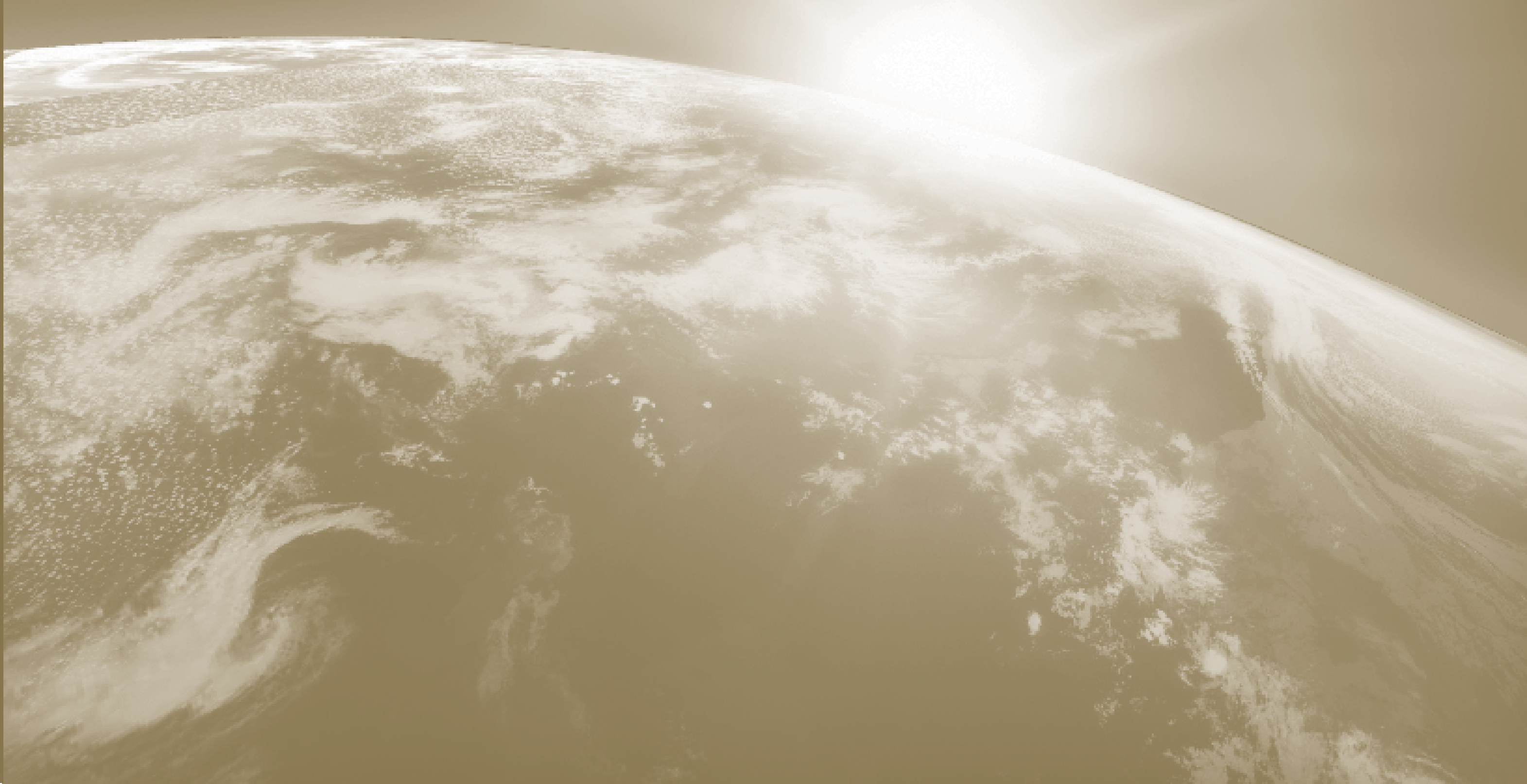
INTRACO Limited

HERALDING A NEW DAWN

ANNUAL REPORT 2012



INTRACO LIMITED
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Contents

2012 marked the start of a new chapter in the 45-year history of INTRACO.

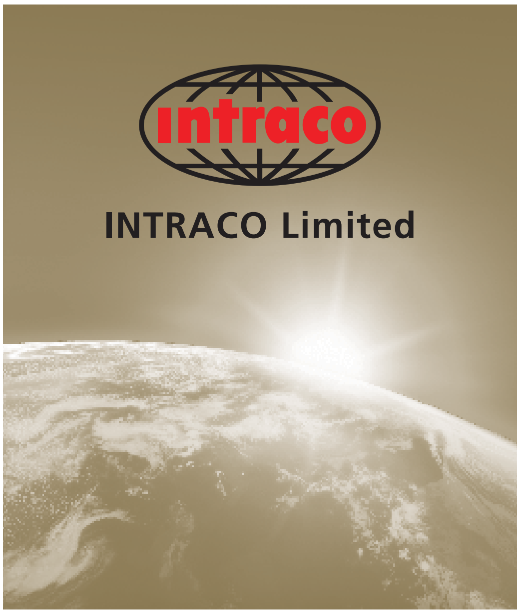
The catalyst for change was a shift in the shareholding of INTRACO, which presented an opportunity to bring a renewed focus and direction to the Group.

At the end of 2012 / start of 2013, we welcomed a reconstituted Board led by newly-elected Chairman, Dr Tan Ng Chee, and a new Managing Director and CEO, Mr Foo Der Rong. To start on a clean slate, we took steps to get our financial position in good order, including the decision to make allowances for doubtful receivables, write-down inventories and provide for claims. We are taking a long, hard look at our businesses, analyzing our strengths and weaknesses, as well as identifying new opportunities for our future.

This will prepare us for a new journey that is built upon the strong fundamentals of the Group, which include a recognised brand name, an extensive regional network of suppliers and customers, and a strong balance sheet.

The year ahead is a very exciting one for INTRACO. With the legacy issues behind us and the determination of the new leadership to revive the business, we are optimistic about the Group's prospects in the long term.

Corporate Profile



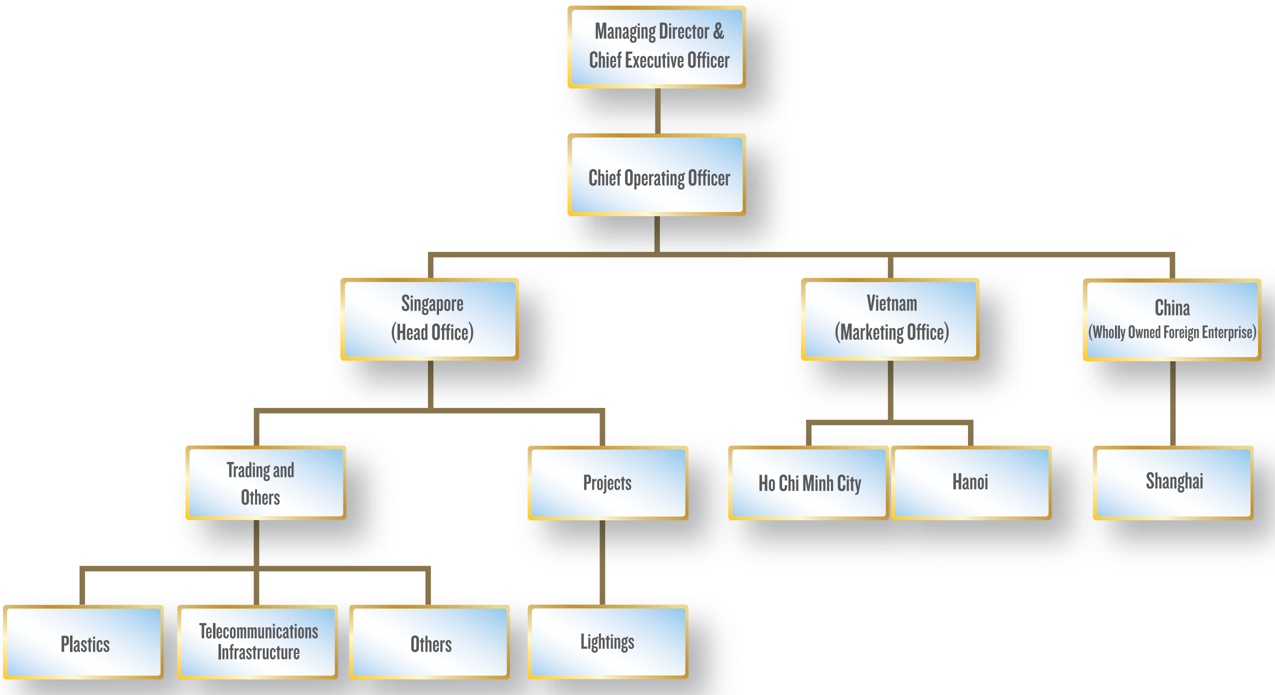
INTRACO was incorporated in 1968 by the Singapore government as a trading company to assist in Singapore's early industrialisation including the creation of export markets for locally manufactured products, the promotion of external trade and to source for competitively priced raw materials, commodities and manufactured goods for the domestic market.

INTRACO was successfully listed on the Singapore Exchange in December 1972. Over the years, it has evolved to meet the demands of the global marketplace, transforming into a leading trading company.

Today, the Group's focus is on two core business segments: Trading & Others and Projects. Its Trading & Others Segment is involved in the trading of plastics, telecommunications infrastructure and others; while its Projects Segment specialises in lightings.

As a result of its long history as a trading company, INTRACO has an established international network of partnerships and alliances. The Group has a strong regional footprint in ASEAN and China where it continues to leverage on its recognised brand name to grow its supplier and customer base.

Organizational Structure



Chairman's Message

> "...we have drawn up an Investor Relations Policy that will set the standards for the Board and the Management going forward."

Dear Shareholders,

I am pleased to address you as the new Chairman of the Board, an appointment that I took up in December last year, after having been involved with the Group as an independent director and as Deputy Chairman since 2002. I will remain as the Chairman of both the Nominating and Remuneration Committees and a member of the Audit Committee.

I thank my fellow directors for their confidence in me to lead the Group. It is an enormous responsibility and I take it on with full realisation of the difficult environment we are in and of the challenges we face as we work to revitalise and transform the Group for a better tomorrow.

In this respect, I am encouraged by the support of a reconstituted board and the renewed drive of a Management team headed by Mr Foo Der Rong as Managing Director and CEO.

FY2012 Performance

We have taken steps to deal with the legacy issues of past years, and to strengthen the Group's financial position. In doing so, we decided to write-down $1.5 million of inventory; made allowance of $7.1 million for doubtful receivables and provided $0.8 million for claims for the year ended 31 December 2012 ("FY2012").

This decision had the expected impact on our financial performance for FY2012, but we believe it is a prudent thing to do as it will allow us to focus on the future without the baggages of the past.

Looking Ahead

The Group expects the business environment to remain challenging as the global economic outlook continues to be uncertain.

With a reconstituted Board and a new CEO to head the management team since the beginning of the year, we will undertake a thorough review of our existing businesses and develop strategies, with a focus on identifying new business opportunities for growth, to take the Group forward.

The road ahead will not be entirely smooth, with the global economy remaining uncertain and the weakness of the US dollar likely continuing to hamper trade and business confidence. But we owe it to our shareholders, investors and employees – indeed all our stakeholders – to persevere with the task.

We are not starting from ground zero. We already have an established platform – a reputable and well-recognised brand name in INTRACO which is well-known in the region, technical expertise in the trading of plastics and lightings, and expertise in project management of telecommunications infrastructure. We also have a strong presence in the region – Hanoi and Ho Chi Minh, Vietnam and Shanghai, China; a footprint for us to tap into, and most of all, a strong balance sheet.

Investor Engagement

The Board recognises the importance of corporate governance, of maintaining good standards and applying best practices, and striving for excellence to create value for our shareholders. As a demonstration of our commitment to transparency and fair disclosure, we have drawn up an Investor Relations Policy (see page 9) that will set the standards for the Board and the Management going forward.

Acknowledgement

The Board and Management are mindful that our transformation is a journey which will require time before meaningful results can be seen.

We thank all our stakeholders – our employees, shareholders and partners - for their belief in the Group. We ask for your patience as we take steps to rejuvenate the business and we look forward to your continued support and trust in the coming years.

In conclusion, I would like to thank my fellow Directors, Management and all employees of the Group for their dedication and commitment to INTRACO.

Dr Tan Ng Chee
Chairman of the Board

Managing Director's Review

"As a Group, we will redefine our business, bring a renewed focus and set a new direction to take INTRACO forward."

Dear Shareholders,

I took over the helm as Managing Director and Chief Executive Officer in January 2013 as the Group began a new chapter in its history.

Under the stewardship and guidance of a reconstituted Board of Directors and with the support of the management team, we have decided we will transform this 45-year old company so that it remains relevant in the fast-changing global marketplace. This is an enormous responsibility and great challenge and I am humbled by the Board's confidence in my ability to lead the Group through this exciting period.

As a Group, we will redefine our business, bring a renewed focus and set a new direction to take INTRACO forward. This transformation will not be hurried and we will leverage on our strong foundation – a highly recognised brand name, industry and market know-how as well as trading expertise as we explore new opportunities.

Performance Review and Outlook

We are starting on a clean slate - having made allowance for doubtful receivables amounting to $7.1 million, wrote-down inventory worth $1.5 million, and provided for claims of $0.8 million in FY2012. This together with lower revenue, which declined 7.7% to $161.2 million, resulted in the Group ending the year with a net loss of $8.9 million. However, at the operational level (i.e. excluding allowances, write-downs, provisions and other expenses), the Group recorded a profit before tax of $1.0 million (FY2011: $0.4 million).

Trading & Others Segment

Revenue for the Group's Trading & Others Segment, which includes plastics, telecommunications infrastructure and others, decreased by $11.7 million (or 7.0%) to $156.4 million. This was due mainly to a reduction in plastic resin prices of 7.0%, which caused revenue from the Plastics Division to decrease by $16.9 million.

In addition, there was an absence of $2.9 million revenue from the North East Line 2G Telecommunications Infrastructure project. The revenue recognition of the project was completed in June 2011. The reduction in the Segment's revenue was partially offset by increased sales of $7.7 million from the Others Division.

As a result of the aforementioned, allowance for doubtful receivables of $6.3 million and write-down in inventory of $1.5 million, the Segment reported a loss before tax of $7.1 million.

For FY2013, we expect the demand and prices of plastics to be affected by the continuing global economic uncertainties particularly in Europe and the US. Despite this, we believe that our Plastics Division is well-positioned to face the challenges ahead due to our efficient supply chain management and our excellent ties with suppliers and customers that we have established over the last three decades.

Moving forward, we will continue to reinforce our agency business, strengthen our distribution network and collaborate with our business partners and clients, as well as explore opportunities to expand our product range.

Our Telecommunications Infrastructure Division will continue to provide commercial telecommunications infrastructure services to the three Mobile Telecommunications Operators, namely SingTel Mobile, StarHub Mobile and MobileOne in the North East Line in FY2013.

Projects Segment

The Group's other business arm, the Projects Segment, also recorded lower revenue of $4.8 million in FY2012 compared to $6.6 million in FY2011. This was due mainly to fewer projects secured during the year. The Segment reported a loss before tax of $0.3 million in FY2012 compared to $2.7 million in FY2011. In FY2011, we made an allowance for doubtful receivables of $2.4 million as compared to a write-back of allowance for doubtful receivables of $0.2 million in FY2012. There was a higher provision for claims in FY2012 of $0.8 million compared to $0.1 million in FY2011.

For FY2013, we expect the demand for general lightings for the residential property market to decline due to cooling measures implemented by the government in early 2013. We expect sales from HDB/Town Council projects and specific retrofitting projects to be the revenue driver for the Lightings Division this year.

Moving Forward

As at 31 December 2012, the Group's cash and cash equivalents stood at a healthy $49.1 million. This puts us in a good position to explore possible acquisitions that will help strengthen our existing businesses. We are in the process of identifying sustainable and scalable industries, markets and businesses and we look forward to sharing more details with you at the appropriate time.

We believe that this is also an opportune time to give this 45-year old company a face-lift. We aim to strengthen our corporate identity, inject new vigour into the Group's image as well as improve our engagement with the investing community. We hope to unveil our new "look" in time to come.

The Group is going through exciting times and as we embark on this new journey, some parts of which may be through unchartered territories, we ask for the continued patience, support and faith of our shareholders. We need your support as we build a better future for INTRACO.

Meanwhile, with the upcoming expiry of the lease of our current premises at Jalan Boon Lay, the Group is preparing for a move to JTC Summit Building by the third quarter of 2013.

Appreciation

In closing, I thank everyone including our Board of Directors, staff, business partners and customers for your part in INTRACO's history. I look forward to your continued support as we seek to take the Group to a new level of growth.

Lastly, a warm thank you to our shareholders for standing by us. The Board, together with the management, will work harder to strive for stronger growth and achieve higher returns for your investment.

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Board of Directors

Dr Tan Ng Chee
Chairman of the Board
Non-Executive and Independent Director

Dr Tan joined the Board of INTRACO Limited in December 2002 and was appointed as Chairman of the Board on 7 December 2012. He also serves as Chairman of both the Nominating and Remuneration Committees and is a member of the Audit Committee.

He studied law in England and obtained a doctorate in law at the University of Oxford.

Dr Tan had previously worked at JP Morgan's offices in New York, London, Kuala Lumpur, Singapore and Hong Kong where he was the Vice President and Regional Manager of Morgan's trust and investment business in Asia.

Dr Tan returned to Singapore in 1989 and became the Executive Vice President of Singapore's Overseas Union Bank and was responsible for the bank's treasury division and all its businesses and investments overseas.

Concurrently, he was also appointed Chief Executive of International Bank of Singapore Ltd and Chairman of OUB Bullion & Futures Ltd.

Currently he serves as an independent director on the boards of Hotung Investment Holdings Ltd, ACRU China + Absolute Return Fund Ltd and Prudential Assurance Company Singapore (Pte) Ltd. (where he is the Chairman of the Audit Committee).

He was an independent director of LGT Bank in Liechtenstein (Singapore) Ltd.

Dr Tan is also an Adjunct Professor of Law at the National University of Singapore Law School at which he teaches a course in Comparative Corporate Governance to final year LLB and LLM law students, and is an examiner to Ph.D students in Company Law and Corporate Governance. Dr Tan also teaches a similar course to postgraduate LLM students at the East China University of Politics and Law (formerly St John's University) in Shanghai, China.

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Mr Foo was appointed to the Board as Managing Director and Chief Executive Officer of INTRACO on 1 January 2013. Prior to joining the Group, he was Managing Director and Chief Executive Officer of Hanwell Holdings Limited (formerly known as PSC Corporation Limited) and Executive Director of Tat Seng Packaging Group Ltd, Sin Lian Holding Ltd and Intraco Limited.

Mr Foo graduated with a Bachelor of Commerce degree from Nanyang University. He has more than 25 years of experience in business development, corporate restructuring, investment strategies and operations management in the FMCG, services and manufacturing industries.

He is also an independent director of Thai Village Holdings Ltd and a non-executive director of Southern Lion Sdn Bhd. He was the Vice-Chairman of Teck Ghee CC and is currently the Patron of Teck Ghee CC.

Dr Tan Boon Wan
Non-Executive and Independent Director

Dr Tan has been a Non-Executive and Independent Director of the Board since 5 October 2004.

He was formerly a Member of the Parliament for the Ang Mo Kio GRC from 1997 to 2006, during which he served on the Government Parliamentary Committees for Education; Finance and Trade & Industry; and Information, Communication and the Arts. He was awarded the Public Service Medal (PBM) in 1993 for his contributions to the community.

Dr Tan holds a Doctorate in Mathematical Physics and a Master's degree in Management from Imperial College at the University of London.

He also sits on the Boards of Provenance Capital Pte Ltd, Concord Energy Pte Ltd, Daman Quattro Ltd and Hotung Investment Holdings Ltd.

Mr Wong Meng Choong
Non-Executive Director

Mr Wong was appointed to the Board on 7 December 2012.

Mr. Wong currently is the Executive Vice President (Special Projects) of Tat Hong Holdings Ltd. Between 2005 and 2011, Mr Wong was the Managing Director (Asia Pacific) in China Export Finance Ltd and China Delta Export Limited respectively. Prior to these appointments, he held the position of Chief Operating Officer of Rex Packaging Group, a subsidiary company of Hong Leong Asia Ltd.

He began his career as a senior auditor at Pricewaterhouse & Co., after graduating with a Bachelor of Accountancy degree from National University of Singapore in 1977. Mr. Wong also completed the Senior Executive Program of Columbia University (New York).

Mr Ng How Kiat Charlie
Non-Executive Director

Mr Ng was appointed to the Board on 22 November 2012.

He is presently the President and Executive Director of Macondray & Company Inc, a subsidiary of Asia Resource Corporation, with focus on investments in Indo-China and China. He also serves on the board of Asia Resource Corporation and several of its subsidiaries.

Previously, Mr Ng held senior appointments in SGX-listed Boustead Singapore Ltd and Easycall International Ltd, where he was responsible for investments and corporate development functions.

Mr Ng graduated from National University Singapore in 1994, with a Business Administration degree.

Mr Ng San Tiong Roland
Alternate Director to Mr Wong Meng Choong

Mr Ng was appointed to the Board as a Non-Executive Director and Alternate Director to Mr Wong Meng Choong on 7 December 2012.

Mr Ng is vastly experienced in corporate management, business development and business management. Mr Roland Ng is also the Managing Director of Tat Hong Holdings Ltd, one of the world's largest crawler crane rental company. He also sits on the Board of several listed companies in Singapore. Mr Ng was awarded the "Businessman of the Year 2007" and "Best CEO 2009".

He graduated with a Bachelor of Science (Honours) Degree from the University of Technology Loughborough (United Kingdom).

Mr Tony Chew Leong-Chee
Alternate Director to Mr Ng How Kiat Charlie

Mr Chew joined the board as a Non-Executive Director and Alternate Director to Mr Ng How Kiat Charlie, on 7 December 2012.

Presently, Mr Chew is the Executive Chairman of Asia Resource Corporation which has business interests in many parts of Asia. He is also Chairman of KFC Vietnam Company, Chairman of Macondray Corporation Pte Ltd and an Independent Director of Keppel Corporation.

In addition, he is Chairman of the Singapore Business Federation as well as Governing Board of Duke-NUS Graduate Medical School Singapore. He is also an Advisor to the Singapore Institute of International Affairs and Member of the Economic Research Institute for ASEAN and the East Asia Governing Board, the Chinese Development Assistance Council Board of Trustees and the National Productivity and Continuing Education Council. He was also a Member of the Economic Strategies Committee.

Mr Chew was conferred the Public Service Medal in 2001, Public Service Star in 2008 and the NUS Outstanding Service Award in 2011 for his contributions to public service.

Executive Management

Our Executive Management Team is led by Managing Director and Chief Executive Officer, Mr Foo Der Rong.

Mr Ronald Lim

Chief Operating Officer

Mr Lim is an industry veteran with more than 33 years of experience in both senior and general management positions with both multi-national corporations and local companies operating in the plastics manufacturing and packaging industries.

His other appointments include President of the Singapore Plastic Industry Association and Permanent Secretary-General of the ASEAN Federation of Plastic Industries. He is also a founding member of the Asia Plastics Forum – a group consisting 12 member countries, which was formed to share and exchange information, as well as foster business ties within the region's plastics industry.

Ms Connie Chang

Financial Controller

Ms Chang is an accomplished finance and accounting professional with more than 27 years of relevant experience in senior management roles for multi-national corporations and local corporations in food-related and trading industries.

She is a fellow member of the Association of Chartered Certified Accountants (UK).

Ms Shelyn Loy

Senior Manager, Corporate & Financial Services

Ms Loy has more than 13 years of corporate finance-related experience having worked in the same function with various organisations including Harry Elias Partnership, PrimePartners Corporate Finance Pte Ltd and NRA Capital Pte Ltd. She has been involved in a wide range of corporate finance transactions including fund raising exercises as well as advisory transactions for mergers and acquisitions, privatisations, corporate restructurings and fairness opinions.

Ms Loy has a Bachelor of Business (Accounting) degree and is a member of the Australian Society of Certified Public Accountants.

Ms Joanne Kam

Manager, Human Resource

Ms Kam has more than 15 years' experience in human resource (HR) management. Prior to joining INTRACO, she worked as an executive manager for UniGroup Worldwide UTS, where she was responsible for the company's HR practices in Singapore, Hong Kong and China. Her areas of HR expertise include developing and standardising policies, change management, compensation and benefits administration, performance management and recruitment.

Ms Kam holds a degree in Business Management and Human Resource Management (University of Tasmania, Australia).

Investor Relations Policy

INTRACO and its subsidiaries ("the Group") believe in the practice of good corporate governance. This includes providing open, timely, and regular information and communication to our shareholders and other investors, business partners, employees and to the public. In order to achieve this objective and to set out clear rules and procedures for both the Group and those seeking information from us, we have developed this Investor Relations Policy (the "Policy") which will be regularly reviewed and updated as required.

The main objective of the Policy is to ensure that all shareholders have equal and sufficient access to relevant and share price sensitive information. All Group employees and external investor relations partners are instructed to strictly adhere to the Policy. Any person seeking information is requested to do this within the framework provided by the law, the Group's Articles of Association and this Policy. We do not support any person who tries to obtain information in any other manner, in particular by contacting persons who are not in charge of investor relations.

General Principles

The Policy is based on the core principles of:

1. Transparency: A broad range of corporate information, including all material information, such as financial performance, position and prospects as well as press releases, presentation slides, annual reports and circulars are available on SGXNET as well as the Group's corporate website - www.intraco.com.

2. Equal Treatment: All parties in the investment community including analysts, fund managers, shareholders and the financial media have fair access to material information. Material information will be issued in a timely manner mainly through SGXNET, and when required, a trading halt will be called. There will be no selective disclosure.

The Policy

This Policy is designed to comply with all applicable regulations of the listing manual of the SGX-ST (the "Listing Manual") and to achieve the Group's transparency goal.

Group Spokespersons

The Group's Investor Relations team ("IR Team") is led by the Chairman of the Board, and actively supported by the Managing Director and Chief Executive Officer as well as an external Investor Relations agency, August Consulting Pte Ltd. These parties are empowered to act as spokespersons towards security holders and securities markets professionals. However, it does not imply that all subjects will be discussed with investors. To ensure consistency and to avoid unintentional disclosure of material information, employees other than the authorized Group spokespersons are instructed not to response to enquiries from the media or the investment community.

Enquiries are to be directed to the Group's external Investor Relations agency, August Consulting Pte Ltd at (65) 6733 8873.

Disclosure of Financial and Other Material Information

In compliance with Rule 705 of the Listing Manual, financial statements for the full financial year will be released to the public no later than 60 days from the end of financial year; financial statements for the half-year will be released no later than 45 days. These will be released outside of trading hours on SGXNET and on the Group's corporate website (www.intraco.com). Media releases which are sent to financial media will also be made available through the same channels.

In accordance to Rule 703 of the Listing Manual, material[1] non-public information that is inadvertently disclosed to analysts, investment professionals, or any shareholder who may trade on the information, will be immediately released to the public through SGXNET. When required, press releases will also be sent to financial media to ensure that a wider public is informed, so as to avoid the establishment of a false market which will materially affect the price or value of the Group's securities.

Black-Out Periods

The Group will maintain a silent ("Black-Out") period of one month prior to the announcement of its half-year and full-year financial results. The IR Team will not take part in any analyst or investor phone conversations or meetings during the Black-Out period regardless of the intent and objective of these encounters.

Access to Information and Meetings

All analysts, shareholders and financial media will have access to the Group's IR Team; the contact details are posted on the Group's corporate website (www.intraco.com). All incoming queries will be dealt with in a timely manner.

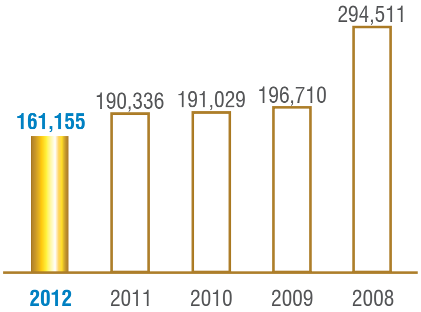
Access to Meetings with the Group

Ad-hoc requests by analysts or professional investors for meetings with the IR Team will be met, schedule permitting. In such meetings, the IR Team will be accompanied by the Group's external Investor Relations agency to avoid or detect any disclosure of material information.

[1]Information concerning the Group's business and affairs is considered material if it results in or would reasonably be expected to result in a significant change in the market price or value of the common shares of the Group. This includes information, known to the Group, concerning its property, assets, business, financial conditions and prospects; mergers and acquisitions; and dealings with employees, suppliers and customers; material contracts or development projects, whether entered into in the ordinary course of business or otherwise; as well as information concerning a significant change in ownership of the Group's shares by insiders, or a change in effective or voting control and any developments that affect materially the present or potential rights or interests of the Group's shareholders.

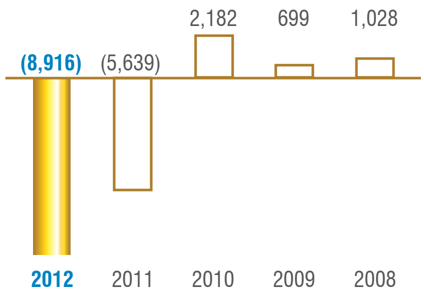
Financial Highlights

Revenue ($'000)



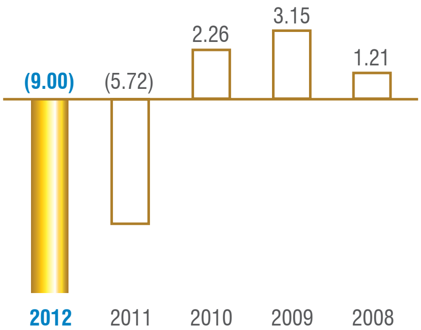
(Loss)/Profit Before Tax* ($'000)

* Note: Excluding discontinued operations

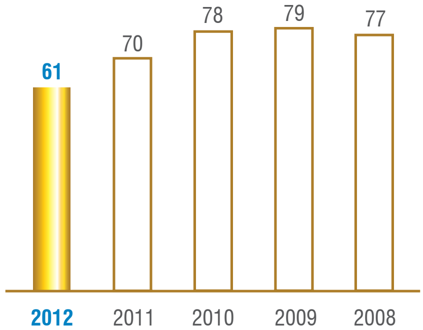


Earning Per Share* (cents)

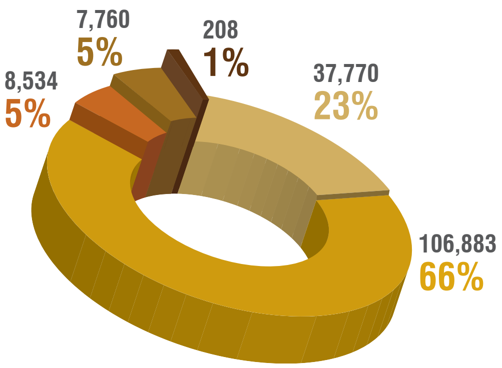
* Note: Excluding discontinued operations



Net Asset Value Per Share (cents)

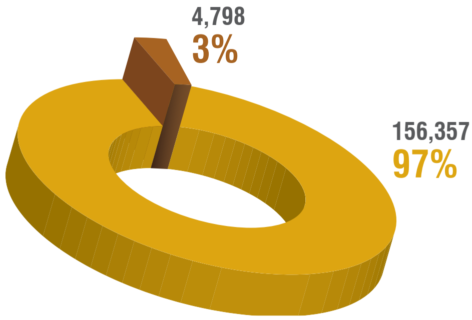


FY2012 Revenue by Geographical Segments ($'000)



Rest of ASEAN
Greater China
Singapore
United States
Others

FY2012 Revenue by Operating Segments ($'000)



Trading and Others
Projects

Corporate Information

Board of Directors

Dr Tan Ng Chee
Chairman

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Dr Tan Boon Wan
Non-Executive and Independent Director

Mr Wong Meng Choong
Non-Executive Director

Mr Ng How Kiat Charlie
Non-Executive Director

Mr Ng San Tiong Roland
Alternate Director to Mr Wong Meng Choong

Mr Tony Chew Leong-Chee
Alternate Director to Mr Ng How Kiat Charlie

Audit Committee

Dr Tan Boon Wan
Chairman

Dr Tan Ng Chee
Mr Wong Meng Choong

Nominating Committee

Dr Tan Ng Chee
Chairman

Dr Tan Boon Wan
Mr Ng How Kiat Charlie

Remuneration Committee

Dr Tan Ng Chee
Chairman

Dr Tan Boon Wan
Mr Ng How Kiat Charlie

Company Secretaries

Ms Yvonne Choo
Ms Lynn Wan Tiew Leng

Auditors

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Audit Partner – Ms Karen Lee
(appointed in 2010)

Share Registrar

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Bankers

Development Bank of Singapore Limited
United Overseas Bank Limited

Corporate Directory

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Socialist Republic of Vietnam

Corporate Governance Report

INTRACO Limited (the "Company") is committed to ensuring and maintaining a high standard of corporate governance as it understands that good corporate governance establishes and maintains a legal and ethical environment, which strives to preserve and enhance the interests of all stakeholders.

In keeping with its commitment to high standard of corporate governance, the Board of Directors and Management will use its best endeavours to align the Group's governance framework with the recommendations of the Code of Corporate Governance 2005 as revised by the Monetary Authority of Singapore on 2 May 2012 (the "2012 Code") and applicable to the Company with effect from financial year commencing 1 January 2013.

This report describes the corporate governance framework and practices of the Company with specific reference made to each of the principles and guidelines set out in the Code of Corporate Governance 2005 (the "Code") and the 2012 Code (where stated).

(A) BOARD MATTERS

The Board's Conduct of its 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 Management remains accountable to the Board.

INTRACO Limited is led by an effective Board of Directors ("**Board**") working closely with Management for the success of the Company. The Board consists of the following members:

Dr Tan Ng Chee
Mr Foo Der Rong
Dr Tan Boon Wan
Mr Ng How Kiat Charlie
Mr Wong Meng Choong
Mr Chew Leong Chee *(Alternate Director to Mr Ng How Kiat Charlie)*
Mr Ng San Tiong *(Alternate Director to Mr Wong Meng Choong)*

Key information on the Board Members is set out on page 14.

Role of the Board

The Board assumes responsibility for stewardship of the Company and its subsidiaries (the "Group") and is primarily responsible for the protection and enhancement of long-term value and returns for the shareholders. It has oversight responsibility over the management of the business and affairs of the Group.

The Board's role includes:

- approving the appointments of Directors, senior management staff and succession planning process;
- providing entrepreneurial leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- approving major funding proposals, investment and divestment proposals;

- establishing goals for Management and reviewing Management's performance by monitoring the achievement of these goals;

- identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;

- setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and

- considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board has adopted a set of internal controls which, among other matters, set out tiered approval limits for capital expenditure, investments and divestments, bank borrowings, bank mandates and commercial transactions. These arrangements have been made to facilitate management and operational efficiency.

To assist in the execution of its responsibilities, the Board has established a number of Board Committees and delegated decisions on certain Board matters to these Committees. The Committees are the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each of these Board Committees functions within clearly defined terms of reference. The terms of reference of the AC, NC and RC had been amended in line with the 2012 Code.

The following table shows the first date of the appointment of the Directors and when they were last re-elected:

BOARD MEMBERS

Name of Director	Position held on the Board	Date of first appointment to the Board	Date of last election/ or re-appointment as director	Nature of appointment
Dr Tan Ng Chee	Chairman	10.12.2002	25.04.2011	Non-Executive & Independent Director
Mr Foo Der Rong[(1)]	Director	01.01.2013	N.A.*	Managing Director & CEO
Dr Tan Boon Wan	Director	05.10.2004	21.04.2010*	Non-Executive & Independent Director
Mr Ng How Kiat Charlie	Director	22.11.2012	N.A.*	Non-Executive & Non-Independent Director
Mr Wong Meng Choong	Director	07.12.2012	N.A.*	Non-Executive & Non-Independent Director
Mr Chew Leong Chee	Alternate Director	07.12.2012	N.A.	Alternate Director to Mr Ng How Kiat Charlie
Mr Ng San Tiong	Alternate Director	07.12.2012	N.A.	Alternate Director to Mr Wong Meng Choong

(1) *Mr Foo was an Executive Director from 3 December 2003 to 31 March 2012.*

* *Up for re-election at the coming AGM.*

Board Meetings and Meetings of Board Committees

The Board and Board Committees meet regularly and whenever necessary for the discharge of their duties. Dates of the Board and Committee meetings are set by the Directors in advance.

All draft agendas for meetings are reviewed by the Chairman of the Board and the Chairman of the respective Board Committees. Papers and/or other information are forwarded to the Directors before each meeting to allow time for review.

In the event that any further information or clarification is required, members of the Management team are invited to attend the meetings to present such information and/or render such clarification at the relevant time. The Company's Articles of Association provide that the Directors may conduct meetings by means of telephone or video conference or other methods of simultaneous communication. The number of meetings held by the Board and the AC, NC and RC and attendance thereat during the financial year 2012 are as follows:

	Board		NC		RC		AC	
Directors	**Scheduled**	**Ad-hoc**	**Scheduled**	**Ad-hoc**	**Scheduled**	**Ad-hoc**	**Scheduled**	**Ad-hoc**
	4	5	1	5	1	-	4	1
Dr Allan Yap[(1)]	2/4	1/5	-	-	-	-	-	-
Dr Tan Ng Chee	4/4	5/5	1/1	5/5	1/1	-	4/4	1/1
Mr Foo Der Rong[(2)]	1/1	-	-	-	-	-	-	-
Dr Tan Boon Wan	4/4	5/5	1/1	5/5	1/1	-	4/4	1/1
Mr Ng How Kiat Charlie[(3)]	-	3/3	-	1/1	-	-	-	-
Mr Wong Meng Choong[(4)]	-	1/2	-	-	-	-	-	-
Mr Hoon Tai Meng[(5)]	0/1	-	0/1	-	0/1	-	0/1	1/1
Mr Lien Kait Long[(6)]	2/2	1/1	-	1/1	-	-	2/2	-
Mdm Tang Cheuk Chee[(7)]	3/4	2/2	-	-	-	-	-	-

(1) *Dr Allan Yap resigned on 6 Dec 2012.*
(2) *Mr Foo Der Rong resigned on 31 March 2012.*
(3) *Mr Ng How Kiat Charlie was appointed on 22 Nov 2012.*
(4) *Mr Wong Meng Choong was appointed on 7 Dec 2012.*
(5) *Mr Hoon Tai Meng retired on 25 Apr 2012.*
(6) *Mr Lien Kait Long was appointed on 16 Jul 2012 and resigned on 6 Dec 2012.*
(7) *Mdm Tang Cheuk Chee resigned on 6 Dec 2012.*

Training

Formal letters are sent to newly-appointed Directors upon their appointment explaining their duties and responsibilities as a director under the Companies Act (Cap. 50) of Singapore (the "Companies Act") and the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). All newly-appointed Directors are orientated through an induction program which seeks to familiarize them with the Company's business and governance practices, and are also given materials containing such information. The Group's policies and procedures are also extended to the Directors to enable them to gain a clear understanding on the levels of authority in relation to transactions. In addition, Directors are provided with contact numbers and email addresses of key managers to facilitate efficient and direct access.

The Board is kept informed of any relevant key changes to legislation and the Listing Rules of the SGX-ST as well as on corporate governance issues in order to adapt to the changing commercial risks relating to the business and operations of the Group. Directors and Management are encouraged to attend courses to keep abreast and updated of changes in the law and governance measures that may affect the Group.

Corporate Governance Report

Board Composition and Guidance

Principle 2: 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.

The Board has a strong and independent element with more than one-third of it comprising Non-Executive Independent Directors, who are able to exercise objective judgement on corporate affairs independently from the Management.

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive for effective discussions and decision-making and that the Board has the appropriate mix of expertise and experience as well as an appropriate balance of Independent Directors. The Board considers its current board size of five (5) Directors and two (2) Alternate Directors to be appropriate for effective decision-making, taking into account the scope and nature of the Group's operations.

The Board comprises persons with diverse expertise and experience in accounting, banking, business and management, finance, risk management and law and who as a group provide core competencies necessary to meet the Company's requirements. The Directors' objective judgement on corporate affairs, collective experience and knowledge are invaluable to the Group and allow for the useful exchange of ideas and views.

Independence of directors

The NC reviews the independence of each Director based on the Code's definition of what constitutes an Independent Director. The NC is of the view that the two (2) Independent Directors, Dr Tan Ng Chee and Dr Tan Boon Wan (who represent more than one-third of the Board) are independent and no individual or small group of individuals dominates the Board's decision-making process.

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 executive responsibilities of the Company's business – which will ensure a balance of power and authority, such that no one individual should represent a considerable concentration of power.

The positions of the Chairman and Chief Executive Officer ("CEO") are separate. Dr Tan Ng Chee is the Non-Executive Chairman whereas Mr Foo Der Rong is the CEO of the Group.

The Chairman leads the Board and ensures the effectiveness on all aspects of its role. He sets the agenda and ensures that Directors receive accurate, complete and timely information and there is effective communication with shareholders. He also encourages constructive exchange of views between the Board Members and Management, facilitates the effective contribution of Non-Executive Directors, and promotes a culture of openness and debate at the Board and high standards of corporate governance.

The CEO is responsible for the day-to-day operations of the Group and plays a key role in running the Group's business and operations in accordance with the strategic and operational objectives established by the Board.

Board Membership

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

The NC comprises the following members:-

Dr Tan Ng Chee (Chairman of the NC)
Dr Tan Boon Wan
Mr Ng How Kiat Charlie (Appointed as member on 7 Dec 2012)

Members of the Committee comprise persons of stature, integrity and accountability, who are able to exercise independent judgment in the performance of their duties. The primary functions of the NC are as follows:

- to identify candidates and review all nominations for the appointment or re-appointment of members of the Board (including Alternate Directors), the CEO of the Group, and to determine the selection criteria;
- to ensure that all Board appointees undergo an appropriate induction programme;
- to review training and professional development programmes for the Board;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;
- to decide whether a Director is able to and has been adequately carrying out his duties as Director of the Company, particularly where the Director has multiple board representations;
- to review the independence of each Independent Director annually;
- to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval; and
- to assess the effectiveness of the Board as a whole.

In its search and nomination process for new directors, the NC has, at its disposal, search companies, personal contacts and recommendations, to cast its net as wide as possible for the right candidates.

All Directors submit themselves for re-nomination and re-election at regular intervals of at least once every three (3) years. Under the Company's Articles of Association, at least one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation.

The NC had reviewed the multiple directorships and other principal commitments disclosed by each Director of the Company and was of the view that for the role expected of each Director, the existing various directorships and other principal commitments of the respective Director has not impinged on his ability to discharge his duties. The Board affirms and supports this view.

For the year under review, the NC held six (6) meetings but had otherwise actively resolved matters by way of circular resolutions.

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.

The NC reviews the criteria for evaluating the Board's performance and recommends to the Board a set of objective performance criteria focusing on enhancing long-term shareholder value. Based on the recommendations of the NC, the Board has established a set of criteria for evaluating the effectiveness of the Board as a whole and for assessing the contribution of each individual Director to the effectiveness of the Board.

The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, accountability, Board processes, Board performance in relation to discharging its principal responsibilities, communication with the Management and standards of conduct of the Directors.

In view of the recent reconstitution of the Board, the Board has accepted the NC's recommendation that a Board performance evaluation be conducted at the end of the financial year ending 31 December 2013 when the Board members have had the opportunity to work together.

Access to Information

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

To assist the Board in fulfilling its responsibilities, Management provides the Board with reports containing complete, adequate and timely information prior to the Board meetings, and on an on-going basis.

Information provided includes background or explanatory material relating to matters to be brought before the Board and matters under review by the Board, copies of disclosure documents, budgets, forecasts and internal financial statements. Any material variance between the projections and actual results in respect of budgets, is also disclosed and explained.

All Directors have unrestricted access to the Company's records and information. They also have separate and independent access to Management, including the Company Secretary at all times. The Company Secretary had attended all the Board meetings for the year under review.

The Company has in place the procedure to enable the Directors, whether as a group or individually, to obtain independent professional advice as and when necessary in furtherance of their duties at the Company's expense. The appointment of such professional advisor is subject to approval by the Board.

(B) **REMUNERATION MATTERS**

Procedures for Developing Remuneration Policies

Principle 7: 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.

The RC comprises the following members:-

Dr Tan Ng Chee (Chairman of the RC)
Dr Tan Boon Wan
Mr Ng How Kiat Charlie (Appointed as member on 7 Dec 2012)

The members of the RC have many years of corporate experience and are knowledgeable in the field of executive compensation. In addition, the RC has access to expert professional advice on remuneration matters as and when necessary.

There is a formal and transparent process for developing executive remuneration and for fixing the packages of individual Directors. No Director is involved in determining his own remuneration.

The RC reviews all aspects of remuneration and compensation packages including Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind and submits for the endorsement of the Board its recommendations for the framework of remuneration and the specific remuneration packages for each Executive Director.

It also administers the Company's Employee Share Option Scheme (the "ESOS"). The previous ESOS had expired on 9 November 2010 and a new ESOS would be tabled for shareholders' approval at an extraordinary general meeting to be held immediately after the forthcoming annual general meeting.

Level and Mix of Remuneration

Principle 8: 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.

In setting remuneration packages, the RC takes into consideration the prevailing economic situation, the pay and employment conditions within the industry and in comparable companies.

As part of its review, the RC ensures that the performance-related elements of remuneration form a significant part of the total remuneration package of Executive Directors and that each package is designed to align the Director's interests with those of shareholders and link rewards to corporate and individual performance. The Executive Directors do not receive basic Directors' fees or additional fees for appointment onto a Board committee as they have service contracts with the Company. These service contracts are for a fixed appointment period, are not excessively long, and all contracts do not contain onerous removal clauses. The renewals of these service contracts are subject to the approval of the Board with the prior review and endorsement by the RC.

Corporate Governance Report

The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurate with the contribution and responsibilities of the Directors.

None of the Non-Executive Directors are on service contracts or have consultancy arrangements with the Company. All are paid basic Directors' fees, attendance fees and additional fees for holding appointment as the chairman or a member of a particular Board Committee.

The remuneration of the Non-Executive Directors is set at a competitive rate appropriate to the level of contributions and taking into account time commitment as well as respective responsibilities.

The Company submits the quantum of Directors' fees for each year to the shareholders for approval annually.

Disclosure on Remuneration

Principle 9: 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.

Summary compensation table of the Directors receiving remuneration from the Group for the financial year ended 31 December 2012.

Remuneration Band Salary	Salary	Bonus	Director's Fees[2]	Allowances[1] and Other benefits	Total
S$250,000 to S$499,999					
Dr Allan Yap[3]	98.84%	-	-	1.16%	100.00%
Mr Foo Der Rong[4]	99.63%	-	-	0.37%	100.00%
Below S$250,000					
Dr Tan Ng Chee	-	-	100.00%	-	100.00%
Dr Tan Boon Wan	-	-	100.00%	-	100.00%
Mr Ng How Kiat Charlie[5]	-	-	100.00%	-	100.00%
Mr Wong Meng Choong[6]	-	-	100.00%	-	100.00%
Mr Hoon Tai Meng[7]	-	-	100.00%	-	100.00%
Mr Lien Kait Long[8]	-	-	100.00%	-	100.00%
Mdm Tang Cheuk Chee[9]	92.59%	-	-	7.41%	100.00%

(1) *Employer's CPF contribution is included here.*
(2) *Directors' fee is subject to the approval of shareholders at the forthcoming AGM.*
(3) *Dr Allan Yap resigned on 6 Dec 2012.*
(4) *Mr Foo Der Rong resigned on 31 Mar 2012.*
(5) *Mr Ng How Kiat Charlie was appointed on 22 Nov 2012.*
(6) *Mr Wong Meng Choong was appointed on 7 Dec 2012.*
(7) *Mr Hoon Tai Meng retired on 25 Apr 2012.*
(8) *Mr Lien Kait Long was appointed on 16 Jul 2012 and resigned on 6 Dec 2012.*
(9) *Mdm Tang Cheuk Chee resigned on 6 Dec 2012.*

Disclosure of the top five (5) executives' remuneration (who are not also Directors) in bands of S$250,000 (based on gross remuneration received and inclusive of employer's contributions to the Central Provident Fund) is set out below. The top executives include the COO, FC, one (1) of the Chief Representative of the Company and two (2) business heads.

Key Management Executives	Base Salary	Bonus	Allowances and other benefits[1]	Total
Range S$250,000 – S$499,999				
Ronald Lim	62.67%	26.11%	11.22%	100.00%
Below S$250,000				
Connie Chang	65.40%	27.25%	7.35%	100.00%
Seng Kok How	75.12%	12.52%	12.36%	100.00%
David Pang / Steve Sheu[2]/[3]	66.71%	19.48%	13.81%	100.00%
Michael Yoong	47.52%	14.01%	38.47%	100.00%

(1) *Employer's CPF contribution is included here.*
(2) *Remuneration from a subsidiary.*
(3) *David Pang resigned on 18 September 2012 and was replaced by Steve Sheu.*

Remuneration of Employees who are immediate family members of a Director or the CEO

No employee of the Group was an immediate family member of a Director or the CEO and whose remuneration exceeded S$150,000 during FY2012.

Long-term incentive scheme

The employees of the Group are eligible to participate in the Intraco Limited Share Option Scheme 2000 under the rules thereof. Additional information thereon is available in the Directors' Report. The Scheme had expired on 9 November 2010 and a new employee share option scheme would be tabled for shareholders' approval at an extraordinary general meeting to be held immediately after the forthcoming annual general meeting.

(C) ACCOUNTABILITY AND AUDIT

Accountability

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

The Board endeavours to ensure that the annual audited financial statements and half-yearly announcements of the Group's results present a balanced and understandable assessment of the Group's position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements via SGXNET.

Audit Committee

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

The AC comprises all Non-Executive Directors, namely:-

Dr Tan Boon Wan (Chairman of the AC)
Dr Tan Ng Chee
Mr Wong Meng Choong (Appointed as member on 7 Dec 2012)

It, inter alia, oversees the quality and integrity of the accounting, auditing, internal controls and financial practices of the Group.

All members of the AC have many years of experience in senior management positions in both financial and industrial sectors. The Board is of the view that the AC members, having accounting and related financial management expertise or experience, are appropriately qualified to discharge their responsibilities.

During FY2012, the AC held five (5) meetings with Management and the auditors of the Company to discuss and review the following matters:

- the audit plans of the internal and external auditors of the Company, and their reports arising from the audit;
- the adequacy of the assistance and cooperation given by the Management to the internal and external auditors;
- the financial statements of the Company and the consolidated financial statements of the Group;
- the interim and annual announcement of the results of the Group before submission to the Board for approval;
- the adequacy and effectiveness of material internal controls, including financial, operational and compliance controls;
- legal and regulatory matters that may have a material impact on the financial statements, compliance policies and programmes and any reports received from regulators;
- the cost-effectiveness, independence and objectivity of the external auditors;
- the approval of compensation to the external auditors;
- the nature and extent of non-audit services provided by the external auditors;
- any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact to the Group's operating results or financial position and Management's response;
- the recommendation to the Board for the appointment or re-appointment of the external auditors of the Company;
- the report actions and minutes of the AC to the Board with such recommendations as the AC considers appropriate; and
- interested person transactions to ensure that the current procedures for monitoring of interested person transactions have been complied with.

In performing its functions, the AC:

- met more than once with the external and internal auditors (who have unrestricted access to the AC), without the presence of Management and reviewed the overall scope of the external audit and the assistance given by the Management to the auditors;
- has explicit authority to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention with full access to records, resources, and personnel to enable it to discharge its function properly; and
- has full access to and cooperation of the Management and unfettered discretion to invite any Director or officer to attend its meetings.

The AC also performs other functions specified in the Companies Act and the Listing Rules of the SGX-ST and in accordance with its written terms of reference (which have been updated to incorporate the provisions of the 2012 Code and latest changes in the law and best practices).

An aggregate amount of fees of S$215,000 had been paid to the external auditors for FY2012, comprising non-audit services fee of S$10,000 and audit fee of S$205,000. The AC has undertaken a review of all the non-audit services provided by the external auditors during the year under review and is satisfied that such services would not, in the AC's opinion, affect the independence of the external auditors.

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

The Audit Committee Guidance Committee issued the Guidebook for AC in Singapore in October 2008. The Guidebook has been distributed to all members of the AC and the Board. Where appropriate, the AC will adopt relevant best practices set out in the Guidebook, which will be used as a reference to assist the Committee in performing its functions.

The AC also reviews arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Pursuant to this, the Group has in place a whistle-blowing policy to ensure independent investigations of such matters and for appropriate follow up action.

Internal Controls

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

The Board ensures that Management maintains a sound system of internal controls and effective risk management policies to safeguard the shareholders' investment and the Company's assets and in this regard, is assisted by the AC which conducts reviews on the effectiveness of the Company's material internal controls and risk assessment at least annually to ensure the adequacy thereof.

Risk Management

The Group has put in place an Enterprise Risk Management (ERM) Framework, which governs the risk management process in the Group. Through this Framework, risk management capabilities and competencies will be continuously enhanced. The ERM Framework also enables the identification, prioritisation, assessment, management and monitoring of key risks to the Group's business. The risk management process in place covers, inter alia, financial, operational, compliance and IT risks faced by the Group. The key risks of the Group are deliberated by the Management and reported to the Audit Committee at least once a year.

Complementing the ERM framework is a Group-wide system of internal controls, which includes the documented policies and procedures, proper segregation of duties, approval procedures and authorities, as well as checks-and-balances built into the business processes.

To ensure that internal controls and risk management processes are adequate and effective, the AC is assisted by various independent professional service providers. External auditors provide assurance over the risk of material misstatements in the Group's financial statements. Internal auditors provide assurance that controls over the key risks of the Group are adequate and effective.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management and the Audit Committee, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, were adequate as at 31 December 2012.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Risk Management Policies and Processes

The main risks arising from the Group's financial operations are liquidity risk, foreign currency risk, credit risk, market risk and interest rate risk. Details on the foregoing are more particularly set out in the Notes to the Financial Statements. These risks are constantly monitored by Management and the Board as a whole.

Internal Audit

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The internal audit unit is independent of the activities it audits and it reports directly to the Chairman of the AC. The reports by the internal auditor are reviewed by the AC on a quarterly basis and his activities are also reviewed by the AC annually so as to ensure the adequacy of the internal audit function.

The Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("Standards") are used as a reference and guide by the Company's internal auditor.

(D) COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders

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

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

The Company believes that a high standard of disclosure is key to raising the level of corporate governance. Accordingly, financial results and other material information on the Company are published through SGXNET and the corporate website of the Company.

Corporate Governance Report

The Company does not practise selective disclosure. Price-sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period and are available on the Company's website. All shareholders of the Company receive the annual report and notice of Annual General Meeting as well as any circular and notice of Extraordinary General Meeting and these notices are also advertised in the newspapers.

The Company welcomes the views of the shareholders on matters concerning the Company and encourages shareholders' participation at Annual General Meetings. Shareholders are given opportunities and ample time to communicate their views on matters relating to the Group with the Chairmen of the AC, NC and RC, and the external auditors of the Company in attendance.

(E) **Investor Engagement**

The Board recognises the importance of corporate governance of maintaining good standards and applying best practices and striving for excellence to create value for shareholders. As a demonstration of the Company's commitment to transparency and fair disclosure, the Company has drawn up an Investor Relations Policy (see page 9) that sets the standards for the Board and Management going forward.

(F) **DEALINGS IN SECURITIES**

The Group has issued a guideline on dealings in securities to all Directors and employees of the Group which sets out the code of conduct on transactions in the Company's securities by these persons, the implications of insider trading and general guidance on the prohibition against such dealings. They have also been advised not to deal in the Company's securities for short-term considerations.

In line with Listing Rule 1207(19) issued by the SGX-ST, the Company issues a notification to Directors and all officers of the Company informing them that they should not deal in the securities of the Company one (1) month prior to the release of its half year and full year results.

The Board confirms that for the financial year ended 31 December 2012, the Company has complied with Listing Rule 1207(19) of the SGX-ST.

On behalf of the Board of Directors,

Dr Tan Ng Chee
Chairman

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Directors' Report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2012.

Directors

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

Dr Tan Ng Chee	
Dr Tan Boon Wan	
Mr Foo Der Rong	(Resigned on 31 March 2012 and appointed on 1 January 2013)
Mr Ng How Kiat Charlie	(Appointed on 22 November 2012)
Mr Wong Meng Choong	(Appointed on 7 December 2012)
Mr Chew Leong Chee (Alternate Director to Mr Ng How Kiat Charlie)	(Appointed on 7 December 2012)
Mr Ng San Tiong (Alternate Director to Mr Wong Meng Choong)	(Appointed on 7 December 2012)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including 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:

	Holdings at beginning of the year/date of appointment	Holdings at end of the year
Name of director and corporation in which interests are held		
Mr Chew Leong Chee (Alternate Director to Mr Ng How Kiat Charlie)		
Intraco Limited		
- ordinary shares		
- deemed interests	24,600,000*	24,600,000*
Mr Ng San Tiong (Alternate Director to Mr Wong Meng Choong)		
Intraco Limited		
- ordinary shares		
- deemed interests	29,486,148*	29,486,148*

* Held by other persons or corporations in which the director has interest by virtue of Section 4 of the Securities and Futures Act (Cap.289).

Apart from Mr Chew Leong Chee's change of interest from 24,600,000 to 28,100,000 on 16 January 2013, there were no other changes in the above directors' interests as at 21 January, 2013.

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.

Directors' Report

Directors' interests (continued)

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 30 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

The Intraco Limited Share Option Scheme 2000 (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 10 November 2000. The Scheme had expired on 9 November 2010. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options. The remaining 15,000 unexercised options granted under the Scheme expired on 7 October 2012.

Information regarding the Scheme is set out below:

- The maximum number of shares issued or to be issued for options under the Scheme is 15% of the issued share capital of the Company.
- Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the 3 consecutive trading days immediately preceding the date of grant (Market Price) or at a price of up to 20% discount of the Market Price.
- Under the Scheme, a non-discounted option vests 1 year after the date of the grant and a discounted option vests 2 years after the date of grant.
- Unless they are cancelled or lapsed prior to the expiry date, options granted will expire 120 months after the date of grant.

At the end of the financial year, details of the options granted under the Scheme on the unissued ordinary shares of the Company, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2012	Options exercised	Options expired	Options outstanding at 31/12/2012	Number of option holders at 31/12/2012	Exercise period
8/10/2002	S$0.50	105,000	90,000	15,000	–	–	8/10/2003 – 7/10/2012

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.

Since the commencement of the Scheme, no options have been granted to the controlling shareholders of the Company or their associates and no participant under the Scheme has been granted 5% or more of the total options available under the Scheme.

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

Directors' Report

Audit Committee

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

- Dr Tan Boon Wan (Chairman), Non-Executive, Independent Director
- Dr Tan Ng Chee, Non-Executive, Independent Director
- Mr Wong Meng Choong, Non-Executive Director (Appointed on 7 December 2012)

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

The Audit Committee has held six 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 Listing Manual).

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

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

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Directors' Report

Audit Committee (continued)

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

On behalf of the Board of Directors

Dr Tan Ng Chee
Chairman

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Singapore
18 March 2013

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 33 to 91 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 2012 and the results, changes in equity and cash flows of the Group and of the changes in equity of the Company 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

Dr Tan Ng Chee
Chairman

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Singapore
18 March 2013

Independent Auditors' Report

To the Members of the Company INTRACO Limited

Report on the financial statements

We have audited the accompanying financial statements of Intraco Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2012, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 33 to 91.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Independent Auditors' Report

Members of the Company Intraco Limited

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
18 March 2013

Statements of Financial Position

As at 31 December 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Assets					
Property, plant and equipment	4	2,000	2,438	247	268
Subsidiaries	5	–	–	13,906	17,235
Associates	6	11,779	12,952	10,106	10,106
Other investments	7	800	551	800	551
Trade and other receivables	11	–	5,046	–	1,458
Non-current assets		14,579	20,987	25,059	29,618
Inventories	9	2,760	3,236	59	79
Trade and other receivables	11	15,885	22,783	3,949	12,056
Cash and cash equivalents	12	49,139	44,147	33,325	29,758
Asset classified as held for sale	8	720	–	–	–
Current assets		68,504	70,166	37,333	41,893
Total assets		83,083	91,153	62,392	71,511
Equity					
Share capital		81,919	81,874	81,919	81,874
Reserves		(1,382)	(814)	509	(4,530)
Accumulated losses		(20,545)	(11,623)	(23,888)	(9,067)
Total equity	13	59,992	69,437	58,540	68,277
Liabilities					
Loans and borrowings	15	10,104	11,497	–	–
Trade and other payables	17	11,775	9,845	2,731	2,899
Provisions	18	1,212	335	1,121	335
Current tax payable		–	39	–	–
Current liabilities		23,091	21,716	3,852	3,234
Total liabilities		23,091	21,716	3,852	3,234
Total equity and liabilities		83,083	91,153	62,392	71,511

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

Consolidated Income Statement

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Continuing operations			
Revenue	19	161,155	174,683
Cost of sales		(155,363)	(167,926)
Gross profit		5,792	6,757
Other income		101	257
Distribution expenses		(210)	–
Administrative expenses		(5,994)	(6,810)
Other expenses		(9,930)	(6,038)
Results from operating activities		(10,241)	(5,834)
Finance income		729	436
Finance costs		(262)	(1,022)
Net finance income/(costs)	20	467	(586)
Share of profit of associates (net of tax)		858	781
Loss before tax		(8,916)	(5,639)
Tax credit/(expense)	21	39	(4)
Loss from continuing operations	22	(8,877)	(5,643)
Discontinued operation			
Loss from discontinued operation (net of tax)	23	–	(1,521)
Loss for the year		(8,877)	(7,164)
Earnings per share – continuing operations			
Basic and diluted earnings per share (cents)	24	(9.00)	(5.72)

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2012

	2012 $'000	2011 $'000
Loss for the year	(8,877)	(7,164)
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	249	(282)
Foreign currency translation differences of foreign operations	(862)	78
Share of foreign currency translation differences of associates	–	(6)
Foreign currency translation differences and share option reserve reclassified to profit or loss on disposal of subsidiary	–	560
Share of an associate's movement in non-distributable reserve	–	8
Other comprehensive income for the year, net of tax	(613)	358
Total comprehensive income for the year	(9,490)	(6,806)

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

Consolidated Statements of Changes in Equity

Year ended 31 December 2012

Group	Share capital $'000	Share option reserve $'000	Capital reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total equity $'000
As at 1 January 2011	81,874	168	933	(2,555)	282	(4,163)	76,539
Total comprehensive income for the year							
Loss for the year	–	–	–	–	–	(7,164)	(7,164)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	–	–	–	–	(282)	–	(282)
Foreign currency translation differences of foreign operations	–	–	–	78	–	–	78
Share of foreign currency translation differences of associates	–	–	–	(6)	–	–	(6)
Foreign currency translation differences and share options reserve reclassified to profit or loss on disposal of subsidiary	–	(168)	–	728	–	–	560
Share of an associate's movement in non-distributable reserve	–	–	8	–	–	–	8
Total other comprehensive income	–	(168)	8	800	(282)	–	358
Total comprehensive income for the year	–	(168)	8	800	(282)	(7,164)	(6,806)
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends declared (note 13)	–	–	–	–	–	(296)	(296)
Total distributions to owners	–	–	–	–	–	(296)	(296)
Total transactions with owners	–	–	–	–	–	**(296)**	**(296)**
As at 31 December 2011	81,874	–	941	(1,755)	–	(11,623)	69,437

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

Consolidated Statements of Changes in Equity (continued)

Year ended 31 December 2012

Group	Share capital $'000	Share option reserve $'000	Capital reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total Equity $'000
As at 1 January 2012	81,874	–	941	(1,755)	–	(11,623)	69,437
Total comprehensive income for the year							
Loss for the year	–	–	–	–	–	(8,877)	(8,877)
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	–	–	–	–	249	–	249
Foreign currency translation differences of foreign operations	–	–	–	(862)	–	–	(862)
Total other comprehensive income	–	–	–	(862)	249	–	(613)
Total comprehensive income for the year	–	–	–	(862)	249	(8,877)	(9,490)
Transactions with owners, recognised directly in equity							
Contributions by owners							
Share options exercised (note 13)	45	–	–	–	–	–	45
Transfer between reserves	–	–	45	–	–	(45)	–
Total transactions with owners	**45**	**–**	**45**	–	–	**(45)**	**45**
As at 31 December 2012	81,919	–	986	(2,617)	249	(20,545)	59,992

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

Statement of Changes in Equity

Year ended 31 December 2012

Company	Share capital $'000	Fair value reserve $'000	Accumulated losses $'000	Total equity $'000
As at 1 January 2011	81,874	(1,634)	(3,800)	76,440
Total comprehensive income for the year				
Loss for the year	–	–	(4,971)	(4,971)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	–	(2,896)	–	(2,896)
Total other comprehensive income	–	(2,896)	–	(2,896)
Total comprehensive income for the year	–	(2,896)	(4,971)	(7,867)
Transactions with owners, recognised directly in equity				
Distributions to owners				
Dividends declared (note 13)	–	–	(296)	(296)
Total distributions to owners	–	–	(296)	(296)
Total transactions with owners	–	–	**(296)**	**(296)**
As at 31 December 2011	81,874	(4,530)	(9,067)	68,277
As at 1 January 2012	81,874	(4,530)	(9,067)	68,277
Total comprehensive income for the year				
Loss for the year	–	–	(14,821)	(14,821)
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	–	509	–	509
Impairment loss on available-for-sale financial assets reclassified to profit or loss	–	4,530	–	4,530
Total other comprehensive income	–	5,039	–	5,039
Total comprehensive income for the year	–	5,039	(14,821)	(9,782)
Transactions with owners, recognised directly in equity				
Contribution by owners				
Share options exercised (note 13)	45	–	–	45
Total transactions with owners	**45**	–	–	**45**
As at 31 December 2012	81,919	509	(23,888)	58,540

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

Consolidated Statement of Cash Flows

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Loss for the year		(8,877)	(5,643)
Adjustments for:			
Depreciation of property, plant and equipment		443	1,555
(Gain)/loss on sale of:			
- Property, plant and equipment		(23)	–
- Other investments		–	11
- Discontinued operation, net of tax		–	587
Allowance made for doubtful receivables		7,072	5,593
Allowance made for slow moving inventories and write-down/(write-back) of inventory to net realisable value		1,458	(3)
Provisions made for:			
- onerous contract		91	–
- claims		786	–
Impairment loss on available-for-sale financial asset		–	108
Impairment loss on investment in associate		111	–
Imputed interest expenses on non-current receivables		–	828
Share of profit of associates, net of tax		(858)	(781)
Net finance income		(467)	(253)
Tax (credit)/expense		(39)	4
		(303)	2,006
Change in inventories		(982)	(2,893)
Change in trade and other receivables		1,355	(3,631)
Change in trade and other payables		1,920	3,645
Change in provisions		–	335
Change in restricted bank deposits		1,650	1,250
Cash generated from operating activities		3,640	712
Interest received		196	262
Interest paid		(261)	(180)
Tax paid		–	(4)
Cash flows generated from operating activities		3,575	790
Cash flows used in discontinued operation		–	(3,436)
		3,575	(2,646)
Cash flows from investing activities			
Distribution received from other investments		328	–
Proceeds from repayment of loan		3,714	2,655
Proceeds from redemption of held-to-maturity financial assets		–	2,475
Purchase of property, plant and equipment		(11)	(7)
Proceeds from sale of other investments		-	10
Deferred consideration received from sale of an associate		162	194
Dividends from an associate		471	628
Proceeds from sale of property, plant and equipment		28	–
Disposal of discontinued operation, net of cash disposed	23	–	(1,607)
Cash from investing activities		4,692	4,348
Cash used in discontinued operation		–	(26)
		4,692	4,322

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

Consolidated Statement of Cash Flows (continued)

Year ended 31 December 2012

	Note	2012 $'000	2011 $'000
Cash flows from financing activities			
Proceeds from borrowings		10,104	11,497
Repayment of borrowings		(11,497)	(3,539)
Dividend paid to owners of the Company		–	(296)
Proceeds from issue of shares		45	–
Cash flows (used in)/from financing activities		(1,348)	7,662
Cash flows from discontinued operation		–	1,351
		(1,348)	9,013
Net increase in cash and cash equivalents		6,919	10,689
Cash and cash equivalents at 1 January		42,497	31,798
Effects of exchange rate fluctuations on cash held		(277)	10
Cash and cash equivalents at 31 December	12	49,139	42,497

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

Notes to the Financial Statements

Year ended 31 December 2012

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 March 2013.

1 Domicile and activities

Intraco Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 348 Jalan Boon Lay, Singapore 619529.

The financial statements of the Group as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates.

The principal activities of the Company are trading in building materials, conventional lighting products, provision of total security solutions, commercial building solutions and energy-savings solutions. The principal activities of the subsidiaries are set out in note 31 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the 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 values.

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

Estimates and underlying assumptions are reviewed on an 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 is included in note 13 – impairment of available-for-sale equity securities.

2 Basis of preparation (continued)

2.4 Use of estimates and judgements

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 the following notes:

- Note 9 – estimation of net realisable value for inventories.
- Note 18 – provisions
- Note 21 – utilisation of tax losses.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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

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

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

(ii) 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. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(iii) Loss of control

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

(iv) Investments in associates (equity-accounted investees)

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

Investments in associates are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees 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 the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(vi) Transactions eliminated on consolidation

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

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

(vii) Accounting for subsidiaries and associates

The subsidiaries held by the Company are classified as available-for-sale and are stated in the Company's statement of financial position at fair value with any resultant gain or loss recognised in other comprehensive income and presented in the fair value reserve in equity. Impairment losses on its subsidiaries are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. When the subsidiaries are disposed, the gain or loss accumulated in equity is reclassified to profit or loss.

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

3.2 Foreign currency

(i) Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which are recognised in other comprehensive income.

(ii) Foreign operations

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

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

(ii) Foreign operations (continued)

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

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. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Property, plant and equipment

(i) 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. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

3 Significant accounting policies (continued)

3.3 Property, plant and equipment (continued)

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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

Leasehold properties	50 years
Leasehold improvements	3 to 50 years
Plant, machinery, tools and equipment	2 to 10 years
Furniture, fittings and equipment	3 to 10 years
Motor vehicles	3 to 6 years

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

3.4 Financial instruments

(i) Non-derivative financial assets

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

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

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

3 Significant accounting policies (continued)

3.4 Financial instruments (continued)

(i) Non-derivative financial assets (continued)

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and fixed deposits with original maturities of three months or less.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets.

Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise equity securities.

(ii) Non-derivative financial liabilities

The Group initially recognises financial liabilities on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

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

Other financial liabilities comprise loans and borrowings and trade and other payables.

3 **Significant accounting policies (continued)**

3.4 Financial instruments (continued)

(iii) Share capital

Ordinary shares

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

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

(iv) Intra-group financial guarantees in the separate financial statements

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

Financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.5 Inventories

(i) Trading

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(ii) Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see note 3.11(ii)) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of inventories in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billing. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position.

3 Significant accounting policies (continued)

3.6 Leases

(i) Leased assets

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

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

(ii) Lease payments

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

Minimum lease payment 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.

3.7 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has 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 due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(i) Non-derivative financial assets (continued)

Loans and receivables

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

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

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

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously 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.

(ii) Non-financial assets

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

3 Significant accounting policies (continued)

3.7 Impairment (continued)

(ii) Non-financial assets (continued)

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

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

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

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

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.

3.8 Non-current assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. In addition, equity accounting of associates ceases once classified as held for sale.

3 Significant accounting policies (continued)

3.9 Employee benefits

(i) Defined contribution 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 defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term employee benefits

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

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.10 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.

(i) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3 Significant accounting policies (continued)

3.11 Revenue

(i) Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of trading products, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port of the seller.

(ii) Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

(iii) Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iv) Services

Revenue from services rendered is recognised when the relevant services are rendered.

3 Significant accounting policies (continued)

3.12 Finance income and finance costs

Finance income comprises interest income on funds invested, dividend and distribution income, gains on the disposal of available-for-sale financial assets and accretion of interest income on non-current receivables. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings, imputed interest on trade and other receivables and losses on disposal of available-for-sale financial assets. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.13 Tax

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

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

3 Significant accounting policies (continued)

3.13 Tax (continued)

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

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

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

3.14 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

3.15 Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel of the Group.

3 Significant accounting policies (continued)

3.16 Segment reporting

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

Segment results that are reported to the COO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

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

3.17 Earnings per share

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

3.18 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group.

4 Property, plant and equipment

Group	Leasehold properties $'000	Leasehold improvements $'000	Plant, machinery, tools and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Cost						
At 1 January 2011	320	617	41,868	1,713	134	44,652
Additions	–	7	–	–	–	7
Disposal of a subsidiary	–	(78)	(250)	(356)	(43)	(727)
Written off	–	–	–	(3)	–	(3)
Effects of movements in exchange rates	–	(4)	(14)	(18)	–	(36)
At 31 December 2011	320	542	41,604	1,336	91	43,893
Additions	–	–	–	11	–	11
Disposals	–	–	(923)	(17)	(39)	(979)
Written off	–	(11)	–	(42)	–	(53)
Effects of movements in exchange rates	–	–	–	(2)	(3)	(5)
At 31 December 2012	320	531	40,681	1,286	49	42,867
Accumulated depreciation and impairment losses						
At 1 January 2011	89	604	38,171	1,612	83	40,559
Depreciation for the year	6	8	1,512	26	21	1,573
Disposal of a subsidiary	–	(75)	(229)	(308)	(43)	(655)
Written off	–	–	–	(3)	–	(3)
Effects of movements in exchange rates	–	(2)	(8)	(8)	(1)	(19)
At 31 December 2011	95	535	39,446	1,319	60	41,455
Depreciation for the year	7	4	406	14	12	443
Disposals	–	–	(923)	(17)	(34)	(974)
Written off	–	(11)	–	(42)	–	(53)
Effects of movements in exchange rates	–	–	–	(2)	(2)	(4)
At 31 December 2012	102	528	38,929	1,272	36	40,867
Carrying amounts						
At 1 January 2011	231	13	3,697	101	51	4,093
At 31 December 2011	225	7	2,158	17	31	2,438
At 31 December 2012	218	3	1,752	14	13	2,000

4 Property, plant and equipment (continued)

Company	Leasehold properties $'000	Leasehold improvements $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Cost					
At 1 January 2011	320	528	1,130	50	2,028
Addition	–	6	–	–	6
Written off	–	–	(3)	–	(3)
At 31 December 2011	320	534	1,127	50	2,031
Addition	–	–	11	–	11
Disposals	–	–	(7)	–	(7)
Written off	–	(11)	(35)	–	(46)
At 31 December 2012	320	523	1,096	50	1,989
Accumulated depreciation					
At 1 January 2011	88	520	1,103	17	1,728
Depreciation for the year	6	8	14	10	38
Written off	–	–	(3)	–	(3)
At 31 December 2011	94	528	1,114	27	1,763
Depreciation for the year	7	4	11	10	32
Disposals	–	–	(7)	–	(7)
Written off	–	(11)	(35)	–	(46)
At 31 December 2012	101	521	1,083	37	1,742
Carrying amounts					
At 1 January 2011	232	8	27	33	300
At 31 December 2011	226	6	13	23	268
At 31 December 2012	219	2	13	13	247

5 Subsidiaries

	Company 2012 $'000	Company 2011 $'000
Equity investments at fair value	13,906	17,235

Details of subsidiaries are set out in note 31.

The Group reviews its investments in subsidiaries for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable in accordance with note 3.7(i). The recoverable amounts of the investments were determined based on the carrying amounts of the net assets of the subsidiaries as at 31 December 2012. During the year, the Company recognised an impairment loss of $8,119,000 (2011: $9,675,000) on the investments in its subsidiaries.

6 Associates

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Investments in associates	11,779	12,952	10,106	10,106

The financial information of the associates is as follows:

	2012	2011
	$'000	$'000
Assets and liabilities		
Non-current assets	18,412	20,031
Current assets	41,284	64,352
Total assets	59,696	84,383
Non-current liabilities	722	549
Current liabilities	19,592	40,497
Total liabilities	20,314	41,046
Results		
Revenue	96,552	145,334
Profit for the year	2,869	2,593

Details of significant associates are set out in note 32.

During the year, the Group reclassified the investment in CKI-Intraco Minerals Co., Ltd to asset held for sale (see note 8) pursuant to a plan to dispose the investment.

The Group's investments in associates include investment in a listed associate with a carrying amount of $11,779,000 (2011: $12,096,000). Based on its closing price at the reporting date, the fair value of the Group's investment is $5,652,000 (2011: $5,652,000).

7 Other investments

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Non-current investments				
Available-for-sale quoted equity securities	800	551	800	551

The Group's exposure to market risks and fair value information related to other investments are disclosed in note 26.

8 Asset classified as held for sale

Asset classified as held for sale comprises the investment in CKI-Intraco Minerals Co., Ltd (see note 6). Efforts to sell the investment have commenced, and a sale is expected within the next twelve months.

An impairment loss of $111,000 on the remeasurement of the disposal asset to the lower of its carrying amount and its fair value less cost to sell, has been recognised in other expenses.

8 Asset classified as held for sale (continued)

The financial information of the associate is as follows:

	Group 2012 $'000
Assets and liabilities	
Non-current assets	23
Current assets	42,187
Total assets	42,210
Current liabilities/Total liabilities	(44,260)
Results	
Revenue	75,643
Loss for the year	(4,814)

9 Inventories

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Trading goods					
- at cost		472	2,214	59	66
- at net realisable value		1,231	–	–	–
Construction work-in-progress	10	–	13	–	13
Raw materials		76	3	–	–
Goods-in-transit		981	1,006	–	–
		2,760	3,236	59	79

In 2012, the write-down of inventories to its net realisable value and allowance made for slow moving stocks of $971,000 (2011: $1,000) and $487,000 (2011:Nil) respectively, are recognised in other expenses.

In assessing the net realisable value of inventories, management takes into account the Group's recent transactions and expected future selling prices. Market conditions may, however, change which may affect the future selling prices of the inventories and accordingly, the carrying value of inventories may be subject to adjustments in future periods.

10 Construction work-in-progress

	Group and Company 2012 $'000	Group and Company 2011 $'000
Cost incurred and attributable profit	–	40,507
Progress billings	–	(40,494)
	–	13

11 Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade receivables	31,851	32,901	5,078	6,351
Impairment losses	(17,497)	(11,587)	(4,334)	(4,556)
Net trade receivables	14,354	21,314	744	1,795
Deposits	163	160	52	49
Amounts due from subsidiaries				
- Non-trade	–	–	6,524	6,115
- Interest receivables	–	–	15	9
Impairment losses	–	–	(3,894)	–
Net related party receivables	–	–	2,645	6,124
Other receivables	2,327	6,502	2,321	6,374
Impairment losses	(1,829)	(850)	(1,829)	(850)
Net other receivables	498	5,652	492	5,524
Interest receivables	11	8	8	6
Advances to suppliers	610	358	–	–
Loans and receivables	15,636	27,492	3,941	13,498
Prepayments	249	337	8	16
	15,885	27,829	3,949	13,514
Non-current	–	5,046	–	1,458
Current	15,885	22,783	3,949	12,056
	15,885	27,829	3,949	13,514

At 31 December 2012, trade receivables for the Group and Company include retentions of $129,000 (2011: $118,000) relating to construction work-in-progress.

The non-trade amounts due from subsidiaries are unsecured and repayable on demand. Of the balance, an amount of $2,400,000 (2011: $2,400,000) is unsecured and interest-bearing at 0.25% (2011: 0.25%) per annum and the remaining balances are interest-free.

At 31 December 2012, other receivables for the Group and Company include $492,000 (2011: $736,000) and $1,832,000 (2011: $4,686,000) due from third party arising from the sale of an associate, and a subsidiary, respectively. The receivable arising from the sale of associate is interest-bearing at 1.38% (2011: 1.38%) per annum and is repayable in monthly instalments through to June 2014. The receivable arising from the sale of subsidiary is interest-bearing at SIBOR + 1.5% (2011: 1.5%) per annum and is repayable in semi-annual instalments through to May 2013, and the final instalment is contingent on the recoverability of certain trade receivables outstanding in the subsidiary at the date of disposal. Due to the uncertainty in the recoverability of these debts, the Group made an impairment provision of $978,000 (2011: $850,000) in the current year.

During the year, the Group assessed the collectability of its trade receivables and provided an allowance for doubtful receivables of $2,378,000 (2011:$2,378,000) on one of its debtors after considering its financial condition and the uncertainty in the recoverability of its debt.

11 Trade and other receivables (continued)

In 2011, the Group agreed a repayment schedule with one of its debtors under which an outstanding debt of $5,030,000 was expected to be repaid within five years. Consequently, an imputed interest charge of $828,000 was recognised as finance costs in the profit or loss previously. Due to the lower than expected repayment in the current year and the financial difficulties faced by the debtor, the Group fully provided against the remaining outstanding receivable of $3,915,000 in the current financial year.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 26.

12 Cash and cash equivalents

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Cash at bank and in hand	11,395	15,903	4,581	6,014
Fixed deposits with banks	37,744	28,244	28,744	23,744
Cash and cash equivalents	49,139	44,147	33,325	29,758
Restricted bank deposits	–	(1,650)	–	(1,650)
Cash and cash equivalents in the statement of cash flows	49,139	42,497	33,325	28,108

The weighted average effective interest rates per annum relating to cash and cash equivalents at the reporting date for the Group and Company are 0.28% (2011: 0.33%) and 0.28% (2011: 0.33%) respectively. Interest rates reprice at intervals of one to three months.

13 Capital and reserves

	Company	
	2012 Number of shares	2011 Number of shares
Fully paid ordinary shares, with no par value:		
At 1 January	98,635,879	98,635,879
Exercise of share options	90,000	–
At 31 December	98,725,879	98,636,879

The Group has issued share options under the Intraco Limited Share Option Scheme 2000. 90,000 ordinary shares were issued as a result of the exercise of vested options arising from this Scheme granted to key management. Options were exercised at an average price of $0.50 per option (see note 14).

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.

13 Capital and reserves (continued)

Reserves

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Capital reserve	986	941	–	–
Translation reserve	(2,617)	(1,755)	–	–
Fair value reserve	249	–	509	(4,530)
	(1,382)	(814)	509	(4,530)

Capital reserve

Capital reserve comprises mainly negative goodwill that has previously been taken to reserve.

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations and subsidiaries whose functional currencies are different from the functional currency of the Company.

Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments, excluding impairment losses, until the investment is derecognised or impaired.

The Group and the Company determine that available-for-sale equity securities are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group and the Company evaluates among other factors, the duration and extent to which the fair value of the security is less than its cost. In addition, impairment may be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flow.

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2012	2011
	$'000	$'000
Nil cents (2011: 0.3 cent) per qualifying ordinary share in respect of financial year ended 31 December	–	296

14 Employee share options

The Intraco Limited Share Option Scheme 2000 (the Scheme) of the Company was approved and adopted by its members at an Extraordinary General Meeting on 10 November 2000. The Scheme had expired on 9 November 2010. The share options previously granted will remain valid until the expiry, cancellation or exercise of the share options. The remaining 15,000 unexercised options granted under the Scheme expired on 7 October 2012.

Information regarding the Scheme is set out below:

- The maximum number of shares issued or to be issued for options under the Scheme is 15% of the issued share capital of the Company.

- Options may be granted at the average of the closing price of the Company's shares on the Singapore Exchange Securities Trading Limited (SGX-ST) for the 3 consecutive trading days immediately preceding the date of grant (Market Price) or at a price of up to 20% discount of the Market Price.

- Under the Scheme, a non-discounted option vests 1 year after the date of the grant and a discounted option vests 2 years after the date of grant.

- Unless they are cancelled or lapsed prior to the expiry date, options granted will expire 120 months after the date of grant.

At the end of the financial year, details of the options granted under the Scheme are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2012	Options exercised	Options expired	Options outstanding at 31/12/2012	Number of option holders at 31/12/2012	Exercise period
8/10/2002	$0.50	105,000	90,000	15,000	–	–	8/10/2003 – 7/10/2012

The options outstanding as at 31 December 2011 had an exercise price of $0.50 and a weighted average contractual life of 1 year.

The weighted average share price at the date of the exercise for share options exercised in 2012 was $0.65 (2011: no options exercised).

15 Loans and borrowings

	Group 2012 $'000	Group 2011 $'000
Unsecured bank loans	1,774	1,677
Trust receipts	7,879	9,284
Secured invoice financing (see note 29(a))	451	–
Unsecured invoice financing (see note 29(b))	–	536
	10,104	11,497

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	Group Face value $'000	Group Carrying amount $'000
2012				
USD fixed rate loans	1.62% - 2.36%	2013	1,774	1,774
USD trust receipts	0.96% - 2.05%	2013	7,879	7,879
RMB invoice financing	6.16%	2013	451	451
			10,104	10,104
2011				
USD fixed rate loans	1.29% – 2.43%	2012	1,677	1,677
USD trust receipts	0.96% – 2.27%	2012	9,284	9,284
RMB invoice financing	7.93% – 8.24%	2012	536	536
			11,497	11,497

Breach of financial loan covenants

During the financial year, a subsidiary has breached one of the financial covenants stipulated in the loan agreement. The subsidiary is required to maintain minimum net tangible assets of $15 million at all times. As at 31 December 2012, the subsidiary has net tangible assets of $12.3 million (2011: $14.5 million). The bank could potentially called for immediate repayment of the outstanding trust receipts of $1,357,000 (2011: $2,114,000) as a result of the breach in financial covenants. The trust receipts were fully settled by 11 March 2013 (2011: 2 March 2012).

16 Intra-group financial guarantee

Intra-group financial guarantee comprises a guarantee granted by the Company to banks in respect of banking facilities amounting to $1,650,000 (2011: $5,342,000) granted to a wholly-owned subsidiary. The intra-group financial guarantee amounting to $1,650,000 (2011: $1,650,000) expires on 31 December 2013 (2011: 31 December 2012). The remaining balance in 2011 of $3,692,000 was discharged during the year. At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the guarantee.

17 Trade and other payables

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Trade payables	7,982	5,081	1,196	1,705
Advances from customers	2,023	2,418	1	2
Accrued expenses	1,516	1,160	1,278	878
Amounts due to subsidiaries (non-trade)	–	–	10	14
Interest payable	7	6	–	–
Other payables	247	1,180	246	300
	11,775	9,845	2,731	2,899

The non-trade amounts due to subsidiaries is unsecured, interest free and repayable on demand.

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

18 Provisions

Group	Claims $'000	Onerous contracts $'000	Total $'000
At 1 January 2012	335	–	335
Provisions made during the year	786	91	877
At 31 December 2012	1,121	91	1,212

Company	Claims $'000
At 1 January 2012	335
Provisions made during the year	786
At 31 December 2012	1,121

18 **Provisions (continued)**

Claims

The provision for claims relate to obligations arising from contractual and commercial arrangements in the Group's operations, based on best estimates of the outflow and potential loss, considering both contractual and commercial factors. The provisions are based on all available evidence, including the legal advice and opinion of experts.

Onerous contracts

In 2012, the Group entered into non-cancellable purchase commitments for certain raw materials, however, due to subsequent changes in the Group's activities, those raw materials are no longer expected to be required. The obligation for the discounted future payments, net of expected selling price, has been provided for.

19 **Revenue**

	Continuing operations		Discontinued operation		Consolidated	
Group	**2012 $'000**	**2011 $'000**	**2012 $'000**	**2011 $'000**	**2012 $'000**	**2011 $'000**
Trading sales	158,687	166,428	–	15,653	158,687	182,081
Revenue from construction contracts	425	3,366	–	–	425	3,366
Rental income	389	3,348	–	–	389	3,348
Service income	1,654	1,541	–	–	1,654	1,541
	161,155	174,683	–	15,653	161,155	190,336

20 **Finance income and finance costs**

	Group	
	2012 $'000	**2011 $'000**
Recognised in profit or loss		
Interest income		
- bank deposits	111	306
- other receivables	88	130
- accretion of interest on non-current receivables	202	–
Distribution income from available-for-sale financial assets	328	–
Finance income	729	436
Interest expense on unsecured bank loans	(262)	(183)
Imputed interest expense on trade and other receivables	–	(828)
Loss on disposal of available-for-sale financial asset	–	(11)
Finance costs	(262)	(1,022)
Net finance income/(costs) recognised in profit or loss	467	(586)

21 Tax (credit)/expense

	Note	Group 2012 $'000	Group 2011 $'000
Current tax			
Over provided in prior years		(39)	4
Tax (credit)/expense from continuing operations		(39)	4
Tax credit from discontinued operation	23	–	(40)
Total tax credit		(39)	(36)
Reconciliation of effective tax rate			
Loss for the year		(8,877)	(7,164)
Total tax credit		(39)	(36)
Loss excluding tax		(8,916)	(7,200)
Tax using Singapore tax rate of 17% (2011: 17%)		(1,516)	(1,224)
Effect of tax rates in foreign jurisdictions		(3)	(15)
Tax-exempt income		(164)	(244)
Non-deductible expenses		110	398
Tax effect on share of profit of associates		(146)	(133)
Deferred tax asset not recognised		1,719	1,221
Over provided in prior years		(39)	(36)
Others		–	(3)
		(39)	(36)

Unrecognised deferred tax assets

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

	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Unutilised capital allowances	36	–	36	–
Deductible temporary differences	10,005	6,845	1,156	–
Tax losses	18,480	11,563	3,757	1,818
	28,521	18,408	4,949	1,818

The tax losses are subject to agreement by the tax authorities. Tax losses do not expire under current tax legislation. 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.

22 Loss from continuing operations

The following items have been included in arriving at loss from continuing operations:

	Group	
	2012 $'000	2011 $'000
Allowance made for doubtful receivables	7,072	5,593
Allowance made for slow moving inventories and write-down/(write-back) of inventory to net realisable value	1,458	(3)
Audit fees paid to:		
- auditors of the Company	205	173
- other auditors	2	2
Non-audit fees paid to:		
- auditors of the Company	10	5
- other auditors	7	12
Bad debts recovered	(24)	(59)
Cost of inventories recognised in cost of sales	153,425	165,200
Depreciation of property, plant and equipment	443	1,555
Foreign exchange loss	435	376
(Gain)/loss on sale of:		
- other investments	–	11
- property, plant and equipment	(23)	–
Impairment of available-for-sale financial assets	–	108
Impairment loss on investment in associate	111	–
Operating lease expenses	292	291
Provision made for onerous contract	91	–
Provision made for claims	786	108
Staff costs	4,565	4,507
Contributions to defined contribution plans, included in staff costs	257	290

23 Discontinued operation

In the previous financial year, the Group sold its entire Semiconductors segment, which comprised Intraco Technology Pte Ltd and its subsidiary.

The financial information relating to the discontinued operation was as follows:

	Note	Group 2011 $'000
Results of discontinued operation		
Revenue		15,653
Expenses		(16,627)
Results from operating activities		(974)
Tax credit	21	40
Results from operating activities, net of tax		(934)
Loss on sale of discontinued operation		(587)
Loss for the year		(1,521)
Basic and diluted loss per share (cents)		(1.54)

In 2011, the loss from discontinued operation of $1,521,000 was attributable entirely to owners of the Company.

	Group 2011 $'000
Cash flows from discontinued operation	
Net cash used in operating activities	(3,436)
Payment for intangible assets	(26)
Net cash used in investing activities	(26)
Proceeds from borrowings	1,351
Net cash from financing activities	1,351
Disposal of discontinued operation, net of cash disposed	(1,607)
Net cash flows for the year	(3,718)

23 Discontinued operation (continued)

Effect of disposal on the financial position of the Group

	Group 2011 $'000
Property, plant and equipment	72
Intangible assets	136
Other investments	15
Inventories	6,313
Trade and other receivables	8,195
Cash and cash equivalents	1,721
Trade and other payables	(13,716)
Loans and borrowings	(2,595)
Net assets and liabilities	141
Consideration received, satisfied in cash	114
Cash and cash equivalents disposed	(1,721)
Net cash outflow	(1,607)

24 Earnings per share

The calculation of basic earnings per share at 31 December 2012 was based on the loss attributable to ordinary shareholders of $8,877,000 (2011: $5,643,000) and a weighted average number of ordinary shares outstanding of 98,673,171 (2011: 98,635,879), calculated as follows:

Loss attributable to ordinary shareholders

	Group	
	2012 $'000	2011 $'000
Net loss attributable to ordinary shareholders:		
- Continuing operations	(8,877)	(5,643)
- Discontinued operation	–	(1,521)
	(8,877)	(7,164)

Weighted average number of ordinary shares

	2012 Number of shares	2011 Number of shares
Issued ordinary shares at 1 January	98,635,879	98,635,879
Effect of share options exercised	37,292	–
Weighted average number of ordinary shares during the year	98,673,171	98,635,879

25 Operating segment

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's COO (the chief operating decision maker) reviews internal management reports on a monthly basis.

The following summary describes the operations in each of the Group's reportable segments:

- *Projects* — Trading in building materials, conventional lighting products, provision of energy-savings solutions, provision of security solutions and provision of commercial building solutions.

- *Trading and others* — Trading in industrial materials which include metals and minerals, plastics, petrochemicals and rubbers, energy commodities which include coal and bio fuels, trading and processing of agricultural and food products and others include investment holding.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's COO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

Geographical segments

The Group's business is managed in six principal geographical areas, namely, Singapore, rest of ASEAN, Greater China (Hong Kong, Taiwan and China), United States, India and others.

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

25 Operating segment (continued)

Operating segments ($'000)

	Projects	Semi conductors (Discontinued)	Trading and others	Consolidated
2012				
External revenue	4,798	–	156,357	161,155
Interest income	–	–	228	228
Interest expense	–	–	(262)	(262)
Depreciation and amortisation	–	–	(412)	(412)
Reportable segment loss before tax	(260)	–	(7,121)	(7,381)
Reportable segment assets	803	–	34,848	35,651
Other material non-cash items:				
(Write-back)/allowance made for doubtful receivables	(200)	–	6,294	6,094
(Write-back)/writedown of inventory to net realisable value	(52)	–	1,510	1,458
Provision for onerous contract	–	–	91	91
Provision for claims	786	–	–	786
Reportable segment liabilities	2,668	–	19,258	21,926
2011				
External revenue	6,577	15,653	168,106	190,336
Interest income	–	–	50	50
Interest expense	–	(14)	(1,022)	(1,036)
Depreciation and amortisation	–	(18)	(1,517)	(1,535)
Reportable segment loss before tax	(2,727)	(1,561)	(814)	(5,102)
Reportable segment assets	1,874	–	39,234	41,108
Other material non-cash items:				
Allowance made for doubtful receivables	2,365	–	2,378	4,743
Provision for claims	108	–	–	108
Capital expenditure	–	26	–	26
Reportable segment liabilities	2,466	–	17,634	20,100

25 Operating segment (continued)

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

	2012 $'000	2011 $'000
Revenue		
Total revenue for reporting segments	161,155	190,336
Reclassification to discontinued operation	–	(15,653)
Consolidated revenue	161,155	174,683
Profit or loss		
Total loss for reportable segments	(7,381)	(5,102)
Reclassification to discontinued operation	–	1,561
	(7,381)	(3,541)
Unallocated amounts:		
- Other corporate expenses, net of income	(2,393)	(2,879)
Share of profit of associates, net of tax	858	781
Consolidated loss for continuing operations before tax	(8,916)	(5,639)
Assets		
Total assets for reportable segments	35,651	41,108
Other unallocated amounts	34,933	37,093
	70,584	78,201
Investments in associates	12,499	12,952
Consolidated total assets	83,083	91,153
Liabilities		
Total liabilities for reportable segments	21,926	20,100
Other unallocated amounts	1,165	1,616
Consolidated total liabilities	23,091	21,716

Other material items

	Continuing operations			Discontinued operation	
	Reportable segment totals $'000	Adjustments $'000	Totals $'000	Reportable segment totals $'000	Consolidated totals $'000
2012					
Interest income	228	173	401	–	401
Capital expenditure	–	11	11	–	11
Depreciation and amortisation	(412)	(31)	(443)	–	(443)
Allowance made for doubtful receivables	(6,094)	(978)	(7,072)	–	(7,072)
Write-down of inventory to net realisable value	(1,458)	–	(1,458)	–	(1,458)
Provision for onerous contract	(91)	–	(91)	–	(91)
Provision for claims	(786)	–	(786)	–	(786)

25 Operating segment (continued)

Other material items (continued)

	Continuing operations			Discontinued operation	
	Reportable segment totals $'000	Adjustments $'000	Totals $'000	Reportable segment totals $'000	Consolidated totals $'000
2011					
Interest income	50	386	436	–	436
Capital expenditure	–	7	7	26	33
Depreciation and amortisation	(1,517)	(38)	(1,555)	(18)	(1,573)
Allowance made for doubtful receivables	(4,743)	(850)	(5,593)	–	(5,593)
Provision for claims	(108)	–	(108)	–	(108)

Geographical information

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

	2012 $'000	2011 $'000
Revenue		
Singapore	37,770	53,140
Rest of ASEAN	106,883	125,258
Greater China	7,760	7,742
United States	8,534	966
India	–	2,858
Others	208	372
Semiconductors (discontinued)	–	(15,653)
Consolidated revenue	161,155	174,683
Non-current assets*		
Singapore	1,765	2,177
Rest of ASEAN	17	26
Greater China	218	235
	2,000	2,438

* Non-current assets presented consist of property, plant and equipment.

Major customer

Revenues from one customer of the Group's Trading and others segment represents approximately $33,841,000 (2011: $26,303,000) of the Group's total revenues.

26 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, and policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Risk management policy

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of loans and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of loan and receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2012, the Group and the Company does not have any collective impairment on its loans and receivables.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are allowed only with counterparties who have sound credit ratings.

26 Financial instruments (continued)

Exposure to credit risk

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are regionally dispersed. The Group's historical experience in the collections of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group and the Company's trade receivables.

The maximum exposure to credit risk for loans and receivables at the reporting date (by operating segments) is:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Projects	744	1,795	744	1,795
Trading and others	14,892	25,697	3,197	11,703
	15,636	27,492	3,941	13,498

The Group's most significant customer, a trading customer, accounts for $3,688,000 (2011: $4,211,000) of the trade receivables carrying amount at 31 December 2012.

Impairment losses

The ageing of loans and receivables at the reporting date was:

	Gross 2012 $'000	Impairment 2012 $'000	Gross 2011 $'000	Impairment 2011 $'000
Group				
Not past due	9,156	(1,829)	14,598	(850)
Past due 0 – 30 days	7,299	–	6,156	–
Past due 31 – 120 days	903	–	556	–
More than 120 days	17,604	(17,497)	18,619	(11,587)
	34,962	(19,326)	39,929	(12,437)
Company				
Not past due	2,961	(1,829)	13,509	(850)
Past due 0 – 30 days	46	–	378	–
Past due 31 – 120 days	73	–	15	–
More than 120 days	10,918	(8,228)	5,002	(4,556)
	13,998	(10,057)	18,904	(5,406)

26 Financial instruments (continued)

The change in impairment loss in respect of loans and receivables during the year is as follows:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At 1 January	12,437	8,610	5,406	2,245
Allowance made for doubtful receivables	7,072	5,593	4,673	3,215
Disposal of a subsidiary	–	(1,708)	–	–
Utilised	(53)	(54)	(22)	(54)
Effects of movements in exchange rates	(130)	(4)	–	–
At 31 December	19,326	12,437	10,057	5,406

The carrying amount of financial assets in the statement of financial position represents the Group and the Company's respective maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company does not hold any collateral in respect of its financial assets.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

26 Financial instruments (continued)

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

	Carrying amounts $'000	Contractual cash flows $'000	Within 1 year $'000
Group			
2012			
Unsecured bank loans	1,774	(1,776)	(1,776)
Trust receipts	7,879	(7,889)	(7,889)
Invoice financing	451	(454)	(454)
Trade and other payables*	9,745	(9,745)	(9,745)
	19,849	(19,864)	(19,864)
Intra-group financial guarantee	–	(1,650)	(1,650)
	19,849	(21,514)	(21,514)
2011			
Unsecured bank loans	1,677	(1,680)	(1,680)
Trust receipts	9,284	(9,293)	(9,293)
Invoice financing	536	(536)	(536)
Trade and other payables*	7,421	(7,421)	(7,421)
	18,918	(18,930)	(18,930)
Intra-group financial guarantee	–	(5,342)	(5,342)
	18,918	(24,272)	(24,272)
Company			
2012			
Trade and other payables*	2,730	(2,730)	(2,730)
2011			
Trade and other payables*	2,897	(2,897)	(2,897)

* Exclude advance payments by customers and interest payable.

The maturity analyses show the undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

Except for the cash flow arising from the intra-group financial guarantee, it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

At the reporting date, the Company does not consider it probable that a claim will be made against the Company under the intra-group financial guarantee.

26 Financial instruments (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

The Group's exposure to changes in interest relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. Interest rate is managed by the Group on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group adopts a policy of constantly monitoring movements in interest rates. Presently the Group does not use derivative financial instruments to hedge its interest rate risk.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Nominal amount		Company Nominal amount	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Fixed rate instruments				
Financial assets	38,236	28,980	29,236	24,480
Financial liabilities	(10,104)	(11,497)	–	–
	28,132	17,483	29,236	24,480
Variable rate instrument				
Financial assets	1,832	5,488	4,232	7,888

26 Financial instruments (continued)

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 or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2011.

	Group		Company	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
2012				
Variable rate instruments	18	(18)	42	(24)
2011				
Variable rate instruments	55	(55)	79	(61)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the US dollar, Euro, British pound, Chinese renminbi and Malaysian ringgit.

There is no formal hedging policy with respect to foreign exchange exposure. Exposure to currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

26 Financial instruments (continued)

The Group and Company's exposures to foreign currency risk were as follows based on notional amounts:

Group	Singapore dollar $'000	US dollar $'000	Euro $'000	British pound $'000	Chinese renminbi $'000	Malaysian ringgit $'000
2012						
Trade receivables	–	11,627	–	–	–	–
Cash and cash equivalents	46	4,002	50	58	–	–
Amount due from related corporation	–	34	–	–	–	–
Loans and borrowings	–	(7,310)	–	–	–	–
Trade payables	(33)	(6,215)	–	–	–	(20)
Amount due to related corporation	(3,527)	(45)	–	–	(1)	–
	(3,514)	2,093	50	58	(1)	(20)
2011						
Trade receivables	–	11,109	–	–	–	–
Cash and cash equivalents	17	4,566	48	60	19	–
Amount due from related corporation	1	157	–	2	2	–
Loans and borrowings	–	(8,572)	–	–	–	–
Trade payables	(61)	(2,616)	(6)	–	(8)	–
Amount due to related corporation	(3,140)	(73)	–	(2)	(2)	(20)
	(3,183)	4,571	42	60	11	(20)

Company	US dollar $'000	Euro $'000	British pound $'000	Chinese renminbi $'000	Malaysian ringgit $'000
2012					
Trade receivables	163	–	–	–	–
Cash and cash equivalents	1,051	50	58	–	–
Amount due from related corporation	–	–	–	–	–
Trade payables	(87)	–	–	–	(20)
Amount due to related corporation	–	–	–	(1)	–
	1,127	50	58	(1)	(20)
2011					
Trade receivables	2,297	–	–	–	–
Cash and cash equivalents	151	48	60	–	–
Amount due from related corporation	3	–	–	–	–
Trade payables	(135)	(6)	–	–	–
Amount due to related corporation	–	–	–	(1)	(20)
	2,316	42	60	(1)	(20)

26 Financial instruments (continued)

Sensitivity analysis

A weakening of 10% (2011: 10%) in the following major currencies against the functional currency of each of the Group entities at 31 December would have increased/(decreased) loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

	Group		Company	
	2012 Profit or loss $'000	2011 Profit or loss $'000	2012 Profit or loss $'000	2011 Profit or loss $'000
Singapore dollar [1]	351	318	–	–
US dollar	(209)	(457)	(113)	(232)
Euro	(5)	(4)	(5)	(4)
British pound	(6)	(6)	(6)	(6)
Chinese renminbi	*	(1)	*	*
Malaysian ringgit	2	2	2	2

* less than $1,000
[1] as compared to functional currency of US dollar

A 10% strengthening of the above currencies against the functional currency of each of the Group entities at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Other market risk

Risk management policy
Equity price risk arises from available-for-sale equity securities. Material investments within the Group's investment portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors.

Sensitivity analysis – equity price risk
Most of the Group's equity investments are listed on the Singapore Exchange. For such investments classified as available-for-sale, a 2% (2011: 2%) change in the underlying equity prices at the reporting date would have increased equity by $16,000 (2011: $11,000); an equal change in the opposite direction would have decreased equity by $16,000 (2011: increased loss by $11,000).

Capital management

The Board'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. Capital consists of share capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity excluding minority interest.

26 Financial instruments (continued)

Capital management (continued)

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Group	Note	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
2012						
Cash and cash equivalents	12	49,139	–	–	49,139	49,139
Loans and receivables	11	15,636	–	–	15,636	15,636
Available-for-sale quoted equity securities	7	–	800	–	800	800
		64,775	800	–	65,575	65,575
Unsecured bank loans	15	–	–	(1,774)	(1,774)	(1,774)
Trust receipts	15	–	–	(7,879)	(7,879)	(7,879)
Secured invoice financing	15	–	–	(451)	(451)	(451)
Trade and other payables	17	–	–	(11,775)	(11,775)	(11,775)
		–	–	(21,879)	(21,879)	(21,879)
2011						
Cash and cash equivalents	12	44,147	–	–	44,147	44,147
Loans and receivables	11	27,492	–	–	27,492	27,492
Available-for-sale quoted equity securities	7	–	551	–	551	551
		71,639	551	–	72,190	72,190
Unsecured bank loans	15	–	–	(1,677)	(1,677)	(1,677)
Trust receipts	15	–	–	(9,284)	(9,284)	(9,284)
Unsecured invoice financing	15	–	–	(536)	(536)	(536)
Trade and other payables	17	–	–	(9,845)	(9,845)	(9,845)
		–	–	(21,342)	(21,342)	(21,342)

26 Financial instruments (continued)

Company	Note	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities within the scope of FRS 39 $'000	Total carrying amount $'000	Fair value $'000
2012						
Cash and cash equivalents	12	33,325	–	–	33,325	33,325
Loans and receivables	11	3,941	–	–	3,941	3,941
Available-for-sale quoted equity securities	7	–	800	–	800	800
		37,266	800	–	38,066	38,066
Trade and other payables	17	–	–	(2,731)	(2,731)	(2,731)
2011						
Cash and cash equivalents	12	29,758	–	–	29,758	29,758
Loans and receivables	11	13,498	–	–	13,498	13,498
Available-for-sale quoted equity securities	7	–	551	–	551	551
		43,256	551	–	43,807	43,807
Trade and other payables	17	–	–	(2,899)	(2,899)	(2,899)

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).

26 Financial instruments (continued)

	Level 1 $'000
Group	
2012	
Available-for-sale quoted equity securities	800
2011	
Available-for-sale quoted equity securities	551
Company	
2012	
Available-for-sale quoted equity securities	800
2011	
Available-for-sale quoted equity securities	551

During the financial year ended 31 December 2012, there have been no transfers between Level 1 and Level 2.

27 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value is estimated using valuation techniques, which includes recent arm's length prices, pricing models or discounted cash flow analysis.

In respect of the investment in subsidiaries, which are accounted for as financial assets available-for-sale, the fair value of the equity investment in subsidiaries is calculated based on the net asset value of the subsidiaries at the reporting date.

(ii) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

28 Commitments

The Group leases a number of warehouse and office facilities under operating leases. The leases typically run for initial period of three to five years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

At 31 December 2012, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Within 1 year	199	281	137	250
After 1 year but within 5 years	13	165	–	165
	212	446	137	415

29 Contingent liabilities

Company

(a) As at 31 December 2012, the Company has issued secured guarantees to a bank in respect of credit facilities granted to one of its subsidiaries of $1,650,000 (2011: $1,650,000), of which the amount utilised was $451,000 (2011: Nil).

(b) As at 31 December 2011, the Company had issued unsecured guarantees to a bank in respect of credit facilities to one of its subsidiaries of $3,692,000, of which the amount utilised was $536,000. There were no terms or conditions attached to these guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Group's future cash flows.

30 Related parties

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.

30 Related parties (continued)

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group	
	2012 $'000	2011 $'000
Short-term employee benefits		
Directors' fee payable*	242	236
Directors' remuneration	1,035	912
Key management staff	1,039	908
	2,316	2,056
Post-employment benefits		
Directors	16	16
Key management staff	68	51
	84	67

* In 2011, this includes directors' fee of a subsidiary of $45,000

Other related party transactions

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

	2012 $'000	2011 $'000
Substantial shareholder		
Operating lease expenses paid/payable to a substantial shareholder	189	206
Reimbursement of utilities to a substantial shareholder	63	67
Legal service expense paid/payable to a substantial shareholder	77	84
Human resource services expense paid/payable to a substantial shareholder	12	7

The substantial shareholder ceased to be a shareholder of the Company in December 2012.

31 Subsidiaries

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group 2012 %	Effective equity held by the Group 2011 %	Cost of investment 2012 $'000	Cost of investment 2011 $'000	Note
Held by Intraco Limited:							
IntraWave Pte Ltd	Provision of radio coverage system management, operation and mobile service and to supply communications equipment to other service providers.	Singapore	**100**	100	**15,801**	15,801	i
Intraco Trading Pte Ltd	Trading, marketing and distribution and acting as commission agents for industrial materials, energy commodities and agricultural products.	Singapore	**100**	100	**12,000**	12,000	i
Intraco Foods Pte Ltd	Trading and processing of agricultural and food products which include frozen seafood and fertilisers.	Singapore	**100**	100	**10,000**	10,000	i
Intraco International Pte Ltd	Investment holding company.	Singapore	**100**	100	**1**	1	i
Held by Intraco International Pte Ltd:							
Intraco International (Shanghai) Co., Ltd	Import, export and wholesale of industrial materials which include metals, plastics, petrochemicals and rubbers and commission agency business.	China	**100**	100	**2,127**	2,127	ii

31 Subsidiaries (continued)

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group 2012 %	2011 %	Cost of investment 2012 $'000	2011 $'000	Note
Dormant							
Held by Intraco Limited:							
Sintraco Sdn. Bhd.		Malaysia	**100**	100	**1,110**	1,110	*
Held by Intraco Trading Pte Ltd:							
Orion Construction (Pte) Ltd		Singapore	**100**	100	**50**	50	i
Held by Orion Construction Pte Ltd:							
Datacliff International Ltd		British Virgin Islands	**100**	100	–	–	iv
Held by Sintraco Sdn. Bhd.:							
Damastra Sdn. Bhd.		Malaysia	**100**	100	**22**	22	*
Under liquidation							
Held by Intraco Limited:							
IntraPage Pte Ltd		Singapore	–	–	–	–	iii

Notes

i Audited by KPMG LLP, Singapore.
ii Audited by Zhong Hui CPA Ltd, People's Republic of China.
iii No audit was performed for 2011 and 2012 as company is under liquidation.
iv Not required to be audited by law of country of incorporation.
* No audit was performed for 2012 as company is in the process of striking off.

KPMG LLP Singapore is the auditor of all significant Singapore-incorporated subsidiaries. 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.

32 Associates

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group 2012 %	Effective equity held by the Group 2011 %	Cost of investment 2012 $'000	Cost of investment 2011 $'000	Note
Held by Intraco Limited:							
Dynamic Colours Limited	Trading in colour pigments manufacture and sale of compounded resins and polyethylene packaging materials and provisions of compounding services.	Singapore	**29.9**	29.9	**10,106**	10,106	i
Held by Intraco International (Shanghai) Co., Ltd:							
CKI-Intraco Minerals Co., Ltd	Cargo and technology import and export and investment by own assets and management.	China	**30**	30	**596**	596	ii

Note

i Audited by KPMG LLP, Singapore.

ii Audited by QingDao Hai De Certified Public Accountants Co., Ltd

KPMG LLP Singapore is the auditor of all significant Singapore-incorporated associates. For this purpose, an associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

Supplementary Information

(SGX-ST LISTING MANUAL DISCLOSURE REQUIREMENTS)

1 PROPERTIES HELD BY THE GROUP

Description of properties held by the Group is as follows:

Location	Description	Tenure
22B3, No. 19 Duli Street, Yuanda Mansion, Dalian 116001	Office space	50-year lease from 30 Mar 1997 to 29 Mar 2047
17A2, No. 19 Duli Street, Yuanda Mansion, Dalian 116001	Residential apartment	50-year lease from 30 Mar 1997 to 29 Mar 2047

2 INTERESTED PERSON TRANSACTIONS

Interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2012 $'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) 2012 $'000
Hanwell Holdings Limited * - Rental of office premises	–	189

* The substantial shareholder ceased to be a shareholder of the Company in December 2012.

3 MATERIAL CONTRACTS

Except as disclosed in Note 30 to the financial statements, there were no material contracts entered by the Company or its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder during the financial year ended 31 December 2012.

Shareholding Statistics

As at 13 March 2013

Number of issued and fully paid shares	:	98,725,879
Class of shares	:	ordinary shares
Voting rights	:	one vote per share
Number of treasury shares held	:	nil

ANALYSIS OF SHAREHOLDERS AS AT 13 MARCH 2013

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	406	11.41	144,459	0.15
1,000 – 10,000	2,657	74.68	9,337,048	9.46
10,001 – 1,000,000	487	13.69	21,915,345	22.19
1,000,001 and above	8	0.22	67,329,027	68.20
	3,558	100.00	98,725,879	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	HSBC (SINGAPORE) NOMS PTE LTD	29,531,710	29.91
2.	UOB KAY HIAN PTE LTD	28,126,338	28.49
3.	OEI HONG LEONG	3,007,000	3.05
4.	DBS NOMINEES PTE LTD	1,911,751	1.94
5.	UNITED OVERSEAS BANK NOMINEES	1,459,353	1.48
6.	LEE RUBBER COMPANY PTE LTD	1,171,875	1.19
7.	MORPH INVESTMENTS LTD	1,078,000	1.09
8.	ROYAL BANK OF CANADA (ASIA) LT	1,043,000	1.06
9.	RAFFLES NOMINEES (PTE) LTD	960,000	0.97
10.	KHONG KIN PANG	816,000	0.83
11.	OCBC NOMINEES SINGAPORE	781,000	0.79
12.	GOH CHOON WEI OR GOH SOON POH	560,000	0.57
13.	TAN CHIANG SIEW OR WEE CHIEW GWEK	456,000	0.46
14.	HL BANK NOMINEES (S) PTE LTD	417,000	0.42
15.	BOON SUAN AIK	310,000	0.31
16.	SIM WEE LIM	283,000	0.29
17.	NG POH CHENG	244,768	0.25
18.	ASDEW ACQUISITIONS PTE LTD	244,000	0.25
19.	DBSN SERVICES PTE LTD	225,000	0.23
20.	TAN BOON KAY	218,000	0.22
	TOTAL	72,843,795	73.78

Shareholding Statistics

As at 13 March 2013

SHAREHOLDERS DISTRIBUTION BY LOCATION

LOCATION OF SHAREHOLDERS	NO OF SHAREHOLDERS	%	NUMBER OF SHARES	%
SINGAPORE	3,413	95.92	96,569,617	97.82
MALAYSIA	105	2.95	687,968	0.70
HONG KONG	8	0.22	74,952	0.08
US	5	0.14	8,426	0.01
UK	1	0.03	1,000	0.00
EUROPE	1	0.03	3,750	0.00
AUSTRALIA/NEW ZEALAND	13	0.37	121,957	0.12
OTHERS	12	0.34	1,258,209	1.27
TOTAL	3,558	100.00	98,725,879	100.00

SUBSTANTIAL SHAREHOLDERS AS AT 13 MARCH 2013

	DIRECT INTEREST		DEEMED INTEREST		TOTAL INTEREST	
NAME OF SUBSTANTIAL SHAREHOLDER	NO. OF SHARES	%	NO. OF SHARES	%	NO. OF SHARES	%
TH INVESTMENTS PTE LTD	–	–	29,486,148 (1)	29.87	29,486,148	29.87
TAT HONG INVESTMENTS PTE LTD	–	–	29,486,148 (1)	29.87	29,486,148	29.87
CHWEE CHENG & SONS PTE LTD	–	–	29,486,148 (1)	29.87	29,486,148	29.87
NG SAN TIONG	–	–	29,486,148 (1)	29.87	29,486,148	29.87
NG SUN HO	–	–	29,486,148 (1)	29.87	29,486,148	29.87
NG SAN WEE	–	–	29,486,148 (1)	29.87	29,486,148	29.87
NG SUN GIAM	–	–	29,486,148 (1)	29.87	29,486,148	29.87
AMTREK INVESTMENT PTE LTD	28,100,000	28.46	–	–	28,100,000	28.46
CHEW LEONG CHEE	–	–	28,100,000 (2)	28.46	28,100,000	28.46
MELANIE CHEW NG FUNG NING	–	–	28,100,000 (3)	28.46	28,100,000	28.46
RESOURCE PACIFIC HOLDINGS PTE LTD	–	–	28,100,000 (4)	28.46	28,100,000	28.46
ASIA RESOURCE CORPORATION PTE LTD	–	–	28,100,000 (5)	28.46	28,100,000	28.46
MACONDRAY & COMPANY, INC	–	–	28,100,000 (6)	28.46	28,100,000	28.46
REPRESENTATIONS INTERNATIONAL (H.K.) LIMITED	–	–	28,100,000 (7)	28.46	28,100,000	28.46

Notes:

(1) Shares owned by TH Investments Pte Ltd are held under a nominee account. TH Investments Pte Ltd is wholly owned by Tat Hong Investments Pte Ltd which in turn is wholly owned by Chwee Cheng & Sons Pte Ltd. 42.03% of the issued share capital of Chwee Cheng & Sons Pte Ltd is owned by the Chwee Cheng Trust constituted under a trust deed. Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam are the joint trustees of the Chwee Cheng Trust.

Pursuant to Section 7 of the Companies Act Cap. 50., each of Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam have a deemed interest in the Chwee Cheng Trust's 42.03% shareholding interest in Chwee Cheng & Sons Pte Ltd and a direct Interest in Chwee Cheng & Sons Pte Ltd. Accordingly, each of Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam has a deemed interest in 29.87% of the issued share capital of the Company.

Shareholding Statistics

(2) Mr Chew Leong Chee ("**Mr Chew**") owns direct 60% and indirect 40% through his spouse, Dr Melanie Chew Ng Fung Ning ("**Dr Melanie Chew**"), in Resource Pacific Holdings Pte. Ltd. ("**RPHPL**"). Mr Chew also owns 37.64% and 99.99% interest in Asia Resource Corporation Pte. Ltd. ("**ARCPL**") and Pontirep Investments Limited ("**PIL**") respectively.

RPHPL and PIL own 30.54% and 11.76% interest respectively in ARCPL. ARCPL owns 71.41% and 100% interest in Macondray & Company, Inc ("**MCI**") and Representations International (H.K.) Limited ("**RIHKL**") respectively. MCI owns 60% interest in Amtrek Investment Pte. Ltd. ("**AIPL**"). RIHKL owns 40% interest in AIPL.

Pursuant to Section 4 of the Securities and Futures Act, Chapter 289, Mr Chew is deemed to be interested in the shares held by AIPL in the Company.

(3) Dr Melanie owns direct 40% in RPHPL. Dr Melanie Chew is also deemed to be interested in 60%, 37.64% and 99.99% interest in RPHPL, ARCPL and PIL respectively held by her spouse, Mr Chew.

RPHPL and PIL own 30.54% and 11.76% interest respectively in ARCPL. ARCPL owns 71.41% and 100% interest in MCI and RIHKL, respectively. MCI owns 60% interest in AIPL. RIHKL owns 40% interest in AIPL.

Pursuant to Section 4 of the Securities and Futures Act, Chapter 289, Dr Melanie Chew is deemed to be interested in the shares held by AIPL in the Company.

(4) RPHPL owns 30.54% interest in ARCPL. ARCPL owns 71.41% and 100% interest in MCI and RIHKL, respectively. MCI owns 60% interest in AIPL. RIHKL owns 40% interest in AIPL.

Pursuant to Section 4 of the Securities and Futures Act, Chapter 289, RPHPL is deemed to be interested in the shares held by AIPL in the Company.

(5) ARCPL owns 71.41% and 100% interest in MCI and RIHKL, respectively. MCI owns 60% interest in AIPL. RIHKL owns 40% interest in AIPL.

Pursuant to Section 4 of the Securities and Futures Act, Chapter 289, ARCPL is deemed to be interested in the shares held by AIPL in the Company.

(6) MCI owns 60% interest in AIPL.

Pursuant to Section 4 of the Securities and Futures Act, Chapter 289, MCI is deemed to be interested in the shares held by AIPL in the Company.

(7) RIHKL owns 40% interest in AIPL.

Pursuant to Section 4 of the Securities and Futures Act, Chapter 289, RIHKL is deemed to be interested in the shares held by AIPL in the Company.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 13 March 2013, about 41.67% of the issued ordinary shares of the Company is held by the public. Rule 723 of the Listing Manual issued by SGX-ST is therefore complied with.

Notice of Annual General Meeting

Notice is hereby given that the Forty-Fourth Annual General Meeting of INTRACO Limited (the "Company") will be held at Taurus, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 29 April 2013 at 10:00 a.m. for the following purposes:-

Ordinary Business

1. To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 31 December 2012 together with the Auditors' Report thereon. **Resolution 1**

2. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association:-

    a. Dr Tan Boon Wan (Retiring under Article 115) **Resolution 2**

    b. Mr Foo Der Rong (Retiring under Article 119) **Resolution 3**

    c. Mr Ng How Kiat Charlie (Retiring under Article 119) **Resolution 4**

    d. Mr Wong Meng Choong (Retiring under Article 119) **Resolution 5**

    Dr Tan Boon Wan will, upon re-election as Director of the Company, remain as the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

    Mr Wong Meng Choong will, upon re-election as Director of the Company remain as a member of the Audit Committee and will be considered non-independent for the purposes of Rule 704(8) of the Listing Manual of Singapore Exchange Securities Trading Limited.

3. To approve the directors' fees of S$242,294 for the financial year ended 31 December 2012. (FY2011: S$191,000). **Resolution 6**

4. To re-appoint Messrs KPMG LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

By order of the Board

Yvonne Choo
Lynn Wan Tiew Leng
Company Secretaries
Singapore

11 April 2013

Notice of Annual General Meeting

NOTES:-

1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead.

2) A proxy need not be a member of the Company.

3) The instrument appointing a proxy shall, in the case of an individual, be signed by the appointor or his attorney, and in case of a corporation shall be either under its common seal or signed by its attorney or a duly authorised officer on behalf of the corporation.

4) The instrument appointing a proxy must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529 not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting.

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INTRACO Limited
(Incorporated in the Republic of Singapore)
(Company Registration Number 196800526Z)

PROXY FORM
ANNUAL GENERAL MEETING

IMPORTANT:

1. For Investors who have used their CPF monies to buy INTRACO Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by such 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 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 the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________ (Name)
of ______________________________ (Address)
being a member/members of INTRACO Limited ("Company"), hereby appoint

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

or failing him/her, the **Chairman of the Meeting**, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company, to be held at Taurus, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Monday, 29 April 2013 at 10:00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he / they may think fit, as he / they will on any other matter arising at the Annual General Meeting.)

NO.	Resolutions relating to	FOR	AGAINST
	Routine Business		
1.	Adoption of Reports and Audited Financial Statements for the year ended 31 December 2012		
2.	Re-election of Dr Tan Boon Wan as a Director		
3.	Re-election of Mr Foo Der Rong as a Director		
4.	Re-election of Mr Ng How Kiat Charlie as a Director		
5.	Re-election of Mr Wong Meng Choong as a Director		
6.	Approval of Directors' Fees		
7.	Re-appointment of KPMG LLP as Auditors of the Company		

Dated this_____________ day of ____________ 2013

Total Number of Shares held

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

IMPORTANT:
PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of shares you hold. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of such shares entered against your name in the Depository Register and registered in your name in the Register of Members. If you do not insert any number, we shall deem that the instrument appointing a proxy or proxies relates to all the shares which you hold.
2. If any other proxy other than the Chairman of the Meeting is to be appointed, please delete the words 'the Chairman of the Meeting', and insert the name and address of the proxy desired in the box provided. If the box is left blank or incomplete, the Chairman of the Meeting shall be deemed to be appointed as your proxy.
3. Save as provided in the Articles of Association, a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529, not less than 48 hours before the time fixed for the holding of 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 seal or under the hand of a director or an officer or attorney duly authorised. Where an instrument appointing proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 97 of the Articles of Association of the Company; failing which the instrument may be treated as invalid.
7. 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, Cap. 50.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it 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 appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Affix
Stamp
Here

Company Secretary

INTRACO Limited

348 Jalan Boon Lay

Singapore 619529

INTRACO Limited

(RN: 196800526Z)

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