RISING ABOVE AND BEYOND

VENTURE

VENTURE CORPORATION LIMITED
COMPANY REGISTRATION NO: 198402886H

5006 Ang Mo Kio Avenue 5 #05-01/12
TECHplace II Singapore 569873

VENTURE CORPORATION LIMITED ANNUAL REPORT 2006

CONTENTS

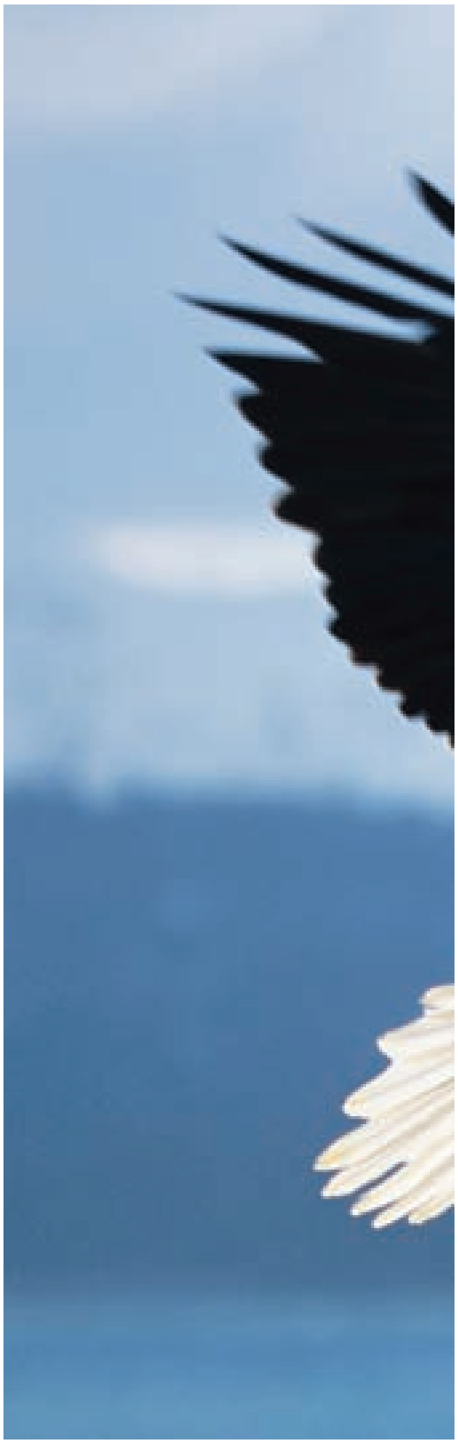
A META FUSION DESIGN

MISSION

We aim to be the best and most reliable electronics services provider and strategic global partner for successful global companies, providing a fully integrated range of electronics manufacturing services (EMS), original design manufacturing (ODM) and e-fulfillment services (EFS).

SPREADING OUR WINGS

TO EXPLORE AND EXPAND INTO NEW TERRITORIES AND HORIZONS



At Venture, this has led us to expand our horizons to new technology, new product offerings in new product segments and new customers. With an enlarged and more diversified product portfolio, we have recently regrouped our core businesses into three strategic business divisions: Electronics Services Provider (ESP), Component Technology and Product Technology.

The ESP Business, the mainstay of the Group's operations will, in keeping with Venture's position as the world's leading Electronics Services Provider, strive to spread its wings up the value chain. The increasingly complex and more challenging business terrain and operating landscape for the electronics industry have made it even more imperative for us to stay competitive and ahead of new industry developments. We can only do so through increasing the value of our product and service offerings.

In order to rise above and beyond competition, we proactively engage and develop our proprietary knowledge and skill sets to expand our range of product and service offerings. We would also leverage our strong brand value, our intimate understanding of our customers' needs to help us expand into new product territories.

In line with this progressive mindset, the Component Technology Business seeks to explore new precision components and process technologies to enhance our competitiveness and realise greater economies of scale. It will continue to offer a holistic and comprehensive range of products and solutions for plastic-related parts and devices. The strategy includes expanding its horizon to include one-stop manufacturing-to-fulfillment turnkey services by providing integrated product design, tooling prototype, high-volume manufacturing and assembly as well as fulfillment services to a diverse customer base that include consumables, medical and packaging.

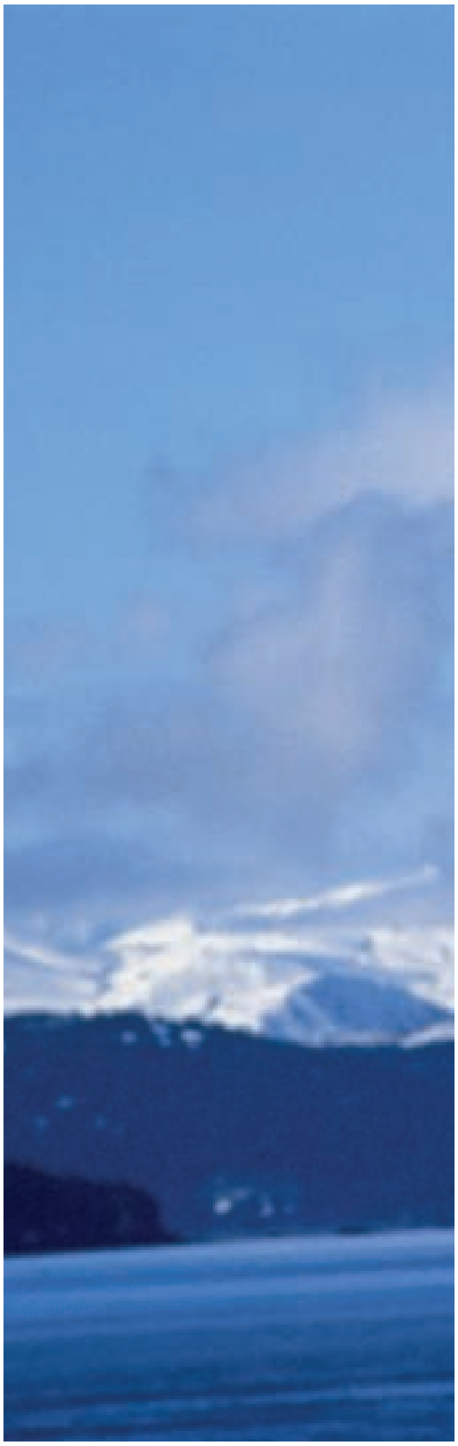
The Product Technology Business is known for its customised end-to-end solutions. From design to proto-typing to manufacturing, its high-value added services and high intellectual property content are poised to break new ground with its focus on knowledge-based and innovation-intensive activities. Besides benefiting our customers with our ability to create innovative, high technology-content solutions for the Wireless Sensor Network, Retail Store Solutions including Point of Sales (POS) and Specialty Printing and Imaging, the Product Technology Business provides an excellent platform to showcase the boundless creativity of our people. At Venture, we aspire to deliver the finest solutions to our valued customers.

The three business divisions will enable Venture to spread its wings to expand beyond its current product and service offerings.


FOCUS

BUILDING OUR STRENGTHS

IN PEOPLE AND TECHNOLOGY



Venture has always placed great emphasis on building a world-class team that is driven by ingenuity and innovation. Our desire to create new and cutting-edge products and services is borne by our drive to be at the forefront of technology and to be constantly in touch with what is happening on the ground.

To achieve this, we are continually investing in Research and Development (R&D). We believe, R&D is the catalyst for future sustainable growth and provides the defining difference in an ever-evolving marketplace. Our R&D efforts go beyond machines and equipment to include our global human capital. People are our most valuable asset and we continuously seek to strengthen our human and talent capital and their knowledge bank to create business excellence and competitive advantage for the Venture Group.

We are constantly building on our strength in R&D. The depth and breadth of our technological capabilities have also been boosted by our acquisition of complementary and synergistic businesses. The acquisition of GES International Limited in 2006 was a step in this direction, following our acquisition of a stake in Scinetic Engineering Pte Ltd a year earlier. These acquisitions added to the Group's overall competency and will support the growing demand from customers for turnkey design and manufacturing services in areas such as POS products and data capture terminals/kiosks in the Retail Store Solution business.

Our fully integrated design and manufacturing solutions serve to shorten a product's development life cycle thereby helping our customers reduce development costs and retain their edge in their respective markets through timely product launches and upgrades.

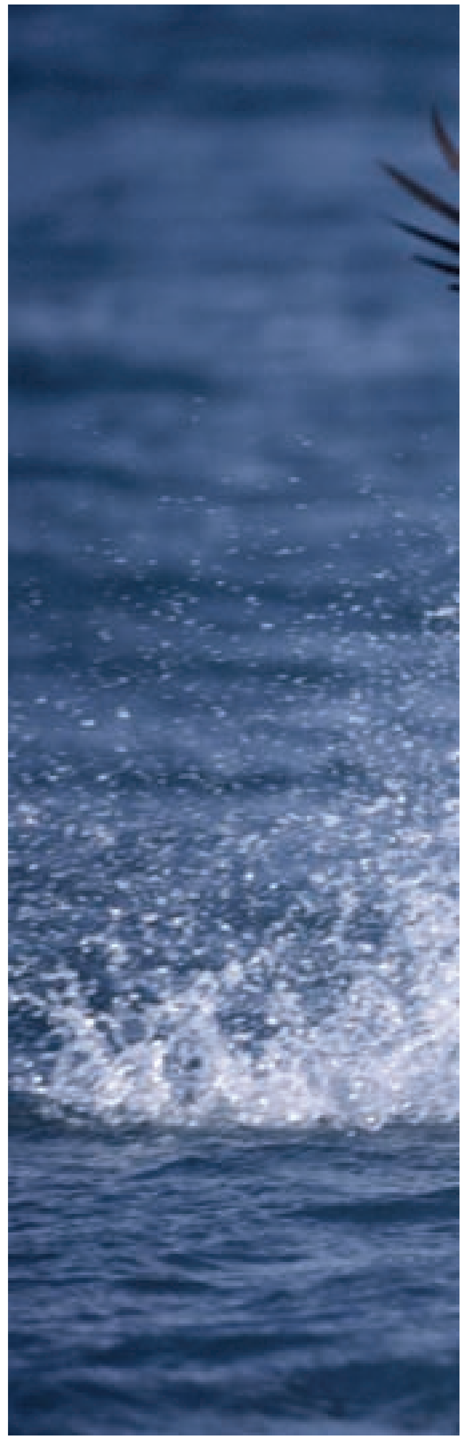
The combined skill sets and know-how of Venture coupled with our breadth of offerings have strengthened the Group's dominance in the original design and manufacture arena.

Building on and strengthening our core competencies in people and technology, we have set in place the building blocks for Venture's future growth.


VISION

SEIZING NEW OPPORTUNITIES

TO EXTEND REACH AND COVERAGE



The rise of India and China - emerging economic powerhouses - has prompted more companies to seek new and different business models in the Asia-Pacific region to tap into new opportunities and to explore business forms and alliances that offer the greatest value and synergy in an increasingly borderless business environment.

We are well placed to tap this next phase of global growth. Our four clusters of excellence in South-east Asia, North Asia, Europe and the USA were set up precisely to tap the world market. These global centres are strategically located within close proximity to our key customers' operations to facilitate tighter co-operation and regular dialogue.

Leveraging on the spring board of our strength as one of the world's leading ESP, we have expanded our offerings to include newer, more exciting and more complex high-mix test and instrumentation, enterprise storage and network infrastructure products and services. The leap into these new areas has catapulted Venture to new frontiers and territories alongside a more diverse customer profile.

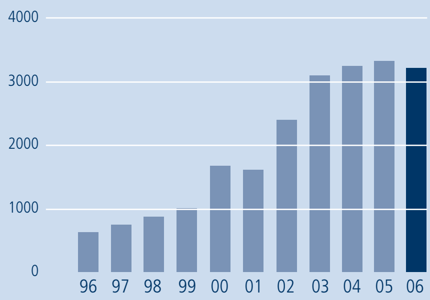
It is part of our larger strategy to strengthen our business relationships to cover the entire value chain - from design, conceptualisation and prototyping to eventual production, testing and order fulfillment. To this end, we have invested in the capabilities and resources to provide end-to-end value chain solutions to meet the requirements of our customers at all levels.

With this, the Group is poised to break new grounds, scale new heights, advance Venture's business and position - taking the Group into the next exciting phase of growth.

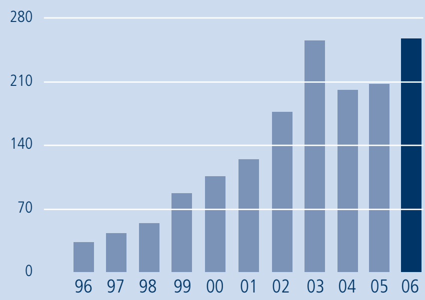

STAMINA

FINANCIAL HIGHLIGHTS

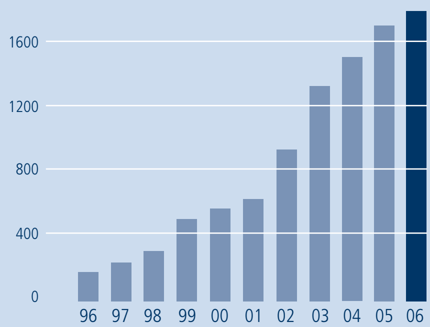
Revenue ($million)



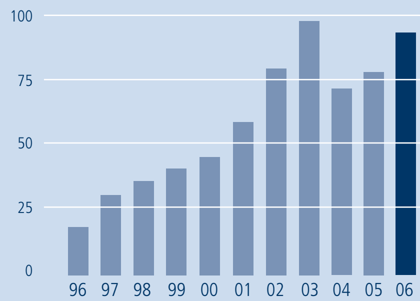
Profit after tax ($million)



Shareholders' Equity ($million)



EPS (Cents)



Consolidated Financial Performance ($million)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	**2006**
Revenue	649.1	708.0	730.7	951.0	1,456.4	1,430.9	2,366.3	3,170.0	3,193.4	3,238.0	**3,124.8**
Profit before tax	45.8	58.3	74.9	91.3	115.9	143.7	194.2	250.1	194.6	207.1	**252.6**
Profit after tax	36.2	47.7	63.2	82.9	105.1	134.7	181.1	240.4	189.3	201.7	**240.9**
Total assets	306.4	398.0	475.2	602.9	759.2	886.0	1,427.1	1,809.3	2,025.0	2,172.2	**3,009.9**
Total liabilities	134.0	175.1	178.9	187.9	224.3	220.6	484.1	468.2	452.5	501.4	**1,242.2**
Shareholders' equity	172.4	222.9	296.3	415.0	534.9	665.4	943.0	1,341.1	1,570.3	1,663.2	**1,759.0**
Profitability Indicators											
PBT margin (%)	7.1	8.2	10.3	9.6	8.0	10.0	8.2	7.9	6.1	6.4	**8.1**
PAT margin (%)	5.6	6.7	8.6	8.7	7.2	9.4	7.7	7.6	5.9	6.2	**7.7**
EPS (cents)	22.9	26.0	32.5	38.3	45.7	58.3	77.1	96.3	72.2	75.1	**88.2**

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YEAR IN REVIEW

"We continue to explore and expand into new territories and horizons to create extraordinary values."

- SPREADING OUR WINGS

2006 was one of the best years in profit generation in the Group's history. The key initiatives that we have put in place earlier are yielding results.

The Group registered stronger operating margins over four linear quarters in 2006 and recorded the most significant margin improvement in the fourth quarter. The profitability improvement is underpinned by sustained operational excellence and better returns from our cash and non-cash investments.

Whilst the operating environment within the electronics industry remained competitive in 2006, we nevertheless managed to rise above and beyond our challenges to emerge stronger and fitter.

Notwithstanding the deterioration of the USD against the SGD, the Group reported a 19% increase in net profit attributable to shareholders of $239m or EPS of 88.1 cents compared with a net profit of $201m or EPS of 74.5 cents a year ago. This was achieved despite an increase in provision for corporate tax. Annual revenue is $3.1b, a slight decline from $3.2b achieved in 2005. However, in USD terms, the Group reported a slight increase in revenue.

The acquisition of GES International Limited (GES) was completed on 29 November 2006. GES contributed one month to the Group's revenue and profit for the month of December 2006. However GES' contribution in 2006 was offset by one month amortisation of its intangible assets, plus a non-recurring charge for the realisation of re-valued GES finished goods inventory and a deferred tax liability write-back in accordance with FRS 103 - Business Combinations.

Our achievements in 2006 were topped with the Group being awarded the "Best Domestic M&A Deal 2006" and "Best Singapore Deal 2006" by FinanceAsia for its acquisition of GES International Limited.

DIVIDEND

The Board is pleased to propose a final dividend of 25 Singapore cents per share and a bonus dividend of 25 Singapore cents per share on a tax exempt basis for the financial year ended 2006.

OPERATION REVIEW

The overall performance of our various business units is in line with our expectations.

Our four clusters of excellence in South-east Asia, North Asia, Europe and the USA continue to deliver results. This has enabled us to offer the best time to market/cost proposition to best suit our customers' needs.

As planned, we have forged enduring relationships with many of our customers. We remain committed to enhancing our customer relationships and strengthening customer care through sustained operational excellence using TQRDCE (technology, quality, responsiveness, delivery, cost and environment) metrics.

Moving up the value chain is a vital initiative of our business strategy. Today, as part of our Total Customer Satisfaction strategy, we are able to offer our customers concept design through to manufacturing and fulfillment services, complete with flexibility and scalability. This is a key differentiator in us.

Together with our customers, we continue to be in the forefront of the printing and imaging technology and development. Through our active participation in the engineering and design activities of our customers to produce innovative and cutting-edge design solutions, we were instrumental in the achievement of one of our customers who was presented with the Singapore President's "Design of the Year" award (printer category).

On the medical business front, we continue to rise above and beyond the needs of our customers. We have attained ISO 13485 certification for most of our manufacturing sites. In addition to the attainment of ISO 13485 certification, our Penang facility was registered with the US FDA (Federal and Drug Administration) as manufacturer of medical devices in June 2006, making us one of the very few Electronic Service Providers (ESPs) to have achieved such status.

During the year, we also received ISO 13485:2003 certification for Design and Development of Electronic products for Medical Devices. We are now ahead of our competitors in this aspect.

We continue to build upon our core competencies acquired through the years as well as charting new frontiers. In the Printing and Imaging technology segment, we are considered a leader in many areas. By leveraging our core competencies and leadership position, we have expanded into other industry segments like Advance Storage Systems, Medical Devices and Systems and Retail Store Solutions.

Our strong capability in high precision mechanical parts, firmware and ASICs design enables us to expand our services beyond inkjet printers. For instance, we have been selected by a major customer to be their exclusive partner for all their thermal range of bar code and receipt printers. We have also been selected to be the development partner for various industrial and enterprise printing systems by leading companies of the world.

"Our people remain a core business strength. We continue to devote resources to harness and enhance our human capital, enabling our employees to realise their full potential."

- BUILDING OUR STRENGTHS

Our cutting-edge technology has also landed us customers in other industry segments, like test and measurement including in-circuit tester and industrial X-ray machine. We have also expanded our expertise in electro-mechanical design capability into storage products by using this knowledge to develop an archival storage device for a customer. For the storage sector, we are currently engaged in test development and product engineering in the enterprise tape and disk-based storage arrays. Future projects and businesses being pursued includes design and manufacture of complete storage blades, raid controllers and SAN switches.

Last but not least, we remain focused on employee needs and cares. We have put in place programmes to help employees improve their skill sets as well as to foster their sense of belonging to the Venture Group. We believe our employees are key to the execution of our TQRDCE programme.

Focusing on Original Design and Manufacturing (ODM) activities through enhancing technical capabilities, the Group continues to invest in technologies to help strengthen its ODM capabilities. Such initiatives are expected to provide the basis for recurring manufacturing income and overall margin stability going forward.

We remain committed to growing our electro-mechanical design competency in support of our key customers' needs in printing and imaging technology. We have been successful in helping our customers develop solutions in multi-function devices with advance paper and document handling systems. Our revolutionary large format with multiple primary inks printing technology is a breakthrough in image quality at high speed and large print out. We have also developed solutions in unattended and remote management kiosk printing systems that emphasis extremely high duty cycle, serviceability and system integration.

In the field of mobile computing technology, we are the strategic partner to mobile computing customers. We have built competencies in developing computing devices with robust structural enclosure that meet military standard and is able to operate in extreme condition such as sub-zero temperature as well as offer extended battery management solutions.

We also advanced ourselves in wide area network receiver design in support of signal quality measurement. We are exploring new window applications in new industrial segments involving low-powered mesh networking solutions for tagging, location/position and voice communication. In this area, we have made good traction in ODM for Wireless Mine Locater products due to be launched in the near future.

The acquisition of GES International Limited together with our stake in Scinetic Engineering Pte Ltd will accelerate the Group's foothold in the RSS segment and help the Group gain a strong market share in POS system, making the Group a leading ODM for RSS products.

"We will continue to identify and tap market opportunities, strengthen business partnership and develop new alliances to build strategic growth."

- SEIZING NEW OPPORTUNITIES

Through the acquisitions, the Group's design capability has been significantly strengthened. The integration of strong data multiplexing/management capabilities with Venture's strong electro-mechanical design capabilities offer exciting prospects for the Group. This will widen the Group's concept design capabilities and product offerings to beyond POS and printing and imaging. The Group is now able to consolidate its know-how in Radio Frequency (RF) and wireless LAN technology to offer more innovative products.

In the medical sector, we are currently working with a number of medical supply companies in the development of Personal Diagnostic Devices and Hospital Diagnostic Devices. We are also working with a potential investor on advanced molecular diagnostic devices.

Through the acquisition of GES, we also gained an Electro Magnetic and Electro Static Discharge chamber in Shanghai, China, to help enhance our design and testing capability. This will help shorten the design to market cycle and help enhance our customers' competitive edge.

OUTLOOK

The several key initiatives we have put in place earlier will continue to contribute to the Group's future growth. These initiatives include achieving sustained operational excellence, excelling in high-mix businesses, strengthening of engineering and design capabilities, widening participation in providing innovative and end-to-end solutions and moving up the value chain.

The trend for increase in demand for holistic and total value chain management continues. We need to continue to provide our customers with new and innovative solutions to grow their business and strengthen their competitiveness.

The rise of China and India as economic forces will open new opportunities for co-investment and collaborative activities with OEM customers.

To address these competitive forces and new opportunities, we have repositioned our business into three core business divisions: Electronic Services Provider, Component Technology, and Product Technology. Each core division will focus on its key strengths to provide the best solutions in its field to our customers.

The key strategies for the Electronic Services Provider business have been well mapped out. In the current financial year, the Group sees opportunities for continuous growth and expansion in this business segment.

The Component Technology business will enhance its competitive edge in the plastics related business by focusing on product design, tooling and turnkey manufacturing. It aims to expand beyond plastics by exploring new components and process technologies to become a strategic supply chain partner in meeting the needs of existing as well as potential customers.

The Group has high expectations for the Product Technology business which has been engaging in knowledge-based and innovation-intensive activities. Offering customised design from concept to prototyping to manufacturing, this division offers products in niche markets to world leaders in their respective markets. The division intends to expand its offerings in this area beyond Wireless Sensor Network, specialty printing and imaging and Retail Store Solutions. The focused areas of this division hold high potential for growing Intellectual Property rights and to add profits to the Group.

We are committed to invest further in new technologies, infrastructure and our people to retain our competitive edge. Whilst the challenges of the world economy remain, we believe that by staying prepared and constantly pushing for excellence, we will remain a partner of choice for our customers and continue to create extraordinary values for all stakeholders. As such, we think 2007 offers an exciting outlook for the Group.

APPRECIATION

On behalf of the Board, I would like to thank all our customers, partners, suppliers and shareholders for their continuous and unstinting support.

I would also like to thank my fellow Board members for their invaluable guidance over the past year. Their expertise, wisdom and support have been a great source of benefits to Venture.

Last but not least, I would like to commend our management and staff for their dedication and commitment to Venture. Indeed, it is team spirit and your enthusiastic efforts that has enabled the Group to achieve its visions and goals. To each and every employee of the Venture family, I extend my heartfelt appreciation and thanks for your contributions.

I would also like to take this opportunity to extend a warm welcome to all employees from GES International Limited.

We continue to face challenges in the years ahead as we move up the value chain, I hope you will join us in this exciting journey to Rise Above and Beyond EMS.

Wong Ngit Liong
Chairman & CEO

WONG NGIT LIONG
Chairman & CEO

Mr Wong Ngit Liong is the Chairman & CEO of the Venture Group of Companies. He is a member of the Remuneration Committee and the Nominating Committee.

Mr Wong serves on the Board of various companies including DBS Group Holdings Ltd, DBS Banks Ltd and Royal Philips Electronics. He is also the Chairman of the National University of Singapore Board of Trustees and a Member of the Research, Innovation and Enterprise Council.

Mr Wong holds a 1st Class (Honours) degree in Electrical Engineering from the University of Malaya, and a Masters degree in Electronics Engineering from the University of California, Berkeley in the USA where he was a Fulbright Scholar. He also holds an MBA degree with distinction from McGill University under the Canadian Commonwealth Fellowship.

CECIL VIVIAN RICHARD WONG
Non-Executive Director

Mr Cecil Vivian Richard Wong has served on the Board since 1992, He is the Chairman of the Audit Committee. He is also a member of the Remuneration Committee and the Nominating Committee.

Mr Wong has retired as partner of Ernst & Young International after spending more than 30 years there and in its predecessor companies. He sits on the Board of several listed companies and continues to be actively involved in social work, serving several non-profit organisations. In recognition of his contributions to the country, he was awarded the Public Service Medal and the Public Service Star by the President of Singapore in 1992 and 2000 respectively.

Mr Wong holds a Bachelor of Arts degree from Cambridge University's Fitzwilliam College and is a member of the Institute of Certified Public Accountants of Singapore.

KOH LEE BOON
Non-Executive Director

Mr Koh Lee Boon was appointed to the Board in 1996. He currently serves as Chairman of the Nominating Committee and the Remuneration Committee. He is also a member of the Audit Committee. Mr Koh has more than 13 years of managerial experience in two companies within the electronics manufacturing industry where he served as Executive Director.

Mr Koh retired as Senior Vice President and Partner of SEAVI International Fund Management in 1996 however he continues to sit on its Board to date. In addition, Mr Koh is an independent Board member of SEAVI Venture Management Pte Ltd.

Mr Koh holds a Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Malaya.

GOH GEOK LING
Non-Executive Director

Mr Goh Geok Ling was appointed to the Board in February 2004 and serves on the Audit Committee. He has extensive experience in the electronics arena, and spent 29 years with various electronics companies.

Mr Goh is the Chairman of SembCorp Marine Ltd and serves on the Board of several public-listed companies including SembCorp Industries Ltd, DBS Group Holdings Ltd, DBS Bank Ltd and 02Micro International Ltd. He is also a member of the Board of Trustee in Nanyang Technological University in Singapore.

Mr Goh graduated from Sydney University with a Bachelor of Engineering degree.

GOON KOK LOON
Non-Executive Director

Mr Goon Kok Loon joined the Board in February 2004. He currently serves as a member of the Audit Committee and the Remuneration Committee.

Mr Goon is the Chairman of iPLaboratories Pte Ltd and sits on the Board of Singapore Petroleum Company Limited, Jurong Port Pte Ltd and Yongnam Holdings Limited. He retired as a member of the senior management of PSA Corporation Ltd in 2003, after spending about 37 years there and in its predecessor company, the Port of Singapore Authority. For his contributions to Singapore's maritime sector, Mr Goon was awarded the silver and gold Public Administration Medals by the Singapore Government in 1976 and 1989 respectively.

Mr Goon holds a 1st Class (Honours) degree in Electrical Engineering from the University of Liverpool in the UK.

TAN CHOON HUAT
Executive Director

Mr Tan Choon Huat is an Executive Director and a member of the Group Exco which oversees the overall direction and strategy of the Group.

Mr Tan has more than 30 years of international experience in the electronics industry. He started his career with Hewlett-Packard Company and assumed management positions in its offices in the USA, Singapore and Malaysia in the course of his 17 years there.

Mr Tan holds a degree in Electrical Engineering from the University of Liverpool in the UK and an MBA from the University of Santa Clara in California, USA.

SOO ENG HIONG
Executive Director

Mr Soo Eng Hiong is an Executive Director and a member of the Group Exco. He is also responsible for the Group's new business activities and merger and acquisition transactions. Mr Soo had previously spent a number of years overseeing the Group's operations in Singapore and Malaysia.

Mr Soo has extensive experience in the electronics industry and has been with the Group for more than 15 years. Prior to joining Venture, he worked as an engineer with Hewlett-Packard Company and also in a sales/marketing management and technical support position in the field of data communication.

Mr Soo holds a degree in Electronics from the University of Southampton in the UK.

KEY MANAGEMENT

WONG NGIT LIONG*
Chairman & CEO

TAN CHOON HUAT*
Executive Director

SOO ENG HIONG*
Executive Director

TAN KIAN SENG
Chief Financial Officer

- Joined the Group in April 2001
- Previously, held senior management positions in Iomega Asia Manufacturing Operations, and Quantum Storage (M) Sdn Bhd
- Holds a Diploma in Accounting from Leeds Polytechnic, UK
- Associate member of the Institute of Chartered Accountants in England and Wales

TAN CHIN SIEN
Group HR Director

- Joined the Group in January 2003
- Previously worked in Hewlett-Packard Company and subsequently held management positions in listed companies such as Wing Tai Holdings Ltd, Asia Food & Properties Ltd and Viz Branz Ltd
- Holds a Bachelor of Arts and Social Science degree from the Singapore University

WONG CHIN TONG
Vice President
Sales & Marketing

- Joined the Group in January 1990
- Held management positions in Hewlett-Packard Company, Essex Circuits and AT&T Corporation prior to joining the Group
- Holds a Bachelor's degree in Industrial Engineering from Louisiana State University, USA

THIAN NIE KHIAN
Chief Technology Officer

- Joined the Group in November 1994
- Previously worked in Plessey Corporation Limited, and subsequently in Hewlett-Packard Company as R&D Manager, Semiconductor Components
- Holds a Bachelor of Engineering (Honours) in Electrical Engineering from the University of Liverpool, UK

AMOS LEONG
President
Components Technology Business

- Joined the Group in November 2004
- Held various management positions in Hewlett-Packard Company and Agilent Technologies prior to joining the Group
- Holds a Bachelor of Engineering (Honours) in Electrical Engineering from the National University of Singapore

LIM SWEE KWANG
Vice President
Product Technology Business

- Joined the Group in February 2002
- Prior to joining the Group, was a R&D Director in Hewlett-Packard Company
- Holds a Bachelor of Science in Mechanical Engineering from the University of Michigan, and a Master of Science degree in Industrial and Systems Engineering from the National University of Singapore

LEE GHAI KEEN
Vice President
ESP Business, Design Services

- Joined the Group in March 1998
- Previously worked in Hewlett-Packard Company in various R&D positions
- Holds a Bachelor of Science in Mechanical Engineering from the University of Glasgow, UK, and a Master of Business in IT from the Royal Melbourne Institute of Technology, Australia
- Holds seven US design patents

HAN JOK KWANG
Chief Information Officer

- Joined the Group in January 2006
- Held management positions in several companies including Hewlett-Packard Company and Raffles Medical Group, prior to joining the Group.
- Holds a Bachelor of Science (Combined Honours) in Control Engineering and Computer Science from the University of Aston, Birmingham, UK

DANIEL YEONG
President
Product Technology Business

- Joined GES (which was acquired by the Group in November 2006) in 1986
- Was CEO and Managing Director of GES, before taking up position of President, Product Technology Business
- Holds a Diploma in Mechanical Engineering, a Diploma in Sales and Marketing and an Advanced Diploma in Business Administration.

DHARMA NADARAJAH
General Manager
Malaysia

- Joined the Group in February 2001
- Prior to joining the Group, gained extensive experience in the disc-drive industry as Process Engineer and subsequently Engineering Manager at Seagate and Quantum
- Holds a Bachelor of Engineering (Honours) Degree from the University of Bristol, UK, in Computer Systems Engineering and a Master in Business Administration from the Nanyang Business School, NTU, Singapore, and is an Institute of Engineers, Singapore Gold Medalist recipient.

KRIS ALTICE
Vice President
Alliance Management

- Joined the Group in November 2002
- Previously, held various senior executive roles in Iomega Corporation in Asia and the USA, including Senior Director for Engineering, Materials and Zip Operations
- A Distinguished Graduate of the Air Force Institute of Technology (Dayton, Ohio, USA), also holds a Master and a Bachelor of Science in Electrical Engineering from the University of Utah, USA.

TAY WUI KIAN
Vice President
ESP Business, Operations

- Joined the Group in February 2007
- Held various Operation and R&D director positions in Hewlett-Packard Company prior to joining the Group
- Holds a Bachelor of Mechanical Engineering (Honours) from the National University of Singapore and a Master in Business Administration from the Golden Gate University in San Francisco, USA.

* Please refer to pages 16 and 17 for Curriculum Vitae

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Partner-in-charge: Chaly Mah Chee Kheong
(Appointed with effect from the financial year ended December 31, 2004)

BANKERS
ABN-AMRO Bank N. V.
BNP PARIBAS
Citibank N.A.
DBS Bank Ltd
Deutsch Bank AG
JP Morgan
Malayan Banking Berhad
Oversea Chinese Banking Corporation Limited
United Overseas Bank Limited
Standard Chartered
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Hongkong and Shanghai Banking Corporation Ltd

FINANCIAL CONTENTS

The Company continues to adopt a high standard of corporate conduct in conformity with the principles and spirit of the Code of Corporate Governance (the "Code"). This report describes the Company's corporate governance practices with specific reference to the Code. Other than deviations explained below, the Company has complied with the principles and guidelines of the Code.

1. BOARD MATTERS

1.1 The Board's function includes supervising the management of the Group's business and affairs, and approving the Group's strategic operational initiatives, major investments and capital structure. In addition to its statutory responsibilities, the Board approves the Group's financial plans and reviews its financial performance periodically.

The Board has adopted internal guidelines which sets out approved limits for capital expenditure, bank facilities and cheque signatories, at Board and Management level. The Board is supported by Board Committees including Audit, Nominating and Remuneration Committees.

1.2 The Board held six meetings in 2006. The attendance of the Directors at meetings of the Board and Board Committees, as well as frequency of such meetings, are as follows:

Name of Director	Board	Board Committee		
		Audit Committee	Nominating Committee	Remuneration Committee
Mr Wong Ngit Liong	6	-	2	2
Mr Cecil Vivian Richard Wong	5	4	2	2
Mr Koh Lee Boon	6	4	2	2
Mr Goh Geok Ling	6	4	-	-
Mr Goon Kok Loon	6	4	-	2
Mr Tan Choon Huat	6	-	-	-
Mr Soo Eng Hiong	6	-	-	-

1.3 The Board comprises seven members of whom three are executive Directors and four are non-executive and independent Directors. Key information regarding the Directors is given on page 16 of this annual report.

1.4 The Company's Chairman, Mr Wong Ngit Liong, is also the Chief Executive Officer ("CEO") of the Group. Although Mr Wong Ngit Leong is both the Chairman and CEO, the Board believes that there is a good balance of power and authority within the Board as all Board Committees are chaired by independent Directors.

1.5 To ensure that the Board is able to fulfill its responsibilities, Management provides annual budget figures, monthly management accounts, and other relevant information as and when required. The Directors are provided with the contact details of the Company's senior management and Company Secretary to facilitate access to them.

1.6 The Company reviews appropriate training programmes for Directors to meet their relevant training needs. Orientation programmes are organised for new Directors to ensure that they are familiar with the Company's business and governance policies. On-going programmes are organised for Directors to keep them abreast of developments within the Group.

1.7 There has been no new appointment of Directors to the Board in FY2006. In the event of appointment of a Director, the Company will provide a formal letter to the Director, setting out the Director's duties and obligations.

1.8 The Company Secretary is present at all Board meetings. It is the responsibility of the Company Secretary to ensure that Board procedures and applicable rules and regulations are followed and complied with.

1.9 Nominating Committee

1.9.1 The Code prescribes guidelines on various Board matters, including the Board's conduct of its affairs, its composition, membership, performance and access to information. The Nominating Committee's ("NC") responsibility is to oversee Board membership and monitor Board performance.

1.9.2 The NC comprises two non-executive and independent Directors and one executive Director. The NC is chaired by Mr Koh Lee Boon. The two other members are Mr Cecil Vivian Richard Wong and Mr Wong Ngit Liong.

1.9.3 The NC met twice in 2006.

1.9.4 The NC's principal function is to:-

a. ensure that the Board comprises members with suitably diverse backgrounds in order to meet the Company's operational and business requirements;
b. establish a formal and transparent process for the appointment of new Directors;
c. nominate Directors retiring by rotation for re-election / re-appointment at every Annual General Meeting ("AGM") pursuant to Articles 92 and 93 of the Company's Articles and Section 153 (6) of the Companies Act Cap 50;
d. ensure that all Directors submit themselves for nomination and re-election at least once every three years;
e. assess the Directors' independence; and
f. evaluate the Board's performance, effectiveness and propose recommendations, if any, for the Board's approval.

1.9.5 A Board performance evaluation exercise to assess the effectiveness of the Board for 2006 was conducted. The objective of the performance evaluation exercise, which is carried out annually, is to uncover strengths and challenges so that the Board would be in a better position to provide the required expertise and oversight. This performance evaluation was carried out by having the Directors complete and return a questionnaire. The evaluation concluded that:-

a. the quality of information disseminated to the Board members was good;
b. the Board and the Company's management enjoyed a cordial relationship that encouraged communication and participation;
c. the Board demonstrated responsibility and proactiveness;
d. there was a high standard of conduct amongst members of the Board;
e. the Board conducted its meetings well and decision making processes appeared satisfactory; and
f. the Board comprised competent Directors with different areas of experience and expertise.

1.9.6 The evaluation process also recommended that:-

a. the NC implement a formal evaluation of the CEO's performance through the adoption of qualitative and quantitative performance indicators; and
b. the evaluation of the performance of the CEO's performance would come under the purview of the Remuneration Committee.

1.9.7 The NC has recommended the nomination of the Directors retiring by rotation for re-election at the forthcoming AGM. In considering the nomination, the NC took into account the contribution of the Directors with reference to their attendance and participation at Board and other Board Committee meetings as well as the proficiency with which they have discharged their responsibilities.

1.9.8 The Board will consider the adoption of a Process for Selection and Appointment of New Directors, when a decision is made to increase the Board size.

2. REMUNERATION MATTERS

2.1 Remuneration Committee

2.1.1 The Remuneration Committee ("RC") comprises three non-executive and independent Directors and one executive Director. The RC is chaired by Mr Koh Lee Boon. The three other members are Mr Cecil Vivian Richard Wong, Mr Goon Kok Loon and Mr Wong Ngit Liong.

The Company has not complied with the recommendation for the RC to comprise all non-executive Directors. The RC had reviewed its own composition and is of the opinion that there is sufficient objectivity with its composition of three independent non-executive Directors in a conflict of interest situation. The CEO's input and contribution is considered necessary for the RC to carry out its functions.

2.1.2 The RC met twice in 2006.

2.1.3 The RC's principal function is to:-

a. review and recommend to the Board specific remuneration packages and the terms of employment for the CEO, executive Directors of the Group and for employees related to the executive Directors and controlling shareholders of the Group;
b. review the remuneration framework for the Board and the Group's key executives; and
c. administer the Company's Executive Share Option Scheme ("ESOS"), which has been approved by shareholders of the Company.

2.1.4 Directors' fees are set in accordance with a remuneration framework of basic fees. Executive Directors do not receive fees. Non-Executive Directors' fees are subject to shareholders' approval at the Company's AGM. The RC has recommended Directors' fees for 2006, subject to approval by shareholders at the Company's forthcoming AGM. A breakdown showing the level and mix of each individual Director's remuneration paid and payable for 2006 is as follows:-

Remuneration Band and Name of Director	Fee+ %	Total Basic Remuneration* %	Total Variable Remuneration** %	Total Remuneration %
Below $250,000				
- Cecil Vivian Richard Wong	100	-	-	100
- Koh Lee Boon	100	-	-	100
- Goh Geok Ling	100	-	-	100
- Goon Kok Loon	100	-	-	100
$1,000,000 to $1,249,999				
- Tan Choon Huat	-	30	70	100
- Soo Eng Hiong		29	71	100
$4,250,000 to $4,499,999				
- Wong Ngit Liong	-	17	83	100

+ Lump sum amount subject to approval by shareholders at AGM to be held on April 26, 2007
* Inclusive of employer's CPF contribution
** Inclusive of annual wage supplement and bonuses and corresponding employer's CPF contribution as well as benefits in kind such as car allowance

2.1.5 Rather than list the names of the top five key executives who are not Directors of the Company, the following table shows a group-wide cross-section of key executives' remuneration within bands of $250,000 and a breakdown of the remuneration into fixed and variable components. This provides a macro perspective of the remuneration pattern in the Group, while maintaining confidentiality of each employee's remuneration.

Remuneration Band	No. of Key Executives	Total Basic Remuneration* %	Total Variable Remuneration** %	Total Remuneration %
Below $250,000 +	5	62	38	100
$250,000 - $499,999	20	55	45	100
$500,000 - $749,999	5	48	52	100

* Inclusive of employer's CPF contribution
** Inclusive of annual wage supplement and bonuses and corresponding employer's CPF contribution as well as benefits in kind such as car allowance
+ Includes executives who have worked with the Group for less than one year

Details of share options granted to Directors on September 15, 2006 are set out on page 30 of this annual report.

The fair value of the options granted is estimated to be $2.72 per option and the basis of deriving this fair value and the charge for the year have been disclosed in Note 22 of the Financial Statements.

2.1.6 There are no employees in the Group who are immediate family members of a Director or the CEO.

3. ACCOUNTABILITY AND AUDIT

3.1 The Board currently provides shareholders with the Company's performance, position and prospects on a quarterly basis via announcements on the Singapore Exchange Securities Trading Limited's ("SGX-ST") SGXNET and the corporate website.

3.2 Audit Committee

3.2.1 The Audit Committee ("AC") comprises four non-executive and independent Directors. They are Mr Cecil Vivian Richard Wong (Chairman), Mr Koh Lee Boon, Mr Goh Geok Ling and Mr Goon Kok Loon.

3.2.2 The AC met four times in 2006.

3.2.3 The functions of the AC is to:-

a. recommend to the Board the re-appointment of external auditors;
b. approve the remuneration of external auditors;
c. review the scope and result of the audit and its cost effectiveness;
d. inquire of other committees, the Management, Head of Internal Audit ("IA") and external auditors on significant risks and exposure that exist, and assess the steps Management has taken to minimise such risks to the Company;
e. review with the Chief Financial Officer ("CFO") and external auditors at the completion of the quarterly reviews and annual examination:
   i. the Company's quarterly, interim and annual financial statements and related footnotes, including accounting principles;
   ii. the external auditors' audit of the financial statements and reports thereto;
   iii. the adequacy of the Company's system of accounting controls;
   iv. the assistance given by the Management to external auditors;
   v. any related significant findings and recommendations of the external auditors and internal auditors together with Management's response thereto; and
   vi. any significant changes required in the external auditors' plan, serious difficulties or disputes with Management encountered during the course of the audit and their resolution and any other matters relating to the conduct of the audit.
f. consider and review with Management and the Head of IA annually:
   i. significant findings during the year and Management's response thereto;
   ii. the effectiveness of the Company's internal controls over management, business and service systems and practices;
   iii. changes required in the planned scope of their audit plan and difficulties encountered in the course of their audit, including any restrictions on the scope of their work or access to required information; and
   iv. the internal audit department budget and staffing.
g. review legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies and programmes and reports reviewed from regulators;
h. meet with the Head of IA, the external auditors, other committees, and Management in separate executive sessions to discuss issues that these groups believe should be discussed privately with the AC; and
i. report actions and minutes of the AC to the Board with such recommendations as the AC may deem appropriate.

3.2.4 The AC has full access to and the co-operation of Management. The external auditors and Head of IA have unrestricted access to the AC.

3.2.5 The AC meets with the external auditors without the presence of Management, at least once a year.

3.2.6 The AC has reviewed the Company's risk assessment programme, and based on management controls in place, is satisfied that there are adequate internal controls within the Company. The AC expects risk assessment to be a continuing process.

3.2.7 The AC has reviewed all non-audit services provided by the external auditors during the year and is of the opinion that the provision of such services will not affect the independence of the external auditors.

3.3 The IA Department reports directly to the chairman of the AC on audit matters and to the CFO on administrative matters. The AC reviews and approves the annual IA plans and resources to ensure that the IA Department has the necessary resources to adequately perform its function.

3.4 The IA Department is responsible for reviewing the effectiveness of internal control system and procedures, such as financial, operational and compliance controls, for the Company as well as its subsidiaries (both local and overseas). The IA will ensure that the standards set by locally or internationally recognised professional bodies are met.

3.5 The Company has adopted a Whistle-Blowing Policy for the Group to encourage and to provide a channel for staff of the Group to report and to raise in good faith and in confidence, any concerns about possible improprieties in matters of financial reporting or other matters. The objective of the Whistle-Blowing Policy is to facilitate independent investigation of such matters and for appropriate follow-up action.

4. COMMUNICATION WITH SHAREHOLDERS

4.1 The Company conveys its financial performance, position and prospects on a quarterly basis via announcements to the SGX-ST and the Company's corporate website. The Company also holds briefings for the media and the investment community when its results are announced.

4.2 The Company does not practise selective disclosure. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the mandatory period and are available on the Company's corporate website.

4.3 The Company has a corporate communications team to communicate with investors on a regular basis and attend to their queries. A summary of investors' communication is presented to the Board of Directors on a regular basis. All shareholders of the Company receive its annual report and a notice of AGM. The notice is also published in the newspapers. At AGMs, shareholders are given the opportunity to air their views and ask the Directors, Management or external auditors questions regarding the Company. All Directors, external auditors and the Company Secretary are present at every AGM.

4.4 The Company's Articles of Association currently do not provide for shareholders to vote at the Company's AGMs in absentia such as via mail, email or fax. The Company will consider implementing the relevant amendment to its Articles if the Board is of the view that there is demand for the same, and after the Company has evaluated and put in place the necessary security measures to facilitate absentia voting and safeguards to protect against errors, fraud and other irregularities.

5. INTERNAL CODE ON DEALINGS WITH SECURITIES

5.1 An internal code on dealing in securities of the Company has been issued to Directors and officers setting out the implications on insider trading. The Company's Directors and officers are not allowed to deal in the Company's shares within two weeks of the announcement of its results for the first and third quarters of the year. The Directors and officers are not allowed to deal in the Company's shares within one month of the announcement of its half-year and full-year results.

5.2 Directors and officers are not expected to deal in the Company's securities on considerations of a short term nature.

5.3 Directors and officers are required to observe insider trading provisions under the Securities and Futures Act at all times even when dealing in the Company's securities within the permitted periods. Directors of the Company are required to report all dealings to the Company Secretary.

6. INTERESTED PERSON TRANSACTIONS

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

6.2 There were no transactions conducted with interested persons in FY2006.

7. MATERIAL CONTRACTS

7.1 There were no other material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, Director or controlling shareholder, which were either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

The directors present their report together with the audited consolidated financial statements of the group and the balance sheet and statement of changes in equity of the company for the financial year ended December 31, 2006.

1 DIRECTORS

The directors of the company in office at the date of this report are:

Wong Ngit Liong
Cecil Vivian Richard Wong
Koh Lee Boon
Goh Geok Ling
Goon Kok Loon
Tan Choon Huat
Soo Eng Hiong

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the company to acquire benefits by means of the acquisition of shares or debentures in the company or any other body corporate, except for the options mentioned in paragraphs 3 and 5 of the Report of the Directors.

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the company holding office at the end of the financial year had no interests in the share capital and debentures of the company and related corporations as recorded in the register of directors' shareholdings kept by the company under Section 164 of the Singapore Companies Act except as follows:

	Shareholdings registered in the name of directors	
	At January 1, 2006	**At December 31, 2006**
Names of directors and company in which interests are held	**Ordinary shares of the company**	
The company		
Wong Ngit Liong	17,166,619	19,041,619
Koh Lee Boon	3,000	3,000
Tan Choon Huat	3,528,145	4,028,145
Soo Eng Hiong	4,270,362	4,270,362
	Share options to subscribe for shares of the company	
The company		
Wong Ngit Liong	2,188,000	341,000
Tan Choon Huat	727,000	249,000
Soo Eng Hiong	137,000	159,000

The directors' interests as at January 21, 2007 are the same as those as at December 31, 2006.

4 DIRECTORS' RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the financial year, no director has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, 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 for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacities as directors and/or executives of those related corporations.

5 SHARE OPTIONS

A) The Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme (the "1993 Scheme")

(i) The options are exercisable during the period commencing twelve months from the date of grant and expiring at the end of five years from the date of grant. No options were granted under this scheme during the year.

(ii) Under the 1993 Scheme, an option entitles the option holder to subscribe for a specified number of new ordinary shares in the share capital of the company at the subscription price determined with reference to the market price of the shares at the time of the grant of the option.

(iii) Details of the unissued shares under options granted pursuant to the 1993 Scheme, options exercised and cancelled/lapsed during the financial year, and options outstanding as at December 31, 2006 were as follows:

Number of options to subscribe for ordinary shares of the company

Date of grant	Outstanding at January 1, 2006	Exercised	Cancelled/ Lapsed	Outstanding at December 31, 2006	Subscription price per share	Exercisable period
April 30, 2001	802,000	(649,000)	(153,000)	-	$12.27	April 30, 2002 to April 29, 2006
September 25, 2001	2,739,000	(2,536,000)	(203,000)	-	$8.05	September 25, 2002 to September 24, 2006
July 1, 2002	1,865,000	(6,000)	(243,000)	1,616,000	$13.77	July 1, 2003 to June 30, 2007
June 27, 2003	3,133,000	-	(527,000)	2,606,000	$16.17	June 27, 2004 to June 26, 2008
February 27, 2004	3,788,000	-	(605,000)	3,183,000	$21.53	February 27, 2005 to February 26, 2009
	12,327,000	(3,191,000)	(1,731,000)	7,405,000		

Except for the options exercised as disclosed above, no other shares of the company or its subsidiaries were issued during the financial year by virtue of the exercise of options under the 1993 Scheme to take up unissued shares of the company or its subsidiaries.

5 SHARE OPTIONS (Cont'd)

(iv) The following are details of options granted to the directors and employees of the group under the 1993 Scheme:

	Name of participant	Options granted during the financial year	Aggregate options granted since commencement of Scheme to end of the financial year	Aggregate options exercised since commencement of Scheme to end of the financial year	Aggregate options cancelled/ lapsed since commencement of Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
		Number of options to subscribe for ordinary shares of the company				
i)	Directors of the company:					
	Wong Ngit Liong	-	5,160,000	(4,375,000)	(500,000)	285,000
	Tan Choon Huat	-	3,773,989	(3,568,989)	-	205,000
	Soo Eng Hiong	-	3,523,989	(3,408,989)	-	115,000
ii)	Employees	-	51,268,747	(38,729,254)	(5,739,493)	6,800,000
	Total	-	63,726,725	(50,082,232)	(6,239,493)	7,405,000

B) The Venture Corporation Executives' Share Option Scheme (the "2004 Scheme")

(i) The 2004 Scheme in respect of unissued ordinary shares in the company was approved by the shareholders of the company in an Extraordinary General Meeting on April 30, 2004.

(ii) Under the 2004 Scheme, an option entitles the option holder to subscribe for a specified number of new ordinary shares in the share capital of the company, at the subscription price determined with reference to the market price of the shares at the time of the grant of the option and adjusted for certain premium depending on when the options are exercised, and may be exercised during the exercise period applicable to those options and in accordance with a vesting schedule to be determined by the Remuneration Committee on the date of the grant. No options have been granted at a discount.

(iii) Details of the unissued shares under options granted pursuant to the 2004 Scheme, options granted, exercised and cancelled/lapsed during the financial year, and options outstanding as at December 31, 2006 were as follows:

Date of grant	Outstanding at January 1, 2006	Granted	Exercised	Cancelled/ Lapsed	Outstanding at December 31, 2006	Subscription price per share	Exercisable period
	Number of options to subscribe for ordinary shares of the company						
September 1, 2005	2,280,000	-	-	(346,000)	1,934,000	\$18.288 [a] \$16.764 [b] \$16.002 [c]	September 1, 2006 to August 31, 2010
September 15, 2006	-	2,816,000	-	(52,000)	2,764,000	\$14.275 [d] \$12.562 [e] \$11.991 [f] \$11.420 [g]	September 15, 2007 to September 14, 2011
	2,280,000	2,816,000	-	(398,000)	4,698,000		

5 SHARE OPTIONS (Cont'd)

(a) If exercised between September 1, 2006 and August 31, 2007
(b) If exercised between September 1, 2007 and August 31, 2008
(c) If exercised between September 1, 2008 and August 31, 2010
(d) If exercised between September 15, 2007 and September 14, 2008
(e) If exercised between September 15, 2008 and September 14, 2009
(f) If exercised between September 15, 2009 and September 14, 2010
(g) If exercised between September 15, 2010 and September 14, 2011

Options to take up 2,816,000 shares were granted to 3 directors and 990 employees of the group during the financial year at the exercise prices payable during different exercise periods in accordance with the 2004 Scheme.

No shares of the company or its subsidiaries were issued during the financial year by virtue of the exercise of options under the 2004 Scheme to take up unissued shares of the company or its subsidiaries.

(iv) The following are details of options granted to the directors and employees of the group under the 2004 Scheme:

	Number of options to subscribe for ordinary shares of the company				
Name of participant	Options granted during the financial year	Aggregate options granted since commencement of Scheme to end of the financial year	Aggregate options exercised since commencement of Scheme to end of the financial year	Aggregate options cancelled/ lapsed since commencement of Scheme to end of the financial year	Aggregate options outstanding as at end of the financial year
i) Directors of the company:					
Wong Ngit Liong	28,000	56,000	-	-	56,000
Tan Choon Huat	22,000	44,000	-	-	44,000
Soo Eng Hiong	22,000	44,000	-	-	44,000
ii) Employees	2,744,000	4,963,000	-	(409,000)	4,554,000
Total	2,816,000	5,107,000	-	(409,000)	4,698,000

The 1993 and 2004 Schemes are administered by the Remuneration Committee whose members are:

Koh Lee Boon (Chairman)
Cecil Vivian Richard Wong
Wong Ngit Liong
Goon Kok Loon

Wong Ngit Liong did not participate in any deliberation or decision in respect of the options granted to him.

No employee of the company or employee of related corporations has received 5% or more of the total options available under these schemes.

There are no options granted to any of the company's controlling shareholders or their associates (as defined in the Singapore Exchange Securities Trading Listing Manual).

There are no other unissued shares of the company or its subsidiaries under option at the end of the financial year except as disclosed above.

6 AUDIT COMMITTEE

The Audit Committee comprises four members, all of whom are independent non-executive directors. The members of the Committee are:

Cecil Vivian Richard Wong (Chairman)
Koh Lee Boon
Goh Geok Ling
Goon Kok Loon

The Audit Committee held four meetings since the last directors' report.

The functions of the Audit Committee are disclosed in the Corporate Governance Report.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche for re-appointment as external auditors of the group at the forthcoming AGM of the company.

7 AUDITORS

The auditors, Deloitte & Touche, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

....
Wong Ngit Liong

....
Cecil Vivian Richard Wong

March 26, 2007

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VENTURE CORPORATION LIMITED

We have audited the accompanying financial statements of Venture Corporation Limited (the company) and its subsidiaries (the group) which comprises the balance sheets of the group and the company as at December 31, 2006, the profit and loss statement, statement of changes in equity and cash flow statement of the group and the statement of changes in equity of the company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 90.

Directors' Responsibility

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards and the Singapore Companies Act, Cap. 50 (the "Act"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts, and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of 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 and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, 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:

a) the consolidated financial statements of the group and the balance sheet and statement of changes in equity 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 December 31, 2006 and of the results, changes in equity and cash flows of the group, and changes in equity of the company for the year ended on that date; and

b) the accounting and other records required by the Act to be kept by the company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche
Certified Public Accountants
Singapore

Chaly Mah Chee Kheong
Partner

March 26, 2007

	Note	The Company 2006 $'000	The Company 2005 $'000	The Group 2006 $'000	The Group 2005 $'000
ASSETS					
Current assets:					
Cash and bank balances	6	71,832	401,096	329,006	556,586
Available-for-sale investments	7	15,026	25,000	19,526	38,756
Trade receivables	8	150,993	220,083	624,110	590,598
Other receivables and prepayments	9	6,739	3,951	44,758	30,214
Inventories	10	85,827	98,892	581,390	408,136
Trade receivables due from subsidiaries	11	46,544	56,946	-	-
Other receivables due from subsidiaries	11	15,145	11,394	-	-
Asset classified as held for sale	36	-	-	12,500	-
Total current assets		392,106	817,362	1,611,290	1,624,290
Non-current assets:					
Investments in subsidiaries	11	1,184,545	223,867	-	-
Investments in associates	12	82,536	-	109,270	21,112
Investments in joint ventures	13	1,000	1,000	-	-
Available-for-sale investments	7	241,963	253,620	262,452	274,779
Property, plant and equipment	14	13,541	13,149	221,492	168,114
Intangible assets	15	179	432	174,199	4,851
Goodwill	16	-	-	630,415	79,086
Deferred tax assets	21	-	-	744	-
Total non-current assets		1,523,764	492,068	1,398,572	547,942
Total assets		1,915,870	1,309,430	3,009,862	2,172,232
LIABILITIES AND EQUITY					
Current liabilities:					
Bank overdraft and loans	17	600,000	-	631,196	5,844
Trade payables	18	61,978	64,006	445,131	386,709
Other payables and accrued expenses	19	38,076	37,238	108,218	74,633
Trade payables due to subsidiaries	11	149,357	184,032	-	-
Other payables due to subsidiaries	11	5,991	6,006	-	-
Trade payables due to associates	12	-	-	277	383
Other payables due to joint venture	13	32	48	25	59
Income tax payable		9,862	-	13,422	3,781
Total current liabilities		865,296	291,330	1,198,269	471,409
Non-current liabilities:					
Derivative financial instruments	20	3,661	27,281	3,661	27,281
Bank loans	17	-	-	-	236
Deferred tax liabilities	21	-	-	40,305	2,522
Total non-current liabilities		3,661	27,281	43,966	30,039
Capital and reserves:					
Share capital	23	649,974	67,368	649,974	67,368
Share premium		-	554,145	-	554,145
Share options reserve		23,318	21,299	23,958	21,299
Investments revaluation reserve	23	(8,160)	(10,881)	(11,222)	(16,103)
Translation reserve		-	-	(66,402)	(19,042)
Reserve fund	23	-	-	229	-
Accumulated profits		381,781	358,888	1,162,422	1,055,522
Equity attributable to equity holders of the company		1,046,913	990,819	1,758,959	1,663,189
Minority interests		-	-	8,668	7,595
Total equity		1,046,913	990,819	1,767,627	1,670,784
Total liabilities and equity		1,915,870	1,309,430	3,009,862	2,172,232

See accompanying notes to financial statements.

CONSOLIDATED PROFIT AND LOSS STATEMENT

YEAR ENDED DECEMBER 31, 2006

		The Group	
	Note	2006	2005
		$'000	$'000
Revenue	24	3,124,852	3,238,035
Other operating income	25	25,499	12,639
Changes in inventories of finished goods and work in progress		(2,999)	34,404
Raw materials and consumables used		(2,500,650)	(2,701,913)
Employee benefits expense	28	(235,477)	(217,799)
Depreciation and amortisation expense	28	(45,246)	(47,484)
Research and development expense		(44,441)	(35,138)
Foreign currency exchange adjustment (loss) gain		(17,400)	33
Other expenses		(86,370)	(103,195)
Investment revenue	26	30,560	25,322
Finance cost (interest expense on bank overdraft and loans)		(2,096)	(297)
Share of profit of associates		6,347	2,478
Profit before tax		252,579	207,085
Income tax expense	27	(11,638)	(5,409)
Profit for the year	28	240,941	201,676
Attributable to:			
Equity holders of the company		239,171	201,171
Minority interests		1,770	505
		240,941	201,676
		Cents	**Cents**
Basic earnings per share	29	88.2	75.1
Fully diluted earnings per share	29	88.1	74.5

See accompanying notes to financial statements.

	Note	Share capital $'000	Share premium $'000	Share options reserve $'000	Investments revaluation reserve $'000	Accumulated profits $'000	Total $'000
Company							
Balance at January 1, 2005		65,895	501,751	18,017	1,426	423,434	1,010,523
Profit for the year		-	-	-	-	67,471	67,471
Recognition of share-based payments	22	-	-	5,238	-	-	5,238
Share options lapsed		-	-	(1,956)	-	1,956	-
Net fair value changes in available-for-sale investments		-	-	-	(13,234)	-	(13,234)
Released on disposal of available-for-sale investments		-	-	-	927	-	927
First and final tax exempt dividend and bonus tax exempt dividend in respect of the previous financial year	34	-	-	-	-	(133,973)	(133,973)
Issue of shares	23	1,473	52,394	-	-	-	53,867
Balance at December 31, 2005		67,368	554,145	21,299	(10,881)	358,888	990,819
Profit for the year		-	-	-	-	154,706	154,706
Recognition of share-based payments	22	-	-	5,560	-	-	5,560
Share options lapsed		-	-	(3,541)	-	3,541	-
Net fair value changes in available-for-sale investments		-	-	-	2,726	-	2,726
Released on disposal of available-for-sale investments		-	-	-	(5)	-	(5)
First and final tax exempt dividend and bonus tax exempt dividend in respect of the previous financial year	34	-	-	-	-	(135,354)	(135,354)
Issue of shares	23	28,461	-	-	-	-	28,461
Transfer from share premium account		554,145	(554,145)	-	-	-	-
Balance at December 31, 2006		649,974	-	23,318	(8,160)	381,781	1,046,913

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2006

	Note	Share capital $'000	Share premium $'000	Share options reserve $'000
Group				
Balance at January 1, 2005		65,895	501,751	18,017
Exchange differences arising on translation of foreign operations		-	-	-
Profit for the year		-	-	-
Recognition of share-based payments	22	-	-	5,238
Share options lapsed		-	-	(1,956)
Net fair value changes in available-for-sale investments		-	-	-
Released on disposal of available-for-sale investments		-	-	-
Acquisition of shareholdings from minority shareholders		-	-	-
Arising from acquisition of a subsidiary		-	-	-
First and final tax exempt dividend and bonus tax exempt dividend in respect of the previous financial year	34	-	-	-
Issue of shares	23	1,473	52,394	-
Balance at December 31, 2005		67,368	554,145	21,299

Investments revaluation reserves $'000	Translation reserves $'000	Reserve Fund $'000	Accumulated profits $'000	Attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
(1,665)	(33,647)	-	986,368	1,536,719	2,246	1,538,965
-	14,605	-	-	14,605	32	14,637
-	-	-	201,171	201,171	505	201,676
-	-	-	-	5,238	-	5,238
-	-	-	1,956	-	-	-
(13,568)	-	-	-	(13,568)	-	(13,568)
(870)	-	-	-	(870)	-	(870)
-	-	-	-	-	(780)	(780)
-	-	-	-	-	5,592	5,592
-	-	-	(133,973)	(133,973)	-	(133,973)
-	-	-	-	53,867	-	53,867
(16,103)	(19,042)	-	1,055,522	1,663,189	7,595	1,670,784

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED DECEMBER 31, 2006

	Note	Share capital $'000	Share premium $'000	Share options reserve $'000
Group				
Balance at December 31, 2005		67,368	554,145	21,299
Exchange differences arising on translation of foreign operations		-	-	-
Profit for the year		-	-	-
Recognition of share-based payments	22	-	-	5,560
Share options lapsed		-	-	(3,541)
Share of an associate's share options reserve		-	-	640
Net fair value changes in available-for-sale investments		-	-	-
Released on disposal of available-for-sale investments	-	-	-	-
Acquisition of shareholdings from minority shareholders	-	-	-	-
Arising from acquisition of a subsidiary		-	-	-
First and final tax exempt dividend and bonus tax exempt dividend in respect of the previous financial year	34	-	-	-
Appropriation to reserve fund		-	-	-
Issue of shares	23	28,461	-	-
Transfer from share premium account		554,145	(554,145)	-
Balance at December 31, 2006		649,974	-	23,958

Investments revaluation reserves $'000	Translation reserves $'000	Reserve Fund $'000	Accumulated profits $'000	Attributable to equity holders of the company $'000	Minority interests $'000	Total $'000
(16,103)	(19,042)	-	1,055,522	1,663,189	7,595	1,670,784
-	(44,465)	-	-	(44,465)	(592)	(45,057)
-	-	-	239,171	239,171	1,770	240,941
-	-	-	-	5,560	-	5,560
-	-	-	3,541	-	-	-
-	-	-	(229)	411	-	411
4,866	-	-	-	4,866	-	4,866
15	-	-	-	15	-	15
-	-	-	-	-	(105)	(105)
-	(2,895)	-	-	(2,895)	-	(2,895)
-	-	-	(135,354)	(135,354)	-	(135,354)
-	-	229	(229)	-	-	-
-	-	-	-	28,461	-	28,461
-	-	-	-	-	-	-
(11,222)	(66,402)	229	1,162,422	1,758,959	8,668	1,767,627

See accompanying notes to financial statements.

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED DECEMBER 31, 2006

	The Group	
	2006	2005
	$'000	$'000
Operating activities:		
Profit before income tax	252,579	207,085
Adjustments for:		
Share of profit of associates	(6,347)	(2,478)
Allowance for inventories	2,670	1,700
Depreciation expense	39,025	41,358
Reversal of allowance on doubtful trade receivables	(338)	-
Amortisation of intangible assets	6,221	6,126
Impairment loss on available-for-sale investments	500	9,997
Impairment loss on plant and equipment	49	-
Investment revenue	(30,560)	(25,322)
Dividend income	(687)	(510)
Interest expense	2,096	297
Share-based payments expense	5,560	5,238
Fair value gain on derivative financial instruments	(23,620)	(4,600)
Gain on disposal of associates	-	(621)
Loss (Gain) on disposal of available-for-sale investments	10	(3,330)
(Gain) Loss on disposal of plant and equipment	(268)	350
Operating profit before working capital changes	246,890	235,290
Trade receivables	70,760	(99,574)
Other receivables and prepayments	(11,453)	5,555
Other payables due to joint venture	(34)	58
Inventories	(2,870)	(52,557)
Trade payables	(16,193)	4,775
Other payables and accrued expenses	(3,458)	10,687
Trade payables due to associates	(78)	(505)
Cash generated from operations	283,564	103,729
Interest paid	(2,096)	(297)
Income tax paid	(1,888)	(7,313)
Dividends paid	(135,354)	(133,973)
Net cash from (used in) operating activities	144,226	(37,854)

	The Group	
	2006	**2005**
	$'000	**$'000**
Investing activities:		
Investment revenue received	30,560	25,322
Dividends received	687	510
Purchase of property, plant and equipment	(38,682)	(49,755)
Proceeds on disposal of plant and equipment	3,891	11,957
Addition of intangible assets	(7,549)	(941)
Proceeds on disposal of available-for-sale investments	63,418	76,726
Purchase of available-for-sale investments	(31,632)	(77,694)
Dividends received from associates	628	628
Proceeds from disposal of associates	-	3,369
Acquisition of a subsidiary, net of cash acquired (Note 36)	(900,693)	(19,149)
Acquisition of shareholdings in an associate	(82,536)	(3,566)
Payment to minority shareholders for acquisition of additional shares in a subsidiary	(569)	(780)
Net cash used in investing activities	(962,477)	(33,373)
Financing activities:		
Increase (Decrease) in short term bank loans	599,203	(2,685)
Decrease in long-term bank loan	(236)	(14)
Proceeds from issue of shares	28,461	53,867
Net cash from financing activities	627,428	51,168
Net decrease in cash and cash equivalents	(190,823)	(20,059)
Cash and cash equivalents at beginning of year	556,555	567,428
Effect of foreign exchange rate changes	(36,726)	9,186
Cash and cash equivalents at end of year	329,006	556,555
Cash and cash equivalents at end of year include the following:		
Cash	199,675	99,245
Fixed deposits	129,331	457,341
Bank overdraft	-	(31)
	329,006	556,555

See accompanying notes to financial statements.

1 GENERAL

The company (Registration No. 198402886H) is incorporated in the Republic of Singapore with its principal place of business and registered office at 5006 Ang Mo Kio Avenue 5, #05-01/12 TECHplace II, Singapore 569873. The company is listed on the mainboard of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in Singapore dollars.

The principal activities of the company are to provide manufacturing, design, engineering, customisation and logistic services to electronics companies worldwide.

The principal activities of the subsidiaries, associates and joint ventures are detailed in Notes 11, 12 and 13 to the financial statements respectively.

The company has net current liabilities of $473,190,000 as at December 31, 2006 mainly due to a short term loan of $600,000,000 used to finance its working capital requirements and the acquisition of GES International Ltd ("GES") during the year. Management is confident of securing a long term loan upon the expiry of this short term loan and is currently reviewing the options available to ensure that the company obtains the most competitive quotes and terms available.

The consolidated financial statements of the group and balance sheet and statement of changes in equity of the company for the year ended December 31, 2006 were authorised for issue by the Board of Directors on March 26, 2007.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

In the current financial year, the group has adopted all of the new and revised FRS and Interpretations of FRS ("INT FRS") issued by the Council on Corporate Disclosure and Governance that are relevant to its operations and effective for annual periods beginning on January 1, 2006. The adoption of these new/revised FRS and INT FRS does not result in changes to the group's and company's accounting policies and has no material effect on the accounts reported for the current or prior years.

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

FRS 40	-	Investment Property
FRS 107	-	Financial Instruments: Disclosures
FRS 108	-	Operating Segments
INT FRS 107	-	Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies
INT FRS 108	-	Scope of FRS 102 : Share-based Payment
INT FRS 109	-	Reassessment of Embedded Derivatives
INT FRS 110	-	Interim Financial Reporting and Impairment
INT FRS 111	-	FRS 102 Group and Treasury Share Transactions
INT FRS 112	-	Service Concession Arrangements

Amendments to FRS 1 Presentation of Financial Statements on Capital Disclosures.

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

The application of FRS 107 and the consequential amendments to other FRS will not affect any of the amounts recognised in the financial statements, but will change the disclosures presently made in relation to the company's and group's financial instruments and the objectives, policies and processes for managing capital.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Other than FRS 107, the directors anticipate that the adoption of the above FRSs, INT FRSs and amendments to FRSs in future periods will have no material impact on the financial statements of the company and of the group in their period of initial application.

b) BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries). Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by other members of the group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover its share of those losses.

In the company's financial statements, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment in net recoverable value that has been recognised in the profit and loss statement.

c) BUSINESS COMBINATIONS - The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with FRS 105-Non-Current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in the consolidated profit and loss statement.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

d) FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the group's balance sheet when the group become a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Effective interest method

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

Available-for-sale financial assets

Certain equity shares and debt securities held by the group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised directly in the revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserve is included in profit or loss for the period. Dividends on available-for-sale equity instruments are recognised in profit or loss when the group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs (see below).

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments

The group's activities expose it primarily to the financial risks of changes in foreign exchange rates.

The group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecast transactions.

The use of financial derivatives is governed by the group's policies approved by the board of directors, which provide guidance on the use of financial derivatives consistent with the group's risk management strategy. The group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e) LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The group as lessee

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

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

f) INVENTORIES - Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

g) PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method, on the following bases:

Freehold buildings	-	30 years
Leasehold land and buildings	-	25 to 60 years (term of lease)
Factory buildings	-	25 to 60 years
Machinery and equipment	-	2 to 10 years
Leasehold improvements and renovations	-	2 to 10 years
Office equipment, furniture and fittings	-	2 to 10 years
Computer hardware	-	3 years
Motor vehicles	-	2 to 10 years

Fully depreciated assets still in use are retained in the financial statements.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The group's policy for goodwill arising on the acquisition of associates is described under "Associates".

i) INTANGIBLE ASSETS

Internally generated intangible assets – Research and development expenditure

Expenditure on research activites is recognised as an expense in the period in which it is incurred. Costs incurred on development projects are recognised as intangible assets only if all the following have been demonstrated:

* the technical feasibility of completing the intangible asset so that it will be available for use or sale;
* the intention to complete the intangible asset and use or sell it;
* the ability to use or sell the intangible asset;
* how the intangible asset will generate probable future economic benefits;
* the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
* the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. The group has capitalised development costs as intangible assets and these are amortised using the straight line method over its useful life, which normally does not exceed 3 years.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in a business combination

Customer relationships acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date and subsequent to initial recognition, customer relationships acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Customer relationships are amortised on a straight-line basis over their remaining useful lives of 10 years.

j) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL - At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit and loss statement.

k) ASSOCIATES - An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

Any excess of the cost of acquisition over the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the consolidated profit and loss statement.

Where a group entity transacts with an associate of the group, profits or losses are eliminated to the extent of the group's interest in the relevant associate.

l) INTERESTS IN JOINT VENTURE - A joint venture is a contractual arrangement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the group and their amount can be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for under FRS 105-Non-current Assets Held for Sale and Discontinued Operations. The group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the group's interest in a jointly controlled entity is accounted for in accordance with the group's accounting policy for goodwill arising on the acquisition of a subsidiary.

Where the group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the group's interest in the joint venture.

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

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

n) SHARE-BASED PAYMENTS - The group issues equity-settled share-based payments to qualifying employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Details of the determination of fair value of such options are disclosed in Note 22.

o) GOVERNMENT GRANTS - Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and the grants will be received. Government grants relating to deferred development expenditure and the purchase of property, plant and equipment are included in the balance sheet by deducting the grant in arriving at the carrying amount of the assets. Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

p) REVENUE RECOGNITION – Revenue from manufacturing services is recognised when the service is completed and the risks and reward of ownership of the manufactured goods are transferred to the buyer. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the rendering of services of a short duration is recognised when the services are completed.

<u>Dividend income</u>

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

<u>Interest income</u>

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

q) BORROWING COSTS – Borrowing costs are recognised in the profit and loss statement in the period which they are incurred. No interest expense has been capitalised during the year.

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

s) EMPLOYEE LEAVE ENTITLEMENT – 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 balance sheet date.

t) INCOME TAX - Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

u) FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the group and the balance sheet of the company are presented in Singapore dollars, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

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

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

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

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

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

v) CASH AND CASH EQUIVALENTS - Cash and cash equivalents comprise cash on hand, demand deposits and bank overdrafts that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the group's accounting policies

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements apart from those involving estimates, where are dealt with below.

Key sources of estimation uncertainty

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

Allowance for inventories

In determining the net realisable value of the group inventories, an estimation of the recoverable amount of inventories on hand is performed based on the most reliable evidence available at the time the estimates are made. This represents the value of the inventories which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, or any inventories on hand that may not be realised, directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year.

Recoverability of intangible assets

Management has considered the recoverability of the group's intangible assets, including customer relationships acquired in a business combination during the year. The valuation of the customer relationships takes into consideration projected future revenue stream of customers with contracts as at the date of acquisition, with expected renewals, and applying suitable churn rates and discount rates in order to calculate the present value of cashflows. The customer relationships are amortised over the estimated remaining useful life of 10 years which reflect the pattern in which the asset's future economic benefits are expected to be consumed. Based on management's assessment of the intangible assets, no indication of impairment was noted.

Share-based payments

Determining the fair value of share-based payments requires estimations using valuation models and inputs that attempt to capture the intrinsic value of such options. Key inputs into the valuation models in determining the fair value of share-based payments are disclosed in Note 22.

Impairment of available-for-sale investments

At each balance sheet date, management will assess whether there is any objective evidence that available-for-sale investments are impaired, as evidenced by the occurrence of one or more loss events. Based on the management's best estimate of the future cash flow of each investment, and taking into consideration all credit exposure, the impairment loss for the financial year amounting to $500,000 (2005: $9,997,000) as recognised in the profit and loss statement (Note 28) is considered adequate.

4 FINANCIAL RISKS AND MANAGEMENT

i) Foreign currency risk

The group operates internationally, giving rise to market risk from changes in foreign exchange rates. The group manages its foreign exchange exposure by matching revenue and costs in the relevant currencies to create a natural hedge and also through active currency management using derivatives such as forwards and currency options where necessary.

The company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. No hedge has been taken up to mitigate this exposure as it does not impact cashflows.

ii) Interest rate risk

Interest rate risk refers to the risk experienced by the company and the group as a result of the fluctuation in interest rates. The group has cash balances placed as various forms of deposits with reputable international financial institutions and investments in fixed rate instruments of strong financial ratings. These deposits and investments are generally with short term maturities to provide the group the flexibility to meet working capital and other investments needs. Although the group's borrowings are short term in nature and bear interest at market rates, management has the intention of refinancing the short term loan of $600,000,000 as at December 31, 2006 subsequent to year end.

iii) Credit risk

Credit risk arising from defaults by counterparties on their contractual obligations is managed through the application of credit approvals, credit limits and monitoring procedures. The group has adopted a policy of only dealing with creditworthy counterparties and will require collaterals from customers with no track record of credit history. The group performs ongoing credit evaluation of their counterparties' financial condition and regular meetings are conducted to monitor debt collection and credit risk exposure.

The group enters into treasury transactions only with creditworthy institutions. It seeks to invest in quality investee companies and a majority of its fixed income investments are above investment grade. The group's investments in credit derivative products are exposed to default risks of a portfolio of underlying credits.

iv) Liquidity risk

Liquidity risk refers to the risk in which the group has difficulties in meeting its short term obligations. Liquidity risk is managed by matching the payment and receipt cycle. The group has sufficient cash from operations and credit lines from financial institutions (Note 1) to fund its capital investments and working capital requirements.

v) Investment risk

Investment risk refers to the risk experienced by the group in its management of the return of funds invested in financial instruments. This risk includes market price risk due to fluctuations in interest rates, foreign currency exchange rates, prices of equities, debt securities and other financial contracts. Investment risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

vi) Fair value of financial assets and financial liabilities

Other than the fair values of non-current available-for-sale assets and derivative financial instruments which are disclosed in Notes 7 and 20, the carrying amounts of the financial assets and financial liabilities reported in the balance sheet approximate the fair values of those assets and liabilities, due to the relatively short term maturity of these financial instruments.

4 FINANCIAL RISKS AND MANAGEMENT (Cont'd)

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of credit derivative notes (Notes 7 and 20) are derived from valuation models that are proprietary to the issuing banks. The issuing banks have confirmed among others, that the valuations are computed by an independent valuation team and that the valuations reflect the current economic assessment of the transactions and take into consideration, observable market data that the banks believe to be appropriate.

5 RELATED PARTY TRANSACTIONS

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Associates also include those that are associates of related companies.

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

During the year, group entities entered into the following trading transactions with related parties:

	The Group	
	2006	**2005**
	$'000	**$'000**
Proceeds on sale of property to an executive director of the company	-	8,000[a]
Purchases of goods from associates	6,879	9,734
Sales of goods to associates	-	349
Commission income from associates	-	57

[a] This is an Interested Person Transaction under the SGX Listing Manual Rules. The Audit Committee had reviewed the transaction and was satisfied that the terms of transaction was on normal commercial terms.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group	
	2006	**2005**
	$'000	**$'000**
Short term benefits	17,593	16,944
Post-employment benefits	217	332
Share-based payments	1,096	925
	18,906	18,201

The remuneration of directors and key management is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

6 CASH AND BANK BALANCES

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Cash	26,463	38,824	199,675	99,245
Fixed deposits	45,369	362,272	129,331	457,341
	71,832	401,096	329,006	556,586

Cash and bank balances comprise cash held by the company and group and short term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

The fixed deposits interest rates for the company and the group range from 0.8% to 5.3% (2005: 0.4% to 4.3%) per annum.

The company's and group's cash and bank balances that are not denominated in the functional currencies of the respective entities are as follows:

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore dollars	-	-	9,218	4,961
United States dollars	52,940	124,634	82,471	150,234
Euros	520	2,473	909	3,418
Japanese yen	-	-	268	192
Chinese yuan	-	-	935	-
Malaysian ringgit	-	-	22,765	50,148

7 AVAILABLE-FOR-SALE INVESTMENTS

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Available-for-sale investments, at fair value:				
(a) Quoted equity shares	1,311	1,239	15,429	13,985
(b) Unquoted equity shares	-	-	2,289	1,828
(c) Quoted debt securities	29,650	29,208	29,650	29,208
(d) Unquoted credit derivative notes	206,139	208,173	206,139	208,173
(e) Unquoted debt securities	19,889	40,000	28,471	60,341
	256,989	278,620	281,978	313,535
Analysed as:				
Current assets	15,026	25,000	19,526	38,756
Non-current assets	241,963	253,620	262,452	274,779
Total	256,989	278,620	281,978	313,535

(a) Investments in quoted equity securities offer the company and the group the opportunity for returns through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair value of these securities is based on the quoted closing market prices on the last market day of the financial year.

The investments in quoted equity shares for the company and the group include an impairment loss of $1,500,000 charged to the profit and loss statement in 2005.

7 AVAILABLE-FOR-SALE INVESTMENTS (Cont'd)

(b) The investments in unquoted equity shares represent investments of $2,042,000 (2005: $1,828,000) in venture capital funds that invest in research and development activities and/or the commercial application of this knowledge and $247,000 (2005: Nil) in club investments.

The investments in unquoted equity shares for the group include an impairment loss charged to the profit and loss statement for the year of $500,000 (2005: Nil).

(c) (e) The investments in quoted and unquoted debt securities of the company have effective interest rates ranging from 3.75% to 5.125% (2005: 3.75% to 5.125%) and of the group ranging from 3.13% to 5.125% (2005: 2.53% to 5.125%) per annum. These investments of the company have maturity dates ranging from May 4, 2007 to September 1, 2018 (2005: May 26, 2007 to September 1, 2018) and of the group ranging from March 26, 2007 to September 1, 2018 (2005: March 14, 2006 to September 1, 2018).

(d) These are Collaterised Debt Obligations acquired with embedded credit derivatives (Note 20) as follows:

(i) Principal amount of $167,800,000 (2005: $167,800,000) with effective interest rate of 3.2% and maturity date on December 20, 2009.

(ii) Principal amount of $53,949,000 (2005: $58,664,000) with effective interest rate of 5.5% and maturity date on June 20, 2008.

As at December 31, 2006, the fair values of these instruments amounted to $206,139,000 (2005: $208,173,000)

The company's and group's available-for-sale investments that are not denominated in the functional currencies of the respective entities are as follows:

	The Company		The Group	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
United States dollars	45,728	51,406	57,539	64,840

8 TRADE RECEIVABLES

	The Company		The Group	
	2006	**2005**	**2006**	**2005**
	$'000	**$'000**	**$'000**	**$'000**
Outside parties	150,993	220,083	624,110	590,598

The average trade credit period is 71 days (2005: 60 days).

An allowance has been made for the estimated irrecoverable amounts from the sale of goods to third parties of $2,488,000 (2005: $2,826,000). This allowance has been determined by reference to past default experience.

An amount of $338,000 (2005: Nil) has been credited to the profit and loss statement in 2006 as a result of recovery of a trade debt which arose from a third party for which provision had been made previously.

8 TRADE RECEIVABLES (Cont'd)

The company's and group's trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore dollars	-	-	524	1,999
United States dollars	146,342	213,748	319,260	472,314
Euros	-	8	2,911	1,235
Chinese yuan	-	-	3,370	-
Malaysian ringgit	-	-	1,399	928
Hong Kong dollars	-	-	-	2

9 OTHER RECEIVABLES AND PREPAYMENTS

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Other receivables	5,984	2,209	37,595	21,106
Deposits	563	686	2,541	2,945
Prepayments	192	232	4,622	3,389
Income tax recoverable	-	824	-	2,774
	6,739	3,951	44,758	30,214

The company's and group's other receivables and prepayments that are not denominated in the functional currencies of the respective entities are as follows:

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
United States dollars	-	688	2,854	4,336
Malaysian ringgit	-	-	292	4,752
Chinese yuan	-	-	222	-
Singapore dollars	-	-	78	7
Euros	-	-	3	63

10 INVENTORIES

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Raw materials	38,588	44,293	293,609	212,063
Work in progress	36,706	50,443	103,589	95,373
Finished goods	10,533	4,156	184,192	100,700
	85,827	98,892	581,390	408,136

The cost of inventories recognised as an expense includes $2,670,000 (2005: $1,700,000) in respect of write down of inventory to net realisable value.

11 INVESTMENTS IN SUBSIDIARIES

	The Company 2006 $'000	The Company 2005 $'000
Unquoted equity shares, at cost	1,152,383	190,867
Impairment loss	(838)	-
Net carrying amount	1,151,545	190,867
Advances to subsidaries	33,000	33,000
	1,184,545	223,867

Details of the company's subsidiaries as at December 31, 2006 are as follows:

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment 2006 $'000	Cost of Investment 2005 $'000	Proportion of Ownership Interest and Voting Power Held 2006 %	Proportion of Ownership Interest and Voting Power Held 2005 %	Principal Activities
Advanced Products Corporation Pte Ltd	Singapore	863	863	100	100	Dormant
Cebelian Holdings Pte Ltd	Singapore	2,500	2,500	100	100	Investment holding
EAS Security Systems Pte Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd)	Singapore	-	-	100	100	Dormant
Shanghai Waigaoqiao Venture Electronics Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (1)	People's Republic of China	-	-	100	100	Design, engineering and customisation services
VCL Electronics Services India Private Limited (80% owned by Cebelian Holdings Pte Ltd and 20% owned by Venture Electronics Solutions Pte Ltd) (4)	India	-	-	100	100	Dormant
Venture Electronics (Europe), B.V. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (4)	The Netherlands	-	-	100	100	Investment holding

11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Proportion of Ownership Interest and Voting Power Held		Principal Activities
		2006 $'000	2005 $'000	2006 %	2005 %	
Venture Hungary Electronics Manufacturing Limited Liability Company (95% owned by Venture Electronics (Europe), B.V. and 5% owned by Cebelian Holdings Pte Ltd) (4)	Hungary	-	-	100	100	Design, manufacture, assemble and distribute electronic products
Venture Electronics Spain S.L. (wholly-owned subsidiary of Venture Electronics (Europe), B.V.) (4)	Spain	-	-	100	100	Manufacture, design, engineering, customisation and logistic services
Venture Electronics (Shanghai) Co., Ltd (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (1)	People's Republic of China	-	-	100	100	Trading in and manufacturing of electronic and computer-related products
VM Services, Inc. (wholly-owned subsidiary of Cebelian Holdings Pte Ltd) (4)	United States of America	-	-	100	100	Trading in and manufacturing of electronic and computer-related products
Venture Electronics International, Inc. (wholly-owned subsidiary of VM Services, Inc.) (4)	United States of America	-	-	100	100	Manufacture, design, engineering, customisation and logistic services
Venture Design Services, Inc. (wholly-owned subsidiary of VM Services, Inc.) (4)	United States of America	-	-	100	100	Trading and manufacturing of electronics and computer-related products, provision of engineering, customisation, logistics and repair services
VIPColor Technologies Pte Ltd (a subsidiary of Cebelian Holdings Pte Ltd)	Singapore	-	-	93.8	93.8	Develop and market colour imaging products for label printing

11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment 2006 $'000	Cost of Investment 2005 $'000	Proportion of Ownership Interest and Voting Power Held 2006 %	Proportion of Ownership Interest and Voting Power Held 2005 %	Principal Activities
VIPColor Technologies USA, Inc (wholly-owned subsidiary of VIPColor Technologies Pte Ltd) (4)	United States of America	-	-	93.8	93.8	Develop and market colour imaging products for label printing
Innovative Trek Technology Pte Ltd	Singapore	1,780	1,780	100	100	Information system development and support
Venture Electronics Mexico S.A. de C.V. (98% owned by Innovative Trek Technology Pte Ltd and 2% owned by Cebelian Holdings Pte Ltd) (4)	Mexico	-	-	100	100	Dormant (In the process of voluntary liquidation)
Multitech Systems Pte Ltd	Singapore	3,215	3,215	100	100	Trading in and manufacturing of electronic and computer-related products
Scinetic Engineering Pte Ltd	Singapore	20,913	20,913	60	60	Design, trading in and manufacturing of electronic and mechanical products
SCE Resources Pte Ltd (wholly-owned subsidiary of Scinetic Engineering Pte Ltd) (4)	Singapore	-	-	60	60	Provision of computer related hardware and information technology consultancy services
Scinetic Technology (HK) Ltd (wholly-owned subsidiary of Scinetic Engineering Pte Ltd) (4)	Hong Kong	-	-	60	60	Dormant
Technocom Systems Sdn Bhd (1)	Malaysia	1,543	1,543	100	100	Trading in and manufacturing of electronic and computer-related products
Pintarmas Sdn Bhd (wholly-owned subsidiary of Technocom Systems Sdn Bhd) (1)	Malaysia	-	-	100	100	Trading in and manufacturing of electronic and computer-related products

11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Proportion of Ownership Interest and Voting Power Held		Principal Activities
		2006 $'000	2005 $'000	2006 %	2005 %	
V-Design Services (M) Sdn Bhd) (wholly-owned subsidiary of Technocom Systems Sdn Bhd) (1)	Malaysia	-	-	100	100	Trading in and manufacturing of electronic and computer-related products
PT Venture Electronics Indonesia (99% owned by the company and 1% owned by Multitech Systems Pte Ltd) (4)	Indonesia	337	337	100	100	Dormant (In the process of voluntary liquidation)
Ventech Data Systems Pte Ltd	Singapore	5,000	5,000	100	100	Dormant
Venture Electronics Services (Malaysia) Sdn Bhd (1)	Malaysia	17,777	17,777	100	100	Trading in and manufacturing of electronic and computer-related products
Venture Electronics Solutions Pte Ltd	Singapore	16,626	16,626	100	100	Manufacture, design, engineering, customisation and logistic services
Ventech Investments Ltd (4)	British Virgin Islands	90	90	100	100	Investment holding
Univac Precision Engineering Pte Ltd	Singapore	120,223	120,223	100	100	Manufacture, design, fabricate, stamping and injection, metal punching and spraying, industrial metal parts, tools and dies
Unison Precision Industries (M) Sdn Bhd (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) (1)	Malaysia	-	-	100	100	Dormant (In the process of voluntary liquidation)
Munivac Sdn. Bhd. (65.6% owned by Unison Precision Industries (M) Sdn Bhd and 34.4% owned by Univac Precision Engineering Pte Ltd) (1)	Malaysia	-	-	100	100	Manufacture of electronic and mechanical components

11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Proportion of Ownership Interest and Voting Power Held		Principal Activities
		2006 $'000	2005 $'000	2006 %	2005 %	
Univac Precision, Inc. (wholly-owned subsidiary of Univac Precision Engineering Pte Ltd) (4)	United States of America	-	-	100	100	Design, customisation and marketing of tool-making and precision engineering solutions
Univac Design & Engineering Pte Ltd (a subsidiary of Univac Precision Engineering Pte Ltd) (2)	Singapore	-	-	81.6	80.5	Investment holding
Univac Precision Plastics (Shanghai) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) (3)	People's Republic of China	-	-	81.6	80.5	Manufacture of plastic injection moulds and mouldings with secondary processes and sub-assembly
Univac Precision Plastics (SIP) Co., Ltd (wholly-owned subsidiary of Univac Design & Engineering Pte Ltd) (3)	People's Republic of China	-	-	81.6	80.5	Dormant
GES International Ltd	Singapore	961,516	-	100	-	Investment holding and provision of management services
GES (Singapore) Pte Ltd (wholly-owned subsidiary of GES International Ltd)	Singapore	-	-	100	-	Provision of manufacturing services for Original Design and Manufacture and Electronic Manufacturing Services
GES Investment Pte Ltd (wholly-owned subsidiary of GES International Ltd)	Singapore	-	-	100	-	Investment holding and provision of administrative and technical services to a subsidiary
Shanghai GES Information Technology Co., Ltd(1) (wholly-owned subsidiary of GES (Singapore) Pte Ltd)	People's Republic of China	-	-	100	-	Provision of manufacturing services for Original Design and Manufacture and Electronic Manufacturing services
GES US (New England) Inc (wholly-owned subsidiary of GES Investment Pte Ltd) (4)	United States of America	-	-	100	-	Provision of manufacturing services to electronics equipment manufacturers

11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name of Subsidiaries	Country of Incorporation and Operation	Cost of Investment		Proportion of Ownership Interest and Voting Power Held		Principal Activities
		2006	2005	2006	2005	
		$'000	$'000	%	%	
GES Manufacturing Services (M) Sdn Bhd (wholly-owned subsidiary of GES Investment Pte Ltd) [1]	Malaysia	-	-	100	-	Provision of manufacturing services to electronics equipment manufacturers
Total		1,152,383	190,867			

All the companies are audited by Deloitte & Touche, Singapore except for the subsidiaries that are indicated as follows:

(1) Audited by overseas practices of Deloitte Touche Tohmatsu.
(2) Audited by another firm of auditors, Boon Suan Lee & Co.
(3) Audited by another firm of auditors, Shanghai Shangshen Certified Public Accountants Co., Ltd.
(4) Not required to be audited by law in its country of incorporation and individually not material to the results of the group.

The net assets of the subsidiaries referred to in notes (2), (3) and (4) above are less than 20% of the net assets of the group at the financial year end.

Amounts due to and from subsidiaries are unsecured, interest-free and payable within 12 months, other than advances of $33,000,000 (2005: $33,000,000) which are extension of the company's investment in the subsidiaries and hence are capital in nature.

The trade receivables from subsidiaries of $46,544,000 (2005: $56,946,000) are stated at net of allowance for doubtful trade receivables of $30,000,000 (2005: $25,000,000).

12 INVESTMENTS IN ASSOCIATES

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Quoted equity shares, at cost	82,536	-	94,028	11,492
Unquoted equity shares, at cost	-	-	4,019	3,959
	82,536	-	98,047	15,451
Share of post-acquisition profits, net of dividend received	-	-	11,304	5,586
Currency realignment on translation of foreign associates	-	-	(81)	75
Net	82,536	-	109,270	21,112
Market value of quoted equity shares	53,200	-	66,283	19,363

12 INVESTMENTS IN ASSOCIATES (Cont'd)

Details of the group's significant associates as at December 31, 2006 are as follows:

Name of Associates	Country of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held 2006 %	2005 %	Principal Activities
DMX Technologies Group Ltd	Bermuda	20.7	-	Provision of broadband network infrastructure, digital video and advanced mobile solutions
Acumen Engineering Pte Ltd	Singapore	42.7	42.7	Trading of plastic resins
Fischer Tech Ltd [1]	Singapore	22.9	22.9	Manufacture of plastic injection moulds and mouldings with secondary processes
Hartec Asia Pte Ltd [2]	Singapore	30.0	52.0	Manufacturing of products and provision of services with the application of nano technology

All the companies are audited by Deloitte & Touche, Singapore except as follows:

[1] Audited by Ernst & Young, Singapore.
[2] Audited by Boon Suan Lee & Co.

Summarised financial information in respect of the group's associates is set out below:

	The Group 2006 $'000	2005 $'000
Total assets	481,524	147,422
Total liabilities	(137,006)	(67,297)
Net assets	344,518	80,125
Group's share of associates' net assets	109,270	21,112
Revenue	487,703	172,087
Profit for the year	33,838	9,383
Group's share of associates' profit for the year	6,347	2,478

Trade payables due to associates are unsecured, interest-free and repayable within 12 months.

13 INVESTMENTS IN JOINT VENTURES

	The Company	
	2006	2005
	$'000	$'000
Unquoted equity shares, at cost	1,000	1,000

Details of the group's joint ventures as at December 31, 2006 are as follows:

Name of Joint Venture	Country of Incorporation and Operation	Proportion of Ownership Interest and Voting Power Held		Principal Activities
		2006	2005	
		%	%	
VS Electronics Pte Ltd	Singapore	50	50	Research and development and re-designing of system electronics products and other related products
SME Investments Pte Ltd [(a)]	Singapore	50	-	Investment holding

[(a)] Following the acquisition of GES International Ltd during the year, the group has together acquired a 50% equity shareholding with equivalent voting power in SME Investments Pte Ltd.

The following amounts are included in the group's financial statements as a result of the proportionate consolidation of the joint venture companies:

	2006	2005
	$'000	$'000
Current assets	2,639	348
Non-current assets	11	76
Current liabilities	30	39
Net loss after tax	1,132	113

Other payables due to joint ventures are unsecured, interest-free and repayable within 12 months.

14 PROPERTY, PLANT AND EQUIPMENT

	Freehold land $'000	Freehold building $'000	Machinery and equipment $'000
The Company			
Cost:			
At January 1, 2005	6,576	2,500	65,675
Additions	-	-	5,916
Disposals	(6,576)	(2,500)	(6,535)
At December 31, 2005	-	-	65,056
Additions	-	-	4,634
Disposals	-	-	(3,150)
At December 31, 2006	-	-	66,540
Accumulated depreciation:			
At January 1, 2005	-	500	55,945
Depreciation	-	76	5,338
Disposals	-	(576)	(6,532)
At December 31, 2005	-	-	54,751
Depreciation	-	-	4,161
Disposals	-	-	(3,146)
At December 31, 2006	-	-	55,766
Carrying amount:			
At December 31, 2006	-	-	10,774
At December 31, 2005	-	-	10,305

Leasehold improvements and renovations $'000	Office equipment, furniture and fittings $'000	Motor vehicles $'000	Total $'000
4,562	8,365	1,401	89,079
218	868	67	7,069
(90)	(536)	(100)	(16,337)
4,690	8,697	1,368	79,811
650	916	12	6,212
(72)	(869)	(6)	(4,097)
5,268	8,744	1,374	81,926
3,143	7,271	717	67,576
451	729	251	6,845
(60)	(491)	(100)	(7,759)
3,534	7,509	868	66,662
480	762	253	5,656
(59)	(722)	(6)	(3,933)
3,955	7,549	1,115	68,385
1,313	1,195	259	13,541
1,156	1,188	500	13,149

14 PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Freehold land $'000	Factory buildings $'000	Freehold buildings $'000	Leasehold land and buildings $'000
The Group				
Cost:				
At January 1, 2005	9,714	11,487	2,837	41,914
On acquisition of a subsidiary	-	323	-	-
Exchange differences	85	310	-	1,146
Additions	2,509	938	-	-
Disposals	(6,576)	-	(2,500)	-
At December 31, 2005	5,732	13,058	337	43,060
On acquisition of a subsidiary	-	56,916	-	1,823
Exchange differences	863	791	-	(2,072)
Additions	-	107	-	-
Disposals	-	-	-	-
At December 31, 2006	6,595	70,872	337	42,811
Accumulated depreciation:				
At January 1, 2005	-	1,440	585	12,532
On acquisition of a subsidiary	-	5	-	-
Exchange differences	-	42	-	354
Depreciation	-	237	84	1,208
Disposals	-	-	(576)	-
At December 31, 2005	-	1,724	93	14,094
On acquisition of a subsidiary	-	18,114	-	231
Exchange differences	-	213	-	(687)
Depreciation	-	485	9	1,190
Disposals	-	-	-	-
At December 31, 2006	-	20,536	102	14,828
Impairment:				
Impairment loss recognised during the year and balance at December 31, 2006	-	-	-	-
Carrying amount:				
At December 31, 2006	6,595	50,336	235	27,983
At December 31, 2005	5,732	11,334	244	28,966

Machinery and equipment $'000	Leasehold improvements and renovations $'000	Office equipment, furniture and fittings $'000	Computer hardware $'000	Motor vehicles $'000	Total $'000
290,399	16,219	26,476	2,830	3,292	405,168
52	222	386	-	-	983
4,764	236	287	-	30	6,858
39,749	2,360	3,954	49	196	49,755
(18,176)	(1,239)	(1,077)	-	(609)	(30,177)
316,788	17,798	30,026	2,879	2,909	432,587
55,141	8,501	19,426	-	2,381	144,188
(56,916)	(2,138)	(4,017)	-	(207)	(63,696)
28,860	4,001	3,395	2,102	217	38,682
(11,825)	(776)	(1,193)	-	(162)	(13,956)
332,048	27,386	47,637	4,981	5,138	537,805
186,692	11,199	20,844	2,176	1,986	237,454
27	113	175	-	-	320
2,416	159	221	-	19	3,211
33,937	1,833	3,250	382	427	41,358
(14,698)	(1,193)	(957)	-	(446)	(17,870)
208,374	12,111	23,533	2,558	1,986	264,473
38,112	6,681	16,841	-	964	80,943
(51,573)	(1,802)	(3,817)	-	(178)	(57,844)
31,344	2,203	3,262	90	442	39,025
(8,436)	(824)	(912)	-	(161)	(10,333)
217,821	18,369	38,907	2,648	3,053	316,264
8	36	5	-	-	49
114,219	8,981	8,725	2,333	2,085	221,492
108,414	5,687	6,493	321	923	168,114

15 INTANGIBLE ASSETS

	Computer software $'000
The Company	
Cost:	
At January 1, 2005, December 31, 2005 and December 31, 2006	1,467
Accumulated amortisation:	
At January 1, 2005	546
Amortisation for the year	489
At December 31, 2005	1,035
Amortisation for the year	253
At December 31, 2006	1,288
Carrying amount:	
At December 31, 2006	179
At December 31, 2005	432

	Customer Relationships $'000	Development expenditure $'000	Computer software $'000	Total $'000
The Group				
Cost:				
At January 1, 2005	-	23,184	15,874	39,058
On acquisition of a subsidiary	-	1,895	-	1,895
Additions	-	251	690	941
Exchange differences	-	81	-	81
At December 31, 2005	-	25,411	16,564	41,975
On acquisition of a subsidiary	168,483	-	-	168,483
Additions	-	977	6,572	7,549
Exchange differences	-	(659)	-	(659)
At December 31, 2006	168,483	25,729	23,136	217,348
Accumulated amortisation:				
At January 1, 2005	-	18,915	11,769	30,684
On acquisition of a subsidiary	-	277	-	277
Amortisation for the year	-	3,056	3,070	6,126
Exchange differences	-	37	-	37
At December 31, 2005	-	22,285	14,839	37,124
Amortisation for the year	1,404	2,238	2,579	6,221
Exchange differences	-	(196)	-	(196)
At December 31, 2006	1,404	24,327	17,418	43,149
Carrying amount:				
At December 31, 2006	167,079	1,402	5,718	174,199
At December 31, 2005	-	3,126	1,725	4,851

15 INTANGIBLE ASSETS (Cont'd)

The amortisation period for development expenditure and computer software is 3 years which approximates the useful lives of the intangible assets.

The fair value of the customer relationships which arose from the acquisition of GES (Note 36) will be amortised over its remaining useful life of 10 years and the pro rated amortisation charge for the year of $1,404,000 has been recorded in the profit and loss statement.

16 GOODWILL

	The Group $'000
Cost:	
At January 1, 2005	75,748
Elimination of amortisation accumulated prior to the adoption of FRS 103	(9,187)
Arising from acquisition of a subsidiary (Note 36)	12,525
At December 31, 2005	79,086
Arising from acquisition of a subsidiary (Note 36)	550,865
Arising from acquisition of additional equity interest in a subsidiary	464
At December 31, 2006	630,415
Accumulated amortisation:	
At January 1, 2005	9,187
Elimination of accumulated amortisation prior to the adoption of FRS 103	(9,187)
At December 31, 2005 and December 31, 2006	-
Carrying amount:	
At December 31, 2006	630,415
At December 31, 2005	79,086

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

		2006 $'000	2005 $'000
(a)	GES International Ltd and its subsidiaries (single CGU)	550,865	-
(b)	Univac Precision Engineering Pte Ltd and its subsidiaries (single CGU)	53,046	53,046
(c)	Venture Electronics Solutions Pte Ltd (single CGU)	10,635	10,635
(d)	Scinetic Engineering Pte Ltd (single CGU)	12,525	12,525
(e)	Others	3,344	2,880
		630,415	79,086

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

The recoverable amounts of CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using post-tax rates that reflect current market assessment of the time value of money and the risks specific to the CGUs. The growth rates are based on management's estimates and industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectation of future changes in the market.

16 GOODWILL (Cont'd)

The group prepares cash flow forecasts derived from the most recent financial budgets approved by management for 2007 and extrapolates cash flows for the following four years based on estimated growth rates for each CGU. The growth rate used to extrapolate the cash flows of the respective CGUs beyond the five year forecast is between 2% and 3%, which does not exceed the long term growth rates for the relevant markets.

(a) The rate used to discount the cash flows from GES International Ltd and its subsidiaries is 9.3% (2005: NA). Revenue is expected to achieve an average annual growth rate of 9.3% over the next 5 years.

(b) The rate used to discount the cash flows from Univac Precision Engineering Pte Ltd and its subsidiaries is 12.1% (2005: 14.6%). Revenue is expected to achieve an average annual growth rate of 35.8% for medical & packaging products, 10% for automotive & industrial products, 5.3% for computers & peripherals and 28% for digital & consumables over the next 5 years.

(c) The rate used to discount the cash flows from Venture Electronics Solutions Pte Ltd is 12.7% (2005: 15.3%). Revenue is expected to achieve an average annual growth rate of 3% over the next 5 years.

(d) The rate used to discount the cash flows from Scinetic Engineering Pte Ltd is 12.1% (2005: 15.3%). Revenue is expected to achieve an average annual growth rate of 4.5% over the next 5 years.

Based on the cashflow projections, no impairment loss has been recognised.

17 BANK OVERDRAFT AND LOANS

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Current liabilities				
Bank overdraft (unsecured)	-	-	-	31
Bank loans	600,000	-	631,196	5,813
	600,000	-	631,196	5,844
Non-current liabilities				
Bank loans	-	-	-	236

The short term bank loans of the company and the group bear floating interest rates ranging from 3.63% to 3.83% (2005: Nil) per annum and 3.63% to 8.25% (2005: 1.63% to 7.15%) per annum respectively. The effective interest rates for the company is 3.73% (2005: Nil) and the group is 3.77% (2005: 4.10%).

The bank loans in 2006 are unsecured. The long term bank loan of a subsidiary in 2005 bore a floating interest rate of 2.75% per annum. This loan, together with a portion of the short term bank loan was repaid during 2006.

The short term bank loan in 2005 of certain subsidiaries was covered by proportionate guarantees provided by the shareholders of the subsidiaries.

17 BANK OVERDRAFT AND LOANS (Cont'd)

The company's and group's bank loans that are not denominated in the functional currencies of the respective entities are as follows:

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore dollars	-	-	-	746
Chinese yuan	-	-	1,743	-

18 TRADE PAYABLES

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Outside parties	61,978	64,006	445,131	386,709

The average credit period on purchases of goods is 61 days (2005: 52 days).

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The company's and groups' trade payables that are not denominated in the functional currencies of the respective entities are as follows:

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore dollars	-	-	4,550	1,626
United States dollars	52,821	53,479	116,591	94,302
Japanese yen	337	-	10,354	806
Euros	497	376	2,640	742
Malaysian ringgit	6	-	12,689	29,586
Great Britain pounds	36	58	40	60
Chinese yuan	-	-	2,517	-

19 OTHER PAYABLES AND ACCRUED EXPENSES

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Other creditors	2,398	483	21,350	5,062
Salary related accruals	18,052	15,704	25,695	21,931
Accrued expenses	17,626	21,051	61,173	47,640
	38,076	37,238	108,218	74,633

Salary related accruals for both the company and the group include $5,951,000 (2005: $4,532,000) due to directors. The amount due to directors is unsecured, interest-free and payable within 12 months.

The company's and group's other payables and accrued expenses that are not denominated in the functional currencies of the respective entities are as follows:

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Singapore dollars	-	-	1,570	513
United States dollars	-	-	131	618
Chinese yuan	-	-	4,569	-
Malaysian ringgit	-	-	2,994	-
Hongkong dollars	-	-	1,179	-

20 DERIVATIVE FINANCIAL INSTRUMENTS

	The Company and the Group	
	2006	2005
	$'000	$'000
Fair value of embedded derivatives	3,661	27,281

The embedded derivatives relate to credit derivative notes (Note 7) that are not closely related to the host contracts. A gain from fair value changes of $23,620,000 (2005: $4,600,000) has been recognised in the profit and loss statement during the year.

21 DEFERRED TAX ASSETS (LIABILITIES)

	The Group 2006 $'000	The Group 2005 $'000
Deferred tax liabilities:		
Balance at beginning of year	2,522	3,577
On acquisition of a subsidiary (Note 36)	38,273	14
Credit to profit and loss for the year (Note 27)	(471)	(1,126)
Exchange differences	(19)	57
Balance at end of year	40,305	2,522

	Accelerated tax depreciation $'000	Fair value of assets acquired on acquisition of subsidiaries $'000	Total $'000
Components of deferred tax liabilities:			
Balance at January 1, 2005	3,577	-	3,577
On acquisition of a subsidiary (Note 36)	-	14	14
Credit to profit and loss for the year (Note 27)	(1,126)	-	(1,126)
Exchange differences	57	-	57
Balance at December 31, 2005	2,508	14	2,522
On acquisition of a subsidiary (Note 36)	-	38,273	38,273
Credit to profit and loss for the year (Note 27)	(471)	-	(471)
Exchange differences	(19)	-	(19)
Balance at December 31, 2006	2,018	38,287	40,305

The deferred tax liabilities in 2006 mainly comprise of the tax effect of fair valuation of net assets acquired from GES during the year and these will be released upon the realisation of the revalued GES' inventories and amortisation of customer relationships (Note 15).

In 2005, the deferred tax liabilities mainly comprise of the tax effect of temporary differences associated with accelerated tax depreciation.

	The Group 2006 $'000	The Group 2005 $'000
Deferred tax assets:		
On acquisition of a subsidiary (Note 36)	631	-
Credit to profit and loss for the year (Note 27)	113	-
Balance at end of year	744	-

The deferred tax assets mainly comprise of the tax effect of temporary differences associated with accelerated accounting depreciation.

22 SHARE-BASED PAYMENTS

Equity-settled share option scheme

The company has share option schemes for qualifying employees of the company and the group. The schemes are administered by the Remuneration Committee. Options are exercisable at a price determined with reference to market price of shares at the time of grant of the options. The vesting period is 1 year. If the options remain unexercised after a period of 5 years from the date of grant, the options would expire. Options are forfeited if the employee leaves the group.

Details of the share options outstanding during the year are as follows:

	The Company and the Group			
	2006		2005	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at beginning of the year	14,607,000	15.85	19,927,000	13.63
Granted during the year	2,816,000	14.28	2,291,000	18.29
Forfeited during the year	(1,976,000)	17.00	(748,000)	18.68
Exercised during the year	(3,191,000)	8.92	(5,893,000)	9.14
Expired during the year	(153,000)	12.27	(970,000)	14.60
Outstanding at end of the year	12,103,000	17.16	14,607,000	15.85
Exercisable at end of the year	9,339,000	18.02	12,327,000	15.40

The weighted average share price at the date of exercise for share options exercised during the year was $8.92 (2005: $9.14). The options outstanding at the end of the year have a weighted average remaining contractual life of 2.8 years (2005: 2.8 years).

GRANTED IN 2006

Options were granted on September 15, 2006, with the estimated fair value of the options granted at $2.72 per option. Under this scheme, values were calculated using the trinomial model with the following inputs:

Share price at valuation date	$13.20
Exercise price	$14.275 (1)
	$12.562 (2)
	$11.991 (3)
	$11.420 (4)
Expected volatility	37%
Exercise multiple (times)	1.3
Risk free rate	3.08%
Expected dividend yield	3.72%

(1) if exercised between September 15, 2007 and September 14, 2008
(2) if exercised between September 15, 2008 and September 14, 2009
(3) if exercised between September 15, 2009 and September 14, 2010
(4) if exercised between September 15, 2010 and September 14, 2011

22 SHARE-BASED PAYMENTS (Cont'd)

GRANTED IN 2005

Options were granted on September 1, 2005, with the estimated fair value of the options granted at $2.63 per option. Under this scheme, values were calculated using the trinomial model with the following inputs:

Share price at valuation date	$14.50
Exercise price	$18.288 [5]
	$16.764 [6]
	$16.002 [7]
Expected volatility	41%
Exercise multiple (times)	1.3
Risk free rate	2.596%
Expected dividend yield	3.392%

[5] if exercised between September 1, 2006 and August 31, 2007
[6] if exercised between September 1, 2007 and August 31, 2008
[7] if exercised between September 1, 2008 and August 31, 2010

The company and the group recognised total expenses, as included in employee benefits expense of $5,560,000 (2005: $5,238,000) related to share-based payment transactions during the year.

23 SHARE CAPITAL AND RESERVES

SHARE CAPITAL

	The Company and the Group			
	2006	2005	2006	2005
	Number of ordinary shares '000	Number of ordinary shares '000	$'000	$'000
Issued and fully paid up:				
At beginning of year	269,473	263,580	67,368	65,895
Transfer from share premium account	-	-	554,145	-
Issued upon exercise of options	3,191	5,893	28,461	1,473
At end of year	272,664	269,473	649,974	67,368

As a result of the Companies (Amendment) Act 2005 which came into effect on January 30, 2006, the concept of authorised share capital and par value has been abolished. Any amount standing to the credit of the share premium account has been transferred to the company's share capital account on the effective date.

During the financial year, the company made the following share issues:

i) 649,000 new ordinary shares at a price of $12.27 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.

ii) 2,536,000 new ordinary shares at a price of $8.05 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.

iii) 6,000 new ordinary shares at a price of $13.77 per ordinary share following the exercise of options by executives of the company granted in conjunction with the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme.

23 SHARE CAPITAL AND RESERVES (Cont'd)

The total number of options outstanding to subscribe for ordinary shares as at end of the year was 12,103,000 (2005: 14,607,000).

INVESTMENTS REVALUATION RESERVE

This represents gains and losses arising from changes in fair values (except for impairment losses which are recognised directly in profit and loss) for available-for-sale investments (Note 7).

RESERVE FUND

This represents a part of the profit after tax of a subsidiary operating in the People's Republic of China ("PRC") transferred to the reserve fund in accordance with local requirements. This legal reserve cannot be distributed or reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off accumulated losses or increasing capital.

24 REVENUE

	The Group	
	2006 $'000	2005 $'000
Rendering of electronic manufacturing, engineering, design and fulfilment services	3,124,165	3,237,525
Dividend income	687	510
	3,124,852	3,238,035

25 OTHER OPERATING INCOME

	The Group	
	2006 $'000	2005 $'000
Commission received	29	57
Fair value gain on derivative financial instruments	23,620	4,600
Government grants	37	46
Gain on disposal of associates	-	621
Gain on disposal of available-for-sale investments	-	3,330
Rental income	-	51
Other income	1,813	3,934
Total	25,499	12,639

26 INVESTMENT REVENUE

	The Group	
	2006 $'000	2005 $'000
Interest on bank deposits	19,554	13,575
Interest on debt securities	2,554	3,179
Interest on credit derivative notes	8,452	8,568
Total	30,560	25,322

27 INCOME TAX EXPENSE

	The Group	
	2006	2005
	$'000	$'000
Income tax on profit for the year:		
Current year - Singapore	10,800	4,256
- Foreign	2,883	2,855
Overprovision in prior years	(1,461)	(576)
Deferred income tax (Note 21):		
Current year	(584)	(18)
Overprovision of deferred tax liabilities in prior years	-	(1,108)
Total	11,638	5,409

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 20% (2005: 20%) to profit before income tax as a result of the following differences:

	The Group	
	2006	2005
	$'000	$'000
Income tax expense at statutory tax rate	50,516	41,417
Non allowable items	872	3,378
Overprovision of income tax in prior years, net	(1,461)	(1,684)
Prior year's tax loss carryforwards utilised	(2)	(1,479)
Deferred tax benefits not recognised	236	2,511
Effect of different tax rates of overseas operations	8,863	9,327
Tax exempt income	(47,352)	(48,126)
Utilisation of deferred tax benefits previously not recognised	(22)	-
Other items	(12)	65
Total income tax expense	11,638	5,409
Effective tax rate	4.61%	2.61%

The income tax expense for the group is less than the amount determined by applying the statutory tax rates primarily due to tax incentives granted to the company and its subsidiaries.

The Economic Development Board ("EDB") of Singapore granted the company for a period of five years commencing August 1, 1999, with an extension of two years to the pioneer status if it satisfies additional conditions stipulated. With the expiry of the Pioneer Status on July 31, 2006, the company has applied for new tax incentive and has provided for tax at 20% on taxable profits from August 1, 2006 to December 31, 2006.

EDB has also granted a subsidiary, Venture Electronics Solutions Pte Ltd, Pioneer Status and Development and Expansion Incentive for qualifying activities subject to the fulfilment of certain conditions, for a period of five years commencing on July 1, 2002.

27 INCOME TAX EXPENSE (Cont'd)

Three subsidiaries in Malaysia were granted Pioneer Status which exempts profits derived from pioneer products from income tax for the following periods:

a)	Technocom Systems Sdn Bhd	:	10 years commencing January 1, 2002.
b)	Pintarmas Sdn Bhd	:	6 years commencing January 1, 2001.
c)	Venture Electronics Services (Malaysia) Sdn Bhd	:	5 years commencing September 1, 2001 (for removable disk drives, tape drives and cartridge storage media). 5 years commencing August 10, 2004 (for communications and networking equipment, data processing equipment and medical scientific equipment and instrumentation).

Following the acquisition of GES International Ltd during the financial year, the group has acquired a subsidiary, GES (Singapore) Pte Ltd, a Singapore incorporated company which was granted Pioneer Status that will expire on May 31, 2007. The Pioneer Status is subject to agreement by the Singapore tax authorities and compliance with certain provisions of the economic expansion incentive.

The group has estimated tax losses carryforwards which are available for offsetting against future taxable income as follows:

	2006 $'000	2005 $'000
Amount at beginning of year	21,024	15,867
Amount in current year	1,182	12,555
Arising from acquisition of subsidiary	29,000 [a]	-
Amount utilised in current year	(22)	(7,398)
	51,184	21,024
Deferred tax benefit on above not recorded	10,237	4,205

[a] Subject to the agreement by the tax authorities, the group has unutilised tax losses of $29,000,000 arising from the acquisition of GES International Ltd, available for offsetting against future profits. No deferred tax assets have been recognised in respect of these tax losses as the quantum has not been finalised with the tax authorities and is subject to ministerial waiver of the change in ownership test.

The group has estimated temporary differences from capital allowances available for offsetting against future taxable income as follows:

	2006 $'000	2005 $'000
Amount at beginning and end of year	406	406
Deferred tax benefit on above not recorded	81	81

The realisation of the future income tax benefits from tax loss carryforwards and temporary differences from capital allowances is available for an unlimited future period subject to the conditions for deductibility imposed by law, including the retention of majority shareholders as defined.

Group Relief

Subject to the satisfaction of the conditions for group relief, $10,091,000 (2005: $2,245,000) of tax losses incurred by the Singapore incorporated subsidiaries during the year were transferred to the company under the group relief system.

28 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	The Group	
	2006	2005
	$'000	$'000
Depreciation and amortisation:		
Depreciation of property, plant and equipment	39,025	41,358
Amortisation of intangible assets	6,221	6,126
Total depreciation and amortisation	45,246	47,484
Impairment of property, plant and equipment (included in other operating expenses)	49	-
Directors' remuneration:		
Directors of the company	6,485	6,238
Directors of the subsidiaries and joint venture	4,763	3,260
Total directors' remuneration	11,248	9,498
Directors' fees payable to directors of the company	264	127
Employee benefits expense (including directors' remuneration):		
Equity settled share-based payments	5,560	5,238
Defined contribution plans	13,436	12,424
Others	216,481	200,137
Total employee benefit expense	235,477	217,799
Impairment loss on financial assets		
Impairment loss reversed on trade receivables	(338)	-
Impairment loss on available-for-sale investments	500	9,997
Total impairment loss on financial assets	162	9,997
Auditors' remuneration		
Audit services:		
Auditors of company	140	131
Auditors of subsidiaries	472	285
Non-audit services:		
Auditors of company	133	166
Auditors of subsidiaries	-	103
	745	685
Professional fees paid to a firm of which a director of a subsidiary is a member	1	2
Cost of inventories recognised as expense	2,503,649	2,667,509
Write-down of inventories to net realisable value	2,670	1,700

29 EARNINGS PER SHARE

	The Group			
	2006		2005	
	Basic $'000	Diluted $'000	Basic $'000	Diluted $'000
Profit for the year	239,171	239,171	201,171	201,171

	The Group			
	2006		2005	
	Basic	Diluted	Basic	Diluted
	Number of shares '000		Number of shares '000	
Weighted average number of ordinary shares	271,077	271,077	267,732	267,732
Adjustment for potential dilutive ordinary shares from share options	-	501	-	2,127
Weighted average number of ordinary shares used to compute earnings per share	271,077	271,578	267,732	269,859
Earnings per share (cents)	88.2	88.1	75.1	74.5

30 OPERATING LEASE COMMITMENTS

	The Group	
	2006 $'000	2005 $'000
Minimum lease payments paid under operating leases	12,954	15,033

At the balance sheet date, the commitments in respect of operating leases for rental of factory spaces, office premises and residential premises were as follows:

	The Company		The Group	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Within one year	5,452	5,730	11,462	10,186
In the second to fifth year inclusive	278	2,659	8,722	8,722
After the fifth year	-	-	1,911	-

31 CAPITAL EXPENDITURE COMMITMENTS

	The Group	
	2006	2005
	$'000	$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	8,433	995

32 COMMITMENTS AND CONTINGENT LIABILITIES (UNSECURED)

	The Company		The Group	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Letters of guarantee issued by bankers	5,228	4,904	6,272	6,680
Standby letter of credit	154	168	154	256
Corporate guarantees given to banks for banking facilities granted to associates	-	-	-	2,341

33 SEGMENT INFORMATION

The group operates predominantly as a provider of manufacturing, engineering, design and fulfilment services to the electronics industry. Geographical segments are reported based on the location of the group's production and service facilities and assets.

Segment revenue and expenses are the operating revenue and expenses reported in the group's profit and loss statement that are directly attributable to a segment and the relevant portion of such revenue and expenses that can be allocated on a reasonable basis to a segment.

Inter-segment pricing is determined on terms agreed between the parties of the transaction.

33 SEGMENT INFORMATION (Cont'd)

Geographical segments

	Singapore $'000	Asia-Pacific (excluding Singapore) $'000	United States of America/ Mexico/ Europe/ Others $'000	Eliminations $'000	Group $'000
2006					
Revenue:					
External sales	2,064,683	912,317	147,852	-	3,124,852
Inter-segment sales	78,224	1,128,294	18,607	(1,225,125)	-
Total revenue	2,142,907	2,040,611	166,459	(1,225,125)	3,124,852
Results:					
Segment results	93,846	115,949	5,503	2,470	217,768
Investment revenue	25,428	4,630	519	(17)	30,560
Interest expense	(1,925)	(17)	(171)	17	(2,096)
Share of profits of associates	6,347	-	-	-	6,347
Profit before income tax	123,696	120,562	5,851	2,470	252,579
Income tax expense					(11,638)
Profit for the year					240,941
Other information:					
Capital additions	33,477	11,064	3,010	(1,320)	46,231
Depreciation and amortisation	16,666	25,054	2,122	-	43,842
Impairment losses recognised in profit and loss	549	-	-	-	549
Assets:					
Segment assets	1,864,577	949,727	85,544	-	2,899,848
Investment in associates	109,270	-	-	-	109,270
Unallocated corporate assets					744
					3,009,862
Liabilities:					
Segment liabilities	778,771	334,451	75,286	-	1,188,508
Unallocated corporate liabilities					53,727
					1,242,235

33 SEGMENT INFORMATION (Cont'd)

	Singapore $'000	Asia-Pacific (excluding Singapore) $'000	United States of America/ Mexico/ Europe/ Others $'000	Eliminations $'000	Group $'000
2005					
Revenue:					
External sales	2,645,519	436,274	156,242	-	3,238,035
Inter-segment sales	294,790	1,698,465	25,426	(2,018,681)	-
Total revenue	2,940,309	2,134,739	181,668	(2,018,681)	3,238,035
Results:					
Segment results	45,786	102,466	9,041	22,289	179,582
Investment revenue	21,741	3,286	313	(18)	25,322
Interest expense	(56)	(100)	(159)	18	(297)
Share of profits of associates	2,478	-	-	-	2,478
Profit before income tax	69,949	105,652	9,195	22,289	207,085
Income tax expense					(5,409)
Profit for the year					201,676
Other information:					
Capital additions	18,531	33,036	968	(1,839)	50,696
Depreciation and amortisation	20,078	24,776	2,630	-	47,484
Impairment losses recognised in profit and loss	9,997	-	-	-	9,997
Assets:					
Segment assets	1,125,998	935,621	86,727	-	2,148,346
Investment in associates	21,112	-	-	-	21,112
Unallocated corporate assets					2,774
					2,172,232
Liabilities:					
Segment liabilities	74,553	338,939	81,653	-	495,145
Unallocated corporate liabilities					6,303
					501,448

Business segment

The following table provides an analysis of the group's revenue by business segment.

	2006 $'000	2005 $'000
Manufacturing, engineering, design and fulfilment services in electronics industry	3,124,852	3,238,035

33 SEGMENT INFORMATION (Cont'd)

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and intangible assets, analysed by the business segment in which the assets are located:

	Segment assets		Capital additions	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Manufacturing, engineering, design and fulfilment services in electronics industry	2,899,848	2,148,346	46,231	50,696

34 DIVIDENDS

(i) During the financial year ended December 31, 2005, the company declared and paid a first and final tax exempt dividend of $0.25 per ordinary share and a bonus tax exempt dividend of $0.25 per ordinary share on the ordinary shares of the company totalling $133,973,000 in respect of the financial year ended December 31, 2004.

(ii) During the financial year ended December 31, 2006, the company declared and paid a first and final tax exempt dividend of $0.25 per ordinary share and a bonus tax exempt dividend of $0.25 per ordinary share on the ordinary shares of the company totalling $135,354,000 in respect of the financial year ended December 31, 2005.

(iii) Subsequent to December 31, 2006, the directors of the company proposed a first and final tax exempt dividend of $0.25 per ordinary share and a bonus tax exempt dividend of $0.25 per ordinary share for the financial year just ended on the ordinary shares of the company. The proposed dividends are not accrued as a liability for the current financial year in accordance with FRS 10 – Events After The Balance Sheet Date.

35 MAJOR PROPERTIES

The schedule below shows the group's major properties together with particulars of their tenure and usage:

Held by	Location	Description and Approx. Land Area	Tenure	Usage
Pintarmas Sdn Bhd	Lot 3789 (sub-divided into 5 lots PTD 67770-67774) Mukim of Tebrau, Johor Bahru, Malaysia	Land area: 29,029 sq. m. Industrial land	Freehold	Manufacturing facilities
Technocom Systems Sdn Bhd	HS(D) 333450 PTD 97125 Mukim of Tebrau, Johor Bahru, Malaysia	Land area: 44,470 sq. m. Industrial land	50 years leasehold from July 3, 2002	Manufacturing facilities
Technocom Systems Sdn Bhd	HS(D) 218290 PTD 64850 Mukim of Tebrau, Johor Bahru, Malaysia	Land area: 18,763 sq. m. Industrial land	Freehold	Manufacturing facilities
Venture Electronics Services (Malaysia) Sdn Bhd	No.44, Hilir Sungai Keluang Satu, Taman Perindustrian Bayan Lepas (Fasa IV), 11900 Bayan Lepas, Penang, Malaysia	Land area: 39,536 sq. m. Industrial land	60 years leasehold from June 13, 1995	Manufacturing facilities
Cebelian Holdings Pte Ltd	69 Huang Yang Road Block 2, 6/F Unit D, Xinhe Gardens, Jinqiao Pudong Shanghai 201206 People's Republic of China	Gross floor area: 156.48 sq. m.	70 years leasehold from November 30, 1994	Residential property
Scinetic Engineering Pte Ltd	Lot no. MK28-U81930W Singapore	Land area: 217 sq. m.	60 years leasehold from October 30, 1996	Office
GES (Singapore) Pte Ltd	No. 28 Marsiling Lane Singapore 739152	Land area: 12,198 sq. m.	30 years leasehold from December 1, 1992	Office and manufacturing facilities
GES (Singapore) Pte Ltd	No. 14 Sungei Kadut Avenue Singapore 729650	Land area: 6,442 sq. m.	37 years and 9 months leasehold from December 1, 1992	Office and manufacturing facilities

36 ACQUISITION OF SUBSIDIARY

On November 29, 2006, the group acquired 100% of the issued share capital of GES for cash consideration of $961,516,000. This transaction has been accounted for by the purchase method of accounting.

The net assets and intangible assets acquired in the transaction, and the goodwill arising, are as follows:

	Acquiree's carrying amount before combination $'000	Fair value adjustments $'000	Fair value of assets and liabilities acquired $'000
Net assets acquired:			
Property, plant and equipment	63,245	-	63,245
Intangible assets	-	168,483	168,483
Investment in joint venture	2,393	-	2,393
Other investments[1]	12,753	-	12,753
Deferred tax assets	631	-	631
Inventories	159,950	13,105	173,055
Trade receivables	103,339	595	103,934
Other receivables	3,497	-	3,497
Cash and bank balances	60,823	-	60,823
Trade payables	(74,614)	-	(74,614)
Other payables	(36,951)	-	(36,951)
Short term bank loans	(26,180)	-	(26,180)
Income tax payable	(2,145)	-	(2,145)
Deferred tax liabilities	(577)	(37,696)	(38,273)
	266,164	144,487	410,651
Goodwill			550,865
Total consideration, satisfied by cash			961,516
Net cash outflow arising on acquisition:			
Cash consideration paid			(961,516)
Cash and cash equivalents acquired			60,823
			(900,693)

(1) This includes an investment of $12,500,000 in a private equity fund which was disposed off to a former executive director of GES subsequent to the year end at carrying value. Accordingly, the amount was classified as asset held for sale as at year end.

Goodwill arising from the acquisition of GES is attributable to the anticipated profitability of the company's original design manufacturing of higher margin Point-of-Sales systems. In addition, opportunities to cross sell products and services to an enlarged customer base, cost savings through economies of scale, consolidation of purchasing volumes and better management of supply chain are expected to create synergies for future growth and expansion.

GES contributed $83,414,000 and $2,653,000 to the group's revenue and profit for the year respectively for the post acquisition period. The profit for the year is arrived at after accounting for amortisation of customer relationships (Note 15), realisation of inventories from fair value adjustments, interest expense from borrowings, and the release of deferred tax liabilities (Note 21).

36 ACQUISITION OF SUBSIDIARY (Cont'd)

If the acquisition had been completed on January 1, 2006, total group revenue for the year would have been $3,737,256,000 and profit for the year would have been $248,697,000. In determining the 'pro-forma' revenue and profit of the group had GES been acquired at January 1, 2006, the following assumptions have been made:

- amortisation of customer relationships and realisation of inventories on the basis of the fair values arising in the initial accounting for the business combination and release of the corresponding deferred tax liabilities;

- based borrowing costs on the funding levels after the business combination.

The pro forma financial information mentioned above is not necessarily an indication of the actual performance of the group going forward.

In the prior year, on December 1, 2005, the group acquired 60% of the issued share capital of Scinetic Engineering Pte Ltd for cash consideration of $20,913,000. This transaction has been accounted for using the purchase method of accounting. The net assets acquired in the transaction, and the goodwill arising, are as follows:

	Fair value of assets and liabilities acquired $'000
Net assets acquired:	
Plant and equipment	663
Intangible assets	1,618
Inventories	3,742
Trade and other receivables	17,848
Cash and bank balances	1,764
Trade and other payables	(10,034)
Income tax payable	(854)
Bank loans	(753)
Minority interests	(5,592)
Deferred tax liability	(14)
Group's share of net assets	8,388
Goodwill	12,525
Total consideration, satisfied by cash	20,913
Net cash outflow arising on acquisition:	
Cash consideration paid	(20,913)
Cash and cash equivalents	1,764
	(19,149)

The goodwill arising from the acquisition of Scinetic Engineering Pte Ltd is attributable to the anticipated profitability of the company's new capabilities in retail systems solutions for its original design manufacturing ("ODM") services and will be able to enhance the company's design offerings to major customers in the computer application and peripheral sector.

Scinetic Engineering Pte Ltd contributed $5,894,000 in revenue and $763,000 to the group's profit before tax between the date of acquisition and December 31, 2005.

If the acquisition had been completed on January 1, 2005, total group revenue for the year ended December 31, 2005 would have been $3,275,402,000 and profit before tax for the year would have been $210,263,000.

37 RECLASSIFICATIONS

Reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended on the face of the company's balance sheet and the related notes to the financial statements to reflect the amount of advances to subsidiaries which are capital in nature (Note 11). Comparative figures have been adjusted to conform with current year's presentation.

The items were reclassified as follows:

	The Company	
	Previously reported 2005 $'000	**After reclassification 2005 $'000**
Other receivables due from subsidiaries	44,394	11,394
Investments in subsidiaries	190,867	223,867

In the opinion of the directors, the consolidated financial statements of the group and balance sheet and statement of changes in equity of the company set out on pages 33 to 90 are drawn up so as to give a true and fair view of the state of affairs of the group and of the company as at December 31, 2006, and of the results of the group, changes in equity of the group and of the company, and of the cash flows of the group for the financial year then ended and 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

....
Wong Ngit Liong

....
Cecil Vivian Richard Wong

March 26, 2007

SHAREHOLDERS' INFORMATION

AS AT MARCH 15, 2007

Number of shares	:	272,672,577
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

STATISTICS OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 - 999	53	1.06	12,170	0.00
1,000 - 10,000	4,692	93.50	10,551,776	3.87
10,001 - 1,000,000	265	5.28	13,382,148	4.91
1,000,001 and above	8	0.16	248,726,483	91.22
	5,018	100.00	272,672,577	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	DBS Nominees Pte Ltd	78,728,899	28.87
2	HSBC (Singapore) Nominees Pte Ltd	49,658,662	18.21
3	DBSN Services Pte Ltd	48,334,708	17.73
4	Citibank Nominees Singapore Pte Ltd	34,536,146	12.67
5	Raffles Nominees Pte Ltd	16,574,523	6.08
6	United Overseas Bank Nominees Pte Ltd	14,252,032	5.23
7	Merrill Lynch (Singapore) Pte Ltd	5,191,349	1.90
8	Morgan Stanley Asia (S'pore)	1,450,164	0.53
9	BNP Paribas Nominees Singapore Pte Ltd	809,340	0.30
10	Goodpack Holdings Pte Ltd	606,000	0.22
11	UOB Kay Hian Pte Ltd	584,000	0.21
12	Wong Ngit Liong @ Wong Geok Kiong	574,619	0.21
13	Citibank Consumer Nominees Pte Ltd	511,802	0.19
14	DBS Vickers Securities (S) Pte Ltd	465,567	0.17
15	Lim Swee Kwang	454,760	0.17
16	DB Nominees (S) Pte Ltd	425,685	0.16
17	The Asia Life Assurance Society Ltd - Par Fund	400,000	0.15
18	Chang Kok Choi Mark	242,781	0.09
19	Pay Ah Lui	215,000	0.08
20	Tan Choon Huat	198,715	0.07
		254,214,752	93.24*

* Numbers do not add due to rounding.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest	%	Deemed Interest	%
Franklin Resources, Inc (1)	-	-	40,857,678	14.98
Aberdeen Asset Management PLC and its subsidiaries (2)	-	-	24,501,400	8.99
Sprucegrove Investment Management Limited (3)	-	-	18,893,400	6.93
Wong Ngit Liong @ Wong Geok Kiong	19,041,619	6.98	-	-
Metchem Engineering SA	14,362,007	5.27	-	-

Notes:

(1) The deemed interest of 40,857,678 shares is held in various investment fund and nominee accounts.
(2) The deemed interest of 24,501,400 shares is held in various investment fund and nominee accounts.
(3) The deemed interest of 18,893,400 shares is held in various nominee accounts.

SHAREHOLDING HELD IN HANDS OF PUBLIC

Based on information available to the Company as at March 15, 2007, approximately 54.05% of the issued ordinary shares of the Company is held by the public and therefore Rule 723 of the Listing Manual is complied with.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of VENTURE CORPORATION LIMITED ("the Company") will be held at the Board Room, 5006 Ang Mo Kio Avenue 5 #05-01/12, TECHplace II, Singapore 569873 on Thursday, April 26, 2007 at 11.30 a.m. for the following purposes:-

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended December 31, 2007 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final tax-exempt dividend of 25 cents per ordinary share and a bonus tax-exempt dividend of 25 cents per ordinary share for the year ended December 31, 2006 (2005: final tax-exempt dividend of 25 cents per ordinary share and a bonus tax-exempt dividend of 25 cents per ordinary share). **(Resolution 2)**

3. To re-elect the following Directors retiring pursuant to Article 92 of the Company's Articles of Association:-

   Mr Goh Geok Ling **(Resolution 3)**
   Mr Goon Kok Loon **(Resolution 4)**

   Mr Goh Geok Ling and Mr Goon Kok Loon will, upon re-election as Directors of the Company, remain members of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

4. To pass the following Ordinary Resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:-

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Cecil Vivian Richard Wong be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
   [See Explanatory Note (i)]

   Mr Cecil Vivian Richard Wong will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
   (Resolution 5)

5. To approve the payment of Directors' fees of $264,000 for the year ended December 31, 2006 (2005: $127,000). **(Resolution 6)**

6. To re-appoint Messrs Deloitte & Touche as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to allot and issue shares up to 50 per cent of issued capital

   That pursuant to Section 161 of the Companies Act, Cap. 50 and the Listing Manual of the SGX-ST, authority be and is hereby given to the Directors to:-

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

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent. of the issued share capital of the Company (as calculated in accordance with subparagraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the SGX-ST (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

9. Authority to allot and issue shares under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme

That pursuant to Section 161 of the Companies Act, Cap. 50, authority be and is hereby given to the Directors to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme adopted by the Company in 1993 (the "1993 Scheme") and provided always that the aggregate number of shares to be issued pursuant to the 1993 Scheme shall not exceed 25 per cent. of the issued share capital of the Company from time to time.
[See Explanatory Note (iii)] **(Resolution 9)**

10. Authority to allot and issue shares under the Venture Corporation Executives' Share Option Scheme

That approval be and is hereby given to the Directors of the Company to offer and grant options from time to time in accordance with the regulations of the Venture Corporation Executives' Share Option Scheme adopted by the Company in 2004 (the "2004 Scheme") and pursuant to Section 161 of the Companies Act, Cap. 50, to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted under the 2004 Scheme, provided always that the aggregate number of shares to be issued pursuant to the 2004 Scheme shall not exceed 15 per cent. of the issued share capital of the Company from time to time.
[See Explanatory Note (iv)] **(Resolution 10)**

By Order of the Board

Yvonne Choo
Secretary

Singapore
April 10, 2007

Explanatory Notes:

(i) The effect of the Ordinary Resolution 5 proposed in item 4 above, is to re-appoint a director who is over 70 years of age.

(ii) The Ordinary Resolution 8 proposed in item 8 above if passed, will empower the Directors of the Company from the date of the Annual General Meeting until the date of the next Annual General Meeting to issue further shares in the Company. The maximum number of shares, which the Directors may issue under this resolution, shall not exceed the quantum set out in the resolution.

(iii) The Ordinary Resolution 9 proposed in item 9 above if passed, will empower the Directors of the Company to allot and issue shares in the Company pursuant to the exercise of options granted under the Venture Manufacturing (Singapore) Ltd Executives' Share Option Scheme, which was adopted by the Company in 1993 (the "1993 Scheme"), provided that the aggregate number of shares to be issued shall not exceed 25 per cent. of the issued share capital of the Company from time to time. Noted that the 1993 Scheme expired on April 5, 2004. However, outstanding options granted prior to that date are not affected by the expiry and remain exercisable in accordance with the terms of the 1993 Scheme.

(iv) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company to offer and grant options under the Venture Corporation Executives' Share Option Scheme, which was adopted by the Company in 2004 (the "2004 Scheme") and to allot and issue shares pursuant to the exercise of options under the 2004 Scheme, provided that the aggregate number of shares to be issued shall not exceed 15 per cent. of the issued share capital of the Company from time to time.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 5006 Ang Mo Kio Avenue 5 #05-01/12, TECHplace II, Singapore 569873 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

NOTICE OF BOOKS CLOSURE

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of Venture Corporation Limited (the "Company") will be closed from 5.00 p.m. on May 8, 2007 to May 9, 2007 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 138 Robinson Road #17-00, The Corporate Office, Singapore 068906 up to 5.00 p.m. on May 8, 2007 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on May 8, 2007 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on April 26, 2007 will be made on May 22, 2007.

By Order of the Board

Yvonne Choo
Secretary

Singapore
April 10, 2007

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VENTURE CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Co. Reg. No. 198402886H)

IMPORTANT:
1. For investors who have used their CPF monies to buy VENTURE CORPORATION LIMITED's shares, this Report is forwarded to them at the request of the 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 intent and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ____

of ____

being a member/members of VENTURE CORPORATION LIMITED (the "Company"), hereby appoint:

____

Name	NRIC/Passport	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Thursday, April 26, 2007 at 11.30 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

NO.	Resolutions relating to:-	For*	Against*
1	Directors' Report and Audited Accounts for the year ended December 31, 2006		
2	Payment of proposed final dividend and bonus dividend		
3	Re-election of Mr Goh Geok Ling as a Director		
4	Re-election of Mr Goon Kok Loon as a Director		
5	Re-appointment of Mr Cecil Vivian Richard Wong as a Director		
6	Approval of Directors' fees amounting to $264,000		
7	Re-appointment of Messrs Deloitte & Touche as Auditors		
8	Authority to allot and issue new shares		
9	Authority to allot and issue shares under the 1993 Scheme		
10	Authority to allot and issue shares under the 2004 Scheme		

*Delete where inapplicable

Dated this________day of__________________2007

Total number of Shares in:	**No. of Shares**
(a) CDP of Shares	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

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, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. 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 of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 5006 Ang Mo Kio Avenue 5 #05-01/12, TECHplace II, Singapore 569873 not less than forty-eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.