



Annual Report 2008

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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

Registered Office

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Share Registrar

Compact Administrative Services Pte Ltd
3 Anson Road
#27-01 Springleaf Tower
Singapore 079909

Auditors

BDO Raffles
Partner-in-charge : Frankie Chia Soo Hien
(Since financial year ended 30 April 2007)

BOARD OF DIRECTORS' STATEMENT

Letter to Shareholders



During the past financial year ("FY 08"), Ipco International Limited ("Ipco" or "the Company") and its subsidiaries ("the Group") continue to grow in terms of operations and business development, with the exception of our residential real-estate investment near Seattle in the State of Washington, USA.

The Group's performance is primarily driven by the results of its key strategic investments as follows:

- The Group holds a 62.5% equity interest in ESA Electronics Pte Ltd ("ESA"). ESA is incorporated in Singapore and acts as agents and distributors of semiconductor back-end equipment, such as burn-in systems, vision inspection systems and test systems. From its acquisition in April 2004 through FY 07, ESA has achieved rapid and consistent growth in revenues and profits. However, in FY 08, ESA experienced a cyclical decline in its revenues and profits, especially from Asian customers. The slowdown in sales at ESA abated somewhat during the latter part of FY 2008, despite market oversupply and intensifying competition. Aided by the introduction of new products, new key accounts based in Europe and Japan, and an increasing market share in the USA, ESA's business should continue to revive moderately during the next 12 months. On a product line basis, ESA anticipates growing demand from the automobile and solar cell industries, where ESA employs a technology similar to that for semiconductors.
- The Group's wholly-owned subsidiary Excellent Empire Ltd, in turn via its wholly-owned subsidiary China Environmental Energy Protection Investment Ltd, holds a 90% equity interest in three companies supplying natural gas under 30-year exclusive contracts each in the cities, Anlu, Dawu and Xiaochang in Hubei Province, PRC. Anlu Jiaxu is now successfully expanding its customer base and should continue to provide growing revenue in the coming year. Operations in Xiaochang and Dawu have recently begun, and as such are incurring start-up costs prior to significant revenue growth.

The Group continues actively to seek new energy investment opportunities in Hubei and other provinces in the PRC, in terms of both production and distribution. On 11 March 2008, the Group completed the acquisition of a 55% equity interest in Grand Prosper Group Limited ("Grand Prosper"), an investment holding company incorporated in Hong Kong, which through its 90%-owned subsidiary, Deshi Oil and Gas Exploration Co., Ltd ("Deshi") has the rights for exploitation and production of oil and natural gas in the Ciyaobao and Dongdaoliangzi areas of the Ningxia Autonomous Region, PRC. As Deshi, in a joint venture with Shengli Oilfield Daming Oil & Gas Exploration And Exploitation Technology Co. Ltd., a wholly-owned subsidiary of China Petroleum & Chemical Corporation, has just commenced the drilling of gas wells in Ciyaobao and is still in the design phase for exploration at Dongdaoliangzi, it will incur substantial start-up costs in FY09.

We believe our recent investment in energy exploration to be synergistic with our efforts to augment our distribution footprint in China. Accordingly, to fund our growth in China's burgeoning energy sector, on 27 June 2008, our Shareholders approved the issuance of a Convertible Bond in the amount of \$60 million earmarked for these purposes.

- 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 Investments L.L.C. While the worsening sub-prime mortgage problem has affected the Seattle area somewhat less than the USA in general, sales of new homes in the region have slowed considerably in the past several months.

BOARD OF DIRECTORS' STATEMENT

Letter to Shareholders



- The Group holds an indirect 40% interest in C.N.A. Venture Holdings Sdn Bhd ("CNA"), a company incorporated in Malaysia and currently involved in the assembly and production of car seats. 2007 was a year in which the motor industry in Malaysia saw a consolidation, causing a reduction in demand for CNA's products. Nonetheless, the company has remained profitable. By the end of calendar year 2008, the anticipated introduction of new models from Naza Kia and Naza Peugeot should boost CNA's revenues and profitability. CNA's sales in Southeast Asia are expected to remain steady, as new market opportunities in Vietnam should be sufficient to offset declines elsewhere.
- The US economic slowdown ensuing from the sub-prime mortgage problem, combined with the declining US dollar, has affected the liquidity and recent profitability of our real-estate investment in the USA and has reduced ESA's US dollar-derived revenue as well. Despite these macroeconomic impacts, the Group has continued to remain profitable, which attests to the fundamental quality of our overall investment strategy and portfolio. We view the problems in the USA economy as essentially cyclical in nature and expect significant improvements in the profitability of our real-estate investment as the US economy rebounds.

It has indeed been a pleasure to work with my fellow Directors and executive management. We have benefited greatly from the confidence and support provided by our shareholders and business partners and wish to express our sincere gratitude along with our commitment to strive to achieve even better results in the future.

Quah Su-Ling
Chief Executive Officer

By Order of the Board of Ipco International Limited
8 August 2008

For the financial year ended 30 April 2008 (“FY08”), the Group’s turnover of \$30.5 million was 24.9% lower when compared with the previous financial year ended 30 April 2007 (FY07: \$40.6 million). The decline was mainly due to the following factors:

- The turnover for ESA Electronics Pte Ltd (“ESA”) decreased by \$9.7 million, or 30.3%, to \$22.3 million in FY08, compared with \$32.0 million in FY07. ESA is engaged in the semiconductor industry. The decline was mainly due to a slowdown in demand from semiconductor manufacturers;
- The turnover for Asia Plan Limited (“Asia Plan”), via its wholly-owned subsidiary, Capri Investments L.L.C. (“Capri”), decreased by \$2.8 million or 45.9% to \$3.3 million in FY08, compared with \$6.1 million in FY07. Capri is involved in residential real-estate development in the State of Washington USA. Sales were reduced due to a substantial decline in new home sales, which in turn created excess inventories of finished lots held by home builders. Revenues, when translated to Singapore dollars, were also reduced by the continued weakening of the US dollar;
- Excellent Empire Ltd (“Excellent Empire”), via its wholly-owned subsidiary China Environmental Energy Protection Ltd (“China Environmental”), holds a 90% equity interest in Anlu Jiaxun, which supplies natural gas to households, commercial and industrial users in Anlu City, Hubei Province, PRC. Turnover increased by 173% to \$3.0 million in FY08, compared with \$1.1 million in previous FY07; and
- The Group disposed its 70% equity interest in PT Prestasi Cipta Pertiwi (“PT Prestasi”), as announced in April 2008. PT Prestasi is involved in computer product distribution services which contributed a turnover of \$1.9 million in FY08, compared with \$1.4 million in FY07.

The Group recorded a Profit before Income Tax and Minority Interest of \$3.3 million for FY08, a decrease of \$5.1 million when compared with \$8.4 million in FY07. The Group recorded a Profit after Income Tax of \$1.9 million for FY08, a decrease of \$4.3 million when compared with \$6.2 million in FY07.

In FY08, the Group recorded a Profit Attributable to Shareholders of \$1.6 million and Earnings per Share of 0.14 Singapore cents (FY07: Net Profit Attributable to Shareholders of \$4.5 million and Earnings per Share of 0.45 Singapore cents).

Apart from the revenue decline, other Revenue increased by \$4.3 million, or 62.3%, to \$11.2 million, compared with FY07’s \$6.9 million. This was mainly due to gains from disposals of plant and equipment and non-recurring gains in negative goodwill arising from additional acquisition equity interest in a subsidiary company.

The Group’s Total Cost and Expenses remain consistent at \$39.6 million. The variance of significant items are as follows:

- The increase in changes in inventories of finished goods, work in process, and land held for sale of \$2.2 million is mainly from Capri, which is in line with its decreased contribution to the Group’s revenue due to completion of land sales agreements with builders in FY08;
- The decrease of \$4.1 million in Cost of Sales of raw materials used in the production is mainly from ESA Electronics, which is correlated with the decreased turnover;
- The decrease in land development costs of \$2.9 million from Capri is in line with its decreased contribution to the Group’s revenue, due to delays in the completion of land sales agreements with builders in FY08;

- An increase of \$0.3 million in Amortisation of Intangible Assets which results primarily from the acquisition of additional exclusive rights of up to 30 years to supply natural gas to households, commercial and industrial users in China Environmental's 90%-owned subsidiaries, Anlu Jiaxu, Dawu Jiaxu and Xiaochang Jiaxu;
- A net decrease of \$0.1 million in depreciation in value of Group's Property, Plant and Equipment is mainly due to disposal of assets in subsidiary companies;
- A decrease of \$0.1 million in impairment of intangible assets. In FY08, an impairment of \$0.5 million has been made for intellectual rights with indefinite useful life acquired by a subsidiary, ESA, due to uncertainty of its future economic benefits while in FY07, an impairment of \$0.6 million was made in respect of goodwill allocated to a disposed subsidiary, PT Prestasi;
- Foreign Exchange Loss increased by \$4.5 million, which is largely due to an unrealised exchange loss arising from the revaluation of mainly United States dollar, Ringgit Malaysia and Chinese Renminbi denominated balances in banks and advances;
- The increase in Finance Cost by \$0.8 million is mainly due to an increase in long-term borrowings arising from long-term bank loans provided to Anlu Jiaxu, Dawu Jiaxu and Xiaochang Jiaxu;
- A decrease in Staff Cost by \$0.3 million is mainly due to reduction in headcount of a subsidiary company;
- A decrease of \$0.3 million in Provision for indemnity on a disposed subsidiary's project was in the previous financial year;
- The Share of Results of Associates increased by \$0.8 million to \$1.2 million in FY08. This was mainly due to an increase of \$0.4 million in the Group's share of profits from each of C.N.A. Ventures Sdn Bhd and Industrial Engineering Systems Pte Ltd, respectively; and
- A decrease in Income Tax by \$0.8 million was mainly due to decreased tax provisions based on profits derived from Group's subsidiary companies.

The Directors present their report to the members together with the audited financial statements of the Group for the financial year ended 30 April 2008 and the balance sheet of the Company as at 30 April 2008.

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 and 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

According to the register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), none of the Directors of the Company who held office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as detailed below:

	<u>Direct interest</u>		<u>Deemed interest</u>	
	Balance as at 1 May 2007	Balance as at 30 April 2008	Balance as at 1 May 2007	Balance as at 30 April 2008
	Number of ordinary shares			
<u>The Company</u>				
Quah Su-Ling	5,000,000	–	59,730,000	64,730,000

There was no change in any of the above-mentioned Director's interest in the Company between the end of the financial year and 21 May 2008.

By virtue of Section 7 of the Act, Quah Su-Ling is deemed to have an interest in the wholly-owned subsidiaries of the Company.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or 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 those disclosed in the financial statements.

5. Share options

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

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

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

6. Audit committee

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

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

The Audit Committee performed the functions specified in section 201B(5) of the Singapore Companies Act.

The Audit Committee has held three meetings since the last Directors' report. The Audit Committee met with the Company's internal and external auditors to review their audit plan and the results of their examination and their evaluation of the Group's system of internal accounting and financial controls.

The Audit Committee also reviewed the assistance provided by the Company's officers to the auditors and the consolidated financial statements of the Group and the balance sheet of the Company prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual of the Singapore Exchange.

The Audit Committee has recommended to the Board of Directors the nomination of BDO Raffles for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has carried out an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors prior to recommending their re-nomination.

REPORT OF THE DIRECTORS



7. Auditors

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

On behalf of the Board of Directors

Carlson Clark Smith
Director

Lim Meng Check
Director

Singapore
8 August 2008

STATEMENT BY DIRECTORS



In the opinion of the Directors,

- (a) the accompanying financial statements comprising the balance sheets, consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 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 2008 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; 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
8 August 2008

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED



We have audited the accompanying financial statements of Ipco International Limited (the “Company”) and its subsidiaries (the “Group”) comprising the balance sheets of the Group and of the Company as at 30 April 2008, the income statement, statement of changes in equity and cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes as set out on page 13 to 75.

Management's responsibility for the financial statements

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

- (a) 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 consolidated income statement and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating and 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.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IPCO INTERNATIONAL LIMITED (Continued)**



Opinion

In our opinion,

- (a) the accompanying financial statements of the Group and the balance sheet 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 2008 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

BDO Raffles
Public Accountants and
Certified Public Accountants

Singapore
8 August 2008

BALANCE SHEETS

as at 30 April 2008



	Note	Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-current assets					
Intangible assets	4	138,139	138,860	–	–
Property, plant and equipment	5	28,587	20,097	268	190
Subsidiaries	6	–	–	119,613	121,680
Associated companies	7	6,576	5,445	2,753	2,753
Unincorporated joint ventures	8	–	–	–	–
Available-for-sale financial assets	9	4,359	23,359	4,359	1,010
Trade and other receivables	10	–	8,231	–	1,250
		<u>177,661</u>	<u>195,992</u>	<u>126,993</u>	<u>126,883</u>
Current assets					
Inventories	11	18,814	21,019	–	–
Trade and other receivables	10	29,865	28,510	68,958	56,167
Financial assets, at fair value through profit or loss	12	13,606	2,337	145	–
Cash and cash equivalents	13	12,589	12,575	690	1,105
		<u>74,874</u>	<u>64,441</u>	<u>69,793</u>	<u>57,272</u>
Less:					
Current liabilities					
Trade and other payables	14	22,133	25,403	11,108	5,387
Provisions	15	250	1,175	184	1,114
Finance lease liabilities	16	33	86	33	30
Current income tax payable		2,498	3,037	–	–
Borrowings	17	5,186	5,822	–	–
		<u>30,100</u>	<u>35,523</u>	<u>11,325</u>	<u>6,531</u>
Net current assets		<u>44,774</u>	<u>28,918</u>	<u>58,468</u>	<u>50,741</u>
Non-current liabilities					
Provisions	15	–	(23)	–	–
Finance lease liabilities	16	(183)	(147)	(183)	(147)
Borrowings	17	(16,727)	(7,827)	–	–
Deferred gain		(18)	(20)	–	–
Deferred tax liabilities	18	(11,189)	(13,545)	(30)	(30)
		<u>(28,117)</u>	<u>(21,562)</u>	<u>(213)</u>	<u>(177)</u>
		<u>194,318</u>	<u>203,348</u>	<u>185,248</u>	<u>177,447</u>

The accompanying notes form an integral part of these financial statements

BALANCE SHEETS

as at 30 April 2008 (Continued)



	Note	Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Equity					
Share capital	19	189,429	175,129	189,429	175,129
Fair value reserve	20	(3,978)	6,233	(4,083)	–
Asset revaluation reserve	20	309	309	–	–
Foreign exchange translation reserve	20	(23,007)	(13,422)	–	–
Capital reduction reserve	20	1,961	1,961	1,961	1,961
Retained profits/(Accumulated losses)		22,194	20,549	(2,059)	357
Total attributable to equity holders of the Company		186,908	190,759	185,248	177,447
Minority interests		7,410	12,589	–	–
Total equity		194,318	203,348	185,248	177,447

The accompanying notes form an integral part of these financial statements

CONSOLIDATED INCOME STATEMENT

for the financial year ended 30 April 2008



	Note	2008 \$'000	2007 \$'000
Revenue	21	30,534	40,562
Other revenue	22	11,200	6,937
Total revenue		41,734	47,499
Expenses			
– Changes in inventories of finished goods, work-in-process and land held for sale		(2,204)	(101)
– Raw materials and consumables used		(16,013)	(20,124)
– Land development costs incurred		(708)	(3,576)
– Amortisation of intangible assets	4	(1,438)	(1,162)
– Depreciation of property, plant and equipment	5	(1,141)	(1,226)
– Impairment in value of intangible assets	4	(547)	(658)
– Foreign exchange losses, net		(5,791)	(1,325)
– Finance costs	23	(1,171)	(326)
– Operating lease expenses		(309)	(261)
– Staff costs	24	(4,343)	(4,675)
– Provision for indemnity on disposed subsidiary's project		–	(287)
– Other operating expenses	25	(5,972)	(5,875)
Total expenses		(39,637)	(39,596)
Share of profits of associated companies, net of tax	7	1,221	449
Profit before income tax		3,318	8,352
Income tax expense	26	(1,434)	(2,199)
Profit after income tax		1,884	6,153
Attributable to:			
Equity holders of the Company		1,645	4,524
Minority interests		239	1,629
		1,884	6,153
Earnings per share (in cents)			
Basic/Diluted	27	0.14	0.45

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 April 2008

	Note	Share capital \$'000	Fair value reserve \$'000	Asset revaluation reserve \$'000	Foreign exchange translation reserve \$'000	Capital reduction reserve \$'000	Retained profits \$'000	Company \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 May 2007		175,129	6,233	309	(13,422)	1,961	20,549	190,759	12,589	203,348
Available-for-sale financial assets										
– Fair value loss	9	–	(4,083)	–	–	–	–	(4,083)	–	(4,083)
– Tax on transfer	18	–	1,210	–	–	–	–	1,210	–	1,210
– Transfer on disposal	22	–	(7,338)	–	–	–	–	(7,338)	–	(7,338)
Currency translation difference		–	–	–	(9,692)	–	–	(9,692)	56	(9,636)
Disposal of a subsidiary	6(e)	–	–	–	107	–	–	107	(169)	(62)
Net (losses)/gains recognised directly in equity		–	(10,211)	–	(9,585)	–	–	(19,796)	(113)	(19,909)
Net profit for the financial year		–	–	–	–	–	1,645	1,645	239	1,884
Total recognised gains/(losses)		–	(10,211)	–	(9,585)	–	1,645	(18,151)	126	(18,025)
Issue of shares	19(b)	14,300	–	–	–	–	–	14,300	–	14,300
Acquisition of minority interests	6(d)	–	–	–	–	–	–	–	(5,578)	(5,578)
Acquisition of a subsidiary	6(c)	–	–	–	–	–	–	–	273	273
Balance at 30 April 2008		189,429	(3,978)	309	(23,007)	1,961	22,194	186,908	7,410	194,318

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 April 2008 (Continued)

	Share capital \$'000	Fair value reserve \$'000	Asset revaluation reserve \$'000	Foreign exchange translation reserve \$'000	Capital reduction reserve \$'000	Retained profits \$'000	Company \$'000	Minority interests \$'000	Total equity \$'000
Balance at 1 May 2006	165,200	4,800	309	(8,533)	1,961	15,711	179,448	5,909	185,357
Available-for-sale financial assets									
– Fair value gains	–	4,349	–	–	–	–	4,349	–	4,349
– Tax on fair value gains	–	(1,210)	–	–	–	–	(1,210)	–	(1,210)
– Transfer on disposal	–	(1,706)	–	–	–	–	(1,706)	–	(1,706)
Currency translation difference	–	–	–	(4,127)	–	–	(4,127)	(70)	(4,197)
Disposal of a subsidiary	–	–	–	(762)	–	314	(448)	(89)	(537)
Net gains/(losses) recognised directly in equity	–	1,433	–	(4,889)	–	314	(3,142)	(159)	(3,301)
Net profit for the financial year	–	–	–	–	–	4,524	4,524	1,629	6,153
Total recognised gains/(losses)	–	1,433	–	(4,889)	–	4,838	1,382	1,470	2,852
Issue of shares	11,842	–	–	–	–	–	11,842	–	11,842
Compensation for reduction in value of shares issued	(1,913)	–	–	–	–	–	(1,913)	–	(1,913)
Dividend paid to minority shareholders of a subsidiary	–	–	–	–	–	–	–	(1,375)	(1,375)
Acquisition of a subsidiary	–	–	–	–	–	–	–	6,585	6,585
Balance at 30 April 2007	175,129	6,233	309	(13,422)	1,961	20,549	190,759	12,589	203,348

The accompanying notes form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 April 2008



	Note	2008 \$'000	2007 \$'000
Cash flows from operating activities			
Profit before income tax		3,318	8,352
Adjustments for:			
Allowance for doubtful non-trade receivables		225	212
Allowance for doubtful non-trade receivables written back		(85)	(26)
Allowance for doubtful trade receivables		13	–
Allowance for doubtful trade receivables written back		–	(41)
Amortisation of intangible assets		1,438	1,162
Depreciation of property, plant and equipment		1,141	1,226
Dividend income		(244)	(296)
Fair value gains transferred from fair value reserve on disposal		(7,338)	(1,706)
Foreign exchange difference - unrealised		1,617	(988)
Gain on disposal of property, plant and equipment		(2,313)	(292)
Impairment of intangible assets		547	658
Interest expenses		1,171	326
Interest income		(602)	(676)
Gain on disposal of a subsidiary		(273)	(246)
Negative goodwill arising from acquisition of minority interests		(5,578)	–
Net loss/(gain) on disposal of available-for-sale financial assets		2,055	(2,843)
Provisions made during the year		249	526
Share of results of associated companies		(1,221)	(449)
Operating (loss)/profit before changes in working capital		(5,880)	4,899
Working capital changes			
Inventories		2,007	161
Trade and other receivables		(1,796)	(2,709)
Financial assets, at fair value through profit or loss		(11,194)	(1,577)
Trade and other payables		795	(1,705)
Provisions		(214)	(459)
Cash used in operations		(16,282)	(1,390)
Interest received		602	676
Finance costs		(1,171)	(326)
Net income tax paid		(1,661)	(4,303)
Net cash flows used in operating activities		(18,512)	(5,343)

The accompanying notes form an integral part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT

for the financial year ended 30 April 2008 (Continued)



	Note	2008 \$'000	2007 \$'000
Cash flows from investing activities			
Dividend received		244	296
Increase in intangible assets		(1,954)	–
Decrease in other receivables		8,231	1,758
Purchase of property, plant and equipment	5(a)	(10,352)	(4,409)
Purchase of available-for-sale financial assets		(15,631)	(22,175)
Acquisition of a subsidiary, net of cash acquired	6(c)	(12,649)	914
Proceeds from disposals of available-for-sale financial assets		27,547	22,934
Proceeds from disposals of property, plant and equipment		236	1,188
Net effect on disposal of a subsidiary	6(e)	(144)	1,186
Net cash flows (used in)/from investing activities		<u>(4,472)</u>	<u>1,692</u>
Cash flows from financing activities			
Net proceeds from issue of shares		14,300	11,842
Compensation of reduction in value of shares issued		–	(1,913)
Proceeds from borrowings		11,461	4,963
Repayments of borrowings		(2,559)	(7,386)
Dividend paid to minority shareholders of a subsidiary		–	(1,375)
Proceeds from finance leases		–	109
Repayment of finance leases		(204)	(73)
Net cash flows from financing activities		<u>22,998</u>	<u>6,167</u>
Net change in cash and bank balances		14	2,516
Cash and bank balances at beginning of financial year		<u>12,572</u>	<u>10,056</u>
Cash and bank balances at end of financial year	13	<u><u>12,586</u></u>	<u><u>12,572</u></u>

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 April 2008



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

1. General corporate information

The balance sheet of Ipco International Limited (the “Company”) and the consolidated financial statements of the Group for the financial year ended 30 April 2008 were authorised for issue in accordance with a resolution of the Directors dated 8 August 2008.

The Company is a limited liability company incorporated and domiciled in Singapore with its registered office and principal place of business at 24 Pandan Road, Singapore 609275. 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 Group. Related companies in these financial statements refer to the group of companies within Ipco International Limited.

The principal activities of its subsidiaries are set out in Note 6 to the financial statements.

2. Summary of significant accounting policies

(a) Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 and Singapore Financial Reporting Standards (“FRS”). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the management of the Company to exercise judgement in the process of applying the Group’s and the Company’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on management’s best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may differ from those estimates. The 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 accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

In the current financial year, the Group and the Company adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for the current financial year onwards. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years except for the adoption of FRS 107 - Financial Instruments: Disclosures and amendments to FRS 1 Presentation of Financial Statements relating to capital disclosures.

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation of financial statements (Continued)

The Group and the Company adopted FRS 107 in the current financial year. The new Standard has resulted in an expansion of the disclosures in these financial statements regarding the Group's and the Company's financial instruments. The Group and the Company have also presented information regarding its objectives, policies and processes for managing capital (see Note 34) as required by the amendments to FRS 1 which are effective from annual periods beginning on or after 1 January 2007.

FRS and INT FRS issued but not yet effective

The Group and the Company have not adopted the following FRS and INT FRS and amendments that have been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
FRS 1 : Presentation of Financial Statements (revised)	1 January 2009
FRS 2 : Inventories (revised)	1 January 2009
FRS 7 : Cash Flow Statements (revised)	1 January 2009
FRS 8 : Accounting Policies, Changes in Accounting Estimates and Errors (revised)	1 January 2009
FRS 16 : Property, Plant and Equipment (revised)	1 January 2009
FRS 19 : Employee Benefits (revised)	1 January 2009
FRS 23 : Borrowing Costs (revised)	1 January 2009
FRS 27 : Consolidated and Separate Financial Statements (revised)	1 January 2009
FRS 33 : Earnings Per Share (revised)	1 January 2009
FRS 36 : Impairment of Assets (revised)	1 January 2009
FRS 108 : Operating Segments	1 January 2009
INT FRS 112 : Service Concession Arrangements	1 January 2008
INT FRS 113 : Customer Loyalty Programmes	1 July 2008
INT FRS 114 : FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The Group and the Company expect that the adoption of the above pronouncements, if applicable, will have no material impact on the financial statements in the period of initial application, except for FRS 108 as indicated below.

FRS 108 Operating Segments

FRS 108 requires an entity to adopt a "management perspective approach" in reporting financial and descriptive information about its reportable segment. Financial information is required to be reported on the basis that it is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. FRS 108 introduces additional segment disclosures to be made to improve the information about operating segments. The Group and the Company will apply FRS 108 from financial period beginning 1 May 2008.

2. Summary of significant accounting policies (Continued)

(b) Basis of consolidation

Subsidiaries

Subsidiaries are companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. Investments in subsidiaries are stated in the Company's balance sheet at cost less any impairment in value.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 Business Combinations are recognised at their fair value on the date of acquisition, irrespective of the extent of any minority interest. The accounting policy for goodwill on acquisition of subsidiaries is stated in Note 2(c).

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Accounting policies of subsidiaries have been changed where necessary to ensure consistency of the policies adopted by the Group.

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

Minority interests are that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the date of acquisition by the Group and the minorities' share of changes in equity since the date of acquisition, except when the losses applicable to the minority interests in a subsidiary exceed the minority interests in the equity of that subsidiary. In such cases, the excess and further losses applicable to the minority interests are attributed to the equity holders of the Company, unless the minority interests have a binding obligation to, and are able to, make good the losses. When that subsidiary subsequently reports profits, the profits applicable to the minority interests are attributed to the equity holders of the Company until the minority interests' share of losses previously absorbed by the equity holders of the Company have been recovered.

Transactions with minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests, which result in gains and losses for the Group, are recorded in the income statement. The difference between any consideration paid to minority interests for purchases of additional equity interest in a subsidiary and the incremental share of the carrying value of the net assets of the subsidiary is recognised as goodwill.

2. Summary of significant accounting policies (Continued)

(b) Basis of consolidation (Continued)

Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. Investments in associated companies in the consolidated balance sheet includes goodwill (net of any accumulated impairment in value) identified on acquisition. The accounting policy for goodwill on acquisition of associated companies is stated in Note 2(c).

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in equity directly. These post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Joint ventures

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 income statement using the equity method, with the Group recognising its proportionate share of results in accordance with the joint venture agreement.

2. Summary of significant accounting policies (Continued)

(c) 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 in value.

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 in value 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 in value 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 in value.

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 annual reporting period, 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.

(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	–	30 years
Other use rights	–	24 years

2. Summary of significant accounting policies (Continued)

(c) Intangible assets (Continued)

Intangible assets acquired separately (Continued)

(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.

(d) Property, plant and equipment

Property, plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment in value.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. 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.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

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 94 years
Office equipment	-	3 to 5 years
Plant and equipment	-	2 to 6 years
Motor vehicles	-	3 to 5 years

Construction-in-progress is not depreciated as these assets are not available for use.

The residual values, useful life and depreciation method are reviewed at each balance sheet date to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of future economic benefits embodied in the items of property, plant and equipment.

(e) Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment in value and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated.

2. Summary of significant accounting policies (Continued)

(e) Impairment of non-financial assets (Continued)

An impairment in value is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment in value is recognised in the income statement, unless it reverses a previous revaluation, in which case it is charged to equity.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and value in use. Recoverable amount is determined for individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The fair value less costs to sell is the amount obtainable from the sale of an asset or cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life, discounted at pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset or cash-generating unit for which the future cash flow estimates have not been adjusted.

An assessment is made at the balance sheet date as to whether there is any indication that an impairment in value recognised in prior periods for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. An impairment in value recognised in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment in value was recognised. An impairment in value is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment in value had been recognised. Reversals of impairment in value are recognised in the income statement unless the asset is carried at revalued amount. After such a reversal, the depreciation is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(f) Financial assets

The Group classifies its financial assets as loans and receivables, at fair value through profit or loss or available-for-sale. The classification depends on the purpose of which the assets are acquired. The management determines the classification of its financial assets at initial recognition and re-evaluates this designation at the balance sheet date where appropriate.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade and other receivables" on the balance sheet.

(ii) Available-for-sale financial assets

These assets are non-derivative financial assets that are either designated in this category or not included in other categories of financial assets. They are presented as non-current assets unless management intends to dispose the assets within twelve months after the balance sheet date.

2. Summary of significant accounting policies (Continued)

(f) Financial assets (Continued)

(iii) Financial assets, at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within twelve months after the balance sheet date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commit to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in the income statement. Any amount relating to the fair value reserve relating to the asset is transferred to income statement.

Initial and subsequent measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in the income statement.

After initial recognition, quoted available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost, where applicable, using the effective interest rate method.

Interest and dividend income on available-for-sale financial assets are recognised separately in the income statement. Changes in fair values of available-for-sale equity securities are recognised in the fair value reserve, together with the related currency translation differences.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

2. Summary of significant accounting policies (Continued)

(f) Financial assets (Continued)

Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

An allowance for impairment in value of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment in value decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment in value is reversed. Any subsequent reversal of an impairment in value is recognised in the income statement, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

(ii) Available-for-sale financial assets

Significant or prolonged declines in fair value of the security below its cost and disappearance of active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in the fair value reserve is transferred to the income statement. The impairment recognised in the income statement on equity securities are not reversed through the income statement.

(g) Financial liabilities

The accounting policies adopted for specific financial liabilities are set out below:

(i) Trade and other payables

Trade and other payables, including amounts due to subsidiaries and related parties, are initially measured at fair value, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(ii) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the income statement over the period of the borrowings using the effective interest method.

2. Summary of significant accounting policies (Continued)

(g) Financial liabilities (Continued)

(ii) Borrowings (Continued)

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Recognition and derecognition

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the income statement.

(h) 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.

(i) Provisions

Provisions are recognised when the Group or the Company has a present legal or constructive obligation where, as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(j) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issuance of new shares are shown in the equity as a deduction from the proceeds.

2. Summary of significant accounting policies (Continued)

(k) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group or the Company and the revenue can be reliably measured.

Sale of goods

Revenue from the sale of goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

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.

Rendering of services

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

Interest income

Interest income is recognised on a time-apportionment basis using the effective interest method.

Dividend income

Dividend income is recognised in the income statement when the Group's right to receive payment is established.

(l) Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as an expense in the income statement in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

(m) Finance costs

Interest expenses and similar charges are expensed in the income statement in the financial year in which they are incurred.

(n) Leases

(i) Finance leases

Leases in which the Company assumes substantially the risks and rewards of ownership of the leased asset are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

2. Summary of significant accounting policies (Continued)

(n) Leases (Continued)

(i) Finance leases (Continued)

Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in the income statement.

(ii) Operating leases

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

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

(o) Income tax expense

Income tax expense for the financial year comprises current and deferred taxes. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case such income tax is recognised in equity.

Current income tax is the expected tax payable on the taxable income for financial year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to income tax payable in respect of previous financial years.

Deferred tax is provided, using the liability method, for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantially enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Unrecognised deferred tax assets are reassessed at each balance sheet date 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 if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same tax authority and there is intention to settle the current tax assets and liabilities on a net basis.

2. Summary of significant accounting policies (Continued)

(p) Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company and the Group's presentation currency for the consolidated financial statements is Singapore dollar.

Transactions and balances

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currency") are recorded at the rates of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. 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 the income statement for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in the income statement for the financial year 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.

Translation of Group's entities' financial statements

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;
- income and expenses are translated at average exchange rates which approximate the exchange rates at the dates of the transactions; and
- all resulting exchange differences are taken to the foreign exchange translation reserve.

When a foreign operation is disposed, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the income statement as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 May 2005 are treated as assets and liabilities of the foreign entity and translated at the closing rate at the balance sheet date. For acquisitions prior to 1 May 2005, the exchange rates at the dates of acquisition are used.

(q) 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.

2. Summary of significant accounting policies (Continued)

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

3. Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, the management of the Company 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 financial assets

The Group follows the guidance of FRS 39 in determining when a financial asset is other than temporarily impaired. This determination requires significant judgement. The management evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the 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 balance sheet date, 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 in value 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 based on the value in use method, which requires the use of estimates. In estimating the value in use, the management exercised judgement in estimating the expected future cash flows from the CGUs and using suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's intangible assets at the balance sheet date was disclosed in Note 4 to the financial statements.

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 94 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 amounts of the Group's and the Company's property, plant and equipment at the balance sheet date were disclosed in Note 5 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 debtors. If the financial conditions of the debtors were to deteriorate, resulting in impairment of their ability to make the required payments, allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables at the balance sheet date were disclosed in Note 10 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. As at the balance sheet date, the amount of the Group's provision for current income tax and provision for deferred tax liabilities were \$2,498,000 (2007: \$3,037,000) and \$11,189,000 (2007: \$13,545,000) respectively.

4. Intangible assets

	Goodwill \$'000	Intellectual rights \$'000	Distribution and licensing rights \$'000	Other use rights \$'000	Total \$'000
Group Cost					
Balance at 1 May 2007	98,893	–	41,787	–	140,680
Acquisition of subsidiaries (Note 6(c))	–	–	–	12,541	12,541
Additions	–	547	1,407	–	1,954
Disposal of a subsidiary (Note 6(e))	(1,685)	–	–	–	(1,685)
Currency translation difference	(7,547)	–	(4,381)	(504)	(12,432)
Balance at 30 April 2008	89,661	547	38,813	12,037	141,058

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



4. Intangible assets (Continued)

	Goodwill \$'000	Intellectual rights \$'000	Distribution and licensing rights \$'000	Other use rights \$'000	Total \$'000
Accumulated amortisation and impairment					
Balance at 1 May 2007	658	–	1,162	–	1,820
Amortisation	–	–	1,348	90	1,438
Disposal of a subsidiary	(658)	–	–	–	(658)
Impairment for the financial year	–	547	–	–	547
Currency translation difference	–	–	(222)	(6)	(228)
Balance at 30 April 2008	–	547	2,288	84	2,919
Net carrying value					
Balance at 30 April 2008	89,661	–	36,525	11,953	138,139
Balance at 30 April 2007	98,235	–	40,625	–	138,860
Average remaining useful lives	–	–	28 years	23 years	

Impairment testing of goodwill and intellectual rights

Goodwill acquired through business combinations has been allocated to the Group's cash-generating unit ("CGU") identified. An annual test is carried out at each balance sheet date to assess if there is any impairment in value. The carrying amount of goodwill has been allocated to the following individual CGUs:

	Group	
	2008 \$'000	2007 \$'000
Excellent Empire Limited	23,236	25,872
Asia Plan Limited	40,906	45,521
Dimensi Cita Sdn Bhd	9,859	10,155
ESA Electronics Pte Ltd	15,660	15,660
PT Prestasi Cipta Pertiwi	–	1,027
	89,661	98,235

On 30 April 2008, the Group disposed of its interests in PT Prestasi Cipta Pertiwi ("PCP"). As such, goodwill arising from the acquisition of PCP has been written off during the financial year (Note 6(e)).

An impairment in value of \$547,000 was made subsequent to a review performed by the management in relation to the intellectual rights with indefinite useful life acquired during the financial year of \$547,000 for the design or manufacture of certain equipment due to the uncertainty of its future economic benefits.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



4. Intangible assets (Continued)

Impairment testing of goodwill and intellectual rights (Continued)

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management for periods covering 5 to 10 years where appropriate. The management has considered and determined the factors applied in the financial budgets which include budgeted gross margins and average growth rates. 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 value in use for the CGUs were discounted at a pre-tax discount rate of 8% (2007: 8.1%) 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 beyond the budget period are as below:

	Budgeted gross margins		Average growth rates	
	2008	2007	2008	2007
Group				
Excellent Empire Limited	71%	67%	81%	20%
Asia Plan Limited	33%	38%	25%	25%
Dimensi Cita Sdn Bhd	19%	18%	11%	11%
ESA Electronics Pte Ltd	41%	41%	12%	4%

5. 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						
Balance at 1 May 2007	513	3,932	19,628	508	992	25,573
Acquisition of a subsidiary	–	6	–	91	–	97
Additions	1,358	106	1,330	1,549	6,196	10,539
Disposal of a subsidiary	(331)	(255)	–	(57)	–	(643)
Disposals	–	(2,322)	(103)	(171)	–	(2,596)
Reclassifications	–	–	3,306	–	(3,306)	–
Currency translation difference	(44)	(36)	(657)	(11)	(15)	(763)
Balance at 30 April 2008	1,496	1,431	23,504	1,909	3,867	32,207

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



5. Property, plant and equipment (Continued)

Group	Leasehold land and building \$'000	Office equipment \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Accumulated depreciation						
Balance at 1 May 2007	275	2,791	1,174	236	–	4,476
Acquisition of a subsidiary	–	–	–	5	–	5
Charge for the financial year	70	73	874	124	–	1,141
Disposal of a subsidiary	(197)	(244)	–	(55)	–	(496)
Disposals	–	(1,313)	(23)	(74)	–	(1,410)
Currency translation difference	(26)	(36)	(22)	(12)	–	(96)
Balance at 30 April 2008	122	1,271	2,003	224	–	3,620
Accumulated impairment						
Balance at 1 May 2007	–	1,000	–	–	–	1,000
Written off	–	(1,000)	–	–	–	(1,000)
Balance at 30 April 2008	–	–	–	–	–	–
Net carrying amount						
Balance at 30 April 2008	1,374	160	21,501	1,685	3,867	28,587
Cost						
Balance at 1 May 2006	1,621	3,866	842	324	–	6,653
Acquisition of a subsidiary	–	16	15,707	73	–	15,796
Additions	63	79	3,202	123	992	4,459
Disposals	(1,165)	(14)	(122)	(10)	–	(1,311)
Currency translation difference	(6)	(15)	(1)	(2)	–	(24)
Balance at 30 April 2007	513	3,932	19,628	508	992	25,573
Accumulated depreciation						
Balance at 1 May 2006	510	2,477	515	175	–	3,677
Acquisition of a subsidiary	–	3	–	23	–	26
Charge for the financial year	51	340	785	50	–	1,226
Disposals	(269)	(14)	(122)	(10)	–	(415)
Currency translation difference	(17)	(15)	(4)	(2)	–	(38)
Balance at 30 April 2007	275	2,791	1,174	236	–	4,476
Accumulated impairment						
Balance at 1 May 2006 and 30 April 2007	–	1,000	–	–	–	1,000
Net carrying amount						
Balance at 30 April 2007	238	141	18,454	272	992	20,097

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



5. Property, plant and equipment (Continued)

Company	Office equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost			
Balance at 1 May 2007	2,556	244	2,800
Additions	38	197	235
Disposals	(2,284)	(171)	(2,455)
Balance at 30 April 2008	310	270	580
Accumulated depreciation			
Balance at 1 May 2007	1,551	59	1,610
Charge for the financial year	9	51	60
Disposals	(1,284)	(74)	(1,358)
Balance at 30 April 2008	276	36	312
Accumulated impairment			
Balance at 1 May 2007	1,000	–	1,000
Written off	(1,000)	–	(1,000)
Balance at 30 April 2008	–	–	–
Net carrying amount			
Balance at 30 April 2008	34	234	268
Cost			
Balance at 1 May 2006	2,554	176	2,730
Additions	2	73	75
Disposals	–	(5)	(5)
Balance at 30 April 2007	2,556	244	2,800
Accumulated depreciation			
Balance at 1 May 2006	1,301	28	1,329
Charge for the financial year	250	36	286
Disposals	–	(5)	(5)
Balance at 30 April 2007	1,551	59	1,610
Accumulated impairment			
Balance at 1 May 2006 and 30 April 2007	1,000	–	1,000
Net carrying amount			
Balance at 30 April 2007	5	185	190

- (a) During the financial year, the Group acquired property, plant and equipment amounting to \$10,539,000 (2007: \$4,459,000) of which an aggregate cost of \$187,000 (2007: \$50,000) were acquired under finance lease contracts. Cash payments of \$10,352,000 (2007: \$4,409,000) were made to purchase the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



5. Property, plant and equipment (Continued)

- (b) As at the balance sheet date, the Group had property, plant and equipment with a net book value of approximately \$22,295,000 (2007: \$17,729,000) pledged with financial institutions as security for bank borrowings granted to certain subsidiaries (Note 17). The net book value of plant and equipment and motor vehicles acquired under finance lease contracts amounted to approximately \$Nil (2007: \$87,000) and \$231,000 (2007: \$182,000) respectively.
- (c) As at the balance sheet date, the Company had motor vehicles with net book value of approximately \$231,000 (2007: \$182,000) acquired under finance lease contracts.

6. Subsidiaries

- (a) Investments in subsidiaries comprise:

	Company	
	2008	2007
	\$'000	\$'000
Unquoted equity shares, at cost	174,800	177,120
Impairment in value	(55,187)	(55,440)
	<hr/>	<hr/>
Net carrying amount	<u>119,613</u>	<u>121,680</u>

Movements in impairment in value during the financial year:

	Company	
	2008	2007
	\$'000	\$'000
Balance at beginning of financial year	55,440	56,699
Impairment charge for the financial year	405	–
Disposal of a subsidiary (Note 6(e))	(658)	–
Reversed during the financial year	–	(1,259)
	<hr/>	<hr/>
Balance at end of financial year	<u>55,187</u>	<u>55,440</u>

The management will assess the recoverable amount of its investments in subsidiaries at each balance sheet date to determine whether there is any indication of impairment. The recoverable amounts have been determined using a combination of factors including their net assets value at the balance sheet and estimation of value in use of the CGU by forecasting the expected future cash flows.

Subsequent to the assessment performed on the carrying value of the subsidiaries by the management, an allowance for impairment in value of \$405,000 has been recognised in the income statement during the financial year. In the previous financial year, the Company recognised a reversal of impairment in value amounting to \$1,259,000 using the same basis of evaluation.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



6. Subsidiaries (Continued)

(b) Details of subsidiaries

Name of company (Country of incorporation and business)	Equity held by the Group		Principal activities
	2008 %	2007 %	
<i>Held by Ipco International Limited</i>			
* (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)	62.5	62.5	Trading and providing consultancy services in semi-conductor industry
* (1) Auriga Pte Ltd (Singapore)	100	100	Dormant
* (2) Ipco International Construction Limited (Hong Kong)	100	100	Dormant
* (2) Millgate Asia Limited (Hong Kong)	100	100	Dormant
# (2) Ipco Development 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
# (3) Ipco-Prebumi (B) Sendirian Berhad (Brunei)	70	70	Under liquidation
* (7) PT Prestasi Cipta Pertiwi (Indonesia)	–	70	Trading and distribution of various computer spare parts, e-commerce business, internet service provider and system integration and solution provider
# (1) Supersafe Management Corp. (British Virgin Islands)	90	90	Dormant

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



6. Subsidiaries (Continued)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation and business)	Equity held by the Group		Principal activities
	2008 %	2007 %	
<i>Held by Ipco International Limited</i>			
* (4) Sun Spirit Group Ltd (British Virgin Islands)	100	100	Investment securities trading
# (4) Asia Plan Limited (British Virgin Islands)	70	70	Investment holding
# (4) Excellent Empire Limited (British Virgin Islands)	100	89	Investment holding
<i>Held by Supersafe Management Corp.</i>			
# (1) Ipco China Gas Pipelines Limited (British Virgin Islands)	63	63	Dormant
<i>Held by Ipco Development Limited</i>			
# (2) Ipco Developments (Bangladesh) Limited (Bangladesh)	60	60	Dormant
# (2) Ipco Hotels Limited (Bangladesh)	60	60	Dormant
# (2) Ipco Resorts Limited (Bangladesh)	60	60	Dormant
<i>Held by Ipco Sdn. Bhd.</i>			
* (3) Gulf Asia Holdings Ltd (Malaysia)	100	100	Dormant
* (8) Dimensi Cita Sdn Bhd (Malaysia)	100	100	Investment holding
<i>Held by ESA Electronics Pte Ltd</i>			
* (5) ESA Assembly Pte Ltd (Singapore)	62.5	62.5	Manufacturers, assemblers, installers, maintainers, repairers of and dealers in electronic components

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



6. Subsidiaries (Continued)

(b) Details of subsidiaries (Continued)

Name of company (Country of incorporation and business)	Equity held by the Group		Principal activities
	2008 %	2007 %	
<i>Held by Asia Plan Limited</i>			
* (4) Capri Investments L.L.C. (United States of America)	70	70	Residential estate development
<i>Held by Dimensi Cita Sdn Bhd</i>			
* (8) Enigma Ventures Sdn Bhd (Malaysia)	100	100	Investment holding
<i>Held by Excellent Empire Limited</i>			
# (4) China Environmental Energy Protection Investment Limited (China)	100	89	Investment holding
# (4) Grand Prosper Group Limited (Hong Kong)	55	–	Investment holding
<i>Held by China Environmental Energy Protection Investment Limited</i>			
* (4) Anlu Jiaxu Natural Gas Company Limited (People's Republic of China)	90	80	Natural gas distribution
* (4) Dawu Jiaxu Natural Gas Company Limited (People's Republic of China)	90	85	Natural gas distribution
* (4) Xiaochang Jiaxu Natural Gas Company Limited (People's Republic of China)	90	85	Natural gas distribution
<i>Held by Grand Prosper Group Limited</i>			
# (4) Deshi Oil and Gas Exploration Co., Ltd (People's Republic of China)	49.5	–	Oil and gas exploration and extraction

Notes:

- * (1) Audited by BDO Raffles, Singapore
- * (2) Audited by BDO McCabe Lo Limited, Hong Kong
- * (3) Audited by BDO Binder, Malaysia
- * (4) Audited by BDO Raffles, Singapore, for consolidation purposes
- * (5) Audited by RSM Chio Lim, Singapore
- * (6) Audited by Lee & Raman, Brunei
- * (7) Audited by Suganda Akna Suhri, Indonesia
- * (8) Audited by Allan Choong & Co, Malaysia
- # (1) No audit required under the laws of its country of incorporation
- # (2) Not audited as the companies are dormant
- # (3) In the process of voluntary liquidation or liquidated at the date of this report, not required to be audited
- # (4) Reviewed by BDO Raffles, Singapore, for consolidation purposes

6. Subsidiaries (Continued)

(c) Acquisition of a subsidiary

Grand Prosper Group Limited ("Grand Prosper")

On 28 February 2008, the Company acquired 55% equity interest in Grand Prosper for a cash consideration of US\$9,500,000 (or \$13,500,000 equivalent) by way of a private placement (Note 19(a)).

From the date of acquisition, Grand Prosper has contributed a revenue of \$96,000 and a net loss of \$692,000 to the consolidated net profit net of tax. If the acquisition had occurred on 1 May 2007, the Group's revenue would have been \$41,605,000, and the net profit would have been \$309,000.

The fair values of the identifiable assets and liabilities of Grand Prosper as at the date of acquisition were:

	2008	
	Fair value recognised on acquisition \$'000	Carrying amounts \$'000
Intangible assets	12,541	1,395
Property, plant and equipment	92	92
Inventories	155	155
Trade and other receivables	1,268	1,268
Cash and bank balances	851	851
Trade and other payables	(1,134)	(1,134)
Identifiable net assets	13,773	2,627
Less: Minority interests	(273)	
Purchase consideration	13,500	
Cash and bank balances acquired	(851)	
Net cash outflow on acquisition of subsidiary	12,649	

(d) Acquisition of minority interests

Excellent Empire Limited ("EEL")

On 5 December 2007, the Company acquired the remaining 11% equity interest in EEL from its minority interests comprising 4,250,000 ordinary shares of US\$1.00 each for a total consideration of \$137,201. As a result of this acquisition, EEL became a wholly-owned subsidiary of the Company. On the date of acquisition, the book value of the additional interest acquired was US\$3,566,069 (approximately \$5,715,201 equivalent). The difference between the consideration and the book value of the interest acquired of \$5,578,000 is reflected as negative goodwill in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



6. Subsidiaries (Continued)

(e) Disposal of a subsidiary

PT Prestasi Cipta Pertiwi ("PCP")

On 30 April 2008, the Company disposed of its entire 70% equity interest in PCP for a cash consideration of \$1,800,000. Upon disposal, PCP ceased to be a subsidiary of the Group.

Details of disposal:

	2008
	PCP
	\$'000
Property, plant and equipment	147
Available-for-sale financial assets	448
Inventories	353
Trade and other receivables	6,432
Cash and bank balances	144
Trade and other payables	(6,179)
Current income tax payable	(145)
Borrowings	(638)
	<hr/>
Identifiable net assets	562
Less: Minority interests	(169)
	<hr/>
Identifiable net assets disposed	393
Attributable goodwill (Note 4)	1,685
Less: Impairment of goodwill	(658)
Transfer from shareholders' equity – currency translation differences	107
	<hr/>
	1,527
Gain on disposal of subsidiary	273
	<hr/>
Sale consideration ⁽¹⁾	1,800
Less: Deferred consideration	(1,800)
Less: Cash and bank balances disposed	(144)
	<hr/>
Net cash outflow on disposal of subsidiary	<u>(144)</u>

⁽¹⁾ Sale consideration of \$1,800,000 is to be paid in the manner as disclosed in Note 10(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



7. Associated companies

(a) Investments in associated companies comprise:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Equity investments, at cost			2,753	2,753
Balance at beginning of financial year	5,445	7,818		
Effect of subsidiary becoming an associated company	–	2,728		
Amount written-off	–	(5,600)		
Share of profits, net of tax	1,221	449		
Currency translation difference	(90)	50		
Balance at end of financial year	<u>6,576</u>	<u>5,445</u>		

Movement in impairment in value during the financial year:

	Group	
	2008 \$'000	2007 \$'000
Balance at beginning of financial year	–	5,600
Impairment in value written-off	–	(5,600)
Balance at end of financial year	<u>–</u>	<u>–</u>

In the previous financial year, impairment in value amounting to \$5,600,000 had been written off upon dissolution of Ipco Contractors (S.A.) Limited. In addition, the Company has disposed of 53.5% equity interest in a subsidiary, Industrial Engineering Systems Pte Ltd (“IES”). Upon disposal, IES became an associated company.

(b) Details of associated companies

Name of company (Country of incorporation and business)	Equity held by the Group		Principal activities
	2008 %	2007 %	
<i>Held by Ipco International Limited</i>			
* (1) Ace Century Group Ltd (British Virgin Islands)	30	30	Dormant
* (3) Industrial Engineering Systems Pte Ltd (Singapore)	44.6	44.6	Designing of industrial plant engineering services systems and general wholesaler and trader

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



7. Associated companies (Continued)

(b) Details of associated companies (Continued)

Name of company (Country of incorporation and business)	Equity held by the Group		Principal activities
	2008 %	2007 %	
Held by Enigma Ventures Sdn Bhd			
* (2) C.N.A. Venture Holdings Sdn. Bhd. (Malaysia)	40	40	Trading of automotive components
Held by C.N.A. Venture Holdings Sdn. Bhd.			
* (2) C.N.A. Manufacturing Sdn. Bhd. (Malaysia)	40	40	Trading of automotive components, manufacturing and assembling of car seats
* (2) C.N.A. Polymer Sdn. Bhd. (Malaysia)	40	40	Manufacturing of PU padding for car seats

Notes:

* (1) No audit required under the laws of its country of incorporation

* (2) Audited by Anuarul Azizan Chew & Co, Malaysia

* (3) Audited by BDO Raffles, Singapore, for consolidation purposes

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

	2008 \$'000	2007 \$'000
Assets	30,642	34,736
Liabilities	(19,454)	(25,469)
Revenue	23,112	51,479
Net profit for the financial year	1,783	2,099

8. Unincorporated joint ventures

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

	2008 \$'000	2007 \$'000
Income statement:		
Other operating expenses	—	—
Loss for the financial year	—	—
Balance sheet:		
Current assets	92	94
Current liabilities	(92)	(94)

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



8. Unincorporated joint ventures (Continued)

Details of joint ventures are as follows:

Name of company (Country of incorporation and business)	Equity held by the Group		Principal activities
	2008 %	2007 %	
MMCE-Ipco-MURPHY joint venture (Malaysia)	33	33	Dormant
Ipco-ASAL joint venture (Malaysia)	70	70	Dormant

9. Available-for-sale financial assets

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at beginning of financial year	23,359	18,921	1,010	2,345
Additions	15,631	22,175	11,730	401
Disposals	(29,602)	(20,091)	(4,298)	–
Disposal of a subsidiary	(448)	–	–	–
Fair value (losses)/gains transferred to equity	(4,083)	4,349	(4,083)	–
Currency translation difference	(498)	(259)	–	–
Transfer to investments in subsidiaries (a)	–	(1,736)	–	(1,736)
Balance at end of financial year	4,359	23,359	4,359	1,010
Comprising:				
Listed securities, at fair value:				
- Equity securities – Singapore	2,590	19,827	2,590	–
- Equity securities – Malaysia	–	2,015	–	–
	2,590	21,842	2,590	–
Unquoted equity shares, at cost:				
- Singapore	609	609	609	609
- Indonesia	–	507	–	–
- United Kingdom	1,160	401	1,160	401
	1,769	1,517	1,769	1,010
	4,359	23,359	4,359	1,010

In the previous financial year,

- The Company converted advances amounting to \$53,561,000 into equity interest in Excellent Empire Limited (“EEL”), thereby increasing its equity interest in EEL to 89%. After the conversion, EEL became a subsidiary of the Company.
- Available-for-sale financial assets amounting to \$4,530,000 had been pledged to a financial institution for share margin trading facility granted to a subsidiary (Note 17).

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



10. Trade and other receivables

		Group		Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Non-current					
Non-trade receivables					
- proceeds from sale of a subsidiary	(a)	–	1,250	–	1,250
- due from a company related to a former director	(b)	–	6,877	–	–
- others		–	104	–	–
		<u>–</u>	<u>8,231</u>	<u>–</u>	<u>1,250</u>
Current					
Trade receivables - third parties					
Allowance for doubtful receivables		5,069	11,477	1	–
		(33)	(24)	–	–
		<u>5,036</u>	<u>11,453</u>	<u>1</u>	<u>–</u>
Non-trade receivables - third parties					
Allowance for doubtful receivables	(b)	17,576	11,972	7,780	2,301
		(9,735)	(10,593)	(1,618)	(1,699)
		<u>7,841</u>	<u>1,379</u>	<u>6,162</u>	<u>602</u>
Due from subsidiaries					
Allowance for doubtful receivables	(c)	–	–	61,197	58,453
		–	–	(8,750)	(9,777)
		<u>–</u>	<u>–</u>	<u>52,447</u>	<u>48,676</u>
Due from an associated company					
Due from a minority shareholder	(d)	2	206	2	206
Proceeds from sale of subsidiaries	(e)	5,189	5,507	–	–
Proceeds from sale of property, plant and equipment	(a)	3,050	1,250	3,050	1,250
Income tax recoverable		2,263	1,192	2,263	–
Prepayments		223	796	885	1,435
Rental, utilities and other deposits		2,108	1,878	58	50
Staff advances		4,141	4,761	4,090	3,886
		12	88	–	62
		<u>29,865</u>	<u>28,510</u>	<u>68,958</u>	<u>56,167</u>
Trade and other receivables		<u>29,865</u>	<u>36,741</u>	<u>68,958</u>	<u>57,417</u>

(a) In the previous financial year, the Company disposed of 53.5% equity interest in Industrial Engineering Systems Pte Ltd (“IES”) for a cash consideration of \$3,750,000, to be paid over 3 years in 3 equal instalments of \$1,250,000 each. The amount of \$1,250,000 which is repayable in December 2008 was included in the non-current portion.

In the current financial year, included in proceeds from sale of subsidiaries are the last installment of \$1,250,000 in respect of the disposal of IES and \$1,800,000 representing sales consideration receivable from the disposal of 70% equity interest in PCP (Note 6(e)).

(b) In the previous financial year, the amount due from a company related to a former director of the Company was unsecured, interest-free and had no fixed terms of repayment.

In the current financial year, included in non-trade receivables due from third parties included an amount of \$5,970,455 which was being transferred to a third party as part of the disposal of 70% equity interest in PCP to the third party. The amount is unsecured, interest-free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



10. Trade and other receivables (Continued)

- (c) The amount due from subsidiaries is non-trade in nature, unsecured, interest-free and repayable on demand, except for an amount of approximately \$16,280,000 (2007: \$15,585,000), which bears interest at 2% (2007: 2%) per annum.
- (d) The amount due from an associated company is non-trade in nature, unsecured, interest-free and repayable on demand.
- (e) The amount due from a minority shareholder is non-trade in nature, unsecured, interest-free and repayable on demand, except for a loan amounting to approximately \$5,190,000 (2007: \$5,507,000) which bears interest at 8% (2007: 8%) per annum and secured against the shareholder's interest in that subsidiary.
- (f) Trade receivables due from third parties are non-interest bearing and generally have credit terms of 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	
	2008	2007
	\$'000	\$'000
Balance at beginning of financial year	24	135
Allowance no longer required, written back	–	(41)
Allowance made during the financial year	13	–
Bad debts written off	–	(58)
Disposal of a subsidiary	–	(17)
Currency translation difference	(4)	5
Balance at end of financial year	<u>33</u>	<u>24</u>

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

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year	10,593	10,671	11,476	10,387
Allowance made during the financial year	225	212	–	1,115
Allowance no longer required, written back	(85)	(26)	(1,108)	(26)
Currency translation difference	(998)	(264)	–	–
Balance at end of financial year	<u>9,735</u>	<u>10,593</u>	<u>10,368</u>	<u>11,476</u>
Analysed into:				
Third parties	9,735	10,593	1,618	1,699
Subsidiaries	–	–	8,750	9,777
	<u>9,735</u>	<u>10,593</u>	<u>10,368</u>	<u>11,476</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



10. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore dollar	15,444	4,554	33,142	4,365
United States dollar	9,598	17,464	13,088	32,956
Ringgit Malaysia	2,277	5,407	22,728	20,096
Indonesia Rupiah	–	7,259	–	–
Renminbi	2,546	2,057	–	–
	<u>29,865</u>	<u>36,741</u>	<u>68,958</u>	<u>57,417</u>

11. Inventories

	Group	
	2008 \$'000	2007 \$'000
At cost:		
Saleable merchandise	1,546	2,056
Land held for sale	17,268	18,963
	<u>18,814</u>	<u>21,019</u>

The cost of saleable merchandise recognised as expenses in the income statement amounted to \$12,494,000 (2007: \$13,601,000)

Movements in land held for sale during the financial year:

	Group	
	2008 \$'000	2007 \$'000
Balance at beginning of financial year	18,963	19,002
Development and other related costs incurred during the financial year	2,359	4,441
Sold during the financial year	(2,057)	(3,822)
Currency translation difference	(1,997)	(658)
Balance at end of financial year	<u>17,268</u>	<u>18,963</u>

The land held for sale comprises 810 (2007: 830) lots of land pertaining to the Falling Water Project in Seattle, Washington, USA owned by Capri Investments, L.L.C.

During the financial year, the borrowing costs amounted to \$62,000 was recognised as expenses and included in finance costs as disclosed in Note 23 to the financial statements. In the previous financial year, borrowing costs of \$780,000 arising on financing specifically entered into for the development of land for future income were capitalised.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



12. Financial assets, at fair value through profit or loss

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at beginning of financial year	2,337	760	–	–
Additions	26,992	7,786	305	–
Disposals	(11,712)	(6,913)	(102)	–
Fair value (losses)/gains (Note 22)	(4,086)	705	(58)	–
Currency translation difference	75	(1)	–	–
Balance at end of financial year	13,606	2,337	145	–

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

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<i>Held for trading</i>				
Listed securities:				
- Equity securities - Singapore	7,716	2,337	145	–
- Equity securities – Malaysia	5,890	–	–	–
	13,606	2,337	145	–

During the financial year, financial assets at fair value through profit or loss amounting to \$4,914,349 (2007: \$Nil) have been pledged to a financial institution for share margin trading facility granted to a subsidiary (Note 17).

13. Cash and cash equivalents

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Fixed deposit	3	3	3	3
Cash and bank balances	12,586	12,572	687	1,102
	12,589	12,575	690	1,105

Included in fixed deposits is an amount of approximately \$3,000 (2007: \$3,000) pledged to banks as securities for performance bonds and guarantees issued by banks.

Fixed deposits with financial institutions mature on varying periods within 4 months (2007: 4 months) from the financial year end at interest rate of 0.575% (2007: 0.575%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



13. Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore dollar	9,854	2,956	624	1,094
United States dollar	87	7,909	66	11
Renminbi	2,556	1,518	–	–
Ringgit Malaysia	92	64	–	–
Others	–	128	–	–
	<u>12,589</u>	<u>12,575</u>	<u>690</u>	<u>1,105</u>

14. Trade and other payables

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade payables	1,287	4,763	53	41
Accrued operating expenses	5,169	3,969	310	258
Non-trade payables				
- third parties	9,423	4,143	2,559	969
- subsidiaries	–	–	8,106	4,041
- due to a minority shareholder	–	7,387	–	–
- payable for property, plant and equipment	6,110	4,940	–	–
Provision for Directors' fees	144	201	80	78
	<u>22,133</u>	<u>25,403</u>	<u>11,108</u>	<u>5,387</u>

Trade payables are non-interest bearing and are generally settled on 60 to 90 days terms. Non-trade payables are unsecured, interest-free and repayable on demand.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Singapore dollar	6,202	5,476	9,962	5,018
United States dollar	7,504	10,110	–	327
Ringgit Malaysia	2,043	2,071	1,146	–
Renminbi	6,381	6,961	–	–
Others	3	785	–	42
	<u>22,133</u>	<u>25,403</u>	<u>11,108</u>	<u>5,387</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



15. Provisions

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current				
Provision for indemnity on disposed subsidiary's projects	–	960	–	960
Provision for employee benefits	250	215	184	154
	<u>250</u>	<u>1,175</u>	<u>184</u>	<u>1,114</u>
Non-current				
Provision for employee benefits	–	23	–	–
	<u>250</u>	<u>1,198</u>	<u>184</u>	<u>1,114</u>

Movements in provisions during the financial year:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at beginning of financial year	1,198	1,131	1,114	1,094
Provision made during the financial year				
- indemnity on disposed subsidiary's projects	–	287	–	–
- employee benefits	249	239	184	154
Amount utilised during the financial year	<u>(1,197)</u>	<u>(459)</u>	<u>(1,114)</u>	<u>(134)</u>
Balance at end of the financial year	<u>250</u>	<u>1,198</u>	<u>184</u>	<u>1,114</u>

16. Finance leases liabilities

Obligations under finance leases denominated in Singapore dollar are as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Minimum lease instalments payable				
- within one year	43	97	43	39
- within two to five years	159	155	159	155
- after five years	47	9	47	9
	<u>249</u>	<u>261</u>	<u>249</u>	<u>203</u>
Finance charges allocated to future periods	<u>(33)</u>	<u>(28)</u>	<u>(33)</u>	<u>(26)</u>
Present value of finance lease liabilities	<u>216</u>	<u>233</u>	<u>216</u>	<u>177</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



16. Finance leases liabilities (Continued)

The present value of finance lease liabilities disclosed in the balance sheets as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Current liabilities	33	86	33	30
Non-current liabilities				
- within two to five years	138	138	138	138
- after five years	45	9	45	9
	183	147	183	147
Weighted average interest rate per annum	2.68%	2.90%	2.68%	2.93%

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

Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

17. Borrowings

	Group	
	2008 \$'000	2007 \$'000
Current		
Share-margin financing facility	2,153	2,235
Bank borrowings	1,070	243
Loans from business associates	1,963	3,344
	5,186	5,822
Non-current liabilities		
Bank borrowings	16,727	7,827
	21,913	13,649

2008

- The share margin financing facility is secured by pledge of certain financial assets at fair value through profit or loss (Note 12). Interest is charged at 8% per annum.
- The bank borrowings are secured by certain subsidiaries' property, plant and equipment, exclusive revenue collection rights and the equity interest in those subsidiaries (Note 5). Interest is charged at 7.83% to 8.61% per annum.
- The loans from business associates are unsecured and repayable on demand. Interest is charged at 9.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



17. Borrowings (Continued)

2007

- (a) The share margin financing facility was secured by pledge of certain available-for-sale financial assets (Note 9). Interest was charged at 8% per annum.
- (b) Current bank borrowings were secured by private properties of a shareholder of a subsidiary. Interest was charged at 16% per annum.
- (c) The loans from business associates were unsecured and repayable on demand. Interest was charged at 12% per annum.
- (d) The non-current bank borrowings were secured by a subsidiary's property, plant and equipment, exclusive revenue collection rights and the equity interest in that subsidiary (Note 5). Interest was charged at 6.12% per annum.

Borrowings are denominated in the following currencies:

	Group	
	2008	2007
	\$'000	\$'000
Singapore dollar	–	2,235
United States dollar	1,963	3,344
Renminbi	17,797	7,827
Ringgit Malaysia	2,153	–
Indonesian Rupiah	–	243
	<u>21,913</u>	<u>13,649</u>

18. Deferred tax liabilities

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Arising from:				
Fair value gain on available-for-sale financial assets	–	1,210	–	–
Intangible assets	11,160	12,473	–	–
Property, plant and equipment	29	74	30	30
Unutilised tax losses	–	(212)	–	–
	<u>11,189</u>	<u>13,545</u>	<u>30</u>	<u>30</u>

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



18. Deferred tax liabilities (Continued)

Movements during the financial year:

	Fair value gain \$'000	Intangible assets \$'000	Accelerated tax depreciation \$'000	Unutilised tax losses \$'000	Total \$'000
Group					
2008					
Balance at beginning of financial year	1,210	12,473	74	(212)	13,545
Transfer from income statement (Note 26)	–	–	(45)	212	167
Changes in fair value of available-for-sale financial assets	(1,210)	–	–	–	(1,210)
Currency translation difference	–	(1,313)	–	–	(1,313)
Balance at end of financial year	–	11,160	29	–	11,189
2007					
Balance at beginning of financial year	–	–	74	–	74
Transfer from income statement (Note 26)	–	–	–	(218)	(218)
Changes in fair value of available-for-sale financial assets	1,210	–	–	–	1,210
Acquisition of subsidiary	–	12,473	–	–	12,473
Currency translation difference	–	–	–	6	6
Balance at end of financial year	1,210	12,473	74	(212)	13,545

19. Share capital

	Group and Company	
	2008	2007
	\$'000	\$'000
Issued and fully paid:		
Balance at beginning of the financial year - 1,102,531,612 (2007: 919,531,612) ordinary shares	175,129	165,200
Compensation for reduction in value of shares issued	(a) –	(1,913)
Issue of 220,000,000 (2007: 183,000,000) ordinary shares	(b) 14,300	11,842
Balance at end of the financial year - 1,322,531,612 (2007: 1,102,531,612) ordinary shares	189,429	175,129

19. Share capital (Continued)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

- (a) This relates to the 19,625,000 shares in the Company which were allotted as part consideration of the acquisition of 62.5% equity interest in ESA Electronics Pte Ltd and its subsidiaries in April 2004 and which were held as collateral. The shares were released to the vendor in the previous financial year and adjustment was made for the shortfall in the market price of the shares compared to the issued price as provided for under the terms of the Sale and Purchase Agreement.
- (b) During the financial year, the Company issued 220,000,000 ordinary shares at \$0.065 per share by way of a private placement for cash consideration in connection with the acquisition of 55% equity interest in Grand Prosper Group Limited. In the previous financial year, the Company issued 183,000,000 ordinary shares at \$0.0647 per share for cash. The new ordinary shares rank *pari passu* in all respects with the existing issued ordinary shares in the capital of the Company.

20. Reserves

- (a) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets. The movements are presented in the consolidated statement of changes in equity.

- (b) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the Group's share in the fair value of long-term leasehold land and buildings of an associated company and decreases to the extent that such decrease relates to an increase on the same asset previously recognised 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 relates to the Capital Reduction Exercise that was effected in 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.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



21. Revenue

	Group	
	2008	2007
	\$'000	\$'000
Sale of goods	24,219	33,391
Land sales	3,316	6,124
Natural gas installation, connection and usage	2,999	1,047
	30,534	40,562
	30,534	40,562

22. Other revenue

	Group	
	2008	2007
	\$'000	\$'000
Available-for-sale financial assets		
- fair value gains transferred from fair value reserve on disposal	7,338	1,706
- net (loss)/gain on disposal	(2,055)	2,843
Financial assets, at fair value through profit or loss		
- fair value (loss)/gain (Note 12)	(4,086)	705
- net gain/(loss) on disposal	243	(138)
Bank interest income	602	676
Compensation of indemnity loss on project	370	-
Dividend income	244	296
Gain on disposals of property, plant and equipment	2,313	292
Gain on disposal of a subsidiary	273	246
Negative goodwill arising from acquisition of minority interests (Note 6(d))	5,578	-
Recovery of legal claims	10	-
Write back of allowance for doubtful trade receivables	-	41
Write back of allowance for doubtful non-trade receivables	85	26
Write back of impairment for other investment	28	-
Sundry income	257	244
	11,200	6,937
	11,200	6,937

23. Finance costs

	Group	
	2008	2007
	\$'000	\$'000
Interest expenses:		
- finance leases	47	42
- share margin financing	156	102
- bank borrowings	906	182
- loans from business associates	62	-
	1,171	326
	1,171	326

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



24. Staff costs

	Group	
	2008 \$'000	2007 \$'000
Wages, salaries and benefits	4,037	4,371
Employer's contributions to provident funds	306	304
	4,343	4,675
	4,343	4,675

Included in staff costs are Directors' remuneration of \$411,000 (2007: \$974,000).

25. Other operating expenses

Other operating expenses include the following:

	Group	
	2008 \$'000	2007 \$'000
Non-audit fees paid to auditors of the Company	–	38
Brokerage and clearing fees	176	163
Directors' fees		
- paid to the Directors of the Company	80	78
- others	64	123
Distribution and selling expenses	411	1,463
General repair and maintenance	2,113	1,054
Professional and consultancy fees	967	203
	1,434	2,199
	1,434	2,199

26. Income tax expense

(i) Income statement

	Group	
	2008 \$'000	2007 \$'000
Current tax		
- current year		
- local tax	1,082	2,379
- foreign tax suffered	351	67
- overprovision in prior years	(166)	(29)
	1,267	2,417
Deferred tax		
- current year	167	(6)
- deferred tax assets not recognised in prior year	–	(212)
	167	(218)
	1,434	2,199

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



26. Income tax (Continued)

(ii) Reconciliation of effective tax rate

	Group	
	2008 \$'000	2007 \$'000
Profit before income tax	3,318	8,352
Income tax calculated at statutory tax rate of 18%	597	1,503
Effect of change in tax rate	–	62
Effect of different tax rates in other countries	72	298
Foreign tax suffered	402	67
Expenses not deductible for tax purposes	1,209	1,491
Income not subject to tax	(868)	(905)
Income tax exemption	(162)	(82)
Overprovision of current income tax in prior years	(166)	(29)
Deferred tax assets not recognised in prior year	–	(212)
Utilisation of previously unrecognised deferred tax assets	–	(328)
Deferred tax assets not recognised in income statement	291	267
Others	59	67
	1,434	2,199

(iii) Unrecognised deferred tax assets

	Group	
	2008 \$'000	2007 \$'000
Balance at beginning of financial year	2,839	2,864
Additions	291	267
Recognised in income statement	–	(212)
Utilisation of unrecognised deferred tax assets	–	(328)
Currency translation differences	6	248
Balance at end of financial year	3,136	2,839

As at the balance sheet date, subsidiaries of the Group had unutilised tax losses of approximately \$17,383,000 (2007: \$15,641,000) which are available for set-off against future taxable profits. The deferred tax asset has not been recognised in the financial statements due to the uncertainty of its recoverability. The use of these potential tax benefits of approximately \$3,136,000 (2007: \$2,839,000) 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.

(iv) Statement of changes in equity

	Group	
	2008 \$'000	2007 \$'000
Deferred tax relating to items charged directly to equity		
- Net change in fair value of available-for-sale financial assets	(1,210)	1,210

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



27. Earnings per share

Basic earnings per ordinary share is calculated by dividing the Group's net profit for the financial year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

Diluted earnings per ordinary share is the same as the basic earnings per share because there were no dilutive potential shares.

The following reflects the net profit and number of shares used in the computation of basic and diluted earnings for the financial years ended 30 April:

	Group	
	2008 \$'000	2007 \$'000
Profit attributable to shareholders of the Company	1,645	4,524
	<u>1,156,175,448</u>	<u>1,003,260,379</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares	1,156,175,448	1,003,260,379

28. Key management personnel compensation

The key management personnel compensation is as follows:

	Group	
	2008 \$'000	2007 \$'000
Directors' fees	144	201
Short-term employee benefits	1,477	1,925
Central Provident Fund contributions	47	40
	<u>1,668</u>	<u>2,166</u>
Comprise amounts paid to:		
Directors of the Company	864	1,175
Other key management personnel	804	991
	<u>1,668</u>	<u>2,166</u>

NOTES TO THE FINANCIAL STATEMENTS
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29. Commitments

- (i) Operating lease arrangements – as lessee

As at the balance sheet date, there were future minimum lease payments under non-cancellable operating leases for office premises in subsequent accounting periods as follows:

	Group		Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Within one year	255	492	181	140
After one year but within five years	186	598	178	30
	<u>441</u>	<u>1,090</u>	<u>359</u>	<u>170</u>

The lease agreements provide for periodic revision of rental rates in the future.

- (ii) Capital commitments

Capital expenditure contracted but not provided for in the financial statements are as follows:

	Group	
	2008 \$'000	2007 \$'000
Commitments to purchase property, plant and equipment	<u>–</u>	<u>545</u>

30. Contingent liabilities - unsecured

At the balance sheet date, unsecured contingent liabilities not provided for in the financial statements are as follows:

Group

- (a) In 1996, a joint venture between Ipco Constructors Sdn Bhd and Yayasan Amanah Saham Anak Langkawi Berhad (“Ipco ASAL”) made claims against Hume Steel Industries Sdn Bhd (“HSISB”) in respect of alleged faulty construction materials supplied to Ipco ASAL in the Langkawi Water Supply Project in Malaysia. In response, HSISB made counter-claims totalling RM2.25 million against Ipco ASAL.

In August 2008, HSISB agrees to pay RM120,000 to Ipco ASAL as full and final settlement of all disputes in the arbitration and each party shall withdraw their respective claims concerning this matter against the other party and each party shall be responsible for its own legal costs.

30. Contingent liabilities – unsecured (Continued)

Group (Continued)

- (b) On or about 28 August 2006, the Company disposed of 53.5% equity interest in Industrial Engineering Systems Pte Ltd (“IES”) for a cash consideration of \$3,750,000. The Company has guaranteed to the purchaser on the terms set out in the Sale and Purchase Agreement that the aggregate profits before income tax of IES for the period from 1 September 2006 to 31 August 2008, shall not be less than \$2,000,000 (“Profit Guarantee”). Subsequently, the Profit Guarantee period was changed to 1 January 2007 to 31 December 2008.

During the financial year, the Company has fulfilled its profit warranty of \$1,000,000 for the period from 1 January 2007 to 31 December 2007 with the purchaser. As such, the purchaser had released the second instalment of the consideration price of \$1,250,000 to the Company. The management is of the opinion that the remaining Profit Guarantee of \$1,000,000 for the period from 1 January 2008 to 31 December 2008 can be met.

Company

- (a) The Company has given corporate guarantees of \$9,666,000 (2007: \$7,846,000) to financial institutions in connection with banking facilities granted by the financial institutions to the Group’s subsidiaries. The management is of the view that no material losses will arise from these contingent liabilities.
- (b) The Company has also 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 \$7,993,000 (2007: \$16,346,000).

31. Subsequent events

On 27 June 2008, the shareholders approved the Company’s proposed issue of 1% unsecured equity linked redeemable structured convertible notes due to 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 convertible notes are denominated in Singapore dollar. Approximately 50% of the net proceeds will be used to fund the capital expenditure and working capital of the newly acquired subsidiary, Deshi Oil and Gas Exploration Co., Ltd. The remaining net proceeds will be used for the working capital and business expansion of the Group in new energy investment in the PRC.

The convertible 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. Convertible notes that are not converted into shares are redeemable by the Company at its principal amount at maturity.

As at the date of this report, no convertible notes have been issued.

Notes to the Financial Statements

for the financial year ended 30 April 2008

32. Information by segment on Group's operations

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Corporate and others		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	-	-	3,316	6,124	2,999	1,047	24,219	33,391	-	-	30,534	40,562
Unallocated revenue	-	-	-	-	-	-	-	-	11,200	6,937	11,200	6,937
Total revenue	-	-	3,316	6,124	2,999	1,047	24,219	33,391	11,200	6,937	41,734	47,499
Segment (loss)/profit	(6,753)	(4,193)	204	1,364	(3,384)	(2,381)	2,001	6,502	11,200	6,937	3,268	8,229
Finance costs											(1,171)	(326)
Share of results of associated companies	785	459	-	-	-	-	436	-	-	(10)	1,221	449
Profit before income tax											3,318	8,352
Income tax expense											(1,434)	(2,199)
Profit after income tax											1,884	6,153
Minority interests											(239)	(1,629)
Net profit											1,645	4,524

Notes to the Financial Statements

for the financial year ended 30 April 2008

32. Information by segment on Group's operations (Continued)

Business segments	Infrastructure development and turnkey construction		Property development		Gas distribution		Electronics and trading		Corporate and others		Consolidated	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Segment Assets and Liabilities												
Segment assets	16,900	19,579	63,681	70,357	104,509	89,081	34,448	45,197	26,421	30,774	245,959	254,988
Investments in associated companies	3,397	2,702	-	-	-	-	-	-	3,179	2,743	6,576	5,445
Total Assets	20,297	22,281	63,681	70,357	104,509	89,081	34,448	45,197	29,600	33,517	252,535	260,433
Segment liabilities	2,478	2,519	10,352	12,213	35,338	27,275	3,657	8,595	-	-	51,825	50,602
Unallocated liabilities	-	-	-	-	-	-	-	-	6,392	6,483	6,392	6,483
Total Liabilities	2,478	2,519	10,352	12,213	35,338	27,275	3,657	8,595	6,392	6,483	58,217	57,085
Capital expenditure	-	-	-	-	9,923	3,800	381	584	235	75	10,539	4,459
Depreciation and impairment of property, plant and equipment	1	8	-	-	679	593	401	339	60	286	1,141	1,226

Notes to the Financial Statements

for the financial year ended 30 April 2008

32. Information by segment on Group's operations (Continued)

Geographic Segments	Asean		People's Republic of China		United States of America		Others		Consolidated	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Sales to external customers	7,449	11,937	18,570	17,026	4,352	11,404	163	195	30,534	40,562
Others	5,297	5,807	–	–	443	417	5,460	713	11,200	6,937
Total revenue	12,746	17,744	18,570	17,026	4,795	11,821	5,623	908	41,734	47,499
Segment assets	74,547	89,889	104,509	89,082	63,681	70,357	3,222	5,660	245,959	254,988
Capital expenditure	–	659	9,923	3,800	381	–	235	–	10,539	4,459

32. Information by segment on Group's operations (Continued)

Primary reporting format - business segments

At 30 April 2008, 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.

Secondary reporting format - 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.

- Other countries

The operations include the investment securities trading and investment holding in Hong Kong and 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.

33. Financial risk management

The Group'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 overall risk management strategy seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group'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 and do not trade in derivative financial instruments.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

(a) 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 do not require a 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. There were no significant concentrations of credit risk. The Group and the Company do not hold any collateral. The carrying amount 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:

	Gross Receivables 2008 \$'000	Impairment 2008 \$'000	Gross Receivables 2007 \$'000	Impairment 2007 \$'000
Past due 0 to 3 months	3,352	–	8,147	–
Past due 3 to 6 months	66	–	155	–
Past due 6 to 12 months	–	–	–	–
Past due over 12 months	1,651	33	3,175	24
	<hr/> 5,069	<hr/> 33	<hr/> 11,477	<hr/> 24

Included in trade receivables balance are debtors with a carrying amount of \$1,618,000 (2007: \$3,151,000) which are past due at the reporting date for which the Group has not made allowance for doubtful receivables as the amounts are still considered recoverable based on past experience.

33. Financial risk management (Continued)

(b) Equity price risk

The Group is 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 9 and Note 12 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 balance sheet date.

The sensitivity analysis assumes an instantaneous 10% change in the equity prices from the balance sheet date, with all variables held constant.

	Group		Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Profit or loss				
Financial assets, at fair value through profit or loss				
<u>Listed in Singapore</u>				
- increased by 10%	772	234	15	-
- decreased by 10%	(772)	(234)	(15)	-
<u>Listed in Malaysia</u>				
- increased by 10%	589	-	-	-
- decreased by 10%	(589)	-	-	-
Equity				
Available-for-sale financial assets				
<u>Listed in Singapore</u>				
- increased by 10%	259	1,467	259	-
- decreased by 10%	(259)	(1,467)	(259)	-
<u>Listed in Malaysia</u>				
- increased by 10%	-	717	-	-
- decreased by 10%	-	(717)	-	-

(c) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in a currency other than Singapore dollar. The currencies giving rise to this risk are primarily Ringgit Malaysia, Renminbi, British Pounds, Indonesia Rupiah and United States dollar. 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.

The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



33. Financial risk management (Continued)

(c) Foreign currency risk

The Group's exposure to foreign currency

2008	SGD \$'000	USD \$'000	RM \$'000	RMB \$'000	GBP \$'000	Others \$'000	
Financial assets							
Available-for-sale financial assets	3,199	–	–	–	1,160	–	
Financial assets, at fair value through profit or loss	7,716	–	5,890	–	–	–	
Trade and other receivables	15,444	9,598	2,277	2,546	–	–	
Cash and cash equivalents	9,854	87	92	2,556	–	–	
Financial liabilities							
Trade and other payables	6,202	7,504	2,043	6,381	–	3	
Borrowings	–	1,963	2,153	17,797	–	–	
2007							
	SGD \$'000	USD \$'000	RM \$'000	RMB \$'000	GBP \$'000	IDR \$'000	Others \$'000
Financial assets							
Available-for-sale financial assets	20,436	–	2,015	–	401	507	–
Financial assets, at fair value through profit or loss	2,337	–	–	–	–	–	–
Trade and other receivables	4,554	17,464	5,407	2,057	–	7,259	–
Cash and cash equivalents	2,956	7,909	64	1,518	–	126	2
Financial liabilities							
Trade and other payables	5,476	10,110	2,071	6,961	–	785	–
Borrowings	2,235	3,344	–	7,827	–	243	–

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



33. Financial risk management (Continued)

(c) Foreign currency risk (Continued)

The Company's exposure to foreign currency

2008	SGD \$'000	USD \$'000	RM \$'000	RMB \$'000	GBP \$'000	
Financial assets						
Available-for-sale financial assets	3,199	–	–	–	–	1,160
Financial assets, at fair value through profit or loss	145	–	–	–	–	–
Trade and other receivables	33,142	13,088	22,728	–	–	–
Cash and cash equivalents	624	66	–	–	–	–
Financial liabilities						
Trade and other payables	9,962	–	1,146	–	–	–
2007						
	SGD \$'000	USD \$'000	RM \$'000	RMB \$'000	GBP \$'000	Others \$'000
Financial assets						
Available-for-sale financial assets	609	–	–	–	401	–
Trade and other receivables	4,365	32,956	20,096	–	–	–
Cash and cash equivalents	1,094	11	–	–	–	–
Financial liabilities						
Trade and other payables	5,018	327	–	–	–	42

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



33. Financial risk management (Continued)

(c) Foreign currency risk (Continued)

Foreign currency sensitivity analysis

If the SGD changes against the following foreign currencies by 10% each respectively at the reporting date, assuming that all other variables held constant, the effects arising from the net financial asset position for the Group and Company will be as follows:

	Group		Company	
	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000	Equity \$'000
2008				
SGD against USD				
- strengthened	(22)	—	(1,778)	—
- weakened	22	—	1,778	—
SGD against RM				
- strengthened	(406)	—	(2,158)	—
- weakened	406	—	2,158	—
SGD against RMB				
- strengthened	1,908	—	—	—
- weakened	(1,908)	—	—	—
SGD against GBP				
- strengthened	(116)	—	(116)	—
- weakened	116	—	116	—
	Group		Company	
	Profit or loss \$'000	Equity \$'000	Profit or loss \$'000	Equity \$'000
2007				
SGD against USD				
- strengthened	(1,192)	—	(3,264)	—
- weakened	1,192	—	3,264	—
SGD against RM				
- strengthened	(340)	—	(2,010)	—
- weakened	340	—	2,010	—
SGD against RMB				
- strengthened	1,121	—	—	—
- weakened	(1,121)	—	—	—
SGD against IDR				
- strengthened	(702)	—	—	—
- weakened	702	—	—	—
SGD against GBP				
- strengthened	(40)	—	(40)	—
- weakened	40	—	40	—

33. Financial risk management (Continued)

(d) 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 and short term borrowings.

The sensitivity analysis below showing the effect on profit or loss assumes an instantaneous 10% change in the interest rates from the balance sheet date, with all variable held constant.

Interest rate sensitivity analysis

	Profit or loss			
	2008	2008	2007	2007
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
Group				
Share-margin financing facility	(22)	22	(18)	18
Bank borrowings	(188)	188	(88)	88
Loans from business associates	(20)	20	(2)	2
	(230)	230	(108)	108
	(230)	230	(108)	108

(e) 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 in the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year \$'000	1 to 2 years \$'000	2 to 4 years \$'000	More than 5 years \$'000	Total \$'000
Group					
Trade and other payables	22,133	–	–	–	22,133
Finance lease liabilities	33	34	104	45	216
Borrowings	5,186	1,848	6,514	8,365	21,913
	27,352	1,882	6,618	8,410	44,262
As at 30 April 2008	27,352	1,882	6,618	8,410	44,262

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 30 April 2008



33. Financial risk management (Continued)

(e) Liquidity risk (Continued)

	Less than 1 year \$'000	1 to 2 years \$'000	2 to 4 years \$'000	More than 5 years \$'000	Total \$'000
Group					
Trade and other payables	25,403	–	–	–	25,403
Finance lease liabilities	86	34	104	9	233
Borrowings	5,822	988	5,632	1,207	13,649
As at 30 April 2007	<u>31,311</u>	<u>1,022</u>	<u>5,736</u>	<u>1,216</u>	<u>39,285</u>
Company					
Trade and other payables	11,108	–	–	–	11,108
Finance lease liabilities	33	34	104	45	216
As at 30 April 2008	<u>11,141</u>	<u>34</u>	<u>104</u>	<u>45</u>	<u>11,324</u>
Trade and other payables	5,387	–	–	–	5,387
Finance lease liabilities	30	34	104	9	177
As at 30 April 2007	<u>5,417</u>	<u>34</u>	<u>104</u>	<u>9</u>	<u>5,564</u>

(f) Fair values of financial assets and financial liabilities

(i) Investment securities

The Group has carried all investment securities that are classified as fair value through profit or loss or available-for-sale financial assets at their fair values as required by FRS 39 except for unquoted shares which have been stated at cost because of the lack of market prices and assumptions used in the valuation models to value these investments cannot be reasonably determined. However, the cash flows from these investments are expected to be in excess of their carrying amounts.

The fair value of investment securities that are actively traded in organised financial market is determined by reference to quoted market prices at the close of business on the balance sheet date.

(ii) Non-current bank borrowings

The carrying amount approximates the fair value due to frequent re-pricing.

(iii) Other financial assets and liabilities

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, current trade and other payables and current bank borrowings, based on their notional amounts, reasonably approximate their fair values because of the short period to maturity.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 April 2008



34. Capital risk management

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.

Management monitors capital based on a gearing ratio 30%. The Group's strategies, which were unchanged from 2007, are to maintain gearing within 14.5% and 12.3% respectively.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The Group's management reviews the capital structure on a semi-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 2007.

	Group	
	2008 \$'000	2007 \$'000
Net debt	31,673	26,710
Total equity	186,908	190,759
Total capital	<u>218,581</u>	<u>217,469</u>
Gearing ratio	<u>14.5%</u>	<u>12.3%</u>

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 30 April 2008 and 2007.

35. Comparative figures

Certain comparative figures have been reclassified to conform with current year's presentation as follows:

	Group	
	2007 As restated \$'000	2007 As previously reported \$'000
<u>Balance sheet</u>		
Current assets		
Land held for sale	–	18,963
Inventories	<u>21,019</u>	<u>2,056</u>

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 practices with specific reference to the the Code of Corporate Governance 2005.

Profile of Directors

Mr Carlson Clark Smith

Mr Carlson Clark Smith is an Executive Director and Chief Financial Officer of Ipco. He has 28 years of experience in finance, strategic planning and general management in the capital goods, technology and infrastructure industries. He is 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 2006

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 counseling and investor relations. She graduated with a Bachelor of Science in Pharmacology from the University of Adelaide, South Australia in 1987.

Date of first appointment : 6 June 2003
Date of last re-election as a director : 30 August 2007

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 (Accounting major) from the University of Adelaide.

Date of first appointment : 11 June 2003
Date of last re-election as a director : 30 August 2007

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 : 31 August 2005

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 independent director of other public listed companies 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 2005

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 the majority of members are Non-Executive and Independent Directors.

Executive Directors

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

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 considers an “Independent Director” as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director’s independent judgement of the Group’s affairs.

Chairman of the Board

Prior to his resignation, Mr Sandi Gunawan Ho was the Chairman of the Company. Since his resignation, the position of the Chairman has been vacant. The role of the Chairman is presently covered by both the CEO and the CFO. The Company is seeking for a suitable candidate for appointment.

Profiles of the Directors

A profile of our Directors can be found on pages 76 to 77 of this Annual Report.

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 shareholder value.

The following matters require the Board’s approval:

- Statutory requirements, such as approval of annual report and financial statements;
- Other requirements such as the half year and full year results announcements;
- Corporate strategic direction, strategies and action plans;
- Issuance of policies and key business initiatives;
- 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 ensures compliance with the Singapore Companies Act, Cap. 50 and all other rules and regulations of the SGX-ST.

Directors' Attendance at Board and Committee Meetings

Meeting of :	Board	Audit	Nominating	Remuneration
Total held in FY 2008 and up to the date of this report	4	4	2	2
Quah Su-Ling	4	N/A	N/A	N/A
Carlson Clark Smith	3	N/A	N/A	N/A
Lim Meng Check*	4	4	2	2
Chwee Han Sin*	4	4	2	2
Lim Huan Kim, Calvin*	4	4	2	2

* Independent Directors

Nominating Committee (“NC”)

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

The NC's principal functions are as follows:

- (a) recommend to the Board on all board appointments and re-appointments;
- (b) determine the independence of the 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.

The responsibilities of the NC also include setting the criteria for identifying candidates and reviewing nominations for the appointment of 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 at present appointed by way of a board resolution, after the NC recommends their appointment. Such new Directors must subject themselves for re-election at the next AGM of the Company. Article 91 of the Company's Articles of Association also requires one third of the Board to retire by rotation at every AGM.

A member of the NC holds office until the next AGM following that member's appointment and may, subject to the prior approval of the Board, be re-appointed to such office.

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 is 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, 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 and committees of the Board as a whole. 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 will be carried out annually.

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

<u>Name of Director</u>	<u>Appointment</u>	<u>Last elected</u>
Chwee Han Sin	Independent Director	31 August 2005
Lim Huan Kim, Calvin	Independent Director	31 August 2005

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 will ensure that Directors are adequately but not excessively rewarded. The RC will also consider, in consultation with the Board, amongst other things, their responsibilities, skills, expertise and contribution 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. The payment of fees to Non-Executive Directors is subject to approval at the general meeting of the Company. 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 Group's remuneration policy is to provide compensation packages at market rates which reward good performance and attract, retain and motivate managers and directors. Other than full-time employees, the Executive Directors' remuneration packages are based on the performance of the Group and the individual. All Non-Executive Directors are paid directors' fees, determined by the Board based on the effort, time spent and responsibilities of these Directors.

The members of the various Board Committees receive fixed rates and attendance fees based on the frequency of meetings held. The payment of directors' fees is subject to approval of the shareholders of the Company at each Annual General Meeting.

The Board is of the opinion that details of remuneration for individual Directors and key executives are confidential, and disclosure of such information would not be in the interest of the Company. Only one Director received remuneration of more than \$300,000 but below \$400,000 and the rest of the Directors received remuneration below \$300,000 per year.

Remuneration of other employees related to a Director

For the financial year under review, there were no employees who were related to a Director.

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, Cap. 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, related exchange compliance policies 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) nominate the appointment of external auditors; 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.

The AC meets at least two times a year and more frequently if required. In particular, the AC meets to review the financial statements before announcement. In the financial year under review, the AC has met to review and approve the audit plan, the half-year 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 met with the auditors without the presence of the Company’s management.

The AC has reviewed the non-audit services provided by the external auditors and is of the opinion that such services would not affect the independence of the auditors. The AC has also recommended the re-appointment of the auditors to the Board.

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

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.

As part of the annual statutory audit, the Company's external auditors conduct an annual review, in accordance with their audit plan, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken on the recommendations made by the external auditors in this respect, if any.

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional accounting and consulting firm, Messrs UHY Diong, to provide much of the assurance it requires regarding the operating effectiveness of the Group's systems of internal control.

The internal auditor adopts a risk-based approach in developing its audit plan which addresses all 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 audit plan presented to and approved by the AC. The internal audit focuses on areas with high risk and inadequate controls to ensure that adequate action plans are in place to improve the controls. For those areas with high risk and adequate controls, the internal auditors ascertain that the risks are effectively mitigated by the controls. On a quarterly basis or earlier as appropriate, the internal auditors report to the AC on areas for improvement and will subsequently follow up to determine the extent of their recommendations that have been implemented.

Based on the internal auditors' report for the financial year ended 30 April 2008, there is a reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

In the absence of any evidence to the contrary, the Board believes that the system of internal controls maintained by the Company is in place throughout the year and up to the date of this report. It provides reasonable, but not absolute, assurance against material financial misstatements or losses, and includes the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulations and best practices, and the identification and containment of financial, operational and compliance risks. However, the Board notes that no system of internal control could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities. The Board will continue to review and implement measures to strengthen the internal control environment of the Group.

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, which is also available on the SGX-ST's website.

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

Securities Transactions

The Company has adopted a Code of Conduct to provide guidance to Directors and certain officers of the Company and its subsidiaries with regard to dealings in the Company’s securities in compliance with the Best Practices Guide of the SGX-ST.

The Company has issued policy notes and guidelines on trading of its shares by all employees. These policy notes and guidelines clearly set out the implications of insider trading.

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 has been no interested person transaction.

Material Contracts

There has been no material contract entered into between the Company and its subsidiaries involving the interests of the Directors or controlling shareholders during the financial year under review, and up to the date of this report.

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.

Statement of Compliance

The Board confirms that for the financial year ended 30 April 2008, the Company has generally adhered to the principles and guidelines as set out in the Code of Corporate Governance 2005.

Use of Private Placement Shares Proceeds

On 13 February 2008, the Company completed its Private Placement Exercise on the issue of 220,000,000 new shares at an issue price of \$0.065 per share, which raise \$14,300,000 from the placement as per announced on 11 March 2008.

For the financial year ended 30 April 2008, the Company has utilised the proceeds from the placement as follows:

Intended Use	Amount Allocated \$	Amount Utilised \$	Balance \$
1. To acquire 55% of the issued and paid-up capital of Grand Prosper Group Limited	13,500,000 (equivalent to US\$9,500,000)	13,500,000	Nil
2. As working capital for the operations of Grand Prosper Group Limited	710,000	710,000	Nil
3. Legal fees and stamp duties related acquisition of Grand Prosper Group Limited	90,000	73,750	16,250
Total	14,300,000	14,283,750	16,250

SHAREHOLDERS' INFORMATION



STATISTICS OF SHAREHOLDERS AS OF 25 JULY 2008

Issued and fully Paid-up Capital	\$189,429,293
Number of Issued Shares	1,322,531,612
Class of Share	Ordinary shares
Voting Right	On show of hands : One vote for each member On a poll : One vote for each ordinary share
Number of Treasury Shares	NIL

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 25 JULY 2008

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 – 999	14	0.11%	6,811	0.00%
1,000 – 10,000	4,442	37.06%	24,480,094	1.85%
10,001 – 1,000,000	7,434	62.02%	682,087,189	51.58%
1,000,001 and above	97	0.81%	615,957,518	46.57%
	11,987	100.00%	1,322,531,612	100.00%

LIST OF TWENTY LARGEST SHAREHOLDERS AS AT 25 JULY 2008

S/N	Name of Shareholders	No. of Shares	%
1	CHNG GIM HUAT	81,659,000	6.17%
2	OCBC SECURITIES PRIVATE LTD	80,601,000	6.09%
3	YULINA BINTI BAHARUDDIN	50,000,000	3.78%
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	41,758,000	3.16%
5	JAMES HONG GEE HO	40,000,000	3.02%
6	UOB KAY HIAN PTE LTD	36,685,000	2.77%
7	ANG HON NAM	36,195,000	2.74%
8	CIMB-GK SECURITIES PTE. LTD.	15,338,000	1.16%
9	IDRIS BIN ABDULLAH @ DAS MURTHY	10,000,000	0.76%
10	JADENSWORTH HOLDINGS PTE LTD	12,000,000	0.91%
11	KIM ENG SECURITIES PTE. LTD.	9,984,000	0.75%
12	DBS VICKERS SECS (S) PTE LTD	8,143,000	0.62%
13	PHILLIP SECURITIES PTE LTD	7,877,753	0.60%
14	KOH CHYE MENG	7,305,000	0.55%
15	SOH BENG HUAT	6,828,000	0.52%
16	KOH AH TE	6,300,000	0.48%
17	KOH WILLIAM	5,882,765	0.44%
18	LEE TECK LIM	5,875,000	0.44%
19	LEE SIEW KEONG	5,000,000	0.38%
20	FANG CHI	5,000,000	0.38%
		472,431,518	35.72%

SHAREHOLDERS' INFORMATION



SUBSTANTIAL SHAREHOLDERS AS AT 25 JULY 2008

Shareholder's Name	Direct Interest	Deemed Interest	%
Chng Gim Huat	81,659,000	—	6.17%

DIRECTORS' INTEREST AS AT 25 JULY 2008

Director's Name	Direct Interest	Deemed Interest	%
Quah Su-Ling*	—	64,730,000	4.89%

* Deemed Interest is held under various brokerage companies

SHAREHOLDINGS HELD BY THE PUBLIC AS AT 25 JULY 2008

Based on information available to the Company as at 25 July 2008, approximately 88.93% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Listing Manual issued by the SGX-ST is complied with.

IPCO INTERNATIONAL LIMITED

(Company Registration Number: 199202747M)

(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 16th Annual General Meeting of the Company will be held at the registered office of the Company, IPCO Building, 24 Pandan Road, Singapore 609275 on 29th August 2008 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, 2008 together with the Reports of the Directors and Auditors. **(Resolution 1)**
2. To approve Directors' fees of S\$80,000/- (2007: S\$80,000/-) for the financial year ended 30 April, 2008. **(Resolution 2)**
3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association:
 - i) Mr Chwee Han Sin (Article 91) **(Resolution 3 (i))**
 - ii) Mr Lim Huan Kim (Article 91) **(Resolution 3 (ii))**

Notes to re-election of Directors:

- a) 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 and Remuneration Committees and a member of Audit Committee.
 - b) Mr Lim Huan Kim, upon being re-elected, will be considered an independent non-executive Director and will remain as a member of Audit Committee, Nominating Committee and Remuneration Committee.
4. To re-appoint Messrs BDO Raffles as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 4)**

As Special Business

5. Authority to allot and issue shares (General)

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

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

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

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

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors 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 Instrument 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% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares and Instruments that may be issued under sub-paragraph (1) above:
 - (i) the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date of the passing of this Resolution, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of any convertible securities or employee share options which are outstanding as at the date of the passing of this Resolution; and
 - (b) any subsequent bonus issue, consolidation or sub-division of Shares; and
 - (ii) in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (3) in exercising the authority conferred by this Resolution, the Company shall

NOTICE OF ANNUAL GENERAL MEETING



comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

- (4) unless revoked or varied by the Company in general meeting, such authority shall continue in force (i) until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, or when varied or revoked by the Company in general meeting, whichever is earlier or (ii) in the case of Shares to be issued pursuant of the Instruments, made or granted pursuant to this Resolution, until the issuance of such Shares in accordance with the terms of the Instruments.” [See Explanatory Note]

(Resolution 5)

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, 14 August 2008

EXPLANATORY NOTE TO SPECIAL BUSINESS :

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

This Resolution, if passed, is to empower the Directors of the Company, from the date of this annual general meeting until the date of the next annual general meeting, or the date by which the next annual general meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to issue shares in the Company. The number of shares that the Directors may issue under this Resolution would not exceed 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution. For issue of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company.

For the purpose of this Resolution, the percentage of issued shares shall be based on the Company’s total number of issued shares (excluding treasury shares) in its capital at the time this proposed Resolution is passed after adjusting for (a) new shares arising from the exercise of employee share options on issue and (b) for any subsequent bonus issue, consolidation or subdivision of Shares.

NOTES :

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be also a member.
2. The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time of 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 **Circular** 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 Annual General Meeting of the Company to be held at 24 Pandan Road, Singapore 609275 on 29th August 2008, 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 Reports and Accounts		
2	Approval of Directors' Fees		
3 (i)	Re-election of Mr Chwee Han Sin as a Director		
3 (ii)	Re-election of Mr Lim Huan Kim as a Director		
4	Appointment of Auditors and fixing their remuneration		
5	Authority to issue shares pursuant to Section 161 of the Companies Act, Cap. 50 – General		

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 _____ 2008

Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

*Delete accordingly

IMPORTANT
PLEASE READ NOTES OVERLEAF

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



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. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. 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.

Affix
Stamp
Here

IPCO INTERNATIONAL LIMITED

24 Pandan Road

Singapore 609275

IPCO INTERNATIONAL LIMITED

Company Registration No. 199202747M

24 PANDAN ROAD

SINGAPORE 609275

TEL: 6264 2711 FAX: 6264 2091