INTRACO Limited

ANNUAL REPORT 2011

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CORPORATE INFORMATION

Company Secretaries
Mr Chong Eng Wee
Mr Go Kim Chuan Mark

Auditors
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Singapore 048581
Audit Partner – Ms Karen Lee
(appointed in 2010)

Share Registrar
KCK CorpServe Pte. Ltd.
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Bankers
Development Bank of Singapore Limited
United Overseas Bank Limited

Laying the Foundation for Future Excellence

EXECUTIVE CHAIRMAN
DR ALLAN YAP

It is my pleasure to present to you the Annual Report and Financial Statements of INTRACO Limited for the year ended 31 December 2011.

OVERVIEW

Over the years, we have successfully established ourselves as a major one-stop provider of integrated solutions. We have assured high quality by constantly offering quality products & services and have upheld punctual deliveries on all our services. The convenience of us as a one-stop provider has brought us through new highs and lows over the years.

This year was a transitional year for the Group. We faced several challenges that taught us how to operate under diverse circumstances and to remain viable despite difficult global conditions.

GROUP PERFORMANCE

In May 2011, the Group disposed of its entire business interest in Intraco Technology Pte Ltd and its subsidiary PT Intraco Technology who were involved in the semiconductor segment. With the disposal, the Group officially ceased to operate in this segment. The loss reported in the current year arising from this discontinued operation was S$1.521 million.

Despite stiff competition from our competitors in the past year, the Group's performance held its ground with total revenue of S$175 million. This is a year-on-year improvement of 26.6 per cent as compared to S$138 million in 2010. The Group reported loss before tax of S$5.639 million in FY2011 compared to profit before tax of S$2.182 million from last year. This loss was mainly attributed to the allowance made for doubtful receivables of S$5.593 million and imputed interest expense on non-current receivables of S$0.828 million. Adjusting for these one-off allowances, impairment and provisions, core operating performance actually reported a profit before tax of S$1.323 million in FY2011 as compared to S$2.74 million in FY2010.

Earnings per share fell from 2.26 cents last year to a loss of 5.72 cents. The loss per share of 5.72 cents did not take into account the discontinued operation of the semiconductor segment. As a result, the Net Asset value per share also witnessed a small decline to S$0.70 from the S$0.78 cents in 2010.

For the better part of the year, the Group had been actively growing its supplier and customer base in the Plastics division, so as to better establish its supply chain capabilities. For FY2011, the Plastics division showed strong growth with a year-on-year improvement of 56% in revenue as compared with FY2010. The revenue from the Plastics division played a major role by contributing 90% of the Group's overall revenue.

The Group's prudent approach gained good momentum during the year. These ground work finally paid off as reflected in the strong performance of the Plastics division in our Trading & Others segment.

Delving into new opportunities continue to be one of our focus area ...

RE-POSITIONING BUSINESS FOR BETTER, SUSTAINED GROWTH

The emerging importance of sustainability and the need to re-position the group is a growing concern. While FY2011 have been a tough year for us, we regard the present results to be temporary. In line with past years, we will be maintaining a cautious approach on the business outlook in 2012. This is a very relevant and necessary business strategy given the recent spate of unavoidable economic and financial turmoil worldwide. However, we are also optimistic in continuing to leverage on our strengths in the various segments. By seeking out new opportunities, we will also be able to enhance and complement the businesses of our current network of clients.

Delving into new opportunities continue to be one of our focus area in our on-going efforts within the Group. During the last quarter of 2011, we revived the seafood business, with a new direction to provide a comprehensive supply chain solution in the supply of frozen processed fish to United States of America ("USA"). In 2012, we will explore potential opportunities to expand to supply frozen processed fish to more states in the USA and also to offer a wider variety of seafood products in addition to the current haddock and cod products that we are offering.

In order to establish a well-balanced cash flow portfolio, the Group will also look into strategies to generate and manage our cash flow profile effectively. We believe that having a good cash flow will equip us to better face any unforeseen challenges that may arise and give us success in all the markets we operate in. We are pleased to report that in spite of the challenging business environment, we still managed to maintain a strong net cash position that improved from S$34.698 million in FY2010 to S$44.147 million in FY2011.

We believe the success of these efforts will catapult INTRACO Limited onto the global stage and cement our foothold in the countries that we currently have business presence. We will continue to refine and evaluate our future directions and goals for the FY2012 as we explore and participate in more projects with the view to achieve better results and performance.

A NOTE OF APPRECIATION

Over the past year, we have weathered the worst of storms together and also benefitted from the enduring support of many people. I am confident that we will have a real exciting and fruitful year soon. On behalf of our Board of Directors, I would like to put on record heart-felt gratitude to our employees, customers, business partners, associates and shareholders for the steadfast and dedicated support they have rendered us in 2011. Finally, I wish to extend my appreciation to our fellow Directors for their support, guidance and wise counsel during the past year.

BOARD OF DIRECTORS

DR ALLAN YAP
EXECUTIVE CHAIRMAN

Dr Allan Yap was appointed as Executive Chairman of Intraco Limited on 3 December 2003. His portfolio includes 29 years of experience in finance, investment and banking.

Dr Yap is also the Executive Chairman of PSC Corporation Ltd and Tat Seng Packaging Group Ltd.

He is the Chairman and Executive Director of Hanny Holdings Limited and an alternative Director to Dr Charles Chan Kwok Keung of Television Broadcasts Limited, all of which are companies whose shares are listed on The Stock Exchange of Hong Kong Limited.

He is the Chairman and Chief Executive officer of China Enterprises Limited, the shares of which are traded on the OTC Securities Market in the USA.

Dr Yap is also the Chairman of the Board, Chief Executive Officer of Burcon NutraScience Corporation, a company whose shares are listed on the Toronto Stock Exchange in Canada, NASDAQ Stock Exchange in USA and the Frankfurt Stock Exchange in Germany.

He received an Honorary Degree of Doctor of Laws from the University of Victoria, Canada.

DR TAN NG CHEE
DEPUTY CHAIRMAN/NON-EXECUTIVE DIRECTOR/ LEAD INDEPENDENT DIRECTOR

Dr Tan Ng Chee joined the board in December 2002 and is a member of the Audit Committee and Chairman of the Remuneration and Nominating Committees.

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
EXECUTIVE DIRECTOR

Mr Foo Der Rong has served as an Executive Director on the Board since 3 December 2003.

He has been holding the position of Managing Director and Chief Executive Officer of PSC Corporation Ltd for the past 9 years and is also the Executive Director of Tat Seng Packaging Group Ltd. Both of these Companies are listed on the Mainboard of the Singapore Stock Exchange.

Mr Foo graduated with a Bachelor of Commerce degree from Nanyang University. He has a wealth of experience and knowledge in business development, corporate restructuring, investment strategies and operations management in FMCG, services and manufacturing.

BOARD OF DIRECTORS

MADAM TANG CHEUK CHEE
EXECUTIVE DIRECTOR

Madam Tang Cheuk Chee was appointed as an Executive Director of the Board on October 2011.

Madam Tang has a wealth of management experience and is well versed in marketing, business development and investments in property and securities.

She is presently the Executive Director of Tat Seng Packaging Group Ltd and PSC Corporation Ltd.

She also sits on the Board of Richstream Pte Ltd and SingExpress Travel Pte Ltd and is the Marketing Director of Ette Bright International.

Madam Tang holds a degree in Business Management from Zhongshan University, Guangzhou, one of the top Universities in the People's Republic of China.

DR TAN BOON WAN
NON-EXECUTIVE DIRECTOR/
INDEPENDENT DIRECTOR

Dr Tan Boon Wan sits on the Boards of several energy related companies including Concord Energy Pte Ltd, Fujairah Oil Terminal FZC, Daman Quattro Ltd & Concord Refinery Pte Ltd. Presently, he is the Non-Executive Chairman of Provenance Capital Pte Ltd.

Dr Tan is a former Elected Member of the Singapore 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.

Dr Tan was awarded the Public Service Medal (PBM) in 1993 for his contributions to the community.

MR HOON TAI MENG
NON-EXECUTIVE DIRECTOR

Mr Hoon Tai Meng is currently an Executive Director of Chip Eng Seng Corporation Ltd and formerly a partner with M/s KhattarWong.

Besides having around 16 years of experience in legal practice, he also has approximately 21 years of experience in financial planning and management, audit and tax functions.

He has a Bachelor of Commerce Degree in Accountancy from the Nanyang University and a LLB (Honours) from the University of London.

Mr Hoon is a Fellow of the Chartered Institute of Management Accountants (United Kingdom), a Fellow of the Association of Chartered Certified Accountants (United Kingdom), a Fellow Certified Public Accountant (Singapore) and a Barrister-at-Law (Middle Temple, United Kingdom).

He is also an Independent Director of Sin Ghee Huat Corporation Ltd, Thai Village Holdings Ltd and Yangtze China Investment Limited.

GROUP SENIOR MANAGEMENT

MR RONALD LIM
CHIEF OPERATING OFFICER

Mr Lim brings with him more than 33 years of experience in both senior and general management positions with MNCs and local corporations in plastic manufacturing and packaging industries. He currently serves as the President of the Singapore Plastic Industry Association. He also holds the appointment of Permanent Secretary-General at ASEAN Federation of Plastic Industries and is a founding member of Asia Plastics Forum.

MS CONNIE CHANG
FINANCIAL CONTROLLER
HEAD OF FINANCE DIVISION

Ms Chang has more than 26 years of experience in senior and general management positions in finance with MNCs and local corporations in food related and trading industries. She is a fellow member of the Association of Chartered Certified Accountants (UK).

Lighting division

Despite the Singapore construction sector experiencing continuous decline from 2008 to 2011, the Lighting division successfully recorded sales revenue of 6.3 million with a gross profit of 1.0 million in 2011.

In FY2012, we anticipate robust demand for public housing construction. The increase in public housing construction projects will be the main driver for demand for LED lightings. The Lighting division will take advantage of this opportunity to expand its sales footprint in this sector. On the other hand, demand for general lightings by private housing is expected to soften due to the cooling measures implemented by the government, coupled with mounting uncertainties in the global economy, will also slow down the growth momentum in the domestic economy. The year ahead looks daunting.

The Lighting division will remain selective in all trading activities to ensure sales orders are secured at reasonable prices with favorable margins, and also continue to explore new LED lighting products for new BTO and DBSS HDB projects.

The Lighting division will approach the year ahead with a mix of both caution and confidence.

Plastics division

Our timely response in meeting demands has ensured in quality customer satisfaction from our customers. The turnover and gross profit for the Plastics business in 2011 increased by 56% and 4.9% respectively. Despite the high increase in turnover mainly from sales in the Vietnam and Myanmar markets, we faced challenges and fierce competition from competitors that resulted in only a slight increase in gross profit.

2011 was a volatile period with uneven market performance across the region. In the past, most suppliers placed their primary focus on big markets like China. When the Chinese economy started to slow down and cool off, most suppliers began to shift their focus to the South East Asia markets. Thus in 2012, we can expect new sources of supplies entering the market, especially from the Middle East, India or Iran.

Looking ahead, we expect the Plastics market will continue to face challenges. The market will be rather uncertain as the world economy and the EU debt crisis continue to be major contributors in affecting the growth potential in the global economy. Resin prices will also be affected by the volatility of the US currency, oil prices and upstream costs. However, we believe that the softening in the global economy is only temporary and the emergence of new sources of supplies will help improve the economic outlook in the second half of the year.

Seafood division

In the last quarter of 2011, we revived the seafood business, to provide a comprehensive supply chain solution in the supply of frozen processed fish to the United States of America ("USA"). We aggressively sourced and purchased frozen fish from Norway and Russia, and have the fish processed in China for onward sales into USA market.

Our processed fish products are of top quality with good moisture content, which have achieved successful market acceptance by consumers in the USA. In 2012, we will explore potential opportunities to expand our sales of frozen processed fish to more states in the US and to also offer a wider variety of seafood products in addition to the current haddock and cod products products we are offering.

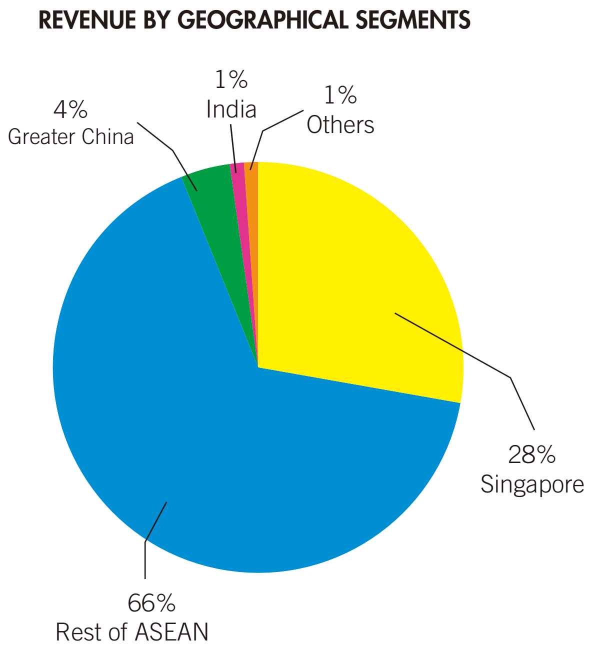
Telecommunications division

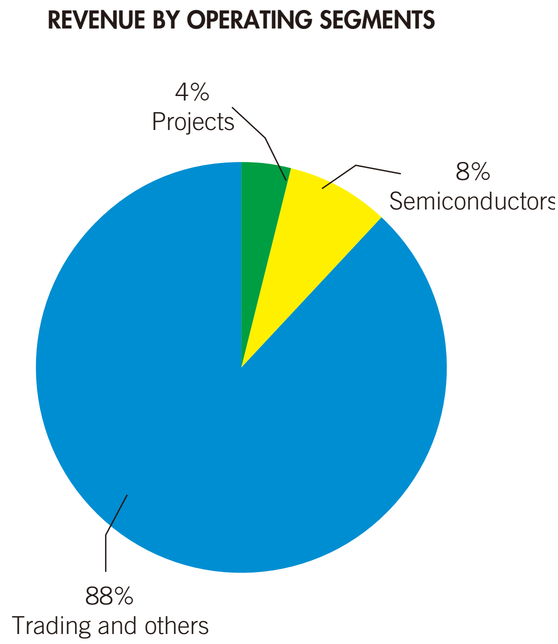
2011 saw the continuation of the business in Telecommunications. We were actively involved in the telecommunications infrastructure in the North East Line ("NEL") project. This project involved the leasing of commercial telecommunication services to the three Mobile Telecommunications Operators ("MTO"), namely SingTel Mobile, StarHub Mobile and MobileOne. We also provided professional services for the management, operation and maintenance of the NEL telecommunications infrastructure.

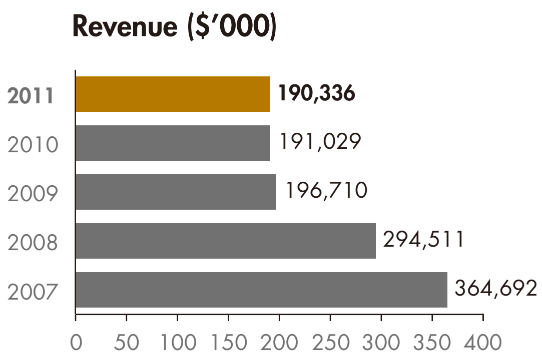
The division continues to be profitable as a result of its lean and mean operations model. Our diligence and commitment in the provision of our maintenance services have successfully ensured the efficient functioning of the NEL telecommunications infrastructure. This in turn enabled the NEL telecommunications infrastructure to be able to exceed the Quality and Service requirements of the Info-Communications Development Authority of Singapore.

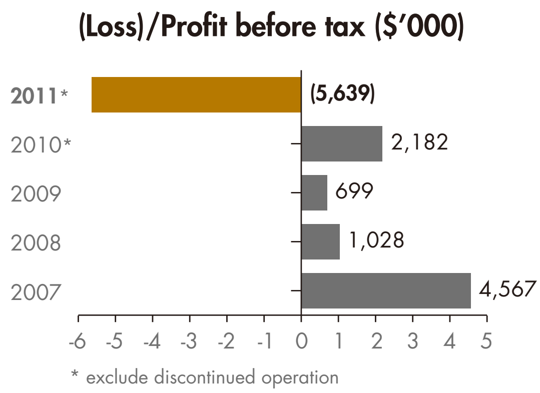
2012 will see the division directing its efforts towards exploring potential strategic business opportunities with emphasis on achieving our prospective future goals. In addition, we will also continue to explore potential opportunities to participate in future telecommunications infrastructure projects.

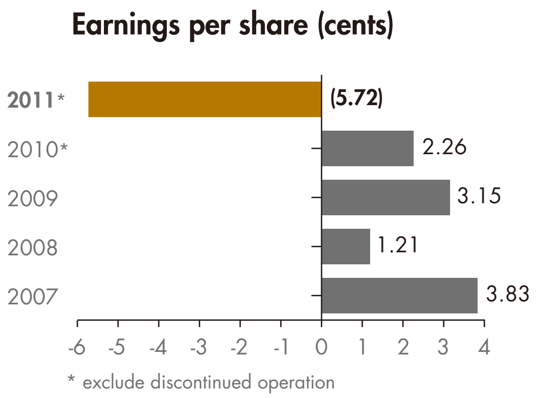
FINANCIAL HIGHLIGHTS

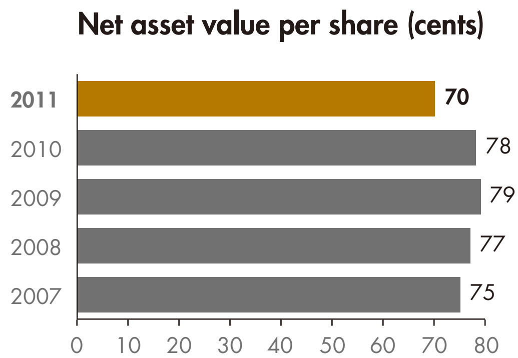












Corporate Governance Report
&
Statutory Accounts

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.

This report describes the corporate governance framework and practices of the Company during the financial year ended 31 December 2011 with specific reference made to each of the principles and guidelines set out in the Code of Corporate Governance 2005 (the "Code").

(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 working closely with Management for the success of the Company. The Board consists of the following members:

Dr Allan Yap (Executive Chairman)
Dr Tan Ng Chee (Deputy Chairman), (Non-Executive, Lead Independent Director)
Mr Foo Der Rong (Executive Director)
Dr Tan Boon Wan (Non-Executive, Independent Director)
Mr Hoon Tai Meng (Non-Executive Director)
Madam Tang Cheuk Chee (Executive Director) (Appointed on 3 October 2011)

Key information on the Board of Directors is set out on pages 11 & 12.

Role of the Board of Directors (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 supervises the management of the business and affairs of the Group, provides corporate direction, monitors managerial performance and reviews financial results of the Group. In addition, the Board is directly responsible for decision-making in respect of the following matters:

a. appointment of Directors and Senior Management;
b. announcements including approval and release of financial results and annual reports;
c. business strategy including significant acquisition and disposal of subsidiaries or assets and liabilities;
d. operating budgets, significant investments and capital expenditures; and
e. corporate policies in keeping with good corporate governance and business practices.

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 efficacy.

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 which are the Executive Committee ("EC"), Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC"). Each of these Board Committees functions within clearly defined terms of references.

KEY INFORMATION ON BOARD OF DIRECTORS

Name of Director	Directorship: (a) Date First Appointed (b) Date Last Elected	Board appointments whether executive or non-executive and whether considered to be independent on the Board of Intraco Limited	Board Committee as Chairman or Member	Present Directorships in other listed companies and other major appointments	Past Directorships in other listed companies and other major appointments over the preceding three years	Due for Re-election at next AGM
Dr Allan Yap Doctorate in Law, University of Victoria, Canada	(a) 03.12.2003 (b) 22.04.2009	Executive and Non-Independent	Executive Chairman – Board Member – Executive Committee	1. PSC Corporation Ltd 2. Hanny Holdings Limited 3. China Enterprises Limited 4. Burcon NutraScience Corporation 5. Tat Seng Packaging Group Ltd 6. Television Broadcasts Limited (Alternate Director)	1. Neo Telemedia Limited (formerly known as BIG Media Group Limited) 2. China Strategic Holdings Limited 3. MRI Holdings Limited (In members' voluntary liquidation) 4. Rosedale Hotel Holdings Limited (formerly known as Wing On Travel (Holdings) Limited) 5. See Corporation Limited	Retirement by rotation pursuant to Article 115
Dr Tan Ng Chee Doctorate in Law, University of Oxford	(a) 10.12.2002 (b) 25.04.2011	Non-Executive and Independent	Deputy Chairman – Board Chairman – Nominating and Remuneration Committees Member – Audit Committee	1. ACRU China + Absolute Return Fund Ltd 2. Hotung Investment Holdings Ltd 3. Prudential Assurance Company Singapore (Pte) Ltd	1. LGT Bank in Liechtenstein (Singapore) Ltd	NA
Mr Foo Der Rong Bachelor of Commerce, Nanyang University	(a) 03.12.2003 (b) 21.04.2010	Executive and Non-Independent	Member – Executive Committee	1. PSC Corporation Ltd 2. Tat Seng Packaging Group Ltd	1. Sino Techfibre Ltd 2. China Farm Equipment Limited	NA
Madam Tang Cheuk Chee Degree in Business Management , Zhongshan University, Guangzhou, PRC	(a) 03.10.2011 (b) –	Executive and Non-Independent	Member – Executive Committee	1. PSC Corporation Ltd 2. Tat Seng Packaging Group Ltd 3. Singexpress Pte Ltd 4. Richstream Pte Ltd	1. Safe2travel Pte Ltd	Retirement pursuant to Article 119

KEY INFORMATION ON BOARD OF DIRECTORS						
Name of Director	**Directorship:** **(a) Date First Appointed** **(b) Date Last Elected**	**Board appointments whether executive or non-executive and whether considered to be independent on the Board of Intraco Limited**	**Board Committee as Chairman or Member**	**Present Directorships in other listed companies and other major appointments**	**Past Directorships in other listed companies and other major appointments over the preceding three years**	**Due for Re-election at next AGM**
Dr Tan Boon Wan Doctorate in Physics and Master in Management, Imperial College, University of London	(a) 05.10.2004 (b) 21.04.2010	Non-Executive and Independent	Chairman – Audit Committee Member – Nominating and Remuneration Committees	1. Concord Energy Pte Ltd 2. Concord Energy (Lampung) Pte Ltd 3. Concord Energy Oil Terminal Pte Ltd 4. Concord Refinery Pte Ltd 5. Provenance Capital Pte Ltd 6. Rich Energy (Lampung) Pte Ltd 7. Concord Energy Group Holdings Pte Ltd 8. Concord Energy Oil Terminal (Hong Kong) Ltd 9. Fujairah Oil Terminal FZC 10. Daman Quattro Ltd 11. Concord Energy DMCC 12. Concord Energy(Dubai) Ltd	1. Abecha Pte Ltd 2. Concord Energy (Indonesia) Pte Ltd 3. Rich Energy (Indonesia) Pte Ltd	NA
Mr Hoon Tai Meng Bachelor of Commerce, Nanyang University and Bachelor of Laws (Honours), University of London	(a) 21.12.2004 (b) 25.04.2011	Non-Executive and Non-Independent	Member – Audit, Nominating and Remuneration Committees	1. Chip Eng Seng Corporation Ltd 2. Sin Ghee Huat Corporation Limited 3. Thai Village Holdings Ltd 4. Yangtze China Investment Limited	1. Abecha Pte Ltd 2. Equation Corp Ltd 3. Federal International (2000) Ltd 4. Chinese Global Investors Group Ltd (formerly known as Auswin Holdings Limited) 5. Dynamic Colours Limited 6. Time Watch Investments Ltd	Retirement by rotation pursuant to Article 116

Executive Committee

The EC comprises Dr Allan Yap, Mr Foo Der Rong and Madam Tang Cheuk Chee.

The EC develops and recommends to the Board the overall strategy for the Group, establishes investment policies and manages the Group's assets and liabilities in line with the Board's policies and directives. It also reviews and endorses, before Board approval, annual operating and capital expenditure budgets and significant investments. The EC actively conducts its businesses through tele-conferences and its members meet regularly.

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 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, AC, NC and RC and attendance thereat during the financial year 2011 are as follows:

DIRECTORS	BOARD		NC		RC		AC	
	No. of meetings	**Attended**	**No. of meetings**	**Attended**	**No. of meetings**	**Attended**	**No. of meetings**	**Attended**
Dr Allan Yap	4	1	1	NA	1	NA	5	NA
Dr Tan Ng Chee	4	4	1	1	1	1	5	5
Mr Foo Der Rong	4	4	1	NA	1	NA	5	NA
Dr Tan Boon Wan	4	4	1	1	1	1	5	5
Mr Hoon Tai Meng	4	4	1	1	1	1	5	5
Madam Tang Cheuk Chee*	4	1	1	NA	1	NA	5	NA

* *Madam Tang Cheuk Chee was appointed on 3 October 2011.*

Training

Formal letters are sent to newly-appointed Directors upon their appointment explaining their duties and obligations 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.

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 at least 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 six (6) Directors (two (2) of whom are independent Directors) to be appropriate for effective decision-making, taking into account the scope and nature of the Company'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 (who represent 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 the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.***

The positions of the Executive Chairman and Executive Director are separate. Dr Allan Yap is the Executive Chairman whereas Mr Foo Der Rong and Madam Tang Cheuk Chee are the Executive Directors of the Group.

The Executive Chairman leads the Board, and ensures the effectiveness on all aspects of its role. He ensures that the Directors receive accurate, timely and clear information while at the same time, setting the agenda for Board meetings.

The Executive Directors are responsible for the day-to-day operations of the Group and play a key role in running the Group's business and operations.

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 Hoon Tai Meng

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, the CEO of the Group, and to determine the selection criteria;
- to ensure that all Board appointees undergo an appropriate induction programme;
- 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, 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.

For the year under review, the NC held one (1) meeting 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 by 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 the course of the year, the NC conducted the assessment herein described and evaluated the results of the assessment which were collated and presented to the Board for its evaluation, with a view to enhance the effectiveness of the Board.

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 Hoon Tai Meng

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 but not limited to Directors' fees, salaries, allowances, bonuses, options 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").

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.

The RC also reviews all matters concerning the remuneration of Non-Executive Directors to ensure that the remuneration commensurates 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 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 attendance and time spent 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 2011.

Remuneration Band	Salary	Bonus	Director's Fees[2]	*Allowances[1] and Other benefits	Total
S$500,000 and above					
Dr Allan Yap	**81.11%**	**15.21%**	**2.53%[3]**	**1.15%**	**100%**
S$250,000 to S$499,999					
Mr Foo Der Rong	**72.33%**	**21.10%**	**4.52%[3]**	**2.05%**	**100%**
Below S$250,000					
Dr Tan Ng Chee	–	–	**100%**	–	**100%**
Dr Tan Boon Wan	–	–	**100%**	–	**100%**
Mr Hoon Tai Meng	–	–	**100%**	–	**100%**
Madam Tang Cheuk Chee	**84.99%**	**7.08%**	–	**7.93%**	**100%**

(1) Employer's CPF contribution is included here.
(2) Directors' fee is subject to the approval of shareholders at the forthcoming AGM.
(3) Directors' fee from the Group.

Disclosure of the key 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 key executives include the COO, FC, one of the Chief Representative of the Company and two (2) business heads.

Key Management Executives	Base Salary	Bonus	Directors' Fee[1]	Allowance[2]	TOTAL
Range S$250,001-S$500,000					
Ronald Lim	76.76%	17.12%	3.80%	2.32%	100%
Range S$250,000 and below					
Connie Chang	75.25%	18.81%	–	5.94%	100%
Seng Kok How	80.18%	8.36%	–	11.46%	100%
David Pang[3]	71.38%	14.21%	–	14.41%	100%
Michael Yoong	58.68%	6.43%	–	34.89%	100%

(1) Directors' Fee from a subsidiary.

(2) Employers CPF contribution is included here.

(3) Remuneration from a subsidiary.

Remuneration of Employees Related to Directors

As at 31 December 2011, we have an employee who is an immediate family member of the Executive Chairman and a Executive Director. He has been the Head of Department of Information System since 2008. However, he had resigned on 8 March 2012.

The Company adopts a remuneration policy for staff comprising a fixed component and a variable component in the form of a variable bonus that is linked to the performance of the Company and each individual.

Summary compensation table of immediate family member of the Executive Chairman and Executive Director. He has been the Head of Department of Information System since 2008 for the financial year ended 31 December 2011:

Remuneration Band	Salary	Bonus	Directors' Fee	Allowances and other benefits[(1)]	TOTAL
Range S$250,000 and below	76.48%	10.01%	–	13.51%	100%

(1) Employer's CPF contribution is included here.

Long-term incentive scheme

The employees of the Group are eligible to participate in the ESOS which was set up in 2000 (or the Intraco Limited Share Option Scheme 2000) under the rules thereof. Additional information thereon is available in the Directors' Report.

(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 (the Chairman), Dr Tan Ng Chee and Mr Hoon Tai Meng. 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 the past financial year, 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;
- 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 Code and latest changes in the law and best practices).

An aggregate amount of fees of S$178,000 had been paid to the external auditors for the financial year ended 31 December 2011, comprising non-audit services fee of S$5,000 and audit fee of S$173,000. 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.

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.***

Internal Controls

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 the reviews of the effectiveness of the Company's material internal controls and risk assessment at least annually to ensure the adequacy thereof.

This review is conducted by the Company's internal auditors which presented their findings to the AC. Material non-compliance and internal control weaknesses noted during their audit and the auditors' recommendations were reported to the AC.

The Company consistently monitors the internal controls of the Company. These internal monitoring includes a general review of policies and procedures for Intraco Group and its subsidiaries covering projects, building materials and security solutions, information systems, stock levels, human resource and credit management.

Where audit observations, such as assessment of suppliers, purchase order process, authorised banking signatories have been made; the Company has addressed, remedied and/or rectified such issues in a prompt and timely manner.

Based on the reports from the internal auditors and concurrence of the Audit Committee, the Board is thus of the opinion that the internal controls of the Company relating to financial, operational and compliance risks are adequate. However, the Company will continue to make improvements to its internal controls to ensure that financial, operational and compliance risks are minimised.

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, the EC 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 auditors are reviewed by the AC on a quarterly basis and their 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 auditors.

Interested Person Transactions

Procedures have been put in place to ensure that all transactions entered into with interested persons are dealt with on an arm's length basis. All such transactions are subject to a review by the Company's internal auditors to ensure that the procedures adopted are complied with.

(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.

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) DEALINGS IN SECURITIES

The Group has issued a guideline on share dealings to all Directors and employees of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Listing Rule 1207(19) issued by the SGX-ST, the Company issues a notification to 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 2011, the Company has complied with Listing Rule 1207(19).

(F) MATERIAL CONTRACTS

Save as disclosed in the Note 30 to the financial statements of this Annual Report, there were no material contracts entered into between the Company and its subsidiaries involving the interests of any director or controlling shareholder subsisting at the end of the financial year ended 31 December 2011.

On behalf of the Board of Directors,

ALLAN YAP
Executive Chairman

TANG CHEUK CHEE
Executive Director

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 2011.

Directors

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

Dr Allan Yap
Dr Tan Ng Chee
Mdm Tang Cheuk Chee (Appointed on 3 October 2011)
Mr Foo Der Rong
Dr Tan Boon Wan
Mr Hoon Tai Meng

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 those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Dr Allan Yap		
Intraco Technology Pte Ltd		
– Employee Share Option Scheme[1]		
– options to subscribe for ordinary shares at S$0.50 per share	150,000	–
Mr Foo Der Rong		
Intraco Technology Pte Ltd		
– Employee Share Option Scheme[1]		
– options to subscribe for ordinary shares at S$0.50 per share	50,000	–

By virtue of Section 7 of the Act, Dr Allan Yap and Mr Foo Der Rong are deemed to have interests in Intraco Technology Pte Ltd, a wholly-owned subsidiary of the Company at the beginning of the financial year. The Company disposed its 100% interest in Intraco Technology Pte Ltd on 3 May 2011 and Dr Allan Yap and Mr Foo Der Rong have waived their rights to exercise their options.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

[1] *The Employee Share Option Scheme is exercisable pursuant to the provisions of the rules of the scheme, an extract of which have been duly set out in the Company's circular to shareholders dated 3 April 2006.*

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2012.

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

Except for 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 is administered by the Company's Remuneration Committee, comprising three directors, Dr Tan Ng Chee (Chairman), Dr Tan Boon Wan and Mr Hoon Tai Meng.

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 1/1/2011	Options cancelled	Options expired	Options outstanding at 31/12/2011	Number of option holders at 31/12/2011	Exercise period
30/3/2001	S$0.50	121,000	–	121,000	–	–	30/3/2002 – 29/3/2011
8/10/2002	S$0.50	380,000	275,000	–	105,000	7	8/10/2003 – 7/10/2012
		501,000	275,000	121,000	105,000	7	

Pursuant to the disposal of Intraco Technology Pte Ltd, 275,000 options belonging to employees of Intraco Technology Pte Ltd were cancelled during the year.

From 1 January 2011 to 3 May 2011**, options granted under the Intraco Technology Employee Share Option Scheme on the unissued shares of the subsidiary, are as follows:

Date of grant of options	Exercise price per share	Options outstanding at 1/1/2011	Options cancelled at 3/5/2011	Options outstanding at 3/5/2011	Number of option holders at 3/5/2011	Note
5/5/2006	S$0.50	930,000	930,000	–	–	Exercisable pursuant to the provisions of the rules of the scheme, an extract of which have been duly set out in the Company's circular to shareholders dated 3 April 2006.

** *The Company disposed its 100% interest in Intraco Technology Pte Ltd on 3 May 2011.*

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

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.

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, Lead Independent Director
- Mr Hoon Tai Meng, Non-Executive Director

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

DIRECTORS' REPORT

The Audit Committee has held five 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.

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

On behalf of the Board of Directors

Dr Allan Yap
Executive Chairman

Mdm Tang Cheuk Chee
Executive Director

Singapore
9 March 2012

STATEMENT BY DIRECTORS

In our opinion:

(a) the financial statements set out on pages 32 to 101 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 2011 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 Allan Yap
Executive Chairman

Mdm Tang Cheuk Chee
Executive Director

Singapore
9 March 2012

INDEPENDENT AUDITORS' REPORT

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 2011, 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 32 to 101.

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 2011 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.

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
9 March 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

		Group		Company	
		2011	2010	**2011**	2010
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Assets					
Property, plant and equipment	4	**2,438**	4,093	**268**	300
Intangible assets	5	**–**	110	**–**	–
Subsidiaries	6	**–**	–	**17,235**	25,843
Amount due from a subsidiary	6	**–**	–	**–**	3,631
Associates	7	**12,952**	12,771	**10,106**	10,106
Other investments	8	**551**	940	**551**	940
Trade and other receivables	11	**5,046**	735	**1,458**	735
Non-current assets		**20,987**	18,649	**29,618**	41,555
Inventories	9	**3,236**	5,577	**79**	303
Trade and other receivables	11	**22,783**	44,297	**12,056**	13,594
Other investments	8	**–**	2,461	**–**	2,424
Cash and cash equivalents	12	**44,147**	34,698	**29,758**	25,703
Current assets		**70,166**	87,033	**41,893**	42,024
Total assets		**91,153**	105,682	**71,511**	83,579
Equity					
Share capital		**81,874**	81,874	**81,874**	81,874
Other reserves		**(814)**	(1,172)	**(4,530)**	(1,634)
Accumulated losses		**(11,623)**	(4,163)	**(9,067)**	(3,800)
Total equity	13	**69,437**	76,539	**68,277**	76,440
Liabilities					
Loans and borrowings	15	**–**	2	**–**	–
Non-current liabilities		**–**	2	**–**	–
Loans and borrowings	15	**11,497**	4,781	**–**	–
Trade and other payables	17	**9,845**	24,321	**2,899**	7,139
Provisions	18	**335**	–	**335**	–
Current tax liabilities		**39**	39	**–**	–
Current liabilities		**21,716**	29,141	**3,234**	7,139
Total liabilities		**21,716**	29,143	**3,234**	7,139
Total equity and liabilities		**91,153**	105,682	**71,511**	83,579

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2011

	Note	2011 S$'000	2010 S$'000 Restated*
Continuing operations			
Revenue	19	**174,683**	137,969
Cost of sales		**(167,926)**	(130,974)
Gross profit		**6,757**	6,995
Other income		**257**	795
Administrative expenses		**(6,810)**	(6,518)
Other expenses		**(6,038)**	(1,041)
Results from operating activities		**(5,834)**	231
Finance income		**436**	1,071
Finance costs		**(1,022)**	(126)
Net finance (costs)/income	20	**(586)**	945
Share of profit of associates (net of tax)		**781**	1,006
(Loss)/Profit before income tax		**(5,639)**	2,182
Tax (expense)/credit	21	**(4)**	50
(Loss)/Profit from continuing operations	22	**(5,643)**	2,232
Discontinued operation			
Loss from discontinued operation (net of tax)	23	**(1,521)**	(1,854)
(Loss)/Profit for the year		**(7,164)**	378
(Loss)/Profit attributable to:			
Owners of the Company		**(7,164)**	378
Non-controlling interests		**–**	–
(Loss)/Profit for the year		**(7,164)**	378
Earnings per share – continuing operations			
Basic and diluted earnings per share (cents)	24	**(5.72)**	2.26

* *See note 23*

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	2011 S$'000	2010 S$'000
(Loss)/Profit for the year	**(7,164)**	378
Other comprehensive income		
Net change in fair value of available-for-sale financial assets	**(282)**	94
Foreign currency translation differences – foreign operations	**78**	(372)
Share of foreign currency translation differences of associates	**(6)**	(935)
Foreign currency translation differences reclassified to profit or loss on sale of subsidiary	**560**	–
Share of an associate's non distributable reserve	**8**	–
Other comprehensive income for the year, net of tax	**358**	(1,213)
Total comprehensive income for the year	**(6,806)**	(835)
Total comprehensive income attributable to:		
Owners of the Company	**(6,806)**	(835)
Non-controlling interests	**–**	–
Total comprehensive income for the year	**(6,806)**	(835)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

Group	Share capital S$'000	Share option reserve S$'000	Capital reserve S$'000	Translation reserve S$'000	Fair value reserve S$'000	Accumulated losses S$'000	Total equity S$'000
As at 1 January 2010	81,874	168	3,453	(1,248)	188	(6,074)	78,361
Total comprehensive income for the year							
Profit for the year	–	–	–	–	–	378	378
Other comprehensive income							
Net change in fair value of available-for-sale financial assets	–	–	–	–	94	–	94
Foreign currency translation differences – foreign operations	–	–	–	(372)	–	–	(372)
Share of foreign currency translation differences of associates	–	–	–	(935)	–	–	(935)
Total other comprehensive income	–	–	–	(1,307)	94	–	(1,213)
Total comprehensive income for the year	–	–	–	(1,307)	94	378	(835)
Transactions with owners, recognised directly in equity							
Distributions to owners							
Dividends declared (note 13)	–	–	–	–	–	(987)	(987)
Total distributions to owners	–	–	–	–	–	(987)	(987)
Transfer of reserves due to deconsolidation of a subsidiary	–	–	(2,574)	–	–	2,574	–
Share of an associate's capital reserve transferred from accumulated profit	–	–	54	–	–	(54)	–
Transfer between reserves	–	–	(2,520)	–	–	2,520	–
Total transactions with owners	–	–	(2,520)	–	–	1,533	(987)
As at 31 December 2010	81,874	168	933	(2,555)	282	(4,163)	76,539

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

Group	Share capital S$'000	Share option reserve S$'000	Capital reserve S$'000	Translation reserve S$'000	Fair value reserve S$'000	Accumulated losses S$'000	Total equity S$'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 – foreign operations	–	–	–	78	–	–	78
Share of foreign currency translation differences of associates	–	–	–	(6)	–	–	(6)
Foreign currency translation differences and share options reserves 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 transaction 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.

Company	Share capital S$'000	Fair value reserve S$'000	Accumulated losses S$'000	Total equity S$'000
As at 1 January 2010	81,874	(1,223)	(5,831)	74,820
Total comprehensive income for the year				
Profit for the year	–	–	3,004	3,004
Other comprehensive income				
Net change in fair value of available-for-sale financial assets	–	(1,664)	–	(1,664)
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	–	1,267	–	1,267
Total other comprehensive income	–	(397)	–	(397)
Total comprehensive income for the year	–	(397)	3,004	2,607
Transactions with owners, recognised directly in equity				
Distributions to owners				
Dividends declared (note 13)	–	–	(987)	(987)
Total distributions to owners	–	–	(987)	(987)
Transfer between reserves	–	(14)	14	–
Total transactions with owners	–	(14)	(973)	(987)
As at 31 December 2010	81,874	(1,634)	(3,800)	76,440
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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	Note	2011 S$'000	2010 S$'000 Restated*
Cash flows from operating activities			
(Loss)/Profit for the year		**(5,643)**	2,232
Adjustments for:			
Depreciation of property, plant and equipment		**1,555**	4,993
Loss/(gain) on sale of:			
– Property, plant and equipment		**–**	(2)
– Other investments		**11**	(502)
– Discontinued operation, net of tax		**587**	–
– Associate		**–**	41
Allowance made/(reversed) for doubtful receivables		**5,593**	(57)
Write-back for inventory to its net realisable value		**(3)**	(51)
Impairment loss on available-for-sale financial asset		**108**	–
Imputed interest expenses on non-current receivables		**828**	–
Change in fair value of financial assets held for trading		**–**	(13)
Share of profit of associates, net of tax		**(781)**	(1,006)
Net finance income		**(253)**	(945)
Tax expense/(credit)		**4**	(50)
		2,006	4,640
Change in inventories		**(2,893)**	7,139
Change in trade and other receivables		**(3,631)**	(10,440)
Change in trade and other payables		**3,645**	(3,618)
Change in provisions		**335**	–
Change in restricted bank deposits		**1,250**	(2,900)
Cash generated from/(used in) operating activities		**712**	(5,179)
Interest received		**262**	103
Interest paid		**(180)**	(159)
Income tax (paid)/refunded		**(4)**	20
Net cash from/(used in) operating activities		**790**	(5,215)
Net cash (used in)/from discontinued operation		**(3,436)**	2,166
		(2,646)	(3,049)

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

	Note	2011 S$'000	2010 S$'000 Restated*
Cash flows from investing activities			
Dividends received		–	56
Distribution from other investments		–	508
Proceeds from repayment of loan		2,655	50
Proceeds from redemption of held-to-maturity financial assets		2,475	–
Purchase of property, plant and equipment		(7)	(199)
Proceeds from sale of other investments		10	502
Deferred consideration received from sale of associate		194	97
Dividends from an associate		628	471
Proceeds from disposal of property, plant and equipment		–	1
Disposal of discontinued operation, net of cash disposed	23	(1,607)	–
Net cash from investing activities		4,348	1,486
Net cash used in discontinued operation		(26)	(69)
		4,322	1,417
Cash flows from financing activities			
Proceeds from borrowings		11,497	3,539
Repayment of borrowings		(3,539)	(2,817)
Dividend paid to owners of the Company		(296)	(987)
Deposits pledged		–	2,900
Net cash from financing activities		7,662	2,635
Net cash from/(used in) discontinued operation		1,351	(1,590)
		9,013	1,045
Net increase/(decrease) in cash and cash equivalents		10,689	(587)
Cash and cash equivalents at 1 January		31,798	32,868
Effects of exchange rate fluctuations on cash held		10	(483)
Cash and cash equivalents at 31 December		42,497	31,798
Comprising:			
Cash at bank and in hand		15,903	13,954
Fixed deposits with banks		28,244	20,744
		44,147	34,698
Restricted bank deposits		(1,650)	(2,900)
		42,497	31,798

* *See note 23*

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 9 March 2012.

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 Company as at and for the year ended 31 December 2011 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 32 to the financial statements.

2 BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) 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.

(d) 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.

2 BASIS OF PREPARATION (CONT'D)

(d) Use of estimates and judgements (cont'd)

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 the following notes:

- Note 13 – impairment of available-for-sale equity securities.
- Note 27 – valuation of financial instruments.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in note 21 – utilisation of tax losses.

(e) Changes in accounting policies

(i) Identification of related party relationships and related party disclosures

From 1 January 2011, the Group has applied the revised FRS 24 *Related Party Disclosures* (2010) to identify parties that are related to the Group and to determine the disclosures to be made on transactions and outstanding balances, including commitments, between the Group and its related parties. FRS 24 (2010) improved the definition of a related party in order to eliminate inconsistencies and ensure symmetrical identification of relationships between two parties.

The adoption of FRS 24 (2010) has resulted in additional parties being identified as related to the Group. Transactions and outstanding balances with these related parties for the current and comparative years have been disclosed accordingly in note 30 to the financial statements.

The adoption of FRS 24 (2010) affects only the disclosures made in the financial statements. There is no financial effect on the results and financial position of the Group for the current and previous financial years. Accordingly, the adoption of FRS 24 (2010) has no impact on earnings per share.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2(e), which addresses changes in accounting policies.

The comparative income statement and statement of comprehensive income have been re-presented as if an operation discontinued during the current year had been discontinued from the start of the comparative year (see note 23).

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method 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.

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.

Any contingent consideration payable is recognised at fair value at the acquisition date. 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.

(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 (CONT'D)

(a) Basis of consolidation (cont'd)

(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 that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(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 the carrying amounts of assets and liabilities are not changed and goodwill is not recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the adjustment to non-controlling interests and the fair value of consideration paid is recognised directly in equity and presented as part of equity attributable to owners of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(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.

(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.

(b) 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, which are recognised in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (cont'd)

(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 closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) 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, 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.

(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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipments (cont'd)

(iii) Depreciation (cont'd)

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.

(d) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful live are measured at cost less accumulated amortisation and impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value. Other intangible assets are amortised in profit or loss on a straight-line basis over the estimated useful life of 3 years, from the date that they are available for use.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) 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.

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

Financial assets at fair value through profit or loss

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

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Held-to-maturity financial assets

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

Held-to-maturity financial assets comprise unquoted debt securities.

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 (see note 3(h)(i)) and foreign currency differences on available-for-sale monetary items (see note 3(b)(i)), 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (cont'd)

(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, or 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.

(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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (cont'd)

(iv) Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group 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.

(f) 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(k)(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 (CONT'D)

(g) 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 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) 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.

Loans and receivables and held-to-maturity investment securities

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

In assessing collective impairment, the Group uses historical trends of the probability of default, 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (cont'd)

(i) *Non-derivative financial assets (cont'd)*

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. Changes in impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

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.

(i) 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Employee benefits (cont'd)

(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.

(j) 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.

(k) Revenue

(i) Goods sold

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Revenue (cont'd)

(i) Goods sold (cont'd)

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.

(l) Government grants

Jobs Credit Scheme

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income and gains on the disposal of available-for-sale financial assets. 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.

(n) 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 to the extent that it is probable that they will not reverse in the foreseeable future; and

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Tax (cont'd)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which 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 the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. 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 multifaceted 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.

(o) 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.

(p) 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 (CONT'D)

(q) 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.

(r) 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.

(s) 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 2011, 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 S$'000	Leasehold improvements S$'000	Plant, machinery, tools and equipment S$'000	Furniture, fittings and equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost						
At 1 January 2010	320	605	41,822	1,738	139	44,624
Additions	–	19	207	55	–	281
Disposals	–	–	(131)	(18)	–	(149)
Written off	–	–	–	(31)	–	(31)
Effects of movements in exchange rates	–	(7)	(30)	(31)	(5)	(73)
At 31 December 2010	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**
Accumulated depreciation and impairment losses						
At 1 January 2010	82	595	33,245	1,581	65	35,568
Depreciation for the year	7	15	4,946	101	22	5,091
Disposals	–	–	(4)	(15)	–	(19)
Written off	–	–	–	(31)	–	(31)
Effects of movements in exchange rates	–	(6)	(16)	(24)	(4)	(50)
At 31 December 2010	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**
Carrying amounts						
At 1 January 2010	238	10	8,577	157	74	9,056
At 31 December 2010	231	13	3,697	101	51	4,093
At 31 December 2011	**225**	**7**	**2,158**	**17**	**31**	**2,438**

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold properties S$'000	Leasehold improvements S$'000	Furniture, fittings and equipment S$'000	Motor vehicles S$'000	Total S$'000
Cost					
At 1 January 2010	320	515	1,141	50	2,026
Addition	–	13	10	–	23
Disposals	–	–	(11)	–	(11)
Written off	–	–	(10)	–	(10)
At 31 December 2010	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**
Accumulated depreciation					
At 1 January 2010	82	513	1,077	7	1,679
Depreciation for the year	6	7	47	10	70
Disposals	–	–	(11)	–	(11)
Written off	–	–	(10)	–	(10)
At 31 December 2010	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**
Carrying amounts					
At 1 January 2010	238	2	64	43	347
At 31 December 2010	232	8	27	33	300
At 31 December 2011	**226**	**6**	**13**	**23**	**268**

5 INTANGIBLE ASSETS

	Group	
	2011	2010
	S$'000	S$'000
Development cost		
At 1 January	**579**	501
Additions	**26**	118
Disposal of a subsidiary	**(605)**	–
Effect of movements in exchange rates	**–**	(40)
At 31 December	**–**	579
Accumulated amortisation		
At 1 January	**469**	361
Amortisation for the year	**–**	137
Disposal of a subsidiary	**(469)**	–
Effect of movements in exchange rates	**–**	(29)
At 31 December	**–**	469
Carrying amounts		
At 1 January	**110**	140
At 31 December	**–**	110

6 SUBSIDIARIES

	Company	
	2011	2010
	S$'000	S$'000
Equity investments at fair value	**17,235**	25,843
Non-current assets		
Amount due from a subsidiary (non-trade)	**–**	3,631

Non-trade amount due from a subsidiary

As at 31 December 2010, the amount due from a subsidiary was unsecured, interest-bearing at SIBOR+0.5% per annum and was classified as non-current as the amount was not expected to be repaid within the next financial year. The subsidiary was disposed on 3 May 2011 and this balance has been reclassified to other receivables in the current year (note 11).

Details of subsidiaries are set out in note 32.

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(h). The recoverable amounts of the investments were determined based on the carrying amounts of the net assets of the subsidiaries as at 31 December 2011. During the year, the Company recognised an impairment loss of S$9,675,000 (2010: S$2,506,000) on the investments in its subsidiaries.

7 ASSOCIATES

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Investments in associates	**12,952**	12,771	**10,106**	10,106

7 ASSOCIATES (CONT'D)

The financial information of the associates is as follows:

	2011 S$'000	2010 S$'000
Assets and liabilities		
Non-current assets	**20,031**	15,075
Current assets	**64,352**	63,170
Total assets	**84,383**	78,245
Non-current liabilities	**549**	940
Current liabilities	**40,497**	34,642
Total liabilities	**41,046**	35,582
Results		
Revenue	**145,334**	149,932
Profit for the year	**2,593**	3,513

Details of significant associates are set out in note 33.

The Group's investments in associates include investment in a listed associate with a carrying amount of S$12,096,000 (2010: S$11,961,000). Based on its closing price at the reporting date, the fair value of the Group's investment is S$5,652,000 (2010: S$6,908,000).

8 OTHER INVESTMENTS

	Group		Company	
	2011 S$'000	2010 S$'000	2011 S$'000	2010 S$'000
Non-current investments				
Available-for-sale quoted equity securities	**551**	940	**551**	940
Current investments				
Held-to-maturity unquoted debt securities	**–**	2,424	**–**	2,424
Quoted equity securities held-for-trading	**–**	37	**–**	–
	–	2,461	**–**	2,424

The held-to-maturity unquoted debt securities were interest-bearing at 2% (2010: 2%) per annum and redeemed on 2 August 2011.

The Group's exposure to credit, currency and interest rate risks and fair value information related to other investments are disclosed in note 26.

8 OTHER INVESTMENTS (CONT'D)

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% (2010: 2%) change in the underlying equity prices at the reporting date would have increased equity by S$11,000 (2010: S$18,800); an equal change in the opposite direction would have decreased profit or loss by S$11,000 (2010: S$18,800).

9 INVENTORIES

		Group		Company	
		2011	2010	**2011**	2010
	Note	**S$'000**	S$'000	**S$'000**	S$'000
Trading goods					
– at cost		**2,214**	3,322	**66**	80
– at net realisable value		**–**	2,032	**–**	–
Construction work-in-progress	10	**13**	223	**13**	223
Raw materials		**3**	–	**–**	–
Goods-in-transit		**1,006**	–	**–**	–
		3,236	5,577	**79**	303

In 2011, the write-down of inventories to net realisable value amounted to S$1,000 (2010: S$13,000). The write-back of inventories, as a result of higher selling prices in 2011 amounted to S$4,000 (2010: S$263,000). The write-down and reversal amounts are included in other expenses.

10 CONSTRUCTION WORK-IN-PROGRESS

	Group and Company	
	2011	2010
	S$'000	S$'000
Cost incurred and attributable profit	**40,507**	42,543
Progress billings	**(40,494)**	(42,320)
	13	223

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Trade receivables	**32,901**	49,321	**6,351**	6,228
Impairment losses	**(11,587)**	(8,610)	**(4,556)**	(2,245)
Net receivables	**21,314**	40,711	**1,795**	3,983
Deposits	**160**	153	**49**	49
Amounts due from subsidiaries (non-trade)	**–**	–	**6,124**	9,199
Other receivables	**6,510**	1,142	**6,380**	1,062
Impairment losses	**(850)**	–	**(850)**	–
	5,660	1,142	**5,530**	1,062
Advances to suppliers	**358**	2,583	**–**	28
Loans and receivables	**27,492**	44,589	**13,498**	14,321
Prepayments	**337**	443	**16**	8
	27,829	45,032	**13,514**	14,329
Non-current	**5,046**	735	**1,458**	735
Current	**22,783**	44,297	**12,056**	13,594
	27,829	45,032	**13,514**	14,329

At 31 December 2011, trade receivables for the Group and Company include retentions of S$118,000 (2010: S$230,000) relating to construction work-in-progress.

During the year, the Group worked out a repayment schedule with one of its debtors. The settlement of the outstanding debt of S$5,030,000, is expected to take more than a year to repay. Consequently an imputed interest charge of S$828,000 was recognised and charged as finance costs.

The non-trade amounts due from subsidiaries are unsecured and repayable on demand. Of the balance, an amount of S$2,400,000 (2010: S$2,400,000) is unsecured and interest-bearing at 0.25% (2010: 0.30%) per annum and the remaining balances are interest-free. There is no allowance for doubtful debts arising from the outstanding balances.

At 31 December 2011, other receivables for the Group and Company include S$736,000 (2010: S$1,030,000) and S$4,686,000 (2010: Nil) due from an external 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% (2010: 1.38%) per annum and is repayable in monthly instalments till June 2014. The receivable arising from the sale of subsidiary is interest-bearing at SIBOR + 1.5% (2010: Nil) per annum and is repayable in semi-annual instalments till May 2013 and the final repayment 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 S$850,000 in the current 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	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Cash at bank and in hand	**15,903**	13,954	**6,014**	4,959
Fixed deposits with banks	**28,244**	20,744	**23,744**	20,744
Cash and cash equivalents	**44,147**	34,698	**29,758**	25,703
Restricted bank deposits	**(1,650)**	(2,900)	**(1,650)**	(2,900)
Cash and cash equivalents in the statement of cash flows	**42,497**	31,798	**28,108**	22,803

The weighted average effective interest rates per annum relating to cash and cash equivalents at the reporting date for the Group and Company are 0.33% (2010: 0.28%) and 0.33% (2010: 0.28%) respectively. Interest rates reprice at intervals of one to three months.

13 CAPITAL AND RESERVES

	Company	
	2011	2010
	Number of shares	Number of shares
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	**98,635,879**	98,635,879

The Group has issued share options under the Intraco Limited Share Option Scheme 2000 (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 (CONT'D)

Other reserves

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Share option reserve	**–**	168	**–**	–
Capital reserve	**941**	933	**–**	–
Translation reserve	**(1,755)**	(2,555)	**–**	–
Fair value reserve	**–**	282	**(4,530)**	(1,634)
	(814)	(1,172)	**(4,530)**	(1,634)

The share option reserve comprises the cumulative value of employee services received for the issue of share options of a subsidiary. The share option reserve was reclassified to profit or loss on disposal of the subsidiary.

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

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.

13 CAPITAL AND RESERVES (CONT'D)

Dividends

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

	Group and Company	
	2011	2010
	S$'000	S$'000
0.3 cent (2010: 1.0 cent) per qualifying ordinary share in respect of financial year ended 31 December	**296**	987

After the respective reporting dates, the following exempt (one-tier) dividends were proposed by the directors. These dividends have not been provided for.

	Group and Company	
	2011	2010
	S$'000	S$'000
Nil cents (2010: 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 is administered by the Company's Remuneration Committee, comprising three directors, Dr Tan Ng Chee (Chairman), Dr Tan Boon Wan and Mr Hoon Tai Meng.

Information regarding the Scheme are 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.

14 EMPLOYEE SHARE OPTIONS (CONT'D)

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 1/1/2011	Options cancelled	Options expired	Options outstanding at 31/12/2011	Number of option holders at 31/12/2011	Exercise period
30/3/2001	S$0.50	121,000	–	121,000	–	–	30/3/2002 – 29/3/2011
8/10/2002	S$0.50	380,000	275,000	–	105,000	7	8/10/2003 – 7/10/2012
		501,000	275,000	121,000	105,000	7	

Pursuant to the disposal of Intraco Technology Pte Ltd, 275,000 options belonging to employees of Intraco Technology Pte Ltd were cancelled during the year.

No options were exercised in 2011 and 2010.

15 LOANS AND BORROWINGS

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Non-current liability				
Finance lease liability	**–**	2	**–**	–
	–	2	**–**	–
Current liabilities				
Unsecured bank loans	**1,677**	1,295	**–**	–
Finance lease liability	**–**	8	**–**	–
Trust receipts	**9,284**	1,732	**–**	–
Unsecured invoice financing (see note 29(a))	**536**	–	**–**	–
Secured invoice financing (see note 29(b))	**–**	1,746	**–**	–
	11,497	4,781	**–**	–
Total loans and borrowings	**11,497**	4,783	**–**	–

15 LOANS AND BORROWINGS (CONT'D)

Finance lease liabilities

At 31 December, the Group has obligations under finance leases that are payable as follows:

	2011			2010		
Group	Principal S$'000	Interest S$'000	Payments S$'000	Principal S$'000	Interest S$'000	Payments S$'000
Payable within 1 year	–	–	–	8	2	10
Payable after 1 year but within 5 years	–	–	–	2	–	2
	–	–	–	10	2	12

Terms and debt repayment schedule

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

			2011		2010	
Group	Nominal interest rate	Year of maturity	Face value S$'000	Carrying amount S$'000	Face value S$'000	Carrying amount S$'000
USD fixed rate loans	1.29% – 2.43%	2012	1,677	1,677	1,295	1,295
USD trust receipts	0.96% – 2.27%	2012	9,284	9,284	1,732	1,732
RMB invoice financing	7.93% – 8.235%	2012	536	536	1,746	1,746
Finance lease liabilities	3.45%	2012	–	–	10	10
			11,497	11,497	4,783	4,783

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 S$15 million at all times. As at 31 December 2011, the subsidiary has net tangible assets of S$14.5 million. With the breach in financial covenants, the bank could have called for immediate repayment of the outstanding trust receipts of S$2,114,000. The trust receipts were fully settled by 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 S$5,342,000 (2010: S$19,783,000) granted to wholly-owned subsidiaries of which S$1,650,000 expires on 31 December 2012 (2010: S$2,900,000 expired on 31 May 2011) and the remaining amount is valid until the renewal of the banking facilities. 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	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Trade payables	**5,081**	15,513	**1,705**	1,690
Advances from customers	**2,418**	6,075	**2**	10
Accrued expenses	**1,160**	1,500	**878**	597
Amount due to subsidiaries (non-trade)	**–**	–	**14**	4,608
Interest payable	**6**	66	**–**	–
Other payables	**1,180**	1,167	**300**	234
	9,845	24,321	**2,899**	7,139

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

The amount due to subsidiaries is unsecured, interest free and repayable on demand.

18 PROVISIONS

	Claims	
	2011	2010
	S$'000	S$'000
Group and Company		
At 1 January	**–**	–
Provisions made during the year	**108**	–
Compensation received in relation to the claims	**704**	–
Provisions utilised during the year	**(477)**	–
At 31 December	**335**	–

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.

19 REVENUE

Group	Continuing operations 2011 S$'000	Continuing operations 2010 S$'000	Discontinued operations 2011 S$'000	Discontinued operations 2010 S$'000	Consolidated 2011 S$'000	Consolidated 2010 S$'000
Trading sales	**166,428**	121,669	**15,653**	53,060	**182,081**	174,729
Revenue from construction contracts	**3,366**	8,339	**–**	–	**3,366**	8,339
Rental income	**3,348**	6,534	**–**	–	**3,348**	6,534
Service income	**1,541**	1,427	**–**	–	**1,541**	1,427
	174,683	137,969	**15,653**	53,060	**190,336**	191,029

20 FINANCE INCOME AND FINANCE COSTS

	Group 2011 S$'000	Group 2010 S$'000
Recognised in profit or loss		
Interest income		
– bank deposits	**306**	500
– other receivables	**130**	7
Dividend income from available-for-sale financial assets	**–**	56
Capital distribution from available-for-sale financial assets	**–**	508
Finance income	**436**	1,071
Interest expense on unsecured bank loans	**(183)**	(126)
Imputed interest expense on trade and other receivables	**(828)**	–
Loss on disposal of available-for-sale financial asset	**(11)**	–
Finance costs	**(1,022)**	(126)
Net finance (costs)/income recognised in profit or loss	**(586)**	945

21 TAX EXPENSE/(CREDIT)

	Note	Group 2011 S$'000	Group 2010 S$'000
Current tax			
Adjustment for prior years		**4**	(50)
Tax expense/(credit) from continuing operations		**4**	(50)
Tax credit from discontinued operation	23	**(40)**	(2)
Total tax credit		**(36)**	(52)
Reconciliation of effective tax rate			
(Loss)/profit for the year		**(7,164)**	378
Total tax credit		**(36)**	(52)
(Loss)/profit excluding tax		**(7,200)**	326
Tax using Singapore tax rate of 17% (2010: 17%)		**(1,224)**	55
Effect of tax rates in foreign jurisdictions		**(15)**	(31)
Tax-exempt income		**(244)**	(290)
Non-deductible expense		**398**	441
Utilisation of previously unrecognised temporary differences		**–**	(269)
Tax effect on share of profit of associates		**(133)**	(171)
Deferred tax asset not recognised		**1,221**	249
Over provided in prior years		**(36)**	(52)
Others		**(3)**	16
		(36)	(52)

Unrecognised deferred tax assets

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

	Group 2011 S$'000	Group 2010 S$'000	Company 2011 S$'000	Company 2010 S$'000
Deductible temporary differences	**6,845**	4,181	**–**	–
Tax losses	**11,563**	7,037	**1,818**	1,013
	18,408	11,218	**1,818**	1,013

During the year, a subsidiary transferred its tax losses in respect of Year of Assessment 2011 of S$7,307,000 and S$444,000 to the Company and its related corporations respectively, under the Group Relief Scheme.

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.

22 (LOSS)/PROFIT FROM CONTINUING OPERATIONS

The following items have been included in arriving at (loss)/profit from continuing operations:

	Group	
	2011	2010
	S$'000	S$'000
		Restated
Allowance made/(reversed) for doubtful receivables	**5,593**	(57)
Bad debts recovered	**(59)**	(63)
Write-back of inventory to its net realisable value	**(3)**	(51)
Provision for claims	**108**	–
Foreign exchange loss	**376**	1,203
Impairment of available-for-sale financial assets	**108**	–
Change in fair value of financial assets held for trading	**–**	(13)
Loss/(gain) on sale of other investments	**11**	(502)
Loss from sale of an associate	**–**	41
Gain on sale of property, plant and equipment	**–**	(2)
Audit fees paid to:		
– auditors of the Company	**173**	187
– other auditors	**2**	7
Non-audit fees paid to:		
– auditors of the Company	**5**	–
– other auditors	**12**	5
Operating lease expenses	**291**	300
Government grants – Jobs Credit Scheme	**–**	(38)
Staff costs	**4,507**	4,600
Contributions to defined contribution plans, included in staff costs	**290**	310
Depreciation of property, plant and equipment	**1,555**	4,993
Cost of inventories recognised in cost of sales	**165,200**	124,998

23 DISCONTINUED OPERATION

In May 2011, the Group sold its entire Semiconductors segment, which comprises Intraco Technology Pte Ltd and its subsidiary; the segment was not a discontinued operation or classified as held for sale as at 31 December 2010 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell this company in early 2011 following a strategic decision to place greater focus on the Group's core operations.

		Group	
		2011	2010
	Note	**S$'000**	S$'000
Results of discontinued operation			
Revenue		**15,653**	53,060
Expenses		**(16,627)**	(54,916)
Results from operating activities		**(974)**	(1,856)
Tax credit	21	**40**	2
Results from operating activities, net of tax		**(934)**	(1,854)
Loss on sale of discontinued operation		**(587)**	–
Loss for the year		**(1,521)**	(1,854)
Basic and diluted loss per share (cents)		**(1.54)**	(1.88)

The loss from discontinued operation of S$1,521,000 (2010: S$1,854,000) is attributable entirely to owners of the Company.

	Group	
	2011	2010
	S$'000	S$'000
Cash flows from discontinued operation		
Net cash (used in)/from operating activities	**(3,436)**	2,166
Payment for intangible assets	**(26)**	(118)
Purchase of property, plant and equipment	**–**	(82)
Proceeds from disposal of property, plant and equipment	**–**	131
Net cash used in investing activities	**(26)**	(69)
Proceeds from borrowings	**1,351**	1,234
Repayment of borrowings	**–**	(2,816)
Payment of finance lease liabilities	**–**	(8)
Net cash from/(used in) financing activities	**1,351**	(1,590)
Disposal of discontinued operation, net of cash disposed	**(1,607)**	–
Net cash flows for the year	**(3,718)**	507

23 DISCONTINUED OPERATION (CONT'D)

Effect of disposal on the financial position of the Group

	Group	
	2011	2010
	S$'000	S$'000
Property, plant and equipment	**72**	107
Intangible assets	**136**	110
Other investments	**15**	15
Inventories	**6,313**	5,025
Trade and other receivables	**8,195**	11,488
Cash and cash equivalents	**1,721**	3,288
Trade and other payables	**(13,716)**	(17,671)
Loans and borrowings	**(2,595)**	(1,244)
Net assets and liabilities	**141**	1,118
Consideration received, satisfied in cash	**114**	–
Cash and cash equivalents disposed	**(1,721)**	–
Net cash outflow	**(1,607)**	–

24 EARNINGS PER SHARE

	Group	
	2011	2010
	S$'000	S$'000
Basic and diluted earnings per share is based on:		
Net (loss)/profit attributable to ordinary shareholders:		
Continuing operations	**(5,643)**	2,232
Discontinued operation	**(1,521)**	(1,854)
Total	**(7,164)**	378

	Group	
	2011	2010
	Number of shares	Number of shares
Issued ordinary shares at beginning and end of the year	**98,635,879**	98,635,879

The options disclosed in note 14 are potential ordinary shares but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

25 OPERATING SEGMENT

The Group has three 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.
- *Semiconductors* — Marketing and distribution of computer components and semiconductors, provision of wireless and embedded design and solutions and provision of hospitality solutions and services.
- *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 income 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 five principal geographical areas, namely, Singapore, rest of ASEAN, Greater China (Hong Kong, Taiwan and China), 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 (CONT'D)

Operating segments (S$'000)

	Projects	Semiconductors (Discontinued)	Trading and others	Consolidated
2011				
External revenue	**6,577**	**15,653**	**168,106**	**190,336**
Interest revenue	**–**	**–**	**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	**3,215**	**–**	**2,378**	**5,593**
Provision for claims	**108**	**–**	**–**	**108**
Capital expenditure	**–**	**26**	**–**	**26**
Reportable segment liabilities	**2,466**	**–**	**17,634**	**20,100**
2010				
External revenue	13,636	53,060	124,333	191,029
Interest revenue	–	2	2	4
Interest expense	–	(32)	(126)	(158)
Depreciation and amortisation	–	(235)	(4,923)	(5,158)
Reportable segment profit/(loss) before tax	684	(1,856)	1,433	261
Reportable segment assets	4,287	19,859	35,040	59,186
Other material non-cash items:				
Allowance reversed for doubtful receivables	(57)	(36)	–	(93)
Capital expenditure	–	199	177	376
Reportable segment liabilities	1,691	10,729	14,906	27,326

25 OPERATING SEGMENT (CONT'D)

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

	2011 S$'000	2010 S$'000
Revenue		
Total revenue for reporting segments	**190,336**	191,029
Elimination of discontinued operation	**(15,653)**	(53,060)
Consolidated revenue	**174,683**	137,969
Profit or loss		
Total profit or loss for reportable segments	**(5,102)**	261
Elimination of discontinued operation	**1,561**	1,856
	(3,541)	2,117
Unallocated amounts:		
– Other corporate income or expenses	**(2,879)**	(941)
Share of profit of associates, net of tax	**781**	1,006
Consolidated (loss)/profit before tax	**(5,639)**	2,182
Assets		
Total assets for reportable segments	**41,108**	59,186
Other unallocated amounts	**37,093**	33,725
	78,201	92,911
Investments in associates	**12,952**	12,771
Consolidated total assets	**91,153**	105,682
Liabilities		
Total liabilities for reportable segments	**20,100**	27,326
Other unallocated amounts	**1,616**	1,817
Consolidated total liabilities	**21,716**	29,143

25 OPERATING SEGMENT (CONT'D)

Other material items

	Continuing operations Reportable segment totals S$'000	Adjustments S$'000	Totals S$'000	Discontinued operation Reportable segment totals S$'000	Consolidated totals S$'000
2011					
Interest revenue	**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	**(5,593)**	**–**	**(5,593)**	**–**	**(5,593)**
Provision for claims	**(108)**	**–**	**(108)**	**–**	**(108)**
2010					
Interest revenue	2	505	507	2	509
Capital expenditure	177	23	200	199	399
Depreciation and amortisation	(4,923)	(70)	(4,993)	(235)	(5,228)
Allowance reversed for doubtful receivables	57	–	57	36	93

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.

Revenue	2011 S$'000	2010 S$'000
Singapore	**53,140**	77,319
Rest of ASEAN	**125,258**	84,651
Greater China	**7,742**	19,501
India	**2,858**	5,876
Others	**1,338**	3,682
Semiconductors (discontinued)	**(15,653)**	(53,060)
Consolidated revenue	**174,683**	137,969

Non-current assets*	2011 S$'000	2010 S$'000
Singapore	**2,177**	3,837
Rest of ASEAN	**26**	84
Greater China	**235**	280
India	**–**	2
	2,438	4,203

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

Major customer

Revenues from one customer of the Group's Trading and others segment represents approximately S$26,303,000 (2010: S$11,522,000) of the Group's total revenues.

26 FINANCIAL INSTRUMENTS

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.

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 loans 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 2011, 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 (CONT'D)

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	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Projects	**1,795**	3,983	**1,795**	3,983
Semiconductors	**–**	11,328	**–**	–
Trading and others	**25,697**	29,278	**11,703**	10,338
	27,492	44,589	**13,498**	14,321

The Group's most significant customer, a trading customer, accounts for S$4,211,000 (2010: S$7,183,000) of the trade receivables carrying amount at 31 December 2011.

Impairment losses

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

	Gross	**Impairment**	Gross	Impairment
	2011	**2011**	2010	2010
	S$'000	**S$'000**	S$'000	S$'000
Group				
Not past due	**14,598**	**(850)**	18,874	(23)
Past due 0 – 30 days	**6,156**	**–**	12,522	–
Past due 31 – 120 days	**556**	**–**	2,605	–
More than 120 days	**18,619**	**(11,587)**	19,198	(8,587)
	39,929	**(12,437)**	53,199	(8,610)
Company				
Not past due	**13,509**	**(850)**	11,139	(23)
Past due 0 – 30 days	**378**	**–**	118	–
Past due 31 – 120 days	**15**	**–**	94	–
More than 120 days	**5,002**	**(4,556)**	5,215	(2,222)
	18,904	**(5,406)**	16,566	(2,245)

26 FINANCIAL INSTRUMENTS (CONT'D)

Impairment losses (cont'd)

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

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
At 1 January	**8,610**	9,038	**2,245**	2,301
Allowance made/(reversed) for doubtful receivables	**5,593**	(93)	**3,215**	(56)
Disposal of a subsidiary	**(1,708)**	–	**–**	–
Utilised	**(54)**	–	**(54)**	–
Effects of movements in exchange rates	**(4)**	(335)	**–**	–
At 31 December	**12,437**	8,610	**5,406**	2,245

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

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 (CONT'D)

Liquidity risk (cont'd)

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

	Carrying amounts S$'000	Contractual cash flows S$'000	Within 1 year S$'000	Within 2-5 years S$'000
Group				
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)**	**–**
Recognised financial liabilities	**18,918**	**(18,930)**	**(18,930)**	**–**
Intra-group financial guarantee	**–**	**(5,342)**	**(5,342)**	**–**
	18,918	**(24,272)**	**(24,272)**	**–**
2010				
Unsecured bank loans	1,295	(1,301)	(1,301)	–
Finance lease liabilities	10	(12)	(10)	(2)
Trust receipts	1,732	(1,738)	(1,738)	–
Invoice financing	1,746	(1,769)	(1,769)	–
Trade and other payables*	18,180	(18,180)	(18,180)	–
Recognised financial liabilities	22,963	(23,000)	(22,998)	(2)
Intra-group financial guarantee	–	(19,783)	(19,783)	–
	22,963	(42,783)	(42,781)	(2)

26 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk (cont'd)

	Carrying amounts S$'000	Contractual cash flows S$'000	Within 1 year S$'000	Within 2-5 years S$'000
Company				
2011				
Trade and other payables*	**2,897**	**(2,897)**	**(2,897)**	**–**
2010				
Trade and other payables*	7,129	(7,129)	(7,129)	–

* *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.

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 it does not use derivative financial instruments to hedge its interest rate risk.

26 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)

Profile

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

	Group Carrying amount		Company Carrying amount	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Fixed rate instruments				
Financial assets	**28,980**	24,198	**24,480**	24,198
Financial liabilities	**(11,497)**	(4,783)	**–**	–
	17,483	19,415	**24,480**	24,198
Variable rate instruments				
Financial assets	**4,686**	–	**7,086**	6,031

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) profit 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 2010.

	Group		Company	
	100 bp increase S$'000	**100 bp decrease S$'000**	**100 bp increase S$'000**	**100 bp decrease S$'000**
2011				
Variable rate instruments	**47**	(47)	**71**	(53)
2010				
Variable rate instruments	**–**	–	**60**	(44)

26 FINANCIAL INSTRUMENTS (CONT'D)

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, Hong Kong dollar, Taiwan dollar, Chinese renminbi and Malaysia 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. Where necessary, the Group uses foreign exchange forward contracts to hedge its foreign currency risk.

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

	Singapore dollar S$'000	US dollar S$'000	Euro S$'000	British pound S$'000	Hong Kong dollar S$'000	Taiwan dollar S$'000	Chinese renminbi S$'000	Malaysia ringgit S$'000
Group								
2011								
Trade receivables	**–**	**11,109**	**–**	**–**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**17**	**4,566**	**48**	**60**	**–**	**–**	**19**	**–**
Amount due from related corporation	**1**	**157**	**–**	**2**	**–**	**–**	**2**	**–**
Other investment	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
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)**
2010								
Trade receivables	424	6,609	–	–	–	1,760	–	–
Cash and cash equivalents	725	2,590	55	61	–	18	–	–
Amount due from related corporation	1	4,522	–	–	–	–	–	–
Other investment	–	–	–	–	2,424	–	–	–
Loans and borrowings	(11)	(1,797)	–	–	–	–	–	–
Trade payables	(79)	(3,807)	(33)	–	–	(1,899)	–	–
Amount due to related corporation	(3,467)	(439)	–	–	–	–	–	–
	(2,407)	7,678	22	61	2,424	(121)	–	–

26 FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk (cont'd)

	US dollar S$'000	Euro S$'000	British pound S$'000	Hong Kong dollar S$'000	Chinese renminbi S$'000	Malaysia ringgit S$'000
Company						
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)**
2010						
Trade receivables	25	–	–	–	–	–
Cash and cash equivalents	234	55	61	–	–	–
Amount due from related corporation	16	–	–	–	–	–
Other investment	–	–	–	2,424	–	–
Trade payables	(105)	(33)	–	–	–	–
	170	22	61	2,424	–	–

26 FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk (cont'd)

Sensitivity analysis

A weakening of 10% in the following major currencies against the functional currency of each of the Group entities at 31 December would have increased/(decreased) profit or 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 2010:

	Group		Company	
	2011	2010	**2011**	2010
	Profit or loss	Profit or loss	**Profit or loss**	Profit or loss
	S$'000	S$'000	**S$'000**	S$'000
Singapore dollar [1]	**318**	241	**–**	–
US dollar	**(457)**	(768)	**(232)**	(17)
Euro	**(4)**	(2)	**(4)**	(2)
British pound	**(6)**	(6)	**(6)**	(6)
Hong Kong dollar	**–**	(242)	**–**	(242)
Taiwan dollar	**–**	12	**–**	–
Chinese renminbi	**(1)**	–	*****	–
Malaysia ringgit	**2**	–	**2**	–

* *less than S$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.

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 and retained earnings. 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.

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.

26 FINANCIAL INSTRUMENTS (CONT'D)

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:

	Note	Trading S$'000	Held-to-maturity S$'000	Loans and receivables S$'000	Available-for-sale S$'000	Other financial liabilities within the scope of FRS 39 S$'000	Total carrying amount S$'000	Fair value S$'000
Group								
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	8	–	–	–	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)
2010								
Cash and cash equivalents	12	–	–	34,698	–	–	34,698	34,698
Loans and receivables	11	–	–	44,589	–	–	44,589	44,589
Available-for-sale quoted equity securities	8	–	–	–	940	–	940	940
Held-to-maturity unquoted debt securities	8	–	2,424	–	–	–	2,424	2,424
Quoted equity securities held-for-trading	8	37	–	–	–	–	37	37
		37	2,424	79,287	940	–	82,688	82,688
Unsecured bank loans	15	–	–	–	–	(1,295)	(1,295)	(1,295)
Finance lease liability	15	–	–	–	–	(10)	(10)	(10)
Trust receipts	15	–	–	–	–	(1,732)	(1,732)	(1,732)
Secured invoice financing	15	–	–	–	–	(1,746)	(1,746)	(1,746)
Trade and other payables	17	–	–	–	–	(24,321)	(24,321)	(24,321)
		–	–	–	–	(29,104)	(29,104)	(29,104)

26 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

	Note	Held-to-maturity S$'000	Loans and receivables S$'000	Available-for-sale S$'000	Other financial liabilities within the scope of FRS 39 S$'000	Total carrying amount S$'000	Fair value S$'000
Company							
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	8	**–**	**–**	**551**	**–**	**551**	**551**
		–	**43,256**	**551**	**–**	**43,807**	**43,807**
Trade and other payables	17	**–**	**–**	**–**	**(2,899)**	**(2,899)**	**(2,899)**
2010							
Cash and cash equivalents	12	–	25,703	–	–	25,703	25,703
Loans and receivables	11	–	14,321	–	–	14,321	14,321
Available-for-sale quoted equity securities	8	–	–	940	–	940	940
Held-to-maturity unquoted debt securities	8	2,424	–	–	–	2,424	2,424
		2,424	40,024	940	–	43,388	43,388
Trade and other payables	17	–	–	–	(7,139)	(7,139)	(7,139)

26 FINANCIAL INSTRUMENTS (CONT'D)

Accounting classifications and fair values (cont'd)

Fair value hierarchy

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

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

	Level 1 **S$'000**
Group	
2011	
Available-for-sale quoted equity securities	**551**
2010	
Available-for-sale quoted equity securities	940
Quoted equity securities held for trading	37
	977
Company	
2011	
Available-for-sale quoted equity securities	**551**
2010	
Available-for-sale quoted equity securities	940

During the financial year ended 31 December 2011, there have been no transfers between Level 1 and Level 2 (2010: no transfer in either direction).

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) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease arrangements.

(iii) 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, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

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 2011, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2011	2010	**2011**	2010
	S$'000	S$'000	**S$'000**	S$'000
Within 1 year	**281**	578	**250**	200
After 1 year but within 5 years	**165**	380	**165**	16
	446	958	**415**	216

29 CONTINGENT LIABILITIES

Company

(a) As at 31 December 2011, the Company has issued unsecured guarantees to a bank in respect of credit facilities granted to one of its subsidiaries of S$3,692,000 (2010: S$16,883,000), of which the amount utilised was S$536,000 (2010: S$7,727,000).

There are no terms or conditions attached to these guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

(b) As at 31 December 2011, the Company has issued secured guarantees to a bank in respect of credit facilities to one of its subsidiaries of S$1,650,000 (2010: S$2,900,000), of which the amount utilised was Nil (2010: S$1,746,000).

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.

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group	
	2011	2010
	S$'000	S$'000
Short-term employee benefits		
Directors' fee payable*	**236**	378
Directors' remuneration	**912**	860
Key management staff	**908**	822
	2,056	2,060
Post-employment benefits		
Directors	**16**	13
Key management staff	**51**	35
	67	48

* *Includes Directors' fee of a subsidiary of S$45,000 (2010: S$90,000)*

30 RELATED PARTIES (CONT'D)

Other related party transactions

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

	2011 S$'000	2010 S$'000
Operating lease expenses paid/payable to a substantial shareholder	**206**	206
Reimbursement of utilities to a substantial shareholder	**67**	59
Legal service expense paid/payable to a substantial shareholder	**84**	52
Human resource services expense paid/payable to a substantial shareholder	**7**	–
Travelling expenses paid to a company that has a common director with the Company	**86**	31

As at 31 December 2010, investment in securities in companies that have a common director with the Company amounted to S$2,424,000. The securities were redeemed on 2 August 2011. The related interest income recognised during the year amounted to S$37,000 (2010: S$51,000).

31 SUBSEQUENT EVENT

Subsequent to the year end, the Company reached a settlement agreement with the directors of a debtor who had provided personal guarantees on a fully impaired amount. The Company received an amount of S$200,000 as part of a settlement for not proceeding with the litigation against the guarantors.

32 SUBSIDIARIES

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group 2011 %	2010 %	Cost of investment 2011 S$'000	2010 S$'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**	7,221	i
Intraco Technology Pte Ltd	Marketing and distribution of computer components and semiconductors, provision of wireless and embedded design and solutions, and provision of hospitality solutions and services.	Singapore	**–**	100	**–**	1,766	#
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	iii

32 SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group 2011 %	2010 %	Cost of investment 2011 S$'000	2010 S$'000	Note
Held by Intraco Technology Pte Ltd:							
PT Intraco Technology Indonesia	Marketing and distribution of computer components and semiconductors and hospitality solutions	Indonesia	**–**	99	**–**	141	#
Dormant							
Held by Intraco Limited:							
Sintraco Sdn. Bhd.		Malaysia	**100**	100	**1,110**	1,110	ii
Singapore Resources (Pte) Ltd		Singapore	**100**	100	**1,210**	1,210	*
Semicon Components Pte Ltd		Singapore	**100**	100	**1,000**	1,000	*
Intraco Securities Pte Ltd		Singapore	**100**	100	**1,000**	1,000	*
Held by Intraco Trading Pte Ltd:							
Orion Construction (Pte) Ltd		Singapore	**100**	100	**50**	50	i
Dormant							
Held by Intraco Securities Pte Ltd:							
Sinco Holdings Ltd		British Virgin Islands	**–**	100	**–**	–	v
Sinco Investments Ltd		British Virgin Islands	**–**	100	**–**	–	v
Held by Orion Construction Pte Ltd:							
Datacliff International Ltd		British Virgin Islands	**100**	100	**–**	–	v

32 SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group 2011 %	2010 %	Cost of investment 2011 S$'000	2010 S$'000	Note
Held by Sintraco Sdn. Bhd.:							
Damastra Sdn. Bhd.		Malaysia	**100**	100	**22**	22	ii
Under liquidation							
Held by Intraco Limited:							
IntraPage Pte Ltd		Singapore	**–**	–	**–**	–	iv

Notes
i Audited by KPMG LLP, Singapore.
ii Audited by Ernst & Young, Malaysia.
iii Audited by Zhong Hui CPA Ltd, People's Republic of China.
iv No audit was performed for 2010 and 2011 as company is under liquidation.
v Not required to be audited by law of country of incorporation.
 # Disposed during the year
** No audit was performed for 2011 as company is in the process of striking off during the year.*

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.

33 ASSOCIATES

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group 2011 %	2010 %	Cost of investment 2011 S$'000	2010 S$'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 DIRECTORS' REMUNERATION

Company's directors receiving remuneration from the Group

	2011	2010
S$500,000 and above	**1**	1
S$250,000 to S$499,999	**1**	1
Below S$250,000	**4**	3
	6	5

2 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

3 INTERESTED PERSON TRANSACTIONS

Interested person	Aggregate value of all transactions (excluding transactions conducted under a shareholders' mandate pursuant to Rule 920 2011 S$'000	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual 2011 S$'000
PSC Corporation Ltd – Rental of office premises	**–**	**206**

4 MATERIAL CONTRACTS

Except as disclosed in note 30 to the financial statements, there are no other material contracts entered into between the Company and its subsidiaries involving the interests of the chief executive officer or each director of the Company during the financial year.

SHAREHOLDING STATISTICS

AS AT 12 March 2012

Number of Issued and Fully Paid Shares	:	98,635,879
Class of Shares	:	Ordinary Shares with 1 vote for each ordinary share
Issued and Fully Paid Share Capital	:	S$81,873,519.07

The Company does not have any treasury shares.

ANALYSIS OF SHAREHOLDERS AS AT 12 MARCH 2012

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	405	9.59	145,914	0.15
1,000 – 10,000	3,078	72.85	11,081,8547	11.38
10,001 – 1,000,000	736	17.42	36,487,411	36.60
1,000,001 and above	6	0.14	50,920,700	51.87
	4,225	100.00	98,635,879	100.00

MAJOR SHAREHOLDERS LIST – TOP 20 AS AT 12 MARCH 2012

NO.	NAME OF SHAREHOLDER	NO. OF SHARES HELD	%
1.	PSC CORPORATION LTD	29,486,148	29.89
2.	DBS VICKERS SECS (S) PTE LTD	14,211,573	14.41
3.	DBS NOMINEES PTE LTD	2,582,751	2.62
4.	UNITED OVERSEAS BANK NOMINEES	2,004,353	2.03
5.	MORPH INVESTMENTS LTD	1,464,000	1.48
6.	LEE RUBBER COMPANY PTE LTD	1,171,875	1.19
7.	BOON SUAN AIK	920,000	0.93
8.	OCBC NOMINEES SINGAPORE	899,000	0.91
9.	DB NOMINEES (S) PTE LTD	896,000	0.91
10.	KHONG KIN PANG	816,000	0.83
11.	OCBC SECURITIES PRIVATE LTD	791,259	0.80
12.	HL BANK NOMINEES (S) PTE LTD	727,000	0.74
13.	TAN CHIANG SIEW OR WEE CHIEW GWEK	574,000	0.58
14.	GOH CHOON WEI OR GOH SOON POH	560,000	0.57
15.	SIM WEE LIM	388,000	0.39
16.	LAI WENG KAY	338,000	0.34
17.	YONG KEE SAM	337,000	0.34
18.	TAN CITI TIME PTE LTD	335,000	0.34
19.	TAN YONG CHIANG OR TAN HUI LIANG	335,000	0.34
20.	HONG LEONG FINANCE NOMINEES PL	331,000	0.34
	TOTAL	**59,167,959**	**59.98**

SHAREHOLDING STATISTICS

AS AT 12 March 2012

SHAREHOLDERS DISTRIBUTION BY LOCATION

LOCATION OF SHAREHOLDERS	NO OF SHAREHOLDERS	%	NUMBER OF SHARES	%
SINGAPORE	4,067	96.26	95,677,867	97.00
MALAYSIA	111	2.63	969,968	0.98
HONG KONG	8	0.19	74,952	0.08
US	6	0.14	9,676	0.01
UK	2	0.05	14,000	0.01
EUROPE	1	0.02	3,750	0.00
AUSTRALIA/NEW ZEALAND	17	0.40	145,207	0.15
OTHERS	13	0.31	1,740,459	1.77
TOTAL	**4,225**	**100.00**	**98,635,879**	**100.00**

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2012

Name of Substantial Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	Total Interest No. of Shares	%
PSC Corporation Ltd	29,486,148	29.89	0	0	29,486,148	29.89
Violet Profit Holdings Limited[1]	0	0	29,486,148	29.89	29,486,148	29.89
Ku Yun-Sen[2]	0	0	29,486,148	29.89	29,486,148	29.89

Notes:

(1) Violet Profit Holdings Limited is deemed to have an interest through PSC.

(2) Ku Yun-Sen is deemed to have an interest through Violet Profit Holdings Limited, which is deemed to have an interest through PSC.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 12 March 2012, 70.11 % 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.

INTRACO Limited
(Registration No. 196800526Z)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Forty-Third Annual General Meeting of INTRACO Limited will be held at The Function Room, 348 Jalan Boon Lay, Singapore 619529 on Wednesday, 25 April 2012 at 3.00 p.m., for the following purposes:

AS ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and Audited Financial Statements of the Company for the financial year ended 31 December 2011 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$191,000 for the financial year ended 31 December 2011. (2010: S$288,000) **(Resolution 2)**

3. To re-elect Dr Allan Yap, who retires by rotation pursuant to Article 115 of the Articles of Association of the Company.
[See Explanatory Note (i)] **(Resolution 3)**

4. To note the retirement of Mr Hoon Tai Meng retiring by rotation pursuant to Article 116 of the Articles of Association of the Company and who is not seeking re-election.
[See Explanatory Note (ii)] **(Resolution 4)**

5. To re-elect Madam Tang Cheuk Chee, who retires by rotation pursuant to Article 119 of the Articles of Association of the Company.
[See Explanatory Note (iii)] **(Resolution 5)**

6. To re-appoint Messrs KPMG LLP as the Company's auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other routine business that may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

8. Authority to issue shares under the Intraco Limited Share Option Scheme 2000

That the Directors of the Company be and are hereby authorised, pursuant to Section 161 of the Companies Act, Chapter 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Intraco Limited Share Option Scheme 2000 (the "Scheme") provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue

in force until the conclusion of the next Annual General Meeting of the Company or the date by which the Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (iv)] **(Resolution 7)**

9. **Renewal of Shareholders' Mandate for Interested Person Transactions**

That for the purposes of Chapter 9 of the Listing Manual ("Chapter 9") of the SGX-ST:

a. approval be and is hereby given for the Company, its subsidiaries and associated companies that are considered to be 'entities at risk' under Chapter 9, or any of them, to enter into any of the transactions falling within the types of interested person transactions described in the Appendix to the Annual Report for the financial year 2011 (the "Appendix") with any party who is of the class of interested persons described in the Appendix, provided that such transactions are made on normal commercial terms and in accordance with the review procedures for such interested person transactions (the "Mandate");

b. the approval given in paragraph a. above shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company; and

c. the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the Mandate and/or this Resolution.
[See Explanatory Note (v)] **(Resolution 8)**

By Order of the Board

Chong Eng Wee
Go Kim Chuan Mark
Joint Company Secretaries

Singapore, 10 April 2012

NOTES:

1. Save as provided in the Articles of Association, a member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

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

EXPLANATORY NOTE:

(i) Dr Allan Yap will, upon re-election as Director of the Company, remain as Chairman of the Board and a member of the Executive Committee and will be considered as non-independent.

(ii) Mr Hoon Tai Meng, who wishes to retire pursuant to Article 116 of the Articles of Association of the Company, has given notice to the Nominating Committee, that he is not seeking re-election.

(iii) Madam Tang Cheuk Chee will, upon re-appointment as a Director of the Company, remain as member of the Executive Committee and will be considered as non-independent.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(iv) **Resolution 7** is to authorise the Directors pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue shares under the Scheme. The size of the Scheme is limited to fifteen per cent. (15%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

(v) **Resolution 8** is to empower the Directors of the Company to continue to enter into interested person transactions, on the Group's normal commercial terms and in accordance with the guidelines and procedures of the Company for interested person transactions as described in the Appendix to Shareholders dated 10 April 2012. This authority will continue in force until the next Annual General Meeting.

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INTRACO Limited

(Registration No. 196800526Z)
(Incorporated in Singapore with limited liability)

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 or Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC or Passport No.	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 The Function Room, 348 Jalan Boon Lay, Singapore 619529 on 25 April 2012 at 3 p.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 2011		
2.	Approval of Directors' Fees		
3.	Re-election of Dr Allan Yap as a Director		
4.	To note the retirement of Mr Hoon Tai Meng as a Director		
5.	Re-election of Madam Tang Cheuk Chee as a Director		
6.	Re-appointment of KPMG LLP as Auditors of the Company		
	Special Business		
7.	Authority for Directors to allot and issue shares pursuant to Intraco Limited Share Option Scheme 2000		
8.	To approve the renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this __________ day of ____________ 2012

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.

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Company Secretary
INTRACO Limited
348 Jalan Boon Lay
Singapore 619529

CORPORATE DIRECTORY

SINGAPORE

Executive Committee
Dr Allan Yap
Executive Chairman
Tel : (65) 65866 777
Fax : (65) 63163 128
Email : exco@intraco.com

Mdm Tang Cheuk Chee
Executive Director
Tel : (65) 65866 777
Fax : (65) 63163 128
Email : exco@intraco.com

Chief Operating Officer
Mr Ronald Lim
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Legal & Secretarial
Mr Mark Go Kim Chuan
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INTRACO Limited

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Website : www.intraco.com

APPENDIX DATED 10 APRIL 2012

This Appendix is circulated to the Shareholders of Intraco Limited (the "**Company**") together with the Company's Annual Report.

Its purpose is to explain to Shareholders the rationale and provide information for the proposed renewal of the Mandate For Interested Person Transactions to be tabled at the Annual General Meeting of the Company to be held on 25 April 2012 at 3.00 p.m. at The Function Room, 348 Jalan Boon Lay, Singapore 619529.

If you are in doubt as to the action you should take, please consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.

intraco

INTRACO Limited

(Incorporated in the Republic of Singapore)
(Registration No. 196800526Z)

APPENDIX IN RELATION TO THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

"AGM"	The Annual General Meeting of the Company, notice of which is enclosed with the Annual Report (or any adjournment thereof)
"Annual Report"	Annual Report of the Company
"Articles"	The articles of association of the Company
"CDP"	The Central Depository (Pte) Limited
"Company"	Intraco Limited
"Companies Act"	The Companies Act, Chapter 50 of Singapore
"Director"	A director of the Company for the time being
"FY"	Financial year ended or ending 31 December
"Latest Practicable Date"	The latest practicable date prior to the printing of this Appendix being 2 April 2012
"Listing Manual"	The listing manual of the SGX-ST, as amended, modified, or supplemented from time to time
"Memorandum"	The memorandum of association of the Company
"NTA"	Net tangible assets
"Proxy Form"	The proxy form in respect of the AGM as enclosed together with the Annual Report
"PSC"	PSC Corporation Ltd
"Securities Accounts"	Securities accounts maintained by Depositors with CDP, but not including securities accounts maintained with a Depository Agent
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shareholders"	Registered holders of Shares except that where the registered holder is CDP, the term "**Shareholders**" shall, in relation to such Shares, mean the Depositors to whose securities accounts maintained with CDP are credited with the Shares
"Shares"	Ordinary shares in the capital of the Company
"S$" and **"cents"**	Singapore dollars and cents, respectively
"%" or **"per cent."**	Percentage or per centum

The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word used in this Appendix and defined under the Companies Act or any statutory modification thereof and, not otherwise defined in this Appendix shall have the meaning assigned to it under the Companies Act, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference in this Appendix to a time of day shall be a reference to Singapore time, unless otherwise stated.

1 INTRODUCTION

1.1 The purpose of this Appendix is to provide Shareholders with relevant information pertaining to, and to seek Shareholders' approval at the AGM for the renewal of the general mandate that will enable the Company, its subsidiaries and associated companies to enter into transactions with interested persons in compliance with Chapter 9 of the Listing Manual.

2. THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 The Shareholders' Mandate

The Company had on 22 April 2004 obtained a general mandate (the "**Mandate**") from Shareholders pursuant to Chapter 9 of the Listing Manual whereby authority was given to the Company, its subsidiaries and associated companies which are considered "entities at risk" within the meaning of Rule 904(2) of the Listing Manual, in their ordinary course of businesses, to enter into categories of transactions with specified classes of the Company's interested persons. The Mandate was most recently renewed on 25 April 2011 and was expressed to take effect until the next annual general meeting of the Company. The Mandate will expire on 25 April 2012, being the date of the forthcoming annual general meeting of the Company. Pursuant to Chapter 9 of the Listing Manual, Shareholders' approval is sought for the proposed renewal of the Mandate.

There is no change in the categories of transactions, entities at risk and interested persons in the proposed renewal of the Mandate for 2012.

2.2 The Proposed Renewal of the Mandate

The Mandate enables the Company, its subsidiaries and associated companies which are considered to be "entities at risk" within the meaning of Rule 904(2) of the Listing Manual, in their ordinary course of businesses, to enter into categories of transactions with specified classes of the Company's interested persons, provided that such transactions are entered into on an arm's length basis,on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Details of the Mandate, including the rationale for, and the benefits to the Company, the review procedures for the Interested Person Transactions (as defined below) and other general information relating to Chapter 9 of the Listing Manual are set out below.

2.3 The Mandate

<u>Chapter 9 of the Listing Manual</u>

2.3.1 Chapter 9 of the Listing Manual governs transactions by a company listed on the SGX-ST, as well as transactions by the listed company's subsidiaries and associated companies that are considered to be at risk, with the listed company's interested persons. When this Chapter applies to a transaction and the value of that transaction alone or on aggregation with other transactions conducted with the interested person during the financial year reaches, or exceeds, certain materiality thresholds, the listed company is required to make an immediate announcement, or to make an immediate announcement and seek its shareholders' approval for that transaction.

2.3.2 Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested person and hence are excluded from the ambit of Chapter 9, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA) are reached or exceeded. Specifically, an immediate announcement is required for the following transactions of certain materiality thresholds where:-

(a) the value of a transaction is equal to or exceeds 3 per cent. of the group's latest audited consolidated NTA; or

(b) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 3 per cent. of the Group's latest audited consolidated NTA. An announcement will have to be made immediately of the latest transaction and all future transactions entered into with that same interested person during the financial year;

and shareholders approval (in addition to an immediate announcement) is required where:-

(c) the value of a transaction is equal to or exceeds 5 per cent. of the Group's latest audited consolidated NTA; or

(d) the aggregate value of all transactions entered into with the same interested person during the same financial year, is equal to or more than 5 per cent. of the Group's latest audited consolidated NTA. The aggregation will exclude any transaction that has been approved by shareholders previously, or is the subject of aggregation with another transaction that has been previously approved by shareholders.

For the purposes of aggregation, interested person transactions below S$100,000.00 each are to be excluded.

2.3.3 Based on the latest audited consolidated accounts of the Company and its subsidiaries (the "**Intraco Group**") for FY2011, the consolidated NTA of the Intraco Group was S$69,437,000. In relation to the Company, for the purposes of Chapter 9, in the current financial year and until such time that the consolidated audited accounts of the Intraco Group for FY2011 are published, 5 per cent. of the latest audited consolidated NTA of the Intraco Group would be S$3,471,850.

2.3.4 Chapter 9 of the Listing Manual permits a listed company to seek a mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the listed company's interested persons.

2.3.5 Under the Listing Manual:-

(a) an "**associated company**" means a company in which at least 20 per cent. but not more than 50 per cent. of its shares are held by the listed company or the group;

(b) a "**controlling shareholder**" means a person who:-

(i) holds directly or indirectly 15 per cent. or more of the nominal amount of all voting shares in the company; or

(ii) in fact exercises control over a company;

(c) an "**entity at risk**" ("**EAR**") means:-

(i) the listed company;

(ii) a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange; or

(iii) an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

(d) an "**interested** person" means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder;

(e) an "**associate**":

(i) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

(aa) his immediate family (ie his spouse, child, adopted child, step-child, sibling and parent);

(bb) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and

(cc) any company in which he and his immediate family together (directly or indirectly) have an interest of 30 per cent. or more.

(ii) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30 per cent. or more;

(f) an "**approved exchange**" means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;

(g) an "**interested person transaction**" means a transaction between an entity at risk and an interested person; and

(h) "**group**" means the issuer and its subsidiaries, if any.

2.4 Scope and Rationale for the Mandate

2.4.1 The Company, its subsidiaries and associated companies are a diversified group engaged in a wide range of activities spanning the trading and supply of commodities, food products, electronic and electrical components, and the provision of engineering services. It is envisaged that in the ordinary course of their businesses, transactions between companies in the EAR Group (as defined below) and the Company's interested persons are likely to occur from time to time and at any time for business services and supplies. Such transactions would include, but are not limited to, the provision of goods and services in the ordinary course of business of the EAR Group to the Company's interested persons or the obtaining of goods and services from them.

2.4.2 The renewal of the Mandate will facilitate business efficacy in the normal course of the business operations of the Intraco Group and enable:

(a) the Company;

(b) subsidiaries of the Company (other than a subsidiary that is listed on the SGX-ST or an approved exchange); and

(c) associated companies of the Company (other than an associated company that is listed on the SGX-ST or an approved exchange) over which the Intraco Group, or the Intraco Group and interested person(s) of the Company has or have control,

(together, the "**EAR Group**") or any of them, in the ordinary course of their businesses, to enter into the categories of transactions (the "**Interested Person Transactions**") set out in paragraph 2.6 below with the specified classes of the Company's interested persons (the "**Interested Persons**") set out in paragraph 2.5 below, provided such Interested Person Transactions are made on normal commercial terms and not prejudicial to the interests of the Company and/or its minority shareholders.

2.5 Classes of Interested Persons

The Mandate will apply to the following classes of Interested Persons:

2.5.1 PSC and its associates; and

2.5.2 Directors, chief operating officer(s) and controlling shareholders of the Company (other than the controlling shareholders described in sub-paragraph 2.5.1 above) and their respective associates.

2.6 Categories of Interested Person Transactions

2.6.1 The Interested Person Transactions with the Interested Persons (as described in paragraph 2.4.2 above) which will be covered by the Mandate and the benefits to be derived therefrom are set out below and in paragraph 2.7 respectively:

(a) the marketing of, and trading in, raw materials and commodities including but not limited to steel, metals, paper, petrochemicals and plastics and their by-products;

(b) the trading, marketing, distribution of and the coordination of distribution services for:

(i) electrical and electronic components, light fittings, environmental solutions, marine and engineering equipment, building materials and other industrial equipment and machinery;

(ii) food products;

(iii) products for the semiconductor industry;

(iv) provisions and household consumer products; and

(v) furniture products, system furniture and office furniture;

(c) the provision of project management services and engineering and engineering-related services, including but not limited to design services, consultancy services and procurement services;

(d) the provision of interior design and renovation services and all types of interior and architectural finishes;

(e) the trading, marketing, distribution and the coordination of distribution services and the provision and operation of telecommunications and data communications systems and services, security systems, internet services, software development services and multimedia services;

(f) the marketing and provision of:

(i) business matching services;

(ii) corporate back-office services; and

(iii) supply-chain coordination services; and

(g) the leasing and rental of properties.

2.6.2 The Mandate will not cover any transaction by a company in the EAR Group with an Interested Person that is below S$100,000.00 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

2.6.3 Transactions with interested persons (including the Interested Persons) that do not fall within the ambit of the Mandate will be subject to the relevant provisions of Chapter 9 of the Listing Manual and/or other applicable provisions of the Listing Manual.

2.7 Benefits to Shareholders

The renewal of the Mandate will enhance the ability of companies in the EAR Group to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the relevant company in the EAR Group into, such transactions. This will substantially reduce the expenses associated with the convening of general meetings on an ad hoc basis, improve administrative efficacy considerably, and allow manpower resources and time to be channeled towards attaining other corporate objectives.

2.8 Review Procedures for the Interested Person Transactions

2.8.1 The Company has in place an internal control system to ensure that Interested Person Transactions are made on normal commercial terms, supported by quotations from unrelated third party suppliers or service providers where appropriate, and consistent with the Intraco Group's prevailing policies and practices. To ensure that Interested Person Transactions carried out pursuant to the Mandate are undertaken on normal commercial terms, in the EAR Group's interest and on terms no more or less favourable than those extended to or by unrelated third parties, the following procedures will be implemented:

(a) All Interested Person Transactions will be reviewed quarterly by the Company's Internal Audit Division together with the Chief Operating Officer of the Company to ensure that prior approval for Interested Person Transactions is only given in circumstances where:

    (i) such transactions are in accordance with industry norms and the EAR Group's usual business practices and policies, and are at such prevailing rates as at the time of the relevant transaction;

    (ii) in respect of transactions for the purchase of products and/or services by the EAR Group from Interested Persons, the terms offered are comparable with those offered and no less favourable than those extended by unrelated third parties for the same or substantially similar products and/or services;

    (iii) in respect of transactions for the supply of products and/or services by the EAR Group to Interested Persons, the terms are no more favourable to the Interested Persons than those extended by the EAR Group to unrelated third parties for the same or substantially similar products and/or services; and

    (iv) in respect of the leasing and rental of properties, the transactions with Interested Persons will be carried out at prices comparable with the market value and/or rent of properties of similar type and close vicinity.

    In the event that the Chief Operating Officer or his associates is deemed to be interested in the Interested Person Transactions, the Audit Committee will appoint another senior officer of the Company (who must not be an interested person or his associates) to review the Interested Person Transactions with the Company's Internal Audit Division.

(b) As a basis for comparison to determine whether the price and terms offered to/by the Interested Persons are no more favourable than those extended to/by third parties, contracts for the same or substantially similar types of transactions entered by the EAR Group with unrelated third parties will be used.

    As a basis for comparison to determine whether terms offered by the Interested Persons (taking into account factors such as pricing, delivery schedule, usual margins, rebates or discounts accorded for bulk purchases) are fair and reasonable, quotes will be obtained where possible from at least two unrelated third-party suppliers, for the same or substantially similar quantities and quality of products and/or services.

    With regard to the leasing and rental of properties, the Company will seek the advice of professional property valuers on the market value and/or rent for such properties or carry out comparisons of market value and/or rent for similar properties in the vicinity. The Chief Operating Officer of the Company and an officer from the Internal Audit Division of the Company will review the advice of the professional property valuers or the comparisons of market value and/or rent, whichever is applicable.

Where it is impractical or not possible for quotes to be obtained from unrelated third party suppliers, or where there has not been any similar or substantially similar transaction between the EAR Group and unrelated third parties, the terms of supply will be in accordance with applicable industry norms, prevailing rates and at rates or prices no less favourable than those charged by the Interested Person to an unrelated third party. In such a situation, an officer (who must not be an Interested Person or his associates) from the Internal Audit Division of the Company will be responsible for deciding, in consultation with the head of the relevant business unit of the EAR Group, on the relevant industry norms and prevailing rates to be used as a comparison.

(c) The Internal Audit Division of the Company will maintain a register of transactions carried out with Interested Persons pursuant to the Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into). It will also incorporate into the Company's internal audit plan, a quarterly review of all Interested Person Transactions entered into in the relevant financial year pursuant to the Mandate.

(d) In addition:

(i) Interested Person Transactions equal to or exceeding S$100,000.00 but below 3 per cent. of the latest audited consolidated NTA of the Company each in value will be subject to review and prior approval by the Chief Operating Officer of the Company, or other officer of similar rank (as may be designated from time to time by the Chief Operating Officer of the Company or the Audit Committee for the purpose);

(ii) Interested Person Transactions between 3 per cent. and 5 per cent. of the latest audited consolidated NTA of the Company each in value will be subject to review and prior approval by the Chief Operating Officer of the Company or, in his absence, the Chairman of the Audit Committee or some other member of the Audit Committee (as may be designated from time to time by the Chairman of the Audit Committee for the purpose);

(iii) Interested Person Transactions equal to or exceeding 5 per cent. of the latest audited consolidated NTA of the Company each in value will be subject to review and prior approval by the Audit Committee. The Audit Committee may, as it deems fit, request for additional information pertaining to the Interested Person Transaction from independent sources or advisers, including the obtaining of valuations from professional valuers; and

(iv) any officer (including the Chief Operating Officer and a member of the Audit Committee) who has an interest in the Interested Person Transactions shall abstain from participating in the review and approval process in respect of that transaction.

(e) The Audit Committee will also undertake the following reviews:

(i) an annual review, to ascertain that the internal control system and procedures established for Interested Person Transactions has been complied with; and

(ii) quarterly reviews to consider the identity of the Interested Persons and types of Interested Person Transactions entered into by the EAR Group, and whether the established guidelines and procedures for Interested Person Transactions have become inappropriate or are unable to ensure that the transactions will be on the EAR Group's normal commercial terms and will not be prejudicial to the interests of the Company and/or its minority Shareholders.

(f) If in the event that the position of the Chief Operating Officer be vacant at the material time, the Audit Committee will appoint another senior officer of the Company (who must not be an Interested Person or his associates) to assist in the performance of the Chief Operating Officer's duties in this clause 2.8.1.

2.8.2 If during these quarterly reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the EAR Group are conducted, or types of Interested Person Transactions, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that all Interested Person Transactions will be on an arm's length and normal commercial terms basis and are not prejudicial to the interests of the Company and its minority Shareholders.

2.9 Validity Period of the Renewed Mandate

The renewed Mandate will take effect from the passing of the ordinary resolution relating thereto at the AGM, and will (unless revoked or varied by the Company in general meeting) continue in force until the next annual general meeting of the Company. Approval from Shareholders will be sought for the renewal of the Mandate at the next annual general meeting and at each subsequent annual general meeting of the Company, subject to satisfactory review by the Audit Committee of its continued application to the transactions with Interested Persons.

2.10 Disclosure in Annual Report

2.10.1 The Company will announce the aggregate value of transactions conducted with Interested Persons pursuant to the Mandate for the half-yearly financial periods which the Company is required to report on pursuant to the Listing Manual and within the time required for the announcement of such report.

2.10.2 Disclosure will also be made in the Company's Annual Report of the aggregate value of transactions conducted with Interested Persons pursuant to the Mandate during the financial year, and in the Annual Reports for subsequent financial years that the Mandate continues in force, in accordance with the requirements of Chapter 9 of the Listing Manual.

2.11 Directors' and Substantial Shareholders' Interests

2.11.1 The interests of the Directors in the Shares as at the Latest Practicable Date are set out below:

Name of Director	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%	No. of outstanding shares comprised in Options
Dr Allan Yap	—	—	—	—	—
Madam Tang Cheuk Chee	—	—	—	—	—
Dr Tan Ng Chee	—	—	—	—	—
Dr Tan Boon Wan	—	—	—	—	—
Mr Hoon Tai Meng(1)	—	—	—	—	—

Notes:

(1) Mr Hoon Tai Meng will retire at the forthcoming Annual General Meeting to be held on 25 April 2012.

2.11.2 Dr Allan Yap, the Executive Chairman of the Board of Directors of the Company, is also the Executive Chairman of PSC. Mdm Tang Cheuk Chee, an Executive Director of the Company, is currently the Executive Director of PSC. Mr Hoon Tai Meng, a Non-Executive and Non-Independent Director of the Company, is a nominee of PSC. Dr Allan Yap, Mdm Tang Cheuk Chee and Mr Hoon Tai Meng will abstain from and will not accept nomination as proxy or otherwise for voting in respect of the ordinary resolution relating to the renewal of the Mandate to be tabled at the forthcoming AGM unless Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast in respect of such ordinary resolution.

2.11.3 The interests of the substantial Shareholders in the Shares as recorded in the Register of Substantial Shareholders as at the Latest Practicable Date are set out below:

Name of Substantial Shareholder	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	Total Interest No. of Shares	%
PSC Corporation Ltd	29,486,148	29.89	0	0	29.89
Violet Profit Holdings Limited(1)	0	0	29,486,148	29,486,148	29.89
Ku Yun-Sen(2)	0	0	29,486,148	29,486,148	29.89

Notes:

(1) Violet Profit Holdings Limited is deemed to have an interest through PSC.

(2) Ku Yun-Sun is deemed to have an interest through Violet Profit Holdings Limited.

2.11.4 PSC is an Interested Person (as described in paragraph 2.5 above) and will abstain, and will procure that its associates will abstain, from voting their shareholdings, if any, in respect of the ordinary resolution relating to the proposed renewal of the Mandate to be tabled at the forthcoming AGM.

2.12 Statement by the Audit Committee

The Audit Committee of the Company has reviewed the terms of the proposed renewal of the Mandate and has confirmed that the methods or procedures for determining the transaction prices of the Interested Person Transactions have not changed since the adoption of the Mandate on 22 April 2004 and the renewal of the Mandate at each of the AGMs for the years 2005, 2006, 2007, 2008, 2009, 2010 and 2011. The Audit Committee is also of the view that such methods or procedures for determining the transaction prices of the Interested Person Transactions and the annual reviews made by the Audit Committee are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interest of the Company and its minority Shareholders.

However, should the Audit Committee subsequently no longer be of this opinion, the Company will revert to the Shareholders for a fresh mandate based on new guidelines and procedures for transactions with Interested Persons to ensure that Interested Person Transactions will be on an arm's length and normal commercial terms basis.

3. ANNUAL GENERAL MEETING

The AGM, notice of which is enclosed with the annual report, will be held at The Function Room, 348 Jalan Boon Lay, Singapore 619529 on 25 April 2012 at 3.00 p.m. Your approval for the proposed renewal of the Mandate is being sought at the AGM. The resolution relating to the renewal of the Mandate is contained in the Notice of AGM as Ordinary Resolution 8.

4. DIRECTORS' RECOMMENDATIONS

The Directors who are considered independent for the purposes of the proposed renewal of the Mandate are Dr Tan Ng Chee and Dr Tan Boon Wan (collectively the "Independent Directors"). Having fully considered, inter alia, the scope, guidelines and review procedures, the continuing validity of the rationale and benefits of the Mandate, the Independent Directors are of the opinion that it is in the best interests of the EAR Group for it to be permitted to enter into the Interested Person Transactions in its normal course of business with the Interested Persons provided that such Interested Person Transactions are entered into on an arm's length and normal commercial terms basis and will not be prejudicial to the interests of the Company and its minority Shareholders. For the reasons set out in paragraphs 2.4, 2.6 and 2.7 of this Appendix, the Independent Directors recommend that the Shareholders vote in favour of Ordinary Resolution 8, being the Ordinary Resolution relating to the proposed renewal of the Mandate.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given herein and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the renewal of the Mandate, the Intraco Group, and the Directors are not aware of any facts, the omission of which would make any statement in this Appendix misleading.

Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

The SGX-ST assumes no responsibility for the accuracy of any statement made, opinion expressed or report contained in this Appendix.

6. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529, during normal business hours from the date of this Appendix up to and including the date of the AGM:

(a) the Annual Report for FY2011; and

(b) the Memorandum and Articles.