250	2,278	1,853	1,284			
Three years later	5,957	1,877	1,375	2,380	2,075				
Four years later	5,962	1,763	1,549	1,342					
Five years later	5,437	1,763	1,280						
Six years later	4,577	1,657							
Seven years later	4,548								
Current estimate of ultimate claims	4,548	1,657	1,280	1,342	2,075	1,284	4,762	914	17,862
Cumulative payments	(4,548)	(1,654)	(1,126)	(851)	(2,028)	(89)	(3,397)	(15)	(13,708)
Gross outstanding claim liability	-	3	154	491	47	1,195	1,365	899	4,154
Unallocated loss adjustment expenses	-	-	23	36	6	81	93	55	294
Effect of discounting	-	-	(1)	(2)	-	(6)	(7)	(4)	(20)
Best estimate of outstanding claim liability	-	3	176	525	53	1,270	1,451	950	4,428
Provision for adverse deviation									664
Outstanding claim liability in the balance sheet									5,092

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

(i) Analysis of claims development – gross basis (cont'd)

Bond and guarantee insurance business
Gross loss development tables as at 31 December 2009
Unit: $'000s

Estimate of cumulative claims Underwriting year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**Total**
At end of underwriting year		-	-	-	28	10	-	-	
One year later	4,506	199	110	313	605	630	-		
Two years later	5,956	199	110	2,488	962	1,911			
Three years later	5,956	199	110	2,668	962				
Four years later	7,120	199	310	2,693					
Five years later	7,120	199	310						
Six years later	7,120	199							
Seven years later	7,120								
Current estimate of ultimate claims	7,120	199	310	2,693	962	1,911			13,195
Cumulative payments	(7,120)	(199)	(310)	(2,693)	(962)	(1,871)	-	-	(13,155)
Gross outstanding claim liability	-	-	-	-	-	40	-	-	40
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-
Effect of discounting	-	-	-	-	-	-	-	-	-
Best estimate of outstanding claim liability	-	-	-	-	-	40	-	-	40
Provision for adverse deviation									-
Outstanding claim liability in the balance sheet									40
Total, gross basis									**5,132**

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

(ii) Analysis of claims development – net of reinsurance basis

Credit insurance business
Net loss development tables as at 31 December 2009
Unit: $'000s

Estimate of cumulative claims Underwriting year	2002	2003	2004	2005	2006	2007	2008	2009	Total
At end of underwriting year		635	665	918	943	906	604	406	
One year later	1,771	997	860	1,100	1,591	1,127	1,452		
Two years later	5,127	892	683	1,186	925	642			
Three years later	4,983	1,060	885	1,273	1,073				
Four years later	4,966	949	968	716					
Five years later	4,438	948	831						
Six years later	3,579	875							
Seven years later	3,559								
Current estimate of ultimate claims	3,559	875	831	716	1,073	642	1,452	406	9,554
Cumulative payments	(3,559)	(874)	(659)	(450)	(1,026)	(45)	(770)	(1)	(7,384)
Net estimate of outstanding claim liability	-	1	172	266	47	597	682	405	2,170
Unallocated loss adjustment expenses	-	-	23	36	6	81	93	55	294
Effect of discounting	-	-	(1)	(1)	-	(3)	(3)	(2)	(10)
Best estimate of outstanding claim liability	-	1	194	301	53	675	772	458	2,454
Provision for adverse deviation									369
Outstanding claim liability in balance sheet									2,823

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

(ii) Analysis of claims development – net of reinsurance basis (cont'd)

Bond and guarantee insurance business
Net loss development tables as at 31 December 2009
Unit: $'000s

Estimate of cumulative claims Underwriting year	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**Total**
At end of underwriting year		-	-	-	-	3	-	-	
One year later	751	2	-	-	173	16	-		
Two years later	2,101	2	-	1,137	170	401			
Three years later	2,101	2	-	1,172	170				
Four years later	2,334	2	28	1,180					
Five years later	2,334	2	28						
Six years later	2,334	2							
Seven years later	2,334								
Current estimate of ultimate claims	2,334	2	28	1,180	170	401	-	-	4,115
Cumulative payments	(2,334)	(2)	(28)	(1,180)	(170)	(389)	-	-	(4,103)
Net estimate of outstanding claim liability	-	-	-	-	-	12	-	-	12
Unallocated loss adjustment expenses	-	-	-	-	-	-	-	-	-
Effect of discounting	-	-	-	-	-	-	-	-	-
Best estimate of outstanding claim liability	-	-	-	-	-	12	-	-	12
Provision for adverse deviation									-
Outstanding claim liability in the balance sheet									12
Total, net of reinsurance basis									**2,835**

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Estimation of fair value

Investments in equity and debt securities

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

Loans, advances, hire purchase, leasing and receivables

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

Other financial assets and liabilities

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

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

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, at 31 December, are as follows:

	2009	2008
	%	%
Loans, advances, hire purchase, and leasing receivables	**9.0 - 13.0**	7.9 - 12.5
Short-term loans (unsecured)	**-**	3.0 - 11.1

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Estimation of fair value (cont'd)

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2009				
Available-for-sale	**2,822**	**-**	**3,157**	**5,979**
Financial derivatives designated at fair value through profit or loss	**-**	**1,004**	**-**	**1,004**
Financial assets held for trading	**645**	**-**	**-**	**645**
	3,467	**1,004**	**3,157**	**7,628**

Level 3 fair values relate to unquoted equity securities and funds carried at net asset value. As such, there is no other reasonably possible alternative input and assumption that may have significant effect on the Level 3 fair value measurements.

During the financial year ended 31 December 2009, there were no significant transfers between Level 1 and Level 2.

The fair value measurement of available-for-sale financial assets based on Level 3 at the end of the 31 December 2009 is as follows:

	Group $'000	Company $'000
At 1 January 2009	**5,988**	**767**
Addition	**9**	**-**
Redemption	**(114)**	**-**
Gain recognised in other comprehensive income	**361**	**155**
(Loss) recognised in profit or loss	**(3,087)**	**-**
At 31 December 2009	**3,157**	**922**

40 FINANCIAL AND INSURANCE RISK MANAGEMENT (cont'd)

Estimation of fair value (cont'd)

Summary

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

	2009		2008	
	Carrying value $'000	**Fair value $'000**	**Carrying value $'000**	**Fair value $'000**
Group				
Financial assets				
Loans, advances, hire purchase and leasing receivables	**128,791**	**128,643**	190,195	189,912
Held-to-maturity investments	**40,950**	**41,164**	35,428	33,732
	169,741	**169,807**	225,623	223,644
Financial liabilities				
Interest-bearing borrowings (unsecured)	**181,816**	**181,816**	200,390	200,390
Net	**(12,075)**	**(12,009)**	25,233	23,254
Unrecognised (gain)/loss		**(66)**		1,979
Company				
Financial assets				
Loans, advances, hire purchase and leasing receivables	**90,446**	**90,437**	155,906	155,902
Held-to-maturity investments	**2,187**	**2,276**	-	-
	92,633	**92,713**	155,906	155,902
Financial liabilities				
Interest-bearing borrowings (unsecured)	**109,682**	**109,682**	187,478	187,478
Net	**(17,049)**	**(16,969)**	(31,572)	(31,576)
Unrecognised (gain)/loss		**(80)**		4

41 ACCOUNTING JUDGEMENTS AND ESTIMATES

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

The following are critical accounting judgements or estimates made by the management in applying accounting policies:

Critical accounting judgements

Impairment losses on loans, advances, hire purchase, leasing and receivables

The Group reviews the loan portfolio to assess impairment on a regular basis. To determine whether there is an impairment loss, the Group makes judgements as to whether there is any observable data indicating a measurable decrease in the estimated future cash flows of the loan portfolio. The evidence may include observable data indicating adverse changes in the payment status of the borrowers or local economic conditions that correlate with defaults in the loan portfolio. The methodology and assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between estimated and actual loss experience.

Held-to-maturity financial assets

The Group has the intention and ability to hold the debt securities, which include quoted and unquoted corporate bonds to maturity. These securities will be redeemed upon maturity and will not be subject to disposal prior to maturity.

If the Group fails to hold these debt securities to maturity other than for specific circumstances explained in FRS 39, it will be required to classify the whole class as available-for-sale. The debt securities would therefore be measured at fair value and not amortised cost. If the class of held-to-maturity debt securities is tainted, its carrying amount would decrease by $214,238, with a corresponding entry in the fair value reserves in equity.

Critical accounting estimates

Provisions for unexpired risks and insurance claims

Provisions for unexpired risks and insurance claims as at 31 December 2009 have been assessed by the approved actuary (Watson Wyatt Insurance Consulting Pte Ltd) in accordance with local insurance regulatory requirements.

The description of the principal estimates and assumptions underlying the determination of provisions for unexpired risks and insurance claims and the impact of changes in these estimates and assumptions are discussed in the sensitivity analysis set out in sections I and II of this note.

The process of establishing the provision for insurance claims is described in section II of this note.

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

41 ACCOUNTING JUDGEMENTS AND ESTIMATES

Users of these financial statements should take note of the following:

(a) The sensitivity analysis in sections I and II is based upon the assumptions set out in the actuarial report issued to the Group by the approved actuary for the financial year ended 31 December 2009. The sensitivity analysis is subject to the reliance that the approved actuary has placed on management and limitations described in the report. One particular reliance is that the net sensitivity results assume that all reinsurance recoveries are receivable in full.

(b) The estimates and assumptions discussed are independent of each other. However, in practice, a combination of adverse and favourable changes can occur; and

(c) The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

I. <u>Provision for unexpired risks - sensitivity analysis</u>

The provision for unexpired risks is the higher of:

(a) The aggregate of the total best estimates of unexpired risk and the provision for adverse deviation ("PAD"); and

(b) Unearned premium reserves.

For short-term credit insurance policies, the provision for unexpired risks is based on the ultimate loss ratio for 2009 which is obtained from outstanding claim analysis. For bonds and guarantee insurance contracts, a simulation approach is used to project expected future losses. In the base scenario, the Group has selected different default rates ranging from a minimum of 1.25% to 3.09% based on each bond category (2008: standard default rate 1.75%).

The provision for unexpired risks includes a PAD which is intended to provide a 75% probability of adequacy for the provision for unexpired risks. The PAD assumption relied on the approved actuary's inputs. An allowance for future management expenses and claim handling costs is made.

Based on the current assumptions, the gross and net provisions for unexpired risks are as follows:

At 31 December 2009	Net ($'000)	Gross ($'000)
Estimated provision for unexpired risks under the base scenario	4,619	13,307

41 ACCOUNTING JUDGEMENTS AND ESTIMATES

I. Provision for unexpired risks - sensitivity analysis (cont'd)

Probability of default for bonds and guarantees

Probability of default of bonds and guarantees is computed based on historical claims experience of the Group. Under the base scenario, the Group has selected different default rates ranging from a minimum of 1.25% to 3.09% based on each bond category. Increasing and decreasing the average default rates by 0.5%, the provision will be modified as follows:

	Net ($'000)		Gross ($'000)	
	High +0.5%	Low -0.5%	High +0.5%	Low -0.5%
Provision for unexpired risks	5,954	3,237	16,939	9,324

Recovery rate for bonds and guarantees

Recovery rates for bonds and guarantees are computed based on published recovery rates from Moody's. Under the base scenario, the Group has allowed for recovery rate of 45% of the bond or guarantee value if it is called. Using rates of 50% or 40%, the provision for unexpired risks would change as follows:

	Net ($'000)		Gross ($'000)	
	High 40%	Low 50%	High 40%	Low 50%
Provision for unexpired risks	4,943	4,294	14,260	12,396

Claim handling expenses ("CHE")

Allowance for CHE relates to the costs of administering outstanding claims until all claims are fully settled. CHE is computed based on 15% of expected future losses and maintenance expenses computed at 10% of the Group's unearned premium reserves for all classes of business. The effects of increasing and reducing CHE by 25% are presented below:

	Net ($'000)		Gross ($'000)	
	High +25%	Low -25%	High +25%	Low -25%
Provision for unexpired risks	4,760	4,477	13,449	13,165

41 ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

I. Provision for unexpired risks - sensitivity analysis (cont'd)

Provision for adverse deviation

The actuary has assumed premium PAD of 25% under the base scenario. If the assumed PAD is increased or decreased by 5%, the resulting provision will be as follows:

	Net ($'000)		Gross ($'000)	
	High +5%	Low -5%	High +5%	Low -5%
Provision for unexpired risks	**4,765**	**4,472**	**13,730**	**12,884**

II. Provision for insurance claims - sensitivity analysis

Process of establishing provision for insurance claims

For short-term credit insurance contracts, the Group sets aside specific provisions based on actual claims notified by the policyholders. Each notified claim is assessed on a case-by-case basis with regards to the claim circumstances and information available from external sources. These specific provisions are reviewed and updated regularly as and when there are developments and are not discounted for the time value of money.

The Group closely monitors the relevant projects for which the bonds and guarantees are issued, and makes specific provisions should the Group be made aware of potential claim payments through its regular project monitoring.

Given the uncertainty in estimating the provision for insurance claims, it is likely that the actual outcome will be different from the provisions made based on internal provisioning. Accordingly, the Group engages an approved actuary to assess the adequacy of the Group's provision for insurance claims on an annual basis.

The reserving methodology and assumptions used by the approved actuary, which remain unchanged from prior year, are intended to produce a "best" estimate of the provision for insurance claims through the analysis of historical claims payment and recovery data to project future claims payment. The "best" estimate is intended to represent the mean value of the range of future outcomes of the claim costs. The provision for insurance claims is expressed in terms of the present value of the future claim costs.

For short-term credit insurance policies, claim development triangles are constructed using the historical number of paid claims. The chain ladder method is applied to the triangle to project the ultimate number of claims. Analysis of average cost per claim and reinsurance recovery rates is then performed to compute an average net cost per claim. The estimate of outstanding claims is then derived by combining these items.

41 ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

II. Provision for insurance claims - sensitivity analysis (cont'd)

The chain ladder method involves the analysis of historical claim number development factors and the selection of estimated development factors based on the historical pattern. The selected factors are then applied to the cumulative numbers of claims for each underwriting year, for which the data is not yet fully developed, to produce an estimated ultimate number of claims.

In estimating the provision for insurance claims, the actuary includes an allowance for claims handling expenses and maintenance cost which are intended to cover the costs of administering outstanding claims until all claims are fully settled.

The actuary's estimate for the provision for insurance claims is subject to uncertainty and variations of the actual and expected experience are to be expected. The inherent uncertainty is due to the fact that the ultimate claim cost is subject to the outcome of future events. Possible uncertainties include those related to the selection of models and assumptions, the statistical uncertainty, the general business and economic environment, and the impact of legislative reform. A PAD is therefore made to allow for uncertainty surrounding the estimation process and is intended to provide a 75% probability of adequacy for the provision for insurance claims. The PAD assumption relied on the actuary's inputs.

Based on the current assumptions, the gross and net provisions for insurance claims are as follows:

At 31 December 2009	**Net ($'000)**	**Gross ($'000)**
Estimated provision for insurance claims under the base scenario	**2,835**	**5,132**

Ultimate number of claims per million earned premiums in underwriting year 2009 for short-term credit insurance

The ultimate number of claims paid is computed based on loss development triangles constructed using the number of paid claims from prior years.

41 ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

II. Provision for insurance claims - sensitivity analysis (cont'd)

In estimating outstanding claims under the base scenario, the Group has assumed that there will be approximately 6 claims per million of earned premiums in underwriting years 2007, 10 claims per million of earned premiums in underwriting years 2008 and 2009. If the ultimate number of claims per million of earned premiums increases or decreases by one claim in the underwriting years 2007 to 2009, the corresponding gross and net provisions for insurance claims are set out as follows:

	Net ($'000)		Gross ($'000)	
	High +1 claim	Low -1 claim	High +1 claim	Low -1 claim
Provision for insurance claims	3,106	2,564	5,650	4,614

Average claim size for short-term credit insurance

Analyses on average cost per claim and reinsurance recovery rates are performed to derive an average net cost per claim.

The Group has assumed an average claim size of $33,250 under the base scenario. If the average claim size is assumed to be $38,250 (High) and $28,250 (Low), the corresponding gross and net provisions for insurance claims will be as follows:

	Net ($'000)		Gross ($'000)	
	High $38,250	Low $28,250	High $38,250	Low $28,250
Provision for insurance claims	3,113	2,558	5,665	4,598

Claim handling expenses ("CHE")

Allowance for CHE relates to the costs of administering outstanding claims until all claims are fully settled. CHE is computed based on:

For short-term credit insurance policies: 15% of incurred-but-not-reported claims and 7.5% of case reserves.

41 ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

II. Provision for insurance claims - sensitivity analysis (cont'd)

The effects of varying CHE by 25% (both upwards and downwards) are presented below:

	Net ($'000)		Gross ($'000)	
	High	Low	High	Low
	+25%	-25%	+25%	-25%
Provision for insurance claims	2,920	2,750	5,216	5,047

Provision for adverse deviation

Provision for insurance claims also includes a PAD which will provide a 75% probability of adequacy for the provision for insurance claims.

The Group has assumed a claim PAD of 15% under the base scenario. Increasing or decreasing the PAD by 5% results in changes in provision as follows:

	Net ($'000)		Gross ($'000)	
	High	Low	High	Low
	+5%	-5%	+5%	-5%
Provision for insurance claims	2,958	2,712	5,353	4,910

42 OPERATING SEGMENTS

The Group has three reportable segments which relate to the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The reportable segment presentation is prepared based on the Group's management and internal reporting structure. As some of the activities of the Group are integrated, internal cost allocation has been made in preparing the segment information such as the Group's centralized support costs and funding costs. Inter-segment pricing where appropriate, is determined on an arm's length basis. The Group's CEO reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

42 OPERATING SEGMENTS (cont'd)

Credit financing : Credit financing encompasses commercial, alternative and structured businesses and focuses on providing services to corporate clients mainly small and medium-sized enterprises. The commercial services provided include factoring, accounts receivable financing, trade financing, mortgage financing, working capital, financing for overseas operations, hire purchase as well as participating in financing by SPRING and IES under LEFS, RFS and IF Scheme respectively. Where conventional forms of commercial finance are inadequate, alternative and structured financial solutions are offered to clients to address either equity or debt capital requirements.

Insurance : The provision of credit insurance facilities to Singapore exporters and the issue of performance bonds and guarantees including holding of equity securities and bonds under the regulated Insurance Fund.

Private equity and other investments : The provision of development capital in the form of mezzanine financing, convertible debt instruments and direct private equity investments.

Total operating income comprises interest income, net earned premiums, fee and commission income and investment income. Performance is measured based on segment profit before income tax.

(a) Information about reportable segments

	Credit financing $'000	**Insurance $'000**	**Private equity and other investments $'000**	**Total $'000**
2009				
Operating results				
Total operating income	**24,221**	**8,862**	**1,529**	**34,612**
Net interest income	**13,079**	**-**	**50**	**13,129**
Net earned premium revenue	**-**	**5,830**	**-**	**5,830**
Non-interest income	**5,231**	**3,032**	**1,533**	**9,796**
Depreciation and amortisation	**(1,174)**	**(215)**	**(15)**	**(1,404)**
Reportable segment profit/(loss) before income tax	**3,305**	**4,789**	**(1,737)**	**6,357**
Share of after-tax results of associates	**474**	**-**	**-**	**474**
Other material non-cash items				
- Allowances for loan losses and impairment of investments	**(3,790)**	**33**	**(2,982)**	**(6,739)**
Assets and liabilities				
Reportable segment assets	**268,309**	**67,969**	**15,243**	**351,521**
Capital expenditure	**484**	**487**	**-**	**971**
Reportable segment liabilities	**200,716**	**24,626**	**130**	**225,472**

42 OPERATING SEGMENTS (cont'd)

(a) *Information about reportable segments (cont'd)*

	Credit financing $'000	Insurance $'000	Private equity and other investments $'000	Total $'000
2008				
Operating results				
Total operating income	25,219	6,022	3,029	34,270
Net interest income	11,076	-	-	11,076
Net earned premium revenue	-	3,818	-	3,818
Non-interest income	5,103	2,241	3,029	10,373
Depreciation and amortisation	(934)	(127)	(15)	(1,076)
Reportable segment profit before income tax	2,042	2,679	331	5,052
Share of after-tax results of associates	1,894	-	-	1,894
Other material non-cash items				
- Allowances for loan losses and impairment of investments	(4,279)	(109)	(1,838)	(6,226)
Assets and liabilities				
Reportable segment assets	275,284	87,949	16,209	379,442
Associates	11,546	-	-	11,546
Capital expenditure	675	135	-	810
Reportable segment liabilities	221,110	48,180	810	270,100

42 OPERATING SEGMENTS (cont'd)

(a) *Information about reportable segments (cont'd)*

Reconciliations of reportable segment operating income, profit or loss, assets and liabilities and other material items

	2009 $'000	2008 $'000
Operating Income		
Interest income	**19,482**	20,481
Net earned premium revenue	**5,830**	3,818
Fee and commission income	**6,371**	6,412
Investment income	**2,929**	3,559
Total operating income for reportable segments	**34,612**	34,270
Income statement		
Total profit or loss for reportable segments	**6,357**	5,052
Unallocated amount		
- Other income	**267**	911
- Negative goodwill on acquisition of subsidiary	**850**	-
Share of after-tax results of associates	**474**	1,894
Consolidated profit before income tax	**7,948**	7,857
Non-interest income		
Total non-interest income for reportable segments	**9,796**	10,373
Unallocated amount	**267**	911
Consolidated non-interest income	**10,063**	11,284
Assets		
Total assets for reportable segments	**351,521**	379,442
Associates	**-**	11,546
Other unallocated amounts	**5,549**	2,449
Consolidated assets	**357,070**	393,437
Liabilities		
Total liabilities for reportable segments	**225,472**	270,100
Other unallocated amounts	**4,076**	2,365
Consolidated liabilities	**229,548**	272,465

42 OPERATING SEGMENTS (cont'd)

(b) Geographical segments

Geographical segments are analysed by four principal geographical areas. Singapore, Southeast Asia and US and others are the major markets for credit financing and insurance activities. The rest of Asia, US and others are the markets for private equity and other investment activities.

In presenting information on the basis of geographical segments, segment operating income is based on the geographical location of the customers. Segment assets are based on the geographical location of the assets.

Geographical information

	Operating income $'000	Non-current assets $'000	Total assets $'000
31 December 2009			
Singapore	**22,290**	**18,455**	**224,978**
Southeast Asia	**10,664**	**4,122**	**125,707**
Rest of Asia	**1,246**	**-**	**4,696**
US & Others	**412**	**-**	**1,689**
	34,612	**22,577**	**357,070**
31 December 2008			
Singapore	27,515	18,938	327,118
Southeast Asia	5,331	12,080	54,697
Rest of Asia	620	-	9,687
US & Others	804	-	1,935
	34,270	31,018	393,437

INTERESTED PERSON TRANSACTIONS

For the financial year ended 31 December 2009, all interested person transactions, as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, entered into by the Group or by the Company were less than S$100,000. Hence, no disclosure is required.

MATERIAL CONTRACTS INVOLVING DIRECTORS' INTEREST

Saved as disclosed in the notes to the financial statements, there were no material contracts entered into by the Group involving the interest of the directors.

STATISTICS OF SHAREHOLDINGS

AS AT 10 MARCH 2010

SHARE CAPITAL

Issued and Paid-up Share Capital	:	$88,278,936
Number of Shares	:	136,716,262
Class of Shares	:	ordinary shares
Voting Rights	:	one vote per share

ANALYSIS OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	47	1.17	15,075	0.01
1,000 - 10,000	2,888	71.95	10,206,010	7.47
10,001 - 1,000,000	1,072	26.71	38,559,202	28.20
1,000,001 and above	7	0.17	87,935,975	64.32
Total	4,014	100.00	136,716,262	100.00

TOP TWENTY SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	Phillip Securities Pte Ltd	55,885,866	40.88
2	SMRT Road Holdings Ltd	9,372,102	6.86
3	United Overseas Bank Nominees Pte Ltd	6,698,470	4.90
4	Lee Boon Leong	6,204,000	4.54
5	DBS Nominees Pte Ltd	5,747,707	4.20
6	OCBC Nominees Singapore Pte Ltd	2,727,030	1.99
7	Ng Chit Tong Peter	1,300,800	0.95
8	Lee Soon Kie	869,000	0.64
9	Tan Soon Lin	838,000	0.61
10	Citibank Nominees Singapore Pte Ltd	822,800	0.60
11	Lua Cheng Eng	541,200	0.39
12	Lai Weng Kay	517,000	0.38
13	Boon Kok Hup	482,600	0.35
14	Kwah Thiam Hock	462,000	0.34
15	Tan Li Cheng nee Lee	448,800	0.33
16	Wee Joo Guan Robert	366,740	0.27
17	Teo Yew Hock	336,600	0.25
18	Goh Chai Lam or Teng Siew Yeok	335,500	0.24
19	Merrill Lynch (Singapore) Pte Ltd	281,600	0.21
20	Kwok Meng Sun or Kwok Lai Fong Evangeline	264,000	0.19
	Total	94,501,815	69.12

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 10 March 2010, approximately 51.00% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders as recorded in the Register of Substantial Shareholders as at 10 March 2010

	No. of Shares			
Substantial Shareholder	**Direct Interest**	**Deemed Interest**	**Total Interest**	**%**
Phillip Assets Pte. Ltd.	55,237,870[1]	-	55,237,870	40.40
Lim Hua Min	-	55,237,870[2]	55,237,870	40.40
SMRT Road Holdings Ltd	9,372,102	-	9,372,102	6.86
Temasek Holdings (Private) Limited	-	9,372,102[3]	9,372,102	6.86

Notes:

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

2 Mr Lim Hua Min is deemed to have an interest in the 55,237,870 shares held by Phillip Assets Pte. Ltd.

3 Temasek Holdings (Private) Limited is deemed to have an interest in the 9,372,102 shares held by SMRT Road Holdings Ltd.

NOTICE IS HEREBY GIVEN that the Twenty-Third (23rd) Annual General Meeting of IFS Capital Limited (the "**Company**") will be held at the IFS Boardroom, 7 Temasek Boulevard #10-01, Suntec Tower One, Singapore 038987, on Tuesday, 27 April 2010 at 10.30 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the financial year ended 31 December 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of a first and final one-tier tax exempt ordinary cash dividend of 1.5 cents per share for the financial year ended 31 December 2009. (**Resolution 2)**

3. To approve the Directors' fees of S$234,000 (2008: S$234,000) for the financial year ended 31 December 2009. (**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 Hua Min **(Resolution 4)**
   (ii) Mr Kwah Thiam Hock **(Resolution 5)**

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

SPECIAL BUSINESS

To consider, and if thought fit, to pass the following Resolutions 7, 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):

(A) by way of renounceable rights issues on a *pro rata* basis to shareholders of the Company ("**Renounceable Rights Issues**") shall not exceed 100 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below); and

(B) otherwise than by way of Renounceable Rights Issues ("**Other Share Issues**") shall not exceed 50 per cent. of the total number of shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below);

(2) the Renounceable Rights Issues and Other Share Issues shall not, in aggregate, exceed 100 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with sub-paragraph (3) below);

(3) (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-paragraphs (1)(A) and (1)(B) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

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

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(4) 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

(5) (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 7)**

7. That, contingent on the passing of Resolution 7 above, authority be and is hereby given to the Directors to fix the issue price for shares that are to be issued by way of placement pursuant to the 20 per cent. sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution 7 above, at a discount exceeding 10 per cent. but not more than 20 per cent. of the price as determined in accordance with the Listing Manual of the SGX-ST. **(Resolution 8)**

8. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the "IFS (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 "IFS 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 15 per cent. of the total number of issued shares in the capital of the Company for the time being. **(Resolution 9)**

OTHER BUSINESS

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

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that, subject to the approval of the Shareholders for the proposed first and final dividend at the Annual General Meeting, the Share Transfer Books and the Register of Members of the Company will be closed on 6 May 2010, for the purpose of determining shareholders' entitlements to the proposed first and final one-tier tax exempt ordinary cash dividend for the year ended 31 December 2009.

Duly completed and stamped transfers together with all relevant documents of or evidencing title received by the Company's Share Registrar, M & C Services Private Limited at 138 Robinson Road #17-00 The Corporate Office Singapore 068906 up to the close of business at 5.00 p.m. on 5 May 2010 will be registered before entitlements to the proposed first and final dividend are determined. Shareholders whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5.00 p.m. on 5 May 2010 will be entitled to the proposed first and final dividend.

The proposed first and final dividend if approved at the Annual General Meeting, will be paid on 18 May 2010.

By Order of the Board

Chionh Yi Chian
Company Secretary
IFS Capital Limited

Singapore
8 April 2010

Notes:

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

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

1. Notes to Resolution 4:

   Mr Lim Hua Min will, upon re-election as a Director of the Company, continue to serve as a Member of the Executive Resource and Compensation Committee.

2. Notes to Resolution 7:

   Resolution No. 7 is to empower the Directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding (i) 100 per cent. for Renounceable Rights Issues and (ii) 50 per cent. for Other Share Issues, of which up to 20 per cent. may be issued other than on a *pro rata* basis to shareholders, provided that the total number of shares which may be issued pursuant to (i) and (ii) shall not exceed 100 per cent. of the issued shares in the capital of the Company excluding treasury shares. The aggregate number of shares which may be issued shall be based on the total number of the issued shares in the capital of the Company (excluding treasury shares) at the time that Resolution No. 7 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution No. 7 is passed, and (b) any subsequent bonus issue, consolidation or subdivision of shares.

   The authority for 100 per cent. Renounceable Rights Issues is proposed pursuant to the SGX news release of 19 February 2009 which introduced further measures to accelerate and facilitate listed issuers' fund raising efforts ("**SGX News Release**"). It should be noted that the Company's ability to issue up to 100 per cent. of its issued share capital through a Renounceable Rights Issue will be in effect until 31 December 2010 after which it will be subject to the then prevailing requirements of the SGX-ST.

3. Notes to Resolution 8:

   Resolution No. 8, if passed, will authorise the Directors to fix the issue price for shares that are issued by way of placement pursuant to the 20 per cent. sub-limit for Other Share Issues on a non *pro rata* basis referred to in Resolution No. 7 at a discount exceeding 10 per cent. but not more than 20 per cent. of the price as determined in accordance with the Listing Manual of the SGX-ST. This Resolution is proposed pursuant to the SGX News Release. It should be noted that the Company's ability to fix the issue price at a discount exceeding 10 per cent. but not more than 20 per cent. pursuant to the SGX News Release will be in effect until 31 December 2010 after which it will be subject to the then prevailing requirements of the SGX-ST.

4. Notes to Resolution 9:

The effect of Resolution No. 9 is to empower the Directors of the Company to offer and grant options and/or awards under the "IFS (2000) Share Option Scheme" (the "**2000 Scheme**") and the "IFS 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 15 per cent. of the total number of issued shares in the capital of the Company for the time being.

IFS CAPITAL LIMITED

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

IMPORTANT

1. For investors who have used their Central Provident Fund ("**CPF**") monies to buy shares in the capital of IFS Capital Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to their CPF Approved Nominees within the time frame specified to enable their CPF Approved Nominees to vote on their behalf.

PROXY FORM

Twenty-Third (23rd) Annual General Meeting

I/We____ (Name) ________________________(NRIC/Passport No.)

of ____ (Address)

being a member/members of IFS Capital Limited (the "**Company**"), hereby appoint:

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

and/or (delete as appropriate)

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

as my/our proxy/proxies to attend and vote for me/us on my/our behalf and if necessary, to demand a poll, at the Twenty-Third (23rd) Annual General Meeting of the Company to be held at the IFS Boardroom, 7 Temasek Boulevard #10-01, Suntec Tower One, Singapore 038987, on Tuesday, 27 April 2010 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

	Resolutions Relating To:	For*	Against*
Ordinary Business			
1	Adoption of Directors' Report, Audited Accounts and Auditors' Report		
2	Payment of a First and Final One-Tier Tax Exempt Ordinary Cash Dividend of 1.5 cents per share		
3	Approval of Directors' Fees amounting to S$234,000		
4	Re-election of Director: Mr Lim Hua Min		
5	Re-election of Director: Mr Kwah Thiam Hock		
6	Re-appointment of KPMG LLP as Auditors		
Special Business			
7	Ordinary Resolution: Authority for Directors to Issue Shares and Instruments Convertible into Shares		
8	Ordinary Resolution: Authority for Directors to fix Issue Price for Shares that are issued by way of placement pursuant to 20% sub-limit for Other Share Issues on a non *pro rata* basis, at a discount exceeding 10% but not more that 20%		
9	Ordinary Resolution: Authority for Directors to Grant Options and Awards and to Issue Shares Pursuant to the IFS (2000) Share Option Scheme and the IFS Performance Share Plan		

* *If you wish to exercise all your votes "For" or "Against", please indicate with an "X" in the box provided. Alternatively, please indicate the number of votes as appropriate.*

Dated this _______ day of __________________ 2010

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

____
Signature(s) of Member(s) or
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES TO PROXY FORM OVERLEAF

NOTES TO PROXY FORM:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Annual General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Annual General Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Annual General Meeting.

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register as well as shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, the instrument of proxy will be deemed to relate to all the shares held by the member.

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

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

7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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

General

The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument of proxy lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register at least 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Postage
Stamp

The Company Secretary

IFS Capital Limited

7 Temasek Boulevard

#10-01 Suntec Tower One

Singapore 038987

2nd fold here

IFS CAPITAL LIMITED

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