ANNICA HOLDINGS LIMITED

ANNUAL REPORT 2011

This Annual Report has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this Annual Report.

This Annual Report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this Annual Report including the correctness of any of the statements or opinions made or reports contained in this Annual Report.

The contact person for the Sponsor is Mr Bernard Lui Tel: 63893000 Email: bernard.lui@stamfordlaw.com.sg

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CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

On behalf of the Board of Directors of Annica Holdings Limited (the "Company"), I have the pleasure of presenting you the Annual Report and audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2011.

OVERVIEW

The Group continues to focus its operations in the oil and gas sector through its subsidiaries, Industrial Engineering Systems Pte Ltd ("IES") and P. J. Services Pte Ltd group of companies ("PJ group").

In 2010, I informed Shareholders that the Company had acquired the balance of 40% interest in P. J. Services Pte Ltd, making PJ group a wholly-owned subsidiary ("PJ Acquisition"), for a consideration of $1,600,000. The PJ Acquisition, was financed partly in cash of $1,100,000 paid in 2010 and partly by way of an issue of 9,191,176 new shares at an issue price of S$0.0544 per share amounting to $500,000 in the issued and paid-up capital of the Company. The new shares were listed and quoted for trading on 31 January 2011.

The oil and gas industry, which is largely dependent on oil prices, continues to be sensitive to the political turmoil in the Middle East. Given the extent of the global credit crunch that has impacted the world's major economies and the absence of clarity of an economic recovery, the Board remains cautiously optimistic on the potential in the oil and gas services industry. In spite of these uncertainties, it is noted that the global need for energy continues to be stable with room for growth. In addition, the existing oil and gas facilities continue to require maintenance in accordance to scheduled maintenance cycles. Taking these factors into consideration, the Board is of the view there will also be opportunities amidst the challenges and with the combined activities of IES and PJ group which allow the Group the opportunity to continue to (1) develop a niche market through the offer of integrated services; from the provision of products and services for oil and gas exploration, production and petrochemical industries to the supply and maintenance of specialised equipment to the majors in the oil and gas sector; (2) leveraging on the Group's engineering and knowledge base in the oil and gas sector by providing technical sales and service of quality oil and gas industry equipment, products and related services and; (3) supporting offshore exploration and production platforms, vessels and pipelines, will see the Group having a stronger footing in the competitive market place.

The Board will constantly review the Group's operating models, strategies and planning process to enable it to enhance competitiveness. It will continue its active pursuit of operational expansion through further acquisitions and joint ventures when opportunities arise.

FINANCIAL PERFORMANCE

The Group posted revenue of $10,203,000 in 2011, which is a decrease of $1,058,000 from $11,261,000 in 2010, as a result of a decrease in the oil and gas equipment sale amidst the slowdown in the global economy, partially offset by an increase in the number of engineering projects being secured during the year. Geographically, the Group continues to serve the customers in the Asia Pacific region through its operations in Singapore, Malaysia and Indonesia, which contributed 51%, 40% and 9%, respectively, to the Group's revenue. Despite the decrease in revenue, the Group's gross profit increased by $258,000 from $1,908,000 in 2010 to $2,166,000 in 2011. Gross margin had also improved by 4% from 17% in 2010 to 21% in 2011. These increases were the results of higher margin on larger value sales from the oil and gas equipment sector.

Overall, the Group incurred a loss of $2,158,000 in 2011 compared to that of $3,760,000 in 2010. The loss in 2011 arose after taking into consideration operating expenses, allowance for impairment on a loan to a joint venture and additional impairment loss on the Group's investment in an available-for-sale unlisted financial asset, partially offset by fair value gains and gain on disposal of financial assets.

FINANCIAL POSITION

Capital and reserves attributable to equity holders of the Company was $18,685,000 as at 31 December 2011, a decrease of $2,669,000 from $21,354,000 as at 31 December 2010. The decrease was due mainly to the loss incurred by the Group in 2011 and after adjusting for an excess of the cost of the PJ Acquisition over the proportionate amount of the carrying amount of the net assets of the interest acquired, partially offset by fair value gains on investment in available-for-sale financial assets taken directly to fair value reserves and the issuance of shares to satisfy the balance consideration on the PJ Acquisition. The Group's shareholders' equity as at 31 December 2011 were represented by current assets of $13,148,000 and non-current assets of $12,274,000; net of current liabilities of $6,182,000 and non-current liabilities of $33,000.

CHAIRMAN'S STATEMENT AND BUSINESS REVIEW

CASH FLOWS

The Group had cash and cash equivalents of $959,000 as at 31 December 2011, a decrease of $2,858,000 from $3,817,000 as at 31 December 2010. The decrease was due mainly to net cash used in operating activities, net cash used in investing activities on the purchase of available-for-sale financial assets, partially offset by net cash generated from financing activities with net proceeds from secured trust receipt facilities to finance the Group's operations.

DIVIDEND

In line with the Group's policy of strengthening its financial position in the face of the current global credit crunch, the Board is not recommending for any dividend distribution to the shareholders for the year ended 31 December 2011.

CORPORATE SOCIAL RESPONSIBILITY

The Board believes that effective corporate responsibility can deliver benefits to the Group's businesses and, in turn, to our shareholders, by enhancing reputation and business trust, risk management performance, relationships with regulators, staff motivation and attraction of talent, customer preference and loyalty, the goodwill of local communities and long-term shareholders' value.

Every employee of the Group is expected to maintain the highest standards of propriety, integrity and conduct in all their business relationships and the Group is held to the same standard in its compliance with all applicable legal and regulatory requirements.

The Board's Statement on Corporate Governance, which elaborates further on the Group's systems and controls, can be found as a separate section in this Annual Report.

ACKNOWLEDGEMENTS AND APPRECIATION

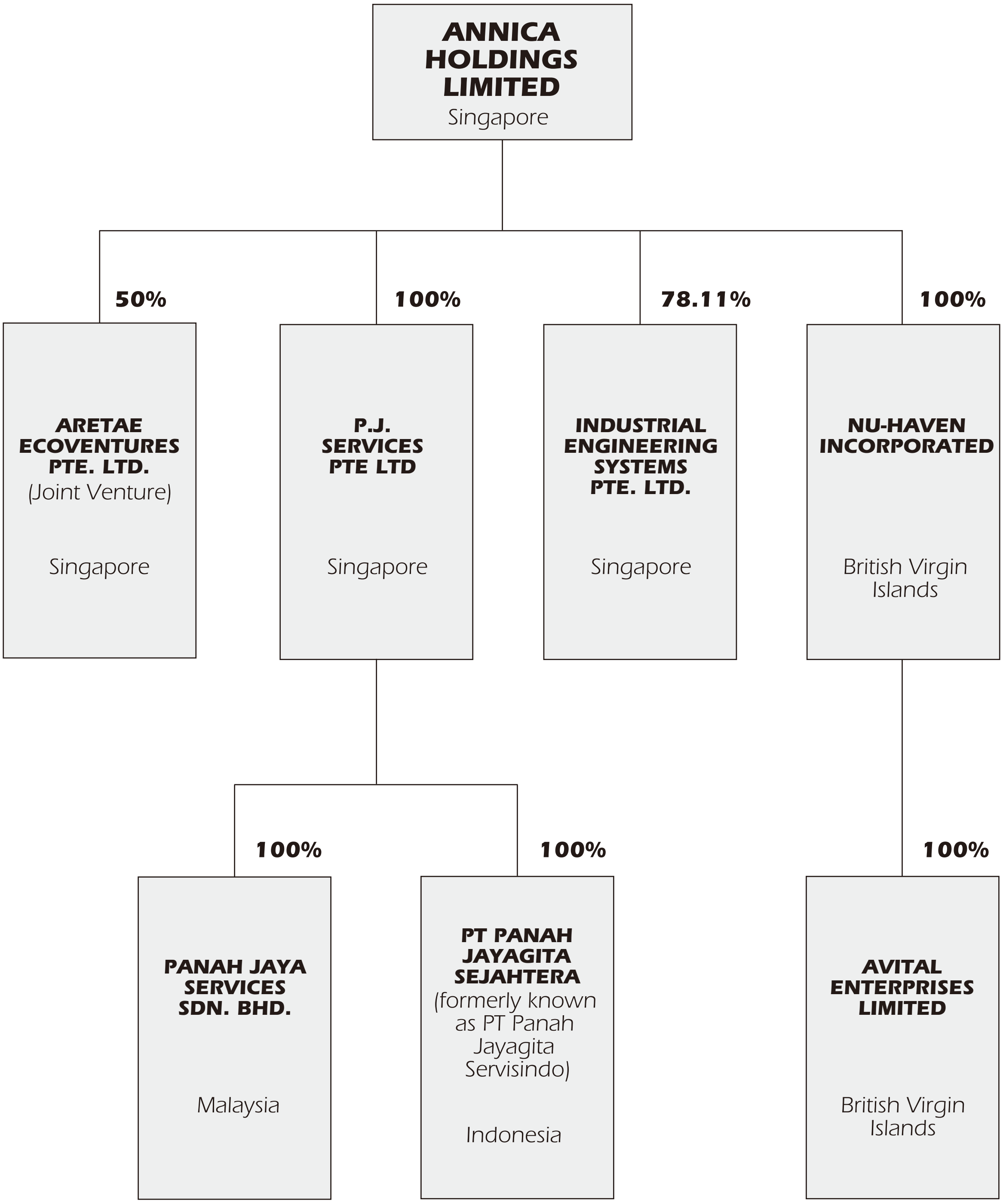
As the Group embarks on another year and strives to deliver earnings growth and further enhance shareholders' value, the Board would like to thank our shareholders for their confidence and trust. The Board is also grateful to our valued customers, suppliers, business associates and the regulatory authorities for their continued support and partnership.

As Chairman of the Board, it remains for me to express my sincere appreciation and gratitude to my fellow Directors for their invaluable contribution and continuous guidance in steering the Group through a challenging year.

To our management and staff, I thank you for your dedication and commitment to the Group.

Edwin Sugiarto
Chairman and Executive Director

CORPORATE STRUCTURE



DIRECTORS' PROFILE

Mr Edwin Sugiarto
Chairman and Executive Director

Edwin was appointed to the Board on 24 June 2009 as the Chairman and Executive Director. He is responsible for the overall management, future business and strategic direction of the Company. He has more than twenty years of business and entrepreneurial experience in Indonesia and abroad.

Mr. Lim Meng Check
Chief Executive Officer and Executive Director

Meng Check was appointed to the Board on 24 June 2009 as the Chief Executive Officer and Executive Director and assists the Chairman in the management, business development and operation of the Company. He also serves as the Non-Executive and Independent Director with Ipco International Limited. He previously served as an Executive Chairman and Executive Director of Asiasons Capital Limited (formerly known as integra2000 Ltd). His other experience has been in the finance industry as a venture capitalist and a banker based in Hong Kong, Singapore and the region. He holds a Bachelor of Economics (Accountancy) from the University of Adelaide, Australia.

Mr Goh Hin Calm
Non-Executive and Independent Director

Hin Calm was appointed as a Non-Executive and Independent Director on 22 July 2008. He has extensive experience in the areas of accounting and finance, and had working experience in Saudi Arabia, Thailand, Indonesia and Papua New Guinea. He assumed positions as project finance and administration managers within the group of companies relating to Ipco International Limited from 1992 to 1995. He later moved on to become the finance, administration and human resource manager of Conseng Singapore Ltd from 1995 to 1997, before becoming the senior finance and administration manager of the Promet-Nippon Steel Consortium. From 1977 till now, he assumed various positions relating to accounting management and was promoted to the position of senior finance and administrative manager in Ipco International Limited. Hin Calm is also the Non-Executive and Independent Director of another public company listed on the Catalist Board of the SGX-ST.

Mr Ong Su Aun Jeffrey
Non-Executive and Independent Director

Jeffrey was appointed to the Board as our Non-Executive and Independent Director on 9 July 2008. He is admitted to the Singapore Bar as an Advocate and Solicitor and previously practised in the Litigation and Dispute Resolution departments of J Koh & Co and Allen & Gledhill, before moving on to practise in the Dispute Resolution and Restructuring department at DLA Piper. Presently, Jeffrey heads the litigation support and restructuring practice at JLC Advisors LLP.

Mr Tan Soo Khoon Raymond
Non-Executive and Independent Director and Lead Independent Director

Raymond was appointed as our Non-Executive and Independent Director on 9 July 2008. He currently serves as an Non-Executive and Independent Director of Asiasons WFG Financial Ltd. He graduated with a Bachelor of Law (Honours) degree in 1982 from the National University of Singapore and was admitted to the Singapore Bar in February 1983. He is an Advocate and Solicitor of the Supreme Court of Singapore and has been in legal practice since 1983. He is currently a partner and the Head of the Corporate and Commercial Department of Robert Wang & Woo LLP. Raymond devotes most of his practice in corporate commercial work. Raymond is also the Company Secretary or Joint Company Secretary of other companies listed on the SGX-ST.

Mr Nicholas Jeyaraj s/o Narayanan
Non-Executive and Non-Independent Director

Nicholas was appointed to the Board as our Non-Executive and Non-Independent Director on 10 July 2008. He is practising as an Advocate and Solicitor of the Supreme Court of Singapore and currently runs his own practice Nicholas & Tan Partnership LLP. He holds an Honours degree in Law from the University of Wolverhampton and is a Barrister-at-law of the Inner Temple. He is a Fellow of the Chartered Institute of Arbitrators and the Singapore Institute of Arbitrators.

MANAGEMENT TEAM

Mohd Nor Azmi Nordin, PJ Services Pte Ltd ("PJ Services")

Azmi is the Managing Director of PJ Services.

He started his career with the PJ Group in 1993 when he joined as a Director of Panah Jaya Services Sdn Bhd, which is a subsidiary of PJ Services. In 2006 he joined PJ Services as its Managing Director.

Prior to joining the PJ services, Azmi was the Business Development Manager of Tanjung Offshore Services Sdn Bhd, Sales Manager of Drexel Oilfield Services Sdn Bhd and a Project Manager of Sasquatch Sdn Bhd.

Azmi holds a Bachelor in Science (Honours) in Civil Engineering & Management Studies from the University of Leeds, England and an MBA from the University of Strathclyde Graduate Business School, Scotland.

Mr. Pek Seck Wei, Industrial Engineering Systems Pte Ltd ("IES")

Seck Wei is currently the General Manager of IES. He is responsible for the sales of oilfield equipment and customized engineering solutions to Oil & Gas Companies in Singapore, Malaysia and developing and expanding the business to other ASEAN countries and the Middle East region.

Seck Wei is also a co-founder and a minority shareholder of IES. He started his career as a sales engineer with Transmark-Fortim Engineering Pte Ltd and was later promoted to sales manager in 1999. In 2002, Seck Wei left Transmark-Fortim Engineering Pte Ltd to start his own business, Eurosin Engineering Systems, which specializes in design and building of calibration and hydraulic testing units. In 2003, he started a new company, IES, which subsequently became the subsidiary of the Company.

Seck Wei obtained a Bachelor of Electrical Engineering (Honours) from the Nanyang Technological University in 1995.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("**Board**") of Annica Holdings Limited is committed to maintaining a high standard of corporate governance within the Group. The Board recognizes the importance of practising good corporate governance as a fundamental part of its responsibilities to look after and enhance shareholders' value and the financial performance of the Group.

This Report describes the Company's corporate governance practices with specific reference to the Code of Corporate Governance 2005 ("**Code**"). Where there are deviations from the Code, appropriate explanations are provided.

BOARD MATTERS

Board's Conduct of its Affairs

Principle 1: Effective Board to lead and control the Company

The Board oversees the business affairs and dealings of the Group, determines the Group's corporate strategies and sets directions and goals. It also monitors and evaluates the Group's operations and financial performance, establishes targets for management and monitors the achievement of these targets. It is responsible for the overall corporate governance compliance of the Group.

The Board has 3 committees namely, the Audit Committee, the Nominating Committee and the Remuneration Committee to assist in the execution of its responsibilities. Each committee has its terms of reference and operating procedures, which are reviewed periodically. Where necessary, the terms of reference and operating procedures would be updated to keep in line with the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "**Catalist Rules**") and the Code.

The Board holds regular meetings to review, consider and approve strategic, operational and financial matters. Important matters concerning the Group are put before the Board for their decisions and approvals. Ad-hoc meetings will be held when circumstances required. Matters that are specifically reserved for the approval of the Board include, among others

- approving the Group's policies, strategies and financial objectives of the Company, and monitoring the performance of the management;
- overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- approving the nominations of persons to the Board and appointment of key management staff;
- approving annual budgets, major funding proposals and investments and divestment proposals; and
- assuming responsibility for corporate governance and compliance with the Companies Act and the rules and requirements of regulatory bodies.

The attendance of the Directors at Board and Committee meetings held during the financial year under review and up to the date of this statement is tabulated below:

Attendance at Meetings

	Board Committees							
	Board		Audit		Nominating		Remuneration	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Board Members	3	3	3	3	2	2	2	2
Edwin Sugiarto	3	3	–	–	–	–	–	–
Lim Meng Check	3	3	–	–	–	–	–	–
Nicholas Jeyaraj s/o Narayanan	3	1	–	–	–	–	–	–
Tan Soo Khoon Raymond	3	3	3	3	2	2	2	2
Ong Su Aun Jeffrey	3	3	3	3	2	2	2	2
Goh Hin Calm	3	3	3	3	2	2	2	2

For the financial year ended 31 December 2011, there were no new appointments to the Board.

Board Composition and Guidance

Principle 2: Strong and independent element on the Board

Currently, the Board comprises two Executive Directors, three Non-Executive and Independent Directors and one Non-Executive and Non-Independent Director:

Name of Directors	Board of Directors	Date of Appointment	Audit Committee	Nominating Committee	Remuneration Committee
Edwin Sugiarto	Chairman and Executive Director	24 June 2009	NA	NA	NA
Lim Meng Check	Chief Executive Officer and Executive Director	24 June 2009	NA	NA	NA
Nicholas Jeyaraj s/o Narayanan	Non-Executive and Non-Independent Director	10 July 2008	NA	NA	NA
Tan Soo Khoon Raymond	Non-Executive and Independent Director	9 July 2008	Member	Chairman	Member
Ong Su Aun Jeffrey	Non-Executive and Independent Director	9 July 2008	Member	Member	Chairman
Goh Hin Calm	Non-Executive and Independent Director	22 July 2008	Chairman	Member	Member

The Board comprises individuals who are suitably qualified with the necessary mix of expertise, experience and knowledge. Please refer to the Annual Report for details of the qualifications and experience of the Directors.

CORPORATE GOVERNANCE STATEMENT

The Board's composition, size, and balance and independence of each Non-Executive Director are reviewed by the Nominating Committee.

The Directors consider the Board's present size and composition appropriate, taking into account the nature and scope of the Group's operations, the skills and knowledge of the Directors.

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

Chairman and Chief Executive Officer ("CEO")

Principle 3: Clear division of responsibilities at the top of the Company

Edwin Sugiarto is currently the Chairman and Executive Director of the Company while Lim Meng Check is the CEO and Executive Director.

As the Chairman of the Group, Edwin in close consultation with all the Board members, is responsible for the long term business direction and strategy of the Group, the implementation of the Group's corporate plans and policies and executive decision-making. As CEO, Meng Check is responsible for the day-to-day operations of the Group.

Edwin is also responsible for ensuring that Board meetings are held as and when necessary, scheduling and preparing agendas and exercising control over the information flow between the Board and Management. He is assisted by the Company Secretary at all Board Meetings and on statutory matters. Where necessary, the Auditors of the Company and other external consultants are invited to attend Board Meetings to assist him and the other Directors in their deliberations.

Prior to the appointment of the Chairman and the CEO, Tan Soo Khoon Raymond took on the role of Lead Independent Director. Following the appointments of Edwin and Meng Check in June 2009, Raymond continues to assist the Chairman and CEO as an additional contact for employees and shareholders of the Company who have serious concerns that could have a large impact on the Group, which contact through the normal channels has failed to resolve or for which such contact is inappropriate.

Board Membership

Principle 4: Formal and transparent process for appointment of new directors to the Board

The Nominating Committee ("**NC**") comprises 3 Directors, all of whom are Independent Non-Executive Directors. The NC shall meet at least once a year.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the particular skill, experience and knowledge, business, finance and management skills necessary to the Group's businesses and each Director, through his contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC also has at its disposal executive search companies, personal contacts and recommendations in its search and nomination process for the right candidates.

The NC is responsible for:

- re-nomination of our Directors having regard to the Director's contribution and performance;
- determining on an annual basis whether or not a Director is independent;
- deciding whether a Director, who has multiple board representation, is able to and has adequately carried out his duties as Director; and
- making recommendation to the Board on all Board appointments and reappointments including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board.

All Directors shall submit themselves for re-nomination and re-election at regular intervals and at least once every 3 years.

For the year ended 31 December 2011, the NC met to consider and deliberate on the re-appointments of Directors at the Company's Annual General Meeting (AGM).

As provided by the Articles, at each AGM of the Company, one-third of the Board shall retire and if desired, the retiring directors may offer themselves for re-election.

Meng Check and Hin Calm, having been in office longest since their last re-election, shall retire under the Articles at the forthcoming AGM. The Board is pleased that both Meng Check and Hin Calm, being eligible, have offered themselves for re-election as Directors of the Company.

Board Performance

Principle 5: Formal assessment of the effectiveness of the Board and contributions by each Director

The NC is also responsible for deciding how the Board's performance may be evaluated and proposing objective performance criteria for the Board's approval and implementing corporate governance measures to achieve good stewardship of the Company.

In assessing the performance of the Directors, the NC evaluates each Director based on the following review parameters, including:

- attendance at Board/Committee meetings;
- participation at meetings;
- involvement in management;
- availability for consultation and advice, when required;
- independence of the Directors; and
- appropriate skill, experience and expertise.

In addition to the above, the NC also evaluates the performance and effectiveness of the Board as a whole, taking into account the Board's balance and mix.

The NC may act on the results of the performance evaluation and where appropriate, propose new members to be appointed to the Board or seek resignation of existing Directors.

Access to Information

Principle 6: Board members to have complete, adequate and timely information

Directors have unrestricted access to the Company's records and information and all Board and Committee minutes, and receive management accounts so as to enable them to carry out their duties. Directors may also liaise with senior executives and other employees to seek additional information if required.

Detailed board papers and agenda are sent to all the Directors before meetings so that all Directors may better understand the issues beforehand, thus allowing more time at such meetings for questions that the Directors may have.

Should Directors, whether as a group or individually, require professional advice, the Company, upon direction by the Board, shall appoint a professional advisor to render advice. The cost shall be borne by the Company.

The Company Secretary attends all Board meetings and is responsible to the Board for advising on the implementation of the Group's compliance requirements pursuant to the relevant statutes and regulations. All Directors have separate and independent access to the Company Secretary. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Procedures for Developing Remuneration Policies

Principle 7: Formal and transparent procedure for fixing remuneration packages of Directors and key management executives.

The Company has established a Remuneration Committee ("**RC**") for determining the remuneration of Directors and key executives of the Company. The RC comprises 3 Independent Non-Executive Directors.

The responsibilities of the RC are:

- recommend to the Board on matters relating to remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits in kind, of the Directors and key executives;
- review and recommend to the Board the terms of the service agreements of the Directors;
- determine the appropriateness of the remuneration of the Directors; and
- consider the disclosure requirements for Directors' and key executives' remuneration as required by the Catalist Rules.

No Director is involved in deciding his or her own remuneration.

The remuneration packages of the Executive Directors are based on service contracts. Independent Directors are paid yearly Directors' fees of an agreed amount and these fees are subject to shareholders' approval at the AGM.

The RC has the right to seek professional advice internally and externally relating to the remuneration of all Directors.

Level and Mix of Remuneration

Principle 8: The level of remuneration for Directors should be adequate, not excessive, and linked to performance.

The remuneration policy of the Group is to provide compensation packages at market rates that reward successful performance and attract, retain and motivate managers and Directors.

The Group's remuneration policy comprises fixed component and variable component. The fixed component is in the form of fixed monthly salary whereas variable component is linked to the performance of the Group and individual.

In setting remuneration packages, the RC ensures that the Directors are adequately but not excessively remunerated as compared to the industry and in comparable companies.

Disclosure on Remuneration

Principle 9: Clear disclosure of remuneration policy, level and mix of remuneration, and the procedure for setting remuneration.

Details of the Directors and key executives' remuneration for FY 2011 are set out below:

	Directors' Fees %	Base/ Fixed Salary %	Variable or Performance Related Income/ Bonus %	Benefits in Kind %	Stock options and other long-term incentives %	Total %
Directors						
Below $250,000						
Edwin Sugiarto	Nil	100	Nil	Nil	Nil	100
Lim Meng Check	Nil	100	Nil	Nil	Nil	100
Nicholas Jeyaraj s/o Narayanan	100	Nil	Nil	Nil	Nil	100
Tan Soo Khoon Raymond	100	Nil	Nil	Nil	Nil	100
Jeffrey Ong Su Aun	100	Nil	Nil	Nil	Nil	100
Goh Hin Calm	100	Nil	Nil	Nil	Nil	100

	Base/Fixed Salary %		**Variable of Performance Related Income/ Bonus %**	**Benefits in Kind %**	**Stock options and other long-term incentives %**	**Total %**
Key Executives						
Below $250,000						
Peck Seck Wai	100	Nil	Nil	Nil	Nil	100
Azmi Nordin (Executive Director, P.J. Services Pte Ltd)	100	Nil	Nil	Nil	Nil	100

For the year ended 31 December 2011, the RC has recommended that each of the current Non-Executive Directors be paid the sum of S$18,000 as Director's fees, which will be tabled at the AGM for approval by the shareholders. If approved, payment would be made after the AGM. The sum was arrived at after taking into consideration the contributions, time and efforts of the current Non-Executive Directors.

The Board is of the opinion that owing to the nature of the industries that the Group is engaged in, the details of remuneration for individual Directors and key executives are confidential. Such details, if disclosed, would also attract unwanted attention from competitors who may use the information to the detriment of the Company. The disclosure of such information would not be in the interest of the Company.

There is no employee who is related to a Director whose remuneration exceeds $250,000 in the Group's employment for the financial year ended 31 December 2011. There is also no employee that is an immediate family member of any Director or of any key executive whose remuneration exceeds $150,000 for the financial year ended 31 December 2011.

There is no material contract or loan by the Company or its subsidiary companies involving the interest of any Director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

At an Extraordinary General Meeting of the Company held on 31 October 2001, shareholders approved the Annica Holdings Limited (formerly known as Oculus Limited) Share Option Scheme ("**Scheme**") for granting of non-transferrable options to full-time employees, Executive Directors and Non-Executive Directors of the Company and its subsidiaries ("**Participants**"). The Scheme is an effective mechanism to compensating the Participants for their good work and dedication. Rather than compensating the Participants in cash, which would draw on the resources of the Group, the Scheme not only allows the Company to reward the Participants when such reward is due but also allows the Participants to participate in the growth of the Company.

Under the Scheme, the Company may grant options to eligible employees and directors of the Company and its subsidiaries to subscribe for ordinary shares in the Company provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the issued share capital of the Company from time to time.

The Scheme does not extend to a person who is a controlling shareholder of the Company or who is an associate of a controlling shareholder.

Under the Scheme, an option entitles the option holder to subscribe for a specific number of new ordinary shares in the Company at the exercise price comprised in the option. The number of shares offered to the eligible person depends on the performance and contribution of the eligible person to the success and development of the Company and/or the Group. The exercise price shall be determined by the Remuneration Committee at its absolute discretion as follows:

(i) a price which is equivalent to the average of the last dealt prices of the Company's shares on the Singapore Exchange Securities Trading Limited over the three consecutive market days immediately preceding the date of the letter of offer to subscribe for the share options (the "**Market Price**"); or

(ii) a price which is set at a discount to the Market Price so long as the maximum discount shall not exceed 20% of the Market Price in respect of that option.

The subscription price may not be less than the par value of the ordinary shares of the Company.

The consideration for the grant of an option is $1.00. Options granted shall be exercisable during the relevant option period commencing after the second anniversary of the date of grant (when the subscription price is at a discount to the Market Price) or after the first anniversary date of the grant (when the subscription price is the par value of the share) and before the expiry of either the tenth anniversary (for employees of the Group) or fifth anniversary (for non-employees of the Group) of the relevant date of grant. Options granted will lapse when the option holder ceases to be a full-time director/employee of the Company and/or the Group.

The Scheme is administered by the Remuneration Committee comprising Mr Ong Su Aun Jeffrey (Chairman), Mr Tan Soo Khoon Raymond and Mr Goh Hin Calm.

During the year, no option to take up unissued shares of the Company or of any corporation in the Group was granted.

Accountability

Principle 10: Board should present a balanced and understandable assessment of the Company's performance, position and prospects

The Board is accountable to the shareholders while the Management is accountable to the Board.

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

The Management also presents to the Board the half yearly and full year accounts and the Audit Committee reports to the Board on the results for review and approval. The Board approves the results after review and authorized the release of the results to the SGX-ST and the public via SGXNET.

Audit Committee

Principle 11: Establishment of Audit Committee with written terms of reference

The Audit Committee ("**AC**") consists of 3 Directors, all of whom are Non-Executive and Independent Directors. The AC has specific terms of reference.

CORPORATE GOVERNANCE STATEMENT

The AC assists the Board to maintain a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the financial reporting, management of financial and control risks, and monitoring of the internal control systems.

The responsibilities of the AC are:

- reviews the audit plans of the external auditors and ensure the adequacy of the Group's system of accounting controls and the co-operation given by the management to the external auditors;
- reviews the financial statements of the Group before their submission to the Board, and before their announcement;
- reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programs and any reports received from regulators;
- reviews the cost effectiveness and the independence and objectivity of the external auditors;
- reviews the nature and extent of non-audit services provided by the external auditors;
- reviews the assistance given by the Group's officer to the auditors;
- nominates external auditors for re-appointment;
- reviews the Group's compliance with such functions and duties as may be required under the relevant statutes or the Listing Manual, and by such amendments made thereto from time to time;
- reviews interested person transactions in accordance with the requirements of the Catalist Rules; and
- reviews the adequacy of the Group's internal controls.

The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities and they have the requisite accounting or related financial management expertise or experience, as the Board exercise in its business judgment.

The AC has power to conduct or authorize investigations into any matters within the AC's scope of responsibility.

For the year ended 31 December 2011, the AC has reviewed all non-audit services provided by the external auditors and confirmed that these non-audit services would not affect the independence and objectivity of the external auditors. The breakdown of the fees paid for audit and non-audit services is disclosed under the notes to the financial statements under the section on Financial Statements in the Annual Report. The AC recommends to the Board the reappointment of LTC LLP as the external auditors of the Company at the forthcoming Annual General Meeting.

The Company confirms that it has complied with Rule 712 and 716 of Catalist Rules in relation to the appointment of its external auditors.

For the financial year ended 31 December 2011, the AC has reviewed and confirmed that the sponsor did not provide any other non-sponsor services to the Company and no non-sponsor fees were paid during the financial year.

For the financial year ended 31 December 2011 the AC has also reviewed the following transaction related to a director:

- Robert Wang and Woo LLP, where Mr Tan Soo Khoon Raymond, Non-Executive and Independent Director, Raymond heads corporate and commercial department, had billed the Company a total of $5,894 for legal services rendered.

The Group has implemented a whistle blowing policy. The policy aims to provide avenue for employees to raise concerns about misconducts in the Group and at the same time assure them that they will be protected from victimization for whistle blowing in good faith. Cases that are significant are reviewed by the AC for adequacy and independence of investigation actions and resolutions.

Internal Controls

Principle 12: Sound system of internal controls

The Board acknowledges that it is responsible for maintaining a sound system of internal control framework, but recognizes that no cost effective internal control system will preclude all errors and irregularities, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The controls in place include:

- regular submissions, either on a monthly or quarterly basis, by the operating business units of updated financial information, and if necessary, follow-up meetings with the management of the business units on any irregular or extraordinary expenses;

- regular submissions, either on a monthly or quarterly basis, by the operating business units of operating milestones, and if necessary, follow-up meetings with the management of the business units on any milestones not achieved; and

- semi-annual meetings with the external auditors to review the financial statements of the operating business units and of the Group as a whole.

During the financial year, the Group's external auditor has conducted annual review of the effectiveness of the Group's internal control. Any non-compliance and recommendations for improvements were reported to the AC.

Based on external auditors' report and various controls implemented by the management, the Board and the AC are satisfied that the internal controls, including controls relating to the financial, operational and compliance controls and risk management systems, in place meets the need of the Group in its current business environment.

CORPORATE GOVERNANCE STATEMENT

Internal Audit

Principle 13: Setting up independent internal audit function

The Board recognizes its responsibilities for maintaining a system of internal control processes to safeguard shareholders' investments and the Group's assets and business.

Currently, the Chairman of the AC enquires and relies on reports from the Management and external auditor on any material non-compliance and internal control weaknesses. The AC oversees and monitors the implementation of any improvements thereto. The AC has reviewed with the external auditor its findings of the existence and adequacy of material accounting controls procedures as part of its audit for the financial year under review. The AC is of the view that the works carried out by the external auditor are adequate.

The Company has yet to establish an internal audit function. The Board intends to do so as soon as practicable.

Communication with Shareholders

Principle 14: Regular, effective and fair communication with shareholders

Principle 15: Shareholders' participation at AGM

The Company believes that prompt disclosure of relevant information and a high standard of disclosure are the keys to raise the level of corporate governance. The Board believes in regular and timely communication with our shareholders. In line with continuous disclosure obligations of the Company pursuant to the Corporate Disclosure Policy of the SGX-ST the Company's policy is that all shareholders should be equally and timely informed of all major developments that impact the Company.

Information is communicated to our shareholders on a timely basis and made through:

- Annual Reports

  The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future developments, disclosures required by the Companies Act, and Financial Reporting Standards;

- SGXNET and news releases;

- press releases on major developments of the Group; and

- disclosures to the SGX-ST.

The AGM is the principal forum for dialogue with our shareholders. Our Company encourages our shareholders to attend the AGM to ensure a high level of accountability and to be kept informed of the Group's strategy and goals.

In general, separate resolutions are proposed for substantially separate issue and for items of special business. Where appropriate an explanation for proposed resolution would be provided.

The Board welcomes questions and views of shareholders on matters affecting the Company raised either informally or formally before or at the AGM.

Internal Code on Dealings in Securities

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

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

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

Risk Management

As the Company does not have a risk management committee, the AC and Management assume the responsibility of the risk management function. Management reviews regularly the Company's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant policies and procedures and highlights all significant matters to the Board and the AC.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

For the period under review, there were no interested person transactions that exceeded the stipulated thresholds as set out Chapter 9 of the Catalist Rules. The aggregate value of such interested person transactions also did not exceed such stipulated thresholds.

Utilisation of Proceeds

On 28 January 2011, the Company issued 9,191,176 new shares ("Consideration Shares") at an issue price of $0.0544 per Consideration Share. The Consideration Shares were issued to satisfy the balance consideration on the PJ Acquisition. The Consideration Shares were listed and quoted for trading 31 January 2011. The newly issued shares rank pari passu in all respects with the previously issued shares.

DIRECTORS' REPORT

For the financial year ended 31 December 2011

The directors present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position of the Company as at 31 December 2011.

1 DIRECTORS

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

Mr Edwin Sugiarto
Mr Lim Meng Check
Mr Nicholas Jeyaraj s/o Narayanan
Mr Tan Soo Khoon Raymond
Mr Ong Su Aun Jeffrey
Mr Goh Hin Calm

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' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares			
	Direct		Deemed	
Name of directors and companies in which interests are held	**At beginning of year**	**At end of year**	**At beginning of year**	**At end of year**
Annica Holdings Limited				
Mr Edwin Sugiarto	–	–	54,134,900	54,134,900

The directors' interests in the ordinary shares of the Company as at 21 January 2012 were the same as those at the end of the financial year.

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 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 as disclosed in the accompanying financial statements.

5 OPTIONS GRANTED

During the financial year, there were no options granted to any person to take up unissued shares in the Company.

6 OPTIONS EXERCISED

During the financial year, there were no ordinary shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

7 OPTIONS OUTSTANDING

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option.

8 AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. The functions performed are detailed in the Corporate Governance Statement set out in the Annual Report of the Company.

9 INDEPENDENT AUDITOR

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

10 SUBSEQUENT DEVELOPMENT

There is no significant development subsequent to the release of the Group's and the Company's preliminary financial statements, as announced on 29 February 2012, which would materially affect the Group's and the Company's operating and financial performance as of this report date.

On behalf of the directors

Edwin Sugiarto
Director

Lim Meng Check
Director

Singapore
7 April 2012

STATEMENT BY DIRECTORS

For the financial year ended 31 December 2011

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 23 to 72 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

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

On behalf of the directors

Edwin Sugiarto
Director

Lim Meng Check
Director

Singapore
7 April 2012

INDEPENDENT AUDITOR'S REPORT

To The Members of ANNICA HOLDINGS LIMITED

For the financial year ended 31 December 2011

Report on the Financial Statements

We have audited the accompanying financial statements of Annica Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 23 to 72, which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2011, the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

To The Members of ANNICA HOLDINGS LIMITED

For the financial year ended 31 December 2011

Report on other Legal and Regulatory Requirements

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

LTC LLP
Public Accountants and
Certified Public Accountants

Singapore
7 April 2012

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
ASSETS					
Current assets:					
Cash and bank balances	4	959	3,817	29	2,033
Fixed deposits	5	409	406	–	–
Trade and other receivables	6A	5,015	10,216	249	1,485
Other current assets	6B	78	1,260	7,035	8,115
Inventories	7	1,866	1,619	–	–
Financial assets, at fair value through profit or loss	8	4,821	3,643	4,821	3,643
		13,148	20,961	12,134	15,276
Non-current assets:					
Investment in a joint venture	9	–	–#	–	–#
Investments in subsidiaries	10	–	–	10,418	8,618
Available-for-sale financial assets	11	6,942	2,483	–	–
Plant and equipment	13	223	178	107	152
Deferred income tax assets	14	14	6	–	–
Trade and other receivables	6A	127	175	–	–
Goodwill arising on consolidation	15	4,968	4,968	–	–
		12,274	7,810	10,525	8,770
Total assets		**25,422**	**28,771**	**22,659**	**24,046**
LIABILITIES					
Current liabilities:					
Trade and other payables	16	3,769	5,315	1,148	1,403
Borrowings	17	1,963	796	26	26
Current income tax liabilities		450	429	–	–
		6,182	6,540	1,174	1,429
Non-current liabilities:					
Borrowings	17	33	59	33	59
Total liabilities		**6,215**	**6,599**	**1,207**	**1,488**
NET ASSETS		**19,207**	**22,172**	**21,452**	**22,558**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	18	40,694	40,194	40,694	40,194
Accumulated losses		(20,512)	(18,439)	(19,242)	(17,636)
Other reserves		(1,497)	(401)	–	–
		18,685	21,354	21,452	22,558
Non-controlling interests		522	818	–	–
Total equity		**19,207**	**22,172**	**21,452**	**22,558**

Amount is less than $1,000

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2011

	Note	Group 2011 $'000	Group 2010 $'000
Revenue	19	10,203	11,261
Cost of sales		(8,037)	(9,353)
Gross profit		2,166	1,908
Other income	20	826	2,831
Selling and distribution expenses		(242)	(254)
Administrative and general expenses		(2,970)	(3,210)
Other expenses	21	(1,843)	(4,988)
Finance costs	22	(19)	(32)
Loss before income tax	23	(2,082)	(3,745)
Income tax expense	24	(76)	(15)
Total net loss for the year		(2,158)	(3,760)
Other comprehensive income			
Currency translation differences arising from consolidation		–#	(73)
Fair value gains on available-for-sale financial assets	11	263	381
Reclassification adjustment on disposal of available-for-sale financial assets	11	30	–#
Total comprehensive loss for the year		(1,865)	(3,452)
Loss attributable to:			
Equity holders of the Company		(2,073)	(3,688)
Non-controlling interests		(85)	(72)
		(2,158)	(3,760)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,780)	(3,351)
Non-controlling interests		(85)	(101)
		(1,865)	(3,452)
Loss per share attributable to equity holders of the Company			
– Basic and diluted (in cents)	25	(0.47)	(1.09)

Amount is less than $1,000.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2011

	Share capital	Capital reserve	Currency translation reserve	Fair value reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
Balance as at 1 January 2010	37,009	–	17	(755)	(14,751)	21,520	919	22,439
Shares issued during the year (Note 18)	3,185	–	–	–	–	3,185	–	3,185
Total comprehensive loss for the year	–	–	(44)	381	(3,688)	(3,351)	(101)	(3,452)
Balance as at 31 December 2010	40,194	–	(27)	(374)	(18,439)	21,354	818	22,172
Shares issued during the year (Note 18)	500	–	–	–	–	500	–	500
Acquisition of non-controlling interests without a change in control (Note 10)	–	(1,389)	–	–	–	(1,389)	(211)	(1,600)
Total comprehensive loss for the year	–	–	–	293	(2,073)	(1,780)	(85)	(1,865)
Balance as at 31 December 2011	40,694	(1,389)	(27)	(81)	(20,512)	18,685	522	19,207

The accompanying notes form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	Group	
	2011	**2010**
	$'000	**$'000**
Cash flows from operating activities		
Total loss	**(2,158)**	**(3,760)**
Adjustments for:		
Income tax expense	76	15
Depreciation charge on plant and equipment	75	60
Interest expense	19	32
Loss on disposal of available-for-sale financial assets	26	1
Gain on disposal of financial assets, at fair value through profit or loss	(105)	(518)
Interest income	(52)	(85)
Fair value gains on financial assets, at fair value through profit or loss	(259)	(1,032)
Impairment loss on available-for-sale financial assets	400	4,400
Development expenditure written off	–	460
Fair value gains on available-for-sale financial assets	(263)	(381)
Reclassification adjustment on disposal of available-for-sale financial assets	(30)	–#
Impairment loss on amount due from a joint venture	1,186	–
Loss on discounting of long-term trade receivables	39	–
	(1,046)	**(808)**
Changes in working capital:		
Financial assets, at fair value through profit or loss	(814)	(2,093)
Trade and other receivables and other current assets	(180)	(2,587)
Inventories	(247)	(119)
Trade and other payables	(1,601)	2,127
Cash used in operations	(3,888)	(3,480)
Income tax paid	(63)	(255)
Net cash used in operating activities	**(3,951)**	**(3,735)**
Cash flows from investing activities		
Interest received	3	12
Purchases of available-for-sale financial assets	(1,366)	(42)
Proceeds from disposal of available-for-sale financial assets	1,365	1
Purchases of plant and equipment	(120)	(4)
Disposal of subsidiary in previous year, receipt of balance	–	4,500
Acquisition of subsidiary in previous year, payment of balance	–	(3,373)
Advance deposit on acquisition of remaining interest in an existing subsidiary	–	(1,100)
Net cash used in investing activities	**(118)**	**(6)**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011 (Cont'd)

	Group	
	2011	**2010**
	$'000	**$'000**
Cash flows from financing activities		
Proceeds from issuance of placement shares	–	3,200
Share issue expenses	–	(15)
Increase in trust receipts, net	1,167	–
Repayment of borrowings	–	(440)
Proceeds from repayment of loan from a related party	42	–
Advance from a related party	50	–
(Placement)/release of fixed deposit pledged as security for banking facilities	(3)	114
Repayment of finance leases	(26)	(26)
Interest paid	(19)	(32)
Net cash generated from financing activities	**1,211**	**2,801**
Net foreign exchange adjustment on consolidation	–#	(72)
Net decrease in cash and cash equivalents	(2,858)	(1,012)
Cash and cash equivalents at beginning of the year	3,817	4,829
Cash and cash equivalents at end of the year	959	3,817

Amount is less than $1,000.

MAJOR NON–CASH TRANSACTIONS:

During the financial year ended 31 December 2011, the buy and sell back agreement between a third party and a subsidiary included in trade and other receivables as at 31 December 2010 which amounted to $4,238,000 was fully settled by way of the third party transferring available–for–sale financial assets to the subsidiary (Note 6A).

There was no major non–cash transaction by the Group during the financial year ended 31 December 2010.

The accompanying notes form an integral part of these financial statements

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

1 GENERAL INFORMATION

The Company (Registration No. 198304025N) is incorporated and domiciled in Singapore. The address of its registered office is at 9 Temasek Boulevard, #41-01 Suntec Tower 2, Singapore 038989.

The Company is listed on the Singapore Exchange Securities Trading Limited.

The principal activities of the Company are those of investment holding. The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group for the financial year ended 31 December 2011 and the statement of financial position of the Company as at that date were authorised for issue in accordance with a resolution of the directors on the date of the Statement by Directors.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with 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 management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2011

On 1 January 2011, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial year.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is presented, net of rebates and discounts, sales related taxes and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Revenue recognition (Cont'd)

(a) Sale of goods

Revenue from sale of goods is recognised when the Group entity has delivered the products to locations specified by its customers and the customers have accepted the products and the collectability of the related receivable is reasonably assured.

(b) Interest income

Interest income is recognised using the effective interest method.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to the majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. 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 entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (Cont'd)

(a) Subsidiaries (Cont'd)

(ii) Acquisition of businesses (Cont'd)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to the paragraph "Goodwill on acquisitions" for the subsequent accounting policy on goodwill.

(iii) Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries and a joint venture" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Group accounting (Cont'd)

(c) Joint ventures

The Group's joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties. The Group's interest in joint ventures is accounted for in the consolidated financial statements using proportionate consolidation.

Proportionate consolidation involves combining the Group's share of the joint ventures' income and expenses, assets and liabilities and cash flows of the jointly-controlled entities on a line-by-line basis with similar items in the Group's financial statements.

When the Group sells assets to a joint venture, the Group recognises only the portion of gains or losses on the sale of assets that is attributable to the interest of the other venturers. The Group recognises the full amount of any loss when the sale provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

Please refer to the paragraph "Investments in subsidiaries and a joint venture" for the accounting policy on investment in joint ventures in the separate financial statements of the Company.

2.4 Plant and equipment

(a) Measurement

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is recognised as part of the cost of plant and equipment if such obligation is incurred either when the item is acquired or as a consequence of using the asset during a particular year for purposes other than to produce inventories during that year.

(b) Depreciation

Depreciation of plant and equipment is calculated using the straight-line method, to allocate their depreciable amounts over their estimated useful lives as follows:

Fixtures and fittings	3 to 10 years
Plant and equipment	5 years
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated plant and equipment still in use are retained in the financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Plant and equipment (Cont'd)

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

2.5 Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries prior to 1 January 2010 represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the entity sold, except for goodwill arising from acquisitions prior to 1 January 2001. Such goodwill was adjusted against retained profits in the year of acquisition and is not recognised in profit or loss on disposal.

2.6 Development expenditure

Expenditure on development activities, which relate to the setting up and running of a composting plant to carry out organic waste composting, is capitalised if the process is technically and commercially feasible, the Group has sufficient resources to complete the development and the costs can be measured reliably.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment in value, if any. Amortisation is charged to profit or loss using the straight-line method over the estimated useful lives of not more than 10 years.

2.7 Investments in subsidiaries and a joint venture

Investments in subsidiaries and a joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and a joint venture, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as expense and is not reversed in subsequent period.

(b) Development expenditure
Plant and equipment
Investments in subsidiaries and a joint venture

Development expenditure, plant and equipment and investments in subsidiaries and a joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

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

The Group categorises its financial assets at fair value through profit or loss as held for trading. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short-term. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" and "cash and bank balances" on the statements of financial position.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits 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 sale proceeds and its carrying amount is recognised in profit or loss. Any amount in other comprehensive income relating to that asset is reclassified to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(c) Initial 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 as expenses.

(d) Subsequent measurement

Financial assets, both available-for-sale and at fair value through profit or loss, are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accounted in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at the end of the each reporting period 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

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance account is reduced through the profit or loss in subsequent year when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial assets (Cont'd)

(e) Impairment (Cont'd)

(ii) *Available-for-sale financial assets*

In addition to the objective evidence of impairment described in Note 2.9 (e) (i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

2.10 Borrowings – Trust receipts

Trust receipts are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost using the effective interest method.

2.11 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.12 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analyses, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases

The Group leases certain plant and equipment from third parties.

(a) Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the statements of financial position as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

(b) Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the year of the lease.

When the operating lease is terminated before the lease year expires, any payment made by the Group as penalty is recognised as an expense when termination takes place.

2.14 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. The cost of inventories includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

2.15 Income taxes

Current income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Income taxes (Cont'd)

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and a joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(a) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and

(b) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.16 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are reviewed at end of the each reporting period and adjusted to reflect the current best estimates. If it is no longer likely than not that an outflow of resources will be required to settle the obligation, the provisions will be reversed.

2.17 Employee compensation

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Employee compensation (Cont'd)

(b) Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.18 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the 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:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date. For acquisitions prior to 1 January 2005, the exchange rates at the dates of acquisition are used.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.21 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.22 Dividends to Company's shareholders

Dividends to Company's shareholders are recognised when the dividends are approved for payment.

2.23 Grants related to Job Credit Scheme

Grants related to Job Credit Scheme ("Job Credit") is a cash grant introduced in the Singapore Budget 2010 to help businesses preserve jobs in the economic downturn. The Job Credit will be paid to eligible employers and the amount an employer can receive would depend on the fulfilment of the conditions as stated in the scheme. Grants related to Job Credit Scheme are included in other income. The Job Credit is recognised on a cash receipt basis.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

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

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONT'D)

(a) *Critical accounting estimates and assumptions (Cont'd)*

<u>Impairment of goodwill arising on consolidation</u>

The Group performs an annual review of the carrying value of goodwill, against the recoverable amount of the cash-generating unit ("CGU") to which the goodwill is allocated. The recoverable amount of CGU is determined based on the present value of estimated future cash flows expected to arise from the respective CGU. Management exercises judgement in estimating the future cash flows, growth rates and discount rates used in computing the recoverable amount of the CGU. The carrying amount of goodwill as at 31 December 2011 was $4,968,000 (2010: $4,968,000).

(b) *Critical judgements in applying the entity's accounting policies*

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

<u>Impairment of trade and other receivables</u>

Management reviews its trade and other receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded in profit or loss. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

Trade and other receivables that are impaired amounting to $541,000 (2010: $627,000) had been provided for. The carrying amount of trade and other receivables as at 31 December 2011 was approximately $5,142,000 (2010: $10,391,000).

<u>Impairment of available-for-sale financial assets</u>

The Group follows the guidance of FRS 39 in determining whether impairment of available-for-sale investments is other than temporary, which requires significant judgement. The Group evaluates, among others, the duration and extent to which the present value of estimated future cash flows discounted at the current market rate of return is less than its carrying amount; and the financial health and near-term business outlook of the investee, including factors such as industry and sector performance, changes in technology and operational and financial cash flow. As at 31 December 2011, the Group has recognised full impairment loss of $4,800,000 (2010: $4,400,000) towards unquoted equity securities. The carrying amount of available-for-sale financial assets as at 31 December 2011 was $6,942,000 (2010: $2,483,000).

4 CASH AND BANK BALANCES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Cash at bank and on hand	959	3,817	29	2,033

5 FIXED DEPOSITS

The fixed deposits are pledged to banks as securities for banking facilities (Note 17). The fixed deposits have maturity periods ranging from 1 to 5 months (2010: 1 to 5 months) from the end of the financial period with interest rates ranging from 0.11% to 0.35% (2010: 0.11% to 0.35%) per annum.

6A TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Current:				
Trade receivables:				
Non-related parties	5,125	8,948	–	–
Less: allowance for impairment	(541)	(555)	–	–
	4,584	8,393	–	–
Loan to a joint venture	975	975	1,950	1,950
Accrued interest receivable from a joint venture	189	140	378	280
Other amount due from a joint venture	22	7	34	15
	1,186	1,122	2,362	2,245
Less: allowance for impairment	(1,186)	–	(2,362)	(1,115)
	–	1,122	–	1,130
Other receivables:				
Management fee receivable from subsidiaries (Note 28)	–	–	248	321
Non-related parties	143	200	1	34
Related party (Note 28)	–	90	–	–
	143	290	249	355
Less: Allowance for impairment				
Related party	–	(72)	–	–
	143	218	249	355
Loan to a third party	288	407	–	–
Loan to a related party	–	42	–	–
Interest receivable on loan to a third party	–	33	–	–
Interest receivable on loan to a related party	–	1	–	–
	5,015	10,216	249	1,485
Non-current:				
Trade receivables:				
- Non-related party	127	175	–	–
	5,142	10,391	249	1,485

6A TRADE AND OTHER RECEIVABLES (CONT'D)

The movement in the allowance for impairment of current trade receivables is as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At beginning of financial year	555	375	–	–
Reclassified from disposal group	–	89	–	–
Written off during the financial year	(14)	–	–	–
Charge during the financial year (Note 21)	–	91	–	–
At end of financial year	541	555	–	–

The movement in the allowance for impairment of amount due from a joint venture is as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At beginning of financial year	–	–	1,115	–
Charge during the financial year (Note 21)	1,186	–	1,247	590
Reclassified from disposal group	–	–	–	525
At end of financial year	1,186	–	2,362	1,115

The movement in the allowance for impairment of other receivables is as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At beginning of financial year	72	–	–	–
Reversal of allowance no longer required	(72)	(80)	–	–
Reclassified from disposal group	–	152	–	–
At end of financial year	–	72	–	–

Trade receivables

Included in trade receivables of the Group in 2010 was an amount of $4,238,000 which arose under buy and sell back agreements between third parties and Nu-Haven Incorporated, a wholly-owned subsidiary of the Company. The balance as at 31 December 2010 was fully settled by way of the third party transferring available for-sale financial assets to the subsidiary (Note 11) during the financial year ended 31 December 2011.

Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

6A TRADE AND OTHER RECEIVABLES (CONT'D)

Loan to a joint venture

During the financial year ended 31 December 2007, the Company extended a loan of $1,000,000 to Aretae EcoVentures Pte Ltd ("JVC") under the first Loan Agreement dated 5 November 2007 to meet its initial funding requirements and expenses.

By way of a second Loan Agreement dated 21 February 2008, the Company agreed to extend a further loan of $2,000,000 to the JVC. Up till the beginning of April 2008 a sum of $450,000 was disbursed. However, the balance of $1,550,000 was not disbursed and the Company was served with a statutory demand for the balance payment.

Pursuant to a Settlement Agreement dated 1 October 2008, the claim of the JVC was resolved. Under the terms of the Settlement Agreement, the Company agreed to extend a sum of $500,000 (" Final Loan ") to the JVC by way of a final loan. Other than the Final Loan, the Company has no obligation to extend any further loan to the JVC. As at 31 December 2011, the Company extended loans of $1,950,000 (2010: $1,950,000) ("Final Aggregate Loan") to the JVC in aggregate and the sum was repayable with interest thereon at the rate of 5% per annum on or before 31 December 2011. The terms of the Settlement Agreement also provided for the other joint venture partner to the JVC, being Aretae Private Ltd ("APL"), to undertake that should the JVC fail to repay the Final Aggregate Loan on or before 31 December 2011, APL will pay to the Company 50% of the Final Aggregate Loan on 31 December 2011.

Subsequent to the financial year end, on 2 March 2012, the Company issued a notice to APL under Section 254(1)(e) and 254(2)(a) of the Companies Act ("Statutory Demand") demanding payment in the sum of $1,186,333 ("Debt"), being the aggregate of 50% of the Final Aggregate Loan, 50% of the interest on the Final Aggregate Loan and 50% of expenses paid on behalf of the JVC by the Company. The 21 day period limited by the Statutory Demand for APL to pay the Debt to the Company has expired on 23 March 2012 but no payment of the Debt (or any part thereof) has been made. In the circumstances, the Company commenced winding-up proceedings against APL on 30 March 2012. On grounds of prudence, full provision has been made on the Debt of $1,186,333 owing by the JVC to the Company and the Group as at 31 December 2011.

Loans to a third party and a related party

Loans to a third party and a related party by a subsidiary are unsecured, repayable on demand and carry interests of Nil (2010: 8%) and Nil (2010: 7.25%) per annum, respectively.

Fair value of non-current trade receivable

The discounted value of non-current trade receivable amounting to $127,000 (2010: $172,000) is computed based on cash flows discounted at market borrowing rate of 6% (2010: 6.25%).

6B OTHER CURRENT ASSETS

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Other current assets:				
Advances to subsidiaries	–	–	10,835	10,793
Less: Allowance for impairment	–	–	(3,807)	(3,795)
	–	–	7,028	6,998
Deposits for rental, utilities and others	65	135	–	–
Prepayments	13	25	7	17
Advance deposit placed for acquisition of remaining interest in a subsidiary	–	1,100	–	1,100
	78	1,260	7,035	8,115

The movement in the allowance for impairment of advances to subsidiaries is as follows:

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
At beginning of financial year	–	–	3,795	–
Reclassified from disposal group	–	–	–	34
Charge during the financial year	–	–	12	3,761
At end of financial year	–	–	3,807	3,795

Advances to subsidiaries

Advances to subsidiaries are unsecured, interest-free and repayable on demand.

7 INVENTORIES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Finished goods	1,097	1,373	–	–
Goods in transit	769	246	–	–
	1,866	1,619	–	–

The cost of inventories recognised as an expense and included in "cost of sales" amounted to approximately $8,037,000 (2010: $9,353,000).

8 FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Held for trading:				
Listed equity securities in Singapore Exchange	4,821	3,643	4,821	3,643

9 INVESTMENT IN A JOINT VENTURE

The Company has a 50% equity interest at a cost of $1 in Aretae EcoVentures Pte Ltd ("Aretae EcoVentures")[1], a company incorporated in Singapore, whose principal activities are those of solely for advising on, managing and running waste-handling & disposal and renewable energy and sustainable development projects. The cost of investment was fully impaired during the financial year.

Aretae EcoVentures is a joint venture of the Company as the appointment of its directors and allocation of voting rights for key business decisions require the unanimous approval of its venturers.

The following amounts represented the Group's 50% share of the assets and liabilities and income and expenses of the joint venture that were included in the consolidated statement of financial position and statement of comprehensive income using the line-by-line format of proportionate consolidation:

	Group	
	2011 $'000	2010 $'000
Assets:		
Non-current assets	–	–
Current assets	1	1
	1	1
Liabilities:		
Current liabilities	(1,190)	(1,138)
Net liabilities	(1,189)	(1,137)
Revenue	–	–
Expenses	(53)	(513)
Loss before income tax	(53)	(513)
Income tax expense	–	–
Loss after income tax	(53)	(513)
Capital commitments in relation to interest in joint venture	–	–
Proportionate interest in joint venture's commitments	–	–

(1) Audited by LTC LLP, Singapore

10 INVESTMENTS IN SUBSIDIARIES

	Company 2011 $'000	Company 2010 $'000
Unquoted equity shares, at cost		
At beginning of year	8,618	8,528
Reclassified from disposal group classified as held for sale in 2010	–	90
Acquisitions during the year	1,800	–
At end of year	10,418	8,618

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operations	Effective interest held by Group 2011 %	Effective interest held by Group 2010 %
Industrial Engineering Systems Pte. Ltd.[1]	Designing of industrial plant engineering services systems and general wholesaler and trader	Singapore	78	78
P.J. Services Pte Ltd[1]	Trading in oilfield equipment and related products	Singapore	100	60
Nu-Haven Incorporated[2]	Investment holding	British Virgin Islands	100	100
Held by P.J. Services Pte Ltd:				
Panah Jaya Services Sdn. Bhd.[3]	Trading of oilfield parts and equipment	Malaysia	100	60
PT Panah Jayagita Sejahtera (formerly known as PT Panah Jayagita Servisindo)[4] (Note c)	Trading in oilfield equipment and related products	Indonesia	100	60
Held by Nu-Haven Incorporated:				
Avital Enterprises Limited[2]	Investment holding	British Virgin Islands	100	100

(1) Audited by LTC LLP, Singapore

(2) Audited by Leong Ho & Associates, Malaysia

(3) Audited by Lee Chin Ann & Co, Malaysia

(4) Audited by Doli, Bambang, Sudarmadji & Dadang, Indonesia

In accordance to Rule 716 of the Singapore Exchange Securities Trading Limited – Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Company.

10 INVESTMENTS IN SUBSIDIARIES (CONT'D)

During the financial year:

a. the Company acquired the remaining 40% interest comprising 40,000 ordinary fully paid shares in the issued and paid up share capital, of P.J. Services Pte Ltd for a consideration of $1,600,000 ("PJ Acquisition"), satisfied by (i) a cash payment of $1,100,000 and (ii) 9,191,176 new shares ("Consideration Shares") of the Company at an issue price of $0.0544 per Consideration Share to satisfy the balance consideration of $500,000. The Consideration Shares are listed and quoted for trading on 31 January 2011. As a result of the PJ Acquisition, the Company recognised an excess of the cost of the acquisition over the proportionate amount of the carrying amount of the net assets of the acquired non-controlling interest amounting to approximately $1,389,000 during the financial year directly as a capital reserve in equity.

b. P.J. Services Pte Ltd increased its issued capital from $100,000 to $300,000 by the issuance of 200,000 ordinary shares to the Company at $200,000 by way of capitalising the amount due by P.J. Services Pte Ltd to the Company.

c. To facilitate the operations of this business unit, the Group, through P.J. Services Pte Ltd, has restructured its holdings in the subsidiary through nominees, thus, maintaining its beneficial interests and therefore has absolute and de facto control over the subsidiary.

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group	
	2011	**2010**
	$'000	**$'000**
At beginning of financial year	2,483	–
Additions during the financial year	1,366	423
Settlement under buy and sell back agreement (Note 6A)	4,238	–
Disposal during the financial year	(1,038)	(2)
Reclassified from disposal group	–	6,081
Impairment loss (Note 21)	(400)	(4,400)
Reclassification adjustment	30	–*
Fair value gains recognised in other comprehensive income	263	381
At end of financial year	6,942	2,483

* Amount is less than $1,000.

Available-for-sale financial assets are analysed as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
Listed securities, at fair value		
- Equity securities in Singapore Exchange	6,942	2,083
Unlisted equity securities	4,800	4,800
Less: impairment loss	(4,800)	(4,400)
	–	400
	6,942	2,483

11 AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

The movement in the impairment loss on available-for-sale financial assets is as follows:

	Group	
	2011 $'000	2010 $'000
Balance at beginning of year	4,400	–
Charge during the year (Note 21)	400	4,400
Balance at end of year	4,800	4,400

The unlisted equity securities are valued at cost. Details of the unlisted equity securities are as follows:

Name of unlisted equity security	Country of incorporation	Effective equity interest held by Group		Cost	
		2011 %	2010 %	2011 $'000	2010 $'000
China Data System Investments Pte Ltd	Singapore	19	19	4,800	4,800

The Group had recognised a fair value gain on listed securities which was directly recognised in other comprehensive income of $263,000 (2010: $381,000) against the trade prices as at 31 December 2011.

12 DEVELOPMENT EXPENDITURE

	Group	
	2011 $'000	2010 $'000
Cost:		
At beginning of financial year	–	–
Reclassified from disposal group	–	919
Write-off	–	(919)
Net	–	–
The movement in the impairment loss account is as follows:		
At beginning of financial year	–	–
Reclassified from disposal group	–	460
Write-off (Note 21)	–	(460)
At end of financial year	–	–

Development expenditure represented cost incurred in the development projects operated by Aretae EcoVentures Pte Ltd which had been fully written off during the financial year ended 31 December 2010.

13 PLANT AND EQUIPMENT

	Fixtures and fittings $'000	Plant and equipment $'000	Motor vehicles $'000	Total $'000
Group				
Cost:				
As at 1 January 2010	78	–	169	247
Reclassified from disposal group	52	221	55	328
	130	221	224	575
Additions	–	4	–	4
Disposals	–	(28)	–	(28)
As at 31 December 2010	130	197	224	551
Translation differences	–	6	–	6
Additions	78	42	–	120
Disposals	(42)	(54)	–	(96)
As at 31 December 2011	166	191	224	581
Accumulated depreciation:				
As at 1 January 2010	33	–	10	43
Reclassified from disposal group	55	188	55	298
	88	188	65	341
Depreciation charge	14	12	34	60
Disposals	–	(28)	–	(28)
As at 31 December 2010	102	172	99	373
Translation differences	–	6	–	6
Depreciation charge	19	17	39	75
Disposals	(42)	(54)	–	(96)
As at 31 December 2011	79	141	138	358
Carrying amount:				
As at 31 December 2011	87	50	86	223
As at 31 December 2010	28	25	125	178

13 PLANT AND EQUIPMENT (CONT'D)

	Fixtures and fittings $'000	Motor vehicles $'000	Total $'000
Company			
Cost:			
As at 1 January 2010 and 31 December 2010	59	169	228
Additions	3	–	3
As at 31 December 2011	62	169	231
Accumulated depreciation:			
As at 1 January 2010	19	10	29
Depreciation charge	14	33	47
As at 31 December 2010	33	43	76
Depreciation charge	9	39	48
As at 31 December 2011	42	82	124
Carrying amount:			
As at 31 December 2011	20	87	107
As at 31 December 2010	26	126	152

As at 31 December 2011, the carrying amount of motor vehicles of the Group and Company purchased under hire purchase contracts is approximately $87,000 (2010: $126,000) (Note 17).

14 DEFERRED INCOME TAX ASSETS

	Group	
	2011 $'000	2010 $'000
At beginning of financial year	6	26
Transfer from/(to) statement of comprehensive income	8	(26)
Reclassified from disposal group	–	6
At end of financial year	14	6

Deferred income tax assets provided for as at the end of the reporting period are related to the following:

	Group	
	2011 $'000	2010 $'000
Accelerated tax depreciation	(8)	(16)
Other timing differences	22	22
	14	6

15 GOODWILL ARISING ON CONSOLIDATION

	Group	
	2011	2010
	$'000	$'000
Cost:		
At beginning and at end of financial year	4,968	4,968

Impairment tests for goodwill

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating unit ("CGU") that is expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:–

	Group	
	2011	2010
	$'000	$'000
Industrial Engineering Systems Pte. Ltd.	4,968	4,968

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired.

The recoverable amount of the CGU was determined based on value-in-use calculations.

The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and cash flow projections from financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using the estimated growth rate of 0% (2010: 0%) per annum. The weighted average growth rates used were consistent with forecasts included in industry reports. The discount rate used of 4% (2010: 11%) which is based on the weighted average cost of capital of the Group, is pre-tax and reflects specific risks relating to the CGU.

16 TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Trade payables:				
Non-related parties	1,513	3,143	–	–
Other payables:				
Non-related parties	1,851	1,707	983	1,094
Related party (Note 28)	50	12	–	–
Advance from a subsidiary	–	–	–	100
Interest payable on advance from a subsidiary	–	–	–	5
Other accrual for operating expenses	355	453	165	204
	3,769	5,315	1,148	1,403

16 TRADE AND OTHER PAYABLES (CONT'D)

Advance from a subsidiary

Advance from a subsidiary in 2010 was unsecured, repayable on demand and carried interest rate of 5% per annum which had been repaid during the financial year.

17 BORROWINGS

	Group		Company	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Current:				
Trust receipts	1,937	770	–	–
Finance lease liability	26	26	26	26
	1,963	796	26	26
Non-current:				
Finance lease liability	33	59	33	59
Total	1,996	855	59	85

Trust receipts of a subsidiary are secured by way of a pledge of fixed deposits (Note 5) amounting to $252,000 (2010: $251,000) and a corporate guarantee by the Company and a related party.

Trust receipts incur interest rates ranging from 2.80% to 6.75% (2010: 3.05% to 6.75%) per annum.

Finance lease liability:

The Group and the Company leases a motor vehicle from a non-related party under finance lease. The lease agreement does not have renewal clause but provides the Group and the Company with option to purchase the leased asset at nominal values at the end of the lease term.

	Group and Company			
	Minimum lease payments		Present value of payments	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Amounts payable under finance lease:				
Less than one year	29	29	26	26
Between 2 to 5 years	37	66	33	59
	66	95	59	85
Less: Future finance charges	(7)	(10)	–	–
Present value of finance lease liabilities	59	85	59	85

The effective rates of interest for finance lease range from 2.5% and 2.68% (2010: 2.5% and 2.68%) per annum.

17 BORROWINGS (CONT'D)

Fair value of non-current borrowings

The fair value of the Group and Company's non-current finance lease liability amounting to $35,000 (2010: $62,000) is determined from the cash flow analysis, discounted at 2.6% (2010: 2.6%) which is the market borrowing rate of an equivalent instrument at the end of the reporting period and which the directors expect to be available to the Group and Company.

18 SHARE CAPITAL

	Group and Company	
	Number of shares '000	**Issued share capital $'000**
As at 1 January 2010	336,949	37,009
Issue of shares	100,000	3,200
Share issue expenses	–	(15)
As at 31 December 2010	436,949	40,194
Issue of shares	9,191	500
As at 31 December 2011	446,140	40,694

All issued ordinary shares, which have no par value, are fully paid, carry one vote per share and carry a right to dividends as and when declared by the Company.

During the financial year, in 2011, the Company issued 9,191,176 new shares ("Consideration Shares") at an issue price of $0.0544 per Consideration Share. The Consideration Shares were issued to satisfy the balance consideration of $500,000 to acquire 40,000 ordinary fully paid shares in the issued and paid up share capital of P.J. Services Pte Ltd (Note 10).

The newly issued shares rank pari passu in all respects with the previously issued shares.

In 2010, the Company issued 100,000,000 new ordinary shares ("Placement Shares") at an issue price of $0.032 per Placement Share to five (5) individuals. The net proceeds from the Placement Shares were $3,185,000 ("Net Proceeds"). The Placement Shares were listed and quoted for trading on the official list of the SGX-ST on 29 December 2010. The Net Proceeds had been fully disbursed.

19 REVENUE

Revenue comprises sale of goods.

20 OTHER INCOME

	Group 2011 $'000	Group 2010 $'000
Interest income from bank and deposits	2	2
Interest income from loan to a related party	1	10
Interest income from a joint venture	49	49
Interest income from loans to third parties	–	24
Miscellaneous	132	170
Settlement fee on buy and sell back agreement	60	–
Overprovision of legal and professional fees	–	791
Gain on disposal of financial assets, at fair value through profit or loss	105	518
Gain on trade receivables – buy and sell back agreement	146	155
Fair value gains on financial assets, at fair value through profit or loss	259	1,032
Allowance for doubtful debts on receivables written back	72	80
	826	2,831

Grants related to Job Credit Scheme were included in miscellaneous income in 2010.

21 OTHER EXPENSES

	Group 2011 $'000	Group 2010 $'000
Impairment loss on amount due from a joint venture (Note 6A)	1,186	–
Allowance for doubtful debts on trade and other receivables (Note 6A)	–	91
Foreign currency exchange loss	142	36
Loss on disposal of available-for-sale financial assets	26	1
Impairment loss on available-for-sale financial assets (Note 11)	400	4,400
Loss on discounting of long-term trade receivables	39	–
Development expenditure written off (Note 12)	–	460
Other receivables written off	50	–
	1,843	4,988

22 FINANCE COSTS

	Group 2011 $'000	Group 2010 $'000
Interest on finance lease liability	3	3
Interest on bank overdraft and trust receipts	16	6
Interest on amount due to non-related parties	–	23
	19	32

23 LOSS BEFORE INCOME TAX

Loss before income tax is determined after charging the following:

	Group 2011 $'000	Group 2010 $'000
Depreciation charge on plant and equipment	75	60
Directors' remuneration		
- Company	225	194
- Subsidiaries	200	148
Directors' fees		
- Company	60	60
- Subsidiaries	3	3
Fees on audit services paid/payable to:		
- Auditor of the Company	141	144
- Other auditors	14	15
Fees on non-audit services paid/payable to:		
- Auditor of the Company	4	2
- Other auditors	–#	–#

Amount is less than $1,000.

24 INCOME TAX EXPENSE

	Group 2011 $'000	Group 2010 $'000
Tax expense attributable to loss is made up of:		
Loss from current financial year:		
Current income tax		
Singapore	–	–
Foreign	66	25
	66	25
Deferred income tax (Note 14)	8	–
Current income tax		
Foreign	–	–
	74	25
(Over)/under provision in previous financial year:		
Singapore	–	(10)
Foreign	2	–
	2	(10)
Total	76	15

24 INCOME TAX EXPENSE (CONT'D)

The tax on loss before income tax differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	Group	
	2011 **$'000**	**2010** **$'000**
Tax calculated at tax rate of 17%	(354)	(636)
Effects of:		
Different tax rates in other countries	21	(2)
Non allowable items, net	2	411
Deferred tax assets not recognised	397	252
Under/(over) provision in prior year	2	(10)
Others	8	–
Tax expense	76	15

25 LOSS PER SHARE

The basic and diluted loss per ordinary share is calculated by dividing the total loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2011	**2010**
Total loss attributable to equity holders of the Company ($'000)	(2,073)	(3,688)
Weighted average number of shares ('000)	445,359	337,771
Basic and diluted loss per share (in cents)	(0.47)	(1.09)

26 SEGMENT INFORMATION

Analysis by Geographical Segments

	Singapore $'000	Malaysia $'000	Indonesia $'000	Others $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2011						
Group						
Geographical segments by location of assets						
Revenue:						
External sales	5,215	4,073	915	–	–	10,203
Inter-segment sales	966	–	–	–	(966)	–
Total revenue	6,181	4,073	915	–	(966)	10,203
Results:						
Segment results	(2,776)	507	(30)	–	184	(2,115)
Interest income	100	1	–	–	(49)	52
Interest expense	(68)	–	–	–	49	(19)
(Loss)/profit before income tax	(2,744)	508	(30)	–	184	(2,082)
Income tax	(8)	(68)	–	–	–	(76)
Total (loss)/profit for the year	(2,752)	440	(30)	–	184	(2,158)
Other information:						
Capital expenditure	115	5	–	–	–	120
Depreciation charge on plant and equipment	69	4	2	–	–	75
Impairment loss on available-for-sale financial assets	400	–	–	–	–	400
Impairment loss on amount due from a joint venture	1,253	–	–	–	(67)	1,186
						1,661

26 SEGMENT INFORMATION (CONT'D)

Analysis by Geographical Segments (Cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Others $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2011						
Group						
Assets:						
Segment assets	33,682	4,328	1,344	–	(14,355)	24,999
Fixed deposits	409	–	–	–	–	409
Deferred income tax assets	18	(4)	–	–	–	14
Consolidated total assets						25,422
Liabilities:						
Segment liabilities	16,289	991	365	–	(13,876)	3,769
Borrowings	1,996	–	–	–	–	1,996
Current income tax liabilities	64	32	354	–	–	450
Consolidated total liabilities						6,215

	Singapore $'000	Malaysia $'000	Indonesia $'000	Thailand $'000	Vietnam $'000	Brunei and Myammar $'000	Others $'000	Total $'000
Geographical segments by customer base								
Revenue	3,248	4,183	880	1,264	283	259	86	10,203

26 SEGMENT INFORMATION (CONT'D)

Analysis by Geographical Segments (Cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Others $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2010						
Group						
Geographical segments by location of assets						
Revenue:						
External sales	3,792	6,751	718	–	–	11,261
Inter-segment sales	623	–	–	–	(623)	–
Total revenue	4,415	6,751	718	–	(623)	11,261
Results:						
Segment results	(12,279)	333	(152)	–	8,300	(3,798)
Interest income	85	–	–	–	–	85
Interest expense	(90)	–	–	–	58	(32)
(Loss)/profit before income tax	(12,284)	333	(152)	–	8,358	(3,745)
Income tax	10	(25)	–	–	–	(15)
Total (loss)/profit for the year	(12,274)	308	(152)	–	8,358	(3,760)
Other information:						
Capital expenditure	3	1	–	–	–	4
Depreciation charge on plant and equipment	53	4	3	–	–	60
Impairment loss on investment in available-for-sale financial assets						4,400
						4,460

26 SEGMENT INFORMATION (CONT'D)

Analysis by Geographical Segments (Cont'd)

	Singapore $'000	Malaysia $'000	Indonesia $'000	Others $'000	Elimination $'000	Total $'000
For the financial year ended 31 December 2010						
Group						
Assets:						
Segment assets	35,796	3,902	227	400	(11,966)	28,359
Fixed deposits	406	–	–	–	–	406
Deferred income tax assets	26	(20)	–	–	–	6
Consolidated total assets						28,771
Liabilities:						
Segment liabilities	15,514	2,019	5	–	(12,223)	5,315
Borrowings	855	–	–	–	–	855
Current income tax liabilities	64	–	365	–	–	429
Consolidated total liabilities						6,599

	Singapore $'000	Malaysia $'000	People's Republic of China $'000	Indonesia and Thailand $'000	Others $'000	Total $'000
Geographical segments by customer base						
Revenue	1,378	6,964	56	2,448	415	11,261

Analysis by Business Segments

The Group operates in three product segments – engineering services, oil and gas equipment and investments and others.

The following table shows the sales, the carrying amounts of segment assets and additions to plant and equipment, analysed by business segments:

	Revenue		Segment assets		Capital additions	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Engineering services	3,300	2,527	5,256	4,596	–	–
Investments and others	–	–	16,881	19,856	117	–
Oil and gas equipment	6,903	8,734	3,285	4,319	3	4
	10,203	11,261	25,422	28,771	120	4

27 COMMITMENTS

OPERATING LEASE COMMITMENTS

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Minimum lease payments under operating leases included in the statement of comprehensive income:				
– Rental of office premises	124	105	18	18
– Photocopying machine	4	3	3	3
	128	108	21	21

At the end of the reporting period, the commitments in respect of non-cancellable operating leases with terms from 1 to 2 years (2010: 1 to 2 years) for the rental of office premises and photocopying machines from non-related parties were as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Within one year	92	32	2	3
In the second to fifth year inclusive	97	7	–	2

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year on terms agreed by the parties concerned:

		Group		Company	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000
(a)	Key management personnel				
	Remuneration	541	533	213	188
	Employer's contribution to defined contribution plans including Central Provident Fund	25	18	12	7
(b)	Fees paid to a firm of which a director of the Company is a director but not a member[1]	6	16	–	16
(c)	Fees paid to a firm of which a director of the Company is an equity partner[2]	–	41	–	41

(1) Robert Wang & Woo LLP as its solicitors. Mr Tan Soo Khoon Raymond is a director of Robert Wang & Woo LLC but he has no equity interests in Robert Wang & Woo LLP. The Audit Committee (with the exception of Mr Tan Soo Khoon Raymond) has reviewed the fees charged by Robert Wang & Woo LLC of $5,894 (2010: $16,232) and is of the view that the fees charged for acting for the Company are within market rates and comparable to fees charged by other law firms for similar work.

(2) JLC Advisors LLP as its solicitors. Mr Ong Su Aun Jeffrey is an equity partner of JLC Advisors LLP. The Audit Committee (with the exception of Mr Ong Su Aun Jeffrey) has reviewed the fees charged by JLC Advisors LLP of Nil (2010: $41,460) and is of the view that the fees charged for acting for the Company in the legal action are within market rates and comparable to fees charged by other law firms for similar work.

29 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Group's overall business strategies, tolerance of risk and general risk management philosophy are determined by directors in accordance with prevailing economic and operating conditions.

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Singapore. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the Singapore Dollar (SGD), Malaysian Ringgit (MYR), United States Dollar (USD), Indonesia Rupiah (IDR) and Euro (EUR).

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, individual Group entities manage as far as possible by natural hedges of matching assets and liabilities.

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. The Group's currency exposure based on the information provided to key management is as follows:

	SGD $'000	USD $'000	MYR $'000	IDR $'000	EUR $'000	Others $'000	Total $'000
Group							
As at 31 December 2011							
Financial assets							
Cash and cash equivalents, fixed deposits, available-for-sale financial assets and fair value through profit or loss	12,310	544	178	7	33	59	13,131
Trade and other receivables and other current assets (except prepayments)	910	3,045	813	413	22	4	5,207
	13,220	3,589	991	420	55	63	18,338
Financial liabilities							
Trade and other payables and borrowings	(4,072)	(960)	(638)	(18)	(40)	(37)	(5,765)
Net financial assets	9,148	2,629	353	402	15	26	12,573
Less: Net financial assets denominated in the respective entities' functional currencies	(9,148)	–	–	–	–	–	(9,148)
Net currency exposure	–	2,629	353	402	15	26	3,425

29 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows: (cont'd)

	SGD $'000	USD $'000	MYR $'000	EUR $'000	Others $'000	Total $'000
Group						
As at 31 December 2010						
Financial assets						
Cash and cash equivalents, fixed deposits, available-for-sale financial assets and fair value through profit or loss	8,713	827	698	34	77	10,349
Trade and other receivables and other current assets (except prepayments)	6,898	2,031	881	970	846	11,626
	15,611	2,858	1,579	1,004	923	21,975
Financial liabilities						
Trade and other payables and borrowings	(2,299)	(1,752)	(111)	(1,127)	(881)	(6,170)
Net financial assets/(liabilities)	13,312	1,106	1,468	(123)	42	15,805
Less: Net financial assets denominated in the respective entities' functional currencies	(13,312)	–	–	–	–	(13,312)
Net currency exposure	–	1,106	1,468	(123)	42	2,493

Company

As at 31 December 2011 and 2010, there is no currency risk exposure for the financial assets and liabilities as they are all denominated in the Company's functional currency.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

Sensitivity analysis

If the USD, MYR, IDR and EUR vary against the SGD by 5% (2010:10%) respectively, with all other variables including tax rate being held constant, the effect on the total profit will be as follows:

	Increase/(decrease) Group	
	2011	**2010**
	$'000	**$'000**
USD against SGD		
– Strengthen	131	55
– Weaken	(131)	(55)
MYR against SGD		
– Strengthen	18	74
– Weaken	(18)	(74)
IDR against SGD		
– strengthen	20	–
– weaken	(20)	–
EUR against SGD		
– strengthen	1	(6)
– weaken	(1)	6

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified as either available-for-sale or at fair value through profit or loss on the statement of financial position as at 31 December 2011. These securities are listed in Singapore Exchange. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Market risk (cont'd)

(ii) Price risk (cont'd)

If prices for equity securities listed in Singapore Exchange change by 10% (2010: 10%) with all other variables including tax rate being held constant, the effects on the total loss for the financial year and other comprehensive income would have been:

	Increase/(decrease)			
	2011 Loss after tax $'000	**2011 Other comprehensive income $'000**	**2010 Loss after tax $'000**	**2010 Other comprehensive income $'000**
Group				
Listed on Singapore Exchange				
– Increased by 10%	(482)	(694)	(364)	248
– Decreased by 10%	482	694	364	(248)
Company				
Listed on Singapore Exchange				
– Increased by 10%	(482)	–	(364)	–
– Decreased by 10%	482	–	364	–

(iii) Interest rate risk

The Group is exposed to interest rate risk relating primarily to interest-earning financial assets and interest-bearing financial liabilities. The details of interest rates are disclosed in the relevant notes to the financial statements. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest income could be affected by an adverse movement in interest rates.

The Group obtains additional financing through finance lease arrangement. The Group's policy is to obtain the most favourable interest rates available. As at the end of the reporting period, there is no significant interest rate risk as the Group has no significant interest-bearing assets and liabilities.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due. The exposure to credit risk is monitored on an on-going basis. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk (cont'd)

At the end of the reporting period, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The trade and other receivables and other current assets of the Group and Company comprise 3 debtors (2010: 5 debtors) and 1 debtor (2010: 2 debtors) respectively that individually represented 5 – 10% of trade and other receivables and other current assets.

Financial assets that are neither past due or impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

The Group's trade and other receivables amounting to approximately $5,142,000 (2010: $10,391,000) are past due at the end of the reporting period but not impaired. Trade and other receivables that are impaired amounting to approximately $541,000 (2010: $627,000) had been provided for. An analysis of the age of trade and other receivables past due as at the end of the reporting period but not impaired is as follows:

	Group		**Company**	
	2011	**2010**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**
Not past due	2,790	7,599	249	1,130
Past due 1 – 30 days	289	381	–	–
Past due 31 – 60 days	10	248	–	–
Past due 61 – 90 days	68	455	–	–
More than 90 days	1,985	1,708	–	355
	5,142	10,391	249	1,485

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

29 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group's financial liabilities based on the remaining year at the end of the reporting period to the contractual maturity date based on contractual undiscounted cash flows are as follows:

	Group	
	2011	**2010**
	$'000	**$'000**
Less than one year		
Trade and other payables	3,769	5,315
Borrowings	1,963	796
	5,732	6,111
Between 2 to 5 years		
Borrowings	37	66
	5,769	6,177

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, issue new shares and obtain new borrowings.

The capital structure of the Group and Company is predominately equity. In view of the net equity position, gearing is currently not considered necessary.

(e) Fair value measurements

The following table presents assets measured at fair value and classified by level of the following fair value measurement hierarchy as at 31 December 2011:

a. quoted prices (unadjusted) in active markets for identical assets (Level 1);

b. inputs other than quoted prices included within Level 1 that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

c. inputs for the assets that are not based on observable market data (unobservable inputs) (Level 3).

29 FINANCIAL RISK MANAGEMENT (CONT'D)

(e) Fair value measurements (cont'd)

Group	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
As at 31 December 2011			
Assets			
Financial assets, at fair value through profit or loss	4,821	–	–
Available-for-sale financial assets	6,942	–	–
Total	11,763	–	–
As at 31 December 2010			
Assets			
Financial assets, at fair value through profit or loss	3,643	–	–
Available-for-sale financial assets	2,483	–	–
Total	6,126	–	–

Company	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
As at 31 December 2011			
Assets			
Financial assets, at fair value through profit or loss	4,821	–	–
As at 31 December 2010			
Assets			
Financial assets, at fair value through profit or loss	3,643	–	–

30 OTHERS

(a) Employee compensation

	Group	
	2011 $'000	**2010 $'000**
Wages, salaries and other related costs	1,098	919
Employer's contribution to defined contribution plans including Central Provident Fund	109	100
	1,207	1,019

30 OTHERS (CONT'D)

(b) Directors' remuneration

The following information relates to remuneration of directors of the Company during the financial year:

	Group 2011	Group 2010
Number of directors of the Company in remuneration bands		
– above $500,000	–	–
– $250,000 to below $500,000	–	–
– below $250,000	6	6
Total	6	6

	Group 2011 $'000	Group 2010 $'000
Directors' remuneration paid/payable to:		
– directors of the Company	225	194
– other directors	200	148
Directors' fees paid/payable to:		
– directors of the Company	60	60
– other directors	3	3
	488	405

31 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Following are the mandatory FRSs and amendments to FRS that have been published by the Accounting Standards Council as at the date of authorisation of these financial statements by the Company's Directors, and may be relevant for the Group's and/or Company's financial year beginning on or after 1 January 2012 and later financial years and which the Group/Company has not early adopted:

- FRS 110 Consolidated Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 111 Joint Arrangements (effective for annual periods beginning on or after 1 January 2013)
- FRS 112 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2013)
- FRS 113 Fair Value Measurement (effective for annual periods beginning on or after 1 January 2013)
- FRS 27 (Revised 2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2013)
- FRS 28 (Revised 2011) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2013)
- Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)

As at the date of authorisation of these financial statements, the possible impact that the application of the above FRSs and amendments to FRS will have on the Group and Company's financial statements in their period of mandatory initial application is not known as management has not made an assessment on the possible impact.

STATISTICS OF SHAREHOLDINGS

As at 30 March 2012

SHARE CAPITAL	:	$40,694,474
NO. OF ISSUED SHARES	:	446,139,662
CLASS OF SHARES	:	Ordinary Shares
VOTING RIGHTS	:	On show of hands: One vote for each member
	:	On a poll: One vote for each ordinary share
TREASURY SHARES	:	Nil (there were no treasury shares)

ANALYSIS OF SHAREHOLDINGS BY RANGE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	39	1.38	3,353	0.00
1,000 – 10,000	706	25.03	4,886,898	1.09
10,001 – 1,000,000	2,028	71.89	197,624,590	44.30
1,000,001 & ABOVE	48	1.70	243,624,821	54.61
TOTAL	2,821	100.00	446,139,662	100.00

TOP TWENTY SHAREHOLDERS AS AT 30 MARCH 2012

S/N	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	DBS VICKERS SECURITIES (S) PTE LTD	55,254,900	12.39
2	MAYBAN NOMINEES (S) PTE LTD	20,550,000	4.61
3	TAN CHENG GUAN	13,901,000	3.12
4	KOH KAH BENG (XU JIAMING)	13,765,000	3.08
5	PHILLIP SECURITIES PTE LTD	13,123,000	2.94
6	KOH WILLIAM	10,000,000	2.24
7	RADCLIFFE DEREK	9,191,176	2.06
8	OCBC SECURITIES PRIVATE LTD	6,537,000	1.46
9	DBS NOMINEES PTE LTD	6,499,000	1.46
10	WONG CHIN YONG	6,000,000	1.34
11	TENGKU SINANNAGA @ CHENG MIN SIONG @ ZENG MING XIONG	5,708,000	1.28
12	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	5,656,100	1.27
13	CITIBANK NOMINEES SINGAPORE PTE LTD	5,187,300	1.16
14	MAYBANK KIM ENG SECURITIES PTE LTD	4,744,245	1.06
15	CHAI KIM LIAN	4,400,000	0.99
16	CHEONG KAH FOO	3,658,000	0.82
17	LEE KONG SOON	3,600,000	0.81
18	TAN TEIK CHIN	3,600,000	0.81
19	LOW YEW KIAT	3,398,000	0.76
20	OCBC NOMINEES SINGAPORE PTE LTD	3,232,100	0.72
		198,004,821	44.38

STATISTICS OF SHAREHOLDINGS

As at 30 March 2012

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER

Shareholder's Name	Direct	%	Deemed	%
Advance Assets Management Limited[1]	54,134,900	12.13	–	–
Edwin Sugiarto[2]	–	–	54,134,900	12.13

1 The interest is registered in the name of DBS Vickers Securities (S) Pte Ltd, who hold the shares as its nominees.

2 By virtue of interest in Advance Assets Management Limited.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on information available to the Company as at 30 March 2012, 87.87% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Catalist Rule is complied with.

ANNICA HOLDINGS LIMITED
(Company Registration No. 198304025N)
(Incorporated in the Republic of Singapore)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of the Company will be held at Republic of Singapore Yacht Club, Nautica I, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Monday, 30 April 2012 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the audited financial statements of the Company for the financial year ended 31 December 2011 and the report of the Directors and Auditors thereon. **[Resolution 1]**
2. To approve Directors' fees of S$72,000/- for the financial year ended 31 December 2011 (2010: S$60,000/-). **[Resolution 2]**
3. To re-elect the following Directors retiring under Article 104 of the Company's Articles of Association:
   (i) Mr Lim Meng Check **[Resolution 3 (i)]**
   (ii) Mr Goh Hin Calm *[See Explanatory Note (i)]* **[Resolution 3 (ii)]**
4. To re-appoint Messrs LTC LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **[Resolution 4]**

AS SPECIAL BUSINESS

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

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

   "That pursuant to Section 161 of the Companies Act, Chapter. 50 and subject to Rule 806 of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"), approval be and is hereby given to the Directors to issue: –

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

   (ii) convertible securities; or

   (iii) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or capitalism issues; or

   (iv) shares arising from the conversion of convertible securities in (ii) and (iii) above,

   at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that: –

   (a) the aggregate number of shares and convertible securities that may be issued shall not be more than one hundred percent (100%) of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Catalist Rules as at the date the general mandate is passed;

(b) the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders shall not be more than fifty percent (50%) of the total number of issued shares excluding treasury shares or such other limit as may be prescribed by the Catalist Rules as at the date the general mandate is passed;

(c) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (a) and (b) above, the percentage of the total number of issued shares excluding treasury shares is based on the total number of issued shares excluding treasury shares at the date of the general mandate is passed after adjusting for new shares arising from the conversion on exercise of any convertible securities or employee stock options in issue as at the date the general mandate is passed and any subsequent consolidation or subdivision of the Company's shares; and

(d) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier." *[See Explanatory Note (ii)]*

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

By Order of the Board

Seah Hai Yang
Company Secretary
Singapore, 13 April 2012

Explanatory Notes:

(i) Mr Goh Hin Calm, if re-elected, will remain as Chairman of the Audit Committee and also remain as a member of the Remuneration Committee and of the Nominating Committee. Mr Goh is considered independent for the purposes of Rule 704(7) of the Catalist Rules.

(ii) **Resolution 5** is to authorize the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares in the Company up to an amount not exceeding in aggregate one hundred percent (100%) of the total number of issued shares excluding treasury shares of which the total number of shares issued other than on a pro-rata basis to existing shareholders shall not exceed fifty percent (50%) of the total number of issued shares excluding treasury shares for such purposes as they consider would be in the interests of the Company. Rule 806(3) of the Catalist Rules currently provides for the percentage of the total number of issued shares excluding treasury shares to be calculated on the basis of the total number of issued shares at the time that the resolution is passed (taking into account the conversion of exercise of any convertible securities and employee share options on the issue at the time that the resolution is passed, which were issued pursuant to previous shareholder approval), adjusted for any subsequent consolidation or subdivision of shares. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

Notes to the Notice of AGM:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
2. A proxy need not be a member of the Company.
3. If the appointed is a corporation, the proxy must be executed under seal or the hand of its duly authorized officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 9 Temasek Boulevard #41-01 Suntec Tower 2, Singapore 038989 not later than 48 hours before the time appointed for the Meeting.

ANNICA HOLDINGS LIMITED

Company Registration No. 198304025N
(Incorporated in the Republic of Singapore)

Proxy Form

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this **Annual Report** is forwarded to them at the request of their CPF approved nominees and is sent solely FOR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary.

I/We ______________________________ NRIC/Passport No. ______________

of ____ (Address)
being a member/members of ANNICA HOLDINGS LIMITED (the "Company") 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 Republic of Singapore Yacht Club, Nautica I, Level 2, 52 West Coast Ferry Road, Singapore 126887 on Monday, 30 April 2012 at 9.30 am, 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 Annual 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.	Description of Resolutions	For	Against
1	Adoption of audited financial statements for the financial year ended 31 December 2011		
2	Approval of Directors' fees		
3(i)	Re-election of Mr Lim Meng Check as a Director		
3(ii)	Re-election of Mr Goh Hin Calm as a Director		
4	Re-appointment of Auditors		
5	Authority to allot and issue shares and convertible securities		

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

Dated this ________ day of ______________ 2012

Total Number of Shares Held

____

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:–

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, 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 9 Temasek Boulevard #41-01 Suntec Tower 2, Singapore 038989 not less than 48 hours before the time appointed for the meeting.
4. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 48 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting of the Company and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the aforesaid meeting.

Affix
Postage
Stamp

ANNICA HOLDINGS LIMITED
9 TEMASEK BOULEVARD
#41-01 SUNTEC TOWER 2
SINGAPORE 038989

CORPORATE INFORMATION

Board of Directors
Edwin Sugiarto
- Chairman and Executive Director
Lim Meng Check
- Chief Executive Officer and Executive Director
Nicholas Jeyaraj s/o Narayanan
- Non-Executive and Non-Independent Director
Tan Soo Khoon Raymond
- Non-Executive and Independent Director and Lead Independent Director
Ong Su Aun Jeffrey
- Non-Executive and Independent Director
Goh Hin Calm
- Non-Executive and Independent Director

Company Secretary
Seah Hai Yang, FCPA

Audit Committee
Goh Hin Calm (Chairman)
Tan Soo Khoon Raymond
Ong Su Aun Jeffrey

Nominating Committee
Tan Soo Khoon Raymond (Chairman)
Ong Su Aun Jeffrey
Goh Hin Calm

Remuneration Committee
Ong Su Aun Jeffrey (Chairman)
Tan Soo Khoon Raymond
Goh Hin Calm

Registered office
Annica Holdings Limited
9 Temasek Boulevard #41-01
Suntec Tower 2
Singapore 038989
Telephone number: 64325212
Fax number: 63321480

Share Registrar
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Auditors
LTC LLP
Certified Public Accountants
1 Raffles Place #20-02
One Raffles Place
Singapore 048616
(Appointed on 28 October 2005)
Partner in-charge:
Ms Yow Geok Kein
(Appointed since financial year ended 31 December 2011)

Solicitors
Robert Wang & Woo LLP

ANNICA HOLDINGS LIMITED
COMPANY REGISTRATION NO. 198304025N

9 TEMASEK BOULEVARD #41-01
SUNTEC TOWER 2
SINGAPORE 038989