

Balance Sheets

AS AT 31 DECEMBER 2006

(Currency – Singapore dollars)

	NOTE	GROUP		COMPANY	
		2006 \$'000	2005 \$'000 (Restated)	2006 \$'000	2005 \$'000
Share capital and reserves					
Share capital	3	474,926	291,450	474,926	291,450
Share premium		–	117,197	–	117,197
Capital reserve	4	115,948	115,948	–	–
Other reserves	5	13,973	52,957	11,917	1,974
Unappropriated profit	6	960,654	915,246	530,676	396,815
		1,565,501	1,492,798	1,017,519	807,436
Minority interests		142,883	49,058	–	–
		1,708,384	1,541,856	1,017,519	807,436
Property, plant and equipment	7	952,209	475,197	657	741
Subsidiaries	8	–	–	544,209	406,692
Associated companies and joint ventures	9	294,145	281,963	50	50
Investments	10	27,858	101,347	–	–
Intangible assets	11	556,711	344,682	–	–
Long-term receivables	12	5,203	15,329	–	–
Deferred tax assets	13	117,637	110,872	–	–
Current assets					
Stocks and work-in-progress	14	1,103,417	812,186	–	–
Trade debtors	15	858,211	665,466	–	–
Due from related corporations	16	516,440	898,703	238,783	275,133
Advances and other debtors	17	229,039	242,562	199,172	122,530
Long-term receivables, current	12	476	698	–	1
Amounts under fund management	18	228,173	311,062	–	–
Bank balances and other liquid funds	19	624,723	306,328	145,655	47,406
		3,560,479	3,237,005	583,610	445,070
Current liabilities					
Advance payments from customers, current		582,234	460,623	–	–
Creditors and accruals	22	1,338,928	1,142,937	50,078	38,023
Provisions	23	184,911	177,064	–	–
Progress billings in excess of work-in-progress	14	298,938	291,304	–	–
Provision for taxation		213,931	208,764	6,644	6,904
Short-term bank loans (unsecured)	24	595,850	323,594	–	–
Lease obligations, current	25	2,137	2,391	–	–
Long-term bank loans, current	29	6,859	9,430	–	–
Other loans, current	30	1,217	3,512	–	–
Bank overdrafts		1,737	731	–	–
		3,226,742	2,620,350	56,722	44,927
Net current assets		333,737	616,655	526,888	400,143
Non-current liabilities					
Advance payments from customers, non-current		277,764	377,918	–	–
Deferred income	27	4,101	2,303	–	–
Deferred tax liabilities	28	15,190	7,751	285	190
Lease obligations, non-current	25	9,113	12,201	–	–
Long-term bank loans, non-current	29	270,525	1,138	–	–
Other loans, non-current	30	2,423	2,878	–	–
Due to a subsidiary	31	–	–	54,000	–
		1,708,384	1,541,856	1,017,519	807,436

The accompanying notes are an integral part of the financial statements.

Statement of Profit and Loss FOR THE YEAR ENDED 31 DECEMBER 2006

(Currency – Singapore dollars)

	NOTE	GROUP 2006 \$'000	2005 \$'000
Turnover	32	4,485,758	3,337,895
Cost of sales		(3,453,961)	(2,621,679)
Gross profit		1,031,797	716,216
Other operating income	33	88,134	54,847
Distribution and selling expenses		(116,635)	(54,399)
Administrative expenses		(383,034)	(226,546)
Other operating expenses		(74,501)	(45,775)
Profit from continuing operations before taxation, other income and financial expenses	34	545,761	444,343
Other income, net	37	9,340	20,921
Financial expenses	38	(42,252)	(7,952)
		512,849	457,312
Share of results of associated companies and joint ventures		51,490	45,933
Profit from continuing operations before taxation		564,339	503,245
Taxation	39	(108,895)	(91,993)
Profit from continuing operations after taxation		455,444	411,252
Attributable to:			
Shareholders of the Company		445,127	396,308
Minority interests		10,317	14,944
		455,444	411,252
Earnings per share (cents)	41		
Basic		15.15	13.64
Diluted		15.00	13.54

The accompanying notes are an integral part of the financial statements.

Statements of Changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2006

(Currency – Singapore dollars)

	SHARE CAPITAL \$'000	SHARE PREMIUM \$'000	CAPITAL RESERVE \$'000	OTHER RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000	MINORITY INTERESTS \$'000	TOTAL EQUITY \$'000
The Group								
At 1.1.2005	289,217	76,602	115,948	47,545	878,840	1,408,152	37,936	1,446,088
Net fair value changes on available-for-sale financial assets	–	–	–	(1,931)	–	(1,931)	–	(1,931)
Net fair value changes on cash flow hedges	–	–	–	(2,550)	–	(2,550)	–	(2,550)
Foreign currency translation differences	–	–	–	1,223	–	1,223	(61)	1,162
Net income recognised directly in equity	–	–	–	(3,258)	–	(3,258)	(61)	(3,319)
Net profit for the year	–	–	–	–	396,308	396,308	14,590	410,898
Total recognised net income for the year	–	–	–	(3,258)	396,308	393,050	14,529	407,579
Issue of shares	2,233	40,595	–	–	–	42,828	–	42,828
Dilution of interest in a subsidiary	–	–	–	–	–	–	(3,440)	(3,440)
Acquisition of subsidiaries	–	–	–	–	–	–	1,016	1,016
Capital contribution	–	–	–	–	–	–	10,703	10,703
Cost of share-based payment	–	–	–	8,537	–	8,537	3	8,540
Dividends (Note 40)	–	–	–	–	(359,769)	(359,769)	(11,689)	(371,458)
Transfer from unappropriated profit to statutory reserve	–	–	–	133	(133)	–	–	–
At 31.12.2005	291,450	117,197	115,948	52,957	915,246	1,492,798	49,058	1,541,856
At 1.1.2006	291,450	117,197	115,948	52,957	915,246	1,492,798	49,058	1,541,856
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	117,197	(117,197)	–	–	–	–	–	–
Net fair value changes on available-for-sale financial assets	–	–	–	(14,542)	–	(14,542)	–	(14,542)
Net fair value changes on cash flow hedges	–	–	–	(879)	–	(879)	–	(879)
Foreign currency translation differences	–	–	–	(33,321)	–	(33,321)	4,196	(29,125)
Net income recognised directly in equity	–	–	–	(48,742)	–	(48,742)	4,196	(44,546)
Net profit for the year	–	–	–	–	445,127	445,127	10,038	455,165
Total recognised net income for the year	–	–	–	(48,742)	445,127	396,385	14,234	410,619
Issue of shares	66,279	–	–	–	–	66,279	–	66,279
Acquisition of subsidiaries	–	–	–	–	–	–	89,616	89,616
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	80	80
Capital contribution	–	–	–	–	–	–	4,971	4,971
Cost of share-based payment	–	–	–	9,431	–	9,431	80	9,511
Dividends (Note 40)	–	–	–	–	(399,473)	(399,473)	(15,191)	(414,664)
Revaluation surplus	–	–	–	81	–	81	35	116
Transfer from unappropriated profit to statutory reserve	–	–	–	246	(246)	–	–	–
At 31.12.2006	474,926	–	115,948	13,973	960,654	1,565,501	142,883	1,708,384

Statements of Changes in Equity FOR THE YEAR ENDED 31 DECEMBER 2006

(Currency – Singapore dollars)

	SHARE CAPITAL \$'000	SHARE PREMIUM \$'000	SHARE-BASED PAYMENT RESERVE \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000
The Company					
At 1.1.2005	289,217	76,602	526	358,914	725,259
Net profit for the year	–	–	–	397,670	397,670
Total recognised net income for the year	–	–	–	397,670	397,670
Issue of shares	2,233	40,595	–	–	42,828
Cost of share-based payment	–	–	1,448	–	1,448
Dividends (Note 40)	–	–	–	(359,769)	(359,769)
At 31.12.2005	291,450	117,197	1,974	396,815	807,436
At 1.1.2006	291,450	117,197	1,974	396,815	807,436
Transfer from share premium account to share capital upon implementation of the Companies (Amendment) Act 2005	117,197	(117,197)	–	–	–
Net profit for the year	–	–	–	533,334	533,334
Total recognised net income for the year	–	–	–	533,334	533,334
Issue of shares	66,279	–	–	–	66,279
Cost of share-based payment	–	–	9,943	–	9,943
Dividends (Note 40)	–	–	–	(399,473)	(399,473)
At 31.12.2006	474,926	–	11,917	530,676	1,017,519

The accompanying notes are an integral part of the financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2006

(Currency – Singapore dollars)

	2006 \$'000	2005 \$'000
Cash flows from operating activities		
Profit before taxation including share of results of associated companies and joint ventures	564,339	503,245
Adjustments:		
Share of results of associated companies and joint ventures	(51,490)	(45,933)
Depreciation of property, plant and equipment	130,676	79,092
Provision for impairment in value of investments	8,428	3,905
Provision for impairment in value of associated companies and joint ventures	4,865	700
Property, plant and equipment written off	10,942	372
Impairment of property, plant and equipment	297	12,213
Gain on disposal of property, plant and equipment	(11)	(1,241)
Gain on dilution of interest in an associated company	(571)	–
Gain on disposal of investments	(35,701)	(13,199)
Short-term loans from minority shareholders forgiven	(2,766)	–
Profit on maturity of amounts under fund management	(6,491)	(6,947)
Negative goodwill written off	(615)	–
Write-back of provision for loan to an investee company	–	(821)
Share-based payment expense	9,885	8,540
Changes in fair value of financial instruments and hedged items	155	(657)
Interest expense	42,252	7,952
Interest income	(40,151)	(30,610)
Dividends from investments	(10,291)	(3,012)
Impairment of goodwill	8,135	4,483
Amortisation of other intangible assets	5,135	1,522
Impairment/(write-back of impairment) of other intangible assets	818	(234)
Operating profit before working capital changes	637,840	519,370
(Increase)/decrease in:		
Stocks and work-in-progress	(172,836)	(82,942)
Progress billings in excess of work-in-progress	7,634	49,502
Assets held for disposal	–	17,374
Trade debtors	(78,653)	(123,228)
Advance payments to suppliers	26,613	(5,181)
Other debtors, deposits and prepayments	(427)	(24,263)
Holding company and related corporations balances	1,150	2,430
Associated companies	(185)	(5,537)
Joint ventures	18,912	(3,567)
Trade creditors	4,287	(4,648)
Advance payments from customers	17,309	10,624
Other creditors, accruals and provisions	47,461	3,095
Loans to staff and third parties, net of repayments	97	5,792
Cash generated from operations	509,202	358,821
Interest received	40,905	29,491
Income tax paid	(95,193)	(83,416)
Deferred income	1,798	243
Exchange difference on operating activities	3,690	(1,626)
Net cash from operating activities	460,402	303,513

Consolidated Statement of Cash Flows FOR THE YEAR ENDED 31 DECEMBER 2006

(Currency – Singapore dollars)

	2006	2005
	\$'000	\$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	1,709	1,614
Dividends from associated companies	48,237	45,262
Dividends from investments	10,291	3,012
Proceeds from sale and maturity of investments	166,545	15,714
Proceeds from convertible loan/promissory note redemption	–	4,872
Purchase of property, plant and equipment	(197,143)	(117,535)
Purchase of investments	(880)	(73,695)
Proceeds from capital redemption of investments	170	238
Loan to an investee company	(140)	(1,136)
Additional investment/acquisition of associated companies and joint ventures	(34,258)	(12,293)
Acquisition of other intangible assets	(3,466)	(10)
Acquisition of subsidiaries	(363,534)	(298,471)
Acquisition of additional interest in subsidiaries	(1,669)	–
Dilution of interest in subsidiaries	–	(963)
Loans to associated companies and joint ventures	(1,235)	(185)
Exchange difference on investing activities	6,600	(1,542)
Net cash used in investing activities	(368,773)	(435,118)
Cash flows from financing activities		
Capital contribution from minority shareholders of subsidiaries	233	2,231
Proceeds from issue of shares	65,905	42,781
Loan from minority shareholders	43	1,549
Repayment of other loans	(923)	(79)
Repayment of lease obligations, net	(2,245)	(476)
Proceeds from bank loans, net	261,082	147,208
Dividend paid to shareholders of the Company	(399,473)	(359,769)
Dividend paid to minority shareholders of subsidiaries	(15,191)	(11,689)
Interest paid	(36,979)	(7,556)
Exchange difference on financing activities	(15,102)	1,762
Net cash used in financing activities	(142,650)	(184,038)
Net decrease in cash and cash equivalents	(51,021)	(315,643)
Cash and cash equivalents at beginning of year	1,198,248	1,515,661
Exchange difference on cash and cash equivalents at beginning of year	(12,757)	(1,770)
Cash and cash equivalents at end of year (Note 43)	1,134,470	1,198,248

Consolidated Statement of Cash Flows

(Currency – Singapore dollars)

FOR THE YEAR ENDED 31 DECEMBER 2006

Summary of Effect on Acquisition of Interest in Subsidiaries:

In 2006, the fair value of the identifiable assets and liabilities of the subsidiaries acquired (as disclosed in Note 8(b)) and the effect thereof as at the date of acquisition were as follows:

	RECOGNISED ON ACQUISITION \$'000	CARRYING AMOUNT BEFORE COMBINATION \$'000
Property, plant and equipment	406,526	406,526
Deferred tax assets	18,783	16,675
Intangible assets	46,572	18,585
Stocks and work-in-progress	115,970	115,849
Debtors, deposits and prepayment	136,863	136,539
Cash and cash equivalents	64,132	64,132
Other non-current assets	312	312
	789,158	758,618
Creditors and accruals	(197,635)	(195,494)
Provisions	(2,369)	(2,369)
Provision for taxation	(973)	(973)
Deferred tax liabilities	(10,771)	(136)
Other non-current liabilities	(259,580)	(259,580)
	(471,328)	(458,552)
Net identifiable assets	317,830	300,066
Goodwill arising on consolidation	207,479	
Negative goodwill written off	(615)	
	524,694	
Minority interests	(89,616)	
Total purchase consideration	435,078	
Cost of acquisitions:		
Cash paid in prior year	912	
Reclassification from investment in a joint venture	6,500	
Cash paid in current year	427,666	
	435,078	
Cash outflow on acquisitions:		
Cost of acquisitions	(427,666)	
Net cash acquired with the subsidiaries	64,132	
Net cash outflow on acquisition	(363,534)	

Included in the carrying amount before combination are the assets and liabilities of SAS Component Group A/S, VT LeeBoy, Inc., MÄK Technologies, Inc. and the group of companies under Brightspot Interactive Learning Pte. Ltd. and PM-B Pte Ltd. The purchase price allocation of these subsidiaries to goodwill, intangible assets (excluding goodwill) and other assets is currently being assessed and is expected to be finalised within 12 months from the date of acquisition in Note 8(b).

From the dates of acquisitions, the acquired subsidiaries have contributed \$3.5 million in losses to the net profit of the Group. If the acquisitions had taken place at the beginning of the year, the turnover and net profit of the Group would have been \$4.6 billion and \$447.4 million respectively.

The accompanying notes are an integral part of the financial statements.