

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 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 current 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)

Key information on the Board of Directors is set out on page 18.

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.

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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 Wing On Travel (Holdings) Limited 5 Burcon NutraScience Corporation 6 MRI Holdings Limited 7 Tat Seng Packaging Group Ltd 8 See Corporation Limited	1 BIG Media Group Limited 2 China Strategic Holdings Limited	NA
Dr Tan Ng Chee Doctorate in Law, University of Oxford	(a) 10.12.2002 (b) 22.04.2009	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 LGT Bank in Liechtenstein (Singapore) Ltd 4 Prudential Assurance Company Singapore (Pte) Ltd	Nil	NA
Mr Foo Der Rong Bachelor of Commerce, Nanyang University	(a) 03.12.2003 (b) 23.04.2008	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	Retirement pursuant to Article 115
Dr Tan Boon Wan Doctorate in Physics and Master in Management, Imperial College, University of London	(a) 05.10.2004 (b) 20.04.2007	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	1 Abecha Pte Ltd 2 Concord Energy (Indonesia) Pte Ltd 3 Rich Energy (Indonesia) Pte Ltd	Retirement pursuant to Article 115
Mr Hoon Tai Meng Bachelor of Commerce, Nanyang University and Bachelor of Laws (Honours), University of London	(a) 21.12.2004 (b) 23.04.2008	Non-Executive and Non-Independent	Member – Audit, Nominating and Remuneration Committees	1 Auswin Holdings Limited 2 China Video Surveillance Limited 3 Chip Eng Seng Corporation Ltd 4 Dynamic Colours Limited 5 Federal International (2000) Ltd 6 Sin Ghee Huat Corporation Limited 7 Time Watch Investments Ltd 8 Yangtze China Investment Limited	1 Abecha Pte Ltd 2 Automated Touchstone Machines Ltd 3 Mentor Media Ltd 4 Equation Corp Ltd	NA

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Executive Committee

The EC comprises Dr Allan Yap and Mr Foo Der Rong.

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 its 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 and Board Committees and attendance thereat during the past financial year 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	5	1	1	NA	3	NA	5	NA
Dr Tan Ng Chee	5	5	1	1	3	3	5	5
Mr Foo Der Rong	5	5	1	NA	3	NA	5	NA
Dr Tan Boon Wan	5	5	1	1	3	3	5	5
Mr Hoon Tai Meng	5	5	1	1	3	3	5	5

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 on 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 more than one-third of it comprising non-executive, independent Directors, who are able to exercise objective judgement on corporate affairs independently from the Management.

The size and composition of the Board are reviewed from time to time by the NC to ensure that the size of the Board is conducive to effective discussions and decision-making and that the Board has the appropriate mix of expertise and experience as well as an appropriate balance of independent Directors. The Board considers its current board size of five (5) Directors (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 current 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 and collective experience and knowledge are invaluable to the Group and allows 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 more than one-third of the Board) are independent and no individual or small group of individuals dominates the Board's decision-making process.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and 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 is the Executive Director 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 Director is responsible for the day-to-day operations of the Group and plays 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

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Members of the Committee comprise persons of stature, integrity and accountability, who would be 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 shareholders' 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 has 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.

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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

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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 2009.

Remuneration Band	Salary	Bonus	Director's Fees	*Allowances and		Total
				Other benefits		
S\$250,000 to S\$499,999						
Dr Allan Yap	80.9%	13.5%	4.2%	1.4%		100%
Below S\$250,000						
Dr Tan Ng Chee	–	–	100%	–		100%
Mr Foo Der Rong	72.6%	18.1%	7.6%	1.7%		100%
Dr Tan Boon Wan	–	–	100%	–		100%
Mr Hoon Tai Meng	–	–	100%	–		100%

*including employer's contributions to the Central Provident Fund

Disclosure of the top five executives' remuneration (who are not directors) in bands of S\$250,000 (based on gross remuneration received and inclusive of employer's contributions to the Central Provident Fund) is set out below. The top executives include the COO, CEO of an subsidiary, two (2) core business heads and one (1) Senior Vice President of a subsidiary.

Remuneration Band	Number of Executives
S\$250,000 to S\$499,999	2
Below S\$250,000	3

As at 31 December 2009, there is an employee of the Group who is an immediate family member of the Executive Chairman.

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

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;

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- 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 our Group's operating results or financial position and our 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 the 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).

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.

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 Group has in place a Whistle-blowing Policy which serves to encourage and provide a channel through which employees may, in good faith and in confidence, raise concerns in financial and other matters, to ensure independent investigation of such matters and 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 the 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.

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The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by Management and that was in place throughout the financial year and up to the date of this report, provides reasonable, but not absolute assurance against material financial mis-statements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Risk Management Policies and Processes

The main risks arising from the Group's financial operations are liquidity risk, foreign currency risk, credit 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.

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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(18) 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 2009, the Company has complied with Listing Rule 1207(18).

(F) MATERIAL CONTRACTS

Except for the service agreements with the Executive Directors, there were no material contracts of the Company or its subsidiaries involving the interests of any director or controlling shareholder subsisting at the end of the financial year ended 31 December 2009.

On behalf of the Board of Directors,

ALLAN YAP
Executive Chairman

FOO DER RONG
Executive Director

DIRECTORS' REPORT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2009.

Directors

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

Dr Allan Yap
Dr Tan Ng Chee
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 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	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	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 and at the end of the financial year.

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

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

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.

DIRECTORS' REPORT

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 28 to the financial statements, since the end of the previous 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	Options cancelled	Options outstanding	Number of option holders	Exercise period
		at 1/1/2009		at 31/12/2009	at 31/12/2009	
30/3/2001	\$0.50	196,000	–	196,000	8	30/3/2002 – 29/3/2011
8/10/2002	\$0.50	483,000	10,000	473,000	16	8/10/2003 – 7/10/2012
		679,000	10,000	669,000	24	

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At the end of the financial year, 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 1/1/2009	Options cancelled	Options outstanding at 31/12/2009	Number of option holders at 31/12/2009	Note
5/5/2006	\$0.50	1,065,000	70,000	995,000	10	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.

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.

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

On behalf of the Board of Directors

Dr Allan Yap

Executive Chairman

Mr Foo Der Rong

Executive Director

Singapore

5 March 2010

STATEMENT BY DIRECTORS

In our opinion:

- (a) the financial statements set out on pages 34 to 84 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and 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

Mr Foo Der Rong

Executive Director

Singapore

5 March 2010

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY, INTRACO LIMITED

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 2009, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement 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 notes, as set out on pages 34 to 84.

Management's responsibility for the financial statements

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

- (a) devising and maintaining a system of internal accounting control 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 statements of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion:

- (a) the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

*Public Accountants and
Certified Public Accountants*

Singapore
5 March 2010

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Assets					
Property, plant and equipment	4	9,056	11,646	347	427
Intangible assets	5	140	656	–	–
Subsidiaries	6	–	–	30,318	50,739
Amount due from a subsidiary	6	–	–	3,631	3,631
Associates	7	14,016	2,069	10,993	1,036
Other investments	8	3,071	2,585	3,064	2,577
Total non-current assets		26,283	16,956	48,353	58,410
Inventories	9	11,821	29,773	565	3,421
Trade and other receivables	11	33,171	43,712	13,445	17,132
Loan due from an associate	7	400	400	400	400
Other investments	8	20	19	–	–
Tax receivable		–	983	–	660
Cash and cash equivalents	12	35,768	32,538	22,426	14,208
Total current assets		81,180	107,425	36,836	35,821
Total assets		107,463	124,381	85,189	94,231
Equity					
Share capital		81,874	81,874	81,874	81,874
Other reserves		2,561	2,921	(1,223)	7,631
Accumulated losses		(6,074)	(9,102)	(5,831)	(7,002)
Total equity attributable to equity holders of the Company		78,361	75,693	74,820	82,503
Minority interests		–	3,138	–	–
Total equity	13	78,361	78,831	74,820	82,503
Liabilities					
Loans and borrowings	15	10	18	–	–
Total non-current liabilities		10	18	–	–
Trade and other payables	16	23,380	35,075	10,369	11,728
Loans and borrowings	15	5,641	10,363	–	–
Current tax payable		71	94	–	–
Total current liabilities		29,092	45,532	10,369	11,728
Total liabilities		29,102	45,550	10,369	11,728
Total equity and liabilities		107,463	124,381	85,189	94,231

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

CONSOLIDATED INCOME STATEMENT

YEAR ENDED 31 DECEMBER 2009

	Note	2009 \$'000	2008 \$'000
Revenue	17	196,710	294,511
Cost of sales		(181,109)	(279,143)
Gross profit		15,601	15,368
Other income		5,358	1,470
Distribution expenses		(3,823)	(3,779)
Administrative expenses		(17,332)	(11,403)
Other expenses		(383)	(1,581)
Results from operating activities		(579)	75
Finance income		1,140	1,521
Finance expenses		(163)	(511)
Net finance income	19	977	1,010
Share of profit/(loss) of associates, net of tax		301	(57)
Profit before income tax		699	1,028
Income tax credit/(expense)	20	1,992	(59)
Profit for the year	18	2,691	969
Attributable to:			
Equity holders of the Company		3,105	1,189
Minority interests		(414)	(220)
Profit for the year		2,691	969
Earnings per share (cents):			
Basic and diluted	21	3.15	1.21

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2009

	2009 \$'000	2008 \$'000
Profit for the year	2,691	969
Other comprehensive income		
Change in fair value of available-for-sale financial assets	188	(916)
Transfer to income statement	–	1,244
Translation difference relating to financial statements of foreign subsidiaries and associates	(698)	(310)
Share of an associate's non distributable reserve	12	–
Share-based expenses of a subsidiary	16	123
Other comprehensive income for the year, net of income tax	(482)	141
Total comprehensive income for the year	2,209	1,110
Attributable to:		
Equity holders of the Company	2,668	1,257
Minority interests	(459)	(147)
Total comprehensive income for the year	2,209	1,110

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

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2009

Group	Share capital \$'000	Share option reserve \$'000	Capital reserve \$'000	Currency translation reserve \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total attributable to equity holders of the Company	Minority interests \$'000	Total equity \$'000
							\$'000		
As at 1 January 2008	81,874	156	3,364	(298)	(328)	(10,332)	74,436	3,285	77,721
Total comprehensive income for the year	-	22	-	(323)	328	1,230	1,257	(147)	1,110
As at 31 December 2008	81,874	178	3,364	(621)	-	(9,102)	75,693	3,138	78,831
As at 1 January 2009	81,874	178	3,364	(621)	-	(9,102)	75,693	3,138	78,831
Total comprehensive income for the year	-	(10)	89*	(627)	188	3,028*	2,668	(459)	2,209
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of minority interests	-	-	-	-	-	-	-	(2,679)	(2,679)
Total transactions with owners	-	-	-	-	-	-	-	(2,679)	(2,679)
As at 31 December 2009	81,874	168	3,453	(1,248)	188	(6,074)	78,361	-	78,361

* Includes S\$77,000 transfer from accumulated profit of an associate

Company	Share capital \$'000	Fair value reserve \$'000	Accumulated losses \$'000	Total \$'000
As at 1 January 2008	81,874	6,976	(5,534)	83,316
Total comprehensive income for the year	-	655	(1,468)	(813)
As at 31 December 2008	81,874	7,631	(7,002)	82,503
As at 1 January 2009	81,874	7,631	(7,002)	82,503
Total comprehensive income for the year	-	(8,854)	1,171	(7,683)
As at 31 December 2009	81,874	(1,223)	(5,831)	74,820

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

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2009

	2009 \$'000	2008 \$'000
Cash flows from operating activities		
Profit for the year	2,691	969
Adjustments for:		
Depreciation of property, plant and equipment	4,442	4,058
Amortisation of intangible assets	144	163
Impairment loss on intangible assets	243	–
Gain on disposal of property, plant and equipment	(16)	–
Property, plant and equipment written off	3	2
Impairment of available-for-sale financial asset	–	1,244
Allowance for doubtful debts and write down of inventory to its net realisable value	8,323	28
Reversal of impairment of property, plant and equipment	(1,056)	–
Share-based expense of a subsidiary	16	123
Loss on fair valuation of financial assets	–	337
Negative goodwill arising from acquisition of an associate and the remaining interests of a subsidiary	(2,689)	–
Impairment of investment in an associate	383	–
Share of (profit)/loss of associates, net of income tax	(301)	57
Net finance income	(977)	(1,010)
Income tax (credit)/expense	(1,992)	59
	9,214	6,030
Changes in working capital:		
Inventories	14,941	5,173
Trade and other receivables	4,584	6,001
Trade and other payables	(11,856)	(7,115)
Cash generated from operating activities	16,883	10,089
Interest paid	(164)	(507)
Interest received	274	1,303
Income taxes refunded/(paid)	2,914	(407)
Net cash from operating activities	19,907	10,478
Cash flows from investing activities		
Dividend received	390	23
Distribution from investments	143	140
Investment in an associate	(10,106)	(596)
Payment for development cost on intangible assets	(102)	(404)
Purchase of unquoted debt securities	–	(1,901)
Purchase of property, plant and equipment	(815)	(3,023)
Proceeds from disposal of investment	–	528
Proceeds from sale of property, plant and equipment	27	66
Acquisition of minority interests	(1,256)	–
Net cash used in investing activities	(11,719)	(5,167)

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

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2009

	2009 \$'000	2008 \$'000
Cash flows from financing activities		
Proceeds from borrowings	653	3,163
Repayment of borrowings	(5,375)	(11,548)
Payment of finance lease liabilities	(8)	(8)
Deposits pledged	(2,900)	–
Net cash used in financing activities	(7,630)	(8,393)
Net increase/(decrease) in cash and cash equivalents	558	(3,082)
Cash and cash equivalents at 1 January	32,538	35,664
Effects of exchange rate changes on balances held in foreign currency	(228)	(44)
Cash and cash equivalents at 31 December	32,868	32,538
Comprising:		
Cash at bank and in hand	15,324	20,338
Fixed deposits with banks	20,444	12,200
	35,768	32,538
Deposits pledged	(2,900)	–
	32,868	32,538

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

NOTES TO THE 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 5 March 2010.

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 2009 comprise the Company and its subsidiaries (together referred to as the Group) 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 29 to the financial statements.

2 BASIS OF PREPARATION

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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 significant areas of estimation uncertainty and 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 24 – valuation of financial instruments
- Note 27 – measurement of contingent liabilities

(e) Changes in accounting policies

(i) Overview

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

- Determination and presentation of operating segments
- Presentation of financial statements
- Disclosure of contractual maturity analysis

(ii) Determination and presentation of operating segments

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

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the COO to make decisions about resources to be allocated to the segment and 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 income tax assets and liabilities.

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

2 BASIS OF PREPARATION (CONT'D)

(e) Changes in accounting policies (cont'd)

(iii) Presentation of financial statements

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

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

(iv) Disclosure of contractual maturity analysis

The Group applies the amendments to FRS 107 *Financial Instruments: Disclosures*, which became effective as of 1 January 2009. As a result, the Group discloses the maximum amount of issued financial guarantees in the earliest time period for which the guarantees could be called upon in the contractual maturity analysis. Previously, the Group disclosed the maximum amount of issued financial guarantees in the contractual maturity analysis only if the Group assessed that it is probable that the guarantee would be called upon.

FRS 107 does not require comparative information to be restated and therefore, the contractual maturity analysis for the comparative period has not been represented. Since the change in accounting policy only impacts presentation and disclosure aspects, there is 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, and have been applied consistently by Group entities, except as explained in Note 2(e), which addresses changes in accounting policies.

(a) Basis of consolidation

(i) Business combinations

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

(iii) Associates

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

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

(iv) Transactions eliminated on consolidation

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

(v) Accounting for subsidiaries and associates by the Company

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 directly in other comprehensive income and presented within equity in the fair value reserve. The exceptions are impairment losses which are recognised in the income statement. When these subsidiaries are disposed, the cumulative gain and loss in other comprehensive income is transferred to profit or loss.

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. 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.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation (see below) and available-for-sale equity instruments, which are recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. 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 within equity in currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the currency translation reserve is transferred to the income statement as part of the profit or loss on disposal.

(iii) Net investment in a foreign operation

Foreign currency differences arising from monetary items that in substance form part of the Company's net investment in a foreign operation are recognised in the Company's income statement. Such exchange differences are reclassified to other comprehensive income and presented within equity in currency translation reserve in the consolidated financial statements. When the foreign operation is disposed of, the cumulative amount in equity is transferred to the income statement as an adjustment to the profit or loss arising on disposal.

(c) Property, plant and equipment

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 its intended use, and the cost 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

Depreciation on property, plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives 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 each financial year-end, and adjusted if appropriate.

(d) Intangible assets

(i) Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries and associates.

Goodwill and negative goodwill that have previously been taken to reserves are not taken to the income statement when (a) the business is disposed of or (b) the goodwill is impaired.

Acquisitions on or after 1 January 2005

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

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

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

Acquisition of minority interest

Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Intangible assets (cont'd)

(ii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful life are measured at cost less accumulated amortisation and impairment losses. Other intangible assets are amortised in the income statement on a straight-line basis over the estimated useful lives of 3 years, from the date that they are available for use.

(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 at which the Group becomes a party to the contractual provisions of the instrument.

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

Financial assets and liabilities are offset and the net amount presented in the 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 has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified 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. Upon initial recognition, 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.

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, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed 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, bank deposits and short-term, highly liquid investments which are readily convertible to cash and are subject to an insignificant risk of changes in value.

Available-for-sale financial assets

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

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 within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (cont'd)

(ii) Non-derivative financial liabilities

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

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

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 has the following non-derivative financial liabilities: loans and borrowings and trade and other payables.

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

(iii) Share capital

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.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including 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 as a deduction from total equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(iv) Derivative financial instruments and hedging activities

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial instruments (cont'd)

(iv) Derivative financial instruments and hedging activities (cont'd)

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

(v) Financial guarantees

Financial guarantee contracts are classified as loans and borrowings unless the Group or the Company has previously asserted explicitly that it regards such contracts as insurance contracts and accounted for them as such. Election is made contract by contract, and each election is irrevocable.

Financial guarantees classified as loans and borrowings

Such financial guarantees are recognised initially at fair value and are classified as loans and borrowings. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to the income statement.

Financial guarantees classified as insurance contracts

Such financial guarantees are accounted for as insurance contracts. A provision is recognised based on the Group or the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet 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. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Inventories (cont'd)

- (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 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. If payments received from customers exceed the income recognised, the difference is presented as part of trade and other payables in the statement of financial position.

(g) Leases

- (i) When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at 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. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease 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.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

- (ii) When entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

- (iii) When entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in property, plant and equipment and are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives (or lease term, if shorter) as disclosed in Note 3(c). Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment

(i) Financial assets (including receivables)

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Impairment (cont'd)

(ii) Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit 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. 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 groups of assets (the "cash-generating unit, 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 is tested 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.

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

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

(i) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

(ii) Short-term benefits

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

A provision is recognised for the amount expected to be paid under short-term cash bonus 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 payments

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the vesting period during which the employees become unconditionally entitled to the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates in employee expense and in a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(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.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(k) Revenue

(i) Goods sold

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Transfers of risks and rewards vary depending on the individual terms of the contract of sale. 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Revenue (cont'd)

(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 and expenses are recognised in the income statement in proportion to the stage of completion of the contract.

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 the income statement.

(iii) Rental income

Rental income receivable under operating leases is recognised in the income statement 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 to be received.

(iv) Provision of services

Revenue arising from rendering of services is recognised when the relevant services are rendered.

(l) Government grants

Job credit scheme

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

(m) Finance income and expenses

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

Finance expenses comprise interest expense on borrowings and loss on disposal of available-for-sale financial assets. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income tax expense

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the income statement 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 on the taxable income 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 the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

(o) 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.

(p) 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 decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The CODM of the Group is its COO.

(q) Earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) New standards and interpretations not yet adopted

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

4 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties \$'000	Leasehold improvements \$'000	Plant, machinery, tools and equipment \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost						
At 1 January 2008	320	565	38,427	1,617	89	41,018
Additions	–	40	2,787	154	42	3,023
Disposals	–	–	(65)	(67)	–	(132)
Written off	–	(2)	–	(5)	–	(7)
Translation differences on consolidation	–	–	(1)	–	–	(1)
At 31 December 2008	320	603	41,148	1,699	131	43,901
Additions	–	4	689	72	50	815
Disposals	–	–	(10)	(9)	(40)	(59)
Written off	–	–	–	(15)	–	(15)
Translation differences on consolidation	–	(2)	(5)	(9)	(2)	(18)
At 31 December 2009	320	605	41,822	1,738	139	44,624
Accumulated depreciation and impairment losses						
At 1 January 2008	69	556	26,293	1,285	66	28,269
Depreciation charge for the year	6	23	3,806	210	13	4,058
Disposals	–	–	(7)	(59)	–	(66)
Written off	–	(2)	–	(3)	–	(5)
Translation differences on consolidation	–	–	–	(1)	–	(1)
At 31 December 2008	75	577	30,092	1,432	79	32,255
Depreciation charge for the year	7	20	4,213	175	27	4,442
Disposals	–	–	(1)	(7)	(40)	(48)
Written off	–	–	–	(12)	–	(12)
Reversal of impairment loss	–	–	(1,056)	–	–	(1,056)
Translation differences on consolidation	–	(2)	(3)	(7)	(1)	(13)
At 31 December 2009	82	595	33,245	1,581	65	35,568
Carrying amount						
At 1 January 2008	251	9	12,134	332	23	12,749
At 31 December 2008	245	26	11,056	267	52	11,646
At 31 December 2009	238	10	8,577	157	74	9,056

At the balance sheet date, the net book value of motor vehicles acquired under finance lease arrangements amounts to \$3,000 (2008: \$13,000) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Leasehold properties \$'000	Leasehold improvements \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost					
At 1 January 2008	320	496	1,117	40	1,973
Additions	–	15	82	–	97
Disposals	–	–	(54)	–	(54)
Written off	–	–	(3)	–	(3)
At 31 December 2008	320	511	1,142	40	2,013
Additions	–	4	14	50	68
Disposals	–	–	–	(40)	(40)
Written off	–	–	(15)	–	(15)
At 31 December 2009	320	515	1,141	50	2,026
Accumulated depreciation					
At 1 January 2008	69	496	869	40	1,474
Depreciation charge for the year	7	7	155	–	169
Disposals	–	–	(54)	–	(54)
Written off	–	–	(3)	–	(3)
At 31 December 2008	76	503	967	40	1,586
Depreciation charge for the year	6	10	122	7	145
Disposals	–	–	–	(40)	(40)
Written off	–	–	(12)	–	(12)
At 31 December 2009	82	513	1,077	7	1,679
Carrying amount					
At 1 January 2008	251	–	248	–	499
At 31 December 2008	244	8	175	–	427
At 31 December 2009	238	2	64	43	347

5 INTANGIBLE ASSETS

	Group	
	2009 \$'000	2008 \$'000
Development cost		
At 1 January	878	477
Additions	102	404
Written off	(457)	–
Translation differences on consolidation	(22)	(3)
At 31 December	501	878
Accumulated amortisation		
At 1 January	222	60
Amortisation charge for the year	144	163
Translation differences on consolidation	(5)	(1)
At 31 December	361	222
Carrying amount		
At 1 January	656	417
At 31 December	140	656

NOTES TO THE FINANCIAL STATEMENTS

6 SUBSIDIARIES

	Company	
	2009 \$'000	2008 \$'000
Investments in subsidiaries at fair value	30,318	38,104
Loan to a subsidiary	5,266	19,017
Impairment losses (net of write-back)	(5,266)	(6,382)
	30,318	50,739
Non-current assets		
Amount due from a subsidiary (non-trade)	3,631	3,631

Loan to a subsidiary

The loan to a subsidiary is unsecured and bears a fixed interest of 5.50% (2008: 5.50%) per annum. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. As the loan is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

Non-trade amounts due from a subsidiary

An amount of \$3,631,000 (2008: \$3,631,000) which is unsecured and bears interest of 1.22% (2008: 2.01%) per annum is due from a subsidiary and is classified as non-current as the amount is not expected to be repaid within the next financial year.

Details of subsidiaries are set out in Note 29.

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 2009. There is a partial write-back of impairment losses for a loan to a subsidiary in the financial year ended 31 December 2009 due to the partial repayment of the loan. The remaining amount of the loan to the subsidiary is fully provided as at 31 December 2009.

7 ASSOCIATES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Investment in associates	12,225	2,096	11,606	1,500
Translation differences on consolidation	(322)	36	–	–
Impairment loss	(383)	–	(613)	(464)
Share of profit/(loss), net of tax	238	(63)	–	–
Negative goodwill	2,246	–	–	–
Share of reserves	12	–	–	–
Net investment	14,016	2,069	10,993	1,036
Loan due from an associate	400	400	400	400

The loan due from an associate is unsecured, repayable on demand and bears interest of 0.31% (2008: 1.05%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

7 ASSOCIATES (CONT'D)

The financial information of the associates is as follows:

	2009 \$'000	2008 \$'000
Assets and liabilities		
Non-current assets	13,986	289
Current assets	73,923	4,481
Total assets	<u>87,909</u>	<u>4,770</u>
Non-current liabilities	925	–
Current liabilities	40,984	2,179
Total liabilities	<u>41,909</u>	<u>2,179</u>
Results		
Revenue	156,893	22,258
Profit/(loss) for the year	<u>3,124</u>	<u>(156)</u>

Details of significant associates are set out in Note 30.

The Group's investments in associates include investment in a listed associate with a carrying amount of \$12,398,298 (2008 : \$Nil), for which the published price quotation is \$5,338,000 (2008 : \$Nil) as at 31 December 2009.

8 OTHER INVESTMENTS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Non-current assets				
Available-for-sale quoted equity securities	853	666	846	658
Held-to-maturity unquoted debt securities	2,218	1,919	2,218	1,919
	<u>3,071</u>	<u>2,585</u>	<u>3,064</u>	<u>2,577</u>
Current assets				
Quoted equity securities held for trading	20	19	–	–

Held-to-maturity unquoted debt securities have stated interest rates of 2% (2008: 2%) and mature in June 2011.

NOTES TO THE FINANCIAL STATEMENTS

9 INVENTORIES

	Note	Group		Company	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trading goods					
– at costs		1,764	22,983	155	262
– at net realisable value		9,647	3,631	–	–
Construction work-in-progress	10	410	3,159	410	3,159
		11,821	29,773	565	3,421

In 2009, the write-down of inventories to net realisable value amounted to \$2,947,000. There was a write-back of \$108,000 in 2008 upon disposal of inventories. The write-down and reversal amounts are included in administrative expenses.

10 CONSTRUCTION WORK-IN-PROGRESS

	Group and Company	
	2009 \$'000	2008 \$'000
Cost incurred and attributable profit	71,647	72,039
Allowance for foreseeable losses	–	(101)
Progress billings	(71,237)	(68,779)
	410	3,159

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables	37,350	43,113	7,696	8,964
Impairment losses	(9,038)	(3,403)	(2,301)	(2,254)
Net receivables	28,312	39,710	5,395	6,710
Staff loans	4	3	–	–
Deposits	169	221	61	103
Advances to suppliers	3,079	2,330	222	–
Derivative receivables	–	88	–	–
Other receivables	283	1,225	46	939
Amount due from an associate (trade)	1,118	–	–	–
Amounts due from subsidiaries (non-trade)	–	–	7,702	9,361
Loans and receivables	32,965	43,577	13,426	17,113
Prepayments	206	135	19	19
	33,171	43,712	13,445	17,132

Trade receivables for the Group and Company include retention sums relating to construction work-in-progress of \$43,000 (2008: \$262,000).

NOTES TO THE FINANCIAL STATEMENTS

11 TRADE AND OTHER RECEIVABLES (CONT'D)

The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand. There is no allowance for doubtful debts arising from the outstanding balances.

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's and the Company's trade receivables.

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

	Group		Company	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Projects	5,395	6,710	5,395	6,710
Semiconductors	9,276	9,151	–	–
Trading and others	13,641	23,849	–	–
	28,312	39,710	5,395	6,710

The Group's most significant customer, a trading customer, accounts for \$6,236,000 (2008: \$9,869,000) of the trade receivables carrying amount at 31 December 2009.

Impairment losses

The ageing of trade receivables at the reporting date is:

	Group		Company	
	Gross	Impairment	Gross	Impairment
	2009	losses	2008	losses
	\$'000	\$'000	\$'000	\$'000
Group				
Not past due	9,388	–	13,285	–
Past due 0 – 30 days	5,161	–	6,285	–
Past due 31 – 120 days	1,678	–	4,126	–
More than 120 days	21,123	9,038	19,417	3,403
	37,350	9,038	43,113	3,403
Company				
Not past due	1,402	–	1,511	–
Past due 0 – 30 days	539	–	1,505	–
Past due 31 – 120 days	493	–	576	–
More than 120 days	5,262	2,301	5,372	2,254
	7,696	2,301	8,964	2,254

NOTES TO THE FINANCIAL STATEMENTS

11 TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
At 1 January	3,403	4,672	2,254	2,322
Impairment loss recognised	6,091	136	69	109
Written off	(459)	(1,405)	(22)	(177)
Translation	3	–	–	–
At 31 December	9,038	3,403	2,301	2,254

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and in hand	15,324	20,338	1,982	5,408
Fixed deposits with banks	20,444	12,200	20,444	8,800
	35,768	32,538	22,426	14,208
Deposits pledged	(2,900)	–	(2,900)	–
	32,868	32,538	19,526	14,208

The weighted average effective interest rates per annum relating to cash and cash equivalents at the balance sheet date for the Group and Company are 0.22% (2008: 0.56%) and 0.22% (2008: 0.53%) respectively. Interest rates reprice at intervals of one or three months.

Bank deposits pledged represents amounts pledged as security to obtain credit facilities for a subsidiary (see Note 27(b)).

13 CAPITAL AND RESERVES

	Group and Company	
	2009 Number of shares	2008 Number of shares
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	98,635,879	98,635,879

NOTES TO THE FINANCIAL STATEMENTS

13 CAPITAL AND RESERVES (CONT'D)

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.

Subsequent to 31 December 2009, the directors proposed a first and final tax-exempt (one-tier) dividend of 1.0 cent per ordinary share. The dividend has not been provided for in the consolidated financial statements.

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. 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. During the year, the Group achieved a return on shareholders' equity of 3.96% (2008: 1.57%). In comparison, the weighted average interest expense on interest-bearing borrowings (excluding liabilities with imputed interest) was 2.58% (2008: 3.80%).

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

The Company and its subsidiaries are not subject to externally imposed capital requirements.

OTHER RESERVES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Share option reserve	168	178	-	-
Capital reserve	3,453	3,364	-	-
Currency translation reserve	(1,248)	(621)	-	-
Fair value reserve	188	-	(1,223)	7,631
	2,561	2,921	(1,223)	7,631

The share option reserve comprises the cumulative value of employee services received for the issue of share options.

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

The currency translation reserve comprises 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.

NOTES TO THE FINANCIAL STATEMENTS

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.

Movements in the number share options and their related exercise prices are as follows:

Date of grant of options	Exercise price per share	Options	Options cancelled	Options	Number of option holders	Exercise period
		outstanding at 1/1/2009		outstanding at 31/12/2009	at 31/12/2009	
30/3/2001	\$0.50	196,000	–	196,000	8	30/3/2002 – 29/3/2011
8/10/2002	\$0.50	483,000	10,000	473,000	16	8/10/2003 – 7/10/2012
		679,000	10,000	669,000	24	

No options were exercised in 2009.

15 LOANS AND BORROWINGS

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Non-current liability				
Finance lease liability	10	18	–	–
Current liabilities				
Unsecured bank loan	2,464	7,907	–	–
Finance lease liability	8	8	–	–
Trust receipts	2,816	2,448	–	–
Secured invoice financing (see Note 27(b))	353	–	–	–
	5,641	10,363	–	–
Total loans and borrowings	5,651	10,381	–	–

NOTES TO THE FINANCIAL STATEMENTS

15 LOANS AND BORROWINGS (CONT'D)

Finance lease liabilities

At 31 December 2009, the Group has obligations under finance leases that are payable as follows:

Group	2009			2008		
	Principal \$'000	Interest \$'000	Payments \$'000	Principal \$'000	Interest \$'000	Payments \$'000
Payable within 1 year	8	2	10	8	2	10
Payable after 1 year but within 5 years	10	2	12	18	4	22
	18	4	22	26	6	32

Terms and debt repayment schedule

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

Group	Nominal interest rate	Year of maturity	2009		2008	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
SGD floating rate loan	Prevailing swap rate + 0.75%	2009	-	-	2,118	2,118
USD fixed rate loan	Cost of funds +1.80%	2009	-	-	1,003	1,003
USD floating rate loan	SIBOR + 0.75% and 1.00%	2010	2,464	2,464	4,786	4,786
Trust receipts	SIBOR + 0.75% and 1.50%	2010	2,816	2,816	2,448	2,448
RMB invoice financing	PBOC prevailing rate	2010	353	353	-	-
Finance lease liabilities	3.45%	2012	18	18	26	26
			5,651	5,651	10,381	10,381

NOTES TO THE FINANCIAL STATEMENTS

15 LOANS AND BORROWINGS (CONT'D)

Effective interest rates and repricing/maturity analysis:

	Effective interest rate	Floating interest \$'000	Fixed interest rate maturing		Total \$'000
			Within 1 year \$'000	In 1 to 5 years \$'000	
Group					
2009					
USD floating rate loan	2.24%	2,464	–	–	2,464
USD trust receipts	1.60%	2,816	–	–	2,816
RMB invoice financing	4.86%	353	–	–	353
Finance lease liabilities	6.52%	–	8	10	18
		5,633	8	10	5,651
2008					
SGD floating rate loan	3.30%	2,118	–	–	2,118
USD fixed rate loan	4.82%	–	1,003	–	1,003
USD floating rate loan	2.12%	4,786	–	–	4,786
USD trust receipts	2.74%	2,448	–	–	2,448
Finance lease liabilities	6.52%	–	8	18	26
		9,352	1,011	18	10,381

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade payables	13,012	22,421	3,173	4,461
Advances from customers	6,796	8,415	2	1
Accrued expenses	1,935	2,996	887	1,094
Other payables	1,637	1,243	222	214
Amount due to subsidiaries (non-trade)	–	–	6,085	5,958
	23,380	35,075	10,369	11,728

Trade payables for the Group include retention payable relating to the construction of the mobile communication infrastructure along the North East Line to provide radio coverage to other service providers of \$160,000 (2008: \$135,000).

NOTES TO THE FINANCIAL STATEMENTS

17 REVENUE

	Group	
	2009 \$'000	2008 \$'000
Trading sales	173,708	257,218
Revenue from construction contracts	10,773	30,028
Rental and service income	12,229	7,265
Total revenue	196,710	294,511

18 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Group	
	2009 \$'000	2008 \$'000
Doubtful debts allowance made	5,376	136
Write down/(write-back) of inventory to net realisable value	2,947	(108)
Foreign exchange loss	713	1,261
Reversal of impairment of property, plant and equipment	(1,056)	–
Impairment of available-for-sale financial assets	–	1,244
Loss on impairment of intangible assets	243	–
Loss on impairment of investment in an associate	383	–
Loss on fair valuation of financial assets	–	337
Gain on disposal of property, plant and equipment	(16)	–
Non-audit fees (write-back)/paid to other auditors	(31)	50
Operating lease expense	718	588
Government grants — job credit scheme	(300)	–
Staff costs	8,041	9,413
Contributions to defined contribution plans included in staff costs	555	651
Negative goodwill arising from acquisition of an associate and the remaining interests of a subsidiary	2,689	–
Depreciation of property, plant and equipment	4,442	4,058

NOTES TO THE FINANCIAL STATEMENTS

19 FINANCE INCOME AND EXPENSES

	Group	
	2009 \$'000	2008 \$'000
Recognised in the income statement		
Interest income		
– bank deposits	460	311
– loans and overdue debts	147	1,047
Dividend income from available-for-sale financial assets	390	23
Capital distribution from available-for-sale financial assets	143	140
Finance income	<u>1,140</u>	1,521
Interest expense		
– finance lease liabilities	(2)	(2)
– unsecured bank loans	(161)	(509)
Finance expenses	<u>(163)</u>	(511)
Net finance income and expenses recognised in income statement	<u>977</u>	1,010

20 INCOME TAX

	Group	
	2009 \$'000	2008 \$'000
Current tax expense		
Current year	60	40
Adjustment for prior periods	(2,052)	19
	<u>(1,992)</u>	59
Reconciliation of effective tax rate		
Profit for the year	2,691	969
Total income tax (credit)/expense	(1,992)	59
Profit excluding income tax	<u>699</u>	1,028
Income tax using Singapore tax rate of 17% (2008: 18%)	119	185
Effect of different tax rate in other country	(21)	(14)
Income not subject to tax	(825)	(80)
Expenses not deductible for tax purposes	148	425
Utilisation of previously unrecognised tax losses	–	(569)
Utilisation of previously unrecognised temporary differences	(305)	(41)
Tax losses not recognised	32	134
(Over)/under provided in prior years	(2,052)	19
Others	912	–
	<u>(1,992)</u>	59

NOTES TO THE FINANCIAL STATEMENTS

20 INCOME TAX (CONT'D)

The following temporary differences have not been recognised:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deductible temporary differences	1,633	14,009	–	–
Tax losses	12,537	6,923	–	–
	14,170	20,932	–	–

The tax losses are subject to agreement by the tax authorities. 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.

21 EARNINGS PER SHARE

	Group	
	2009 \$'000	2008 \$'000
Basic and diluted earnings per share is based on:		
Net profit attributable to ordinary shareholders	3,105	1,189
	2009	2008
	Number of	Number of
	shares	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.

22 SEGMENT REPORTING

Operating segments

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 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.

NOTES TO THE FINANCIAL STATEMENTS

22 SEGMENT REPORTING (CONT'D)

Operating segments (cont'd)

The accounting policies of the reportable segments are the same as described in Notes 2 and 3.

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.

Operating segments (\$'000)

2009	Projects	Semi-conductors	Trading and others	Consolidated
External revenue	30,199	71,817	94,694	196,710
Interest revenue	29	3	121	153
Interest expense	-	(37)	(126)	(163)
Depreciation and amortisation	-	(278)	(4,308)	(4,586)
Reportable segment profit/(loss) before income tax	1,264	(2,038)	36	(738)
Reportable segment assets	5,960	14,072	28,951	48,983
Capital expenditure	-	333	584	917
Reportable segment liabilities	3,173	3,358	6,481	13,012

Operating segments (\$'000)

2008	Projects	Semi-conductors	Trading and others	Consolidated
External revenue	38,145	99,580	156,786	294,511
Interest revenue	-	48	1,110	1,158
Interest expense	(25)	(35)	(451)	(511)
Depreciation and amortisation	-	308	3,913	4,221
Reportable segment profit/(loss) before income tax	1,523	(79)	2,421	3,865
Reportable segment assets	10,132	22,216	49,010	81,358
Capital expenditure	-	582	2,845	3,427
Reportable segment liabilities	4,301	11,223	6,737	22,261

NOTES TO THE FINANCIAL STATEMENTS

22 SEGMENT REPORTING (CONT'D)

Operating segments (cont'd)

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

	2009 \$'000	2008 \$'000
Revenue		
Total revenue for reporting segments	196,710	294,511
Consolidated revenue	<u>196,710</u>	<u>294,511</u>
Profit or loss		
Total (loss)/profit for reportable segments	(738)	3,865
Unallocated amounts:		
– Other corporate income or expenses	1,136	(2,780)
Share of profit/(loss) of associates, net of tax	301	(57)
Consolidated profit before income tax	<u>699</u>	<u>1,028</u>
Assets		
Total assets for reportable segments	48,983	81,358
Other unallocated amounts	44,464	40,954
	<u>93,447</u>	122,312
Investments in associates	14,016	2,069
Consolidated total assets	<u>107,463</u>	<u>124,381</u>
Liabilities		
Total liabilities for reportable segments	13,012	22,261
Other unallocated amounts	16,090	23,289
Consolidated total liabilities	<u>29,102</u>	<u>45,550</u>

Other material items

	Reportable segment totals \$'000	Adjustments \$'000	Consolidated totals \$'000
2009			
Interest revenue	153	454	607
2008			
Interest revenue	1,158	200	1,358

NOTES TO THE FINANCIAL STATEMENTS

22 SEGMENT REPORTING (CONT'D)

Geographical segments (\$'000)

	Singapore	Rest of ASEAN	Greater China	India	Others	Consolidated
2009						
Segment revenue	95,159	81,569	9,434	8,809	1,739	196,710
Non-current assets	8,625	250	317	4	–	9,196
2008						
Segment revenue	132,504	112,182	44,066	3,107	2,652	294,511
Non-current assets	11,842	102	355	–	3	12,302

23 ACQUISITIONS OF MINORITY INTERESTS

In November 2009, the Group acquired the remaining 49% interest in Intraco Technology Pte Ltd for \$1,256,000 in cash, increasing its ownership from 51% to 100%. The Group recognised a decrease in minority interests of \$2,679,000 and negative goodwill of \$443,000 arising from the acquisition.

24 FINANCIAL RISK MANAGEMENT

Overview

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

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade 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.

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (cont'd)

The allowance account in respect of trade and other 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 financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

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.

The maximum credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

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.

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

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2-5 year \$'000
2009				
Unsecured bank loans	2,464	(2,467)	(2,467)	-
Finance lease liabilities	18	(22)	(10)	(12)
Trust receipts	2,816	(2,823)	(2,823)	-
Invoice financing	353	(358)	(358)	-
Trade and other payables*	16,579	(16,579)	(16,579)	-
Recognised financial liabilities	22,230	(22,249)	(22,237)	(12)
Intra-group financial guarantee	-	(12,755)	(12,755)	-
	22,230	(35,004)	(34,992)	(12)

* Exclude advance payments by customers and interest payable

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Liquidity risk (cont'd)

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2-5 year \$'000
2008				
Unsecured bank loans	7,907	(7,935)	(7,935)	–
Finance lease liabilities	26	(32)	(10)	(22)
Trust receipts	2,448	(2,461)	(2,461)	–
Invoice financing	–	–	–	–
Trade and other payables*	26,657	(26,657)	(26,657)	–
Recognised financial liabilities	37,038	(37,085)	(37,063)	(22)
Intra-group financial guarantee	–	(5,149)	(5,149)	–
	37,038	(42,234)	(42,212)	(22)

* Exclude advance payments by customers and interest payable

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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.

Sensitivity analysis

For variable rate financial liabilities, it is estimated that an increase of 100 bp in interest rate at the reporting date would lead to a reduction in the Group's profit before tax by \$56,330 (2008: \$93,520). A decrease in 100 bp in interest rate would have an equal but opposite effect. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

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 and Taiwan dollar.

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

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.

At 31 December 2009, the Group and the Company have outstanding forward exchange contracts with notional amounts of approximately \$Nil (2008: \$9,879,000) and \$Nil (2008: \$498,000) respectively.

The Group's and Company's exposures to foreign currencies are as follows:

	Singapore dollar \$'000	US dollar \$'000	Euro \$'000	British pound \$'000	Hong Kong dollar \$'000	Taiwan dollar \$'000
Group						
2009						
Trade receivables	1	3,623	–	–	–	106
Cash and cash equivalents	658	6,760	54	66	–	154
Loans and borrowings	(18)	(2,464)	–	–	–	–
Trade payables	(183)	(4,274)	(23)	–	–	(263)
Amount due to related corporation	(3,395)	(426)	–	–	–	–
Amount due from related corporation	–	4,875	–	–	–	–
Other investment	–	–	–	–	2,218	–
	(2,937)	8,094	31	66	2,218	(3)
2008						
Trade receivables	1	5,318	80	–	–	259
Cash and cash equivalents	495	3,367	108	61	–	22
Loans and borrowings	(26)	(6,074)	–	–	–	–
Trade payables	(1,046)	(1,235)	(54)	(4)	–	(474)
Amount due to related corporation	(3,850)	(501)	–	–	–	–
Amount due from related corporation	–	5,012	–	–	–	–
Other investment	–	–	–	–	1,919	–
	(4,426)	5,887	134	57	1,919	(193)

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Foreign currency risk (cont'd)

	Singapore dollar \$'000	US dollar \$'000	Euro \$'000	British pound \$'000	Hong Kong dollar \$'000	Taiwan dollar \$'000
Company						
2009						
Trade receivables	-	29	-	-	-	-
Cash and cash equivalents	-	210	54	66	-	-
Trade payables	-	(99)	(23)	-	-	-
Other investment	-	-	-	-	2,218	-
	-	140	31	66	2,218	-
2008						
Trade receivables	-	61	80	-	-	-
Cash and cash equivalents	-	542	108	61	-	-
Trade payables	-	(220)	(54)	(4)	-	-
Other investment	-	-	-	-	1,919	-
	-	383	134	57	1,919	-

Sensitivity analysis

A 10% strengthening of Singapore dollar against the following currencies at the reporting date would increase (decrease) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	2009 Profit or loss \$'000	2008 Profit or loss \$'000	2009 Profit or loss \$'000	2008 Profit or loss \$'000
US dollar	(809)	(589)	(14)	(38)
Euro	(3)	(13)	(3)	(13)
British pound	(7)	(6)	(7)	(6)
Hong Kong dollar	(222)	(192)	(222)	(192)
Taiwan dollar	-	19	-	-

24 FINANCIAL RISK MANAGEMENT (CONT'D)***Sensitivity analysis (Cont'd)***

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

Recognised assets and liabilities

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies, and for which no hedge accounting is applied, are recognised in the income statement. Both the changes in fair value of the forward contracts and the foreign exchange gains and losses relating to the monetary items are recognised in the income statement.

The fair value of forward exchange contracts used as economic hedges of monetary assets and liabilities in foreign currencies at 31 December 2009 for the Group and the Company are \$Nil (2008: \$88,000) and \$Nil (2008: \$Nil) respectively, which have been recognised as fair value derivatives in other receivables and other payables respectively.

Fair value***Fair values versus carrying amounts***

The carrying amounts of the Group and the Company's financial instruments carried at cost or amortised cost is not materially different from their fair values as at 31 December 2009 and 2008.

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).

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL RISK MANAGEMENT (CONT'D)

Fair value hierarchy (cont'd)

	Level 1 \$'000
Group	
31 December 2009	
Available-for-sale quoted equity securities	853
Quoted equity securities held for trading	20
	<u>873</u>
31 December 2008	
Available-for-sale quoted equity securities	666
Quoted equity securities held for trading	19
	<u>685</u>
Company	
31 December 2009	
Available-for-sale quoted equity securities	846
	<u>846</u>
31 December 2008	
Available-for-sale quoted equity securities	658
	<u>658</u>

During the financial year ended 31 December 2009, there have been no transfers from Level 2 to Level 1.

25 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.

NOTES TO THE FINANCIAL STATEMENTS

25 DETERMINATION OF FAIR VALUES (CONT'D)

	Note	Group		Company	
		Carrying amount		Carrying amount	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Financial assets					
Available-for-sale					
Quoted equity securities	8	853	666	846	658
Held-to-maturity					
Unquoted debt securities	8	2,218	1,919	2,218	1,919
Held for trading					
Quoted equity securities	8	20	19	–	–
At amortised cost					
Cash and cash equivalents	12	35,768	32,538	22,426	14,208
Loans and receivables	11	32,965	43,577	13,426	17,113
Financial liabilities					
At amortised cost					
Loans and borrowings	15	5,651	10,381	–	–
Trade and other payables	16	23,380	35,075	10,369	11,728

(i) Investments in equity and debt securities

The fair value of financial assets at fair value through profit and 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 technique, which includes recent arm's length prices, pricing models or discounted cash flow analysis.

(ii) Derivatives

The fair value of foreign exchange forward contracts is based on their listed market price at reporting date.

(iii) 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.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

26 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 2009, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within 1 year	643	608	254	190
After 1 year but within 5 years	190	334	169	–
	833	942	423	190

27 CONTINGENT LIABILITIES

Company

- (a) As at 31 December 2009, the Company has issued unsecured guarantees to banks in respect of credit facilities granted to its subsidiaries of \$21,101,000 (2008: \$12,112,000), of which the amount utilised was \$9,855,000 (2008: \$5,149,000).

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 2009, the Company has issued secured guarantee to banks in respects of credit facilities to its subsidiaries of \$2,900,000 (2008: \$Nil), of which the amount utilised was \$353,000 (2008: \$Nil).

28 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.

NOTES TO THE FINANCIAL STATEMENTS

28 RELATED PARTIES (CONT'D)

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group	
	2009	2008
	\$'000	\$'000
Short-term employee benefits		
Directors' fee payable*	331	281
Directors' remuneration	860	600
Key management staff	822	1,593
	2,013	2,474
Post-employment benefits		
Directors	14	22
Key management staff	37	68
	51	90

* Include Directors' fee of a subsidiary \$125,000 (2008: \$82,000)

Other related party transactions

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

	2009	2008
	\$'000	\$'000
Operating lease expenses paid/payable to a substantial shareholder	195	218
Reimbursement of utilities to a substantial shareholder	70	66
	265	284

As at 31 December 2009, investment in securities in companies that have a common director with the Company amounted to \$2,218,104 (2008: \$1,919,584). The related interest income recognised during the year amounted to \$71,807 (2008: \$9,456).

NOTES TO THE FINANCIAL STATEMENTS

29 SUBSIDIARIES

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group		Cost of investment		Note
			2009 %	2008 %	2009 \$'000	2008 \$'000	
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	7,221	7,221	i
Metraco Pte Ltd	Designers, project managers, interior renovation contractors, manufacturer and supplier of system furniture, office furniture and all types of interior and architectural finishes.	Singapore	100	100	3,046	3,046	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	51	1,766	510	i
Intraco Trading Pte Ltd	Trading marketing and distribution and acting as commission agents for industrial materials, energy commodities and agricultural products.	Singapore	100	100	12,000	12,000	i
Intraco Foods Pte Ltd	Trading and processing of agricultural and food products which include frozen seafood and fertilisers.	Singapore	100	100	10,000	10,000	i
Intraco International Pte Ltd	Investment holding company.	Singapore	100	100	1	1	i

NOTES TO THE FINANCIAL STATEMENTS

29 SUBSIDIARIES (CONT'D)

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group		Cost of investment		Note
			2009 %	2008 %	2009 \$'000	2008 \$'000	
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	1,071	1,071	iii
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	i
Semicon Components Pte Ltd		Singapore	100	100	1,000	1,000	i
Intraco Securities Pte Ltd		Singapore	100	100	1,000	1,000	i
Held by Intraco Trading Pte Ltd:							
Orion Construction (Pte) Ltd		Singapore	100	100	50	50	i
Held by Intraco Securities Pte Ltd:							
Sinco Holdings Ltd		British Virgin Islands	100	100	–	–	v
Sinco Investments Ltd		British Virgin Islands	100	100	–	–	v
Held by Orion Construction (Pte) Ltd:							
Datacliff International Ltd		British Virgin Islands	100	100	–	–	v
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
Held by IntraPage Pte Ltd:							
Hi-Den Pte Ltd		Singapore	–	–	–	–	iv

NOTES TO THE FINANCIAL STATEMENTS

29 SUBSIDIARIES (CONT'D)

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 2009 as company is under liquidation.
- v Not required to be audited by law of country of incorporation.

30 ASSOCIATES

Name of company	Principal activities	Country of incorporation/ business	Effective equity held by the Group		Cost of investment		Note
			2009 %	2008 %	2009 \$'000	2008 \$'000	
Held by Intraco Limited:							
Abecha Pte Ltd	Provision of sourcing and demand aggregation services, e-services, infrastructure and development of web-enabled applications, e-portal development, operating procurement and sourcing hub.	Singapore	40	40	1,500	1,500	i
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	–	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

SUPPLEMENTARY INFORMATION

(SGX-ST LISTING MANUAL DISCLOSURE REQUIREMENTS)

1 DIRECTORS' REMUNERATION

Company's directors receiving remuneration from the Group

	2009	2008
\$500,000 and above	1	–
\$250,000 to \$499,999	1	1
Below \$250,000	3	4
	5	5

2 PROPERTIES HELD BY THE GROUP

Description of properties held by the Group is as follows:

Location	Description	Tenure
22B, No. 19 Duli Street, Yuanda Mansion, Dalian 116001	Office premise	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)	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual
	2009 \$'000	2009 \$'000
PSC Corporation Ltd – Rental of office premises	–	195

4 MATERIAL CONTRACTS

Except as disclosed in Note 28 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 ANALYSES

AS AT 11 MARCH 2010

CLASS OF SHARES AND DIVIDEND

The number of shareholders was 4,341.

There is only 1 class of ordinary shares with 1 vote for each ordinary share. The Company does not have any treasury shares.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	404	9.31	144,730	0.15
1,000 – 10,000	3,172	73.07	11,573,435	11.73
10,001 – 1,000,000	758	17.46	34,465,264	34.94
1,000,001 and above	7	0.16	52,452,450	53.18
Total	4,341	100.00	98,635,879	100.00

LIST OF 20 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
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	2,703,501	2.74
4	UNITED OVERSEAS BANK NOMINEES	2,382,853	2.42
5	MORPH INVESTMENTS LTD	1,464,000	1.48
6	LEE RUBBER COMPANY PTE LTD	1,171,875	1.19
7	OCBC NOMINEES SINGAPORE	1,032,500	1.05
8	BOON SUAN AIK	920,000	0.93
9	DB NOMINEES (S) PTE LTD	850,000	0.86
10	OCBC SECURITIES PRIVATE LTD	821,000	0.83
11	KHONG KIN PANG	725,000	0.74
12	CITIBANK NOMS S'PORE PTE LTD	697,854	0.71
13	HONG LEONG FINANCE NOMINEES PL	543,000	0.55
14	ENG GUAN SIAH	441,000	0.45
15	GOH CHOON WEI OR GOH SOON POH	439,000	0.45
16	NG POH CHENG	426,000	0.43
17	KEA CHEE TONG @ KE CHI YET @ KIA CHEE	355,000	0.36
18	LAI WENG KAY	338,000	0.34
19	SIM WEE LIM	338,000	0.34
20	YONG KEE SAM	337,000	0.34
Total		59,683,304	60.51

SHAREHOLDING ANALYSES

AS AT 11 MARCH 2010

SHAREHOLDERS DISTRIBUTION BY LOCATION

Location	No. of Shareholders	%	No. of Shares	%
Singapore	4,183	96.36	95,968,412	97.30
Malaysia	110	2.53	760,530	0.77
Hong Kiong	8	0.18	74,952	0.08
US	8	0.18	16,278	0.02
UK	2	0.05	14,000	0.01
Europe	1	0.02	3,750	0.00
Australia/New Zealand	18	0.41	151,957	0.15
Others	11	0.25	1,646,000	1.67
Total	4,341	100.00	98,635,879	100.00

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
PSC Corporation Ltd	29,486,148	29.9	0	0	29,486,148	29.9
Violet Profit Holdings Limited ⁽¹⁾	0	0	29,486,148	29.9	29,486,148	29.9
Ku Yun-Sen ⁽²⁾	0	0	29,486,148	29.9	29,486,148	29.9
Goi Seng Hui ⁽³⁾	0	0	29,486,148	29.9	29,486,148	29.9
Super Coffeemix Manufacturing Ltd ⁽³⁾	0	0	29,486,148	29.9	29,486,148	29.9

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.
- (3) Goi Seng Hui and Super Coffeemix Manufacturing Ltd is deemed to have an interest through PSC.

STATEMENT PURSUANT TO RULE 1207(9) (e) OF THE LISTING MANUAL

Based on the information available to the Company as at 11 March 2010, approximately 70.1% of the issued shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

INTRACO Limited

(Registration No. 196800526Z)

(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting of INTRACO Limited will be held at The Function Room, 348 Jalan Boon Lay, Singapore 619529 on Wednesday, 21 April 2010 at 10 a.m., for the following purposes:

AS ROUTINE BUSINESS:

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 2009 and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a First and Final tax exempt (one-tier) dividend of 1.0 cent per ordinary share for the financial year ended 31 December 2009. **(Resolution 2)**
3. To approve the payment of Directors' fees of S\$206,000 for the year ended 31 December 2009. (2008: S\$199,000) **(Resolution 3)**
4. To re-elect Mr Foo Der Rong, who retires by rotation pursuant to Article 115 of the Articles of Association of the Company.
[See Explanatory Note (i) below] **(Resolution 4)**
5. To re-elect Dr Tan Boon Wan, who retires by rotation pursuant to Article 115 of the Articles of Association of the Company.
[See Explanatory Note (ii) below] **(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 in the capital of the Company pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorized and empowered to:

- a. (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

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

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

NOTICE OF ANNUAL GENERAL MEETING

(the “*Share Issue Mandate*”)

provided that:

- (1) Save as provided in sub-paragraph (2) below, the aggregate number of shares (including shares to be issued in pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);
- (2) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued to existing shareholders via a pro rata renounceable rights issue pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below);
- (3) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraphs (1) and (2) above, the percentage of issued shares and Instruments shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
 - (b) new shares arising from exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
 - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (4) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (5) unless revoked or varied by the Company in general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments or (iii) in relation to sub-clause (2) above, 31 December 2010 or such other deadline as may be extended by the SGX-ST whichever is earlier. **(Resolution 7)**

9. Authority to allot and issue shares and Instruments other than on a pro rata basis at a discount not exceeding 20 per centum (20%)

That subject to and pursuant to the Share Issue Mandate being obtained in **Resolution 7** above, approval be and is hereby given to the Directors of the Company to allot and issue shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a pro rata basis at an issue price per share as the Directors of the Company may in their absolute discretion deem fit provided that such price shall not represent a discount of more than 20 per centum (20%) to the weighted average price per share determined in accordance with the requirements of the SGX-ST and unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held or 31 December 2010 or such other deadline as may be extended by the SGX-ST whichever is earlier. **(Resolution 8)**

NOTICE OF ANNUAL GENERAL MEETING

10. 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. **(Resolution 9)**

11. 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 2009 (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. **(Resolution 10)**

By Order of the Board

Chew Kok Liang
Annie Wong Sook Cheng
Joint Company Secretaries

Singapore, 6 April 2010

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.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTE:

- (i) Mr Foo Der Rong will, upon re-election as Director of the Company, remain as a member of the Executive Committee and will be considered as non-independent.
- (ii) Dr Tan Boon Wan will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Nominating and Remuneration Committees and will be considered as independent.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

Resolution 7, if passed, will empower the Directors of the Company from the date of this Meeting until the date of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to existing shareholders of the Company save that the 50% limit may be increased to 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company in relation to a pro rata renounceable rights issue to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

The 100% renounceable pro rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by SGX-ST. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

Resolution 8, is one of the new measures implemented by the SGX-ST as stated in a press release entitled "SGX introduces further measures to facilitate fund raising" dated 19 February 2009 which became effective on 20 February 2009 and will expire on 31 December 2010 unless extended by SGX-ST. The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company to allot and issued shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to the Share Issue Mandate) other than on a pro rata basis at a discount of not more than 20% to the weighted average price per share determined in accordance with the requirements of the SGX-ST.

Resolution 9 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.

Resolution 10 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 6 April 2010. This authority will continue in force until the next Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 30 April 2010 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, KCK Corpserve Pte. Ltd., at 333 North Bridge Road, #08-00 KH Kea Building, Singapore 188721 up to 5.00 pm on 29 April 2010 will be registered before entitlements to the proposed dividend.

The proposed dividend, if approved by the members at the Forty-First Annual General Meeting to be held on 21 April 2010, will be paid on 11 May 2010.

By Order of the Board

Chew Kok Liang
Annie Wong Sook Cheng
Joint Company Secretaries

Singapore, 6 April 2010



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 the **Chairman of the Meeting** or failing him,

Name	Address	NRIC or Passport No.	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC or Passport No.	Proportion of Shareholdings (%)

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 21 April 2010 at 10 a.m., and at any adjournment thereof.

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

NO.	RESOLUTIONS RELATING TO	FOR	AGAINST
Routine Business			
1.	Adoption of Reports and Audited Accounts for the year ended 31 December 2009		
2.	Approval of First and Final Dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Mr Foo Der Rong as a Director		
5.	Re-election of Dr Tan Boon Wan as a Director		
6.	Re-appointment of KPMG LLP as Auditors of the Company		
Special Business			
7.	Authority for Directors to issue shares and to make or grant instruments pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited		
8.	Authority to allot and issue shares and Instruments other than on a pro rata basis at a discount not exceeding 20 per centum (20%)		
9.	Authority for Directors to offer and grant options, and to allot and issue shares pursuant to Intraco Limited Share Option Scheme 2000		
10.	To approve the renewal of the Shareholders' Mandate for Interested Person Transactions		

Dated this _____ day of _____ 2010

Total Number of Shares held

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

IMPORTANT:
PLEASE READ NOTES OVERLEAF.



NOTES

1. Please insert the total number of shares you hold. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of such shares entered against your name in the Depository Register and registered in your name in the Register of Members. If you do not insert any number, we shall deem that the instrument appointing a proxy or proxies relates to all the shares which you hold.
2. If any other proxy other than the Chairman of the Meeting is to be appointed, please delete the words 'the Chairman of the Meeting', and insert the name and address of the proxy desired in the box provided. If the box is left blank or incomplete, the Chairman of the Meeting shall be deemed to be appointed as your proxy.
3. Save as provided in the Articles of Association, a member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote on his behalf. Such proxy need not be a member of the Company.
4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 348 Jalan Boon Lay, Singapore 619529, not less than 48 hours before the time fixed for the holding of the Annual General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of a director or an officer or attorney duly authorised. Where an instrument appointing proxy or proxies is signed on behalf of the appointor by an attorney, the letter of power of attorney or duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy pursuant to Article 97 of the Articles of Association of the Company; failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

**Affix
Stamp
Here**

Company Secretary
INTRACO Limited
348 Jalan Boon Lay
Singapore 619529

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CORPORATE DIRECTORY

SINGAPORE

Executive Committee

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

Mr Foo Der Rong
Executive Director
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Chief Operating Officer

Mr Ronald Lim
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Semiconductors

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