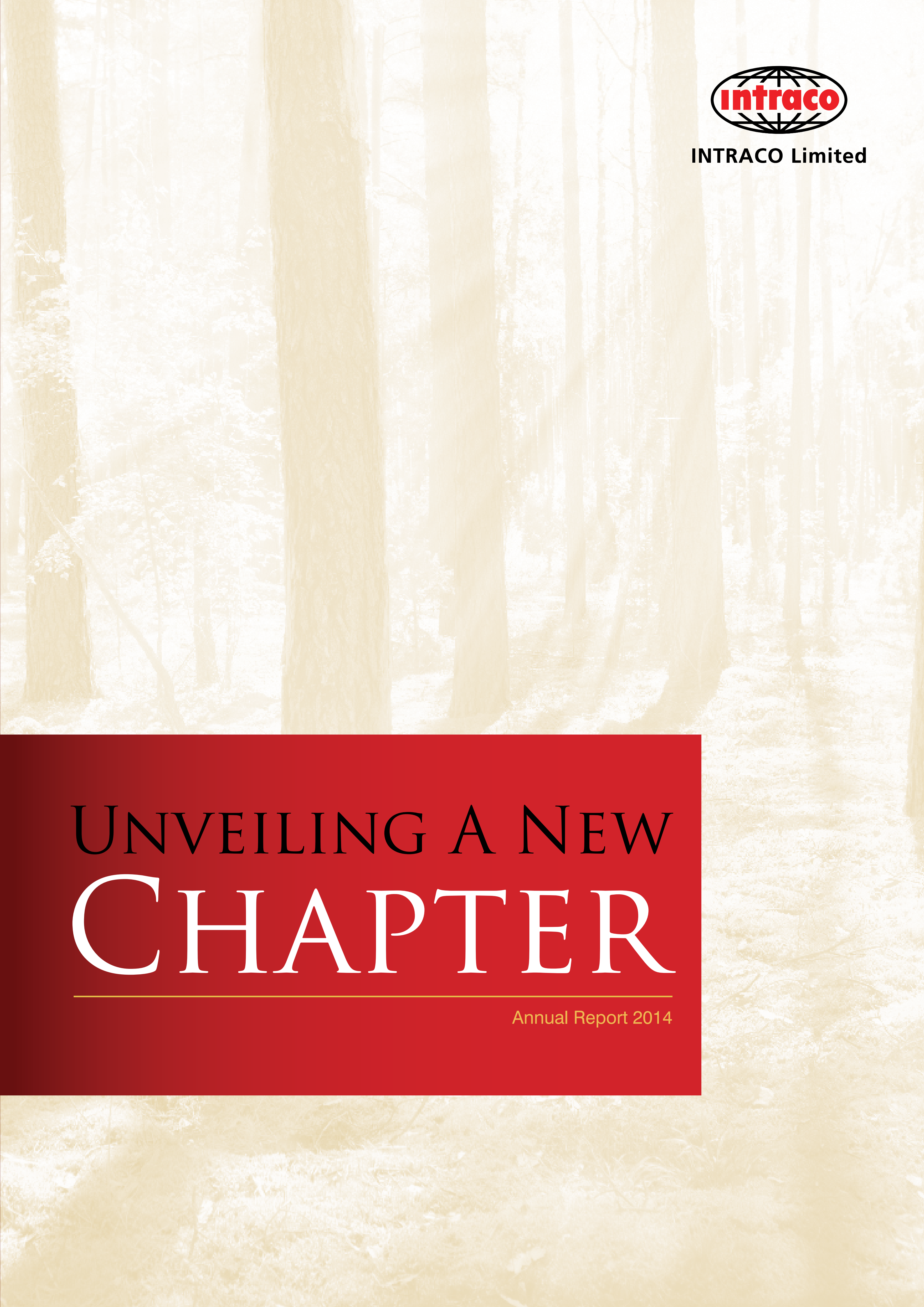


INTRACO Limited

Unveiling A New Chapter

Annual Report 2014

Contents

Preface

Corporate Profile

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

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

Today, the Group's focus is on two core business segments: Trading & Others, and Projects. Its Trading & Others Segment is involved in the trading of plastic resins as well as in telecommunications infrastructure; while its Projects Segment specialises in niche building-related materials.

As a result of its long history as a trading company, INTRACO has an established international network of partnerships and alliances. The Group has a strong regional footprint in ASEAN and China where it continues to leverage on its recognised brand name to grow its supplier and customer base. At the same time, the Group actively seeks out opportunities for strategic investments in growth industries to enhance its business.

Prologue

Seizing Opportunities, Forging Ahead

INTRACO (the "Group") began the daunting task of transformation in 2013 with the aim of seeking a turnaround for the business through diversification into new sectors and revenue streams. The Group is delighted to see its efforts start to bear fruit in 2014.

During the year, the Group seized two opportunities with good growth potential. The first was a joint venture with two other partners that led to the incorporation of Tat Hong Intraco Heavy Equipment Co. Ltd. ("Tat Hong Intraco Myanmar"), a business involved in crane rental and other related businesses in Myanmar. The other was the acquisition of a group of five companies under the KA Group that is a leading one-stop provider of fire protection products.

The Group will strive to establish Tat Hong Intraco Myanmar more firmly in Myanmar's building and construction industry in order to take advantage of the market's rising infrastructure needs. As for the KA Group, the long term goal is to transform this homegrown company into an internationally recognised Singapore brand in passive fire protection products and solutions.

The experience in the past two years has enabled the Group to develop sharp instincts in identifying potential assets. Forging ahead, the Group is keen on more acquisitions and will continue to seize opportunities that may come its way.

A 55-tonne crawler crane that is part of Tat Hong Intraco Myanmar's fleet.

Applying firestopping material at a curtain wall at Tanjong Pagar Centre.

Chapter One

Chairman's Message

Managing Director's Review

Chairman's Message

"The last two years of transformation has led us to where we are today with an encouraging new business and revenue stream in the niche sector of the building-related industry."

Dear Shareholders,

The financial year ended 31 December 2014 ("FY2014") was a positive one for INTRACO as we expanded the Group to include two new businesses which are in the niche sectors of the building-related industry. We envisage that the expertise that has been integrated into the Group would enable us to further develop our capabilities in this area.

Tapping on Myanmar's Growth

The first transaction was a joint venture with two other partners that resulted in the establishment of a new business in Myanmar and also our first foray into the crane rental and distribution sector.

In February 2014, we announced the incorporation of Myanmar company, Tat Hong Intraco Heavy Equipment Co. Ltd. ("Tat Hong Intraco Myanmar") by Tat Hong Intraco Pte Ltd, a joint venture company established on 28 August 2013 between INTRACO, SGX-listed crane company Tat Hong Holdings Ltd and prominent Myanmar businessman, Mr Aung Moe Kyaw with shareholdings of 40-40-20 by the three respective parties.

Tat Hong Intraco Myanmar, with an all-new fleet of nine crawler cranes and two tower cranes, commenced its business activities in June 2014. With the country's growing infrastructure needs as it opens its doors to more foreign investments and trade, we believe that the prospects for this business are positive.

Niche Building-Related Products

In Singapore, our acquisition of 70% of the share capital of the KA Group in September 2014 also provided the Group with an immediate entry point to the construction industry and serves as a good platform to further expand into other niche building-related activities and products.

Chairman's Message

Founded in 1987, the KA Group is a leading one-stop provider of fire protection products and one of the few players in Singapore's construction industry that is both a manufacturer and applicator of such solutions.

We believe the KA Group's double digit profit margins and strong growth prospects will enable INTRACO to expand its revenue base and improve on its profitability. The steady growth of Singapore and the regional economies has resulted in sustained activities in urbanisation and infrastructure development projects, particularly in building and construction activities in the region.

Our long term goal is to transform this homegrown company into an internationally recognised Singapore brand in passive fire protection products and solutions.

Our Existing Business

While we have been focused on actively exploring investment opportunities and have been busy with our newly acquired business and joint venture in FY2014, we have not neglected our Trading & Others Segment comprising our Plastics Division and our Telecommunications Infrastructure Division.

The Plastics Division remained our main revenue contributor during the year generating 95% of total sales. It secured a major contract in July 2014 when we were appointed by a subsidiary of Saudi Aramco, a state-owned oil company of the Kingdom of Saudi Arabia, as one of their main distributors for plastic polymers in Vietnam.

In May 2014, our Telecommunications Infrastructure Division renewed the project management and maintenance contract for the North East Line commercial mobile telecommunications infrastructure with mobile telecommunication operators (SingTel, M1 and StarHub) for the period until June 2016.

Business Outlook

While the economic outlook for 2015 appears uncertain, the Group believes our new businesses hold positive prospects. Barring any unforeseen circumstances, the Group is optimistic about achieving an improvement in its performance over last year.

INTRACO's war chest remains sizeable and we continue to actively look for suitable targets for mergers and acquisitions and joint ventures that will contribute to the long term sustainability and growth of the Group.

In line with this, we had announced the formation of an Investment Committee in September 2014, whose primary role is to provide advisory support to the management in relation to:

- Investment, merger, acquisition and disposal transactions;
- Participation in joint venture, partnership or any other similar arrangements;
- Other capital investments and financial commitments (including treasury management); and
- Group investment and treasury management policy guidelines and related procedures and processes.

Acknowledgement

At this juncture I would like to inform all shareholders that I will be retiring from my position as director and Chairman of the Group and will not be seeking re-appointment at the upcoming Annual General Meeting. I have been on the Board of INTRACO since 2002 and its Chairman since 2012. Over the years, I have seen the Company weather different seasons and challenges that have tested its resilience over and over again.

The last two years of transformation has led us to where we are today with two encouraging new business streams in the niche sector of the building-related industry. I feel heartened by the gradual but steady progress we have made and assured in the knowledge that the Group is in the capable hands of a dedicated and capable management team.

On this note, I want to thank the management of INTRACO and all shareholders for the support that you have shown me over my long and rewarding twelve years with the Group. The management team in place is more than qualified to guide the Group forward and I urge all shareholders to give it your support.

Finally, I want to thank all our stakeholders – our employees, shareholders, customers and business partners – for your trust in us as we made difficult decisions that we felt were necessary to build an enduring business and for being on board as we continue in our pursuit of a turnaround for the Group.

Dr Tan Ng Chee
Chairman of the Board

Managing Director's Review

> "As at 31 December 2014, INTRACO's cash and cash equivalents and debt securities available for sale stood at a healthy S$48.0 million, which will enable the Group to continue its growth strategy through the acquisition of profitable entities that will contribute towards the long term sustainability and viability of its business."

Dear Shareholders,

On behalf of the management team of INTRACO, it is my pleasure to present to you an account of the performance of our Group for the financial year ended 31 December 2014 ("FY2014").

Performance Review

INTRACO'S FY2014 was marked by two significant events. The first was the commencement of operations by our joint venture company in Myanmar, Tat Hong Intraco Heavy Equipment Co. Ltd. in June 2014, as well as the acquisition of the KA Group in September 2014.

In FY2014, INTRACO achieved an 18.2% increase in its top-line to S$151.2 million on the back of revenue growth from both its business segments, as compared to S$127.9 million generated in the previous year ("FY2013").

The Projects Segment reported stronger revenue as a result of contribution by its new 70%-owned group of subsidiaries, the KA Group, which boosted revenue

> **"We will persist in pursuing new business opportunities via strategic partnerships and acquisitions that will add new income streams to the Group."**

by S$3.6 million to S$6.1 million in FY2014. Although the KA Group only started contributing to INTRACO's performance from 5 September 2014, it had accounted for more than 50% of the Projects Segment's revenue for the year. This is a very encouraging outcome for us as the KA Group has proven to be a sound investment.

The Trading & Others Segment, which is the Group's main revenue generator, achieved a 15.7% increase in revenue to S$145.0 million in FY2014. This is mainly attributable to an improvement in the Plastics Division as a result of a new supply source for plastic resins during the year as compared to the previous year when there was a shortage of the material.

The Group registered a loss before tax of S$0.9 million in FY2014 compared to a profit before tax of S$1.1 million in FY2013.

Outlook

Looking ahead to the current financial year ("FY2015"), we expect the operating environment to be challenging, especially for the Plastics Division, in line with the slowdown in key growth economies and the volatility in crude oil prices, which have increased economic uncertainty.

Barring unforeseen circumstances, the Group is cautiously optimistic that our Projects Segment will turn in a better performance with full-year earnings contribution from the KA Group in FY2015.

Although Singapore's building and construction industry is slowing down due to the Government's property cooling measures, the Group believes that there is growing demand for the niche passive fire-protection solutions supplied by the KA Group in Singapore and abroad.

One of the plans we have for the KA Group is to expand its business regionally and to build its brand name for passive fire protection products. We believe that a strong homegrown brand for such products will hold much weight not only in Singapore but also in emerging countries in the region that are looking to upgrade the fire safety standards of their infrastructure.

In February 2015, INTRACO embarked on a restructuring exercise to integrate the subsidiaries of the KA Group under newly formed INTRACO subsidiary – K. A. Group Holdings Pte. Ltd. ("KAGH"). The purpose of the restructuring was to rationalise the structure of the KA Group of companies under the umbrella of KAGH.

Meanwhile we are optimistic about the performance of Tat Hong Intraco Heavy Equipment Co. Ltd. which commenced operations in June 2014. The joint venture currently has a fleet of eleven cranes and our team on the ground continues to aggressively go after more contracts. Although we expect the first two years to be challenging as the joint venture seeks to establish its track record and gain market share, we believe the extensive network and guidance of all three partners including Tat Hong Holdings Ltd and prominent local businessman, Mr Aung Moe Kyaw, will enable the joint venture to grow in strength.

Healthy Balance Sheet

As at 31 December 2014, INTRACO's cash and cash equivalents and debt securities available for sale stood at a healthy S$48.0 million, which will enable the Group to continue its growth strategy through the acquisition of profitable entities that will contribute towards the long term sustainability and viability of its business. We will persist in pursuing new business opportunities via strategic partnerships and acquisitions that will add new income streams to the Group.

Giving Back

In keeping with INTRACO's corporate culture, we continued to give back to the community in FY2014. During the year, our staff and management gave both monetary donations as well as their time to charitable causes.

In June 2014, we invited Community Chest to a lunch time talk at our office to increase our staff's awareness about the charity and its activities to help the needy. Following the talk, 44% of our staff opted to give monthly donations to the charity as compared to 23% the year before. The average amount pledged per staff also increased. In August 2014, our staff participated in the ComChest Heartstrings Walk as part of the national fund raising effort.

Ending the year with a bang, INTRACO participated in the Ang Mo Kio-Sengkang West Countdown to 2015 organised by the Grassroots Organisations in both constituencies at the Bishan-Ang Mo Kio Park,

Plastic resins used in the manufacture of consumer items such as plastic bottles and plastic bags.

Fire rated fabric shutter at ION Orchard. In the event of a fire, these shutters confine the flames and prevent spreading.

A 55-tonne crawler crane on a bridge construction project in Myanmar.

Grand Lawn 1. INTRACO donated several cartons of glow sticks for the event, which was graced by Prime Minister Lee Hsien Loong and attended by more than 10,000 residents, and featured performances by local and foreign artistes as well as a fireworks display.

Appreciation

In closing, I want to thank our outgoing Chairman, Dr Tan Ng Chee, who has been on our Board since 2002, for his contributions over the years. I wish him a happy retirement and all the best in his future endeavours.

Our Non-Executive Director, Mr Wong Meng Choong, will not be seeking re-election at the forthcoming Annual General Meeting of the Company. I want to thank him for his contributions since joining the Board in December 2012. The re-constitution of the Board and Board Committees will be announced in due course.

I also want to formally welcome Mr Soh Yong Poon and Ms Caren Soh, respectively the Chief Executive Officer and Chief Operating Officer of the KA Group, into the INTRACO family. They have built a strong track record over the years and we look forward to tapping on their valuable experience as we work together to build an even stronger future for the business.

Lastly I want to thank the other Directors on our Board as well as our staff for their support and commitment to the Group over the past year and also all our shareholders who continue to put their faith in us. I look forward to a better FY2015 with contributions from our newly attained income streams.

Mr Foo Der Rong
Managing Director & CEO

Chapter Two

Board of Directors

From left to right back row : Mr Shabbir H Hassanbhai, Mr Wong Meng Choong, Mr Ng How Kiat Charlie, Mr Ng San Tiong, Mr Chew Leong Chee
Front row : Mr Colin Low, Dr Tan Ng Chee, Mr Foo Der Rong, Dr Tan Boon Wan

Board of Directors

Dr Tan Ng Chee
Chairman & Independent Director

Dr Tan joined the Board of INTRACO Limited in December 2002 and was appointed as Chairman of the Board on 7 December 2012. Dr Tan was last re-appointed as a Director at INTRACO's Annual General Meeting on 23 April 2014. He also serves as Chairman of the Remuneration Committee and a member of the Audit Committee.

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

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

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

At present, he serves as an Independent Director on the boards of Hotung Investment Holdings Ltd and Prudential Assurance Company Singapore (Pte) Ltd (where he is the Chairman of the Audit Committee).

Dr Tan holds a Doctorate in Law from the University of Oxford. For a number of years until 2013 he was an Adjunct Professor of Law at the National University of Singapore Law School at which he taught a course on Comparative Corporate Governance to final year LLB and LLM law students, and was an examiner to Ph.D students in Company Law and Corporate Governance. Dr Tan also taught a similar course to postgraduate LLM students at the East China University of Politics and Law (formerly St John's University) in Shanghai, China.

Mr Colin Low
Deputy Chairman & Independent Director

Mr Low was appointed to the Board as Deputy Chairman and Independent Director on 1 March 2014. He also serves as Chairman of the Nominating and Investment Committees. Mr Low was last re-elected as a Director at INTRACO's Annual General Meeting on 23 April 2014.

He is currently the President and Chief Executive Officer of boutique private equity firm, Singapore Investment Development Corporation ("SIDC"), which is a Registered Fund Management Company of the Monetary Authority of Singapore, investing in high growth companies involved in technology, intellectual property and industrial solutions across the Asia Pacific region.

Prior to SIDC, Mr Low held several positions at General Electric ("GE"), where he served as President & Regional Executive of GE Group including GE Capital, GE Technology Infrastructure, GE Energy Infrastructure, GE Home Solutions and NBC Universal. He was also a Board Director of GE's financial and investment holding group for the Asia Pacific region, GE Pacific Pte Ltd, from 2005 to 2010 and a board director for GE Capital - Real Estate. In his early career at GE, he was the Managing Director & General Manager of GE Aviation – Aircraft Engines.

Mr Low holds several key board affiliations including the US National Board Member of the Cancer Treatment Centers of America, a rapidly growing network of regional hospitals (Atlanta, Chicago, Philadelphia, Phoenix, Tulsa) in the USA specializing in treating complex and advanced-stage cancer with an integrated and comprehensive "whole person" approach to medical care.

He is an Independent Board Director of OSIM International; Advisory Board member of Spencer Stuart International; Senior Advisor to Europe-based private wealth management group, Four Partners and Committee Member of the Yellow Ribbon Project, which helps ex-offenders reintegrate into society. He is an ASEAN Council Member of INSEAD University and has been an internationally certified Board Director of INSEAD University since 2012.

Mr Low holds a Bachelor of Science in Management (Honors), a Bachelor of Science in Marketing (Honors) and a Masters in Business Administration from Southern Illinois University Carbondale, USA.

Mr Foo Der Rong
Managing Director & Chief Executive Officer

Mr Foo was appointed to the Board as Managing Director and Chief Executive Officer on 1 January 2013. He was last re-elected as a Director at INTRACO's Annual General Meeting on 29 April 2013. Mr Foo also serves as a member of the Investment Committee.

Prior to joining the Group, he was Managing Director and Chief Executive Officer of Hanwell Holdings Limited (formerly known as PSC Corporation Limited).

Mr Foo has more than 30 years of experience in business development, corporate restructuring, investment strategies and operations management in the fast-moving consumer goods, services and manufacturing industries.

He is currently an Independent Director of Pavillon Holdings Ltd (formerly known as Thai Village Holdings Ltd), a Non-Executive Director of Southern Lion Sdn Bhd and the Patron of Teck Ghee Community Club Management Committee.

Mr Foo graduated with a Bachelor of Commerce degree from Nanyang University of Singapore.

Dr Tan Boon Wan
Independent Director

Dr Tan has been an Independent Director of the Board since 5 October 2004. He serves as the Chairman of the Audit Committee and a member of the Nominating Committee. Dr Tan was last re-elected as a Director at INTRACO's Annual General Meeting on 23 April 2014.

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

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

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

Mr Shabbir H Hassanbhai
Independent Director

Mr Hassanbhai was appointed to the Board as an Independent Director on 16 August 2013. He was last re-elected as a Director at INTRACO's Annual General Meeting on 23 April 2014. Mr Hassanbhai also serves as a member of the Remuneration Committee.

Besides serving on the boards of his own companies in Singapore and Middle East and as an Independent Director at listed India-based container, rail and cold chain logistics group Gateway Distriparks Limited and its subsidiaries, Mr Hassanbhai is currently Singapore's Non-Resident High Commissioner to Nigeria since 2007.

He is also active in various business associations and currently serves in several capacities within the Singapore Business Federation including the role of Vice-Chairman, Co-Chairman of the Singapore-Oman Business Council, Chairman of the Africa Business Forum, and Chairman of Board of Directors of the Singapore Business Advisors and Consultants Council.

In addition, Mr Hassanbhai is Chairman Advisory Board of the NTU-SBF Center of African Studies, Nanyang Business School, member of the Management Board of the Middle East Institute (National University of Singapore) and a member of the Singapore-Oman Joint Committee under the Ministry of Foreign Affairs. Mr Hassanbhai was conferred the Public Service Medal in 2010 and awarded the distinguished Long Service Award by the Ministry of Community Development, Youth and Sports (MCYS) in 2011 for his invaluable volunteer service to the community and awarded a medal for service to education from the Ministry of Education in 2014.

Mr Hassanbhai is a Fellow of the Chartered Management Institute and Member of Association of Certified and Chartered Accountant.

Mr Ng How Kiat Charlie
Non-Executive Director

Mr Ng was appointed to the Board as a Non-Executive Director on 22 November 2012. He was last re-elected as a Director at INTRACO's Annual General Meeting on 29 April 2013. Mr Ng also serves as a member of the Nominating, Remuneration and Investment Committees.

He is presently the President and Executive Director of Macondray Holdings Pte Ltd, a subsidiary of Asia Resource Corporation, with investments in Indo-China and China. He also serves on the boards of Asia Resource Corporation and several of its subsidiaries.

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

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

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

Mr Chew was appointed to the Board as an Alternate Director to Mr Ng How Kiat Charlie on 7 December 2012.

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

Companies he founded or led include Pepsi-Cola Vietnam, KFC Vietnam, Jetstar Asia, International Beverages Trading Company Myanmar, Del Monte Pacific, Sterling Tobacco Philippines and Hua Feng Paper Mill China.

In Singapore, he played an active role in promoting regional businesses, having served as Chairman of the Singapore Business Federation, Network Indonesia and the Vietnam Business Club. He also served as member of Singapore Trade Development Board, Economic Strategies Committee, National Productivity and Continuing Education Council, and was founding Chairman of Duke-NUS Graduate Medical School.

He is presently Co-Chairman of ACCORD Employers and Business Council, board member of Singapore Health Services Pte Ltd and Chinese Development Assistance Council, and Advisor to Singapore Institute of International Affairs.

Mr Chew was conferred the Meritorious Service Medal (2013), Public Service Star (2008), Public Service Medal (2001), and the NUS Outstanding Service Award (2011).

Mr Wong Meng Choong

Non-Executive Director

Mr Wong was appointed to the Board as a Non-Executive Director on 7 December 2012. He was last re-elected as a Director at INTRACO's Annual General Meeting on 29 April 2013. Mr Wong also serves as a member of the Audit and Investment Committees.

Mr Wong is currently the Group Chief Operating Officer at Hong Leong Asia Ltd. Prior to his present position, he served as Group Chief Operating Officer, Asia at Tat Hong Holdings Ltd in 2013 and 2014.

Between 1999 and 2011, Mr Wong was Managing Director (Asia Pacific) of China Export Finance Ltd and China Delta Export Limited. He also formerly served as Chief Operating Officer of Rex Packaging Group, a subsidiary company of Hong Leong Asia Ltd, and as Deputy CEO of the Group Dairies Division of the F&N Group.

Mr Wong holds a Bachelor of Accountancy degree from the National University of Singapore. He is also an alumnus of the Senior Executive Program of Columbia University in New York, USA.

Mr Ng San Tiong

Alternate Director to Mr Wong Meng Choong

Mr Ng was appointed to the Board as an Alternate Director to Mr Wong Meng Choong on 7 December 2012.

Mr Ng is the Managing Director of one of the world's largest crawler crane rental company Tat Hong Holdings Ltd and he is vastly experienced in the areas of corporate management, business development and business management. He sits on the board of Tat Hong Holdings Ltd as well as its regional subsidiaries and associates across Malaysia, Indonesia, Australia and China. He also holds directorships in several listed companies in Singapore including tower crane manufacturer, Yongmao Holdings Limited, and a foundation and geotechnical engineering company, CSC Holdings Limited.

In addition, Mr Ng is the Vice-President of the Singapore Chinese Chamber of Commerce & Industry (SCCCI), a member on the Board of Directors of the Business China and a member on the Board of Trustees of the Chinese Development Assistance Council (CDAC).

Mr Ng graduated with a Bachelor of Science (Honours) Degree from Loughborough University, College of Technology, in the United Kingdom.

Mr Ng was awarded the Pingat Bakti Masyarakat (Public Service Medal) in 2002 and Bintang Bakti Masyarakat (Public Service Star) in 2010 by the President of Republic of Singapore.

Executive Team

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

Mr Ronald Lim
Chief Operating Officer

Mr Lim is an industry veteran with more than 30 years of experience in senior and general management positions with both multi-national corporations and local companies operating in the plastic manufacturing and packaging industries.

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

Mr Yeo Choon Tat
Group Financial Controller

Mr Yeo is a finance professional with more than 30 years of regional experience in senior management roles for multi-national corporations and local organisations across diverse industries, such as electronics manufacturing, venture capital investment & portfolio management and managing turnaround operations in Hong Kong, China and Singapore.

His past principal appointments includes, inter alia, V.P. Finance and Asia-Pacific operations of Creative Technology Ltd., Senior V.P. Greater China Investment of Vertex Management Pte. Ltd., Chief Operating Officer of Joilimark Holdings Ltd, Hong Kong and Executive Director of ASA Holdings Ltd, Singapore.

Mr Yeo is an Accountancy graduate of the University of Singapore. He is also a fellow member of the Institute of Singapore Chartered Accountants (FISCA), CPA Australia (FCPA Aust.) and ACCA U.K. (FCCA).

Mr Soh Yong Poon
Chief Executive Officer, KA Group

Mr Soh is the founder of the KA Group, a business he started in 1987 after identifying the huge potential for specialised fire proofing products and solutions in Singapore's burgeoning construction industry in the 1980s.

Under his stewardship, the KA Group is today one of the market leaders in niche building-related materials in Singapore. In September 2014, the KA Group became a subsidiary of INTRACO when the latter acquired majority stake in the KA Group.

Mr Soh currently serves as the Chief Executive Officer of the KA Group and is responsible for recommending its strategic direction as well as steering it towards achieving its corporate objectives and goals. He continues to be responsible for product development.

Ms Caren Soh
Chief Operating Officer, KA Group

Ms Soh has been with the KA Group since 2008 and currently holds the position of Chief Operating Officer. She is overall in charge of business development, including strategies to increase sales of the company's proprietary and agency fire-proofing products and solutions. She is also responsible for establishing a strong customer base and maintaining the KA Group's market share in Singapore.

In addition, Ms Soh oversees the day-to-day operations of the KA Group and works closely with various regulatory agencies as well as suppliers.

Ms Soh majored in Management at the University of London, where she graduated with a Bachelor of Science Degree in 2010.

Ms Shelyn Loy
Senior Manager, Corporate and Financial Services

Ms Loy has more than 15 years of experience in corporate finance with several organisations including Harry Elias Partnership, PrimePartners Corporate Finance Pte Ltd and NRA Capital Pte Ltd. She has been involved in a wide range of corporate finance transactions including fund raising exercises as well as advisory transactions for mergers and acquisitions, privatisations, corporate restructurings and fairness opinions.

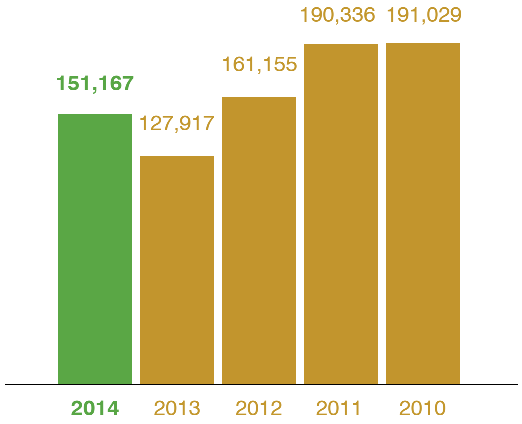
She holds a Bachelor of Business (Accounting) degree from Swinburne University of Technology in Melbourne, Australia. She is a member of the Australian Society of Certified Public Accountants.

Ms Joanne Kam
Manager, Human Resources

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

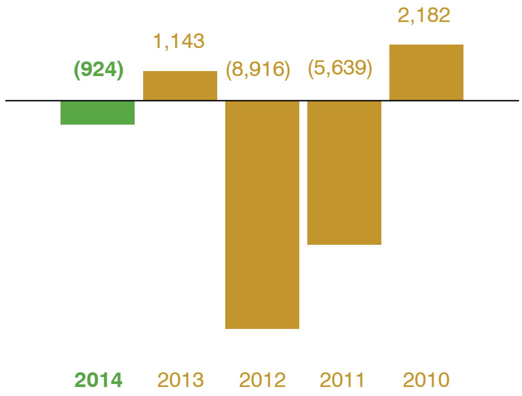
She holds a degree in Business Management and Human Resource Management from University of Tasmania in Australia.

Revenue ($'000)



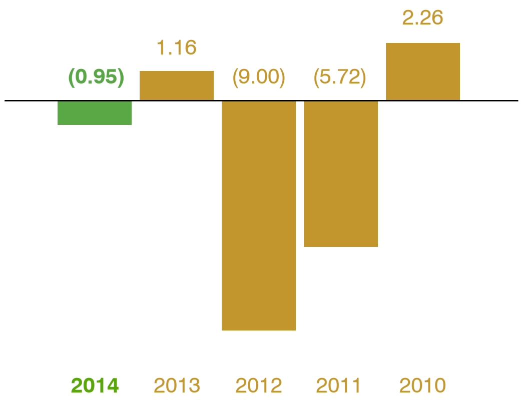
Profit/(Loss) Before Tax* ($'000)

* Note: Excluding discontinued operations

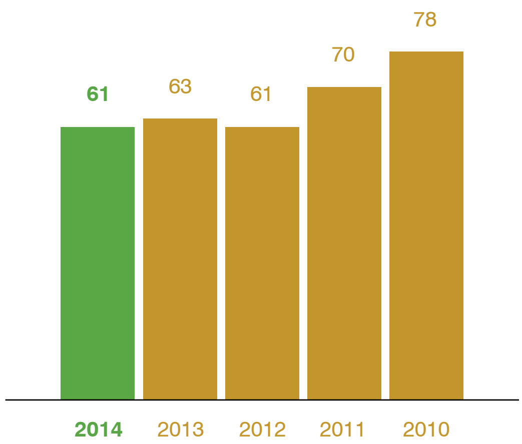


Earnings Per Share* (cents)

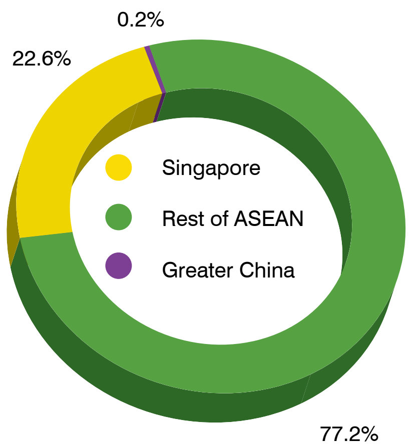
* Note: Excluding discontinued operations



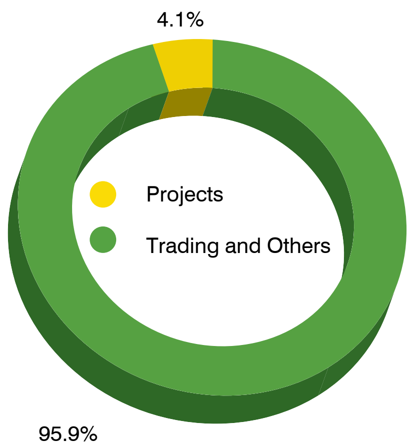
Net Asset Value Per Share (cents)



FY2014 Revenue by Geographical Segments



FY2014 Revenue by Operating Segments



Corporate Information

Board of Directors

Dr Tan Ng Chee
Chairman and Independent Director

Mr Colin Low
Deputy Chairman and Independent Director

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Dr Tan Boon Wan
Independent Director

Mr Shabbir H Hassanbhai
Independent Director

Mr Wong Meng Choong
Non-Executive Director

Mr Ng How Kiat Charlie
Non-Executive Director

Mr Ng San Tiong
Alternate Director to Mr Wong Meng Choong

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

Audit Committee

Dr Tan Boon Wan (Chairman)
Dr Tan Ng Chee
Mr Wong Meng Choong

Nominating Committee

Mr Colin Low (Chairman)*
Dr Tan Boon Wan
Mr Ng How Kiat Charlie

**Appointed on 9 September 2014*

Remuneration Committee

Dr Tan Ng Chee (Chairman)
Mr Shabbir H Hassanbhai+
Mr Ng How Kiat Charlie

+Appointed on 9 September 2014

Investment Committee#

Mr Colin Low (Chairman)
Mr Foo Der Rong
Mr Wong Meng Choong
Mr Ng How Kiat Charlie

#Formed on 9 September 2014

Company Secretaries

Ms Tan San-Ju
Ms Yeo Poh Noi Caroline

Auditors

KPMG LLP
16 Raffles Quay
#22-00 Hong Leong Building
Singapore 048581
Audit Partner – Ms Karen Lee
(Appointed in 2010)

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Bankers

United Overseas Bank Limited

Development Bank of Singapore Limited

Standard Chartered Bank (Singapore) Limited

The Hongkong and Shanghai Banking Corporation Limited

Oversea-Chinese Banking Corporation Limited

Investor Relations

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Chapter Three

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 an ethical environment, which strives to preserve and enhance the interests of all stakeholders.

In keeping with its commitment to a high standard of corporate governance, the Board of Directors and Management endeavour to align the Company's governance framework with the recommendations of the Code of Corporate Governance 2012 (the "**2012 Code**").

This report describes the corporate governance framework and practices of the Company with specific reference made to each principle as set out in the 2012 Code.

The 2012 Code is divided into four main sections, namely:

A. Board Matters
B. Remuneration Matters
C. Accountability and Audit
D. Shareholders Rights and Responsibilities

A. BOARD MATTERS

The Board of Directors works closely with Management for the long-term success of the Company. The Board comprises the following members:

Dr Tan Ng Chee (Chairman)
Mr Colin Low (Deputy Chairman) (appointed on 1 March 2014)
Mr Foo Der Rong
Dr Tan Boon Wan
Mr Shabbir H Hassanbhai
Mr Ng How Kiat Charlie
Mr Wong Meng Choong
Mr Chew Leong Chee (Alternate Director to Mr Ng How Kiat Charlie)
Mr Ng San Tiong (Alternate Director to Mr Wong Meng Choong)

A description of the background of each Director is presented in the "**BOARD OF DIRECTORS**" section of this annual report set out on pages 11 to 13.

THE BOARD'S CONDUCT OF ITS AFFAIRS (PRINCIPLE 1)

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

The Board's role includes:

- approving the appointments of Directors, Company Secretary, and key management personnel;
- setting objective performance criterion to evaluate the Board's performance and succession planning process;
- overall responsibility for the oversight of material risks in the Group's business;
- reviewing and approving key operational and business initiatives, the Group's operating and financial performance, risk management processes and systems, the release of the Group's half-year and full-year financial results and determining the Group's annual budgets and capital expenditure;

- providing leadership, setting strategic objectives, and ensuring that the necessary financial and human resources are in place for the Company to meet its objectives;
- establishing a framework of prudent and effective internal controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;
- approving major funding proposals, investment and divestment proposals;
- establishing goals for Management and reviewing Management's performance by monitoring the achievement of these goals;
- identifying the key stakeholder groups and recognizing that their perceptions affect the Company's reputation;
- setting the Company's values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- considering sustainability issues (where applicable), e.g. environmental and social factors.

Matters relating to the Group's objectives, strategies and policies require the Board's direction and approval, while Management is responsible for the day-to-day operations and administration of the Group.

The Board has also adopted a set of internal controls which, among other matters, sets 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 efficiencies. The Board also approves results announcements and other announcements to be released via SGXNET.

Board Committees

To assist in the execution of its responsibilities, the Board had established 4 Board Committees and delegates specific areas of responsibilities to these Committees. The Committees are the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Investment Committee ("**IC**").

Each of these Board Committees functions within clearly defined terms of reference. The terms of reference of the AC, NC and RC had been amended in March 2013 to align the Company with the recommendations of the 2012 Code.

The IC was established on 9 September 2014. Its primary role, which is outlined in its terms of reference, is to provide advisory support to Management/the Company on the following:

- investment, merger, acquisition and disposal transactions;
- participation in joint venture or partnership (or such similar arrangement);
- other capital investments and financial commitments (including treasury management); and
- Group investment and treasury management policy guidelines and related procedures/processes.

The IC comprises the following 4 Directors, of whom 1 (the Chairman) is an Independent Director and 2 are Non-executive Directors:

Mr Colin Low (Chairman)
Mr Wong Meng Choong
Mr Ng How Kiat Charlie
Mr Foo Der Rong

These Board Committees have the authority to examine the specific issues outlined in their respective terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, rests with the entire Board.

Board and Board Committee Meetings

The Board and Board Committees meet regularly and whenever necessary to discharge their duties. An annual schedule of Board and Board Committee meeting dates are set by the Directors in advance. Ad-hoc meetings are convened when required.

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

Members of Management are invited to attend the meetings to present information and/or render clarification when required. The Company's Articles of Association ("**Articles**") 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 financial year ended 31 December 2014 ("**FY2014**") are as follows:

Board and Board Committee Meetings and Attendance

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Investment Committee(1)
	Number of Meetings Held				
	6	5	3	1	2
	Number of Meetings Attended				
Tan Ng Chee	5/6	5/5	3/3	1/1	N/A
Colin Low(2)	4/6	N/A	N/A	N/A	2/2
Foo Der Rong	6/6	N/A	N/A	N/A	2/2
Tan Boon Wan	6/6	5/5	3/3	1/1	N/A
Shabbir H Hassanbhai(3)	5/6	N/A	N/A	N/A	N/A
Ng How Kiat Charlie	6/6	N/A	3/3	1/1	2/2
Wong Meng Choong	6/6	5/5	N/A	N/A	2/2

Notes:

(1) The IC was established on 9 September 2014 and all members were appointed on that date.
(2) Mr Colin Low was appointed as a Director and Deputy Chairman of the Board on 1 March 2014 and Chairman of the NC on 9 September 2014.
(3) Mr Shabbir H Hassanbhai was appointed as a member of the RC on 9 September 2014.

Formal letters are provided to each Director upon appointment, setting out duties and responsibilities as a Director under the Companies Act, Cap. 50 (the "**Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

All newly-appointed Directors attend an orientation programme which seeks to familiarize them with the Company's business, operations and governance practices and they 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 the contact numbers and email addresses of key executives, the Company Secretary, Auditors and Investor Relations to facilitate efficient and direct access.

To keep pace with a fast-changing regulatory environment, the Board is kept informed of any relevant changes to legislation and regulatory requirements. Directors and Management are encouraged to attend courses to keep abreast of changes in the law and governance matters that may affect the Group. The Company has a budget for Directors to receive further relevant training of their choice in connection with their duties as Directors.

BOARD COMPOSITION AND GUIDANCE (PRINCIPLE 2)

Board Composition and Independent Directors

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

The Board comprises members with diverse expertise and experience in accounting, banking, law, marketing, fund management, business, management, finance, risk management, trading, logistics management and as a group provides core competencies necessary to lead and govern the Company effectively. The Directors' objective judgment, collective experience and knowledge are invaluable to the Group and allow for the useful exchange of ideas and views.

The Board has a strong element of independence. In FY2014, more than half the members comprise Independent Directors. The Company's Managing Director & Chief Executive Officer ("**CEO**"), Mr Foo Der Rong, is the only Executive Director appointed to the Board. Dr Tan Ng Chee, Mr Colin Low, Dr Tan Boon Wan and Mr Shabbir H Hassanbhai are independent as they have no relationship with the Company, its related companies, its 10% shareholders (persons with an interest of not less than 10% of the total votes to all the voting shares in the Company), or their officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interest of the Group, and they are able to exercise objective judgment on corporate affairs independently from the Management and 10% shareholders.

The Non-executive Directors exercise objective judgment on the Group's affairs independently from Management. The Non-executive Directors also contribute to the Board process by monitoring and viewing Management's performance against goals and objectives. Their views and opinions provide alternate perspectives to the Group's business. When challenging Management's proposals or decisions constructively, they bring independent judgment to bear on business activities and transactions involving conflicts of interest and other complexities.

Independence of Directors

The NC reviews annually the independence of each Director based on the definition and criteria set out in the 2012 Code. Each Independent Director is required to complete a Confirmation of Independence form drawn up based on the guidelines provided in the 2012 Code. Thereafter, the NC reviews the confirmations and recommends its assessment to the Board.

The 2012 Code stipulates that the independence of any Director who has served on the Board beyond 9 years from the date of his first appointment should be subject to particularly rigorous review. The NC noted that the Company currently has 2 Directors – Dr Tan Ng Chee and Dr Tan Boon Wan, who have served on the Board beyond 9 years from the date of their first appointment.

The NC has determined that Dr Tan Ng Chee and Dr Tan Boon Wan have demonstrated independent mindedness and conduct at Board and Board Committee meetings and the Board is of the view that both Directors have been exercising independent judgment in the best interests of the Company in the discharge of their duties.

Taking into consideration the foregoing, the NC and Board have determined that Dr Tan Ng Chee and Dr Tan Boon Wan are independent. In this regard, 4 Directors – Dr Tan Ng Chee, Mr Colin Low, Dr Tan Boon Wan and Mr Shabbir H Hassanbhai (who represent more than half of the Board) are considered independent and no individual dominates the Board's decision-making process.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (PRINCIPLE 3)

The positions of the Chairman and CEO are separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Dr Tan Ng Chee is the

Independent Chairman and Mr Foo Der Rong is the Managing Director & CEO of the Group. The Chairman is not related to the Managing Director & CEO.

The Chairman, Dr Tan Ng Chee, leads the Board and ensures the effectiveness on all aspects of its role. His duties include:

- setting the agenda for Board meetings;
- ensuring that Directors receive accurate, complete and timely information;
- fostering effective communication between shareholders, the Board and Management;
- encouraging the constructive exchange of views within the Board and between Board members and Management;
- facilitating the effective contribution of Non-executive Directors and Independent Directors; and
- promoting a culture of openness and debate at the Board level and promote high standards of corporate governance.

The Managing Director & CEO, Mr Foo Der Rong, is responsible for the day-to-day operations of the Group and plays a key role in running the Group's business and operations in accordance with the strategic and operational objectives established by the Board.

The Company had previously appointed a Lead Independent Director ("**LID**") in compliance with Guideline 3.3 of the 2012 Code. As the Board composition has since changed, it is no longer necessary for the Company to have a LID. Accordingly, the LID, Dr Tan Ng Chee, was re-designated as an Independent Director on 9 September 2014 and remained as Chairman of the Board.

BOARD MEMBERSHIP (PRINCIPLE 4)

Nominating Committee

For a more equitable distribution of duties, the NC was re-constituted on 9 September 2014. The NC comprises the following Non-executive Directors, of whom 2 (including the Chairman) are Independent Directors:

Mr Colin Low (Chairman) (appointed on 9 September 2014)
Dr Tan Boon Wan
Mr Ng How Kiat Charlie

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

- to identify candidates and review all nominations for the appointment or re-appointment of Directors (including Alternate Directors), the CEO of the Group, and to determine the selection criteria;
- to ensure that all Board appointees undergo an appropriate induction programme;
- to review training and professional development programmes for the Board;
- to regularly review the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- to identify gaps in the mix of skills, experience and other qualities required in an effective Board and to nominate or recommend suitable candidates to fill these gaps;

- to decide whether a Director is able to and has been adequately carrying out his duties as Director of the Company, particularly where the Director has multiple board representations;
- to review the independence of each Independent Director annually;
- to review Board succession plans;
- to decide how the Board and Board Committees' 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.

There are currently 2 Alternate Directors appointed to the Board – Mr Ng San Tiong (alternate to Mr Wong Meng Choong) and Mr Chew Leong Chee (alternate to Mr Ng How Kiat Charlie). The Alternate Directors are appropriately qualified and are familiar with the Company's affairs.

Procedure for Selection and Appointment of New Directors

The NC had put in place a formal process for shortlisting, evaluating and nominating candidates for appointment as new Directors.

The NC, in consultation with Management and the Board, determines the qualifications, skills set, and expertise required or expected of a new Board member taking into account the size, structure, composition and progressive renewal of the Board. Recommendations from Board members, business associates, advisors, professional bodies and other industry players are reviewed by the NC. The criteria for assessing the suitability of any nominee or candidate are determined by the NC.

The NC, in evaluating the suitability of the nominee or candidate, will take into account his qualifications, business and related experience and ability to contribute effectively to the Board. The NC will also determine if the nominee or candidate would be able to commit time to his appointment having regard to his other Board appointments and principle commitments, and if he is independent.

The evaluation process will also involve an interview or meeting with the nominee or candidate. Appropriate background and confidential searches will also be made. Recommendations of the NC are then put to the Board for consideration. Any appointments to Board Committees are reviewed and approved at the same time.

The Company may appoint professional search firms and recruitment consultants to assist in the selection and evaluation process if the appointment involves specific skill sets or industry specialization.

Key information on each Director, including current directorships and principal commitments, are set out on pages 11 to 13 of this report.

Procedure for Re-appointment of Directors

The Company's Articles provide for the retirement and re-election of Directors at every Annual General Meeting ("**AGM**").

The Company's Articles require all Directors to submit themselves for re-nomination and re-election at least once every 3 years; and at least one-third of the Directors for the time being to retire from office by rotation. New Directors appointed during the year are subject to retirement and re-election at the following AGM of the Company. The NC is responsible for the nomination of retiring Directors for re-election.

In determining the nomination of a Director for re-election, the NC takes into account the composition and progressive renewal of the Board, and the competency, performance and contribution of the Director including his attendance, preparedness and participation at Board and Board Committee meetings. A Director's time and effort accorded to the Company's business and affairs will also be considered. Where appropriate, the NC will also consider the Director's independence.

Where a Director has multiple Board representations, the NC will determine if the Director has been able to devote sufficient time and attention to the Company's affairs and if he has been adequately carrying out his duties as a Director. The recommendation of the NC for the nomination of a Director for re-election is then made to the Board. The Board will review this recommendation.

The NC had also reviewed the directorships and principal commitments disclosed by each Director and was of the view that the existing directorships and principal commitments of the respective Directors have not impinged on their abilities to discharge their duties. Therefore, the NC believes that it would not be necessary to prescribe a maximum number of listed company board representations a Director may hold. The Board affirms and supports this view.

At the forthcoming AGM, Mr Ng How Kiat Charlie and Mr Wong Meng Choong will be retiring by rotation pursuant to Article 115 of the Company's Articles. Dr Tan Ng Chee will be retiring pursuant to Section 153(6) of the Act.

Mr Ng How Kiat Charlie had consented to his nomination and re-election as a Director of the Company at the forthcoming AGM.

Both Dr Tan Ng Chee and Mr Wong Meng Choong had given notice that they will not be seeking re-appointment and re-election pursuant to Section 153(6) of the Act and Article 115 of the Company's Articles respectively at the forthcoming AGM.

Upon his cessation as a Director of the Company at the conclusion of the AGM, Dr Tan Ng Chee shall ipso facto cease as Chairman of the Board, Chairman of the RC and a member of the AC.

Upon his cessation as a Director of the Company at the conclusion of the AGM, Mr Wong Meng Choong shall ipso facto cease as a member of the AC and IC. Accordingly, Mr Ng San Tiong shall cease as Alternate Director to Mr Wong Meng Choong at the conclusion of the AGM.

The Board and Management wish to convey their appreciation to Dr Tan Ng Chee and Mr Wong Meng Choong for their invaluable guidance and contribution during their tenure as Directors of the Company.

The re-constitution of the Board and Board Committees would be announced after the AGM.

For the year under review, the NC held 3 meetings.

BOARD PERFORMANCE (PRINCIPLE 5)

The Board has established a set of criteria for evaluating the effectiveness of the Board and Board Committees, as well as the contribution of each individual Director.

The NC has in place an annual Board Performance Evaluation exercise which is used to evaluate the effectiveness of the Board and facilitate discussion to enable Directors to discharge their duties more effectively. The evaluations are carried out by means of a questionnaire being completed by each Director. The results of the questionnaire are collated and the findings are analysed and discussed by the NC and reported to the Board.

The Board performance evaluation exercise provides an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes had allowed him to discharge his duties effectively. Directors are encouraged to propose changes to enhance effectiveness as a whole.

The NC had initiated an annual performance evaluation exercise for each of the Board Committees commencing in 2014. The performance evaluations of the AC, NC and RC are similarly carried out by means of questionnaires. The IC, which was formed on 9 September 2014, would be conducting its inaugural performance evaluation for FY2015.

The Independent Directors and Non-executive Directors ensure the performance of the Executive Director and Management is objectively reviewed on a continual basis. They also meet from time to time outside of Board meetings to discuss specific issues without the presence of Management.

ACCESS TO INFORMATION (PRINCIPLE 6)

To assist the Board in fulfilling its responsibilities, Management provides the Board with reports containing complete, adequate and timely information prior to Board meetings, and on an on-going basis. The Board has separate and independent access to Management and the Company Secretary and where required, obtain additional information to facilitate informed decision-making.

Information provided includes background or explanatory materials related to matters to be reviewed 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.

The Company Secretary attends Board meetings and is responsible for ensuring that Board procedures are observed and that applicable rules and regulations are complied with. The Board is also periodically updated by the Company Secretary on relevant regulatory changes affecting the Company.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

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)

The RC was re-constituted on 9 September 2014 and comprises the following Non-executive Directors, of whom 2 (including the Chairman) are Independent Directors:

Dr Tan Ng Chee (Chairman)
Mr Shabbir H Hassanbhai (appointed on 9 September 2014)
Mr Ng How Kiat Charlie

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

No remuneration consultants were engaged in FY2014.

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

The duties of the RC, which are defined in its terms of reference, include:

- recommending Non-executive Directors' fees and Executive Directors' remuneration to the Board in accordance with the approved remuneration policies and processes of the Company;
- reviewing service contracts for Executive Directors, CEO and key management personnel to keep in line with the guidelines on contractual provisions set out in the 2012 Code;

- looking into service contract provisions that allow the Group to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group;

- reviewing and approving the remuneration of the CEO and the top 5 key executives (who are not Directors) in accordance with the approved remuneration policies and processes of the Company;

- reviewing the eligibility of Executive Directors and key management personnel for benefits under any long-term incentive schemes;

- administering the INTRACO Employee Share Option Scheme (the "**2013 Scheme**") and any other share option scheme or share plan. More information on the 2013 Scheme is set out in the Directors' Report on pages 34 to 35;

- reviewing the remuneration packages of employees who are related to any Director, substantial shareholder or the CEO (or executive of equivalent rank); and

- ensuring that an appropriate proportion of the remuneration of Executive Directors and key management personnel are structured so as to link rewards to corporate and individual performance.

LEVEL AND MIX OF REMUNERATION (PRINCIPLE 8)
DISCLOSURE ON REMUNERATION (PRINCIPLE 9)

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

As part of its review, the RC ensures that the performance-related elements of remuneration form an appropriate part of the total remuneration package of the Managing Director & CEO and key management personnel and that each package is designed to align their interests with those of shareholders and link rewards to corporate and individual performance. The Managing Director & CEO is remunerated as part of senior management and does not receive Directors' fees. He is under a service contract which is for a fixed term of 3 years. The renewal of the service contract is 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 Independent Directors and Non-executive Directors to ensure that remuneration commensurate with their contribution and responsibilities.

None of the Independent Directors and Non-executive Directors has service contracts or consultancy arrangements with the Company. They are paid Directors' fees based on a structured fee framework reflecting the responsibilities and time commitment of each Director. The fee framework comprises a base fee, attendance fees and additional fees for holding appointment as Chairman/Deputy Chairman of the Board or Chairman/member of Board Committees. No Director is involved in the deliberation and decision in respect of his own individual fees.

The annual quantum of Directors' fees to be paid is reviewed by the RC and the Board before submission to shareholders for approval at the Company's AGM.

Shareholders' approval is being sought at the Company's forthcoming AGM for the payment of an additional S$33,278 in Directors' fees for FY2014. There was a shortfall in the actual Directors' fees of S$399,945 incurred and the amount of Directors' fees of S$366,667 for FY2014 approved by shareholders at the last AGM on 23 April 2014. This was due to attendance fees payable for ad-hoc meetings of the Board and Board Committees in FY2014 and the formation of an additional Board Committee – the IC, in FY2014.

The Directors' fee framework remains unchanged.

The RC has recommended to the Board a total amount of S$400,000 as Directors' fees for FY2015, to be paid quarterly in arrears. This would also be tabled at the forthcoming AGM for shareholders' approval.

A summary compensation table of the Directors receiving remuneration from the Group for FY2014 is appended below:

	Director's Fees[1]	Salary	Bonus	Other Benefits[2]	Total (S$)
Remuneration Band & Name of Director					
S$500,000 to S$750,000					
Mr Foo Der Rong	–	72.58%	20.86%	6.56%	587,000
Below S$250,000					
Dr Tan Ng Chee	100%	–	–	–	110,000
Mr Colin Low[3]	100%	–	–	–	56,000
Dr Tan Boon Wan	100%	–	–	–	76,000
Mr Ng How Kiat Charlie	100%	–	–	–	57,000
Mr Wong Meng Choong	100%	–	–	–	62,000
Mr Shabbir H Hassanbhai	100%	–	–	–	39,000

Notes:
(1) The Directors' fees in FY2014 amounted to S$399,945, of which S$366,667 had been approved at the last AGM on 23 April 2014. The additional Directors' fees of S$33,278 incurred in FY2014 is subject to the approval of shareholders at the forthcoming AGM.
(2) Other benefits refers to allowances.
(3) Mr Colin Low was appointed on 1 March 2014. Fees are pro-rated.

Disclosure of key management personnel remuneration (who are not Directors or the CEO) in bands of S$250,000 (based on gross remuneration received and inclusive of employer's contributions to the Central Provident Fund) is set out below. The key management personnel include the Chief Operating Officer and Group Financial Controller ("**FC**"). The remuneration of the business heads of the Company's business segments is also set out below. The aggregate remuneration paid to the said personnel in FY2014 amounted to S$1,047,022.

The Company is of the view that this disclosure provides sufficient overview of the remuneration of the Group while maintaining confidentiality of staff remuneration matters.

	Salary	Bonus	Other Benefits[1]	Total
Remuneration Band & Name of Key Management Personnel				
S$250,000 to S$499,999				
Ronald Lim	75.95%	15.23%	8.82%	100.00%
Yeo Choon Tat	78.58%	20.94%	0.48%	100.00%
Below S$250,000				
Steve Sheu	79.26%	15.21%	5.53%	100.00%
Soh Yong Poon[2]	69.67%	20.44%	9.89%	100.00%
Caren Soh[2]	77.41%	10.95%	11.64%	100.00%

Notes:
(1) Other benefits refers to allowances.
(2) Based on remuneration from the KA Group of Companies for the period from 5 September 2014 to December 2014.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

No employee of the Group was an immediate family member of a Director or the CEO in FY2014.

Long-term Incentive Scheme

The employees of the Group, including Executive Directors, are eligible to participate in the 2013 Scheme. The 2013 Scheme serves as a long-term incentive scheme to better align the interest of Executive Directors and key management personnel with the Company's shareholders

No options were granted under the 2013 Scheme in FY2014. Details and important terms of the 2013 Scheme can be found in the Directors' Report on pages 34 to 35.

C. ACCOUNTABILITY AND AUDIT

ACCOUNTABILITY (PRINCIPLE 10)

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 timely announcements via SGXNET.

Management provides the Board with a continual flow of relevant information on the Group's operational, financial and compliance matters on a timely basis, including monthly management accounts in order that the Board may effectively discharge its duties.

RISK MANAGEMENT AND INTERNAL CONTROLS (PRINCIPLE 11)

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

The Company consistently monitors the internal controls of the Company. This internal monitoring includes a general review of policies and procedures for the Group covering operations, corporate, accounting function, information systems and human resource.

The AC is responsible for determining the Company's levels of risk tolerance and risk policies and oversees Management's implementation and monitoring of risk management and internal control systems.

In FY2013, the Board formalised and approved an Enterprise Risk Management Framework. This risk framework has 4 principal risk categories, namely strategic, financial, operational and compliance risks.

The Company's Internal Auditor ("**IA**") reviews internal controls as part of the internal audit plan to provide independent assurance to the AC and the Board on the adequacy, effectiveness and integrity of the Group's internal controls and risk management systems.

The IA presents his findings to the AC on a quarterly basis. If any non-compliance or internal control weaknesses are noted during the audit, the corresponding recommendations and Management's responses are reported to the AC.

The AC also reviews interested person transactions ("**IPTs**") on a quarterly basis.

On an annual basis, the Managing Director & CEO and Group FC will provide a written confirmation to the Board confirming that:

- the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances;

- nothing had come to Management's attention which might render the financial results of the Group as at the end of the financial year to be false or misleading in any material aspect;

- Management was aware of their responsibilities for establishing, maintaining and evaluating the effectiveness of the risk management and internal control systems of the Company; and

- there were no known significant deficiencies in the risk management and internal controls systems relating to the Company's financial, operational, compliance and information technology controls which could adversely affect the Company's ability to record, process, summarise or report financial data, or any fraud, whether material or not.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by Management and the AC, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2014 to address financial, operational and compliance risks, including information technology risks, which the Company considers relevant and material to its operations.

The system of internal controls and risk management established by Management provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it endeavours to achieve its business objectives. Nevertheless, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities.

Accordingly, the Company has complied with Listing Rule 1207(10).

Risk Management Policies and Processes

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

AUDIT COMMITTEE (PRINCIPLE 12)

The AC comprises the following Non-executive Directors, of whom 2 (including the Chairman) are Independent Directors:

Dr Tan Boon Wan (Chairman)
Dr Tan Ng Chee
Mr Wong Meng Choong

The AC 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 and experience, are appropriately qualified to discharge their responsibilities.

The AC held a total of 5 meetings with Management and the IA and external auditors of the Company.

In FY2014, the AC also addressed the following matters, which are part of its duties as stipulated in its terms of reference:

- the audit plans of the internal and external auditors of the Company, and their reports arising from their audits;

- the adequacy of the assistance and cooperation given by Management to the internal and external auditors;

- the financial statements of the Company and the consolidated financial statements of the Group;
- the interim and full-year announcements of the results of the Group before submission to the Board for approval;
- the adequacy and effectiveness of material internal controls, including financial, operational, compliance and information technology controls;
- regulatory matters that may have a material impact on the financial statements, compliance policies and programmes and any reports received from regulators;
- the cost-effectiveness, independence and objectivity of the external auditors;
- the approval of compensation to the external auditors;
- the nature and extent of non-audit services provided by the external auditors;
- any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact to the Group's operating results or financial position and Management's response;
- the recommendation to the Board for the appointment or re-appointment of the external auditors of the Company; and
- IPTs to ensure that the current procedures for monitoring of IPTs have been complied with.

In performing its functions, the AC:

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

An aggregate fee of S$345,100 had been paid to the external auditors for FY2014, comprising audit fee of S$230,100 and non-audit services fee of S$115,000. The non-audit fees in FY2014 were incurred due to the work performed for the acquisition of the KA Group in September 2014 and tax compliance services. The AC had undertaken a review of all the non-audit services provided by the external auditors in FY2014 and is satisfied that such services would not, in the AC's opinion, affect the independence of the external auditors.

KPMG LLP is registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that the resources and experience of KPMG LLP, the audit engagement partner and her team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. The AC is satisfied that the Company has complied with Rule 712 of the Listing Manual of the SGX-ST.

The AC also confirmed that the Company has complied with Rule 715 of Listing Manual of the SGX-ST in relation to the appointment of the same auditing firm based in Singapore to audit the accounts of the Company and all its significant Singapore-incorporated subsidiaries and associates.

The Audit Committee Guidance Committee issued the Guidebook for Audit Committees in Singapore in October 2008. The Guidebook, as well as the second edition issued on 19 August 2014, had been distributed to all members of the AC. Where appropriate, the AC will adopt relevant best practices set out in the Guidebook, which will be used as a reference to assist the AC in performing its functions.

The AC also reviews arrangements by which staff of the Company and external parties may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Group has in place a whistle-blowing policy to ensure independent investigations of such matters and for appropriate follow up action. A summary of the policy can be found in the Company's website.

INTERNAL AUDIT (PRINCIPLE 13)

The IA of the Company reports functionally to the Chairman of the AC and administratively to the Managing Director & CEO. The IA adopts a risk-based approach in formulating the annual plan. The AC approves the IA Plan annually and reviews the adequacy and effectiveness of the internal audit function. Reports prepared by the IA are reviewed by the AC on a quarterly basis.

The AC is responsible for the appointment, termination and remuneration of the IA. The AC also ensures that the IA function is adequately resourced and has appropriate standing within the Group. The IA has unfettered access to all the Group's documents, records, properties and personnel and direct access to the AC.

The role of the IA is to support the AC in ensuring that the Group maintains a sound system of internal controls by highlighting any weaknesses in the current process, ascertaining that operations were conducted in accordance with established policies and procedures and to identify areas for improvement, where controls can be strengthened.

The IA has the relevant qualifications and experience to discharge his duties effectively. The International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors (the IIA Standards) laid down in the International Professional Practices Framework are used as a reference and guide by the Company's IA.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

COMMUNICATION WITH SHAREHOLDERS (PRINCIPLES 14 AND 15)

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 in a timely manner.

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. These notices are advertised in the newspaper and made available on the Group's website.

The Company welcomes the views of shareholders on matters concerning the Company and encourages shareholders' participation at shareholders' meetings. Shareholders are given ample opportunity and time to communicate their views on matters relating to the Group with the Board and the Chairman of the Board Committees and the external auditors of the Company in attendance.

If any shareholder is unable to attend a shareholders' meeting, he/she is allowed to appoint up to 2 proxies to vote on his/her behalf at the meeting through proxy forms which are sent together with the Annual Reports or Circulars (as the case may be). At shareholders' meetings, each distinct issue is proposed as a separate resolution and full information is provided for each item in the agenda for the meetings.

With the impending amendments to the Act, the Company is reviewing the provisions of the Company's Articles to propose the requisite amendments for shareholder approval. The Company would be working towards implementing voting by poll at all its shareholder meetings.

Investor Engagement

The Board recognises the importance of engaging with shareholders, investors and analysts to obtain and understand their concerns and feedback. As a demonstration of the Company's commitment to transparency and fair disclosure, the Company had adopted an Investor Relations Policy to promote regular and effective communication with shareholders.

Dealings in Securities

The Group has in place internal guidelines in relation to dealing in the Company's securities. The Directors and all employees of the Group are prohibited from trading in the Company's securities during the relevant blackout period of 1 month prior to the release of the Group's half-year and full-year results. They are also required at all times to observe the insider trading rules stipulated in the Securities and Futures Act, Cap. 289 and are discouraged against dealing in the Company's securities on short-term considerations.

The Company has complied with its best practices on dealings in securities in accordance with Listing Rule 1207(19).

Dividends

The Company did not declare any dividends for FY2014. The Company is preserving its cash reserves to pursue strategic business opportunities.

INTERESTED PERSON TRANSACTIONS

The Company has in place internal procedures to report all IPTs to the AC in a timely manner. An IPT register is maintained by the Company's IA. The Company currently does not have an IPT mandate in place. The AC had reviewed the IPTs in FY2014 set out below:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Tat Hong Intraco Pte Ltd	6,398	–
Tat Hong Heavy Equipment (Pte) Ltd	4,531	–

MATERIAL CONTRACT

Except as disclosed in Note 27 to the Financial Statements and the Supplementary Information, there were no material contracts entered by the Company or its subsidiaries involving the interests of the CEO, each Director or controlling shareholders in FY2014.

On behalf of the Board of Directors,

Dr Tan Ng Chee
Chairman

Mr Foo Der Rong
Managing Director & Chief Executive Officer

27 March 2015

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 2014.

Directors

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

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

Directors' interests

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

	Holdings at beginning of the year	Holdings at end of the year
Name of director and corporation in which interests are held		
Mr Chew Leong Chee		
(Alternate Director to Mr Ng How Kiat Charlie)		
Intraco Limited		
- ordinary shares		
- deemed interests	28,100,000*	28,856,000*
Mr Ng San Tiong		
(Alternate Director to Mr Wong Meng Choong)		
Intraco Limited		
- ordinary shares		
- deemed interests	29,486,148*	29,486,148*

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

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

Directors' interests (cont'd)

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 27 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

The INTRACO Employee Share Option Scheme (the "2013 Scheme") of the Company was approved and adopted by its shareholders at an Extraordinary General Meeting held on 29 April 2013.

Information regarding the 2013 Scheme is set out below:

- Under the rules of the 2013 Scheme, Executive Directors, Non-Executive Directors and employees of the Company, its subsidiaries and its associated companies over which the Company has control ("Associated Companies"), who are not controlling shareholders or their associates, are eligible to participate in the 2013 Scheme.

- The 2013 Scheme is administered by the Company's Remuneration Committee (the "Committee"), comprising three directors, Dr Tan Ng Chee (Chairman), Mr Shabbir H Hassanbhai and Mr Ng How Kiat Charlie, with powers to determine, inter alia, the following:

  (i) persons to be granted options;
  (ii) number of options to be offered; and
  (iii) recommendations for modification to the 2013 Scheme.

  A member of the Committee who is also a participant of the 2013 Scheme must not be involved in its deliberation in respect of options granted or to be granted to him.

- The aggregate number of shares over which the Committee may grant options on any date, when added to the number of shares issued or issuable and/or transferred or transferable in respect of all options granted under the 2013 Scheme and any other share schemes of the Company for the time being in force, shall not exceed 15% of the issued shares (excluding treasury shares) of the Company on the date immediately preceding the grant of an option.

- The options that are granted under the 2013 Scheme may have exercise prices that are, at the Committee's discretion, set at a price equal to the average of the last dealt prices for the shares on the Singapore Exchange Securities Trading Limited ("SGX-ST") over the three (3) consecutive trading days immediately preceding the date of grant of that option (Market Price) or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price may be exercised after the first anniversary of the date of grant of that option while options exercisable at a discount to the Market Price may only be exercised after the second anniversary from the date of grant of the Options.

- Options granted to non-executive directors of the Group, and employees and directors of Associated Companies will have a life span of 5 years or such earlier date as may be determined by the Committee. Options granted to employees and executive directors of the Group will have a life span of 10 years or such earlier date as may be determined by the Committee.

- The 2013 Scheme shall continue in operation for a maximum duration of ten (10) years and may be continued for any further period thereafter with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Share options (cont'd)

There were no options granted since commencement of the 2013 Scheme till the end of the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries whether granted before or during the financial year.

There were no unissued shares of the Company or its subsidiaries under option at the end of the financial year.

Audit Committee

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

- Dr Tan Boon Wan (Chairman), Independent Director
- Dr Tan Ng Chee, Independent Director
- Mr Wong Meng Choong, Non-Executive Director

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

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 Listing Manual of the SGX-ST).

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

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

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

Auditors

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

On behalf of the Board of Directors

Dr Tan Ng Chee
Chairman

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Singapore
27 March 2015

Statement by Directors

In our opinion:

(a) the financial statements set out on pages 39 to 98 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 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the Board of Directors

Dr Tan Ng Chee
Chairman

Mr Foo Der Rong
Managing Director and Chief Executive Officer

Singapore
27 March 2015

Report on the financial statements

We have audited the accompanying financial statements of Intraco Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 39 to 98.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position 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 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2015

Statement of Financial Position

As at 31 December 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Assets					
Property, plant and equipment	4	9,091	2,174	631	816
Intangible assets and goodwill	5	7,728	–	–	–
Subsidiaries	6	–	–	14,762	14,870
Associate and joint venture	7	19,490	17,010	16,980	14,542
Other investments	8	9,234	1,082	9,234	1,082
Non-current assets		45,543	20,266	41,607	31,310
Other investments	8	–	–	62	–
Inventories	9	1,459	459	–	87
Trade and other receivables	10	21,608	9,498	19,120	3,260
Cash and cash equivalents	11	38,760	51,303	8,391	26,962
Current assets		61,827	61,260	27,573	30,309
Total assets		107,370	81,526	69,180	61,619
Equity					
Share capital		84,069	81,919	84,069	81,919
Reserves		(351)	(484)	1,078	1,755
Accumulated losses		(20,395)	(19,402)	(25,110)	(24,087)
Total equity	12	63,323	62,033	60,037	59,587
Liabilities					
Loans and borrowings	14	2,093	–	–	–
Trade and other payables	16	5,938	–	–	–
Deferred tax liabilities	20	796	–	–	–
Non-current liabilities		8,827	–	–	–
Trade and other payables	16	15,303	7,570	8,979	1,868
Provisions	17	164	164	164	164
Loans and borrowings	14	19,373	11,759	–	–
Current tax payable		380	–	–	–
Current liabilities		35,220	19,493	9,143	2,032
Total liabilities		44,047	19,493	9,143	2,032
Total equity and liabilities		107,370	81,526	69,180	61,619

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

Consolidated Statement of Profit or Loss

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Revenue	18	151,167	127,917
Cost of sales		(145,381)	(123,963)
Gross profit		5,786	3,954
Other income		357	2,185
Distribution expenses		(16)	(29)
Administrative expenses		(8,554)	(6,726)
Other expenses		(49)	(164)
Results from operating activities		(2,476)	(780)
Finance income		802	1,024
Finance costs		(205)	(145)
Net finance income	19	597	879
Share of profit of associate and joint venture (net of tax)		955	1,044
(Loss)/Profit before tax		(924)	1,143
Tax expense	20	(25)	–
(Loss)/Profit for the year	21	(949)	1,143
Earnings per share			
Basic and diluted earnings per share (cents)	22	(0.95)	1.16

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

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014 $'000	2013 $'000
(Loss)/Profit for the year	(949)	1,143
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss		
Net change in fair value of available-for-sale financial assets	(582)	282
Foreign currency translation differences of foreign operations	664	642
Foreign currency translation reserves of an associate transferred to profit or loss on disposal	–	(26)
Share of associate's capital reserve transferred from accumulated profit	7	–
Other comprehensive income for the year, net of tax	89	898
Total comprehensive income for the year	(860)	2,041

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

Group	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total equity $'000
As at 1 January 2013	81,919	986	(2,617)	249	(20,545)	59,992
Total comprehensive income for the year						
Profit for the year	–	–	–	–	1,143	1,143
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	–	–	–	282	–	282
Foreign currency translation differences of foreign operations	–	–	642	–	–	642
Foreign currency translation reserves of an associate transferred to profit or loss on disposal	–	–	(26)	–	–	(26)
Total other comprehensive income	–	–	616	282	–	898
Total comprehensive income for the year	–	–	616	282	1,143	2,041
As at 31 December 2013	81,919	986	(2,001)	531	(19,402)	62,033

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

Group	Share capital $'000	Capital reserve $'000	Translation reserve $'000	Fair value reserve $'000	Accumulated losses $'000	Total equity $'000
As at 1 January 2014	81,919	986	(2,001)	531	(19,402)	62,033
Total comprehensive income for the year						
Loss for the year	–	–	–	–	(949)	(949)
Other comprehensive income						
Net change in fair value of available-for-sale financial assets	–	–	–	(582)	–	(582)
Foreign currency translation differences of foreign operations	–	–	664	–	–	664
Share of associate's capital reserve transferred from accumulated profit	–	51	–	–	(44)	7
Total other comprehensive income	–	51	664	(582)	(44)	89
Total comprehensive income for the year	–	51	664	(582)	(993)	(860)
Transactions with owners, recognised directly in equity						
Contributions by owners						
Issued of ordinary shares (note 12)	2,150	–	–	–	–	2,150
Total contributions by owners	2,150	–	–	–	–	2,150
Total transactions with owners	2,150	–	–	–	–	2,150
As at 31 December 2014	84,069	1,037	(1,337)	(51)	(20,395)	63,323

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

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
(Loss)/Profit for the year		(949)	1,143
Adjustments for:			
Depreciation of property, plant and equipment		745	527
Amortisation of intangible assets		100	–
Gain on sale of property, plant and equipment		–	(8)
Property, plant and equipment written off		–	1
Allowance reversed for doubtful receivables		–	(83)
Write-back of inventory to net realisable value		(38)	(1,313)
Provision reversed for onerous contract		–	(91)
Provision made for warranty		–	164
Provision reversed for claims		–	(218)
Gain on disposal of an associate		–	(63)
Share of profit of associate and joint venture, net of tax		(955)	(1,044)
Change in fair value of the contingent consideration		76	–
Net finance income		(597)	(879)
Tax expense		25	–
		(1,593)	(1,864)
Change in inventories		40	3,614
Change in trade and other receivables		(7,097)	5,789
Change in trade and other payables		5,846	(4,465)
Change in provisions		–	(903)
Cash (used in)/generated from operating activities		(2,804)	2,171
Interest received		153	118
Interest paid		(205)	(139)
Taxes paid		(198)	–
Net cash (used in)/from operating activities		(3,054)	2,150
Cash flows from investing activities			
Distribution received from other investments		156	43
Proceeds from liquidation of other investment		–	863
Additional investment in associate & joint venture		(2,438)	(4,436)
Proceeds from disposal of associate		–	783
Purchase of property, plant and equipment		(204)	(702)
Proceeds from sales of other investments		1,043	–
Deferred consideration received from sale of an associate		–	465
Dividends from an associate		1,707	942
Proceeds from sale of property, plant and equipment		–	8
Acquisition of subsidiaries, net of cash acquired	29	(7,759)	–
Acquisition of other investments		(9,319)	–
Net cash used in investing activities		(16,814)	(2,034)

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

	Note	2014 $'000	2013 $'000
Cash flows from financing activities			
Proceeds from borrowings		19,168	11,759
Repayment of borrowings		(11,791)	(10,104)
Payment of finance lease liabilities		(35)	–
Deposits pledged		(7)	–
Net cash from financing activities		7,335	1,655
Net (decrease)/increase in cash and cash equivalents		(12,533)	1,771
Cash and cash equivalents at 1 January		51,303	49,139
Effects of exchange rate fluctuations on cash held		(123)	393
Cash and cash equivalents at 31 December	11	38,647	51,303

Significant non-cash transaction:

During the year, the Company issued 5,000,000 ordinary shares for fair value consideration of $0.43 per ordinary share as part of the consideration transferred for the acquisition of subsidiaries (see note 29).

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

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 March 2015.

1 Domicile and activities

Intraco Limited (the Company) is incorporated in the Republic of Singapore and has its registered office at 8 Jurong Town Hall Road, #12-01 The JTC Summit, Singapore 609434.

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The principal activities of the Company are trading in conventional lighting products and energy-savings solutions. The principal activities of the subsidiaries are set out in note 28 to the financial statements.

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

There are no information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- note 5 – impairment test: key assumptions underlying recoverable amounts
- note 9 – estimation of net realisable value for inventories
- note 12 – impairment assessment on the available-for-sale financial assets
- note 20 – utilisation of tax losses.

2 Basis of preparation (cont'd)

2.5 Changes in accounting policies

(i) Subsidiaries

From 1 January 2014, as a result of the adoption of FRS 110 *Consolidated Financial Statements*, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Group has reviewed its investments in investees in accordance with FRS 110, and the application of FRS 110 did not have a significant impact on the Group's consolidated financial statements.

(ii) Joint arrangements

From 1 January 2014, as a result of FRS 111 *Joint Arrangements*, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its only joint arrangement and the application of FRS 111 did not have a significant impact on the Group's consolidated financial statements.

(iii) Disclosure of interests in other entities

FRS 112 *Disclosure of Interests in Other Entities* sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of this standard would result in more extensive disclosures being made in the Group's financial statements in respect of its interests in other entities.

From 1 January 2014, as a result of FRS 112, the Group has expanded its disclosures about its interests in subsidiaries (note 6), associate and joint venture (note 7).

(iv) Disclosures of recoverable amount for non-financial assets

From 1 January 2014, as a result of the *Amendments to FRS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*. The Group is required to disclose recoverable amounts based on fair value less costs of disposals and when an impairment is recognised. There is no impact on the presentation and disclosure in the financial statements.

3 Significant accounting policies

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

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the anticipated acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase is recognised immediately in profit or loss.

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

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

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(ii) Written put option or forward with NCI

When the Group write a put or enter into a forward purchase agreement with the non-controlling shareholder in an existing subsidiary or their equity interest in that subsidiary and provides for settlement in cash or in another financial asset by the Group, then the Group recognises a liability for the present value of the exercise price of the option or of the forward price. Subsequent to initial recognition of the financial liability, the changes in the carrying amount of the financial liability is recognised in profit or loss.

If the NCI still have present access to the returns associated with the underlying ownership interests, the Group has elected the anticipated-acquisition method to account for the underlying NCI.

Under the anticipated-acquisition method, the interests of the non-controlling shareholders that had the written put option or forwards are derecognised when the financial liability is recognised. The profits and losses attributable to the holder of NCI subject to the put or forward are presented as already owned by the Group in the statement of financial position and in the statement of profit or loss and other comprehensive income.

If the put option expires unexercised, then the financial liability is derecognised and NCI are recognised and treated consistently with a decrease in ownership interests in a subsidiary while retaining control.

(iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iv) Loss of control

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

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

(v) Investments in associates and joint ventures (equity-accounted investees) (cont'd)

Investments in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

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

(vii) Subsidiaries, associates and joint ventures in the separate financial statements

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

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

3.2 Foreign currency

(i) Foreign currency transactions

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

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

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

(ii) Foreign operations

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

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

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

3.3 Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

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

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

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

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3 Significant accounting policies (cont'd)

3.3 Property, plant and equipment (cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

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

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

3.4 Financial instruments

(i) Non-derivative financial assets

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

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

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

Loans and receivables

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

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

Cash and cash equivalents comprise cash balances and fixed deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded from cash and cash equivalents.

Available-for-sale financial assets

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

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

Available-for-sale financial assets comprise equity securities and debt securities.

Non-derivative financial liabilities

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

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

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

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

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

3 Significant accounting policies (cont'd)

3.4 Financial instruments (cont'd)

(ii) Derivative financial instruments

Derivatives are recognised initially at fair value, any attributable transaction costs are recognised in profit or loss as incurred. Subsequently to initial recognition, derivatives are measured at fair value, and all changes in its fair value are recognised immediately in profit or loss.

(iii) Share capital

Ordinary shares

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

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

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

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

3.5 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Other intangible assets

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

3 Significant accounting policies (cont'd)

3.5 Intangible assets and goodwill (cont'd)

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current year are as follows:

Order backlogs	28 months
Customer relationships	64 months

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

3.6 Inventories

(i) Trading

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

(ii) Construction contracts in progress

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

Construction contracts in progress is presented as part of trade and other receivables in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings and recognised losses. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as deferred income in the statement of financial position. Customer advances are presented as deferred income in the statement of financial position.

3.7 Leases

(i) Leased assets

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

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

3 Significant accounting policies (cont'd)

3.7 Leases (cont'd)

(ii) Lease payments

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

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

3.8 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The Group considers a decline of 20% to be significant and a period of 9 months to be prolonged.

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Associate and joint venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 3.8(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

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

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

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

3 Significant accounting policies (cont'd)

3.8 Impairment (cont'd)

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

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

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

3.9 Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

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

(iii) Share-based payment transactions

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

3 Significant accounting policies (cont'd)

3.10 Provisions

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

(i) Onerous contracts

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

(ii) 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.

3.11 Revenue

(i) Sale of goods

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

The timing of the transfer of risks and rewards varies depending on the individual terms of the sales agreement. For sales of trading products, transfer usually occurs when the product is received at the customer's warehouse; however, for some international shipments, transfer occurs upon loading of the goods onto the relevant carrier at the port. Generally for such products, the customer has no right of return.

(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. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

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

3 Significant accounting policies (cont'd)

3.11 Revenue (cont'd)

(ii) Construction contracts (cont'd)

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus representing amounts due from customers is shown as 'construction contracts in progress' and included under 'trade and other receivables'. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus representing amounts due to customers is shown as 'billings in advance of work completed' and included under 'deferred income'. Amounts received before the related work is performed are shown as 'customer advances' and included under 'deferred income'.

(iii) Rental income

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

(iv) Rendering of services

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

3.12 Finance income and finance costs

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

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

3.13 Tax

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3 Significant accounting policies (cont'd)

3.13 Tax (cont'd)

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

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

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

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

3.14 Key management personnel

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

3.15 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 Executive Officer (CEO) (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

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

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

3 Significant accounting policies (cont'd)

3.16 Earnings per share

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

3.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group. The Group does not plan to adopt these standards early.

4 Property, plant and equipment

Group	Note	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 2013		320	531	40,681	1,285	50	42,867
Additions		–	397	–	305	–	702
Disposals		–	(8)	–	(231)	–	(239)
Written off		–	(453)	–	(260)	–	(713)
Effects of movements in exchange rates		–	–	–	2	–	2
At 31 December 2013		320	467	40,681	1,101	50	42,619
Acquisitions through business combination	29	6,800	–	203	196	104	7,303
Other additions		–	–	105	76	188	369
Written off		–	–	–	(33)	–	(33)
At 31 December 2014		7,120	467	40,989	1,340	342	50,258

4 Property, plant and equipment (cont'd)

Group (cont'd)	Note	Leasehold properties $'000	Leasehold improvements $'000	Plant, machinery, tools and equipment $'000	Furniture, fittings and equipment $'000	Motor vehicles $'000	Total $'000
Accumulated depreciation and impairment losses							
At 1 January 2013		102	528	38,929	1,271	37	40,867
Depreciation charge for the year		6	60	406	46	9	527
Disposals		–	(8)	–	(231)	–	(239)
Written off		–	(452)	–	(260)	–	(712)
Effects of movements in exchange rates		–	–	–	2	–	2
At 31 December 2013		108	128	39,335	828	46	40,445
Depreciation charge for the year		61	99	428	120	37	745
Written off		–	–	–	(33)	–	(33)
Effects of movements in exchange rates		–	–	–	10	–	10
At 31 December 2014		169	227	39,763	925	83	41,167
Carrying amounts							
At 1 January 2013		218	3	1,752	14	13	2,000
At 31 December 2013		212	339	1,346	273	4	2,174
At 31 December 2014		6,951	240	1,226	415	259	9,091

The carrying amount of property, plant and equipment under finance lease liabilities amounted to $294,000 (2013: Nil).

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 2013	320	523	1,096	50	1,989
Additions	–	397	290	–	687
Disposals	–	–	(163)	–	(163)
Written off	–	(453)	(258)	–	(711)
At 31 December 2013	320	467	965	50	1,802
Additions	–	–	2	–	2
Written off	–	–	(33)	–	(33)
At 31 December 2014	320	467	934	50	1,771
Accumulated depreciation					
At 1 January 2013	101	521	1,083	37	1,742
Depreciation charge for the year	7	60	42	9	118
Disposals	–	–	(163)	–	(163)
Written off	–	(453)	(258)	–	(711)
At 31 December 2013	108	128	704	46	986
Depreciation charge for the year	6	99	78	4	187
Written off	–	–	(33)	–	(33)
At 31 December 2014	114	227	749	50	1,140
Carrying amounts					
At 1 January 2013	219	2	13	13	247
At 31 December 2013	212	339	261	4	816
At 31 December 2014	206	240	185	–	631

5 Intangible assets and goodwill

Group	Goodwill $'000	Order backlogs $'000	Customer relationships $'000	Total $'000
Cost				
At 1 January 2014	–	–	–	–
Acquisition through business combination (note 29)	6,899	518	411	7,828
At 31 December 2014	6,899	518	411	7,828
Accumulated amortisation				
At 1 January 2014	–	–	–	–
Amortisation for the year	–	74	26	100
At 31 December 2014	–	74	26	100
Carrying amounts				
At 1 January 2014	–	–	–	–
At 31 December 2014	6,899	444	385	7,728

The amortisation of order backlogs and customer relationships is included in administrative expenses.

5 Intangible assets and goodwill (cont'd)

Management estimated the recoverable amounts of the CGU (K.A. Group) to approximate the carrying amounts of intangible assets and goodwill as the purchase price allocation for the acquisition of subsidiaries was based on the fair value of identifiable net assets as at 5 September 2014. Accordingly, management considered that there are no indicators of impairment loss on the intangible assets and goodwill as at 31 December 2014.

6 Subsidiaries

	Company	
	2014	**2013**
	$'000	**$'000**
Equity investments at fair value	14,762	14,870

Details of subsidiaries are set out in note 28.

The Company 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 3.8(i). The recoverable amounts of the investments were determined based on the fair value of the net assets of the subsidiaries as at 31 December 2014. No impairment loss was recognised in 2014 and 2013.

7 Associate and joint venture

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Interest in associate	17,114	16,803	14,463	14,288
Interest in joint venture	2,376	207	2,517	254
	19,490	17,010	16,980	14,542

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

Associate

The Group has an associate that is material to the Group in 2014 and 2013 and is equity accounted.

	Dynamic Colours Limited
Nature of relationship with the Group	Trading in colour pigments manufacture and sale of compounded resins and polyethylene packaging materials and provisions of compounding services
Principal place of business/country of incorporation	Singapore
Ownership interest/Voting rights held	41.07% (2013: 40.66%)
Fair value of ownership interest	$17,249,000 (2013: $15,793,000)*

* Based on the quoted market price at 31 December (Level 1 in the fair value hierarchy)

7 Associate and joint venture (cont'd)

Associate (cont'd)

The following summarises the financial information of the Group's associate based on its consolidated financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2014 $'000	2013 $'000
Results		
Revenue	84,298	86,757
Profit from continuing operations	2,881	2,888
Other comprehensive income	(29)	523
Total comprehensive income	2,852	3,411
Attributable to non-controlling interests	10	27
Attributable to investee's shareholders	2,842	3,384
Assets and liabilities		
Non-current assets	23,943	20,104
Current assets	39,235	47,571
Non-current liabilities	(796)	(643)
Current liabilities	(20,873)	(25,832)
Net assets	41,509	41,200
Attributable to non-controlling interests	171	153
Attributable to investee's shareholders	41,338	41,047
Group's interest in net assets of investee at beginning of the year	16,803	11,779
Group's share of:		
- profit from continuing operations	1,179	1,165
- other comprehensive income	(12)	211
- total comprehensive income	1,167	1,376
Group's share of reserves	7	–
Group's contribution during the year	175	4,182
Translation difference	669	408
Dividend received during the year	(1,707)	(942)
Carrying amount of interest in investee at end of the year	17,114	16,803

Joint Venture

Tat Hong Intraco Pte Ltd is an unlisted joint arrangement in which the Group has joint control via investors' agreement and 40% (2013: 40%) ownership interest. It was founded by the Group, Tat Hong Holdings Ltd and Aung Moe Kyaw, based in Singapore, principally engaged in the leasing and sales of cranes and other heavy equipments.

Tat Hong Intraco Pte Ltd is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly, the Group has classified its interest in Tat Hong Intraco Pte Ltd as a joint venture, which is equity-accounted.

7 Associate and joint venture (cont'd)

Joint Venture (cont'd)

The following table summarises the financial information of the joint venture, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2014 $'000	2013 $'000
Revenue	207	–
Loss from continuing operations*	(536)	(115)
Other comprehensive income	–	–
Total comprehensive income	(536)	(115)

* Includes interest expense of $14,000 (2013: Nil)

	2014 $'000	2013 $'000
Non-current assets	5,376	2
Current assets [a]	5,964	559
Non-current liabilities	–	–
Current liabilities [b]	(5,401)	(42)
Net assets	5,939	519

[a] Includes cash and cash equivalents of $5,171,000 (2013: 472,000)

[b] Includes current financial liabilities (excluding trade and other payables and provisions) of $4,670,000 (2013: Nil)

	2014 $'000	2013 $'000
Group's interest in net assets of investee at beginning of the year	207	–
Group's share of:		
- loss from continuing operations	(214)	(46)
- other comprehensive income	–	–
- total comprehensive income	(214)	(46)
Group's contribution during the year	2,263	253
Translation difference	120	–
Carrying amount of interest in investee at end of the year	2,376	207

8 Other investments

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current				
Available-for-sale quoted equity securities	–	1,082	–	1,082
Available-for-sale quoted debt securities	9,234	–	9,234	–
	9,234	1,082	9,234	1,082
Current				
Financial derivative assets	–	–	62	–
	9,234	1,082	9,296	1,082

8 Other investments (cont'd)

The financial derivative assets relates to the written call and put options of part of its acquisition of subsidiaries (note 29) to acquire the remaining 30% of the shares of K.A. Group. The Company received the right to acquire in 3 tranches of 10% each, the remaining 30% of the shares of K.A. Group while the Company also gave the NCI the right to sell in 3 tranches of 10% each, the remaining 30% interest it owns in K.A. Group. The options on the first 10% are exercisable, by the Company and/or the NCI on and from the date falling immediately after the expiry of 4 years from date of acquisition. The options on the second 10% are exercisable, by the Company and/or the NCI on and from the date falling immediately after the expiry of 5 years from date of acquisition. The options on the last 10% are exercisable by the Company and/or the NCI on and from the date falling immediately after the expiry of 6 years from date of acquisition. The exercise price of the written put and call options in respect of each option shall be the amount determined based on the entry price and adjusted by revised net tangible assets.

As at 31 December 2014, the fair value of the written call and put options recognised as financial derivatives asset of the Company is $62,000 (2013: Nil).

The Group's exposure to market risks and fair value information related to other investments are disclosed in note 24.

9 Inventories

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Trading goods				
- at cost	195	316	–	87
Raw materials	1,219	–	–	–
Goods-in-transit	45	143	–	–
	1,459	459	–	87

In 2014, raw materials included as 'cost of sales' amounted to $142,345,000 (2013: $122,498,000).

In 2014, the write-back of allowance for slow moving stocks to net realisable value of $38,000 (2013: $1,313,000) was recognised in other income.

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

10 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables	32,236	23,542	1,371	1,589
Impairment losses	(14,805)	(14,583)	(1,125)	(1,125)
Net trade receivables	17,431	8,959	246	464
Deposits	143	65	61	63
Amounts due from subsidiaries				
- Non-trade	–	–	22,548	6,463
- Interest receivables	–	–	–	2
Impairment losses	–	–	(3,954)	(3,954)
Net amounts due from subsidiaries	–	–	18,594	2,511
Other receivables	578	1,879	19	1,852
Impairment losses	–	(1,660)	–	(1,660)
Net other receivables	578	219	19	192
Interest receivables	6	12	–	10
Advances to suppliers	48	45	–	–
Trade and other receivables	18,206	9,300	18,920	3,240
Prepayments	372	198	200	20
Construction contracts in progress	3,030	–	–	–
	21,608	9,498	19,120	3,260

At 31 December 2014, the aggregated amount of costs incurred and recognised profits (less recognised losses) to date under open construction contracts amounted to $3,030,000 (2013: nil) for the Group. Progress billings and advances received from customers under open construction contracts amounted to $731,000 (2013: nil) for the Group.

At 31 December 2014, trade and other receivables for the Group include retentions of $951,000 (2013: $129,000) relating to construction contracts in progress.

The non-trade amounts due from subsidiaries are unsecured and repayable on demand. Of the balance in 2013, an amount of $2,400,000 is unsecured and interest-bearing at 0.25% per annum and the remaining balances are interest-free. In 2014, non-trade amounts due from subsidiaries are interest-free.

In 2014, the Group assessed the collectability of its trade receivables and wrote off an allowance for doubtful receivables of $1,721,000 (2013: $3,237,000) after considering its financial condition and the uncertainty in the recoverability of the outstanding amounts.

The Group and the Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables, are disclosed in note 24.

11 Cash and cash equivalents

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Cash at bank and in hand	24,934	20,159	2,891	4,818
Fixed deposits with banks	13,826	31,144	5,500	22,144
Cash and cash equivalents in the statements of financial position	38,760	51,303	8,391	26,962
Deposits pledged	(113)	–	–	–
Cash and cash equivalents in the statement of cash flows	38,647	51,303	8,391	26,962

The weighted average effective interest rates per annum relating to cash and cash equivalents at the reporting date for the Group and Company are 0.89% (2013: 0.30%) and 0.30% (2013: 0.32%) respectively. Interest rates reprice at intervals of one to three months.

12 Capital and reserves

	Company 2014 Number of shares	Company 2013 Number of shares
Fully paid ordinary shares, with no par value:		
In issue on 1 January	98,725,879	98,725,879
Issued in business combination	5,000,000	–
In issue on 31 December	103,725,879	98,725,879

All shares rank equally with regard to the Company's residual assets.

All issued shares are fully paid, with no par value.

No share options had been granted under the INTRACO Employee Share Option Scheme which was approved at an Extraordinary General Meeting held on 29 April 2013. In this respect, the Company does not have outstanding convertibles as at 31 December 2014.

Ordinary shares

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.

On 5 September 2014, 5,000,000 ordinary shares were issued as a result of the acquisition of K.A. Group of Companies (see note 29) (2013: nil).

Reserves

	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Capital reserve	1,037	986	–	–
Translation reserve	(1,337)	(2,001)	–	–
Fair value reserve	(51)	531	1,078	1,755
	(351)	(484)	1,078	1,755

12 Capital and reserves (cont'd)

Capital reserve

Capital reserve comprises negative goodwill that has previously been taken to reserve and share of associate's statutory and share-based payment reserve.

Translation reserve

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

Fair value reserve

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

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

13 Employee share options

INTRACO Employee Share Option Scheme (the 2013 Scheme)

The 2013 Scheme of the Company was approved and adopted by its shareholders at an Extraordinary General Meeting held on 29 April 2013.

Information regarding the 2013 Scheme is set out below:

- The maximum number of shares issued or to be issued for options under the 2013 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 2013 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.
- Options granted to non-executive directors of the Group, and employees and directors of Associated Companies as defined under the 2013 Scheme, will have a life span of 5 years or such earlier date as may be determined by the Remuneration Committee. Options granted to employees and executive directors of the Group will have a life span of 10 years or such earlier date as may be determined by the Remuneration Committee.

There were no options granted since commencement of the 2013 Scheme till the end of the financial year.

14 Loans and borrowings

	Group 2014 $'000	Group 2013 $'000
Non-current liabilities		
Secured bank loans	1,959	–
Finance lease liabilities	134	–
	2,093	–
Current liabilities		
Current portion of secured bank loans	97	–
Unsecured bank loans	–	762
Trust receipts	19,168	10,997
Current portion of finance lease liabilities	108	–
	19,373	11,759

Information about the Group's and the Company's exposure to interest rate, foreign currency and liquidity risk is included in note 24.

Terms and debt repayment schedule

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

	Nominal interest rate	Year of maturity	Group Face value $'000	Group Carrying amount $'000
2014				
SGD secured bank loans	1.18% - 3.41%	2015 – 2033	2,056	2,056
USD trust receipts	0.95% - 2.15%	2015	19,168	19,168
SGD finance lease liabilities	1.58% - 4.00%	2015 – 2019	242	242
			21,466	21,466
2013				
USD unsecured bank loans	0.92%	2014	762	762
USD trust receipts	1.71% - 1.79%	2014	10,997	10,997
			11,759	11,759

The secured bank loans and finance lease liabilities of the Group are secured over the leasehold land and building with carrying amounts of $6,746,000.

Breach of loan covenant

In 2014, a subsidiary breached one of the financial covenants stipulated in the loan agreement. The subsidiary's total liabilities (including contingent liabilities) shall not exceed 200% of its tangible net worth at all times. As at 31 December 2014, the subsidiary's total liabilities is 237% of its tangible net worth. The bank could potentially call for immediate repayment of the outstanding trust receipts of USD3,889,046 (SGD5,149,875) as a result of the breach in financial covenants. The trust receipts were fully settled by 18 February 2015.

In 2013, the subsidiary has complied with its financial covenants in the loan agreement.

14 Loans and borrowings (cont'd)

Finance lease liabilities

Finance lease liabilities are payable as follows:

	Group		
	Future minimum lease payments $'000	Interest $'000	Present value of minimum lease payments $'000
2014			
Within one year	120	12	108
Between one and five years	149	14	134
	269	26	242

15 Intra-group financial guarantee

In 2012, intra-group financial guarantee comprised a guarantee granted by the Company to a bank in respect of banking facilities amounting to $1,650,000 granted to a wholly-owned subsidiary. The intra-group financial guarantee expired in December 2013.

16 Trade and other payables

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Current				
Trade payables	12,253	4,260	399	571
Advances from customers	957	1,706	–	–
Accrued expenses	1,709	1,216	767	908
Amounts due to subsidiaries (non-trade)	–	–	7,500	10
Interest payable	19	11	–	–
Other payables	365	377	313	379
	15,303	7,570	8,979	1,868
Non-current				
Contingent consideration	5,938	–	–	–
	21,241	7,570	8,979	1,868

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

The Group and the Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

17 Provisions

	Onerous contracts $'000	Claims $'000	Warranties $'000	Total $'000
Group and Company				
At 1 January 2014 and 31 December 2014	–	–	164	164
At 1 January 2013	91	1,121	–	1,212
Provisions (reversed)/made during the year	(91)	(218)	164	(145)
Utilised	–	(903)	–	(903)
At 31 December 2013	–	–	164	164

Onerous contracts

In 2012, the Group entered into non-cancellable purchase commitments for certain raw materials, however, due to subsequent changes in the Group's activities, those raw materials are no longer expected to be required. The obligation for the discounted future payments, net of expected selling price, has been provided for. The provision was fully reversed in 2013.

Claims

The provision for claims relate to obligations arising from contractual and commercial arrangements in the Group's operations, based on best estimates of the outflow and potential loss, considering both contractual and commercial factors. The provisions are based on all available evidence, including the legal advice and opinion of experts. The provision was fully reversed in 2013.

Warranties

The provision for warranties relates to lighting products sold previously and it arose from the settlement of claims disclosed above. The provision is based on estimates on the projected replacement costs of the lighting products.

18 Revenue

	Group 2014 $'000	Group 2013 $'000
Trading sales	143,415	125,362
Revenue from construction contracts	6,137	656
Rental income	389	389
Service income	1,226	1,510
	151,167	127,917

19 Finance income and finance costs

	Group	
	2014	2013
	$'000	$'000
Interest income		
- bank deposits	136	106
- other receivables	–	12
- other investments	18	–
Gain on disposal of available-for-sale financial assets	492	–
Distribution income from available-for-sale financial assets	156	906
Finance income	802	1,024
Interest expense on secured bank loans	(18)	–
Interest expense on unsecured bank loans	(183)	(145)
Interest expense on financial lease liabilities	(4)	–
Finance costs	(205)	(145)
Net finance income recognised in profit or loss	597	879

20 Tax expense

	Group	
	2014	2013
	$'000	$'000
Tax recognised in profit or loss		
Current tax expense		
Current year	25	–
Total tax expense	25	–
Reconciliation of effective tax rate		
(Loss)/Profit before tax	(924)	1,143
Tax using the Singapore tax rate of 17% (2013: 17%)	(157)	194
Effect of tax rates in foreign jurisdictions	(9)	2
Tax-exempt income	(197)	(202)
Non-deductible expenses	155	43
Tax effect on share of profit of associates	(162)	(177)
Change in unrecognised temporary differences	395	140
	25	–

20 Tax expense (cont'd)

Unrecognised deferred tax assets

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Deductible temporary differences	10,536	10,155	47	156
Tax losses	18,776	16,831	5,006	3,706
	29,312	26,986	5,053	3,862

The tax losses are subject to agreement by the tax authorities. Tax losses do not expire under current tax legislation. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Property, plant and equipment	628	–	–	–
Intangible assets	158	–	–	–
Inventories	10	–	–	–
	796	–	–	–

Movement in temporary differences during the year

Group

	Balance as at 1 Jan 2014 $'000	Acquired in business combination (note 29) $'000	Balance as at 31 Dec 2014 $'000
Property, plant and equipment	–	628	628
Intangible assets	–	158	158
Inventories	–	10	10
	–	796	796

21 Profit for the year

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

	Group	
	2014	2013
	$'000	$'000
Allowance reversed for doubtful receivables	–	(83)
Write-back of inventory to net realisable value	(38)	(1,313)
Amortisation of intangible assets	100	–
Audit fees paid to:		
- auditors of the Company	230	182
- other auditors	2	2
Non-audit fees paid to auditors of the Company	115	20
Cost of inventories recognised in cost of sales	142,345	122,498
Depreciation of property, plant and equipment	745	527
Foreign exchange loss/(gain)	49	(214)
Gain on sale of property, plant and equipment	–	(8)
Gain on disposal of an associate	–	(63)
Operating lease expenses	675	506
Provision reversed for onerous contract	–	(91)
Provision reversed for claims	–	(218)
Provision made for warranty	–	164
Employee benefits expense		
Salaries, bonuses and other costs	4,912	4,205
Contributions to defined contribution plans	313	264
	5,225	4,469

22 Earnings per share

The calculation of basic earnings per share at 31 December 2014 was based on the loss attributable to ordinary shareholders of $949,000 (2013: profits of $1,143,000) and a weighted average number of ordinary shares outstanding of 100,342,317 (2013: 98,725,879), calculated as follows:

Weighted average number of ordinary shares

	2014 Number of shares	2013 Number of shares
Issued ordinary shares at 1 January	98,725,879	98,725,879
Effect of shares issued related to a business combination	1,616,438	–
Weighted average number of ordinary shares during the year	100,342,317	98,725,879

23 Operating segments

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

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

- *Projects* — Trading in conventional lighting products, provision of energy-savings solutions and fire-protection solutions.

- *Trading and others* — Trading in industrial materials which include plastics and petrochemicals and processing of food products and others include investment holding.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO. 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 four principal geographical areas, namely, Singapore, rest of ASEAN, Greater China (Hong Kong, Taiwan and China) and United States.

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)

	Projects	Trading and others	Consolidated
2014			
External revenue	6,137	145,030	151,167
Interest income	15	70	85
Interest expense	(22)	(183)	(205)
Depreciation and amortisation	(248)	(411)	(659)
Reportable segment profit/(loss) before tax	975	(91)	884
Reportable segment assets	20,724	40,884	61,608
Reportable segment liabilities	3,186	30,901	34,087

23 Operating segments (cont'd)

Operating segments ($'000)

	Projects	Trading and others	Consolidated
2013			
External revenue	2,558	125,359	127,917
Interest income	–	34	34
Interest expense	–	(145)	(145)
Depreciation and amortisation	–	(408)	(408)
Reportable segment profit before tax	492	1,392	1,884
Reportable segment assets	551	34,817	35,368
Other material non-cash items:			
Allowance made for doubtful receivables	–	59	59
Provision made for warranty	164	–	164
Write-back of inventory to net realisable value	–	(1,313)	(1,313)
Provision reversed for onerous contract	–	(91)	(91)
Provision reversed for claims	(218)	–	(218)
Capital expenditure	–	14	14
Reportable segment liabilities	656	17,480	18,136

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

	2014 $'000	2013 $'000
Revenue		
Total revenue for reporting segments and consolidated revenue	151,167	127,917
Profit or loss		
Total profit for reportable segments	884	1,884
Unallocated amounts:		
- Other corporate expenses, net of income	(2,763)	(1,785)
Share of profit of associates, net of tax	955	1,044
Consolidated (loss)/profit before tax	(924)	1,143
Assets		
Total assets for reportable segments	61,608	35,368
Other unallocated amounts	26,272	29,148
	87,880	64,516
Investments in associate and joint venture	19,490	17,010
Consolidated total assets	107,370	81,526
Liabilities		
Total liabilities for reportable segments	34,087	18,136
Other unallocated amounts	9,960	1,357
Consolidated total liabilities	44,047	19,493

23 Operating segments (cont'd)

Other material items

	Reportable segment totals $'000	Adjustments $'000	Consolidated totals $'000
2014			
Interest income	85	69	154
Depreciation and amortisation	(659)	(186)	(845)
2013			
Interest income	34	84	118
Capital expenditure	14	688	702
Depreciation and amortisation	(408)	(119)	(527)
Allowance (made)/reversed for doubtful receivables	(59)	142	83
Provision made for warranty	(164)	–	(164)
Write-back of inventory to net realisable value	1,313	–	(1,313)
Provision reversed for onerous contract	91	–	91
Provision reversed for claims	218	–	218

Geographical information

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

	2014 $'000	2013 $'000
Revenue		
Singapore	34,136	34,587
Rest of ASEAN	116,739	89,020
Greater China	292	1,602
United States	–	2,708
Consolidated revenue	151,167	127,917
Non-current assets*		
Singapore	8,884	1,951
Rest of ASEAN	–	10
Greater China	207	213
	9,091	2,174

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

Major customer

Revenues from one customer of the Group's Trading and others segment represents approximately $43,264,000 (2013: $36,756,000) of the Group's total revenues.

24 Financial instruments

Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

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

Credit risk

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

Risk management policy

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

The allowance account in respect of loan and receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 December 2014, the Group and the Company does not have any collective impairment on its loans and receivables.

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

24 Financial instruments (cont'd)

Credit risk (cont'd)

Exposure to credit risk

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

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Projects	1,885	464	246	464
Trading and others	16,321	8,836	18,674	2,776
	18,206	9,300	18,920	3,240

The Group's most significant customer, a trading customer, accounts for $3,144,000 (2013: $822,000) of the trade receivables carrying amount at 31 December 2014.

Impairment losses

The ageing of trade and other receivables* at the reporting date was:

	Gross 2014 $'000	Impairment 2014 $'000	Gross 2013 $'000	Impairment 2013 $'000
Group				
Not past due	5,813	–	6,056	–
Past due 0 – 30 days	11,161	–	2,771	–
Past due 31 – 120 days	954	–	124	–
More than 120 days	15,083	(14,805)	16,592	(16,243)
	33,011	(14,805)	25,543	(16,243)
Company				
Not past due	331	–	573	–
Past due 0 – 30 days	32	–	45	–
Past due 31 – 120 days	16,056	–	86	–
More than 120 days	7,580	(5,079)	9,275	(6,739)
	23,999	(5,079)	9,979	(6,739)

24 Financial instruments (cont'd)

Credit risk (cont'd)

Impairment losses (cont'd)

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

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At 1 January	16,243	19,326	6,739	10,057
Allowance reversed for doubtful receivables	–	(83)	–	(81)
Utilised	(1,721)	(3,237)	(1,660)	(3,237)
Effects of movements in exchange rates	283	237	–	–
At 31 December	14,805	16,243	5,079	6,739

* Exclude prepayments and construction contracts in progress.

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

Debt securities

The Group limits its exposure to credit risk on investments held by investing only in liquid debt securities and only with counterparties that have high credit ratings. Management actively monitors credit ratings and given that the Group only has invested in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Liquidity risk

Risk management policy

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

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

24 Financial instruments (cont'd)

Liquidity risk (cont'd)

Risk management policy (cont'd)

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

	Carrying amounts $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2-5 years $'000	More than 5 years $'000
Group					
2014					
Secured bank loans	2,056	(2,548)	(149)	(596)	(1,803)
Trust receipts	19,168	(19,188)	(19,188)	–	–
Finance lease liabilities	242	(269)	(120)	(149)	–
Trade and other payables*	20,284	(20,284)	(14,346)	(4,036)	(1,902)
	41,750	(42,289)	(33,803)	(4,781)	(3,705)
2013					
Unsecured bank loans	762	(763)	(763)	–	–
Trust receipts	10,997	(11,007)	(11,007)	–	–
Trade and other payables*	5,864	(5,864)	(5,864)	–	–
	17,623	(17,634)	(17,634)	–	–
Intra-group financial guarantee	–	(1,650)	(1,650)	–	–
	17,623	(19,284)	(19,284)	–	–
Company					
2014					
Trade and other payables*	8,979	(8,979)	(8,979)	–	–
2013					
Trade and other payables*	1,868	(1,868)	(1,868)	–	–

* Exclude advance payments by customers.

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

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

Market risk

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

24 Financial instruments (cont'd)

Interest rate risk

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

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

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

	Group Nominal amount		Company Nominal amount	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	23,060	31,144	14,734	22,144
Financial liabilities	(19,168)	(11,759)	–	–
	3,892	19,385	14,734	22,144
Variable rate instruments				
Financial assets	–	1,823	–	4,223
Financial liabilities	(2,056)	–	–	–
	(2,056)	1,823	–	4,223

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased equity by approximately $87,500 (2013: nil) for the Group and the Company respectively.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased (decreased) loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

	Group		Company	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
	$'000	**$'000**	**$'000**	**$'000**
2014				
Variable rate instruments	(21)	21	–	–
2013				
Variable rate instruments	18	(18)	42	(24)

24 Financial instruments (cont'd)

Foreign currency risk

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

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

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

	Singapore dollar $'000	US dollar $'000	Euro $'000	British pound $'000	Malaysian ringgit $'000
Group					
2014					
Trade receivables	–	13,772	–	–	–
Cash and cash equivalents	53	10,525	12	60	–
Amount due from related corporation	1	57	–	–	–
Loans and borrowings	–	(19,187)	–	–	–
Trade payables	–	(6,068)	–	–	(19)
Amount due to related corporation	(817)	(70)	–	–	–
	(763)	(971)	12	60	(19)
2013					
Trade receivables	–	7,790	–	–	–
Cash and cash equivalents	95	6,944	52	61	–
Amount due from related corporation	–	35	–	–	–
Loans and borrowings	–	(11,759)	–	–	–
Trade payables	(3)	(3,860)	–	–	(19)
Amount due to related corporation	(817)	(47)	–	–	–
	(725)	(897)	52	61	(19)

	US dollar $'000	Euro $'000	British pound $'000	Malaysian ringgit $'000
Company				
2014				
Trade receivables	25	–	–	–
Cash and cash equivalents	479	12	60	–
Trade payables	(87)	–	–	(19)
	417	12	60	(19)
2013				
Trade receivables	213	–	–	–
Cash and cash equivalents	575	52	61	–
Trade payables	(90)	–	–	(19)
	698	52	61	(19)

24 Financial instruments (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

A weakening of 10% (2013: 10%) in the following major currencies against the functional currency of each of the Group entities at 31 December would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2013.

	Group		Company	
	2014 Profit or loss $'000	2013 Profit or loss $'000	2014 Profit or loss $'000	2013 Profit or loss $'000
Singapore dollar [1]	76	73	–	–
US dollar	97	90	(42)	(70)
Euro	(1)	(5)	(1)	(5)
British pound	(6)	(6)	(6)	(6)
Malaysian ringgit	2	2	2	2

[1] as compared to functional currency of US dollar

A 10% (2013: 10%) strengthening of the above currencies against the functional currency of each of the Group entities at 31 December would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Other market risk

Risk management policy

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

Sensitivity analysis – equity price risk

In 2013, most of the Group's equity investments are listed on the Singapore Exchange. These were disposed in 2014 for a gain of $492,000.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of share capital. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity.

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

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

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

24 Financial instruments (cont'd)

Accounting classifications and fair values

Fair values versus carrying amounts

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

Group	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2014									
Financial asset measured at fair value									
Other investments	8	–	9,234	–	9,234	9,234	–	–	9,234
Financial assets not measured at fair value									
Trade and other receivables*	10	18,206	–	–	18,206				
Cash and cash equivalents	11	38,760	–	–	38,760				
		56,966	–	–	56,966				
Financial liability measured at fair value									
Trade and other payables	16	–	–	(5,938)	(5,938)	–	–	(5,938)	(5,938)
Financial liabilities not measured at fair value									
Secured bank loans	14	–	–	(2,056)	(2,056)	–	(1,997)	–	(1,997)
Trust receipts	14	–	–	(19,168)	(19,168)	–	(19,168)	–	(19,168)
Finance lease liabilities	14	–	–	(242)	(242)	–	(242)	–	(242)
Trade and other payables	16	–	–	(15,303)	(15,303)				
		–	–	(36,769)	(36,769)				

24 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

Group	Note	Carrying amount: Loans and receivables $'000	Carrying amount: Available-for-sale $'000	Carrying amount: Other financial liabilities $'000	Carrying amount: Total $'000	Fair value: Level 1 $'000	Fair value: Level 2 $'000	Fair value: Level 3 $'000	Fair value: Total $'000
2013									
Financial asset measured at fair value									
Other investments	8	–	1,082	–	1,082	1,082	–	–	1,082
Financial assets not measured at fair value									
Trade and other receivables*	10	9,300	–	–	9,300				
Cash and cash equivalents	11	51,303	–	–	51,303				
		60,603	–	–	60,603				
Financial liabilities not measured at fair value									
Unsecured bank loans	14	–	–	(762)	(762)	–	(762)	–	(762)
Trust receipts	14	–	–	(10,997)	(10,997)	–	(10,997)	–	(10,997)
Trade and other payables	16	–	–	(7,570)	(7,570)				
		–	–	(19,329)	(19,329)				

* Exclude prepayments and construction contracts in progress.

24 Financial instruments (cont'd)

Accounting classifications and fair values (cont'd)

Fair values versus carrying amounts (cont'd)

		Carrying amount				Fair value			
Company	**Note**	**Loans and receivables $'000**	**Available-for-sale $'000**	**Other financial liabilities $'000**	**Total $'000**	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
2014									
Financial assets measured at fair value									
Subsidiaries	6	–	14,762	–	14,762	–	–	14,762	14,762
Other investments	8	–	9,234	–	9,234	9,234	–	–	9,234
		–	23,996	–	23,996				
Financial assets not measured at fair value									
Trade and other receivables*	10	18,920	–	–	18,920				
Cash and cash equivalents	11	8,391	–	–	8,391				
		27,311	–	–	27,311				
Financial liability not measured at fair value									
Trade and other payables	16	–	–	(8,979)	(8,979)				
2013									
Financial assets measured at fair value									
Subsidiaries	6	–	14,870	–	14,870	–	–	14,870	14,870
Other investments	8	–	1,082	–	1,082	1,082	–	–	1,082
		–	15,952	–	15,952				
Financial assets not measured at fair value									
Trade and other receivables*	10	3,240	–	–	3,240				
Cash and cash equivalents	11	26,962	–	–	26,962				
		30,202	–	–	30,202				
Financial liability not measured at fair value									
Trade and other payables	16	–	–	(1,868)	(1,868)				

* Exclude prepayments.

24 Financial instruments (cont'd)

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. The Group Financial Controller has overall responsibility for all significant fair value measurements, including Level 3 fair values, where applicable.

The Group Financial Controller regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

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).

During the financial year ended 31 December 2014, there have been no transfers between Level 1, Level 2 and Level 3.

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 25.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Contingent consideration	
	2014	**2013**
	$'000	**$'000**
Group		
At 1 January	–	–
Arising from business combination	5,862	–
Total unrealised gains and losses recognised in profit or loss		
- administrative expenses	76	–
At 31 December	5,938	–

24 Financial instruments (cont'd)

Level 3 fair values (cont'd)

	Equity investments at fair value 2014 $'000	2013 $'000
Company		
At 1 January	14,870	13,906
Total gains and losses for the period included in other comprehensive income		
- net change in fair value of available-for-sale equity investments	(108)	964
At 31 December	14,762	14,870

25 Determination of fair values

Valuations techniques and significant observable inputs:

The following tables show the valuation techniques used in measuring level 1, level 2 and level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Group			
Contingent consideration	*Discounted cash flows:* The valuation model considers the present value of the expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the exercise price for each tranche of the options on the consideration to be paid.	• Risk-adjusted discount rate at 4%	The estimated fair value would increase (decrease) if: • The net tangible asset was higher (lower); and • The risk-adjusted discount rate was lower (higher).
Group and Company			
Equity securities	*Market comparison technique* – the fair values are based on quoted bid prices at the reporting date.	Not applicable	Not applicable
	Net asset method – The fair value of its subsidiaries is measured based on the net asset values of the subsidiaries.	Not applicable	Not applicable
Debt securities	*Market comparison technique* The fair values are based on quoted bid prices at the reporting date.	Not applicable	Not applicable

25 Determination of fair values (cont'd)

Financial instruments not measured at fair value

Type	Valuation technique	Significant unobservable inputs
Group		
Other financial liabilities*	Discounted cash flows	Not applicable

* Other financial liabilities include unsecured bank loans, trust receipts and finance lease liabilities.

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 2014, the Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Payable:				
Within 1 year	690	637	542	542
After 1 year but within 5 years	834	1,384	768	1,310
	1,524	2,021	1,310	1,852

Contingent liabilities

As at 31 December 2014, the Company has cancelled the issued secured guarantees to a bank in respect of credit facilities to one of its subsidiaries (2013: $1,650,000).

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

27 Related parties

Key management personnel compensation

Compensation payable to key management personnel comprises:

	Group	
	2014 $'000	2013 $'000
Short-term employee benefits		
Directors' fees	400	343
Director's remuneration	581	596
Key management staff	1,012	895
	1,993	1,834
Post-employment benefits		
Director	6	8
Key management staff	35	57
	41	65

28 Subsidiaries

Name of company	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	Effective equity held by the Group 2013 %	Cost of investment 2014 $'000	Cost of investment 2013 $'000	Note
Held by Intraco Limited:							
IntraWave Pte Ltd	Provision of radio coverage system management, operation and mobile service and to supply communications equipment to other service providers.	Singapore	100	100	15,801	15,801	i
Intraco Trading Pte Ltd	Trading, marketing and distribution and acting as commission agents for industrial materials, energy commodities and agricultural products.	Singapore	100	100	12,000	12,000	i
Intraco Foods Pte Ltd	Trading and processing of agricultural and food products which include frozen seafood and fertilisers.	Singapore	100	100	10,000	10,000	i
Intraco International Pte Ltd	Investment holding company.	Singapore	100	100	1	1	i
Held by Intraco International Pte Ltd:							
Intraco International (Shanghai) Co., Ltd	Import, export and wholesale of industrial materials which include metals, plastics, petrochemicals and rubbers and commission agency business.	China	100	100	2,127	2,127	ii
K.A. Building Construction Pte Ltd	Manufacturing and installation of passive fire protection products.	Singapore	70	–	3,810	–	i **
K.A. Fireproofing Pte Ltd	Manufacturing and installation of passive fire protection products.	Singapore	70	–	5,428	–	i **
K.A. Fabric Shutters Pte Ltd	Manufacturing and installation of passive fire protection products.	Singapore	70	–	4,814	–	i **
K.A. FireLite Pte. Ltd. (formerly known as Firespray International (S) Pte Ltd)	Manufacturing and installation of passive fire protection products.	Singapore	70	–	1,530	–	i **

28 Subsidiaries (cont'd)

Name of company	Principal activities	Country of incorporation	Effective equity held by the Group 2014 %	2013 %	Cost of investment 2014 $'000	2013 $'000	Note
Held by Intraco International Pte Ltd: (cont'd)							
K.A. Firespray Sdn Bhd	Manufacturing and installation of passive fire protection products.	Malaysia	70	–	15	–	i **
Dormant							
Held by Intraco Limited:							
Sintraco Sdn. Bhd.		Malaysia	100	100	1,110	1,110	*
Held by Intraco Trading Pte Ltd:							
Orion Construction (Pte) Ltd		Singapore	100	100	50	50	***
Under liquidation							
Held by Intraco Limited:							
IntraPage Pte Ltd		Singapore	–	–	–	–	iii

Notes

i Audited by KPMG LLP, Singapore.
ii Audited by Zhong Hui CPA Ltd, People's Republic of China.
iii No audit was performed for 2011- 2014 as company is under liquidation.
* No audit was performed for 2012 - 2014 as company is in the process of striking off.
** On 5 September 2014, the Group acquired 70% equity interest in these companies collectively known as "K.A. Group". It is a manufacturer cum applicator of fire protection materials serving the building industry in Singapore.
*** No audit was performed for 2014 as company is in the process of striking off.

KPMG LLP Singapore is the auditor of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

29 Acquisition of subsidiaries

On 5 September 2014, the Group acquired 70% of the shares and voting interests in (I) K.A. Building Construction Pte Ltd; (II) K.A. Fireproofing Pte Ltd; (III) K.A. Fabric Shutters Pte Ltd; (IV) K.A. FireLite Pte. Ltd. (previously known as Firespray International (S) Pte Ltd); and (V) K.A. Firespray Sdn Bhd (collectively known as K.A. Group). It is a manufacturer cum applicator of fire protection materials serving the building industry in Singapore.

The steady growth of Singapore and regional economies have resulted in sustained activities in urbanisation and infrastructure development projects, particularly in building/construction activities in the region. The Group's embarkation into niche specialised building-related products through the acquisition of K.A. Group will help to expand its revenue base and improve its profitability.

In the four months to 31 December 2014, K.A. Group contributed revenue of $4,253,000 and profit of $1,218,000 to the Group's results. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been $159,645,000, and consolidated profit for the year would have been $1,062,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	Note	$'000
Cash		13,482
Equity instruments issued (5,000,000 ordinary shares)	12	2,150
Contingent consideration		5,862
Total consideration transferred		21,494

Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at 5 September 2014 of $0.43 per share.

Contingent consideration

The Group has granted the selling shareholders of K.A. Group a Put Option over all of the shares constituting the remaining 30% of the total issued share capital of K.A. Group. The Group has included $5,862,000 as contingent consideration which represents its fair value as at acquisition date. As at 31 December 2014, the contingent consideration had increased to $5,938,000 (see note 16).

Acquisition-related costs

The Group incurred acquisition-related costs of $474,000 on legal fees, due diligence and other related costs. These costs have been included in "administrative expenses".

29 Acquisition of subsidiaries (cont'd)

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	$'000
Cash and cash equivalents	5,794
Inventories	1,003
Intangible assets	929
Property, plant and equipment	7,303
Trade and other receivables	5,013
Trade and other payables	(1,887)
Loans and borrowings	(2,210)
Provision for tax	(553)
Deferred tax liabilities	(797)
Total identifiable net assets	14,595

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers recent sales of similar properties in the vicinity or in similar standard localities. Necessary adjustments are made for differences in location, age, tenure, land/floor area, condition, date of sale, amongst other factors, before arriving at the market value of the property.
Intangible assets	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.
Inventories	*Market comparison technique*: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$'000
Total consideration transferred	21,494
Fair value of identifiable net assets	(14,595)
Goodwill	6,899

The goodwill is attributable mainly to the skills and technical talent of K.A. Group's work force, and the synergies expected to be achieved from integrating the company into the Group's existing business. None of the goodwill recognised is expected to be deductible for tax purposes.

30 Subsequent events

(i) On 9 February 2015, the Group incorporated a subsidiary, K.A. Group Holdings Pte. Ltd., domiciled in Singapore, and transferred its entire interest in the K.A. Group of Companies to K.A. Group Holdings Pte. Ltd. pursuant to a share swap agreement. The equity interest of the Group in K.A. Group of Companies (through K.A. Group Holdings Pte. Ltd.) remains at 70%.

(ii) On 11 March 2015, a subsidiary initiated arbitration proceedings against a third party and was awarded a sum of $6,636,000 in respect of its claims. The award sum does not include interest and costs associated with the award which are yet to be decided by the arbitrator. The arbitrator's award is also subject to correction or amendment. The subsidiary will seek to enforce the arbitration award. As at 31 December 2014, the subsidiary has made full provision relating to this arbitration.

(iii) On 19 March 2015, Tat Hong Intraco Pte. Ltd., a 40% owned associated company had increased its investment in its subsidiary in Myanmar, Tat Hong Intraco Heavy Equipment Co. Ltd from US$149,999 to US$3,149,999 through the subscription of 3,000,000 new ordinary shares of US$1 each for a cash consideration of US$3,000,000.

1 PROPERTIES HELD BY THE GROUP

Description of properties held by the Group is as follows:

Location	Description	Tenure
22B3, No. 19 Duli Street Yuanda Mansion Dalian 116001	Office space	50-year lease from 30 Mar 1997 to 29 Mar 2047
17A2, No. 19 Duli Street Yuanda Mansion Dalian 116001	Residential apartment	50-year lease from 30 Mar 1997 to 29 Mar 2047
43 Tuas View Close Singapore 637477	Factory	60-year lease from 09 Jul 1996 to 08 Jul 2056
71 Tuas View Place #05-01 Westlink Two Singapore 637434	Factory	60-year lease from 20 Nov 1995 to 19 Nov 2055
71 Tuas View Place #05-20 Westlink Two Singapore 637434	Factory	60-year lease from 20 Nov 1995 to 19 Nov 2055

2 INTERESTED PERSON TRANSACTIONS

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 2014 $'000	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) 2014 $'000
Tat Hong Intraco Pte Ltd	6,398	–
Tat Hong Heavy Equipment (Pte) Ltd	4,531	–

3 MATERIAL CONTRACTS

Except as disclosed in Note 27 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.

Shareholders' Information

As At 12 March 2015

Class of shares	:	Ordinary shares
Number of issued and fully paid shares	:	103,725,879
Voting rights	:	One vote per share

TREASURY SHARES

The Company does not hold any Treasury Shares.

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	45	1.29	1,373	0.00
100 – 1,000	764	21.96	553,960	0.53
1,001 – 10,000	2,144	61.61	8,428,068	8.13
10,001 – 1,000,000	520	14.94	24,268,738	23.40
1,000,001 and above	7	0.20	70,473,740	67.94
	3,480	100.00	103,725,879	100.00

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
TH Investments Pte Ltd	–	–	29,486,148 (1)	28.43
Tat Hong Investments Pte Ltd	–	–	29,486,148 (1)	28.43
Chwee Cheng & Sons Pte Ltd	–	–	29,486,148 (1)	28.43
Ng San Tiong	–	–	29,486,148 (1)	28.43
Ng Sun Ho	–	–	29,486,148 (1)	28.43
Ng San Wee	–	–	29,486,148 (1)	28.43
Ng Sun Giam	–	–	29,486,148 (1)	28.43
Amtrek Investment Pte. Ltd.	28,856,000	27.82	–	–
Chew Leong Chee	–	–	28,856,000 (2)	27.82
Melanie Chew Ng Fung Ning	–	–	28,856,000 (3)	27.82
Resource Pacific Holdings Pte. Ltd.	–	–	28,856,000 (4)	27.82
Asia Resource Corporation Pte. Ltd.	–	–	28,856,000 (5)	27.82
Macondray Holdings Pte. Ltd.	–	–	28,856,000 (6)	27.82
Representations International (H.K.) Limited	–	–	28,856,000 (7)	27.82

Notes:

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

Pursuant to Section 7 of the Companies Act, Cap. 50 ("**Act**"), each of Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam have a deemed interest in The Chwee Cheng Trust's 42.03% shareholding interest in Chwee Cheng & Sons Pte Ltd and a direct interest in Chwee Cheng & Sons Pte Ltd. Accordingly, each of Mr Ng San Tiong, Mr Ng Sun Ho, Mr Ng San Wee and Mr Ng Sun Giam has a deemed interest in 28.43% of the issued share capital of the Company.

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

RPHPL and PIL own 30.54% and 11.76% interest respectively in ARCPL. ARCPL owns 80.78% and 100% interest in Macondray Holdings Pte. Ltd. ("**MHPL**") and Representations International (H.K.) Limited ("**RIHKL**") respectively. MHPL owns 60% interest in Amtrek Investment Pte. Ltd. ("**AIPL**"). RIHKL owns 40% interest in AIPL.

Pursuant to Section 7 of the Act, Mr Chew is deemed to be interested in the shares held by AIPL in the Company.

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

RPHPL and PIL own 30.54% and 11.76% interest respectively in ARCPL. ARCPL owns 80.78% and 100% interest in MHPL and RIHKL respectively. MHPL owns 60% interest in AIPL. RIHKL owns 40% interest in AIPL.

Pursuant to Section 7 of the Act, Dr Melanie Chew is deemed to be interested in the shares held by AIPL in the Company.

(4) RPHPL owns 30.54% interest in ARCPL. ARCPL owns 80.78% and 100% interest in MHPL and RIHKL respectively. MHPL owns 60% interest in AIPL. RIHKL owns 40% interest in AIPL.

Pursuant to Section 7 of the Act, RPHPL is deemed to be interested in the shares held by AIPL in the Company.

(5) ARCPL owns 80.78% and 100% interest in MHPL and RIHKL respectively. MHPL owns 60% interest in AIPL. RIHKL owns 40% interest in AIPL.

Pursuant to Section 7 of the Act, ARCPL is deemed to be interested in the shares held by AIPL in the Company.

(6) MHPL owns 60% interest in AIPL.

Pursuant to Section 7 of the Act, MHPL is deemed to be interested in the shares held by AIPL in the Company.

(7) RIHKL owns 40% interest in AIPL.

Pursuant to Section 7 of the Act, RIHKL is deemed to be interested in the shares held by AIPL in the Company.

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	RAFFLES NOMINEES (PTE) LTD	29,786,898	28.72
2.	UOB KAY HIAN PTE LTD	29,138,488	28.09
3.	SOH YING SIN	4,500,000	4.34
4.	OEI HONG LEONG	3,007,000	2.90
5.	DBS NOMINEES PTE LTD	1,576,751	1.52
6.	UNITED OVERSEAS BANK NOMINEES	1,386,603	1.34
7.	MORPH INVESTMENTS LTD	1,078,000	1.04
8.	HL BANK NOMINEES (S) PTE LTD	810,000	0.78
9.	OCBC NOMINEES SINGAPORE	757,000	0.73
10.	KHONG KIN PANG	738,000	0.71
11.	CIMB SEC (S'PORE) PTE LTD	731,050	0.70
12.	GOH CHOON WEI OR GOH SOON POH	717,000	0.69
13.	LEE MEI FONG	516,000	0.50
14.	NG HWEE KOON	433,000	0.42
15.	NG POH CHENG	426,000	0.41
16.	PHILLIP SECURITIES PTE LTD	329,906	0.32
17.	ONG MENG HUAT	316,500	0.31
18.	BOON SUAN AIK	312,000	0.30
19.	OCBC SECURITIES PRIVATE LTD	299,259	0.29
20.	SIM WEE LIM	283,000	0.27
	Total	77,142,455	74.38

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

39.32% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Sixth Annual General Meeting (the "**AGM**") of **INTRACO LIMITED** (the "**Company**") will be held at Theatrette, Level 2, The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434 on Monday, 27 April 2015 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr Ng How Kiat Charlie as a Director of the Company retiring pursuant to Article 115 of the Company's Articles of Association **(Resolution 2)**

3. To note the retirement of the following Directors at the conclusion of the AGM:

   (i) Mr Wong Meng Choong (pursuant to Article 115 of the Company's Article of Association); and
   (ii) Dr Tan Ng Chee (pursuant to Section 153(6) of the Companies Act, Chapter 50).

   [See Explanatory Note (i)]

4. To approve the payment of additional Directors' fees of S$33,278 for the financial year ended 31 December 2014.

   [See Explanatory Note (ii)] **(Resolution 3)**

5. To approve the payment of Directors' fees of S$400,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears (FY2014: S$366,667).

   [See Explanatory Note (iii)] **(Resolution 4)**

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

7. To transact any other ordinary business which may be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

8. **SHARE ISSUE MANDATE**

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

   (a) (i) issue shares in the Company (the "**shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, the "**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 the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this resolution was in force, provided That:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this resolution) to be issued pursuant to this resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of the issued shares (excluding treasury shares) 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 exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this resolution;

(b) new shares arising from the conversion or exercise of any convertible securities; and

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

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (iv)] **(Resolution 6)**

9. **AUTHORITY TO ISSUE SHARES UNDER THE INTRACO EMPLOYEE SHARE OPTION SCHEME**

That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors of the Company be authorised and empowered to grant options in accordance with the provisions of the INTRACO Employee Share Option Scheme (the "**Scheme**") and to 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 granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and any other share schemes which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)] **(Resolution 7)**

By Order of the Board

Tan San-Ju
Yeo Poh Noi Caroline
Company Secretaries
Singapore, 7 April 2015

Explanatory Notes on Resolutions to be passed:

(i) The item 3 above is to note the retirement of Dr Tan Ng Chee and Mr Wong Meng Choong, who had informed the Company that they will not be seeking re-appointment and re-election respectively at the AGM.

Upon their retirement as Directors of the Company at the conclusion of the AGM, Dr Tan will cease as Chairman of the Board, Chairman of the Remuneration Committee and a member of the Audit Committee of the Company; and Mr Wong will cease as a member of the Audit and Investment Committees. Accordingly, Mr Ng San Tiong will cease as Alternate Director to Mr Wong Meng Choong at the conclusion of the AGM.

(ii) There was a shortfall of S$33,278 in the actual Directors' fees of S$399,945 incurred and the amount of Directors' fees of S$366,667 for FY2014 approved by shareholders at the last AGM on 23 April 2014. This was due to the attendance fees payable for ad-hoc meetings of the Board and Board Committees in FY2014 and the formation of an additional Board Committee – the Investment Committee, in FY2014.

The Directors' fee framework remains unchanged.

(iii) The Ordinary Resolution 4 proposed in item 5 above is to approve non-executive Directors' fees for the financial year ending 2015. The amount is computed based on the Company's fee framework comprising a base fee, additional fees for holding appointment as Chairman/Deputy Chairman of the Board or Chairman/member of Board Committees; and attendance fees based on the anticipated number of Board and Board Committee meetings to be held in 2015.

(iv) The Ordinary Resolution 6 proposed in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is revoked or varied 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 shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) 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 any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

(v) The Ordinary Resolution 7 proposed in item 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to 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 options granted or to be granted under the Scheme. The aggregate number of shares which may be issued pursuant to the Scheme and any other share schemes which the Company may have in place shall not exceed 15% of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

Notes:

1. A member entitled to attend and vote at the AGM (the "**Meeting**") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the registered office of the Company at 8 Jurong Town Hall Road, #12-01 The JTC Summit, Singapore 609434 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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INTRACO LIMITED
(Incorporated in Singapore)
(Co. Reg. No: 196800526Z)

IMPORTANT:
CPF Investors
1. For investors who have used their CPF monies to buy INTRACO Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely **FOR INFORMATION ONLY**.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their request 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.

Personal Data Privacy
4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

PROXY FORM
ANNUAL GENERAL MEETING
(Please see notes overleaf before completing this Form)

*I/We, ____

of ____
being a member/members of **INTRACO Limited** (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Theatrette, Level 2, The JTC Summit, 8 Jurong Town Hall Road, Singapore 609434 on Monday, 27 April 2015 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Report and Audited Financial Statements for the financial year ended 31 December 2014		
2	Re-election of Mr Ng How Kiat Charlie as a Director		
3	Approval of additional Directors' fees amounting to S$33,278 for the financial year ended 31 December 2014		
4	Approval of Directors' fees amounting to S$400,000 for the financial year ending 31 December 2015		
5	Re-appointment of KPMG LLP as Auditors		
6	Share Issue Mandate		
7	Authority to issue shares under the INTRACO Employee Share Option Scheme		

**Delete where inapplicable*

Dated this ____________ day of ______________ 2015

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Fold this flap for sealing

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, 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 Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. If any 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 in his/her stead. A proxy need not be a member of the Company.

4. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her 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 8 Jurong Town Hall Road, #12-01 The JTC Summit, Singapore 609434 not less than forty-eight (48) hours before the time appointed for the 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 an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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 Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or 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 Shares 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 forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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Affix
Postage
Stamp
Here

Company Secretary
INTRACO Limited
8 Jurong Town Hall Road
#12-01 The JTC Summit
Singapore 609434

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Corporate Directory

Singapore

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Mr Foo Der Rong
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Email: foodr@intraco.com

Chief Operating Officer
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INTRACO Limited

(RN: 196800526Z)

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