

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

RESPONSES TO SGX QUERIES IN RELATION TO THE ANNOUNCEMENT OF THE UNAUDITED FULL YEAR RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Board of Directors of INTRACO Limited (the "Company") refers to its announcement dated 20 February 2013 of its unaudited full year results for the financial year ended 31 December 2012 (the "Announcement").

The Board of Directors of the Company wishes to announce that the Singapore Exchange Securities Trading Limited ("SGX-ST") has, subsequent to the release of the Announcement, requested for further information pertaining to the Announcement. The queries by SGX-ST and the responses by the Company to the queries are as follows:

SGX-ST query: The allowance for doubtful receivables of S\$7.07 million represents approximately 44.5% of the Company's trade receivables balance as at 31 December 2012. Please disclose the reasons for the allowance made, whether the debtor is a major customer of the Company, and whether the Company's sales to this customer will be affected.

Response to SGX-ST query:

The allowance for doubtful receivables was made after the Company's management reviewed and assessed the likelihood of recovery of the Group's long-overdue receivables. The allowance made was mainly in relation to:

- 1) the uncertainty over the recoverability of a long-overdue receivable. In FY 2011, an allowance of S\$2.38 million was made due to the delay in the arbitration hearing involving the debtor and a wholly-owned subsidiary of the Company (refer to item 1 of our announcement No. 166 dated 28 March 2012).

A full allowance of the outstanding balance of S\$2.38 million was made in FY 2012 as there was still no progress in obtaining the arbitration award after one year and failure of attempt to reach a settlement in FY 2012.

The debtor was a major customer of the wholly-owned subsidiary of the Company during the time when the debts were incurred. The Group has since ceased sales to the debtor.

- 2) the amount due from Intraco Technology Pte Ltd ("ITPL"), formerly a wholly-owned subsidiary of the Company sold to Serial Microelectronics Pte Ltd (the "Purchaser"), which the management assessed to be potentially unrecoverable. Pursuant to the sale and purchase agreement, a shareholder's loan owed by ITPL to the Company was payable by the Purchaser to the Company in instalments, of which the final instalment is still outstanding. As the Purchaser has raised certain issues relating to the recoverability of several debts from the various debtors of ITPL (refer to item 3 of our announcement No. 166 dated 28 March 2012), there is a possibility that the Purchaser may dispute or withhold payment of the final instalment payment of the shareholder's loan pending the resolution of such issues.

In FY 2012, certain debts owing to ITPL were further assessed to be potentially uncollectible and an additional provision of S\$0.95 million was made.

- 3) a long-overdue receivable from an overseas customer of a wholly-owned subsidiary of the Company. The debtor entered into a repayment agreement in FY 2010 to repay the outstanding amount by monthly payments. The monthly settlements were significantly below the projected payments, and considering the deteriorating financial health of the debtor and the potential risk that its creditors may take action to seize the debtor's assets, a full provision of the outstanding balance of S\$3.92 million was made in FY 2012.

The debtor was a major customer of the wholly-owned subsidiary of the Company during the time when the debts were incurred. The Group has since ceased sales to the debtor.

The allowance for doubtful receivables was partially offset by the write-back of allowance for doubtful receivables of S\$0.2 million from debtor, Lee Hong Electrical Engineering Pte Ltd ("LHEE") in the first half of FY 2012 upon the payment by the guarantors of LHEE under an amicable settlement between the Company and the guarantors of LHEE. The settlement was announced on 15 February 2012 and mentioned in item 2 of our announcement No. 166 dated 28 March 2012.

SGX-ST query: Please disclose the reasons for the write-down of inventory amounting to S\$1.46 million.

Response to SGX-ST query:

The write-down in relation to the seafood inventory of the Company's wholly-owned subsidiary was due mainly to provision for slow-moving inventories of S\$0.46 million and write-down to net realisable value of S\$1.0 million.

SGX-ST query: Please disclose the reasons for the provision for claims amounting to S\$0.79 million.

Response to SGX-ST query:

The Company commenced arbitration proceedings with LHL International Pte Ltd ("LHL") in relation to the Orchard Central Project. Information of the arbitration was included in the Company announcements dated 15, 19 and 23 September 2011. The arbitration is still at its preliminary stage and no dates have been fixed for the hearing. The provision for claims of S\$0.79 million was made in FY 2012 in view of the difficulty in obtaining independent verification on certain aspects of the case, which would have strengthened the Company's position.

By Order of the Board

Lynn Wan Tiew Leng
Company Secretary
26 February 2013