annualreport

IPCO INTERNATIONAL LIMITED

2012

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CORPORATE INFORMATION

Directors

Quah Su-Ling	(Chief Executive Officer)
Carlson Clark Smith	(Chief Financial Officer)
Lim Meng Check	(Independent Director)
Chwee Han Sin	(Independent Director)
Lim Huan Kim	(Independent Director)

Company Secretaries
Tan Soo Khoon Raymond
Seah Hai Yang

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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

Auditors
BDO LLP
Public Accountants and Certified Public Accountants
Partner-in-charge: Goh Chern Ni
(First appointed for the financial year ended 30 April 2009)

BOARD OF DIRECTORS' STATEMENT

LETTER TO SHAREHOLDERS

After decreases of 4.8% in Turnover and 31% in Profit after Income Tax during the 2012 Financial Year, financial results during the past year receded somewhat. While our significant investments in China natural gas and USA real estate showed substantial improvements over the previous year, our Singapore-based electronics business encountered a cyclical decline.

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 signs of a revival in home construction in the Seattle area, as many previously foreclosed homes have cleared the market at low prices. However, as the general market has been improving, competing developments are offering more lots for sale in the vicinity. Nonetheless Capri has been able to sell an increasing number of lots at premium prices, enabling a doubling of Turnover to $2.8 million in the financial year just ended. The Group recently announced its intention to acquire the remaining 30% equity interest in Asia Plan.

The Group holds an 81.25% equity interest in ESA Electronics Pte Ltd (¨ESA¨). ESA acts as agents and distributors of semi-conductor back-end equipment, such as burn-in systems, vision inspection systems and test systems. While ESA has been diversifying its product offerings into solar cell technology, the aggregate demand for burn-in boards by semi-conductor manufacturers has decreased significantly due to uncertain financial markets in Europe. Consequently ESA's Turnover declined by 27% from $29.1 million to $21.2 million, with Profit after Income Taxes decreasing from $2.6 million in the 2011 financial year to a net loss of $75 thousand in 2012.

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 three companies supplying natural gas under 30-year exclusive rights in the cities of Anlu, Dawu, and Xiaochang in Hubei Province, PRC. During the past year China Environmental's Turnover increased to $12.4 million, while Loss after Income Tax was $2.0 million, compared with a loss of $6.0 million in the prior year.

The strong revenue growth in China Environmental's three operating subsidiaries should continue as the regional economy continues to grow and network construction extends to new areas. Construction of the Phase One network in Guangshui, a city of approximately one million inhabitants adjacent to our existing operations in Hubei, is underway at an estimated cost of $19.5 million (RMB100 million).

The Group 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 and employees for their contributions and support during the past year.

Quah Su-Ling
Chief Executive Officer
On Behalf of the Board
10 August 2012

FINANCIAL REVIEW

For the financial year ended 30 April 2012 ("FY12"), the Group achieved a turnover of $36.5 million which decreased by 4.8% when compared with the previous financial year ended 30 April 2011 ("FY11") of $38.3 million. The decrease was mainly attributable to the following subsidiaries:

- The turnover for ESA Electronics Pte Ltd ("ESA") decreased by $7.9 million, or 27.0%, to $21.2 million in FY12, compared with $29.1 million in FY11. ESA is engaged in the semi-conductor industry, and the decrease was mainly due to lower 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 higher turnover of 103.4% to $2.8 million in FY12, as compared with $1.4 million in FY11, due to more sales agreements finalised with home builders in the current year. 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 Ltd ("China Environmental"), which in turn through its China subsidiaries supplies natural gas to households, commercial and industrial customers in Anlu, Dawu, and XiaoChang cities in Hubei Province, PRC, achieved a Turnover of $12.4 million in the current year as compared with $7.8 million in previous year. The 58.6% increase of $4.6 million was due to increased gas consumption by industrial and household users and new connection fees.

The Group recorded a Profit before Income Tax of $6.0 million for FY12, as compared to $7.7 million in FY11, resulting in a decrease in Profit before Income Tax of $1.7 million.

The Group recorded a Profit after Income Tax of $4.2 million for FY12, as compared with $6.1 million in FY11, resulting in a decrease in Profit after Income Tax of $1.9 million.

Correspondingly, in FY12 the Group recorded a Net Profit Attributable to Shareholders of $4.0 million and Earnings per Share of 0.19 Singapore cents (FY11: Net Profit Attributable to Shareholders of $6.1 million and Earnings per Share of 0.32 Singapore cents).

Other Revenue was $13.8 million in FY12, compared with $17.4 million in FY11, a decrease of $3.6 million. This was mainly due to:

a) a decrease of $3.2 million Fair Value Gains of Financial Assets, at Fair Value through Profit or Loss, and a reduction of approximately $0.1 million net gain on disposal of such assets;

b) a decrease of $0.8 million Gain on Disposal of a Subsidiary in the current year;

c) an increase in write back of $0.3 million in allowance for doubtful receivables;

d) an increase of approximately $0.3 million Dividend Income, Sundry Income, Write Back of Accrued Expenses, Foreign Exchange Gain and Administrative and Guarantee Fee Income from the associate company Industrial Engineering Systems Pte Ltd ("IES"), partially offset by a decrease of $0.1 million write back of allowance for inventory impairment.

FINANCIAL REVIEW (Continued)

The Group's Total Cost and Expenses decreased by $4.0 million to $44.1 million in FY12, compared to $48.1 million in FY11. This was mainly due to the following factors:

a) $1.4 million decrease in changes in inventories, work-in-process, raw materials and consumables, in line with the decreased turnover by the semi-conductor business of its subsidiary, ESA, and an increase in land development costs of $1.9 million corresponding to increased land sales by Capri in the current year;

b) $2.0 million allowance for impairment loss made on intangible assets arising from other use rights of a China subsidiary and none in FY11;

c) A decrease of $0.4 million allowance for doubtful trade receivables from ESA;

d) a decrease in Foreign Exchange loss of $7.0 million, which was largely due to unrealised exchange gains arising from the revaluation of foreign currency denominated balances in mainly United States Dollars ("U$") and Chinese Renminbi ("RMB") at exchange rates of U$1 to $1.236, and RMB1 to $0.196 (FY11: U$1 to $1.226, RMB1 to $0.189);

e) a decrease of $0.6 million in Employee benefits expenses mainly due to ESA, which is in line with its decreased operations in the current year, offset by $1.5 million increase in other operating expenses comprising mainly $0.7 million brokerage and clearing fees, $0.1 million audit and professional fees and $0.7 million General and Admin Expenses mainly from the Group's subsidiary companies.

The Share of Loss of Associated Companies is $36,000 in FY12, while the Share of Profits of Associated Companies was $0.2 million in FY11. This is mainly due to a decrease of $132,000 in share of loss from Industrial Engineering Systems Pte Ltd ("IES"), offset by a decrease in share of profits of $337,000 from C.N.A Venture Holdings Sdn. Bhd. ("C.N.A."), due to disposal during the year.

The increase in Income Tax Expenses of $0.2 million is mainly due to the Group's increased tax provision based on profits derived from the Group's subsidiaries.

As at 30 April 2012, the total assets of the Group had increased by $9.3 million from FY11 of $210.6 million to FY12 of $219.9 million. The increase is mainly due to receivables and fair value gains of financial assets held in the Group.

The Net Current Assets of the Group as at 30 April 2012 were $57.3 million (FY11: $61.9 million), of which $10.8 million (FY11 $14.5 million) was held as cash and cash equivalents.

The Group's total borrowings of $16.97 million consist mainly of bank loans obtained by subsidiary companies in China. The Group's gearing ratio as at 30 April 2012, based on total borrowings over shareholders funds, was reduced to 0.11 times (FY11: 0.12 times) as a result of repayment of bank loans.

As at 30 April 2012, the total equity of the Group was $155.1 million, as compared to $145.6 million in FY11. The increase was mainly due to a current year profit of $4.2 million, Other Reserves of $5.7 million, $2.0 million increase in share capital of the Company in FY12 less acquisition of shares from non-controlling interest of $2.4 million.

The net asset value per share is $0.07 in FY12 (FY11: $0.07) and the total issued shares of the Company has increased from 2,048,599,986 to 2,183,299,986 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 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cashflows 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
Lim Meng Check
Chwee Han Sin
Lim Huan Kim

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:

	Direct interest		**Deemed interest**	
	Balance as at 1 May 2011	**Balance as at 30 April 2012**	**Balance as at 1 May 2011**	**Balance as at 30 April 2012**
	Number of ordinary shares			
The Company				
Quah Su-Ling	8,841,000	8,841,000	68,630,000	68,630,000

By virtue of section 7 of the Act, Quah Su-Ling is deemed to have an interest in all the wholly-owned subsidiaries of the Company at the beginning or end of the financial year.

There was no change in any of the above-mentioned interests between the end of the financial year and 21 May 2012.

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.

REPORT OF THE DIRECTORS (Continued)

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:

Lim Meng Check (Chairman)
Chwee Han Sin
Lim Huan Kim

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

(iv) Reviews quarterly, half-yearly and annual announcements on the results of the Group and financial position 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

(vii) Reviews the Interested Person Transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("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.

REPORT OF THE DIRECTORS (Continued)

6. AUDIT COMMITTEE (CONTINUED)

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 and external 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 2012.

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

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

7. AUDITORS

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

On behalf of the Board of Directors

Carlson Clark Smith
Director

Lim Meng Check
Director

Singapore
10 August 2012

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 2012, and of the results, changes in equity and cash flows of the Group for the financial year then 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
Director

Lim Meng Check
Director

Singapore
10 August 2012

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 2012, 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 on pages 11 to 87.

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 2012 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 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
Certified Public Accountants

Singapore
10 August 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	Note	2012 $'000	2011 $'000
Revenue	4	36,450	38,296
Other items of revenue			
Net gain on disposal of available-for-sale financial assets		–	42
Financial assets, at fair value through profit or loss			
– fair value gain	19	11,286	14,532
– net gain on disposal		1,097	1,178
Other income	5	1,423	1,649
		13,806	17,401
Total revenue		50,256	55,697
Other items of expense			
Changes in inventories of finished goods, work-in-process and land held for sale		(167)	(359)
Raw materials and consumables used		(22,825)	(24,008)
Land development costs		(3,495)	(1,596)
Amortisation of intangible assets	11	(1,597)	(1,686)
Depreciation of property, plant and equipment	12	(1,573)	(1,533)
Allowance for impairment loss of intangible assets	11	(1,998)	–
Allowance for impairment loss of an associated company	14	–	(83)
Allowance for doubtful trade receivables	18	–	(379)
Foreign exchange loss, net		–	(6,957)
Employee benefits expenses	6	(6,322)	(6,935)
Finance costs	7	(1,363)	(1,324)
Operating lease expenses		(387)	(361)
Other operating expenses	8	(4,428)	(2,910)
Total expenses		(44,155)	(48,131)
Share of results of associated companies, net of tax	14	(36)	169
Profit before income tax		6,065	7,735
Income tax expense	9	(1,861)	(1,643)
Profit for the financial year		4,204	6,092
Other comprehensive income:			
Fair value gain on available-for-sale financial assets	16	4,669	4,231
Exchange differences on translating foreign operations		1,006	(1,506)
Income tax relating to other comprehensive income		–	–
Other comprehensive income for the financial year		5,675	2,725
Total comprehensive income for the financial year		9,879	8,817

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	Note	2012 $'000	2011 $'000
Profit attributable to:			
Owners of the parent		4,008	6,086
Non-controlling interests		196	6
		4,204	6,092
Total comprehensive income attributable to:			
Owners of the parent		9,691	8,368
Non-controlling interests		188	449
		9,879	8,817
Earnings per share (in cents)			
Basic/Diluted	10	0.19	0.32

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

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current assets					
Intangible assets	11	55,645	58,713	–	–
Property, plant and equipment	12	39,162	35,744	21	82
Subsidiaries	13	–	–	74,857	73,157
Associated companies	14	2,875	4,863	1,223	1,223
Unincorporated joint ventures	15	–	–	–	–
Available-for-sale financial assets	16	20,185	8,997	17,115	8,997
Deferred tax assets	26	224	40	–	–
		118,091	108,357	93,216	83,459
Current assets					
Inventories	17	12,348	15,864	–	–
Trade and other receivables	18	31,357	19,732	60,726	59,965
Financial assets, at fair value through profit or loss	19	46,338	52,086	13	7
Cash and cash equivalents	20	10,801	14,535	1,278	435
Convertible loan	25	968	–	–	–
		101,812	102,217	62,017	60,407
Less:					
Current liabilities					
Trade and other payables	21	32,162	31,095	11,683	7,089
Provisions	22	346	333	232	219
Finance lease liabilities	23	27	38	27	38
Current income tax payable		5,078	5,385	–	–
Borrowings	24	6,870	3,490	–	–
		44,483	40,341	11,942	7,346
Net current assets		57,329	61,876	50,075	53,061
Non-current liabilities					
Finance lease liabilities	23	(47)	(74)	(47)	(74)
Borrowings	24	(10,098)	(14,445)	–	–
Convertible loan	25	(50)	(50)	(50)	(50)
Deferred gain		(16)	(16)	–	–
Deferred tax liabilities	26	(10,142)	(10,060)	–	–
		(20,353)	(24,645)	(97)	(124)
Net assets		155,067	145,588	143,194	136,396
Equity					
Share capital	27	205,360	203,379	205,360	203,379
Other reserves	28	(11,918)	(17,238)	10,126	6,042
Accumulated losses		(37,522)	(41,852)	(72,292)	(73,025)
Equity attributable to owners of the parent		155,920	144,289	143,194	136,396
Non-controlling interests		(853)	1,299	–	–
Total equity		155,067	145,588	143,194	136,396

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	Share capital $'000	Fair value reserve $'000	Asset revaluation reserve $'000	Foreign exchange translation reserve $'000	Capital reduction reserve $'000	Equity-NCI $'000	Accumulated losses $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 May 2011	203,379	4,081	322	(20,902)	1,961	(2,700)	(41,852)	144,289	1,299	145,588
Profit for the financial year	–	–	–	–	–	–	4,008	4,008	196	4,204
Other comprehensive income for the financial year:										
Fair value gain on available-for-sale financial assets (Note 16)	–	4,669	–	–	–	–	–	4,669	–	4,669
Exchange differences on translation of foreign operations	–	–	–	1,014	–	–	–	1,014	(8)	1,006
Transferred to accumulated losses upon disposal of a subsidiary	–	–	(322)	–	–	–	322	–	–	–
Total other comprehensive income for the financial year	–	4,669	(322)	1,014	–	–	322	5,683	(8)	5,675
Total comprehensive income for the financial year	–	4,669	(322)	1,014	–	–	4,330	9,691	188	9,879
Transactions with owners of the parent recognised directly in equity:										
Issue of shares (Note 27)	1,981	–	–	–	–	–	–	1,981	–	1,981
Acquisition of shares from non-controlling interests (Note 13(c))	–	–	–	–	–	(41)	–	(41)	(2,340)	(2,381)
Total transactions with owners of the parent recognised directly in equity	1,981	–	–	–	–	(41)	–	1,940	(2,340)	(400)
Balance at 30 April 2012	205,360	8,750	–	(19,888)	1,961	(2,741)	(37,522)	155,920	(853)	155,067

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	Share capital $'000	Fair value reserve $'000	Asset revaluation reserve $'000	Foreign exchange translation reserve $'000	Capital reduction reserve $'000	Equity-NCI $'000	Accumulated losses $'000	Equity attributable to owners of the parent $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 May 2010	199,379	(150)	322	(18,953)	1,961	–	(47,938)	134,621	1,436	136,057
Profit for the financial year	–	–	–	–	–	–	6,086	6,086	6	6,092
Other comprehensive income for the financial year:										
Fair value gain on available-for-sale financial assets (Note 16)	–	4,231	–	–	–	–	–	4,231	–	4,231
Exchange differences on translation of foreign operations	–	–	–	(1,949)	–	–	–	(1,949)	443	(1,506)
Total other comprehensive income for the financial year	–	4,231	–	(1,949)	–	–	–	2,282	443	2,725
Total comprehensive income for the financial year	–	4,231	–	(1,949)	–	–	6,086	8,368	449	8,817
Transactions with owners of the parent recognised directly in equity:										
Issue of shares (Note 27)	4,000	–	–	–	–	–	–	4,000	–	4,000
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(1,858)	(1,858)
Acquisition of shares from minority interests (Note 13(c))	–	–	–	–	–	(2,700)	–	(2,700)	1,272	(1,428)
Total transactions with owners of the parent recognised directly in equity	4,000	–	–	–	–	(2,700)	–	1,300	(586)	714
Balance at 30 April 2011	203,379	4,081	322	(20,902)	1,961	(2,700)	(41,852)	144,289	1,299	145,588

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	2012 $'000	2011 $'000
Operating activities		
Profit before income tax	6,065	7,735
Adjustments for:		
Allowance (reversed)/made for doubtful trade receivables	(354)	379
Allowance reversed for doubtful non-trade receivables	(12)	(19)
Allowance for impairment loss of an associated company	–	83
Allowance reversed for slow-moving inventories	–	(101)
Amortisation of intangible assets	1,597	1,686
Depreciation of property, plant and equipment	1,573	1,533
Allowance for impairment loss of intangible assets	1,998	–
Dividend income	(47)	(32)
Gain on disposal of property, plant and equipment	(8)	–
Interest expenses	1,348	1,324
Interest income	(482)	(396)
Gain on disposal of a subsidiary	(79)	(906)
Net gain on disposal of available-for-sale financial assets	–	(42)
Provisions made during the financial year	346	333
Share of results of associated companies	36	(169)
Operating profit before changes in working capital	11,981	11,408
Working capital changes		
Inventories	(562)	4,837
Trade and other receivables	(12,190)	(2,964)
Financial assets, at fair value through profit or loss	5,748	(4,499)
Trade and other payables	998	3,153
Provisions	(333)	(253)
Cash from operations	5,642	11,682
Interest received	482	396
Interest paid	(1,348)	(1,324)
Net income tax paid	(2,352)	(1,007)
Net cash from operating activities	2,424	9,747

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

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

	Note	2012 $'000	2011 $'000
Investing activities			
Dividend received		47	32
Purchase of property, plant and equipment		(3,780)	(3,562)
Acquisition of non-controlling interests	13(c)	(2,381)	(2,000)
Purchase of available-for-sale financial assets	16	(2,458)	(4,086)
Proceeds from disposals of property, plant and equipment		84	–
Net effect on disposal of a subsidiary	13(d)	2,000	907
Net cash used in investing activities		(6,488)	(8,709)
Financing activities			
Proceeds from issue of convertible loan	25	500	–
Proceeds from issue of shares	27	1,481	4,000
Proceeds from borrowings		814	3,994
Dividend paid to non-controlling interests of a subsidiary		–	(1,858)
Repayments of borrowings		(2,287)	(4,025)
Repayments of finance leases		(38)	(37)
Net cash from financing activities		470	2,074
Net change in cash and cash equivalents		(3,594)	3,112
Effect of foreign exchange rate changes in cash and cash equivalents		(140)	(288)
Cash and cash equivalents at beginning of financial year		14,532	11,708
Cash and cash equivalents at end of financial year	20	10,798	14,532

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 mainboard 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"). Related companies in these financial statements refer to the group of companies within Ipco International Limited.

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 2012 were authorised for issue by the Board of Directors on 10 August 2012.

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 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 and presented in the currency of the primary economic environment in which the entity operates (its 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.

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

FRS 24 (Revised) Related Party Disclosures

FRS 24 (Revised) has been adopted beginning 1 May 2011 and has been applied retrospectively. The revised standard clarified the definition of a related party and does not have any impact on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

			Effective date (annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 – Presentation of Item of Other Comprehensive Income	1 July 2012
FRS 12	:	Amendments to FRS 12 Deferred tax: Recovery of Underlying Assets	1 January 2012
FRS 19	:	Employee Benefits (Revised)	1 January 2013
FRS 27	:	Separate Financial Statements	1 January 2013
FRS 28	:	Investment in Associate and Joint Ventures	1 January 2013
FRS 32	:	Amendments to FRS 32 – Offsetting Financial Assets and Financial Liabilities	1 January 2014
FRS 101	:	Amendments to FRS 101 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107	:	Amendments to FRS 107 Disclosures – Transfer of Financial Assets	1 July 2011
	:	Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
FRS 110	:	Consolidated Financial Statements	1 January 2013
FRS 111	:	Joint Arrangements	1 January 2013
FRS 112	:	Disclosure of Interests in Other Entities	1 January 2013
FRS 113	:	Fair Value Measurements	1 January 2013
INT FRS 120	:	Stripping Costs in Production Phrase of a Surface Mine	1 January 2013

Consequential amendments were also made to various standards as a result of the revised standards.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation of financial statements (Continued)

The Group and the Company expect that the adoption of the above FRS and INT FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group in the period of their initial adoption, except as disclosed below:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 changes the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentation of items that are already recognised in other comprehensive income, the Group and the Company do not expect any impact on their financial position or performance upon adoption of this standard.

FRS 110 Consolidated Financial Statements

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 110 will become effective for annual periods beginning on or after 1 May 2013. The Group will determine the impact of this standard when it becomes effective.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interest in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Company is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group and the Company when implemented.

FRS 113 Fair Value Measurements

FRS 113 provides guidance on how to measure fair values including those for both financial and non-financial items and introduces significantly enhanced disclosure about fair values. It does not address or change the requirements on when fair values should be used. When measuring fair value, an entity is required to use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. It establishes a fair value hierarchy for doing this. This FRS is to be applied for annual periods beginning on or after 1 May 2013. The Group and the Company will determine the impact of this standard when it becomes effective.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Basis of consolidation (Continued)

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.

Investments in subsidiaries and associated companies are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 1 January 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations (Continued)

Business combinations before 1 January 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.

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

Revenue from sale of land 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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 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 a 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 Government grant – Jobs Credit Scheme

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

The Singapore government introduced a cash grant known as the Jobs Credit Scheme in its Budget for 2009 in a bid to help businesses preserve jobs in the economic downturn. The amounts received for jobs credit are to be paid to eligible employers in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme.

In October 2009, the Government announced that the Jobs Credit Scheme would be extended for half a year with another 2 payments at stepped-down rates in March and June 2010 based on 6% of wages to be paid in March 2010 and 3% of wages to be paid in June 2010.

The Group recognised the amounts received for jobs credit at their fair value as other income in the month of receipt of these grants from the government.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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 to get ready 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.

2.7 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.

2.8 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 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Income tax (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Income tax (Continued)

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 in 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.

2.9 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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 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.

2.11 Joint venture

Jointly-controlled entities are entities over whose activities the Group has joint control, established by contractual agreement.

In joint ventures where the Group or the Company exercises a majority control over the financial and operating policy decisions, the results, assets and liabilities of the joint ventures are accounted for in a manner similar to that of subsidiaries.

In the case of other jointly controlled entities, the Group's share of the results of such joint ventures is included in the consolidated statement of comprehensive income using the equity method, with the Group recognising its proportionate share of results in accordance with the joint venture agreement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets

Goodwill

Goodwill arising on the acquisition of a subsidiary, jointly controlled entity or an associated company 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 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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets (Continued)

Intangible assets acquired separately (Continued)

(i) Distribution, licensing and other use rights

Distribution, licensing and other use 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	–	29 years
Other use rights	–	23 years

(ii) Intellectual rights

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

2.13 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.

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 land and building	–	over the lease period of 20 to 30 years
Office equipment	–	3 to 5 years
Plant and equipment	–	2 to 6 years
Motor vehicles	–	3 to 5 years

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Property, plant and equipment (Continued)

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 plant and equipment are retained in the financial statements until they are no longer in use.

2.14 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Impairment of tangible and intangible assets excluding goodwill (Continued)

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.

2.15 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.

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 and is determined at the time of initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

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, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial assets (Continued)

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 investment 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 trade 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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

Other financial liabilities

Trade and other payables

Trade and other payables 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

Interest-bearing bank loans and overdrafts 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.

Convertible loan notes

When convertible notes are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the statements of the financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible notes. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the notes.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained profits.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

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.

2.16 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 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.

2.17 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 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 statement 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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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.

2.20 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 subsidiary, associated company or financial asset is 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.

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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 they believe that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers its 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 $5,078,000 (2011: $5,385,000) and $10,142,000 (2011: $10,060,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

4. REVENUE

	Group	
	2012 $'000	2011 $'000
Sale of goods	21,215	29,081
Sale of land	2,809	1,381
Natural gas installation, connection, delivery and usage	12,426	7,834
	36,450	38,296

5. OTHER INCOME

	Group	
	2012 $'000	2011 $'000
Accrued expenses written back	117	–
Administrative service fee, rental and corporate guarantee fee from an associated company	87	74
Allowance reversed for doubtful trade receivables	354	–
Allowance reversed for doubtful non-trade receivables	12	19
Allowance for impairment of inventories written back	–	101
Dividend income	47	32
Foreign exchange gain, net	54	–
Gain on disposal of a subsidiary (Note 13(d))	79	906
Gain on disposal of property, plant and equipment	8	–
Government grant – job credit	–	14
Interest income		
– bank	17	39
– loan to a related party	384	333
– others	81	24
Sundry income	183	107
	1,423	1,649

6. EMPLOYEE BENEFITS EXPENSES

	Group	
	2012 $'000	2011 $'000
Wages, salaries and benefits	5,858	6,452
Contributions to provident funds	464	483
	6,322	6,935

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

7. FINANCE COSTS

	Group 2012 $'000	Group 2011 $'000
Interest expenses		
– finance leases	4	6
– bank borrowings	1,068	1,049
– loans from business associates	160	157
– loan from an associated company	47	8
– share margin financing	69	104
Bank charges and others	15	–
	1,363	1,324

8. OTHER OPERATING EXPENSES

Other operating expenses include the following:

	Group 2012 $'000	Group 2011 $'000
Brokerage and clearing fees	985	245
Operating lease expenses	387	358
Audit fees		
– auditors of the Company	185	180
– other auditors	85	65
Non-audit fees		
– auditors 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	524	577
Professional and consultancy fees	304	255

9. INCOME TAX EXPENSE

	Group 2012 $'000	Group 2011 $'000
Current income tax		
– current year	1,686	1,254
– under provision in prior years	359	366
	2,045	1,620
Deferred tax		
– current year	(184)	23
	1,861	1,643

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

9. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at 17% (2011: 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% (2011: 17%) to profit before income tax as a result of the following differences:

	Group	
	2012	**2011**
	$'000	**$'000**
Profit before income tax	6,065	7,735
Income tax calculated at statutory tax rate of 17%	1,031	1,315
Tax effect of:		
– different tax rates in other countries	(266)	(516)
– foreign tax suffered	–	9
– expenses not deductible for tax purposes	1,997	2,982
– income not subject to tax	(1,416)	(692)
– income tax exemption	(161)	(1,640)
– under provision of current income tax in prior years	359	366
– deferred tax assets not recognised in profit or loss	374	46
– deferred tax assets recognised in profit or loss	(184)	–
– utilisation of unrecognised deferred tax asset	(68)	(9)
– utilisation of group tax relief	–	(221)
– others	195	3
	1,861	1,643

Unrecognised deferred tax asset

	Group	
	2012	**2011**
	$'000	**$'000**
At beginning of financial year	4,630	4,727
Additions	306	37
Exchange translation difference	(56)	(134)
At end of financial year	4,880	4,630

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 $21,408,000 (2011: $20,183,000) 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 $4,880,000 (2011: $4,630,000) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 weighted average number of ordinary shares in issue during the financial year.

The computation is based on the following data:

	Group	
	2012 $'000	2011 $'000
Profit attributable to owners of the parent	4,008	6,086
	Number of shares	Number of shares
Weighted average number of ordinary shares		
– Basic	2,150,527,657	1,873,942,452
– Diluted	2,153,027,657	1,876,442,452

11. INTANGIBLE ASSETS

Group	Goodwill $'000	Intellectual rights $'000	Distribution and licensing rights $'000	Other use rights $'000	Total $'000
Cost					
At 1 May 2011	90,301	688	34,995	11,090	137,074
Exchange translation difference	171	–	300	78	549
At 30 April 2012	90,472	688	35,295	11,168	137,623
Accumulated amortisation and impairment					
At 1 May 2011	69,296	688	5,574	2,803	78,361
Amortisation	–	–	1,192	405	1,597
Allowance for impairment loss	–	–	–	1,998	1,998
Exchange translation difference	–	–	36	(14)	22
At 30 April 2012	69,296	688	6,802	5,192	81,978
Carrying value					
At 30 April 2012	21,176	–	28,493	5,976	55,645
Average remaining useful lives	–	–	24 years	19 years	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

11. INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill $'000	Intellectual rights $'000	Distribution and licensing rights $'000	Other use rights $'000	Total $'000
Cost					
At 1 May 2010	92,717	688	38,991	12,188	144,584
Exchange translation difference	(2,416)	–	(3,996)	(1,098)	(7,510)
At 30 April 2011	90,301	688	34,995	11,090	137,074
Accumulated amortisation and impairment					
At 1 May 2010	69,296	688	4,907	2,504	77,395
Amortisation	–	–	1,258	428	1,686
Exchange translation difference	–	–	(591)	(129)	(720)
At 30 April 2011	69,296	688	5,574	2,803	78,361
Carrying value					
At 30 April 2011	21,005	–	29,421	8,287	58,713
Average remaining useful lives	–	–	25 years	20 years	

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 CGUs:

	Group 2012 $'000	Group 2011 $'000
Excellent Empire Limited	21,176	21,005

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

11. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets (Continued)

Goodwill (Continued)

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 19 to 25 years, which represented 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 CGUs were discounted at a pre-tax discount rate of 7.2% (2011: 5.14%) which is the benchmark used by management to assess the operating performance of the Group.

The budgeted gross margins and average growth rates used to extrapolate cash flows are as below:

	Budgeted gross margin		**Average growth rates**	
	2012	**2011**	**2012**	**2011**
Excellent Empire Limited	31%	39%	16%	32%

Other use rights

During the financial year, the Group recognised an impairment loss of other use rights amounting to $1,998,000 in the Group's profit or loss. The impairment loss was in relation to other use rights where the recoverable amount was estimated by the management using available market information for similar transaction, which best represented its fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

12. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building $'000	Office equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost						
At 1 May 2011	2,134	1,661	36,141	2,055	1,631	43,622
Additions	343	170	482	85	2,700	3,780
Disposals	–	(86)	–	(130)	–	(216)
Reclassifications	–	–	1,742	–	(1,742)	–
Exchange translation difference	62	4	1,190	131	56	1,443
At 30 April 2012	2,539	1,749	39,555	2,141	2,645	48,629
Accumulated depreciation						
At 1 May 2011	434	1,509	5,314	621	–	7,878
Charge for the financial year	94	112	1,190	177	–	1,573
Disposals	–	(85)	–	(55)	–	(140)
Reclassifications	–	(46)	46	–	–	–
Exchange translation difference	4	3	134	15	–	156
At 30 April 2012	532	1,493	6,684	758	–	9,467
Carrying value						
At 30 April 2012	2,007	256	32,871	1,383	2,645	39,162
Cost						
At 1 May 2010	2,119	1,762	35,118	1,920	1,540	42,459
Additions	129	135	2,178	246	874	3,562
Disposals	–	(21)	–	–	–	(21)
Reclassifications	–	(422)	1,935	–	(1,513)	–
Exchange translation difference	(114)	207	(3,090)	(111)	730	(2,378)
At 30 April 2011	2,134	1,661	36,141	2,055	1,631	43,622
Accumulated depreciation						
At 1 May 2010	336	1,443	4,380	490	–	6,649
Charge for the financial year	106	95	1,167	165	–	1,533
Disposals	–	(21)	–	–	–	(21)
Exchange translation difference	(8)	(8)	(233)	(34)	–	(283)
At 30 April 2011	434	1,509	5,314	621	–	7,878
Carrying value						
At 30 April 2011	1,700	152	30,827	1,434	1,631	35,744

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 May 2011 and 30 April 2012	312	270	582
Accumulated depreciation			
At 1 May 2011	302	198	500
Charge for the financial year	9	52	61
At 30 April 2012	311	250	561
Carrying value			
At 30 April 2012	1	20	21
Cost			
At 1 May 2010 and 30 April 2011	312	270	582
Accumulated depreciation			
At 1 May 2010	292	144	436
Charge for the financial year	10	54	64
At 30 April 2011	302	198	500
Carrying value			
At 30 April 2011	10	72	82

At the end of the financial year, the Group had property, plant and equipment with a carrying value of approximately $32,780,000 (2011: $30,739,000) 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 $20,000 (2011: $72,000) acquired under finance lease contracts.

13. SUBSIDIARIES

(a) Investments in subsidiaries

	Company 2012 $'000	Company 2011 $'000
Unquoted equity shares, at cost	177,014	175,314
Allowance for impairment losses	(102,157)	(102,157)
	74,857	73,157

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

13. SUBSIDIARIES (CONTINUED)

(a) Investments in subsidiaries (Continued)

Movements in allowance for impairment losses during the financial year:

	Company	
	2012	2011
	$'000	$'000
At beginning of financial year	102,157	97,631
Allowance for impairment loss	–	4,530
Derecognised upon disposal	–	(4)
At end of financial year	102,157	102,157

The management will 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.

Impairment loss of a subsidiary

In the previous financial year, the Company recognised an impairment loss of investment in subsidiary amounting to $4,530,000 in the Company's profit or loss. The impairment loss was in relation to a residential estate development where the recoverable amount of $23,000,000 was determined based on an independent valuation report for that residential estate development, which best represented its fair value less costs to sell.

Capital injection

On 6 July 2011, the Group through its subsidiary, Excellent Empire Ltd, increased its equity interest in Guangshui Zhong Huan Gas Development Co., Ltd ("GSZH") by way of injecting an amount of RMB13,432,000. As a result of this capital injection, the equity interest held by the Group increased from 80% to 90%. The capital injection is used to expand the operations in the People's Republic of China.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

13. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries

	Name of company (Country of incorporation/operation)	Equity held by the Group 2012 %	Equity held by the Group 2011 %	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
(5)	ESA Electronics Pte Ltd (Singapore)	81.25	68.75	Trading and providing consultancy services in semi-conductor industry
#(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
#(6)	Ambico Sendirian Berhad (Brunei)	100	100	Dormant
#	Ipco-Prebumi (B) Sendirian Berhad (Brunei)	70	70	Under liquidation

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

13. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation/operation)	Equity held by the Group 2012 %	Equity held by the Group 2011 %	Principal activities
Held by Ipco International Limited			
# Supersafe Management Corp. (British Virgin Islands)	100	90	Dormant
(4) Sun Spirit Group Ltd (British Virgin Islands)	100	100	Investment securities trading
#(9) Asia Plan Limited (British Virgin Islands)	70	70	Investment holding
(9) 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
#(8) Dimensi Cita Sdn Bhd (Malaysia)	100	100	Investment holding
Held by ESA Electronics Pte Ltd			
#(5) ESA Assembly Pte Ltd (Singapore)	81.25	68.75	Manufacturers, assemblers, installers, maintainers, repairers of and dealers in electronic components
Held by Asia Plan Limited			
(9) Capri Investments L.L.C. (United States of America)	70	70	Residential estate development
Held by Dimensi Cita Sdn Bhd			
Engima Ventures Sdn Bhd (Malaysia)	–	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

13. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

	Name of company (Country of incorporation/operation)	Equity held by the Group 2012 %	Equity held by the Group 2011 %	Principal activities
	Held by Excellent Empire Limited			
#(9)	China Environmental Energy Protection Investment Limited (Samoa)	100	100	Investment holding
#	Grand Prosper Group Limited (Hong Kong)	75	55	Dormant
	Held by China Environmental Energy Protection Investment Limited			
(7)	Xiao Gan Zhong Huan Gas Investment & Management Co., Ltd (People's Republic of China)	100	100	Providing management services
(7)	Anlu Jiaxu Natural Gas Company Limited (People's Republic of China)	90	90	Natural gas distribution
(7)	Dawu Jiaxu Natural Gas Company Limited (People's Republic of China)	90	90	Natural gas distribution
(7)	Xiaochang Jiaxu Natural Gas Company Limited (People's Republic of China)	90	90	Natural gas distribution
(7)	Guangshui Zhong Huan Gas Development Co., Ltd (People's Republic of China)	90	80	Natural gas distribution
	Held by Grand Prosper Group Limited			
#	Deshi Oil and Gas Exploration Co., Ltd (People's Republic of China)	67.5	67.5	Dormant

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

13. SUBSIDIARIES (CONTINUED)

(b) Details of subsidiaries (Continued)

Notes:

(1) Audited by BDO LLP, Singapore

(2) Audited by BDO Limited, Hong Kong

(3) Audited by BDO, Malaysia

(4) Audited by BDO LLP, Singapore, for consolidation purposes

(5) Audited by RSM Chio Lim LLP, Singapore

(6) Audited by Lee & Raman, Brunei

(7) Audited by BDO China Li Xin Da Hua CPA Co., Ltd, People's Republic of China

(8) Audited by Allan Choong & Co, Malaysia

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

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

(c) Acquisition of Non-controlling Interests ("NCI")

ESA Electronics Pte Ltd ("ESA")

On 27 May 2011, the Company acquired an additional 12.5% equity interest in ESA comprising 150,000 ordinary shares for a total consideration of $1,700,000. As a result of this acquisition, the equity interest held by the Group increased from 68.75% to 81.25%. On the date of acquisition, the management has determined the carrying value of the net identifiable liabilities acquired to be approximately their fair value.

Grand Prosper Group Limited ("GPGL")

In the previous financial year, the Company acquired an additional 20% equity interest in GPGL comprising 20 ordinary shares for a total consideration of $2,000,000. As a result of this acquisition, the equity interest held by the Group increased from 55% to 75%. On the date of acquisition, the management had determined the carrying value of the net identifiable liabilities acquired to be approximately their fair value.

The effects of changes in the Group's ownership interest in the above subsidiaries that did not result in change of control, on the equity attributable to owners of the parent, are as follows:

	ESA 2012 $'000	GPGL 2011 $'000
Consideration paid on changes in ownership interest in subsidiaries	1,700	2,000
Non-controlling Interests ("NCI") acquired	(1,659)	700
Recognised in equity, Equity – NCI	41	2,700

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

13. SUBSIDIARIES (CONTINUED)

(d) Disposal of a subsidiary

Enigma Ventures Sdn Bhd ("Enigma")

On 10 April 2012, the Group disposed of its entire equity interest in Enigma, a company incorporated in Malaysia, to Inno-Pacific Holdings Ltd ("Innopac") for a total consideration of $2,000,000 in the form of 200,000,000 new Innopac shares issued to the Company at $0.01 per share. Upon disposal, Enigma ceased to be a subsidiary of the Group.

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

	2012 $'000
Investment in associated company	1,924
Cash	*–
Other payables	(3)
Identifiable net assets disposed	1,921
Transfer from shareholder's equity – foreign exchange translation reserve	*–
	1,921
Gain on disposal (Note 5)	79
Net proceeds	2,000
Less: Cash and cash equivalents	*–
Net cash flow on disposal of a subsidiary	2,000

Note:

* Amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

13. SUBSIDIARIES (CONTINUED)

(d) Disposal of a subsidiary (Continued)

Ipco Development Limited ("IDL")

In the previous financial year, the Board of Directors of the Company disposed of its entire equity interest in IDL, a company incorporated in Hong Kong, to Asian Investment Group Holdings Limited for a consideration of $909,000. Upon disposal, IDL ceased to be a subsidiary of the Group.

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

	2011 $'000
Other receivables	5
Cash and bank balances	2
Other payables	(4)
Identifiable net assets disposed	3
Transfer from shareholder's equity – foreign exchange translation reserve	*–
	3
Gain on disposal (Note 5)	906
Net proceeds	909
Less: Cash and cash equivalents	(2)
Net cash flow on disposal of a subsidiary	907

Note:

* Amount less than $1,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

14. ASSOCIATED COMPANIES

(a) Investments in associated companies comprise:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Unquoted equity investments, at cost			1,223	1,223
At beginning of financial year	4,863	4,844		
Disposal	(1,924)	–		
Allowance for impairment losses	–	(83)		
Share of results, net of tax	(36)	169		
Exchange translation difference	(28)	(67)		
At end of financial year	2,875	4,863		

(b) Details of associated companies

Name of company (Country of incorporation/operation)	Equity held by the Group 2012 %	Equity held by the Group 2011 %	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
Held by Enigma Ventures Sdn Bhd			
* C.N.A. Venture Holdings Sdn. Bhd. (Malaysia)	–	40	Trading of automotive components
Held by C.N.A. Venture Holdings Sdn. Bhd.			
* C.N.A. Manufacturing Sdn. Bhd. (Malaysia)	–	40	Trading of automotive components, manufacturing and assembling of car seats
* C.N.A. Polymer Sdn. Bhd. (Malaysia)	–	40	Manufacturing of PU padding for car seats

Notes:

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

* Disposed during the financial year, see Note 13(d)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

14. ASSOCIATED COMPANIES (CONTINUED)

(c) The summarised financial information of the associated companies is as follows:

	2012 $'000	2011 $'000
Assets	3,417	25,935
Liabilities	(1,017)	(18,049)
Revenue	2,652	37,011
Net (loss)/profit for the financial year	(266)	790,140

15. UNINCORPORATED JOINT VENTURES

The Group's share of results, assets and liabilities of the joint ventures is as follows:

	2012 $'000	2011 $'000
Statement of financial position:		
Current assets	260	267
Current liabilities	(260)	(267)

Details of joint ventures are as follows:

Name of company (Country of incorporation/operation)	Equity held by the Group 2012 %	Equity held by the Group 2011 %	Principal activities
[1] MMCE-Ipco-MURPHY joint venture (Malaysia)	33	33	Dormant
[1] Ipco-ASAL joint venture (Malaysia)	70	70	Dormant
[1] Ipco- G&C Joint Venture (Thailand)	50	50	Under voluntary liquidation

Notes:

[1] Not audited as company is either dormant or under liquidation

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of financial year	8,997	638	8,997	638
Additions	6,519	4,128	4,034	4,128
Disposals	–	(1,160)	–	(1,160)
Fair value gain recognised in equity	4,669	4,231	4,084	4,231
	20,185	7,837	17,115	7,837
Derecognised impairment loss upon disposals	–	1,160	–	1,160
At end of financial year	20,185	8,997	17,115	8,997
Available-for-sale financial assets comprise the following:				
Quoted equity securities, at fair value	19,534	8,346	16,464	8,346
Unquoted equity shares, at cost	651	651	651	651
	20,185	8,997	17,115	8,997

During the financial year, the Group and the Company acquired available-for-sale financial assets of $6,519,000 (2011: $4,128,000) where cash payments of $2,458,000 (2011: $4,086,000) have been made to purchase these assets and the remaining were purchased by way of share exchange.

At the end of the financial year, available-for-sale financial assets of $3,069,000 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	
	2012	2011
	$'000	$'000
Saleable merchandise	2,183	2,350
Land held for sale	10,165	13,514
	12,348	15,864

The cost of inventories recognised as expenses in profit or loss amounted to $17,245,000 (2011: $17,706,000).

In the previous year, the Group recognised a reversal of $101,000, being part of allowance for slowing-moving inventories made as these inventories were sold above their carrying amounts. The reversal was included in "other income" line item in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

18. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
Non-current					
Non-trade receivable – third party		3,708	3,678	3,708	3,678
Allowance for doubtful receivables	(a)	(3,708)	(3,678)	(3,708)	(3,678)
		–	–	–	–
Current					
Trade receivables					
– third parties	(b)	21,457	7,109	–	–
– a related party	(c)	–	4,943	–	–
Allowance for doubtful receivables		(220)	(528)	–	–
		21,237	11,524	–	–
Non-trade receivables – third parties	(d)	12,964	12,185	10,445	10,469
Allowance for doubtful receivables		(9,979)	(9,987)	(9,535)	(9,547)
		2,985	2,198	910	922
Due from subsidiaries	(e)	–	–	77,358	76,921
Allowance for doubtful receivables		–	–	(17,730)	(17,975)
		–	–	59,628	58,946
Due from an associated company	(f)	98	–	98	–
Due from a related party	(g)	5,277	4,075	–	–
Prepayments		1,583	1,770	27	30
Rental, utilities and other deposits		173	159	59	67
Staff advances		4	6	4	–
Trade and other receivables		31,357	19,732	60,726	59,965

(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 during the financial year in favour of the parties involved. However, there was no repayment made by the third party during the financial year.

(b) In the current financial year, included in the amount of $21,457,000 was an amount of $17,765,000 in relation to the sale of quoted shares to a third party. The amount was fully repaid subsequent to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) The trade receivable from a related party in previous financial year comprised amount receivable in respect of sale of quoted shares from a subsidiary which was fully repaid in the current financial year.

(d) The non-trade receivables due from third parties included an amount of $9,535,000 (2011: $9,547,000) 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 made by the management which was determined by reference to past default experience based on the revised repayment schedule. During the financial year, an amount of $12,000 was received.

(e) The amount due from subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount of approximately $18,633,000 (2011: $19,717,000), which bears interest at 18% (2011: 18%) per annum. During the financial year, the Company recognised an impairment loss of $18,000 (2011: $21,000) in the Company's profit or loss subsequent to the assessment performed by the management on the net recoverable amount of the subsidiaries. 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.

(f) The amount due from an associated company is non-trade in nature, unsecured, interest-free and repayable on demand.

(g) The amount due from a related party represents a loan which bears interest at 8% (2011: 8%) per annum and secured against the related party's interest in a subsidiary. The loan is repayable on demand.

(h) Trade receivables due from third parties are non-interest bearing and generally have credit terms of 30 to 90 days (2011: 30 to 90 days). All other current non-trade receivables are unsecured, interest-free and repayable on demand.

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

	Group	
	2012	**2011**
	S'000	**$'000**
At beginning of financial year	528	204
Allowance (reversed)/made during the financial year	(354)	379
Exchange translation difference	46	(55)
At end of financial year	220	528

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of financial year	13,665	14,170	31,200	32,533
Allowance (reversed)/made during the financial year	(12)	(19)	6	(631)
Bad receivables written-off	–	(12)	–	(83)
Exchange translation difference	34	(474)	(233)	(619)
At end of financial year	13,687	13,665	30,973	31,200
Analysed into:				
Third parties	13,687	13,665	13,243	13,225
Subsidiaries	–	–	17,730	17,975
	13,687	13,665	30,973	31,200

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Singapore dollar	20,449	8,452	30,678	33,586
United States dollar	8,128	7,635	24,614	26,377
Ringgit Malaysia	21	30	5,432	–
Renminbi	2,694	3,578	–	–
Others	65	37	2	2
	31,357	19,732	60,726	59,965

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

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of financial year	52,086	47,587	7	2,617
Additions	186,570	64,080	–	–
Disposals	(203,604)	(74,113)	–	(2,610)
Fair value gain	11,286	14,532	6	–
At end of financial year	46,338	52,086	13	7

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Held for trading				
Listed securities:				
– Equity securities – Singapore	45,428	51,476	13	7
– Equity securities – Malaysia	910	610	–	–
	46,338	52,086	13	7

During the financial year, the Group and the Company ("the Borrower") have entered into share lending agreements with a third party to lend certain quoted shares amounting to $8,150,000 ("Shares"), where interest is charged at an average interest rate of 8.5% per annum. 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. Subsequent to the end of the financial year, part of the Shares were returned to the Company. As at 30 April 2012, the remaining Shares with a carrying amount of $5,150,000 were secured against certain quoted shares of the third party.

At the end of the financial year, financial assets, at fair value through profit or loss of $21,347,000 (2011: $14,661,000) have been pledged to financial institutions for share margin trading facilities granted to subsidiaries (Note 24).

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Fixed deposit	3	3	3	3
Cash and bank balances	10,798	14,532	1,275	432
	10,801	14,535	1,278	435

Fixed deposit with a financial institution mature on varying periods within 4 months (2011: 4 months) from the end of the financial year with an interest rate of 0.15% (2011: 0.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

20. CASH AND CASH EQUIVALENTS (CONTINUED)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Singapore dollar	3,532	5,253	1,256	429
Euro	3,019	3,976	–	–
United States dollar	1,609	3,406	22	6
Renminbi	2,592	1,893	–	–
Others	49	7	–	–
	10,801	14,535	1,278	435

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade payables				
– third parties	6,007	6,595	69	57
Non-trade payables				
– third parties	8,431	8,062	2,097	781
– subsidiaries	–	–	8,982	5,692
– a related party	1,031	931	–	–
– payable for property, plant and equipment	5,454	5,299	–	–
Accrued operating expenses	11,239	10,208	535	559
	32,162	31,095	11,683	7,089

Trade payables are non-interest bearing and are generally settled on 60 to 90 days (2011: 60 to 90 days) terms.

Except for the amount due to a related party with interest charged at 9.5% (2011: 9.5%) per annum, non-trade payables are unsecured, interest-free, and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

21. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Singapore dollar	11,493	8,698	10,710	6,608
United States dollar	9,032	10,737	–	481
Ringgit Malaysia	1,293	1,476	973	–
Renminbi	10,191	10,156	–	–
Hong Kong dollar	–	25	–	–
Others	153	3	–	–
	32,162	31,095	11,683	7,089

22. PROVISIONS

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Provision for employee benefits	238	226	151	139
Provision for Directors' fees	108	107	81	80
	346	333	232	219

Movements in provisions during the financial year:

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
At beginning of financial year	333	253	219	196
Provisions made during the financial year	346	333	232	219
Amount utilised during the financial year	(333)	(253)	(219)	(196)
At end of financial year	346	333	232	219

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

23. FINANCE LEASES LIABILITIES

Group and Company	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
2012			
Within one year	31	(4)	27
Within two to five years	47	–	47
	78	(4)	74
2011			
Within one year	42	(4)	38
Within two to five years	78	(4)	74
	120	(8)	112

The finance lease terms range from 5 to 7 years.

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 was 2.68% (2011: 2.68%).

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.

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 2012 $'000	Group 2011 $'000
Current		
Share-margin financing facility	945	1,103
Bank borrowings	4,690	1,228
Loans from business associates	1,235	1,159
	6,870	3,490
Non-current liabilities		
Bank borrowings	10,098	14,445
	16,968	17,935

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

24. BORROWINGS (CONTINUED)

(a) The share margin financing facility is secured by pledge of certain financial assets, at fair value through profit or loss (Note 19). Interest is charged at 6% to 8% (2011: 6% to 8%) per annum.

(b) The bank borrowings are secured by property, plant and equipment, exclusive revenue collection rights and the equity interest of certain subsidiaries (Note 12). Interest is charged at 5% to 7.76% (2011: 5% to 7.76%) per annum.

(c) The loans from business associates are unsecured and repayable on demand with interest charged at 9.5% (2011: 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	
	2012 $'000	2011 $'000
Singapore dollar	1,617	2,185
United States dollar	1,234	1,159
Renminbi	13,994	14,445
Ringgit Malaysia	123	146
	16,968	17,935

25. CONVERTIBLE LOAN

Current assets

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

25. CONVERTIBLE LOAN (CONTINUED)

Non-current liabilities

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.

On 26 April 2012, the Company had issued Notes amounting to $500,000. A total principle value of $450,000 from the current year's issuance and $50,000 from previous financial year's issuance aggregating $500,000 were converted to 25,000,000 ordinary shares at a fixed price of $0.02 per ordinary share. Pursuant to the conversion, the issued share capital of the Company had increased from 2,158,599,986 ordinary shares to 2,183,299,986 ordinary shares (Note 27).

At the end of the financial year, Notes amounting to $49,500,000 were not issued and Notes of $50,000 issued during the financial year remained unconverted. The management estimates the carrying value of the convertible loan approximates its fair value.

26. DEFERRED TAX

Deferred tax assets

	Group	
	2012	**2011**
	$'000	**$'000**
At beginning of financial year	40	63
Transfer to profit or loss	184	(23)
At end of financial year	224	40

Deferred tax assets are attributable to the following:

	Group	
	2012	**2011**
	$'000	**$'000**
Property, plant and equipment	–	27
Provisions	1	13
Unutilised tax losses	223	–
	224	40

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

26. DEFERRED TAX (CONTINUED)

Deferred tax liabilities

	Group	
	2012	**2011**
	$'000	**$'000**
At beginning of financial year	10,060	11,217
Exchange translation difference	82	(1,157)
At end of financial year	10,142	10,060

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

27. SHARE CAPITAL

	Group and Company	
	2012	**2011**
	$'000	**$'000**
Issued and fully paid with no par value:		
At beginning of financial year		
– 2,048,599,986 (2011: 1,798,599,986) ordinary shares	203,379	199,379
Issue of 109,700,000 (2011: 250,000,000) ordinary shares at issue price of $0.0135 (2011: $0.016) per share	1,481	4,000
Issue of 25,000,000 ordinary shares at issue price of $0.02 per share (Note 25)	500	–
At end of financial year		
– 2,183,299,986 (2011: 2,048,599,986) ordinary shares	205,360	203,379

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.

During the financial year, the Company alloted and issued 109,700,000 new placement shares at an issue price of $0.0135 per share for net proceeds of $1,450,000 after deducting expenses pertaining to the new placement shares of $30,950. The net proceeds was used for partial payment to Aehr Test Systems on the acquisition of an additional 12.5% shareholding in a subsidiary, ESA Electronics Pte Ltd, for a cash consideration of $1,700,000 of which the balance of $250,000 was paid from the Company's internal sources of funds.

In the previous financial year, the Company issued 250,000,000 ordinary shares at $0.016 per share for cash pursuant to the Company's private placement ("Placement Shares"). The proceeds from the Placement Shares had been be used entirely for working capital purposes of the Group.

The newly issued shares rank pari passu in all respects with the existing share capital.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

28. OTHER RESERVES

		Group		Company	
		2012	2011	2012	2011
		$'000	$'000	$'000	$'000
Fair value reserve	(a)	8,750	4,081	8,165	4,081
Asset revaluation reserve	(b)	–	322	–	–
Foreign exchange translation Reserve	(c)	(19,888)	(20,902)	–	–
Capital reduction reserve	(d)	1,961	1,961	1,961	1,961
Equity – NCI	(e)	(2,741)	(2,700)	–	–
Total other reserves		(11,918)	(17,238)	10,126	6,042

(a) Fair value reserve

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

(b) Asset revaluation reserve

The asset revaluation reserve was used to record increases in the Group's share in the fair value of long-term leasehold land and buildings of an associated company. Upon disposal of a subsidiary as disclosed in Note 13(d) to the financial statements, which had equity interest in the associated company, the reserve were transferred to accumulated losses as presented in the consolidated statement of changes in equity.

(c) 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.

(d) 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 has been lost and unrepresented by available assets, and the balance of $1,961,000 has been credited to capital reduction reserve.

(e) 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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 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).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group and the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

29. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
With subsidiaries				
Payments made on behalf of subsidiaries	–	–	3,603	5,216
Receipts collected on behalf of subsidiaries	–	–	2,006	188
Funds transferred from subsidiaries	–	–	2,295	11,277
Funds transferred to subsidiaries	–	–	4,093	5,943
Loan interest charged by a subsidiary	–	–	–	225
Loan interest charged to a subsidiary	–	–	1,737	2,069
Management Fees charged to subsidiaries	–	–	480	–
Performance incentives from subsidiaries	–	–	836	–
Corporate guarantee fee charged to a subsidiary	–	–	–	106
With associated companies				
Administrative service fee and rental charged to an associated company	16	16	16	16
Corporate guarantee fee charged to an associated company	71	58	71	58
With a related party				
Interest charged by related party	94	90	–	–
Receipt on behalf by related party	845	–	–	–
Sale of financial assets, at fair value through profit or loss	–	5,868	–	–

The key management personnel compensation is as follows:

	Group	
	2012	2011
	$'000	$'000
Directors' fees	134	134
Short-term employee benefits	1,450	1,604
Post-employment benefits	69	65
	1,653	1,803
Comprise amounts paid to:		
Directors of the Company	757	739
Other key management personnel	896	1,064
	1,653	1,803

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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	
	2012	**2011**	**2012**	**2011**
	$'000	**$'000**	**$'000**	**$'000**
Within one year	442	493	142	142
After one year but within five years	180	657	44	186
	622	1,150	186	328

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.

Capital commitments

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

	Group	
	2012	**2011**
	$'000	**$'000**
Property, plant and equipment	204	233

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 had given corporate guarantees of $18,540,000 (2011: $13,117,000) to financial institutions in connection with banking facilities granted by the financial institutions to a subsidiary and an associated company. The management is of the view that no material losses will arise from these contingent liabilities.

(b) The Company had 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 $34,409,000 (2011: $35,146,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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.

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

As at 30 April 2012, 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; and
- Manufacture and sale of electronic components.

Other operations of the Group mainly comprise investment securities trading and investment holding, 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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

32. SEGMENT REPORTING (CONTINUED)

Geographic segments

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

- Asean

  Asean includes Singapore, Malaysia, Indonesia and Brunei. The Company is headquartered and has operations in Singapore. The operations in this area are principally the manufacture and sale of electronic components, infrastructure development and turnkey construction, 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.

- Asia

  The operations in this area is principally acting as agents and distributors of semi-conductor back-end equipment and providing consultancy services in semi-conductor industry.

- Other countries

  The operations include the investment securities trading and investment holding in the British Virgin Islands.

With the exception of Asean, the People's Republic of China and the United States of America, 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 one customer of the Group's electronics and trading segment represent approximately $6,644,000 (2011: $8,623,000).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

32. SEGMENT REPORTING (CONTINUED)

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Corporate and others		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue												
Sale to customers	–	–	2,809	1,381	12,426	7,834	21,215	29,081	–	–	36,450	38,296
Other revenue	236	200	384	333	57	57	532	550	12,736	16,400	13,945	17,540
	236	200	3,193	1,714	12,483	7,891	21,747	29,631	12,736	16,400	50,395	55,836
Inter-segment revenue	(139)	(139)	–	–	–	–	–	–	–	–	(139)	(139)
Total external revenue	97	61	3,193	1,714	12,483	7,891	21,747	29,631	12,736	16,400	50,256	55,697
Segment profit/(loss)	(740)	(1,497)	(933)	(233)	(1,093)	(4,937)	(52)	3,188	9,800	11,973	6,982	8,494
Interest income	–	–	384	333	5	35	13	27	80	1	482	396
Interest expense	–	–	(160)	(157)	(1,069)	(1,049)	–	–	(134)	(118)	(1,363)	(1,324)
Share of results of associated companies	–	337	–	–	–	–	(36)	(168)	–	–	(36)	169
Profit/(Loss) before income tax	(740)	(1,160)	(709)	(57)	(2,157)	(5,951)	(75)	3,047	9,746	11,856	6,065	7,735
Income tax (expense)/credit	–	–	(105)	(77)	118	–	–	(406)	(1,874)	(1,160)	(1,861)	(1,643)
Profit/(Loss) after income tax	(740)	(1,160)	(814)	(134)	(2,039)	(5,951)	(75)	2,641	7,872	10,696	4,204	6,092
Non-controlling interests	–	–	766	661	(882)	281	(80)	(948)	–	–	(196)	(6)
Profit/(Loss) for the financial year	(740)	(1,160)	(48)	527	(2,921)	(5,670)	(155)	1,693	7,872	10,696	4,008	6,086

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

32. SEGMENT REPORTING (CONTINUED)

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Corporate and others		Total	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Segment assets and liabilities												
Segment assets	178	175	15,618	18,318	100,119	99,779	20,383	22,382	80,730	65,057	217,028	205,711
Investments in associated companies	–	1,952	–	–	–	–	–	–	2,875	2,911	2,875	4,863
Total assets	178	2,127	15,618	18,318	100,119	99,779	20,383	22,382	83,605	67,968	219,903	210,574
Segment liabilities	1,642	1,861	9,715	9,896	34,387	34,690	7,775	9,282	11,317	9,257	64,836	64,986
Capital expenditure	–	–	–	–	3,580	3,330	200	232	–	–	3,780	3,562
Allowance (reversed)/made for doubtful trade receivables	–	–	–	–	–	–	(354)	379	–	–	(354)	379
Allowance reversed for doubtful non-trade receivables	–	–	–	–	–	–	–	–	(12)	(19)	(12)	(19)
Amortisation of intangible assets	–	–	–	–	1,597	1,686	–	–	–	–	1,597	1,686
Depreciation of property, plant and equipment	–	–	–	–	1,386	1,286	126	184	61	63	1,573	1,533
Allowance for impairment loss of intangible assets	–	–	–	–	1,998	–	–	–	–	–	1,998	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

32. SEGMENT REPORTING (CONTINUED)

Geographic segments	Asean		People's Republic of China		United States of America		Asia		Others		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	12,552	11,719	12,789	10,380	3,353	2,695	6,643	12,890	1,113	612	36,450	38,296
Others	12,527	8,244	57	56	384	333	–	62	838	8,706	13,806	17,401
Total external revenue	25,079	19,963	12,846	10,436	3,737	3,028	6,643	12,952	1,951	9,318	50,256	55,697
Segment assets	80,238	62,360	100,119	99,779	15,618	18,318	4	3	21,049	25,251	217,028	205,711
Segment liabilities	20,431	18,914	34,387	34,690	9,715	9,896	296	331	7	1,155	64,836	64,986
Capital expenditure	200	232	3,580	3,330	–	–	–	–	–	–	3,780	3,562

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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. 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 age analysis of trade receivables is as follows:

Group	Gross receivables 2012 $'000	Impairment 2012 $'000	Gross receivables 2011 $'000	Impairment 2011 $'000
Not past due	1,916	–	4,790	–
Past due 1 to 3 months	918	–	5,911	–
Past due 3 to 6 months	277	–	538	–
Past due 6 to 12 months	18,338	–	553	329
Past due over 12 months	8	220	260	199
	21,457	220	12,052	528

Trade receivables that are past due but not impaired are substantially companies with good collection track record with the Group.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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)			
	2012		2011	
	Profit or loss $'000	Equity $'000	Profit or loss $'000	Equity $'000
Group				
Listed in Singapore				
– increased by 10%	4,543	5,724	5,148	5,108
– decreased by 10%	(4,543)	(5,724)	(5,148)	(5,108)
Listed in Malaysia				
– increased by 10%	91	91	61	61
– decreased by 10%	(91)	(91)	(61)	(61)
Company				
Listed in Singapore				
– increased by 10%	1	1,647	1	836
– decreased by 10%	(1)	(1,647)	(1)	(836)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Monetary assets				
United States dollar	4,278	6,218	21,206	26,383
Euro	3,019	3,977	–	–
Renminbi	–	–	7,654	–
Hong Kong dollar	–	11	–	–
Monetary liabilities				
United States dollar	1,393	79	–	481
Euro	4	–	–	–
Ringgit Malaysia	123	146	–	–
Renminbi	–	–	973	–
Hong Kong dollar	–	25	–	–

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) and Euro dollar (EUR). 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 follows:

	Increase/(Decrease) Profit or loss		Increase/(Decrease) Equity	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Group				
United States dollar				
Strengthen against Singapore dollar	(290)	(614)	(2,559)	(3,508)
Weaken against Singapore dollar	290	614	2,559	3,508

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.3 Foreign currency risk (Continued)

Foreign currency sensitivity analysis (Continued)

	Increase/(Decrease) Profit or loss		Increase/(Decrease) Equity	
	2012 $'000	**2011 $'000**	**2012 $'000**	**2011 $'000**
Group				
Euro dollar				
Strengthen against Singapore dollar	(301)	(398)	–	–
Weaken against Singapore dollar	301	398	–	–
Ringgit Malaysia				
Strengthen against Singapore dollar	12	15	1,487	1,440
Weaken against Singapore dollar	(12)	(15)	(1,487)	(1,440)
Renminbi				
Strengthen against Singapore dollar	–	–	(2,089)	(1,708)
Weaken against Singapore dollar	–	–	2,089	1,708
Company				
United States dollar				
Strengthen against Singapore dollar	2,121	2,590	–	–
Weaken against Singapore dollar	(2,121)	(2,590)	–	–
Renminbi				
Strengthen against Singapore dollar	668	–	–	–
Weaken against Singapore dollar	(668)	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 variable held constant.

Interest rate sensitivity analysis

	Increase/(Decrease) Profit or Loss			
	2012		2011	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
Share-margin financing	(1)	1	(1)	1
Bank borrowings	(10)	10	(11)	11
Loans from business associates	(1)	1	(1)	1
	(12)	12	(13)	13

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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

33.5 Liquidity risk (Continued)

	Less than 1 year $'000	2 to 5 years $'000	More than 5 years $'000	Total $'000
Group				
Trade and other payables	32,162	–	–	32,162
Finance lease liabilities	31	47	–	78
Borrowings	7,163	13,607	–	20,770
Convertible loan	–	51	–	51
As at 30 April 2012	39,356	13,705	–	53,061
Trade and other payables	31,095	–	–	31,095
Finance lease liabilities	42	78	–	120
Borrowings	3,648	14,389	4,486	22,523
Convertible loan	–	50	–	50
As at 30 April 2011	34,785	14,517	4,486	53,788
Company				
Trade and other payables	11,683	–	–	11,683
Finance lease liabilities	31	47	–	78
Convertible loan	–	51	–	51
As at 30 April 2012	11,714	98	–	11,812
Trade and other payables	7,089	–	–	7,089
Finance lease liabilities	42	78	–	120
Convertible loan	–	51	–	51
As at 30 April 2011	7,131	129	–	7,260

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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other receivables, excluding prepayments	29,774	17,962	60,699	59,935
Cash and cash equivalents	10,801	14,535	1,278	435
Convertible loan	968	–	–	–
	41,543	32,497	61,977	60,370
Financial liabilities				
Trade and other payables	32,162	31,095	11,683	7,089
Finance leases liabilities	74	112	74	112
Borrowings	16,968	17,935	–	–
Convertible loan	50	50	50	50
	49,254	49,192	11,807	7,251

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 process (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 (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
2012				
Available-for-sale financial assets	19,534	–	651	20,185
Financial assets, at fair value through profit or loss	46,338	–	–	46,338
	65,872	–	651	66,523
2011				
Available-for-sale financial assets	8,346	–	651	8,997
Financial assets, at fair value through profit or loss	28,321	–	23,765	52,086
	36,667	–	24,416	61,083
Company				
2012				
Available-for-sale financial assets	16,464	–	651	17,115
Financial assets, at fair value through profit or loss	13	–	–	13
	16,477	–	651	17,128
2011				
Available-for-sale financial assets	8,346	–	651	8,997
Financial assets, at fair value through profit or loss	7	–	–	7
	8,353	–	651	9,004

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2012

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 2011.

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 plus net debt.

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Net debt	38,403	34,607	10,479	6,766
Total equity	155,920	144,289	143,194	136,396
Total capital	194,323	178,896	153,673	143,162
Gearing ratio	20%	19%	7%	5%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 April 2012 and 2011.

35. SUBSEQUENT EVENTS

(1) On 7 May 2012, the Company has issued Notes amounting to $500,000 in respect of the eleventh sub-tranches of the Tranche 1 Notes which are converted to 25,000,000 ordinary shares at an average price of $0.02 per ordinary share. Pursuant to conversion, the existing issued share capital of the Company has increased from 2,183,299,986 ordinary shares to 2,208,299,986 ordinary shares. The proceeds from the conversion will be used entirely for working capital purposes of the Group.

The newly issued shares rank pari passu in all respects with the existing share capital.

(2) On 23 July 2012, the Company has entered into a conditional sale and purchase agreement with Brentwood Overseas Ltd ("Vendor") to acquire the remaining equity interest of 30% of Asia Plan Limited, a subsidiary of the Company, at an aggregate consideration of $7,750,000 ("Purchase Consideration"). The Company has agreed with the Vendor to offset the Purchase Consideration with a total amount of $3,402,000 owing by the Group and the remaining balance of $4,348,000 shall be satisfied by share allotment of up to 235,017,000 of new ordinary shares at an issue price of $0.0185 per share. Upon completion of this transaction, Asia Plan Limited will become a wholly-owned subsidiary of the Company.

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. 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 of Corporate Governance 2005 for the financial year ended 30 April 2012 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 Ipco. 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 2009

Ms Quah Su-Ling

Ms Quah Su-Ling has been an Executive Director and Chief Executive Officer of Ipco since June 2003. She sits on several boards and has more than 6 years of experience in strategic counselling 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	:	27 August 2010

Mr Lim Meng Check

Mr Lim Meng Check is an Independent Director of Ipco. He is also the Chairman of the Audit Committee and a member of Nominating Committee and Remuneration Committee. He is also an executive director of another public listed company in Singapore. He graduated with a Bachelor of Economics (Accountancy) from the University of Adelaide, Australia.

Date of first appointment	:	11 June 2003
Date of last re-election as a director	:	31 August 2011

CORPORATE GOVERNANCE (Continued)

Mr Chwee Han Sin

Mr Chwee Han Sin is an Independent Director of Ipco. He is also the Chairman of Nominating and Remuneration Committees and a member of Audit Committee. 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	:	27 August 2010

Mr Calvin Lim Huan Kim

Mr Calvin Lim Huan Kim is an Independent Director of Ipco. He is a member of the Audit Committee, Nominating Committee and Remuneration Committee of Ipco. He has been the managing director in a major European MNC dealing in specialty chemicals for more than 5 years. He is also an independent director of another public listed company in Singapore. He graduated with a Bachelor of Science in Chemical Engineering degree from the California State University Pomona in 1985.

Date of first appointment	:	5 October 2004
Date of last re-election as a director	:	31 August 2011

Board of Directors

The Board of Directors (the "Board") is responsible for setting 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 given in the Code of Corporate Governance issued by the Corporate Governance Committee (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 a director is first appointed to the Board, an orientation program is arranged for him to ensure that he is 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.

CORPORATE GOVERNANCE (Continued)

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.

The CEO, Ms Quah Su-Ling, is responsible for the overall development of the Group's business strategies and the CFO, Mr Carlson Clark Smith, is responsible for the day-to-day running of the Group as well as the exercise of control over the quality and timeliness of information flow between the Board and management. 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 Lim Meng Check, Mr Chwee Han Sin and Mr Calvin Lim Huan Kim.

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.

Chairman of the Board

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 continues to seek for a suitable candidate for appointment.

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 following matters require the Board's approval:
- 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;

CORPORATE GOVERNANCE (Continued)

- Authorisation of acquisitions, disposals and other material transactions;
- Declaration of interim dividends and the proposal of final dividends; and
- Convening of Shareholders' Meetings.

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.

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. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Directors' Attendance at Board and Committee Meetings

Meeting of:	Board	Audit	Nominating	Remuneration
Total held in FY 2012 and up to the date of this report	5	5	2	2
Quah Su-Ling	5	N/A	N/A	N/A
Carlson Clark Smith	4	N/A	N/A	N/A
Lim Meng Check*	5	5	2	2
Chwee Han Sin*	5	5	2	2
Lim Huan Kim, Calvin*	4	4	1	1

* Independent Directors
N/A = Not Applicable

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.

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. The search may be through search companies, contacts or recommendations. 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 NC is 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 effective since their appointment. 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
Carlson Clark Smith	Executive Director and Chief Financial Officer	31 August 2009
Chwee Han Sin	Independent Director, Chairman of both Nominating Committee and Remuneration Committee, and Member of Audit Committee	27 August 2010

CORPORATE GOVERNANCE (Continued)

Both Mr Carlson Clark Smith and Mr Chwee Han Sin, subject to being duly re-elected at the forthcoming AGM, will resume their respective appointments.

Remuneration Committee ("RC")

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.

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 Directors and 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 where necessary. 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 senior management are commensurate with their performance and 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 senior executives) is reviewed periodically by the RC and the Board.

Disclosure on Remuneration

The breakdown of the remuneration of Directors for the financial year ended 30 April 2012 is as follows:

Directors	Salary & CPF	Fee	Bonus	Allowance and other benefits	Total
$250,000 to below $500,000					
Quah Su-Ling	63%	–	23%	14%	100%
Carlson Clark Smith	82%	–	11%	7%	100%
Below $250,000					
Lim Meng Check	–	100%	–	–	100%
Chwee Han Sin	–	100%	–	–	100%
Lim Huan Kim Calvin	–	100%	–	–	100%

CORPORATE GOVERNANCE (Continued)

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. Directors' fees are recommended by the Board and tabled for shareholders' approval at the general meeting.

The Board is of the opinion that details of remuneration of individual key executives are confidential and disclosure of such information would not be in the interest of the Company. One of the key executives (excluding Directors of the Company) received remuneration above $250,000 for the financial year ended 30 April 2012. To maintain confidentiality of the key executives' remuneration, only their remuneration mix is disclosed as follows:

Key Executive Remuneration Band	Salary*	Allowances	Bonus
$250,000 to $500,000			
1 Key Executive	80%	13%	7%
Below $250,000			
3 Key Executives	49% – 77%	16% – 44%	6% – 7%

* Salary is inclusive of defined contribution plan

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 Lim Meng Check.

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;
(b) review the financial statements before release to external and relevant parties;
(c) review the co-operation given by the Company's officers to the auditors;
(d) 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;
(e) review the cost effectiveness, independence and objectivity of the auditors;
(f) 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;
(g) review and nominate external auditors for appointment/re-appointment; and
(h) review and ratify all interested person transactions to ensure that they comply with the approved internal control procedures and have been conducted at arm's length basis.

CORPORATE GOVERNANCE (Continued)

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 responsibility. In line with the recommendations of the Code, the AC had met 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 auditors, Messrs BDO LLP. There were no non-audit services provided by the external auditors. The aggregate amount of fees paid to the external auditors of the Company, broken down into audit and non-audit services during FY2012 are disclosed in the Note 8 to the Financial Statements. The AC has also recommended the re-appointment of Messrs BDO LLP as the auditors 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 comprised 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.

CORPORATE GOVERNANCE (Continued)

The Company's external auditors during their statutory audit, will consider the system of internal controls relevant to the Company's preparation of financial statements and internal control weaknesses noted during their audit are reported to the AC. The Board and the AC also work with the external auditors on their recommendations and institute and execute relevant controls with a view to managing business risks.

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 last financial year, the Board has engaged another professional accounting and consulting firm, SBA Stone Forest Corporate Advisory (Shanghai) Co. Ltd ("SBA") 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 SBA or another professional accounting and consulting firm to carry out the internal audit review on the Group's China subsidiaries.

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 2012. 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, 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 2012.

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.

CORPORATE GOVERNANCE (Continued)

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 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.

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 reviewed and approved, and are 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 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.

CORPORATE GOVERNANCE (Continued)

UPDATE ON USE OF PROCEEDS

USE OF THE PROCEEDS MADE PURSUANT TO PROPOSED ISSUE AND SUBSCRIPTION OF 1% UNSECURED EQUITY LINKED REDEEMABLE STRUCTURED CONVERTIBLE NOTES DUE 2013 WITH AN AGGREGATE PRINCIPAL AMOUNT OF UP TO S$60 MILLION ("PROPOSED ISSUE") – UPDATE

As at 8 May 2012, Ipco International Limited ("Company") and the Subscriber had completed the issuance and subscription of an aggregate of $11,000,000 of the Notes. The Company has received net proceeds of approximately of $10,835,000 from the Notes.

As at 8 May 2012, the Subscriber has exercised its right to convert a total of $10,950,000 of the Notes on hand. The converted Notes, with an aggregate principal value of $10,950,000 were converted into 526,068,374 conversion shares and the existing issued share capital of the Company has increased from 2,158,299,986 ordinary shares to 2,208,299,986 ordinary shares.

Further to the Company's announcements of 27 April 2012 and 8 May 2012, the Board of Directors of the Company wishes to announce the utilization of the proceeds from the Notes to date as follows:

		Amount ($'000)
NET PROCEEDS FROM PROPOSED ISSUE		10,835
USE OF PROCEEDS:		
1.	Funds transferred to Grand Prosper Group Ltd and its subsidiary Deshi Oil and Gas Exploration Co. Ltd	(2,763)
2.	Funds transferred to Anlu, Dawu and XiaoChang Gas distribution network and CNG Fuel Station projects as business expansion of the Company	(5,383)
3.	Legal professional fees for Proposed Issue	(153)
4.	Working capital	(2,375)
	Balance	161

The above utilisation (funds transferred to Anlu, Dawu, XiaoChang Gas distribution network, legal professional fees and working capital amounting to $7.911 million) of the net proceeds is within the limit of the balance (approximately $12 million) of the total estimated net proceeds of about $59 million from the $60 million Notes, after setting aside the 80% portion (approximately $47 million) intended to fund the expansion plans of the Deshi subsidiary as approved by shareholders at the EGM held on 27 June 2008.

SHAREHOLDERS' INFORMATION

STATISTICS OF SHAREHOLDERS AS OF 3 AUGUST 2012

Issued share capital	:	S$205,860,243.25
Number of shares	:	2,208,299,986
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 3 August 2012

Size of Shareholdings	No. of Shareholders	Percentage	No. of Shares Held	Percentage
1 – 999	16	0.13%	7,313	0.00%
1,000 – 10,000	4,110	33.45%	22,309,094	1.01%
10,001 – 1,000,000	7,891	64.22%	1,049,398,689	47.52%
1,000,001 and above	271	2.20%	1,136,584,890	51.47%
	12,288	100%	2,208,299,986	100%

Top Twenty Shareholders as at 3 August 2012

S/No.	Name	No. of Shares	Percentage
1	CHNG GIM HUAT	82,000,000	3.71%
2	UNITED OVERSEAS BANK NOMINEES PTE LTD	61,467,000	2.78%
3	YULINA BINTI BAHARUDDIN	50,000,000	2.26%
4	OCBC SECURITIES PRIVATE LTD	48,601,776	2.20%
5	HUANG YOUXIANG	43,500,000	1.97%
6	CIMB SEC (S'PORE) PTE LTD	41,993,374	1.90%
7	LIM HENG HUNG	40,000,000	1.81%
8	PHILLIP SECURITIES PTE LTD	34,355,753	1.56%
9	SOH BENG HUAT	25,454,000	1.15%
10	KOH CHYE MENG	16,305,000	0.74%
11	CHUA AI CHOO	15,417,000	0.70%
12	MAYBANK KIM ENG SECURITIES PTE LTD	14,453,000	0.65%
13	DBS VICKERS SECURITIES (S) PTE LTD	13,783,000	0.62%
14	TAY BENG HON	13,545,000	0.61%
15	DMG & PARTNERS SECURITIES PTE LTD	13,464,000	0.61%
16	GOH LENG THONG	10,020,000	0.45%
17	HOON AH TING	10,000,000	0.45%
18	HUSSAIN BIN M ISMAIL	10,000,000	0.45%
19	QUAH SU-LING	8,841,000	0.40%
20	BANK OF EAST ASIA NOMINEES PTE LTD	8,222,222	0.37%
		561,422,125	25.42%

SHAREHOLDERS' INFORMATION (Continued)

SUBSTANTIAL SHAREHOLDERS AS AT 3 AUGUST 2012

There is no substantial shareholder as at 3 August 2012

DIRECTORS' INTEREST AS AT 3 AUGUST 2012

Director's Name	Direct Interest	Deemed Interest	%
Quah Su-ling*	8,841,000	68,630,000	3.51%

* Deemed Interest is held under various brokerage companies

SHAREHOLDINGS HELD BY THE PUBLIC AS AT 3 AUGUST 2012

Based on information available to the Company as at 3 August 2012, approximately 96.49% 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 20th Annual General Meeting of the Company will be held at the registered office of the Company, IPCO Building, 24 Pandan Road, Singapore 609275 on 31st August 2012 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, 2012 together with the Reports of the Directors and Auditors. ***[Resolution 1]***

2. To approve Directors' fees of S$80,000/- (2011: S$80,000/-) for the financial year ended 30 April, 2012. ***[Resolution 2]***

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

   (i) Mr Carlson Clark Smith *(Article 91)* ***[Resolution 3 (i)]***

   (ii) Mr Chwee Han Sin *(Article 91)* ***[Resolution 3 (ii)]***

   Notes to re-election of Directors:

   (a) Mr Carlson Clark Smith, upon being re-elected, will remain as an Executive Director and the Chief Financial Officer.

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

4. To re-appoint Messrs BDO LLP as Auditors 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, Cap. 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

Tan Soo Khoon Raymond
Seah Hai Yang
Company Secretaries

Singapore, 16 August 2012

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.

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 20th Annual General Meeting of the Company to be held at 24 Pandan Road, Singapore 609275 on 31st August 2012, 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 Mr Carlson Clark Smith as a Director		
3 (ii)	Re-election of Mr Chwee Han Sin 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 ______________ 2012

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, Cap. 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, Cap. 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

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