IPCO

IPCO INTERNATIONAL LIMITED

annual report 2014

Index Page

CORPORATE INFORMATION

DIRECTORS

Quah Su-ling	(Chief Executive Officer)
Carlson Clark Smith	(Chief Financial Officer)
Chwee Han Sin	(Independent Director)
Chai Siew Hoon	(Independent Director)
Ross Yu Limjoco	(Independent Director)

COMPANY SECRETARIES

Ng Su Ling
Ong Sing Huat

REGISTERED OFFICE

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Singapore 609275
Telephone number : (65) 6264 2711
Facsimile number : (65) 6266 4263/6264 2091/6264 1469
Electronic mail address: corp@ipco.com.sg
Website: www.ipco.com.sg

SHARE REGISTRAR

Intertrust Singapore Corporate Services Pte Ltd
3 Anson Road
#27-01 Springleaf Tower
Singapore 079909

AUDITOR

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road #05-01
Singapore 058267
Partner-in-charge : Chay Yiowmin
(Appointed since financial year ended 30 April 2013)

BOARD OF **DIRECTORS' STATEMENT**

LETTER TO SHAREHOLDERS

During the past financial year, the Group's investments in the China natural gas distribution sector have continued to show solid improvements in their operating performance. Our geographic footprint continues to expand, with new service areas being brought on line, and we are encouraged by the prospects for further business development.

The Group's wholly-owned subsidiary Excellent Empire Ltd, in turn via its wholly-owned subsidiary China Environmental Energy Protection Investment Ltd ("China Environmental"), holds a 90% equity interest in four companies supplying natural gas under 30-year exclusive contracts in the cities of Anlu, Dawu, Xiaochang, and Guangshui in Hubei Province, PRC. The strong revenue growth in China Environmental's four operating subsidiaries should continue over the next 12 months. Guangshui has begun to contribute revenue, and construction of the Phase One network in Guangshui has recently been completed, which should accelerate revenue growth.

On 5 December 2013, China Environmental signed a framework agreement with the Haiyang City Housing & Construction Planning Authority for a 30-year natural gas distribution concession in Haiyang City, Shandong Province. The Group is actively seeking new energy investment opportunities in Hubei, Shandong and other provinces of the PRC.

The Group holds an 81.25% equity interest in ESA Electronics Pte Ltd ("ESA"). ESA is a Singapore-incorporated company and acts as agents and distributors of semi-conductor back-end equipment, such as burn-in systems, vision inspection systems and test systems. Although the demand for burn-in boards by semi-conductor manufacturers of personal computers components and electronics devices has weakened during the first part of 2014 due to seasonal factors, revenues should rebound as inventories are cleared and new products are introduced later in the year. To counter-balance the excess capacity caused by the lack of consumer demand, ESA is diversifying though investments in state-of-the-art Automated Optical Inspection equipment, which should boost revenue in the future.

While ESA's results have been affected by a cyclical downturn in the semi-conductor industry, the market for the Group's real estate investment in the state of Washington, USA has revived considerably, with construction of the next development phase begin in the year 2014. Asia Plan Ltd, in which the Group holds a 70% equity interest, is engaged in real estate development near Seattle in the state of Washington, USA, via its wholly-owned subsidiary Capri Investment L.L.C ("Capri"). There are clear signs of a revival in home construction in the Seattle area. Capri has initiated the next phase of development comprising 96 lots, with marketing of the new finished lots expected to commence in the latter part of 2014.

The Company's management believes the China natural gas distribution business has considerable growth potential and intends to place a greater emphasis on this sector. To this end the Company is actively seeking new energy investment opportunities in several provinces of the PRC.

The Board of Directors and I would like to express our sincere gratitude to our shareholders, business partners, executive management, customers and employees for their encouragement, contributions and support during the past year.

Quah Su-ling
Chief Executive Officer

On Behalf of the Board
7 August 2014

FINANCIAL REVIEW

For the financial year ended 30 April 2014 ("FY14"), the Group achieved a turnover of S$33.2 million, which increased by 24.5% when compared with the previous financial year ended 30 April 2013 (FY13: S$26.7 million). The increase was mainly attributable to the following subsidiaries:

- The turnover for ESA Electronics Pte Ltd ("ESA") increased by approximately S$1.0 million, or 8.0%, to S$13.2 million in FY14, compared with S$12.2 million in FY13. ESA is engaged in the semi-conductor industry, and the increase was mainly due to higher demand of burn-in boards by semi-conductor manufacturers in the current year;

- Asia Plan Limited ("Asia Plan"), via its wholly-owned subsidiary Capri Investment L.L.C. ("Capri"), achieved a turnover of S$0.16 million in FY14, as compared with S$0.11 million in FY13. Capri is involved in real estate development in the State of Washington, USA;

- Excellent Empire Ltd ("Excellent Empire"), via its wholly-owned subsidiary China Environmental Energy Protection Investment Ltd ("China Environmental"), which in turn through its China subsidiaries supplies natural gas to households, commercial and industrial users in Anlu, Dawu, Xiaochang and Guangshui cities in Hubei, PRC, achieved a Turnover of approximately $19.9 million in the current year, as compared with S$14.4 million in previous year. The 38.3% increase of S$5.5 million was due to increased gas consumption by industrial and household customers and new connection fees.

The Group recorded a Loss before Income Tax of S$161.4 million in FY14, as compared with a Profit before Income Tax of S$54.1 million in FY13. This was mainly attributable to fair value loss on Financial Assets at Fair Value through Profit or Loss and Allowance for Impairment Loss of Available-for-Sale financial assets.

The Group recorded a Loss after Income Tax of S$161.6 million for FY14, as compared with a Profit after Income Tax of S$47.1 million in FY13.

Correspondingly, in FY14 the Group recorded a Net Loss Attributable to Shareholders of S$149.9 million and Loss per Share of 2.94 Singapore cents (FY13: Net Profit Attributable to Shareholders of S$48.1 million and Earnings per Share of 1.61 Singapore cents).

Other Revenue recorded a negative of S$98.8 million in FY14, compared to a positive of S$69.0 million recorded in FY13, a decrease of S$167.8 million. This was mainly due to:

(a) a fair value loss of S$169.6 million in Financial Assets, at Fair Value through Profit or Loss, arising from market valuation of quoted securities and S$6.0 million loss on disposals of such assets;

(b) a gain of S$0.3 million on disposal of Available-for-Sale Financial Assets of quoted securities, a S$0.1 million gain on disposal of fixed assets and dividend income, an increase of S$0.2 million sundry income, offset by a decrease of S$0.5 million in interest income of the Group's subsidiaries;

(c) Sun Spirit Group Limited ("SSGL"), previously a 100%-owned subsidiary, was disposed for a profit of S$6.3 million in FY14, representing a disposal of 70% equity interest in SSGL;

FINANCIAL REVIEW
(CONTINUED)

(d) S$1.4 million in Foreign Exchange Gain in FY14, and none in FY13, largely due to unrealised exchange gains arising from the revaluation of foreign currency denominated balances primarily in:

(i) United States Dollars ("US$"), which strengthened from S$1.234 to S$1.256 (FY13: S$1.236 to S$1.234);

(ii) Chinese Renminbi ("RMB") which strengthened from S$0.200 to S$0.201 (FY13: S$0.195 to S$0.200).

The Group's Total Cost and Expenses increased by S$54.2 million to S$95.8 million in FY14, compared to S$41.6 million in FY13. This was mainly due to the following factors:

(a) S$4.1 million increase in changes in inventories, work-in-process, raw materials and consumables, in line with the increased turnover by the semi-conductor business of its subsidiary company ESA and by the natural gas business of China Environmental subsidiaries in China;

(b) S$0.1 million increase in land development costs corresponding to increased land sales by Capri in the current year;

(c) S$5.7 million decrease in allowance for impairment loss made on intangible assets arising from land use rights of a China subsidiary in FY13, while there was none in FY14;

(d) S$0.6 million impairment loss of Property, Plant and Equipment in the current year and none in the previous year;

(e) S$1.3 million increase in allowance for impairment loss of associated companies, mainly for Industrial Engineering Systems Pte Ltd ("IES");

(f) S$51.8 million allowance for impairment loss of long-term Available-for-Sale Financial Assets in compliance with the Singapore Reporting Standard 39 to reclassify the cumulative loss from other comprehensive income to profit or loss as a result of significant decrease in quoted share price below cost;

(g) S$3.6 million in allowance for doubtful non-trade receivables mainly from debtor of a China subsidiary, while there was none in FY13;

(h) S$1.1 million decrease in finance costs, mainly from S$0.4 million decrease in interest expenses as a result of loan repayments mainly from China subsidiary companies and S$0.7 million fee charges incurred in FY13 relating to issuance of 1% unsecured equity linked redeemable structured convertible notes by Ipco International Limited;

(i) A decrease of S$0.5 million in other general and administrative operating expenses, mainly from S$0.9 million professional fees paid for procuring loan for the business expansion of the Group's China subsidiaries in FY13 and none in FY14 which was offset by an increase of S$0.4 million employee benefits expenses by a subsidiary company in China.

FINANCIAL REVIEW
(CONTINUED)

The Share of Profits of Associated Company was S$83,000 in FY13, while there is none in FY14. This was mainly due to a decrease of S$83,000 share of profit from IES.

The Share of Loss of a Joint Venture Company was S$3,000 in FY13, while there is none in FY14. The share of loss was from a 45% equity interest in a Joint Venture Company, Sino Gas Holdings Pte. Limited ("Sino Gas"), which was converted to a subsidiary via the purchase of an additional 45% equity interest of Sino Gas during the year.

The decrease in Income Tax Expenses of S$6.8 million, from S$7.0 million in FY13 to S$0.2 million in FY14, is mainly due to decreased tax provisions by the Group's subsidiaries.

As at 30 April 2014, the total assets of the Group had decreased by S$321.1 million from FY13 of S$481.8 million to FY14 of S$160.7 million. The decrease is mainly due to fair value loss of available-for-sale financial assets and financial assets, at fair value through profit or loss held by the Group.

The Net Current Assets of the Group as at 30 April 2014 were S$0.9 million (FY13: S$158.8 million), of which S$13.0 million (FY13: S$44.8 million) was held as cash and cash equivalents.

The Group's total borrowings and finance lease liabilities of S$23.5 million consist mainly of bank loans obtained by subsidiary companies in China, ESA and Ipco International Limited. The Group's gearing ratio as at 30 April 2014, based on total borrowings and finance lease liabilities over shareholder funds, was increased to 0.22 times (FY13: 0.05 times).

As at 30 April 2014, the total equity of the Group was S$92.3 million, as compared to S$408.5 million in FY13. The decrease was mainly due to a current year loss of S$161.6 million, fair value loss of S$155.4 million recognized in equity and S$0.8 million translation gain in other reserve, share capital of the Company in FY14 remains the same in FY13.

The net asset value per share is S$0.018 in FY14 (FY13: S$0.080) and the total issued share capital of the Company is 5,100,799,986 ordinary shares.

REPORT OF THE DIRECTORS

The Directors of the Company are pleased to present their report to the members together with the audited consolidated financial statements of Ipco International Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 April 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended.

1. DIRECTORS

The Directors of the Company in office at the date of this report are:

Quah Su-ling
Carlson Clark Smith
Chwee Han Sin
Chai Siew Hoon (Appointed on 25 April 2014)
Ross Yu Limjoco (Appointed on 11 July 2014)

2. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object 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.

3. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The Directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Act") except as follows:

	Shareholdings registered in name of Director		Shareholdings in which Director is deemed to have an interest	
	Balance as at 1 May 2013	Balance as at 30 April 2014	Balance as at 1 May 2013	Balance as at 30 April 2014
	Number of ordinary shares			
The Company				
Quah Su-ling	8,841,000	8,841,000	68,630,000	40,130,000

By virtue of Section 7 of the Act, Quah Su-ling is deemed to have an interest in the wholly-owned subsidiaries of the Company at the beginning and at the end of the financial year.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company state that, according to the Register of Directors' Shareholdings, there was no change in any of the above-mentioned interests between the end of the financial year and 21 May 2014.

REPORT OF THE DIRECTORS
(CONTINUED)

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or by 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, except for salaries, bonuses and other benefits as disclosed in the financial statements.

5. SHARE OPTIONS

There were no share options granted by the Company or its subsidiaries during 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.

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

6. AUDIT COMMITTEE

The Audit Committee comprises three members, all of whom are independent directors. The members of the Audit Committee at the date of this report are:

Chwee Han Sin (Chairman)
Chai Siew Hoon
Ross Yu Limjoco

The Audit Committee carries out its functions in accordance with Section 201B (5) of the Act and the Code of Corporate Governance, including the following:

(i) Reviews the audit plans and results of the Company's external and internal auditors;

(ii) Reviews the Group's financial and operating results and accounting policies;

(iii) Reviews the financial statements of the Company and the consolidated financial statements of the Group and the external auditors' report on those financial statements before their submission to the Directors of the Company;

(iv) Reviews quarterly, half-yearly and full-year announcements on the results of the Group, statement of financial position and statement of changes in equity of the Company and of the Group;

(v) Ensures the co-operation and assistance given by the management to external auditors;

(vi) Makes recommendations to the Board of Directors on the appointment of external and internal auditors; and

REPORT OF THE DIRECTORS
(CONTINUED)

6. **AUDIT COMMITTEE** (Continued)

(vii) Reviews the Interested Person Transactions as defined in Chapter 9 of the Listing Manual of SGX-ST as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The Audit Committee has reviewed all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The Audit Committee has full access to and co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

Based on the internal controls established and maintained by the Group and the reviews conducted by management and the internal auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks were adequate as at 30 April 2014.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting.

In appointing auditor for the Company and its significant subsidiaries, the Company has complied with Rules 712, 715 and 716 of the SGX Listing Manual.

7. **AUDITOR**

The auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,

Carlson Clark Smith
Director

Chwee Han Sin
Director

Singapore
7 August 2014

STATEMENT BY **DIRECTORS**

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2014, and of the results, changes in equity and cash flows of the Group for the financial year on that date ended; 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.

On behalf of the Board of Directors,

Carlson Clark Smith	**Chwee Han Sin**
Director	Director

Singapore
7 August 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Ipco International Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 30 April 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out in pages 12 to 93.

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.

Auditor's 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 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 accompanying 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 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 April 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED
(CONTINUED)

Report on the Financial Statements (Continued)

Emphasis of Matter

We draw attention to Note 35 to the financial statements which describes the uncertainty in relation to the outcome of the Commercial Affairs Department ("CAD") investigation.

On 2 April 2014 and 29 April 2014, the Company, certain of its subsidiaries, an associate company and certain Directors had received orders under Section 20 of the Criminal Procedures Code from Commercial Affairs Department ("CAD") of Singapore Police Force requesting their assistance for an investigation into an alleged offence under the Securities and Futures Act, Chapter 280. The CAD had requested for files and financial records, computers, and data storage devices in relation to these entities for the period from 1 January 2011 to date.

The CAD has not provided any further information on their investigation or on the alleged offence (if any).

Our opinion is not qualified in respect of this matter.

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.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
7 August 2014

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

	Note	2014 $'000	2013 $'000
Revenue	4	33,248	26,707
Other items of revenue/(expense)			
Available-for-sale financial assets			
– fair value gain transferred from fair value reserve		11,624	–
– net loss on disposal		(11,363)	–
Financial assets, at fair value through profit or loss			
– fair value (loss)/gain	19	(100,180)	69,481
– net loss on disposal		(7,936)	(1,935)
Other income	5	9,033	1,443
		(98,822)	68,989
Operating expenses			
Changes in inventories of finished goods, work-in-process and land held for sale		935	(292)
Raw materials and consumables used		(22,311)	(16,846)
Amortisation of intangible assets	11	(1,216)	(1,591)
Depreciation of property, plant and equipment	12	(2,329)	(1,860)
Allowance for impairment loss of intangible assets	11	–	(5,655)
Allowance for impairment loss of property, plant and equipment	12	(597)	–
Allowance for impairment loss of associated companies	14	(2,007)	(800)
Allowance for impairment loss of available-for-sale financial assets	16	(51,748)	–
Allowance for doubtful receivables		(3,767)	(139)
Foreign exchange loss, net		–	(101)
Employee benefits expenses	6	(6,419)	(5,974)
Finance costs	7	(1,201)	(2,292)
Operating lease expenses		(509)	(458)
Other operating expenses	8	(4,673)	(5,630)
Total operating expenses		(95,842)	(41,638)
Share of results of associated companies, net of tax	14	–	83
Share of results of a joint venture, net of tax	15	–	(3)
(Loss)/Profit before income tax		(161,416)	54,138
Income tax expense	9	(210)	(7,010)
(Loss)/Profit for the financial year		(161,626)	47,128

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

	Note	2014 $'000	2013 $'000
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Available-for-sale financial assets			
– fair value (loss)/gain	16	(143,831)	147,385
– transfer to profit or loss upon disposal		(11,634)	–
Exchange differences on translating of foreign operations		878	595
Income tax relating to other comprehensive income		–	–
Other comprehensive income for the financial year		(154,577)	147,980
Total comprehensive income for the financial year		(316,203)	195,108
(Loss)/Profit attributable to:			
Owners of the parent		(149,969)	48,068
Non-controlling interests		(11,657)	(940)
		(161,626)	47,128
Total comprehensive income attributable to:			
Owners of the parent		(304,426)	195,954
Non-controlling interests		(11,777)	(846)
		(316,203)	195,108
Earnings per share (in cents)			
Basic/Diluted	10	(2.94)	1.61

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

STATEMENTS OF **FINANCIAL POSITION**

AS AT 30 APRIL 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Intangible assets	11	48,473	48,653	–	–
Property, plant and equipment	12	51,076	45,812	345	–
Subsidiaries	13	–	–	65,923	117,076
Associated companies	14	684	2,316	581	581
Joint ventures	15	–	2	–	5
Available-for-sale financial assets	16	8,458	168,732	8,114	162,595
Deferred tax assets	26	412	227	–	–
Inventories	17	8,535	–	–	–
		117,638	265,742	74,963	280,257
Current assets					
Available-for-sale financial assets	16	3,396	–	–	–
Inventories	17	6,197	11,992	–	–
Trade and other receivables	18	15,831	23,147	64,112	68,763
Financial assets, at fair value through profit or loss	19	3,738	135,109	2	36
Cash and cash equivalents	20	13,014	44,778	1,837	8,834
Convertible loan	25	900	1,049	–	–
		43,076	216,075	65,951	77,633
Less:					
Current liabilities					
Trade and other payables	21	34,120	34,958	7,955	10,555
Provisions	22	276	269	249	242
Finance lease liabilities	23	40	28	40	28
Current income tax payable		1,404	7,629	–	101
Borrowings	24	6,346	14,378	800	4,951
		42,186	57,262	9,044	15,877
Net current assets		890	158,813	56,907	61,756
Non-current liabilities					
Finance lease liabilities	23	(138)	(18)	(138)	(18)
Borrowings	24	(16,971)	(6,677)	–	–
Deferred tax liabilities	26	(9,077)	(9,316)	–	–
		(26,186)	(16,011)	(138)	(18)
Net assets		92,342	408,544	131,732	341,995
Equity					
Share capital	27	263,687	263,687	263,687	263,687
Other reserves	28	(18,489)	135,968	2,641	155,558
Accumulated (losses)/profits		(139,423)	10,546	(134,596)	(77,250)
Equity attributable to owners of the parent		105,775	410,201	131,732	341,995
Non-controlling interests		(13,433)	(1,657)	–	–
Total equity		92,342	408,544	131,732	341,995

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

	Share capital $'000	Fair value reserve $'000	Foreign exchange translation reserve $'000	Capital reduction reserve $'000	Equity-NCI $'000	Accumulated (losses)/ profits $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 May 2013	263,687	156,071	(19,323)	1,961	(2,741)	10,546	410,201	(1,657)	408,544
Loss for the financial year	–	–	–	–	–	(149,969)	(149,969)	(11,657)	(161,626)
Other comprehensive income for the financial year:									
Fair value loss on available-for-sale financial assets (Note 16)	–	(143,767)	–	–	–	–	(143,767)	(64)	(143,831)
Transfer to profit or loss upon disposal	–	(11,624)	–	–	–	–	(11,624)	–	(11,624)
Exchange differences on translation of foreign operations	–	–	934	–	–	–	934	(56)	878
Total other comprehensive income for the financial year	–	(155,391)	934	–	–	–	(154,457)	(120)	(154,577)
Total comprehensive income for the financial year	–	(155,391)	934	–	–	(149,969)	(304,426)	(11,777)	(316,203)
Capital contribution from a non-controlling interests of a subsidiary	–	–	–	–	–	–	–	1	1
Balance at 30 April 2014	263,687	680	(18,389)	1,961	(2,741)	(139,423)	105,775	(13,433)	92,342

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

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

	Share capital $'000	Fair value reserve $'000	Foreign exchange translation reserve $'000	Capital reduction reserve $'000	Equity-NCI $'000	Accumulated (losses)/ profits $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 May 2012	205,360	8,750	(19,888)	1,961	(2,741)	(37,522)	155,920	(853)	155,067
Profit for the financial year	–	–	–	–	–	48,068	48,068	(940)	47,128
Other comprehensive income for the financial year:									
Fair value gain on available-for-sale financial assets (Note 16)	–	147,321	–	–	–	–	147,321	64	147,385
Exchange differences on translation of foreign operations	–	–	565	–	–	–	565	30	595
Total other comprehensive income for the financial year	–	147,321	565	–	–	–	147,886	94	147,980
Total comprehensive income for the financial year	–	147,321	565	–	–	48,068	195,954	(846)	195,108
Transactions with owners of the parent recognised directly in equity:									
Issue of shares (Note 27)	58,327	–	–	–	–	–	58,327	–	58,327
Total transactions with owners of the parent recognised directly in equity	58,327	–	–	–	–	–	58,327	–	58,327
Capital contribution from a non-controlling interests of a subsidiary	–	–	–	–	–	–	–	42	42
Balance at 30 April 2013	263,687	156,071	(19,323)	1,961	(2,741)	10,546	410,201	(1,657)	408,544

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

	2014 $'000	As restated 2013 $'000
Operating activities		
(Loss)/Profit before income tax	(161,416)	54,138
Adjustments for:		
Allowance made for doubtful receivables	3,767	139
Allowance for impairment loss of associated companies	2,007	800
Amortisation of intangible assets	1,216	1,591
Depreciation of property, plant and equipment	2,329	1,860
Allowance for impairment loss of intangible assets	–	5,655
Allowance for impairment loss of property, plant and equipment	597	–
Allowance for impairment loss of available-for-sale financial assets	51,748	–
Written-off of available-for-sale financial assets	42	–
Loss on disposal of available-for-sale financial assets	11,363	–
Fair value gain on available-for-sale financial assets	(11,624)	–
Dividend income	(70)	(49)
Gain on disposal of property, plant and equipment	(129)	(9)
Interest expenses	1,006	1,447
Interest income	(676)	(1,169)
Gain on disposal of a subsidiary	(6,309)	–
Provisions made during the financial year	276	269
Share of results of associated companies	–	(83)
Share of results of joint venture company	–	3
Fair value loss/(gain) on financial assets, at fair value through profit or loss	100,180	(69,481)
Operating loss before changes in working capital	(5,693)	(4,889)
Working capital changes		
Inventories	(2,751)	273
Trade and other receivables	(2,935)	7,561
Trade and other payables	7,608	862
Provisions	(269)	(346)
Cash (used in)/from operations	(4,040)	3,461
Net disposal and acquisition of financial assets held-for-trading	33,156	(19,290)
Interest received	676	1,169
Interest paid	(1,006)	(1,447)
Net income tax paid	(7,074)	(5,282)
Net cash from/(used in) operating activities	21,712	(21,389)

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

CONSOLIDATED STATEMENT OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

	Note	2014 $'000	2013 $'000
Investing activities			
Dividend received		70	49
Investment in an associate company		–	(158)
Addition of intangible assets		(173)	(295)
Investment in a joint venture		–	(5)
Purchase of property, plant and equipment	12	(3,427)	(5,916)
Purchase of available-for-sale financial assets	16	(54,791)	–
Investment in short-term money market instruments		–	(1,162)
Proceeds from disposals of property, plant and equipment		136	9
Net effect on acquisition of a subsidiary	13(d)	5	–
Net effect on disposal of a subsidiary	13(e)	(2,186)	–
Proceeds from disposal of available-for-sale financial assets		4,685	–
Cash restricted in use		(180)	33
Net cash used in investing activities		(55,861)	(7,445)
Financing activities			
Proceeds from issue of convertible loan	27	–	49,550
Proceeds from issue of shares	27	–	8,777
Proceeds from borrowings		18,453	7,065
Capital contribution from a non-controlling interest of a subsidiary		1	42
Repayments of borrowings		(16,191)	(2,858)
Repayments of finance leases		(300)	(28)
Net cash from financing activities		1,963	62,548
Net change in cash and cash equivalents		(32,186)	33,714
Effect of foreign exchange rate changes in cash and cash equivalents		242	(4)
Cash and cash equivalents at beginning of financial year		42,357	8,647
Cash and cash equivalents at end of financial year	20	10,413	42,357

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014

These notes form an integral part of and should be read in conjunction with the financial statements.

1. GENERAL CORPORATE INFORMATION

Ipco International Limited is a public limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 24 Pandan Road, Singapore 609275. The Company is listed on the main board of the Singapore Exchange Securities Trading Limited. The Company's registration number is 199202747M.

The principal activities of the Company are those of an investment holding company and performing the functions of the corporate headquarters of the Company and its subsidiaries (the "Group").

The principal activities of the subsidiaries are set out in Note 13 to the financial statements.

The financial statements for the financial year ended 30 April 2014 were authorised for issue by the Board of Directors on 7 August 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation of financial statements

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including the related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$"), which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

During the financial year, the Group and the Company have adopted all the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS and INT FRS does not result in any substantial changes to the Group's and the Company's accounting policies and have no material effect on the amounts reported for the current and prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective

As at the date of authorisation of these financial statements, the Group and the Company have not adopted the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (annual periods beginning on or after)
FRS 19 (Amendments)	:	Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 27 (Revised)	:	Separate Financial Statements	1 January 2014
FRS 32 (Amendments)	:	Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 39 (Amendments)	:	Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
FRS 110	:	Consolidated Financial Statements	1 January 2014
FRS 111	:	Joint Arrangements	1 January 2014
FRS 112	:	Disclosure of Interests in Other Entities	1 January 2014
FRS 110, FRS 112 and FRS 27	:	Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities	1 January 2014
Improvements to FRSs 2014			1 July 2014
FRS 16 (Amendments)	:	Property, Plant and Equipment	
FRS 24 (Amendments)	:	Related Party Disclosures	
FRS 38 (Amendments)	:	Intangible Assets	
FRS 102 (Amendments)	:	Share-Based Payments	
FRS 103 (Amendments)	:	Business Combination	
FRS 108 (Amendments)	:	Operating Segments	
FRS 113 (Amendments)	:	Fair Value Measurement	
FRS 114	:	Regulatory Deferral Accounts	1 January 2016
INT FRS 121	:	Levies	1 January 2014

Consequential amendments were also made to various standards as a result of these new or revised standards.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

Except as disclosed below, management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 32 clarify the guidance on criteria that an entity currently has a legally enforceable right to set-off financial assets and financial liabilities; and criteria that an entity intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. These changes will take effect from the financial year beginning on 1 May 2014.

The Group and Company does not expect the adoption of the amendments to result in changes to the situations in which financial assets and liabilities are currently offset and hence does not expect any impact on its financial position or financial performance.

FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12, Consolidation – Special Purpose Entities. FRS 110 defines the principle of control and establishes a new control model as the basis for determining which entities are consolidated in the consolidated financial statements. FRS 27 remains as a standard applicable only to separate financial statements. On adoption of FRS 110 management will be required to exercise more judgement than under the current requirements of FRS 27 in order to determine which entities are controlled by the Group. These changes will take effect from the financial year beginning on 1 May 2014 with full retrospective application.

The implementation of FRS 110 is not expected to result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements under FRS 27 on other consolidation related matters are carried forward and unchanged. FRS 110 is applied retrospectively subject to certain transitional provisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 111 Joint Arrangements and FRS 28 Investments in Associates and Joint Ventures

FRS 111 supersedes FRS 31, Interest in Joint Ventures, and INT FRS 13, Jointly Controlled Entities – Non-Monetary Contributions by Ventures. FRS 111 classifies a joint arrangement as either a joint operation or a joint venture based on the parties' rights and obligations under the arrangement. Under FRS 111 all joint ventures must be accounted for under the equity method, as described in the revised FRS 28, with proportionate consolidation prohibited. These changes will take effect from the financial year beginning on 1 May 2014 with full retrospective application.

The adoption of FRS 111 is not expected to result any impact on the financial position or financial performance of the Group as all the joint ventures are accounted under equity method.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new standard which prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. This new standard is likely to result in more extensive disclosures in the financial statements, however, there will be no impact on the financial position or financial performance of the Group on initial adoption of the standard in the financial year beginning on 1 May 2014.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Company has the power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to the majority of the voting rights, as to obtain benefits from their activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures 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 impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the separate financial statements of the Company, investments in subsidiaries, associated companies and joint ventures are carried at cost less any impairment loss that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Business combinations from 1 May 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations from 1 May 2010 (Continued)

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 May 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations before 1 May 2010 (Continued)

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of land lots

Revenue from sale of land lots is recognised when the risk and rewards of ownership have been transferred to the buyer through the transfer of legal title.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Revenue recognition (Continued)

Natural gas installation, connection, delivery and usage

Revenue from natural gas installation, connection and delivery is recognised when the services are rendered.

Revenue from usage of natural gas is recognised based on the customers' consumption (including estimated consumption) of natural gas. For revenue received from prepaid card users, provisions for unearned revenue are made for usage which have not been utilised as at the end of the financial year.

Interest income

Interest income is accrued on an accreted time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income is recognised when the shareholders' rights to receive payment have been established.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time in preparation for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for annual leave is recognised for services rendered by employees up to the end of the financial year.

2.7 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the financial year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associated companies, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Income tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Unrecognised deferred tax assets are reassessed at the end of each financial year and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer’s interest in the net fair value of the acquiree’s identifiable assets, liabilities and contingent liabilities over cost.

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services is not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on re-translation of monetary items are included in profit or loss for the period. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Associated companies

Associated companies are entities over which the Group has significant influence, but that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associated companies are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associated companies are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associated company, less any impairment loss of individual investments. Losses of an associated company in excess of the Group's interest in that associated company (which includes any long-term interests that, in substance, form part of the Group's net investment in the associated company) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

Where a Group entity transacts with an associated company of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associated company. This applies to unrealised losses which are also eliminated but only to the extent that there is no impairment.

2.10 Joint venture

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, which is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entitles and share of the result of jointly controlled entities using equity method.

Where, the Group transacts with its jointly controlled entities, unrealised profits are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary or jointly controlled entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, jointly controlled entity or associated company recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On the disposal of a subsidiary, a jointly controlled entity or an associated company, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired separately

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Intangible assets (Continued)

Intangible assets acquired separately (Continued)

(i) Distribution, licensing, exploration and extraction rights

Distribution, licensing, exploration and extraction rights acquired through business combinations which have finite useful lives are amortised on a straight-line basis over their useful lives which represent the period of contractual rights as follows:

Distribution and licensing rights	28 years
Exploration and extraction rights	22 years

(ii) Intellectual rights

Intellectual rights refer to the rights obtained for the design or manufacture of certain equipment. It has indefinite use and therefore not amortised.

(iii) Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the lease term of 30 years.

Amortisation of land use rights shall begin when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management.

2.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Property, plant and equipment (Continued)

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company and the cost of the item can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation for property, plant and equipment is provided on a straight-line basis so as to write off their depreciable amounts over their estimated useful lives as follows:

Leasehold building	30 years
Office equipment	3 to 5 years
Plant and equipment	2 to 6 years
Motor vehicles	3 to 5 years

No depreciation is charged on construction-in-progress as they are not yet in use as at the end of the financial year.

The carrying values of property, plant and equipment are reviewed for impairment when event or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual value and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to accumulated losses directly.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of tangible and intangible assets excluding goodwill

At the end of each financial year, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment losses (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.14 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets into the following specified categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of these financial assets when they were acquired and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Trade and other receivables (excluding prepayments and advance payment for construction of plant and equipment), convertible loan, and cash and cash equivalents that have fixed or determinable payments that are not quoted in active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost, where applicable, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets (AFS)

Certain investments held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised directly in the fair value reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is included in profit or loss for the period.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

Available-for-sale financial assets are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of financial year.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the asset have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables

Trade and other payables (excluding advance payment received from customer) are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Borrowings are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy on borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories

Saleable merchandise

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a "first-in, first-out" basis and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-process includes cost of direct materials, labour and an appropriate portion of production overhead expenditure.

Net realisable value represents the estimated selling price less anticipated costs of disposal and after making allowance for damaged, obsolete and slow-moving items.

Land held for sale

Land held for sale comprises land lots is stated at the lower of cost and net realisable value. Cost includes cost of land and related expenditure which are capitalised as and when activities that are necessary to get the assets ready for their sale are in progress.

Net realisable value represents the estimated selling price less costs to be incurred in selling the land.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise demand deposits, cash and bank balances, and short-term highly liquid investments that are readily convertible to cash and which are subject to an insignificant risk of change in value. For the purposes of the statement of cash flows, cash and cash equivalents also includes bank overdrafts and excludes any pledged deposits. In the statement of financial position, bank overdrafts are presented within borrowings under current liabilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.18 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statements of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction or production of qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (Continued)

Operating leases

Where the Group and the Company are the lessee of an operating lease

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2.20 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's and the Company's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements except as discussed below.

(i) Impairment of investments in subsidiaries, associated companies and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether an investment in subsidiaries, associated companies or financial assets are impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The impairment loss of investment in subsidiaries, associated companies and available-for-sale financial assets were disclosed in Note 13, Note 14 and Note 16 to the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of intangible assets

The management determines whether goodwill and other intangible assets have suffered impairment on an annual basis and as and when there is an indication of impairment. The recoverable amounts of the cash-generating unit ("CGU") are determined by the management based on the higher of fair value less costs to sell or value-in-use, which involves the use of estimates. In estimating the value-in-use, the management exercised judgement in estimating the expected future cash flows from the CGUs using suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's intangible assets at the end of the financial year was disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 to 30 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and residual values of these assets. Therefore, future depreciation charges could be revised. The carrying values of the Group's and the Company's property, plant and equipment at the end of the financial year were disclosed in Note 12 to the financial statements.

(iii) Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when it is believed that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to the financial position of the customers. If the financial conditions were to deteriorate, resulting in impairment of their ability to make the required payments, allowances may be required. The carrying values of the Group's and the Company's trade and other receivables at the end of the financial year were disclosed in Note 18 to the financial statements.

(iv) Income taxes

The Group has exposure to income taxes in several jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. At the end of the financial year, the Group's current income tax payable and deferred tax liabilities were $1,404,000 (2013: $7,629,000) and $9,077,000 (2013: $9,316,000) respectively. The Group's deferred tax assets were $412,000 (2013: $227,000) at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

4. REVENUE

	Group	
	2014	**2013**
	$'000	**$'000**
Sale of goods	13,208	12,225
Sale of land lots	160	105
Natural gas installation, connection, delivery and usage	19,880	14,377
	33,248	26,707

5. OTHER INCOME

	Group	
	2014	**2013**
	$'000	**$'000**
Accrued expenses written back	–	17
Administrative service fee, rental and corporate guarantee fee from an associated company	84	61
Dividend income	70	49
Foreign exchange gain, net	1,414	–
Gain on disposal of a subsidiary (Note 13(e))	6,309	–
Gain on disposal of property, plant and equipment	129	9
Interest income		
– bank	5	3
– loan to a related party	294	313
– share lending (Note 19)	295	706
– others	82	147
Sundry income	351	138
	9,033	1,443

6. EMPLOYEE BENEFITS EXPENSES

	Group	
	2014	**2013**
	$'000	**$'000**
Wages, salaries and benefits	5,967	5,546
Defined contributions plan	452	428
	6,419	5,974

Included above is key management remuneration as shown in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

7. FINANCE COSTS

	Group	
	2014	**2013**
	$'000	**$'000**
Interest expenses		
– finance leases	7	3
– bank borrowings	758	1,041
– loans from business associates	197	184
– loan from an associated company	–	3
– share margin financing	44	216
Bank charges on notes issuance	–	735
Other bank charges	195	110
	1,201	2,292

8. OTHER OPERATING EXPENSES

Other operating expenses include the following:

	Group	
	2014	**2013**
	$'000	**$'000**
Brokerage and clearing fees	252	1,127
Membership fees	268	270
Audit fees		
– auditor of the Company	188	182
– other auditors	118	52
Non-audit fees		
– auditor of the Company	–	–
– other auditors	–	–
Provision for Directors' fees		
– Directors of the Company	80	80
– director of a subsidiary	54	54
General repair and maintenance	538	480
Professional and consultancy fees	375	1,724
Travelling expenses	323	379

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

9. INCOME TAX EXPENSE

	Group	
	2014	**2013**
	$'000	**$'000**
Current income tax		
– current year	626	8,121
– under/(over) provision in prior years	223	(288)
	849	7,833
Deferred tax assets		
– current year	(234)	–
– under provision in prior years	–	(9)
Deferred tax liabilities		
– over provision in prior years	(405)	(814)
	210	7,010

Domestic income tax is calculated at 17% (2013: 17%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The income tax expenses varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2013: 17%) to profit before income tax as a result of the following differences:

	Group	
	2014	**2013**
	$'000	**$'000**
(Loss)/Profit before income tax	(161,416)	54,138
Income tax calculated at statutory tax rate of 17%	(27,441)	9,203
Tax effect of:		
– different tax rates in other countries	(119)	(325)
– expenses not deductible for tax purposes	15,575	2,460
– income not subject to tax	(664)	(3,508)
– income tax exemption	(57)	(168)
– under/(over) provision of current income tax in prior years	223	(288)
– deferred tax assets not recognised in profit or loss	13,548	740
– under provision of deferred tax assets in prior years	–	(9)
– over provision of deferred tax liabilities in prior years	(405)	(814)
– utilisation of unrecognised deferred tax asset	–	(123)
– tax incentive and rebate	(30)	–
– others	(420)	(158)
	210	7,010

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

9. INCOME TAX EXPENSE (CONTINUED)

Unrecognised deferred tax asset

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning of financial year	5,489	4,880
Additions	13,548	740
Utilisation	–	(123)
Exchange translation difference	5	(8)
At end of financial year	19,042	5,489

Unrecognised deferred tax asset is attributed to unutilised tax losses.

At the end of the financial year, the Group had unutilised tax losses of approximately $98,793,000 (2013: $24,330,000) which are available for set-off against future taxable profits. The related deferred tax asset has not been recognised in the financial statements due to the unpredictability of future revenue streams. The use of these potential tax benefits of approximately $19,042,000 (2013: $5,489,000) is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the subsidiaries operate. Except for an amount of $19,042,000 (2013: $5,489,000) will expire within five years upon utilisation, the remaining unutilised tax losses have no expiry date.

10. EARNINGS PER SHARE

Basic and diluted earnings per ordinary share is calculated by dividing the Group's profit for the financial year attributable to ordinary equity holders of the parent by the actual/weighted average number of ordinary shares in issue during the financial year.

The computation is based on the following data:

	Group	
	2014	**2013**
	$'000	**$'000**
(Loss)/Profit attributable to owners of the parent	(149,969)	48,068

	Number of shares	**Number of shares**
Actual/weighted average number of ordinary shares		
– Basic	5,100,799,986	2,988,601,356
– Diluted	5,100,799,986	2,988,601,356

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

11. INTANGIBLE ASSETS

Group	Goodwill $'000	Intellectual rights $'000	Distribution and licensing rights $'000	Exploration and extraction rights $'000	Land use rights $'000	Total $'000
Cost						
At 1 May 2013	90,334	688	34,673	11,150	874	137,719
Additions	2	–	–	–	171	173
Exchange translation difference	531	–	618	–	5	1,154
At 30 April 2014	90,867	688	35,291	11,150	1,050	139,046
Accumulated amortisation and impairment						
At 1 May 2013	69,252	688	7,862	11,150	114	89,066
Amortisation	–	–	1,184	–	32	1,216
Exchange translation difference	155	–	136	–	–	291
At 30 April 2014	69,407	688	9,182	11,150	146	90,573
Carrying value						
At 30 April 2014	21,460	–	26,109	–	904	48,473
Average remaining useful lives	Indefinite	Indefinite	22 years	17 years	22 years	
Cost						
At 1 May 2012	90,472	688	34,673	11,168	564	137,565
Additions	–	–	–	–	295	295
Exchange translation difference	(138)	–	–	(18)	15	(141)
At 30 April 2013	90,334	688	34,673	11,150	874	137,719
Accumulated amortisation and impairment						
At 1 May 2012	69,296	688	6,702	5,192	89	81,967
Amortisation	–	–	1,160	408	23	1,591
Allowance for impairment loss	–	–	–	5,655	–	5,655
Exchange translation difference	(44)	–	–	(105)	2	(147)
At 30 April 2013	69,252	688	7,862	11,150	114	89,066
Carrying value						
At 30 April 2013	21,082	–	26,811	–	760	48,653
Average remaining useful lives	Indefinite	Indefinite	23 years	18 years	23 years	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

11. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets

At the end of each financial year, the management will assess the recoverable amount of the Group's intangible assets to determine whether there is any indication of impairment. For this purpose, the management determines the recoverable amount of the cash-generating units ("CGU") based on the higher of fair value less costs to sell or value-in-use, where appropriate.

Goodwill

Goodwill acquired through business combinations has been allocated to the Group's cash-generating unit ("CGU") identified. An impairment test is carried out at the end of each financial year to assess if there is any impairment loss. The carrying value of goodwill has been allocated to the following individual CGU:

	Group	
	2014	**2013**
	$'000	**$'000**
Excellent Empire Limited	21,460	21,082

The recoverable amount of CGU is determined based on value-in-use ("VIU"). VIU calculations are based on financial budgets approved by management for periods covering 18 to 23 years, which represents the period of distribution and licensing rights. The budgeted gross margins are based on past performance and the average growth rates and discount rates used are based on management's best estimate. The calculations of VIU for the CGU was discounted at a pre-tax discount rate of 7.5% (2013: 9.5%) which is the benchmark used by management to assess the operating performance of the Group.

The budgeted gross margins and average growth rates for the first 5 years used to extrapolate cash flows are as below:

	Budgeted gross margin		**Average growth rates**	
	2014	**2013**	**2014**	**2013**
Excellent Empire Limited	35%	34%	24%	17%

Exploration and extraction rights

In the previous financial year, the management had reviewed the recoverable amount of one of reportable segments, gas distribution which was located in People's Republic of China based on internal reports and future development plans. The uncertainty of the economic benefit of the exploration and extraction rights derived from this segment had led to the recognition of impairment loss amounting to $5,655,000 in the Group's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building $'000	Office equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost						
At 1 May 2013	2,613	1,750	47,378	2,185	3,333	57,259
Additions	18	54	3,788	1,083	3,199	8,142
Disposals	(22)	(9)	(1)	(317)	–	(349)
Reclassifications	–	–	835	–	(835)	–
Exchange translation difference	12	2	–	11	17	42
At 30 April 2014	2,621	1,797	52,000	2,962	5,714	65,094
Accumulated depreciation and impairment						
At 1 May 2013	635	1,586	8,236	990	–	11,447
Charge for the financial year	82	101	1,879	267	–	2,329
Disposals	(21)	(8)	(1)	(312)	–	(342)
Allowance for impairment loss	–	–	597	–	–	597
Exchange translation difference	–	–	(13)	–	–	(13)
At 30 April 2014	696	1,679	10,698	945	–	14,018
Carrying value						
At 30 April 2014	1,925	118	41,302	2,017	5,714	51,076
Cost						
At 1 May 2012	2,539	1,749	39,555	2,141	2,645	48,629
Additions	22	39	552	–	6,997	7,610
Disposals	–	(42)	–	–	–	(42)
Reclassifications	–	–	6,372	–	(6,372)	–
Exchange translation difference	52	4	899	44	63	1,062
At 30 April 2013	2,613	1,750	47,378	2,185	3,333	57,259
Accumulated depreciation						
At 1 May 2012	532	1,493	6,684	758	–	9,467
Charge for the financial year	97	132	1,413	218	–	1,860
Disposals	–	(42)	–	–	–	(42)
Exchange translation difference	6	3	139	14	–	162
At 30 April 2013	635	1,586	8,236	990	–	11,447
Carrying value						
At 30 April 2013	1,978	164	39,142	1,195	3,333	45,812

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 May 2013	312	270	582
Additions	–	431	431
Disposals	–	(266)	(266)
At 30 April 2014	312	435	747
Accumulated depreciation			
At 1 May 2013	312	270	582
Charge for the financial year	–	86	86
Disposals	–	(266)	(266)
At 30 April 2014	312	90	402
Carrying value			
At 30 April 2014	–	345	345
Cost			
At 1 May 2012 and 30 April 2013	312	270	582
Accumulated depreciation			
At 1 May 2012	311	250	561
Charge for the financial year	1	20	21
At 30 April 2013	312	270	582
Carrying value			
At 30 April 2013	–	–	–

At the end of the financial year, the Group had property, plant and equipment with a carrying value of approximately $19,112,000 (2013: $38,769,000) pledged to financial institutions as security for bank borrowings granted to certain subsidiaries (Note 24).

At the end of the financial year, the Group and the Company had motor vehicles with carrying value of approximately $345,000 (2013: $Nil) acquired under finance lease contracts.

Borrowing costs of $544,000 (2012: $Nil) which arose on the financing specifically entered into for the construction of the plant and equipment were capitalised by the Group during the financial year.

During the financial year, the Group has reviewed the consumption rate in certain matured and low residential areas in the gas distribution segment and recognised an impairment loss of $597,000 (2013: $Nil) with respect to plant and equipment in the segment. This was recognised and disclosed in the consolidated statement of comprehensive income. The recoverable amount is determined based on value-in-use ("VIU"), discounted at pre-tax discount rate of 5%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	2014 $'000	2013 $'000
Additions of property, plant and equipment	8,142	7,610
Acquired under finance lease agreements	(432)	–
Payable for property, plant and equipment	(4,283)	(1,694)
Cash payments to acquire property, plant and equipment	3,427	5,916

13. SUBSIDIARIES

(a) Investments in subsidiaries

	Company 2014 $'000	 2013 $'000
Unquoted equity shares, at cost	177,014	177,014
Addition	9	–
Disposal	(68)	–
Quasi-equity loan	50,244	48,219
	227,199	225,233
Allowance for impairment losses	(161,276)	(108,157)
	65,923	117,076

Movements in allowance for impairment losses during the financial year:

	Company 2014 $'000	 2013 $'000
At beginning of financial year	108,157	102,157
Allowance for impairment loss	53,119	6,000
At end of financial year	161,276	108,157

The management assess the recoverable amount of its investments in subsidiaries at the end of each financial year to determine whether there is any indication of impairment. The recoverable amounts have been determined using the higher of fair value less costs to sell or value-in-use, where appropriate.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

13. SUBSIDIARIES (CONTINUED)

(a) Investments in subsidiaries (Continued)

Quasi-equity loan

Quasi-equity loan represent an interest-free loan provided by the Company to its subsidiary, Excellent Empire Ltd ("EEL"), which is repayable on demand but not expected to be repaid in the foreseeable future. EEL has in turn invested substantially the proceeds from the quasi-equity loan to expand the operations of natural gas in the People's Republic of China.

Impairment losses

During the financial year, an impairment review was performed on the investment in ESA Electronics Pte. Ltd. ("ESA"), a subsidiary incorporated in Singapore which reported in electronics and trading segment, due to the losses incurred by this subsidiary as a result of decline in market demand. This had an adverse effect on the recoverable amount of the investment by using share of net identifiable asset which the best represented for its fair value less costs to sell. Consequently, an impairment loss of $4,900,000 (2013: $6,000,000) was recognised in profit or loss.

The management has reviewed the recoverable amount is of one of reportable segments, investment securities trading in Grand Prosper Group Limited, which is incorporated in Hong Kong. The significant decline in fair value of equity financial instruments has adverse effect on the investment. Consequently, an impairment loss of $48,219,000 (2013: $Nil) was recognised in profit or loss.

(b) Details of subsidiaries

	Name of company (Country of incorporation/operation)	Equity held by the Group 2014 %	Equity held by the Group 2013 %	Principal activities
	Held by Ipco International Limited			
(1)#	Ipco Constructors Private Limited (Singapore)	100	100	Engineering, construction and warehousing
(1)	Friendship Bridge Holding Company Private Limited (Singapore)	100	100	Investment securities trading
(1)	Nueviz Investment Private Limited (Singapore)	100	100	Investment securities trading
(1)#	Sino Gas Pte Ltd (Singapore)	90	45	Investment holding
(4)	ESA Electronics Pte Ltd (Singapore)	81.25	81.25	Trading and providing consultancy services in semi-conductor industry

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

13. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Equity held by the Group 2014 %	Equity held by the Group 2013 %	Principal activities
***Held by Ipco International Limited** (Continued)*			
(2)# Ipco International Construction Limited (Hong Kong)	100	100	Dormant
(2)# Millgate Asia Limited (Hong Kong)	100	100	Dormant
(3)# Ipco Constructors Sdn. Bhd. (Malaysia)	100	100	Engineering, construction and infrastructure development
(3)# Ipco Sdn. Bhd. (Malaysia)	100	100	Investment holding
(5)# Ambico Sendirian Berhad (Brunei)	100	100	Dormant
# Ipco-Prebumi (B) Sendirian Berhad (Brunei)	70	70	Under liquidation
# Ipco Contractors (S.A.) (formerly known as Supersafe Management Corp.) (British Virgin Islands)	100	90	Dormant
(8)# Asia Plan Limited (British Virgin Islands)	70	70	Investment holding
(8) Excellent Empire Limited (British Virgin Islands)	100	100	Investment holding
Held by Supersafe Management Corp.			
# Ipco China Gas Pipelines Limited (British Virgin Islands)	63	63	Dormant
Held by Ipco Sdn. Bhd.			
# Gulf Asia Holdings Ltd (Malaysia)	100	100	Dormant
(7)# Dimensi Cita Sdn Bhd (Malaysia)	100	100	Investment holding
Held by ESA Electronics Pte Ltd			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

13. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

	Name of company (Country of incorporation/operation)	Equity held by the Group 2014 %	2013 %	Principal activities
(4)#	ESA Assembly Pte Ltd (Singapore)	81.25	81.25	Manufacturers, assemblers, installers, maintainers, repairers of and dealers in electronic components
	Held by Asia Plan Limited			
(8)#	Capri Investments L.L.C. (United States of America)	70	70	Residential estate development
	Held by Excellent Empire Limited			
(6)#	China Environmental Energy Protection Investment Limited (Samoa)	100	100	Investment holding
(8)#	Grand Prosper Group Limited (Hong Kong)	75	75	Investment holding
	Held by China Environmental Energy Protection Investment Limited			
(6)	Xiao Gan Zhong Huan Gas Investment & Management Co., Ltd (People's Republic of China)	100	100	Providing management services
(6)	Anlu Jiaxu Natural Gas Company Limited (People's Republic of China)	90	90	Natural gas distribution

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

13. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Equity held by the Group 2014 %	2013 %	Principal activities
Held by China Environmental Energy Protection Investment Limited			
(6) Dawu Jiaxu Natural Gas Company Limited (People's Republic of China)	90	90	Natural gas distribution
(6) Xiaochang Jiaxu Natural Gas Company Limited (People's Republic of China)	90	90	Natural gas distribution
(6) Guangshui Zhong Huan Gas Development Co., Ltd (People's Republic of China)	90	90	Natural gas distribution
Held by Anlu Jiaxu Natural Gas Company Limited			
(6)# Anlu Jiaxu Natural Gas WeiHuo Transportation Company Limited	100	100	Transportation of natural gas
Held by Grand Prosper Group Limited			
(8)# Deshi Oil and Gas Exploration Co., Ltd (People's Republic of China)	67.5	67.5	Dormant

Notes:

(1) Audited by BDO LLP, Singapore
(2) Audited by BDO Limited, Hong Kong
(3) Audited by BDO, Malaysia
(4) Audited by RSM Chio Lim LLP, Singapore
(5) Audited by Lee & Raman, Brunei
(6) Audited by BDO China Shu Lun Pan CPAs LLP, People's Republic of China
(7) Audited by Allan Choong & Co, Malaysia
(8) Reviewed by BDO LLP, Singapore, for consolidation purposes
Not considered as a significant subsidiary as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

13. SUBSIDIARIES (CONTINUED)

(c) Incorporation of a wholly-owned subsidiary

Anlu Jiaxu Natural Gas WeiHuo Transportation Company Limited

In the previous financial year, the Company's subsidiary, Excellent Empire Ltd via its wholly-owned subsidiary, China Environmental Energy Protection Investment Ltd, incorporated a wholly-owned subsidiary, Anlu Jiaxu Natural Gas WeiHuo Transportation Company Limited, with a registered share capital of RMB1,000,000 in the People's Republic of China.

(d) Acquisition of a subsidiary

Sino Gas Pte Ltd ("Sino Gas")

On 28 August 2013, the Group acquired an additional 45% equity interest in Sino Gas comprising 4,500 ordinary shares for a total consideration of $4,500 in cash. As a result of this acquisition, the equity interest held by the Group increased from 45% to 90%. Sino Gas was previously recognised as an investment in joint venture as disclosed in Note 15, upon this acquisition, Sino Gas has became subsidiary of the Group.

The effects of the acquisition as at date of acquisition were as follows:

	Group $'000
Cash and cash equivalents	4
Trade and other payables	(1)
Identifiable net assets acquired	3
Add: Goodwill	2
Purchase consideration	5

The effect on cash flows of the Group:

	Group $'000
Cash and cash equivalents in subsidiary acquired	10
Less: purchase consideration	(5)
Cash inflow on acquisition	5

From the date of acquisition, Sino Gas has contributed Nil revenue and $7,000 loss net of tax of the Group respectively. If the combination had taken place at the beginning of the financial year, there would be no significant financial impact on the Group's revenue and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

13. SUBSIDIARIES (CONTINUED)

(e) Disposal of a subsidiary

Sun Spirit Group Ltd ("SSGL")

On 4 December 2013, the Group disposed of its 70% equity interest in SSGL, a company incorporated in the British Virgin Islands, to Belvedere Inc. ("Belvedere") for a total consideration of $875,000 in cash. Upon disposal, SSGL ceased to be a subsidiary of the Group and recognised as an investment in associated company as disclosed in Note 14.

The effects of the disposal as at date of disposal were as follows:

	Group $'000
Financial assets, at fair value through profit or loss	(1,965)
Cash and cash equivalents	3,061
Other receivables	3,689
Other payables	(9,844)
Identifiable net liabilities disposed	(5,059)
Sales proceeds	875
Fair value of remaining shareholding (Note 14)	375
Unrecognised share of losses	1,518
	2,768
Share of net liabilities of subsidiary	3,541
Gain on disposal of a subsidiary (Note 5)	6,309

The effect on cash flows of the Group:

	Group $'000
Cash and cash equivalents in subsidiary disposed	3,061
Less: sales proceeds	(875)
Cash outflow on disposal	2,186

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

14. ASSOCIATED COMPANIES

(a) Investments in associated companies comprise:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity investments, at carrying value			581	581
At beginning of financial year	2,316	2,875		
Additions	375	158		
Allowance for impairment losses	(2,007)	(800)		
Share of results, net of tax	–	83		
At end of financial year	684	2,316		

As disclosed in Note 13(e), Sun Spirit Group Ltd ("SSGL") ceased to be subsidiary of the Group and recognised the remaining equity interest of 30% as an investment in associated company at its fair value.

The Group has not recognised its share of losses of SSGL amounting to $2,533,000 (2013: $Nil) because the Group's cumulative share of losses exceeds its interest in the entities and the Group has no obligation in respect of those losses. The cumulative unrecognised losses with respect to this entity amounting to $2,533,000 (2013: $Nil) at the end of the financial year.

Capital injection

In the previous financial year, the Company injected an amount of $158,000 to Industrial Engineering Systems Pte Ltd ("IES"). The capital injection did not affect the equity interest held by the Company. The capital injection was used to expand the operations of IES.

Impairment loss of SSGL

During the financial year, an impairment review was performed on the investment in SSGL due to losses incurred by SSGL as a result of decline in market price of securities being held by SSGL. This had an adverse effect on the recoverable amount of the investment by using share of net identifiable asset which the best represented for its fair value less costs to sell. Consequently, an impairment loss of $375,000 was recognised in profit or loss.

Impairment of Industrial Engineering Systems Pte Ltd ("IES")

During the financial year, an impairment review was performed on the investment in IES due to losses incurred by IES as a result of decline in market demand. This had an adverse effect on the recoverable amount of the investment. The recoverable amount of IES is determined based on value-in-use ("VIU") and VIU calculations are based on financial budgets approved by management for periods covering 5 years. Consequently, an impairment loss of $1,632,000 was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

14. ASSOCIATED COMPANIES (CONTINUED)

(b) Details of associated companies

Name of company (Country of incorporation/operation)	Equity held by the Group 2014 %	2013 %	Principal activities
Held by Ipco International Limited			
# Ace Century Group Ltd (British Virgin Islands)	30	30	Dormant
# Industrial Engineering Systems Pte Ltd (Singapore)	20	20	Designing of industrial plant engineering services systems and general wholesaler and trader
(1) Sun Spirit Group Ltd (British Virgin Island)	30	–	Investment securities trading

Notes:

(1) Reviewed by BDO LLP, Singapore, for consolidation purposes

Not considered as a significant subsidiary as defined under Rule 718 of the Listing Manual of the Singapore Exchange Securities Trading Limited

(c) The summarised financial information of the associated companies, not adjusted for the proportion of ownership interest held by the Company is as follows:

	2014 $'000	2013 $'000
Assets	12,537	4,468
Liabilities	(17,316)	(927)
Revenue	1,231	3,845
Net (loss)/profit for the financial year	(43,050)	352

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

15. JOINT VENTURES

(a) Investments in joint ventures comprise:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity investments, at carrying value			–	5
At beginning of financial year	2	–		
Additions	–	5		
Recognised as subsidiary (Note 13 (d))	(2)	–		
Share of results, net of tax	–	(3)		
At end of financial year	–	2		

<u>*Establishment of a joint venture*</u>

In the previous financial year, the Company entered into a joint venture arrangement with two venturers, to establish a joint venture company, Sino Gas Holdings Pte Ltd ("Sino Gas") which the Company had 45% equity interest at a cost of $5,000 in Sino Gas, for natural gas investment or related projects in the People's Republic of China, particularly in the Shandong province.

(b) Details of joint ventures are as follows:

Name of company (Country of incorporation/operation)	**Equity held by the Group 2014 %**	**2013 %**	**Principal activities**
Incorporated			
(1) Sino Gas Holdings Pte Ltd (Singapore)	–	45	Investment holding
Unincorporated			
(2) MMCE-Ipco-MURPHY joint venture (Malaysia)	33	33	Dormant
(2) Ipco-ASAL joint venture (Malaysia)	70	70	Dormant
(2) Ipco- G&C joint venture (Thailand)	50	50	Under voluntary liquidation

Notes:

(1) Audited by BDO LLP, Singapore
(2) Not audited as company is either dormant or under liquidation

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

15. JOINT VENTURES (CONTINUED)

(c) The summarised financial information of the joint ventures, not adjusted for the proportion of ownership interest held by the Company is as follows:

	2014 $'000	2013 $'000
Current assets	–	269
Current liabilities	–	(262)
Income	–	–
Expenses	–	7

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
At beginning of financial year	168,732	20,185	162,595	17,115
Additions	54,791	1,162	3,530	48
Disposals	(16,048)	–	(4,308)	–
Written-off	(42)	–	(42)	–
Fair value (loss)/gain recognised in equity	(143,831)	147,385	(152,917)	145,432
	63,602	168,732	8,858	162,595
Impairment loss recognised in profit or loss	(51,748)	–	(744)	–
At end of financial year	11,854	168,732	8,114	162,595

Available-for-sale financial assets comprise the following:

Non-current				
Quoted equity securities, at fair value	7,849	168,081	7,505	161,944
Unquoted equity shares, at cost	609	651	609	651
	8,458	168,732	8,114	162,595
Current				
Mutual fund, at fair value	3,396	–	–	–
	11,854	168,732	8,114	162,595

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

The investment in quoted equity securities and mutual fund have neither fixed maturity date nor coupon rate.

The fair values of quoted equity securities are based on closing quoted market prices on the last market day of the financial year. The securities are listed on the Singapore Exchange Securities Trading Limited.

The fair value of mutual fund is determined by net asset value ("NAV"), which derived by dividing the total value of all the cash and securities in a fund's portfolio, less any liabilities, by the number of shares outstanding. NAV computation is undertaken once at the end of each trading month based on the closing market prices of the portfolio's securities. The resulting fair value of mutual fund is considered Level 2 recurring fair value measurement.

The investment in unquoted equity securities is stated at cost less impairment loss, if any, as its fair value cannot be determined reliably.

At the end of the financial year, available-for-sale financial assets of $839,000 (2013: $11,427,000) have been pledged to financial institutions for share margin trading facilities granted to subsidiaries (Note 24).

Available-for-sale financial assets are denominated in Singapore dollar.

17. INVENTORIES

	Group	
	2014	**2013**
	$'000	**$'000**
Non-current		
Land held for sale	8,535	–
Current		
Work-in-process	2,329	1,863
Saleable merchandise	758	90
Land held for sale	3,110	10,039
	6,197	11,992
Inventories	14,732	11,992

The cost of inventories recognised as expenses in profit or loss amounted to $9,300,000 (2013: $9,650,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

18. TRADE AND OTHER RECEIVABLES

		Group		Company	
			As restated		
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current					
Non-trade receivable – third party	(a)	3,768	3,702	3,768	3,702
Allowance for doubtful receivables	(h)	(3,768)	(3,702)	(3,768)	(3,702)
		–	–	–	–
Current					
Trade receivables					
– third parties	(b)	4,356	4,720	–	–
– a related party	(c)	–	7,849	–	–
Allowance for doubtful receivables	(h)	(221)	(354)	–	–
		4,135	12,215	–	–
Non-trade receivables – third parties	(d)	14,067	13,267	10,607	10,516
Allowance for doubtful receivables	(h)	(12,320)	(9,750)	(9,535)	(9,535)
		1,747	3,517	1,072	981
Due from subsidiaries	(e)	–	–	83,000	85,348
Allowance for doubtful receivables	(h)	–	–	(20,160)	(17,686)
		–	–	62,840	67,662
Due from associated companies	(f)	921	20	921	20
Allowance for doubtful receivables	(h)	(815)	–	(815)	–
		106	20	106	20
Due from a related party	(g)	1,776	5,378	–	–
Prepayments		1,243	1,766	33	31
Advance payment for construction of plant and equipment		6,589	–	–	–
Rental, utilities and other deposits		224	246	60	69
Staff advances		11	5	1	–
		9,843	7,395	94	100
Trade and other receivables		15,831	23,147	64,112	68,763

(a) The non-trade receivable represents a tender deposit paid to a third party to secure a potential investment in Indonesia. The amount is unsecured, interest-free and not repayable within the next twelve months. The amount was fully impaired during the financial year ended 30 April 2010 based on the recoverability assessment made by the management. The parties involved in the securing of the potential investment had initiated a legal claim against the third party and a final award was issued in the previous financial year in favour of the parties involved. However, there was no repayment made by the third party.

(b) In the previous financial year, included in the amount of $4,720,000 was an amount of $965,000 in relation to the sale of quoted shares to a third party. The amount had been fully settled during the financial year.

Trade receivables due from third parties are non-interest bearing and generally have credit terms of 30 to 90 days (2013: 30 to 90 days).

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The trade receivable due from the related party in the previous financial year comprised amount receivable in respect of sale of quoted shares. It was unsecured, interest-free, repayable on demand and expected to be settled in cash.

(d) The non-trade receivables due from third parties included an amount of $9,535,000 (2013: $9,535,000) arising from the disposal of 70% equity interest in PT Prestasi Cipta Pertiwi (a former subsidiary) to a third party. The amount is unsecured, interest-free and repayable on demand. The amount was fully impaired during the financial year ended 30 April 2009 based on the recoverability assessment performed by the management which was determined with reference to past default experience based on the revised repayment schedule. There was no settlement during the current financial year. All other current non-trade receivables are unsecured, interest-free and repayable on demand.

(e) The amount due from subsidiaries is non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash except for an amount of approximately $21,705,000 (2013: $20,135,000), which bears interest at 18% (2013: 18%) per annum.

(f) The amount due from associated companies is non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

(g) The amount due from a related party represents a loan which bears interest at 8% (2013: 8%) per annum and secured against the related party's interest in a subsidiary. The loan is repayable on demand and to be settled in cash.

(h) Allowances made in respect of estimated irrecoverable amounts are determined by reference to past default experience.

The Company recognised an impairment loss of $2,474,000 (2013: $29,000) and $815,000 (2013: $Nil) in the Company's profit or loss subsequent to the assessment performed by the management on the net recoverable amount of the subsidiaries and associated companies respectively. The assessment was made using a combination of factors using the net assets value of the subsidiaries at the end of the financial year, which best represented their respective fair value less costs to sell, or the estimated value-in-use, whichever higher.

Movements in allowance for doubtful trade receivables during the financial year:

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning of financial year	354	220
Allowance (reversed)/made during the financial year	(140)	139
Exchange translation difference	7	(5)
At end of financial year	221	354

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in allowance for doubtful non-trade receivables during the financial year:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of financial year	13,452	13,687	30,923	30,973
Allowance made during the financial year	3,677	–	3,289	29
Bad receivables written-off	–	(229)	–	–
Exchange translation difference	(226)	(6)	66	(79)
At end of financial year	16,903	13,452	34,278	30,923
Analysed into:				
Third parties	16,088	13,452	13,303	13,237
Subsidiaries	–	–	20,160	17,686
Associated companies	815	–	815	–
	16,903	13,452	34,278	30,923

Trade and other receivables are denominated in the following currencies:

	Group		Company	
		As restated		
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollar	2,239	6,285	33,494	35,265
United States dollar	5,264	5,390	30,614	28,091
Ringgit Malaysia	4	13	–	5,404
Renminbi	8,235	3,536	–	–
Hong Kong dollar	89	7,923	4	3
	15,831	23,147	64,112	68,763

19. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
		As restated		
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of financial year	135,109	46,338	36	13
Additions	70,542	270,824	2,340	–
Disposals	(101,733)	(251,534)	(1,759)	–
Fair value (loss)/gain	(100,180)	69,481	(615)	23
At end of financial year	3,738	135,109	2	36

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

19. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Financial assets, at fair value through profit or loss comprise the following:

	Group		Company	
		As restated		
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Held for trading				
Listed securities:				
– Equity securities – Singapore	2,978	134,499	2	36
– Equity securities – Malaysia	760	610	–	–
	3,738	135,109	2	36

In the previous financial years, the Group ("the Borrower") had entered into share lending agreements with a third party to lend certain quoted shares ("Shares"), whereby interest was charged annually at S$0.098 per share. The Shares, together with interest charged, shall be returned to and settled with the Borrower no later than 7 months from the date of the respective agreement. The management had entered into two separate supplemental agreements to extend the delivery date to 27 September 2013 and 27 December 2014. The shares with carrying amount of $490,000 (2013: $5,725,000) have been subsequently returned on 31 July 2014.

The fair value of these securities are based on closing quoted market prices on the last market prices on the last market day of the financial year.

At the end of the financial year, financial assets, at fair value through profit or loss of $1,579,000 (2013: $46,811,000) have been pledged to financial institutions for share margin trading facilities granted to subsidiaries and bank borrowings granted to the Company (Note 24).

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Fixed deposit	3	303	3	3
Cash and bank balances	13,011	44,475	1,834	8,831
As per statements of financial position	13,014	44,778	1,837	8,834
Less cash pledged for bank facilities (Note 24)	(2,601)	(2,421)	–	–
As per consolidated statement of cash flows	10,413	42,357	1,837	8,834

Fixed deposit with a financial institution mature at 4 months (2013: 1 to 4 months) from the end of the financial year with an interest rate of 0.15% (2013: 0.15% to 0.428%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

20. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollar	2,996	36,349	1,822	8,811
Euro	2,704	2,573	–	–
United States dollar	1,286	2,281	15	23
Renminbi	5,920	3,543	–	–
Others	108	32	–	–
	13,014	44,778	1,837	8,834

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables				
– third parties	2,557	8,084	55	72
Non-trade payables				
– third parties	8,405	9,253	275	1,021
– subsidiaries	–	–	7,098	8,904
– a related party	1,264	1,131	–	–
– payable for property, plant and equipment	11,431	7,148	–	–
Advance payment received from customers	3,267	1,239	–	–
Accrued operating expenses	7,196	8,103	527	558
	34,120	34,958	7,955	10,555

Trade payables are non-interest bearing and are generally settled on 60 to 90 days (2013: 60 to 90 days) terms.

Except for the amount due to a related party with interest charged at 9.5% (2013: 9.5%) per annum, non-trade payables are unsecured, interest-free, repayable on demand and to be settled in cash.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollar	607	12,229	7,036	9,586
United States dollar	10,644	9,094	–	–
Ringgit Malaysia	3,640	240	919	969
Renminbi	18,889	13,216	–	–
Others	340	179	–	–
	34,120	34,958	7,955	10,555

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

22. PROVISIONS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Provision for employee benefits	168	160	168	160
Provision for Directors' fees	108	109	81	82
	276	269	249	242

Movements in provisions during the financial year:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
At beginning of financial year	269	346	242	232
Provisions made during the financial year	276	269	249	242
Amount utilised during the financial year	(269)	(346)	(242)	(232)
At end of financial year	276	269	249	242

23. FINANCE LEASE LIABILITIES

Group and Company	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
2014			
Within one year	48	(8)	40
Within two to five years	144	(6)	138
	192	(14)	178
2013			
Within one year	29	(1)	28
Within two to five years	18	–	18
	47	(1)	46

The finance leases are repayable in 60 instalments.

Finance lease liabilities are secured by rights to the leased assets which will revert to the lessors in the event of default.

The effective interest rates charged during the financial year were 3.48% to 4.3% (2013: 2.5%) per annum.

Interest rates are fixed at the contract date, and thus expose the Group and the Company to fair value interest rate risk. At the end of the financial year, the fair values of finance lease obligations approximate their carrying values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

23. FINANCE LEASE LIABILITIES (CONTINUED)

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The finance lease liabilities are denominated in Singapore dollar.

24. BORROWINGS

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Share-margin financing facility	115	1,415	–	–
Bank borrowings	21,793	18,335	800	4,951
Loan from business associates	1,409	1,305	–	–
Total	23,317	21,055	800	4,951
Less:				
Amount due for settlement within 12 months	6,346	14,378	800	4,951
Amount due for settlement after 12 months	16,971	6,677	–	–

(a) The share margin financing facility is secured by pledge of certain available-for-sale financial assets (Note 16) and certain financial assets, at fair value through profit or loss (Note 19). Interest is charged at 6% to 8% (2013: 6% to 8%) per annum.

(b) The bank borrowings of the Group included amount of $18,569,000 (2013: $13,384,000) are secured by property, plant and equipment (Note 12). Except for the bank borrowings of the Company of $800,000 (2013: $4,951,000), which are secured by pledge of certain financial assets, at fair value through profit or loss (Note 19), the remaining bank borrowings of the Group are secured by cash pledged as disclosed in Note 20. Interest is charged at 5.35% to 7.25% (2013: 3% to 7.21%) per annum.

(c) The loans from business associates are unsecured and repayable on demand with interest charged at 9.5% (2013: 9.5%) per annum.

(d) The management estimates the carrying values of bank borrowings approximate their fair value.

Borrowings are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollar	3,224	7,815	800	4,951
United States dollar	1,409	1,305	–	–
Ringgit Malaysia	18,569	121	–	–
Renminbi	115	11,814	–	–
	23,317	21,055	800	4,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

25. CONVERTIBLE LOAN

On 25 June 2011, the Group has entered into a Convertible Loan Agreement with Hudson Minerals Holdings Pte Ltd ("the borrower"), to advance the borrower an amount of A$720,000 (or S$900,000 equivalent) ("Advance") at an interest of 9.0% per annum. The Group has the right to convert in part or in full the Advance ("Option"), into ordinary shares at the conversion price of A$119.45 per ordinary share for a total of 6,028 ordinary shares within forty-eight months after the drawdown date.

If the Group exercises the Option, the equity interest held by the Group will be 3.9% of the total shareholding of the borrower. The management estimates the carrying value of the convertible loan approximates its fair value. An allowance for doubtful receivables of S$230,000 (2013: $Nil) is made during the financial year for the interest receivables related to the convertible loan.

26. DEFERRED TAX

Deferred tax assets

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning of financial year	227	224
Transfer from profit or loss	234	9
Exchange translation difference	(49)	(6)
At end of financial year	412	227

Deferred tax assets are attributable to the following:

	Group	
	2014	**2013**
	$'000	**$'000**
Provisions	1	1
Unutilised tax losses	411	226
	412	227

Deferred tax liabilities

	Group	
	2014	**2013**
	$'000	**$'000**
At beginning of financial year	9,316	10,142
Transfer to profit or loss	(405)	(814)
Exchange translation difference	166	(12)
At end of financial year	9,077	9,316

Deferred tax liabilities of the Group are attributable to temporary difference arising from intangible assets.

Temporary differences arising in connection with investment in subsidiaries, interests in associated companies and interest in joint ventures are insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

27. SHARE CAPITAL

	Group and Company	
	2014	2013
	$'000	$'000
Issued and fully paid with no par value:		
At beginning of financial year		
– 5,100,799,986 (2013: 2,183,299,986) ordinary shares	263,687	205,360
Issue of 440,000,000 ordinary shares at average issue price of $0.02016 per share	–	8,777
Issue of 2,477,500,000 ordinary shares at issue price of $0.02000 per share	–	49,550
At end of financial year		
– 5,100,799,986 (2013: 5,100,799,986) ordinary shares	263,687	263,687

The Company has one class of ordinary shares which carries no right to fixed income. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

In the previous financial year, the Company allotted and issued 350,000,000 new placement shares at an issue price of $0.01980 per share and 90,000,000 new placement shares at an issue price of $0.02052 per share, totalling 440,000,000 new placement shares for cash at average issue price of $0.02016 per share after deducting expenses pertaining to the new placement shares of $27,000. The net proceeds were used entirely for working capital and short term investments of the Group. The newly issued shares rank pari passu in all respects with the existing share capital.

On 27 June 2008, the shareholders approved the Company's proposed issue of 1% unsecured equity linked redeemable structured convertible notes ("Note") due in 2013 with an aggregate principal amount of up to $60,000,000 comprising five equal tranches of a principal amount of $12,000,000 each. The Notes are denominated in Singapore dollar. The Notes with fixed dividend of 1% per annum will mature five years from the issue date or can be converted into shares of the Company at the holder's option, equivalent to the value of the liability. Notes that are not converted into shares are redeemable by the Company at its principal amount at maturity. In the previous financial year, a total amount of $49,550,000 issued Notes were converted to 2,477,500,000 ordinary shares at a fixed price of $0.02 per ordinary share.

The total Notes issued to date of $60,000,000 were fully converted into 2,978,568,374 shares of the Company. There was no outstanding convertible notes at the end of the financial year.

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

28. OTHER RESERVES

		Group		Company	
		2014	**2013**	**2014**	**2013**
		$'000	**$'000**	**$'000**	**$'000**
Fair value reserve	(a)	680	156,071	680	153,597
Foreign exchange translation reserve	(b)	(18,389)	(19,323)	–	–
Capital reduction reserve	(c)	1,961	1,961	1,961	1,961
Equity – NCI	(d)	(2,741)	(2,741)	–	–
		(18,489)	135,968	2,641	155,558

(a) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets.

(b) Foreign exchange translation reserve

The foreign exchange translation reserve is used to record exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Capital reduction reserve

The capital reduction reserve arose from a capital reduction exercise in year 2006 to reduce the par value of each issued and paid-up share capital of the Company from $0.20 to $0.05 to cancel an aggregate amount of $123,867,000 of the issued and paid-up share capital of the Company, of which $121,906,000 represents issued and paid-up share capital which had been lost and unrepresented by available assets, and the balance of $1,961,000 was credited to capital reduction reserve.

(d) Equity – NCI

The Equity – NCI is the effect of transaction with non-controlling interests if there are no changes in control and these transactions will no longer result in goodwill or gains or losses.

The movements of other reserves of the Group are presented in the consolidated statement of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

29. SIGNIFICANT RELATED PARTY TRANSACTIONS

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

During the financial year, in addition to the information disclosed elsewhere in the financial statements, the following were significant related party transactions at rates and terms agreed between the parties:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
With subsidiaries				
Payments made on behalf of subsidiaries	–	–	2,841	7,874
Receipts collected on behalf of subsidiaries	–	–	2,421	1,068
Funds transferred from subsidiaries	–	–	520	1,970
Funds transferred to subsidiaries	–	–	883	95
Loan interest charged by a subsidiary	–	–	102	743
Loan interest charged to a subsidiary	–	–	1,569	1,541
Management fees charged to subsidiaries	–	–	360	480
Administrative expenses charged to subsidiaries	–	–	101	202
Administrative expenses charged by subsidiaries	–	–	22	–
Performance incentives from subsidiaries	–	–	–	2,950
With associated companies				
Administrative service fee and rental charged to an associated company	21	16	21	16
Corporate guarantee fee charged to an associated company	63	45	63	45
With related parties				
Interest charged by a related party	197	184	–	–
Interest charged to a related party	294	216	–	–
Sale of financial assets, at fair value through profit or loss	–	10,000	–	–

The key management personnel compensation is as follows:

	Group	
	2014	2013
	$'000	$'000
Directors' fees	139	134
Short-term employee benefits	1,284	1,435
Post-employment benefits	54	61
	1,477	1,630

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

The key management personnel compensation is as follows (Continued):

	Group	
	2014	**2013**
	$'000	**$'000**
Comprise amounts paid to:		
Directors of the Company		
– Salaries, allowances and bonuses	742	883
– Defined contributions plan expenses	16	21
– Directors' fee	80	80
Directors of subsidiaries		
– Salaries, allowances and bonuses	412	436
– Defined contributions plan expenses	27	31
– Directors' fee	59	54
Other key management personnel		
– Salaries, allowances and bonuses	129	116
– Defined contributions plan expenses	12	9
	1,477	1,630

30. COMMITMENTS

Operating lease arrangements – as lessee

At the end of the financial year, there were future minimum lease payments under non-cancellable operating leases for office premises in subsequent accounting periods as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	652	421	135	38
After one year but within five years	1,330	15	194	6
	1,982	436	329	44

The lease agreements provide for periodic revision of rental rates in the future. Operating lease payments represent rents payable by the Group and the Company for office premises. Leases are negotiated for an average term of 1 to 5 years and rentals are fixed for an average of 1 to 5 years. There are no arrangements for contingent rent payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

30. COMMITMENTS (CONTINUED)

Capital commitments

Capital commitments contracted for at the end of the financial year but not recognised in the financial statements were as follows:

	Group	
	2014	**2013**
	$'000	**$'000**
Acquisition of property, plant and equipment	126	937

31. CONTINGENT LIABILITIES – UNSECURED

Company

At the end of the financial year, unsecured contingent liabilities not provided for in the financial statements were as follows:

(a) The Company has given corporate guarantees of $12,576,000 (2013: $12,576,000) to financial institutions in connection with banking facilities granted by the financial institutions to a subsidiary and an associated company. The Company has not recognised any liability in respect of the guarantees given as the Company's directors have assessed that the likelihood of the immediate holding company defaulting on repayment of its loan is remote.

(b) The Company has undertaken to provide continuing financial support to certain of its subsidiaries which had accumulated losses in excess of their issued and paid-up capital amounting to approximately $28,361,000 (2013: $35,595,000).

32. SEGMENT REPORTING

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

Management considers the business from both business and geographical segment perspective. The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies. There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

32. SEGMENT REPORTING (CONTINUED)

Income taxes are managed by the management of respective entities within the Group.

The Group accounts for inter-segment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Business segments

The Group is organised into four main business segments:

- Infrastructure development and turnkey construction;
- Development of residential real estate for sale;
- Supplying gas to households, commercial and industrial users;
- Manufacture and sale of electronic components; and
- Investment securities trading.

Other operations of the Group mainly comprise investment holding and other management services, neither of which constitutes a separately reportable segment.

Segment assets consist primarily of property, plant and equipment, intangible assets, land held for sale, inventories, receivables, financial assets and operating cash and bank deposits. Segment liabilities comprise payables, provisions, borrowings and deferred tax liabilities. Capital expenditures comprise additions to property, plant and equipment and intangible assets, including those acquired through business combinations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

32. SEGMENT REPORTING (CONTINUED)

Geographic segments

The Group's three business segments operate in four main geographical areas:

- Singapore

  The operations in this area are principally the manufacture and sale of electronic components, investment securities trading and investment holding.

- People's Republic of China

  The operations in this area are principally distribution of gas to household, commercial and industrial users.

- United States of America

  The operations in this area are principally the development of residential real estate for sale.

- Taiwan and the Philipines

  The operations in these areas are principally acting as agents and distributors of semi-conductor back-end equipment and providing consultancy services in semi-conductor industry.

- Other countries

  The operations in these areas are those investment holding.

With the exception of Singapore, the People's Republic of China and the United States of America, Taiwan and the Philipines, no other individual geographical area contributed more than 10% of consolidated sales and assets. Sales are based on the geographical area in which the customer is located. Total assets and capital expenditure are shown by the geographical area where the assets are located.

Major customer

The revenues from three customers of the Group's electronics and trading segment represent approximately $6,236,000 (2013: $6,046,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

32. SEGMENT REPORTING (CONTINUED)

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue														
Sale to customers	–	–	160	105	19,880	14,377	13,208	12,225	–	–	–	–	33,248	26,707
Other revenue/(expense)	504	142	273	313	10,167	(755)	(1,799)	725	(98,442)	68,445	(9,382)	258	(98,679)	69,128
	504	142	433	418	30,047	13,622	11,409	12,950	(98,442)	68,445	(9,382)	258	(65,431)	95,835
Inter-segment revenue	(143)	(139)	–	–	–	–	–	–	–	–	–	–	(143)	(139)
Total external revenue/(expense)	361	3	433	418	30,047	13,622	11,409	12,950	(98,442)	68,445	(9,382)	258	(65,574)	95,696
Segment profit/(loss)	178	(179)	(498)	(450)	(40,194)	(6,411)	(7,073)	(1,473)	(100,050)	66,512	(13,449)	(3,663)	(161,086)	54,336
Interest income	–	–	295	313	4	1	2	2	375	774	–	79	676	1,169
Interest expenses	(1)	(1)	(197)	(184)	(620)	(936)	–	(53)	(44)	(217)	(144)	(56)	(1,006)	(1,447)
Share of results of associated companies	–	–	–	–	–	–	–	83	–	–	–	–	–	83
Share of results of a joint venture	–	–	–	–	–	–	–	–	–	–	–	(3)	–	(3)
Profit/(Loss) before income tax	177	(180)	(400)	(321)	(40,810)	(7,346)	(7,071)	(1,441)	(99,719)	67,069	(13,593)	(3,643)	(161,416)	54,138
Income tax (expense)/credit	–	–	–	–	75	273	(62)	73	(213)	(7,468)	(10)	112	(210)	(7,010)
Profit/(Loss) after income tax	177	(180)	(400)	(321)	(40,735)	(7,073)	(7,133)	(1,368)	(99,932)	59,601	(13,603)	(3,531)	(161,626)	47,128
Non-controlling interests	–	–	591	558	10,116	109	949	273	–	–	1	–	11,657	940
Profit/(Loss) for the financial year	177	(180)	191	237	(30,619)	(6,964)	(6,184)	(1,095)	(99,932)	59,601	(13,602)	(3,531)	(149,969)	48,068

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

32. SEGMENT REPORTING (CONTINUED)

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Investment securities trading		Corporate and others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment assets and liabilities														
Segment assets	194	159	13,851	15,733	117,624	140,630	12,971	18,262	4,472	132,808	10,918	171,907	160,030	479,499
Investments in associated companies	–	–	–	–	–	–	–	–	–	–	684	2,316	684	2,316
Investments in joint ventures	–	–	–	–	–	–	–	–	–	–	–	2	–	2
Total assets	194	159	13,851	15,733	117,624	140,630	12,971	18,262	4,472	132,808	11,602	174,225	160,714	481,817
Segment liabilities	1,106	80	9,778	9,006	46,584	34,577	7,111	7,306	1,737	15,311	2,056	6,993	68,372	73,273
Capital expenditure	–	–	–	–	7,642	7,231	68	379	–	–	432	–	8,142	7,610
Allowance made for doubtful receivables	–	–	–	–	2,156	–	76	139	701	–	834	–	3,767	139
Amortisation of intangible assets	–	–	–	–	1,216	1,591	–	–	–	–	–	–	1,216	1,591
Depreciation of property, plant and equipment	–	–	–	–	2,003	1,670	240	169	–	–	86	21	2,329	1,860
Allowance for impairment loss of intangible assets	–	–	–	–	–	5,655	–	–	–	–	–	–	–	5,655
Allowance for impairment loss of property, plant and equipment	–	–	–	–	597	–	–	–	–	–	–	–	597	–
Allowance for impairment loss of available-for-sale financial assets	–	–	–	–	48,014	–	2,193	–	797	–	744	–	51,748	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

32. SEGMENT REPORTING (CONTINUED)

Geographic segments	Singapore		People's Republic of China		United States of America		Taiwan		The Philippines		Others		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	3,251	3,880	20,244	14,778	1,461	733	4,967	2,321	1,682	2,462	1,643	2,533	33,248	26,707
Others	(83,690)	49,834	10,167	(756)	273	313	–	–	–	–	(25,572)	19,598	(98,822)	68,989
Total external revenue	(80,439)	53,714	30,411	14,022	1,734	1,046	4,967	2,321	1,682	2,462	(23,929)	22,131	(65,574)	95,696
Segment assets	31,952	358,576	113,013	105,013	12,069	10,493	–	–	–	–	2,996	5,417	160,030	479,499
Segment liabilities	13,359	29,582	46,584	34,579	8,370	9,006	–	–	–	–	59	106	68,372	73,273
Capital expenditure	500	379	7,642	7,231	–	–	–	–	–	–	–	–	8,142	7,610
Non-current assets	1,361	2,823	98,872	93,960	8,535	–	–	–	–	–	–	–	108,768	96,783

Non-current assets consist of intangible assets, property, plant and equipment, investment in associated companies and inventories.

During the financial year, there were no inter-segment sales between the geographic segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

33. FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose it to credit risks, market risks (including equity price risk, foreign currency risk and interest rate risk) and liquidity risk. The Group's and the Company's overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's and the Company's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposure to these financial risks or the manner in which it manages and measures the risk.

33.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for trade receivables amount due by 3 (2013: 3) customers making up 47% (2013: 14%) of the total trade receivables of the Group at the end of the financial year. Management is confidence of their full recovery. The carrying value of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's maximum exposure to credit risk.

The Group's and the Company's major classes of financial assets are bank deposits and trade receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

The age analysis of trade receivables is as follows:

Group	Gross receivables 2014 $'000	Impairment 2014 $'000	Gross receivables 2013 $'000	Impairment 2013 $'000
Not past due	2,270	–	1,760	–
Past due 1 to 3 months	1,165	–	2	–
Past due 3 to 6 months	448	–	1,368	–
Past due 6 to 12 months	246	26	8,452	37
Past due over 12 months	227	195	987	317
	4,356	221	12,569	354

Trade receivables that are past due but not impaired and neither past due nor impaired are substantially companies with good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.2 Equity price risk

The Group and the Company are exposed to equity risks arising from equity investments classified as financial assets at fair value through profit or loss or available-for-sale. Available-for-sale equity investments are held for strategic rather than trading purposes. The Group does not actively trade available-for-sale investments.

Further details of these equity investments can be found in Notes 16 and 19 to the financial statements.

Equity price sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risks at the end of the financial year.

The sensitivity analysis assumes an instantaneous 10% change in the quoted equity prices from the end of the financial year, with all variables held constant.

	Increase/(Decrease)			
	2014		2013	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
Group				
Listed in Singapore				
– increased by 10%	298	785	13,449	16,808
– decreased by 10%	(298)	(785)	(13,449)	(16,808)
Listed in Malaysia				
– increased by 10%	76	–	61	61
– decreased by 10%	(76)	–	(61)	(61)
Company				
Listed in Singapore				
– increased by 10%	–	751	4	16,194
– decreased by 10%	–	751	(4)	(16,194)

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.3 Foreign currency risk

The carrying value of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year are as follows:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Monetary assets				
United States dollar	4,339	1,975	28,605	28,114
Euro	2,793	2,572	–	–
Ringgit Malaysia	–	–	5,138	5,405
Hong Kong dollar	–	–	2	3
Monetary liabilities				
United States dollar	1,874	1,390	–	–
Euro	–	4	–	–
Ringgit Malaysia	115	211	–	969
Renminbi	1	120	–	–

Foreign currency sensitivity analysis

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in a currency other than their respective functional currency. The currencies giving rise to this risk are primarily Singapore dollar (SGD), United States dollar (USD), Renminbi (RMB), Euro (EUR), Ringgit Malaysia (RM) and Hong Kong dollar (HK). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

If the functional currency changes against the following foreign currencies by 10% each respectively at the end of the financial year, assuming that all other variables held constant, the effects arising from the net financial asset position for the Group and of the Company will be as follow:

	Increase/(Decrease) Profit or loss		Increase/(Decrease) Equity	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Group				
United States dollar				
Strengthen against Singapore dollar	247	58	(2,609)	(1,245)
Weaken against Singapore dollar	(247)	(58)	2,609	1,245

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014 (CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.3 Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Profit or loss		Increase/(Decrease) Equity	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Group				
Euro dollar				
Strengthen against Singapore dollar	279	257	–	–
Weaken against Singapore dollar	(279)	(257)	–	–
Ringgit Malaysia				
Strengthen against Singapore dollar	(11)	(21)	1,803	601
Weaken against Singapore dollar	11	21	(1,803)	(601)
Renminbi				
Strengthen against Singapore dollar	–	(12)	(3,552)	(2,847)
Weaken against Singapore dollar	–	12	3,552	2,847
Hong Kong dollar				
Strengthen against Singapore dollar	–	–	(5,294)	(4,637)
Weaken against Singapore dollar	–	–	5,294	4,637

	Increase/(Decrease) Profit or loss		Increase/(Decrease) Equity	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Company				
United States dollar				
Strengthen against Singapore dollar	2,861	2,811	–	–
Weaken against Singapore dollar	(2,861)	(2,811)	–	–
Ringgit Malaysia				
Strengthen against Singapore dollar	514	541	–	–
Weaken against Singapore dollar	(514)	(541)	–	–

NOTES TO THE
FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.4 Interest rate risk

The Group's exposure to market risk for changes in interest rates relate primarily to interest-earning fixed deposits and interest-bearing debt obligations with financial institutions.

The Group's fixed deposits are placed at prevailing interest rates.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long term and short term borrowings.

The sensitivity analysis below showing the effect on profit or loss assumes an instantaneous 100bp change in the interest rates at the end of the financial year, with all variables held constant.

Interest rate sensitivity analysis

	Increase/(Decrease) Profit or Loss			
	2014		2013	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
Share-margin financing	–	–	(1)	1
Bank borrowings	(14)	14	(6)	6
Loans from business associates	(1)	1	(1)	1
	(15)	15	(8)	8

33.5 Liquidity risk

The Group manages its liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions.

The table below analyses the Group's and Company's financial liabilities into relevant maturity groupings based on the remaining period as at the end of the financial year to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows which include both interest and principal cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.5 Liquidity risk (Continued)

	Less than 1 year $'000	2 to 5 years $'000	Total $'000
Group			
Trade and other payables	34,240	–	34,240
Finance lease liabilities	48	144	192
Borrowings	6,792	20,179	26,971
As at 30 April 2014	41,080	20,323	61,403
Trade and other payables	35,065	–	35,065
Finance lease liabilities	29	18	47
Borrowings	15,182	7,700	22,882
As at 30 April 2013	50,276	7,718	57,994
Company			
Trade and other payables	7,955	–	7,955
Finance lease liabilities	48	144	192
Borrowings	850	–	850
As at 30 April 2014	8,853	144	8,997
Trade and other payables	10,555	–	10,555
Finance lease liabilities	29	18	47
Borrowings	5,204	–	5,204
As at 30 April 2013	15,788	18	15,806

33.6 Fair value of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of non-current liabilities in relation to finance lease payables and bank borrowings are disclosed in Notes 23 and 24 to the financial statements. The carrying value of non-current liabilities approximates their fair value due to frequent re-pricing.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.6 Fair value of financial assets and financial liabilities (Continued)

The carrying amounts of financial assets and financial liabilities recorded at amortised costs, which approximate their fair value, are detailed in the following table.

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other receivables, excluding prepayments and advance payment for construction of plant and equipment	1,410	21,381	64,079	68,732
Cash and cash equivalents	13,014	44,778	1,837	8,834
Convertible loan	900	1,049	–	–
Total loans and receivables	15,324	67,208	65,916	77,566
Financial liabilities				
Trade and other payables excluding advance payment received from customers	30,853	33,719	7,955	10,555
Finance leases liabilities	178	46	178	46
Borrowings	23,317	21,055	800	4,951
Total financial liabilities at amortised cost	54,348	54,820	8,933	15,552

Fair value hierarchy

The Group and the Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- 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); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.6 Fair value of financial assets and financial liabilities (Continued)

Fair value hierarchy (Continued)

	Fair value measurement using		
	Level 1	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**
Group			
2014			
Available-for-sale financial assets	7,849	3,396	–
Financial assets, at fair value through profit or loss	3,738	–	–
	11,587	3,396	–
2013			
Available-for-sale financial assets	168,081	–	–
Financial assets, at fair value through profit or loss	135,109	–	–
	303,190	–	–
Company			
2014			
Available-for-sale financial assets	7,505	–	–
Financial assets, at fair value through profit or loss	2	–	–
	7,507	–	–
2013			
Available-for-sale financial assets	161,944	–	–
Financial assets, at fair value through profit or loss	36	–	–
	161,980	–	–

During the financial year, there were no transfers between instruments in Level 1, Level 2 and Level 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

34. CAPITAL MANAGEMENT POLICIES AND OBJECTIVES

The Group manages its capital to ensure that the Group is able to continue as a going concern and maintains an optimal capital structure so as to maximise shareholder value.

The Group's management reviews the capital structure on an annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Upon review, the Group will balance its overall capital structure through new share issues as well as the issue of new debt. The Group's overall strategy remains unchanged from 2013.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings, finance lease payables and trade and other payables less cash and cash equivalents. Total capital is calculated as equity attributable to owners of the parent plus net debt.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	44,601	11,281	7,096	6,718
Total equity	105,775	410,201	131,732	341,995
Total capital	150,376	421,482	138,828	348,713
Gearing ratio	30%	3%	5%	2%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 April 2014 and 2013.

35. OTHER MATTER

On 2 April 2014 and 29 April 2014, the Company, certain of its subsidiaries, an associate company and certain Directors had received orders under Section 20 of the Criminal Procedures Code from Commercial Affairs Department ("CAD") of Singapore Police Force requesting their assistance for an investigation into an alleged offence under the Securities and Futures Act, Chapter 280. The CAD had requested for files and financial records, computers, and data storage devices in relation to these entities for the period from 1 January 2011 to date.

The CAD has not provided any further information on their investigation or on the alleged offence (if any). The Board understands that the CAD investigation may be protracted and until such time as the results of the investigation are completed, Ms Quah Su-Ling will continue as the CEO of the Company.

The Board is not aware of any offence having been committed. The business and operations of the Company and of the Group are not duly affected by the investigations and continue as normal. The Company will continue to monitor the progress of the investigations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2014
(CONTINUED)

36. RESTATEMENTS AND COMPARATIVE FIGURES

In the financial year ended 30 April 2013, the Group had appointed a fund manager to manage a short term fund of $18 million ("the fund") in a subsidiary of the Group. The fund was transferred to the fund manager in February 2013 and was recorded as receivable from the fund manager in trade and other receivables. However, the investment transaction had occurred before the year ended 30 April 2013 and the Group only received the record from the fund manager subsequent to the financial year ended, with a realised gain of $8.8 million. To reflect a better presentation and the nature of the account, the Group has reclassified the receivable of $18 million from trade and other receivables to financial assets, at fair value through profit or loss ("FVTPL").

The reclassification did not have any impact on the Group's profit or loss, but only affected the classification of the Group's statements of financial position and consolidated statement of cash flows for the financial year ended 30 April 2013. Therefore, the Group did not present the third statement of financial position as at the beginning of the preceding period.

As a result of the above reclassification, certain items have been amended on the Group's statement of financial position and consolidated statement of cash flows and related notes to the financial statements as follows:

	Group	
	As restated 2013 $'000	As previously reported 2013 $'000
Statements of financial position		
Current assets		
Trade and other receivables	23,147	41,147
Financial assets, at fair value through profit or loss	135,109	117,109
Statements of cash flows		
Operating activities		
Trade and other receivables	7,561	(10,439)
Net disposal and acquisition of financial assets held-for-trading	(19,290)	(1,290)

CORPORATE **GOVERNANCE**

Ipco International Limited (the "Company") is committed to maintaining a high standard of corporate governance and transparency in the spirit of the Code of Corporate Governance 2012 ("Code"). In line with the commitment to maintaining high standards of corporate governance, the Company has been regularly reviewing its corporate governance processes to strive to comply continually with the Code.

This report describes the Company's corporate governance processes and practices with specific reference to the Code for the financial year ended 30 April 2014 and up to the date of this report.

Profile of Directors

Mr Carlson Clark Smith

Mr Carlson Clark Smith is an Executive Director and Chief Financial Officer of the Company. He has 30 years of experience in finance, strategic planning and general management in the capital goods, technology and infrastructure industries. He graduated with a Masters Degree in Business Administration from Cornell University, USA and a Bachelor of Arts Degree from the Grinnell College in Iowa, USA.

Date of first appointment	:	8 May 2002
Date of last re-election as a director	:	31 August 2012

Ms Quah Su-ling

Ms Quah Su-ling has been an Executive Director and Chief Executive Officer of the Company since June 2003. She sits on several boards and has more than 6 years of experience in strategic counseling and investor relations. She graduated with a Bachelor of Science in Pharmacology from the University of Adelaide, South Australia in 1987.

Date of first appointment	:	6 June 2003
Date of last re-election as a director	:	30 August 2013

Mr Chwee Han Sin

Mr Chwee Han Sin is an Independent Director of the Company. He is also the Chairman of Nominating, Remuneration and Audit Committees. He graduated with a Bachelor of Law LLB (Honours) degree from the University of Buckingham.

Date of first appointment	:	12 February 2001
Date of last re-election as a director	:	31 August 2012

Ms Chai Siew Hoon

Ms Chai Siew Hoon is an Independent Director of the Company. She is a member of the Audit Committee, Nominating Committee and Remuneration Committee. She was a Planning Manager experienced in supply chain and production planning attached to Multi National Corporation and Malaysian Electronic Manufacturing Services industry from 2004 to 2011. She is currently a Financial Planner and has been involved in property management since 2011. She graduated with a Bachelor of Business in Business Administration degree from the Royal Melbourne Institute of Technology in 2001.

Date of first appointment	:	25 April 2014

CORPORATE GOVERNANCE
(CONTINUED)

Mr Ross Yu Limjoco

Mr Ross Yu Limjoco is an Independent Director of the Company. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee. Mr Ross Yu Limjoco has more than 22 years of commercial and audit experience in Philippines and Singapore. He is the Managing Director of TMS Capital Advisory Limited. Prior to his current appointment, Mr Ross Yu Limjoco was the Chief Financial Officer and Joint Company Secretary in PSL Holdings Limited. He oversaw the accounting, treasury, legal and finance matters including group restructuring and mergers & acquisitions. From 2003 to 2012, He was the head of business advisory with BDO Advisory Pte Ltd (member firm of BDO LLP) spear heading the IPO, transaction advisory and corporate finance services. From 1992 to 2001, he was audit manager with Arthur Andersen Singapore and Manila offices responsible for the audits of public listed and private companies, multi-national corporations, small & medium sized enterprises and non-for-profit organisations. He is also an Independent Director of Darco Water Technologies Limited.

He holds a Bachelor of Science in Business Administration Major in Accounting from Philippine School of Business Administration. He is a member of Institute of Singapore Chartered Accountants, Philippine Institute of Certified Public Accountants, Certified Fraud Examiner and International Association of Consultants, Valuators and Analysts.

Date of first appointment : 11 July 2014

Board of Directors

The Board of Directors (the "Board") is responsible for determining the strategic direction for the Company. Each Director is expected to act in good faith and always in the best interest of the Company.

The Board comprises five Directors, three of whom are Independent and Non-Executive and whose collective experience and contributions are valuable to the Company.

The Board has examined its size and is of the view that the current arrangement is adequate given that the Independent Directors form not less than one-third of the Board composition. The criterion of independence is based on the definition set out in the Code. The Independent Directors are respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary.

To assist the members of the Board, the Company has arranged for the Board to be updated by the Company Secretary and its other consultants on the continuing obligations and various requirements expected of a public company. When directors are first appointed to the Board, an orientation program is arranged for them to ensure that they are familiar with the Company's business and governance practices.

In recognition of the high standard of accountability to our shareholders, a Nominating Committee, a Remuneration Committee and an Audit Committee have been established. The Committees are chaired by an Independent Director and all the members are Non-Executive and Independent Directors.

Executive Directors

It is the view of the Board that it is in the best interests of the Group to have a Chief Executive Officer ("CEO") and a Chief Financial Officer ("CFO") each bearing the responsibilities in his and her respective and complementary areas of expertise to ensure that the decision-making process of the Group will not be unnecessarily hindered.

CORPORATE GOVERNANCE
(CONTINUED)

The CEO, Ms Quah Su-ling, and the CFO, Mr. Carlson Clark Smith are, inter alia, responsible for the overall development of the Group's business strategies and the day-to-day running of the Group respectively. Both have played important roles and are instrumental in developing the overall business of the Group and have provided the Group with strong leadership and vision.

All major decisions made by the Executive Directors are reviewed by the Audit Committee. Their performances and appointments to the Board are reviewed periodically by the Nominating Committee and their remuneration packages are reviewed periodically by the Remuneration Committee.

Independent Directors

The three Independent Directors of the Board are Mr Chwee Han Sin, Ms Chai Siew Hoon and Mr Ross Yu Limjoco.

The Board has sought and obtained written confirmations from each of the non-executive Independent Directors that, apart from their office as Directors of the Company, none of them has any other relationship (business or otherwise) with the Company, its subsidiaries, related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent judgment with a view to the best interests of the Company.

In accordance with the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the Code's definition of independence.

Chairman of the Board and the Chief Executive Officer

The position of the Chairman has been vacant since the resignation of the previous incumbent in August 2006. The role of the Chairman is presently covered by both the CEO and the CFO.

The Company is cognizant of the principle that there should be a clear division of responsibility between the Chairman and the CEO. The Chairman is responsible for inter alia, exercising control over quality, quantity and timeliness of flow of information between the Management and the Board, and ensuring compliance with the Company's guidelines on corporate governance. The CEO is responsible for strategic planning, business development and generally, charting the growth of the Company.

Although the role of the Chairman and CEO and CFO respectively, are not separate, the Board is of the view that there are in place sufficient safeguards and checks to ensure that all decisions made by the Board are independent and collective. There is not one individual nor group of individuals exercising any considerable concentration of power or influence and there is, at all times, accountability for good corporate governance. All major decisions are made in consultation with the Board and where necessary, external consultants are invited to attend Board Meetings to assist the Directors in deliberations.

The CEO (who is also the Chairman presently), amongst other things:

(a) leads the Board to ensure its effectiveness on all aspects of it's role;

(b) sets the agenda and ensures that adequate time is available for discussion of all items on the agenda, in particular strategic issues;

(c) promotes a culture of openness and debate at the Board;

CORPORATE GOVERNANCE
(CONTINUED)

(d) ensures that the Directors receive complete, adequate and timely information;

(e) ensures effective communication with shareholders;

(f) encourages constructive relations within the Board and between Board and Management;

(g) facilitates the effective contribution of non-executive directors; and

(h) promotes high standards of corporate governance.

The Company continues to seek for a suitable candidate for appointment.

Meanwhile, the Board is working towards the fulfilment of the position of a Lead Independent Director.

The Lead Independent Director will assist the Chairman and the Board to assure effective corporate governance in managing the affairs of the Board and the Company.

The Lead Independent Director will make himself available to shareholders to address their concerns (if any). The Lead Independent Director of the Company will meet with other Independent Directors periodically (in the absence of Management) and will provide feedback to the Chairman after such meetings.

Key Management

Goh Hin Calm
Senior Finance and Admin Manager, Ipco International Limited and subsidiaries ("Group")

Goh Hin Calm, is responsible for Group's Financial Management Reporting, Administration, Human Resources and reporting in connection with the Group's natural gas business in China. He has extensive experience in the areas of Accounting and Finance and Project Financial Management for over 35 years in Singapore, Saudi Arabia, Taiwan, Pakistan, Nigeria, Thailand, Indonesia, Papua New Guinea and Fiji. Prior to his appointment to the Company, he was a project accountant with Kumagai Gumi Co. Ltd in its South Pacific division and the senior finance, administration and human resource manager of Promet-Nippon Steel Consortium and Conseng Singapore Ltd.

Koh William
CEO, ESA Electronics Pte Ltd and subsidiaries ("ESA")

Koh William, is one of the co-founder of ESA and he holds a Diploma in Electrical and Communication Engineering from the Singapore Polytechnic. Mr. Koh has valuable experience in the field of engineering as from his past appointments and participation in the engineering divisions of various companies. Prior to joining ESA, Mr Koh joined Infineon Technologies as a maintenance engineer. Mr. Koh's is presently responsible for the management and operations (including the technical, engineering and marketing aspects) of ESA, in particular, but not limited to ESA's portfolio in Taiwan.

Ong Swee Hin, Danny
Engineering Director, ESA Electronics Pte Ltd and subsidiaries ("ESA")

Danny Ong, holds a Degree of Bachelor in Engineering (Electrical and Electronics) from Nanyang Technological University in 2001. He has more than 20 years of working experience in the engineering department. As the the Engineering Director, he manages a team of design engineers. Mr. Danny also oversees the CAD (Computer–Aided Design), application, software and product development departments in our Company.

CORPORATE GOVERNANCE
(CONTINUED)

Board Matters

The Board is entrusted with the responsibility for the overall management of the Company. The Board's primary responsibilities include review and approval of policy guidelines, setting direction to ensure that the strategies undertaken lead to enhanced shareholders' value.

The principal functions of the Board are:

(1) to provide entrepreneurial leadership and approve the broad policies, strategies and financial objectives of the Company and monitor the performance of the Management;

(2) to ensure that necessary financial and human resources are in place for the Company to meet its objectives;

(3) to oversee the processes for evaluating the adequacy of internal controls, financial reporting and compliance;

(4) to approve the change of directors and key management personnel of the Company;

(5) to approve annual budgets, major funding proposals, investment and divestment proposals;

(6) to assume responsibility for corporate governance; and

(7) to set the Company's values and standards, and ensure that obligations to shareholders and others are understood and met.

The following matters require the Board's approval and the Board and the relevant committees are guided by their respective terms and references and operating procedures which are reviewed from time to time:

- Statutory requirements such as approval of financial statements;
- Other requirements such as the quarter and full year results announcements;
- Corporate strategic direction, strategies and action plans;
- Issuance of policies and key business initiatives;
- Declaration of interim dividends and the proposal of final dividends;
- Convening of Shareholders' Meetings;
- The Group's policies, strategies and financial objectives and monitoring the performance of management;
- Processes for evaluating the adequacy of internal controls risk management and compliance;
- The appointment and removal of the Company Secretary and internal and external auditors and key management staff; and
- Acquisition/disposal proposals, annual budgets, major funding proposals and other material transactions.

The Board ensures, has disseminated, and the Management is aware of such terms, operating procedures and matters requiring Board approval.

The Directors have separate and independent access to the Company Secretary and the external auditors at all times. The Company currently does not have a formal procedure to seek independent and professional advice for the furtherance of the Board's duties. However, any Director may, on a case-to-case basis, propose to the Board for such independent and professional advice, the cost of which will be borne by the Company.

CORPORATE GOVERNANCE
(CONTINUED)

The Management provides the Board with detailed management accounts of the Group's performance, position and prospects on a monthly basis.

The Company Secretary assists in the conduct of the Board meetings and ensures adherence to Board procedures. The Company Secretary also assists on matters in respect of compliance with the Singapore Companies Act, Chapter 50 and all other rules and regulations of the SGX-ST.

Directors' Attendance at Board and Committee Meetings

Meeting of:	Board	Audit	Nominating	Remuneration
Total held in FY 2014 and up to the date of this report	6	7	3	2
Quah Su-ling	5	N/A	N/A	N/A
Carlson Clark Smith	6	N/A	N/A	N/A
Chwee Han Sin*	6	7	3	2
Lim Huan Kim, Calvin*#	5	5	1	1
Fong Hoong Heng*##	4	4	–	–
Chai Siew Hoon*+	1	1	1	1
Ross Yu Limjoco*++	–	–	–	–

* Independent Directors
\+ Appointed on 25 April 2014
++ Appointed on 11 July 2014
\# Resigned on 11 April 2014
\## Resigned on 05 May 2014
N/A = Not Applicable

The Company has in place a general orientation program to ensure that every newly appointed and incoming director of the Company is familiar with the Group's operations and governance practices including setting out the director's duties, responsibilities and obligations, briefing on the Group's financial performance, strategies and action plans, corporate strategic direction, policies and activities. In addition, the Board encourages its members to attend seminars conducted by Singapore Institute of Directors ("SID") or Singapore Exchange ("SGX") and receive training to improve themselves on the continuing obligations and various requirements expected of a public company in the discharge of their duties as directors.

Nominating Committee ("NC")

The NC comprises all the three Independent Directors. The Chairman of the NC is Mr Chwee Han Sin.

The NC's principal functions are as follows:

(a) review and recommend to the Board on key executive appointments, all board appointments and re-appointments;

(b) determine the independence status of the Independent Directors annually;

(c) determine whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company; and

(d) evaluate the performance and effectiveness of the Board as a whole and the contribution of each Director.

CORPORATE **GOVERNANCE**
(CONTINUED)

The responsibilities of the NC also include setting the criteria for identifying candidates and reviewing nominations for the appointment of key executive officers, directors to the Board and also to decide how the Board's performance may be evaluated and propose objective performance criteria for the Board's approval.

Where a vacancy exists, or where additional Directors are required, the Board will seek potential candidates and refer them to the NC for interview and assessment of the credentials and suitability for the appointment. In addition, the NC has the liberty to refer to and instruct executive search companies, personal contacts (as relevant) and deliberate on and consider recommendations in its search and nomination process and in identifying the right candidates.

New directors are appointed by the Board after the NC has reviewed and recommended their appointments. When the need for a new director arises, the Nominating Committee will review the expertise, skills and attributes of the Board, identify its needs and shortlist candidates with the appropriate profiles for nomination. Such new directors must subject themselves for re-election at the AGM of the Company following their initial appointment. Article 91 of the Company's Articles of Association also requires at least one-third of the Board to retire via rotation at every AGM. Retiring directors are eligible for re-appointments at the AGM.

A member of the NC holds office until the next AGM where that member's retirement as a director, and upon being duly re-elected, may be re-appointed to such office by the Board.

Where, by virtue of any vacancy in the membership of the NC for any reason, the number of members of the NC is reduced to fewer than three (or such other number as may be determined by the SGX-ST), the Board shall, within three months thereafter, appoint a sufficient number of new members to the NC. Any new member appointed should hold office for the remainder of the term of office of the member of the NC in whose place he or she was appointed.

The Board and the NC are satisfied that the current size and composition of the Board has adequate ability to meet the Company's existing scope of needs and the nature of operation. From time to time, the NC will review the appropriateness of the current Board size and composition, taking into consideration the changes in the nature and scope of operations as well as the regulatory environment.

In accordance with the requirements of the Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the Code's definition on independence.

At the date of this report, the NC has adopted a formal process to assess the effectiveness of the Board as a whole and members of the Board individually. The qualitative measures include the effectiveness of the Board in its monitoring role and the attainment of the strategic objectives set by the Board. Upon reviewing the assessment, the NC is of the opinion that the Board and each director have been able to and has adequately carried out his duties as a Director of the Company. The evaluation exercise is carried out annually.

The NC has also reviewed and recommended that the following Directors, who will retire via rotation pursuant to Article 91, and being eligible and having consented, be nominated for re-appointment at the forthcoming AGM:

Name of Director	Appointment	Last re-elected
Chai Siew Hoon	Independent Director, Member of the Nominating Committee, Remuneration Committee, and Audit Committee	–
Ross Yu Limjoco	Independent Director, Member of the Nominating Committee, Remuneration Committee, and Audit Committee	–

CORPORATE GOVERNANCE
(CONTINUED)

Both Ms Chai Siew Hoon and Mr Ross Yu Limjoco, subject to being duly re-elected at the forthcoming AGM, will resume their respective appointments.

Remuneration Committee ("RC")

Pursuant to the Code, the RC comprises all the three Independent Directors. The Chairman of the RC is Mr Chwee Han Sin. The RC's tasks include reviewing and deliberating upon the compensation packages of Board members as well as key personnel in the Company and the Group.

The responsibilities of the RC are to:

- make recommendations to the Board on matters relating to remuneration, including but not limited to fees, salaries, allowance, bonuses, options and benefits in kind of Directors and key executives;
- determine the appropriateness of remuneration of Directors and key executives;
- review ad recommend to the Board, the terms of service agreements of Directors and key executives; and
- consider the disclosures requirements for Directors and key executives remuneration as required by the Listing Manual and the Code.

All recommendations of the RC will be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits in kind shall be covered by the RC. In determining remuneration packages of Executive Directors and key executives, the RC seeks to ensure that Executive Directors and key executives are adequately but not excessively rewarded. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contributions to the Company's performance and whether the remuneration packages are competitive and sufficient to ensure that the Company is able to attract and retain the best available executive talent.

In discharging their duties, the RC may seek professional advice relating to the remuneration of all Directors and key executives. All recommendations of the RC will be submitted for endorsement by the Board. No Director is involved in deciding his own remuneration.

Annual reviews of the compensation of Directors are also carried out by the RC to ensure that the remuneration of the Executive Directors and key executives commensurate with their performance and the value added to the Group, giving due regard to the financial and commercial health and business needs of the Group. The performance of the Executive Directors (along with that of other key executives) is reviewed periodically by the RC and the Board.

Disclosure on Remuneration

The Company recognizes that a clear disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid/payable to the Directors and the Management. The remuneration of each Director and Management has been disclosed in the respective bands. The Board is of the opinion that given the confidentiality of and commercial sensitivity attached to remuneration matters and to be in line with the interest of the Company, the remuneration will not be disclosed in dollar terms.

CORPORATE **GOVERNANCE**
(CONTINUED)

A breakdown, showing the level and mix of each individual Director's remuneration for the financial year ended 30 April 2014 is as follows:

Name of Directors	Salary & CPF	Bonus	Allowance and other benefits	Directors' Fees	Total
Above S$250,000 to below S$500,000					
Quah Su-ling	72%	17%	11%	–	100%
Carlson Clark Smith	82%	7%	11%	–	100%
Non-Executive Directors					
Below S$50,000					
Chwee Han Sin	–	–	–	100%	100%
Lim Huan Kim Calvin	–	–	–	100%	100%
Fong Hoong Heng	–	–	–	100%	100%
Chai Siew Hoon	–	–	–	100%	100%
Ross Yu Limjoco	–	–	–	–	–

Non-executive Directors are paid Directors' fees appropriate to their level of contribution to the Board, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate Directors. Non-Executive Directors' fees of a total S$80,000 are recommended by the Board and tabled for shareholders' approval at the annual general meeting.

The Board discloses the remuneration in band for Directors and key management instead of full detail disclosure as recommended by the Code. The Board believes that such disclosure presentation provides sufficient overview of the remuneration of the Executive Director and each key management personnel considering the confidentiality of remuneration matters. As Note 29 of the Financial Statements also sets out such information, the Board is of the opinion that the information disclosed would be sufficient to the shareholders for their understanding of the Company's compensation policies as remuneration matters are commercially sensitive information and thus may be prejudicial to the Group's interest and may hamper its ability to retain the Group's talent pool.

In view of the confidentiality of remuneration matters and given that the industry is very competitive in terms of hiring key personnel, the Board is of the opinion that it is in the best interest of the Company and the Group not to disclose the identity and details of remuneration of individual key Management personnel in the annual report and by disclosure of such information would not be in the interest of the Company. To maintain confidentiality of the key executives' remuneration, only their remuneration mix is disclosed as follows:

Top 5 Key Management Personnel's Remuneration Band	Salary*	Allowances and Other benefits	Bonus
S$250,000 to S$500,000			
Goh Hin Calm	54%	42%	4%
Below S$250,000			
William Koh	84%	8%	8%
Danny Ong Swee Hin	85%	7%	8%

* *Salary is inclusive of defined contribution plan*

CORPORATE GOVERNANCE
(CONTINUED)

In aggregate, the total remuneration paid/payable to the Executive Directors and Key Management Personnel for the financial year ended 30 April 2014 is approximately S$1.47 million.

Remuneration of other employees related to a Director

For the financial year under review, there were no employees who were related to a Director, Chief Executive Officer or Chief Financial Officer.

Audit Committee ("AC")

The AC comprises three Board members, all of whom are Non-Executive and Independent Directors. The Chairman of the AC is Mr Chwee Han Sin.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50 and has been entrusted with the following functions:

(a) review with the auditors the audit plans, their evaluation of the system of internal controls, audit reports and management letter and ensure the adequacy of the Group's system of accounting controls and co-operation given by the Management to the Auditors;

(b) review the financial statements before submission to the Board and before their announcement in particular, financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

(c) review the scope and results of the internal audit function and ensuring co-ordination between the internal and external auditors and the Management;

(d) review the co-operation given by the Company's officers to the auditors;

(e) review the legal and regulatory matters that may have a material impact on the financial statements, disclosure and compliance requirements and programs and reports received from the regulators;

(f) review the cost effectiveness, independence and objectivity of the auditors;

(g) review the nature and extent of non-audit services, if any, provided by the external auditors and seek to balance the maintenance of independence and value for money;

(h) review and nominate external auditors for appointment/re-appointment an approving their remuneration and terms of engagement; and

(i) review all interested person transactions to ensure that they comply with the approved internal control procedures and are in accordance with the requirements of the Listing Manual of the SGX-ST.

The AC meets at least four times a year and more frequently if required. In particular, the AC meets to review the financial statements before each announcement. In the financial year under review, the AC has met to review and approve the audit plan, the quarter and full-year unaudited results for announcement purposes.

The AC may meet with the auditors at any time, without the presence of the Company's management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations. The AC has power to conduct or authorise investigations into any matters within the AC's scope of

CORPORATE GOVERNANCE
(CONTINUED)

responsibility. In line with the recommendations of the Code, the AC had met amongst themselves and with the auditors without the presence of the Company's management during the financial year under review.

The Board and the AC have reviewed and are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of audit of the Group. The Company is in compliance with Rule 712 and Rule 715 read together with Rule 716 of the Listing Manual of SGX-ST in relation to the appointment of auditors.

The AC has reviewed the non-audit services provided by the external auditor, Messrs BDO LLP. There were no non-audit services provided by the external auditors. The aggregate amount of fees paid to the external auditor of the Company, broken down into audit and non-audit services during FY2014 are disclosed in the Note 8 to the Financial Statements. The AC has also recommended the re-appointment of Messrs BDO LLP as the auditor of the Company to the Board.

There was no interested party transaction during the financial year under review.

Throughout the financial year, the Board will assess and review, together with the assistance of the NC, to ensure that the members of the AC are appropriately qualified to discharge their responsibilities. The Board views that adequate and reasonable assistance and support have been properly rendered by the Directors, Management and officers to enable the AC to carry out its role effectively and efficiently. The AC comprises members who have expertise and experience in financial management and are qualified to discharge the AC's responsibilities.

Internal Controls and Internal Audit

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Company's assets. The system of internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. In this regard, the Board also notes that no system can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human errors, fraud or other irregularities. As part of the annual statutory audit, the Company's external auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditors in this respect, if any.

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs Baker Tilly Consultancy (S) Pte Ltd ("Baker Tilly"), to provide much of the assurance it requires regarding the operating effectiveness of the Group's systems of internal control. Messrs Baker Tilly mainly conducts internal audits on the operations in Singapore and Malaysia.

In the year 2012, the Board has engaged another professional accounting and consulting firm, Crowe Horwath China Certified Public Accountants, LLP("Crowe Horwath") to review the internal control systems of the Group's China subsidiaries, with a view to implement effective measures to reinforce the existing internal control systems of these subsidiaries. The Management and the AC are in the process of reviewing its internal audit requirements and areas for the next cycle and will either continue to engage Crowe Horwath or another professional accounting and consulting firm to carry out the internal audit review on the Group's China subsidiaries.

CORPORATE GOVERNANCE
(CONTINUED)

The internal auditors adopt a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on its risk profile. Scheduled internal audits are carried out by the internal auditors based on the internal audit plan presented to and approved by the AC. The internal audit focuses on areas on system control and risk management to ensure that adequate action plans are in place to improve and manage the controls. For those areas with high risks, the internal auditors will ascertain that the risks are effectively mitigated by the controls. The internal auditors will report to the AC on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

The AC has reviewed with the internal auditors their audit plan and their evaluation of the system of internal controls, their findings and management's processes to those findings; the effectiveness of material internal controls, including financial, operational and compliance controls and overall risk management of the Group for the financial year ended 30 April 2014. The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing with the Group.

Based on the internal controls established and maintained by the Group and the reviews conducted by management and the internal and external auditors and reviews by the management, the Board, with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls addressing financial, operational and compliance risks were adequate as at 30 April 2014 and met the needs of the Group in the current business environment.

The Management of the various subsidiaries and the Management generally are accountable to the Board for the provision of detailed management accounts of the group's and the group companies' performance, position and prospects on a quarterly basis.

The Board has received assurance from the relevant management and the Management:

(a) 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; and

(b) of the effectiveness of the company's risk management and internal control systems.

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Management has provided assurance to the Board on the integrity of the Group's financial statement.

For the financial year under review, the CEO and the CFO have provided assurance to the Board that the financial records of the Company have been properly maintained and the financial statement give a true and fair view of the operations and finances and the at an effective risk management and internal control system has been put in place.

Policy on Dissemination of Public Information

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information relating to the Company's new initiatives are first disseminated via SGXNET followed by a news release where appropriate over the SGX-ST's website.

The Company does not practice selective disclosure. Price-sensitive information is publicly released and results and annual reports are announced or issued within the mandatory period. All shareholders of the Company will receive a copy of the Annual Report and the Notice of the Annual General Meeting ("AGM"). At the AGM, shareholders are given opportunities to express their views and ask the Board and Management questions regarding the operations of the

CORPORATE **GOVERNANCE**
(CONTINUED)

Company. The Chairman of the AC, RC and NC will normally be present at the AGM to answer any questions relating to the work of their respective committees. The external auditors are also present to assist the Directors in addressing any relevant queries on the accounts from the shareholders.

At the AGMs and other general meetings, separate resolutions will be set out on distinct issues for approval by shareholders.

The Board is not recommending any dividend distribution to its shareholders for the financial year under review on the basis that the Group is looking to rebuild and strengthen its financial position.

Dealing in Securities

The Company has in place an internal code on dealings with securities, which has been issued to all Directors and employees setting up the implications on insider trading.

The internal code prohibits the dealing in securities of the Company by Directors and employees while in possession of price-sensitive information, and during the period beginning two weeks before the announcement of the quarterly results and one month before the announcement of the full year results, and ending on the date of the announcement of the respective results. Directors are required to report securities dealings to the Company Secretary who will assist to make the necessary announcements.

In addition, Directors and employees are reminded to observe insider trading laws at all times. The Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

Interested Person Transactions

The Company has established internal control policies to ensure that transactions with interested persons are reported to the AC, reviewed and approved, and are on normal commercial terms and conducted at arm's length basis.

During the financial year and up to the date of this report, there was no interested person transaction.

Material Contracts

All material contracts entered into between the Company and its subsidiaries involving the interests of the Chairman, any director or controlling shareholder have been disclosed and announced.

Risk Management and Processes

The Board has overall responsibility for the management of the Group's key risks to safeguard shareholders' interests and its assets.

The Audit Committee ("AC") assists the Board in providing risk management oversight while the ownership of day-to-day management and monitoring or existing internal control systems are delegate to the Management which comprise the Executive Directors and senior executives of the Group.

The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls and risks management policies and systems established by the Management on an annual basis. In addition, the external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. Any material findings from both internal and external auditors' comments and findings, ensure that there are adequate internal controls within the Group and follow-up on actions implemented with the recommendation from internal and external auditors.

The Company has in place and enterprise-wide risk management frameworks ("ERM Framework") to enhance its risk management capabilities. The key risks have been identified and action plans are in place to mitigate these risks. Management will regularly review the key risks, both existing and emerging new risks, and current controls on the key risks and take necessary measures to address and mitigate these risks with the recommendation from internal auditors.

For FY2014, the Board and the AC had in additional received assurance from the CEO, CFO and its division operation manager on the adequacy and effectiveness of the Company's risk management and internal control systems, and 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.

The Company regularly reviews and improves its business and operational activities to identify areas of significant business risks, in order to control appropriately and mitigate these risks. The Company reviews its control policies and procedures regularly and highlights all significant matters to the AC and Board.

Based on the ERM Framework established, reviews carried out by the AC, the work performed by the internal and external auditors and assurance from the Management, the Board, with the concurrence of the AC, is of the opinion that the internal controls and systems maintained by Management during the financial year and up to the date of this report are adequate in addressing financial, operational, compliance and information technology risks and to meet the current scope of the Group's business operations. The AC and the Board note that no system of internal controls is capable to providing absolute assurance against the occurrence of materials errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Corporate Social Responsibility ("CSR")

Currently, the Company does not have in place CSR policies or practices. However, the Company will consider ad-hoc practices when it arises.

Non-Audit Fees

No non-audit services were rendered by the auditor, Messrs BDO LLP for FY2014.

Statement of Compliance

The Board is pleased to confirm that for the financial year ended 30 April 2014, the Company has generally adhered to the principles and guidelines as set out in the Code.

SHAREHOLDERS' **INFORMATION**

STATISTICS OF SHAREHOLDERS AS AT 1 AUGUST 2014

Issued share capital	:	S$263,687,043.25
Number of shares	:	5,100,799,986
Class of Shares	:	Ordinary Shares
Voting rights	:	On show of hands: One vote for each member On a poll: One vote for each ordinary share
Number of Treasury Shares	:	NIL

Size of Shareholdings as at 1 August 2014

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 – 999	16	0.12%	6,913	0.00%
1,000 – 10,000	3,851	29.01%	20,551,294	0.40%
10,001 – 1,000,000	8,807	66.35%	1,561,746,089	30.62%
1,000,001 and above	600	4.52%	3,518,495,690	68.98%
	13,274	100%	5,100,799,986	100%

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Shareholders	Units	%	Units	%
EDWARD LEE EWE MING	500,140,000	9.81%	10,000	0.00%
DATO' MOHAMMED ZAID IBRAHIM	350,000,000	6.86%	0	0.00%

SHAREHOLDERS' INFORMATION
(CONTINUED)

Top Twenty Shareholders as at 1 August 2014

S/No.	Name	No. of Shares	Percentage
1	EDWARD LEE EWE MING	500,140,000	9.81%
2	DATO' MOHAMMED ZAID IBRAHIM	350,000,000	6.86%
3	OCBC SECURITIES PRIVATE LTD	126,435,998	2.48%
4	RAFFLES NOMINEES (PTE) LTD	100,385,000	1.97%
5	PHILLIP SECURITIES PTE LTD	91,368,153	1.79%
6	CHNG GIM HUAT	82,000,000	1.61%
7	MAYBANK KIM ENG SECURITIES PTE LTD	53,625,000	1.05%
8	NEO AIK SOO	44,143,000	0.87%
9	ZHANG LIXIN	42,000,000	0.82%
10	DBS NOMINEES PTE LTD	40,590,000	0.80%
11	MAYBANK NOMINEES (SINGAPORE) PTE LTD	37,834,000	0.74%
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	37,798,000	0.74%
13	KOH WEE MENG	36,000,000	0.71%
14	QUAH SU-LING	34,841,000	0.68%
15	BNP PARIBAS SECURITIES SERVICES PTE LTD	31,130,000	0.61%
16	QUEK CHIN SOON	30,500,000	0.60%
17	SOH BENG HUAT	28,955,000	0.57%
18	MAK SENG FOOK	28,800,000	0.56%
19	UNITED OVERSEAS BANK NOMINEES PTE LTD	28,357,000	0.56%
20	HUANG YOUXIANG	26,400,000	0.52%
		1,751,302,151	34.35%

DIRECTORS' INTEREST AS AT 1 AUGUST 2014

Director's Name	Direct Interest	%	Direct Interest	%
Quah Su-ling*	34,841,000	0.68%	14,130,000	0.28%

*Deemed Interest is held under a brokerage company

SHAREHOLDERS HELD BY THE PUBLIC AS AT 1 AUGUST 2014

Based on information available to the Company as at 1 August 2014, approximately 82.37% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issue by the SGX-ST is complied with.

NOTICE OF
ANNUAL GENERAL MEETING

IPCO INTERNATIONAL LIMITED
(Company Registration Number 199202747M)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held at the registered office of the Company, IPCO Building, 24 Pandan Road, Singapore 609275 on 29th August 2014 at 9.00 a.m. for the following purposes:–

As Routine Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 April, 2014 together with the Reports of the Directors and Auditors. ***[Resolution 1]***

2. To approve Directors' fees of S$80,000/- (2013: S$80,000/-) for the financial year ended 30 April, 2014. ***[Resolution 2]***

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

   (i) Ms Chai Siew Hoon *(Article 91)* ***[Resolution 3 (i)]***

   (ii) Mr Ross Yu Limjoco *(Article 91)* ***[Resolution 3 (ii)]***

   Notes to re-election of Directors:

   (a) Ms Chai Siew Hoon, upon being re-elected, will be considered an independent non-executive Director and will remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

   (b) Mr Ross Yu Limjoco, upon being re-elected, will be considered an independent non-executive Director and will remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee.

4. To re-appoint Messrs BDO LLP as Auditor of the Company and to authorise the Directors to fix their remuneration. ***[Resolution 4]***

NOTICE OF
ANNUAL GENERAL MEETING
(CONTINUED)

As Special Business

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution with or without any modifications:–

5. **Authority to allot and issue shares and convertible securities** ***[Resolution 5]***

"That, pursuant to Section 161 of the Companies Act, Chapter 50 and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(A) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalization issues,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a pro-rata basis, then the aggregate number of shares to be issued under such circumstances (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below); and

NOTICE OF
ANNUAL GENERAL MEETING
(CONTINUED)

(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 percentage of Issued Shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

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

(ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the Listing Manual; and

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

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by 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 General Meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier." *[See Explanatory Notes to Special Business]*

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

By Order of the Board

Ng Su Ling
Ong Sing Huat
Company Secretaries

Singapore, 14 August 2014

NOTICE OF
ANNUAL GENERAL MEETING
(CONTINUED)

EXPLANATORY NOTES TO SPECIAL BUSINESS:

The effects of the resolution under the heading "Special Business" in the Notice of the Annual General Meeting are:

Resolution 5 if passed, will authorise and empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue further shares and to make or grant convertible securities convertible into shares, and to issue shares in pursuance of such instruments, up to an amount not exceeding in aggregate 50 percent of the total number of issued shares excluding treasury shares of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20 percent of the total number of issued shares excluding treasury shares of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

For the purpose of this Resolution, the total number of issued shares (excluding treasury shares) is based on the Company's total number of issued shares (excluding treasury shares) at the time this proposed ordinary resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed ordinary resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Notes on Annual General Meeting:

(a) A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") may appoint not more than two proxies to attend and vote in his/her stead. Where a Member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. A proxy need not be a Member of the Company.

(b) If the appointer is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(c) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 24 Pandan Road Singapore 609275 not less than 48 hours before the time appointed for holding the Meeting.

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PROXY FORM

IPCO INTERNATIONAL LIMITED
(Company Registration Number 199202747M)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their 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.

I/We ______________________________ NRIC/Passport No. ______________

of ____ (Address)

being a member/members of IPCO INTERNATIONAL LIMITED hereby appoint

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

and/or (delete as appropriate)

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

or failing *him/them, the Chairman of the meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the 22nd Annual General Meeting of the Company to be held at 24 Pandan Road, Singapore 609275 on 29th August 2014, at 9.00 a.m. and at any adjournment thereof.

Note: Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the notice of general meeting. In the absence of specific directions or in the event of any item arising not summarised below, the proxy/proxies may vote or abstain as he/they may think fit.

No.	Resolutions	For	Against
1	Adoption of Financial Statements and Reports		
2	Approval of Directors' Fees		
3 (i)	Re-election of Ms Chai Siew Hoon as a Director		
3 (ii)	Re-election of Mr Ross Yu Limjoco as a Director		
4	Re-appointment of Auditors and fixing their remuneration		
5	Authority to allot and issue shares and convertible securities		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this __________ day of ________________ 2014

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/
Common Seal of Corporate Shareholder
* Delete accordingly

IMPORTANT
PLEASE READ NOTES OVERLEAF

IMPORTANT NOTES TO PROXY FORM:

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), you should insert that number under CDP Register. If you have shares registered in your name in the Register of Members of the Company, you should insert that number under Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 24 Pandan Road, Singapore 609275 not less than 48 hours before the time appointed for the meeting.
4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation that 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.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting of the Company and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the aforesaid meeting.

Affix
Postage
Stamp

IPCO INTERNATIONAL LIMITED

24 PANDAN ROAD

SINGAPORE 609275

IPCO INTERNATIONAL LIMITED
24 PANDAN ROAD
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WWW.IPCO.COM.SG