

**IPC CORPORATION LTD**

**(Company Registration No. 198501057M)**

**Full Year Financial Statement and Dividend Announcement**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the  
corresponding period of the immediately preceding financial year**

**UNAUDITED CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR  
ENDED 31 DEC 2006**

	Group		
	2006	2005	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	32,153	40,228	(20.1)
Cost of sales	(31,006)	(32,071)	(3.3)
Gross profit	<u>1,147</u>	<u>8,157</u>	<u>(85.9)</u>
Other income	4,391	9,734	(54.9)
Selling and distribution costs	(1,217)	(1,941)	(37.3)
General and administrative costs	(6,453)	(6,793)	(5.0)
Other operating costs	(1,791)	(989)	81.1
(Loss)/profit from operating activities	<u>(3,923)</u>	<u>8,168</u>	<u>NM</u>
Finance costs	(26)	(9)	NM
Operating (loss)/profit from operations before taxation and minority interests	<u>(3,949)</u>	<u>8,159</u>	<u>NM</u>
Taxation	532	525	1.3
(Loss)/profit for the year	<u>(3,417)</u>	<u>8,684</u>	<u>NM</u>
Attributable to:			
Equity holders of the Company	(3,292)	8,558	NM
Minority interests	(125)	126	NM
(Loss)/profit for the year	<u>(3,417)</u>	<u>8,684</u>	<u>NM</u>

(i) (Loss)/profit from operating activities is arrived at after charging/(crediting) the following:

	2006	2005	Increase/ (Decrease)
	S\$'000	S\$'000	%
Depreciation	568	556	2.2
Provision/(write back) for bad and doubtful debts and bad debts written off, net	113	(84)	NM
Foreign exchange loss/(gain)	519	(238)	NM
(Gain)/loss on disposal/write off of plant and equipment	(12)	110	NM
Impairment losses in other investments	591	641	(7.8)
Gain on de-registration of subsidiary	-	(86)	(100.0)
Gains on divestment of other investments	(1,960)	(8,329)	(76.5)

(ii) The breakdown for taxation is as follows:

Current year	(300)	485	NM
Overprovision in prior year	(232)	(289)	(19.7)
Deferred tax assets	–	(721)	(100.0)
Total	<u>(532)</u>	<u>(525)</u>	<u>1.3</u>

Notes

1. Gross Profit (decreased 85.9%)  
The decrease in gross profit margin was primarily due to the higher construction cost incurred in the residential apartments built and sold.
2. Other income (decreased 54.9%)  
The decrease was due to the reduction in proceeds from gains on divestment of other investments.
3. Selling and distribution costs (decreased 37.3%)  
It was in line with the decrease in revenue.
4. Other operating costs (increased 81.1%)  
The increase was mainly due to unrealised foreign exchange loss.
5. Foreign exchange loss  
The foreign exchange loss related to recorded monetary balance denominated in foreign currencies that were adjusted to reflect the rates at balance sheet date. The foreign exchange loss was mainly unrealised, and was due to the weakening of the United States Dollars against Singapore Dollars in 2006 as compared with those of year 2005.

NM: Not meaningful

NA: Not applicable

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**Balance Sheet**

	Group		Company	
	(Unaudited) 31 Dec 2006	(Audited) 31 Dec 2005	(Unaudited) 31 Dec 2006	(Audited) 31 Dec 2005
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS LESS LIABILITIES</b>				
<b>Non-current assets</b>				
Pledged Deposit	–	643	–	–
Property, plant and equipment, net	11,252	12,175	275	8,207
Investment properties	8,730	8,730	8,730	8,730
Properties under development (i)	46,274	54,792	–	–
Land held for development (i)	9,869	–	–	–
Prepaid land lease payments (i)	6,420	–	–	–
Subsidiaries	–	–	110,587	113,274
Other Investments	4,746	4,825	3,144	4,570
Deferred tax assets	521	721	–	–
<b>Total non-current assets</b>	<u>87,812</u>	<u>81,886</u>	<u>122,736</u>	<u>134,781</u>
<b>Current assets</b>				
Properties held for sale (i) & (ii)	36,947	30,134	7,021	–
Properties under development (i)	–	24,667	–	–
Prepaid land lease payments (i)	107	–	–	–
Trade and other receivables	8,307	9,078	2,522	1,338
Inventories	65	104	–	–
Cash and cash equivalents	35,539	34,935	13,363	11,298
<b>Total current assets</b>	<u>80,965</u>	<u>98,918</u>	<u>22,906</u>	<u>12,636</u>

<b>Current liabilities</b>				
Trade and other payables	17,892	18,669	786	1,161
Interest bearing loans (iii)	1,974	10,400	–	–
Tax payable	194	77	36	36
<b>Total current liabilities</b>	<u>20,060</u>	<u>29,146</u>	<u>822</u>	<u>1,197</u>
<b>Net current assets</b>	60,905	69,772	22,084	11,439
<b>Non-current liability</b>				
Deposit received (iv)	3,948	–	–	–
<b>Net assets</b>	<u>144,769</u> =====	<u>151,658</u> =====	<u>144,820</u> =====	<u>146,220</u> =====
<b>EQUITY</b>				
Share capital (v)	140,178	105,723	140,038	105,723
Reserves (v)	2,903	44,066	4,782	40,497
<b>Share capital and reserves</b>	<u>143,081</u>	<u>149,789</u>	<u>144,820</u>	<u>146,220</u>
Minority interests	1,688	1,869	–	–
<b>Total equity</b>	<u>144,769</u> =====	<u>151,658</u> =====	<u>144,820</u> =====	<u>146,220</u> =====

#### Notes

- (i) Land held for development and Prepaid land lease payments are reclassified from Properties under development and Properties held for sale.
- (ii) The fair value less costs to sell of an industrial building previously included in Property, plant and equipment has been reclassified to Properties held for sale, following the completion of the sale after year end.
- (iii) Interest bearing loans decreased due to repayment of the loans.
- (iv) Deposit received from a third party is for the participating rights in properties held for development in Zhuhai, China. It is unsecured and non-interest bearing.
- (v) In accordance with the Companies (Amendment) Act 2005, with effect from 30 January 2006, the concepts of par value and authorised share capital were abolished and the shares of the Company ceased to have a par value. The amount in the share premium as at 30 January 2006 became part of the company's share capital as at that date.

#### 1 (b)(ii) Aggregate amount of group's borrowings and debt securities

##### Amount repayable in one year or less, or on demand

As at 31 Dec 06		As at 31 Dec 05	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,974	Nil	10,400	Nil

##### Amount repayable after one year

As at 31 Dec 06		As at 31 Dec 05	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
Nil	Nil	Nil	Nil

##### Details of any collateral

Certain of the properties under development are pledged as securities.

**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

**GROUP CASHFLOW STATEMENT**

	2006	2005
	S\$'000	S\$'000
<b>Cashflow from operating activities:</b>		
<b>(Loss)/profit before taxation</b>	(3,949)	8,159
Adjustments for non-cash items		
Depreciation of property, plant and equipment	568	556
Exchange differences arising on consolidation	(28)	(439)
Gain on de-registration of a subsidiary company	---	(86)
Gain on divestment of other investments	(1,960)	(8,329)
Interest income	(913)	(438)
Impairment losses in other investments	591	641
Loss on associated company return of capital	---	4
(Gain)/loss on disposal/write-off of property, plant and equipment	(12)	110
Provision/(write back) for bad and doubtful debts	103	(162)
Bad debts recovered	(6)	(4)
Bad debts written off	16	7
Allowance for doubtful receivables	---	75
<b>Operating (loss)/profit before reinvestment in working capital</b>	(5,590)	94
Decrease/(increase) in inventories	39	(9)
Decrease in receivables (i)	1,468	2,260
(Decrease)/increase in payables (i)	(777)	4,577
Decrease in properties held for sale	208	23,206
<b>Cash (used in)/generated from operations</b>	(4,652)	30,128
Interest income received	913	438
Income tax paid	(40)	(8)
<b>Net cash (used in)/generated from operating activities</b>	(3,779)	30,558
<b>Cash flow from investing activities</b>		
Purchase of plant and equipment	(547)	(486)
Proceeds from disposal of plant and equipment	12	892
Net decrease/(increase) in investment/development properties	9,581	(16,707)
Proceeds from divestment in other investments	4,591	14,538
Proceeds from associated company, return of capital	---	74
Dividends income from other investments	14	270
De-registration of subsidiary, net of cash disposed	---	(188)
Decrease/(increase) in pledged deposit	643	(643)
Increase in bank escrow account	(987)	(418)
Purchase of other investments	(4,217)	(4,396)
<b>Net cash generated from/(used in) investing activities</b>	9,090	(7,064)
<b>Cash flow from financing activities :</b>		
Repayment of short-term loans, secured	---	(17,901)
(Repayment)/proceeds from short-term loans, secured	(8,320)	10,400
Proceeds from deposit received	3,948	---
Dividends payment	(1,322)	(1,322)
Payment of finance lease liabilities	---	(15)
<b>Net cash used in financing activities</b>	(5,694)	(8,838)
Net (decrease)/increase in cash and cash equivalents	(383)	14,656
Cash and cash equivalents at beginning of year	34,517	19,861
<b>Cash and cash equivalents at end of year (ii)</b>	34,134	34,517

Notes:

- (i) The working capital changes were mainly due to the following in relation to Zhuhai property:  
 (a) decrease in receivables and  
 (b) decrease in payables

- (ii) The cash and bank balances consist of the following:

	2006	2005
	S\$'000	S\$'000
Cash at banks and in hand	35,539	34,935
Pledged deposit	---	643
	<u>35,539</u>	<u>35,578</u>
Less: Pledged deposit	---	(643)
Bank Escrow account	(1,405)	(418)
Cash and cash equivalents at year end	<u>34,134</u>	<u>34,517</u>

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

<b>STATEMENT OF CHANGES IN EQUITY – GROUP</b>	Share capital (i)	Share premium (i)	Asset revaluation reserve	Foreign currency translation reserve	Other reserve (ii)	Accumulated profits	Total	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 06	105,723	34,455	2,188	(6,660)	720	13,363	149,789	1,869	151,658
Transfer of share premium to share capital (i)	34,455	(34,455)	---	---	---	---	---	---	---
Loss for the financial year	---	---	---	---	---	(3,292)	(3,292)	(125)	(3,417)
Dividends paid	---	---	---	---	---	(1,322)	(1,322)	---	(1,322)
Net fair value changes in other investments	---	---	---	---	293	---	293	---	293
Transfer to profit and loss on sale of other investments	---	---	---	---	(1,366)	---	(1,366)	---	(1,366)
Translation adjustment for the financial year	---	---	---	(96)	---	---	(96)	(56)	(152)
Impairment loss on property, plant and equipment (iii)	---	---	(925)	---	---	---	(925)	---	(925)
As at 31 Dec 06	<u>140,178</u>	<u>---</u>	<u>1,263</u>	<u>(6,756)</u>	<u>(353)</u>	<u>8,749</u>	<u>143,081</u>	<u>1,688</u>	<u>144,769</u>

<b>STATEMENT OF CHANGES IN EQUITY – COMPANY</b>	Share capital (i)	Share premium (i)	Asset revaluation reserve	Foreign currency translation reserve	Other reserve (ii)	Accumulated profits	Total	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 06	105,723	34,315	2,188	---	720	3,274	146,220	---	146,220
Transfer of share premium to share capital (i)	34,315	(34,315)	---	---	---	---	---	---	---
Profit for the financial year	---	---	---	---	---	1,920	1,920	---	1,920
Dividends paid	---	---	---	---	---	(1,322)	(1,322)	---	(1,322)

Net fair value changes in other investments	---	---	---	---	293	---	293	---	293
Transfer to profit and loss on sale of other investments	---	---	---	---	(1,366)	---	(1,366)	---	(1,366)
Impairment loss on property, plant and equipment (iii)	---	---	(925)	---	---	---	(925)	---	(925)
As at 31 Dec 06	140,038	---	1,263	---	(353)	3,872	144,820	---	144,820

**STATEMENT OF CHANGES IN EQUITY – GROUP**

	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Other reserve	Accumulated profit/(loss)	Total	Minority Interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 05	105,723	355,111	2,279	(6,346)	8,841	(314,529)	151,079	1,722	152,801
Transfer arising from Capital Restructuring Exercise	---	(320,656)	---	---	---	320,656	---	---	---
Profit for the financial year	---	---	---	---	---	8,558	8,558	126	8,684
Dividends paid	---	---	---	---	---	(1,322)	(1,322)	---	(1,322)
Transfer to profit and loss on sale of other investments	---	---	---	---	(7,758)	---	(7,758)	---	(7,758)
Net fair value changes in investments	---	---	---	---	(363)	---	(363)	---	(363)
Translation adjustment for the financial year	---	---	---	(314)	---	---	(314)	21	(293)
Impairment loss on property, plant and equipment	---	---	(91)	---	---	---	(91)	---	(91)
As at 31 Dec 05	105,723	34,455	2,188	(6,660)	720	13,363	149,789	1,869	151,658

**STATEMENT OF CHANGES IN EQUITY – COMPANY**

	Share capital	Share premium	Asset revaluation reserve	Foreign currency translation reserve	Other reserve	Accumulated profit/(loss)	Total	Minority interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 Jan 05	105,723	354,971	2,279	---	8,825	(319,203)	152,595	---	152,595
Transfer arising from Capital Restructuring Exercise	---	(320,656)	---	---	---	320,656	---	---	---
Dividends paid	---	---	---	---	---	(1,322)	(1,322)	---	(1,322)
Transfer to profit and loss on sale of other investments	---	---	---	---	(7,734)	---	(7,734)	---	(7,734)
Net fair value changes in investments	---	---	---	---	(371)	---	(371)	---	(371)

Profit for the financial year	---	---	---	---	---	3,143	3,143	---	3,143
Impairment loss on property, plant and equipment	---	---	(91)	---	---	---	(91)	---	(91)
As at 31 Dec 05	105,723	34,315	2,188	---	720	3,274	146,220	---	146,220

#### Notes

- (i) In accordance with the Companies (Amendment) Act 2005, with effect from 30 January 2006, the concepts of par value and authorised share capital were abolished and the shares of the company ceased to have a par value. The amount in the share premium as at 30 January 2006 became part of the company's share capital as at that date. The Share Capital in the Company and Group differs due to a sum of \$140,884 being premium on issue of shares by subsidiary company to its minority shareholders.
- (ii) Other reserves comprise Fair Value Reserve arising from other investments.
- (iii) Impairment loss is provided based on the valuation of an Industrial Building at fair value less costs to sell.

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

#### CHANGES IN COMPANY'S SHARE CAPITAL

	No. of shares	S\$'000
Balance as at 1 Jan 2006	528,613,759	105,723
Transfer of share premium to share capital	---	34,315
Balance as at 31 Dec 2006	528,613,759	140,038

#### SHARE OPTIONS AS AT 31 DEC 2006

	Options as at 1 Jan 06	Reduced	Lapsed	Options as at 31 Dec 06
ESOS Grant 1999	249,250	---	---	249,250
ESOS Grant 2001	225,000	---	---	225,000
ESOS Grant 2002	500,000	---	---	500,000
ESOS Grant 2002	1,037,500	---	---	1,037,500
TOTAL	2,011,750	---	---	2,011,750

#### SHARE OPTIONS AS AT 31 DEC 2005

	Options as at 1 Jan 05	Cancelled (i)	Lapsed	Options as at 31 Dec 05
ESOS Grant 1999	1,067,000	(800,250)	(17,500)	249,250
ESOS Grant 2001	900,000	(675,000)	---	225,000
ESOS Grant 2002	2,000,000	(1,500,000)	---	500,000
ESOS Grant 2002	4,150,000	(3,112,500)	---	1,037,500
TOTAL	8,117,000	(6,087,750)	(17,500)	2,011,750

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not Applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The same accounting policies and methods of computations are adopted in the financial statements as compared with the audited financial statements as at 31 Dec 2005 except for the adoption of the new and revised Financial Reporting Standards ("FRS"), which took effect from financial year beginning on or after 1 Jan 2006.

The adoption of these FRS do not have a material financial impact on the Group.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

On 1 January 2006, the Group adopted all new and revised FRS mandatory for annual financial periods beginning on or after 1 January 2006.

The adoption of these FRS do not have a material financial impact on the Group.

**6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	GROUP 2006	2005
(Loss)/earnings per ordinary share of the Group for the financial year, after deducting any provision for preference dividends:-		
(i) Based on the weighted average number of ordinary shares on issue (in cents)	(0.62)	1.62
(ii) On a fully diluted basis (in cents)	(0.62)	1.61

**Notes:**

- (i) The basic (loss)/earnings per share ("EPS") calculation as at 31 Dec 06 is based on the number of shares of 528,613,759 (Dec 05 : 528,613,759).
- (ii) The diluted (loss)/earnings per share ("EPS") calculation as at 31 Dec 06 is based on the number of shares of 530,625,509 (Dec 05: 530,625,509) that included share options of 2,011,750 (Dec 05: 2,011,750).

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**  
**(a) current financial period reported on; and**  
**(b) immediately preceding financial year**

	GROUP		COMPANY	
	2006	2005	2006	2005
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year:-	27.07cents	28.34cents	27.40cents	27.66cents
Number of existing issued share capital at end of the financial year:	528,613,759	528,613,759	528,613,759	528,613,759

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**  
**(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Group revenue for the year decreased by approximately 20 per cent to S\$32.1 million when compared to S\$40.2 million recorded for the same period in the previous year.

The Group's IT and education businesses accounted for approximately 12.6 per cent and 6.7 per cent of revenue respectively with the remaining 80.7 per cent generated from the residential and commercial property development project in Zhuhai, China (the "property development project").

The decrease in Group revenue was attributed to the decrease of 24 per cent and 10 per cent in sales from the property development project and in total fees of the education business respectively. The decrease in the property development project and education business was due to slower sales rate as a result of the recent Chinese government's implementation of measures to curb property market from overheating and the lower students in-take from China due to keen competition from other countries respectively. Revenue, however, for the Thin Computing business increased by 9 per cent from better sales of its core-products.

The Group recorded a gross profit of S\$1.147 million, a decrease of 85.9 per cent when compared to S\$8.157 million recorded for the same period in the previous year. The decrease in gross profit margin was primarily due to the higher construction cost incurred in the residential apartments built and sold. The higher construction cost was a result of a significant increase in building material costs recognized in the period under review.

Other income of S\$4.39 million recorded in the period under review is primarily derived from divestment of investments held by the Group, interest and rental incomes.

The lower selling and distribution costs and general and administrative costs of 37.3 per cent and 5 per cent respectively, when compared to the same period in the previous year, were in line with the decrease in revenue and effective cost control measures taken in the Group's operations.

Other operating costs increased by 81.1 per cent to S\$1.79 million were due to unrealized foreign exchange loss.

The profit of S\$2.345 million from Thin Computing and other income were weighed down by the loss of S\$1.969 million from the education business and the decrease in revenue and higher construction cost resulted in a loss of S\$4.299 million from the property development project, resulting in Group loss, after tax attributable to shareholders, of S\$3.292 million for the period under review.

During the period under review, the Group has disposed of IPC Building at 23 Tai Seng Drive for S\$7.1 million. The sales was completed on 5 Jan 2007, details of which were previously announced on 12 and 14 Jun 2006, and 5 Jan 2007.

ThinSoft, the IT unit of the Group, was awarded a patent, patent number 7,030,836, by the US Patent and Trade Office in Washington, DC for Thinsoft's proprietary System and Method for Configuring a Multi-User Computer System. During the period under review, ThinSoft has revamped its website and e-marketing efforts to improve and enhance its online sales and a customer care centre was established in California, USA to handle pre and post-sales. The USA market represents about 47 per cent of Thinsoft revenue.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Group expects continued growth in and contribution from the Thin Computing business and will stay focused on executing its R&D plan and marketing activities on Internet reach to bolster its growth.

With the net cash on hand, the Group will seek out investment opportunities that will synergise with the Group's development objective and enhance shareholder value.

The Group's education business has been restructured to focus on Tourism and Hospitality and Business Management programs and is expected to turn in improved results in FY07.

Additionally, the Group will continue with the completion of the residential and commercial property development project in Zhuhai, China. Barring no unforeseen building material cost hike and no further adverse effect from the recent Chinese government's implementation of measures to curb property market from overheating, the Group expects contribution from the sales of completed residential apartments in Zhuhai, China.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend proposed for the current financial period reported on? Yes

Name of Dividend	First & Final (tax exempt)
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.25
Tax Rate	0

***(b) Corresponding Period of the Immediately Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes.

Name of Dividend	First & Final (tax exempt)
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.25
Tax Rate	0

**(c) Date payable**

To be decided later

**(d) Books closure date**

To be decided later

**12. If no dividend has been declared/recommended, a statement to that effect**

Not Applicable

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT  
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

**13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Thin Computing		Properties		Education		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customer	4,048	3,716	25,902	34,067	2,167	2,420	36	25	---	---	32,153	40,228
Intersegment sales	---	---	---	---	---	---	3	83	(3)	(83)	---	---
Other income	---	---	210	151	---	---	241	235	---	---	451	386
	<u>4,048</u>	<u>3,716</u>	<u>26,112</u>	<u>34,218</u>	<u>2,167</u>	<u>2,420</u>	<u>280</u>	<u>343</u>	<u>(3)</u>	<u>(83)</u>	<u>32,604</u>	<u>40,614</u>
Unallocated other income											3,940	9,348
Total revenue											<u>36,544</u>	<u>49,962</u>
Segment result	1,235	1,099	(4,299)	2,718	(1,969)	(1,730)	1,110	6,081	---	---	(3,923)	8,168
Finance costs											(26)	(9)
(Loss)/profit before taxation											(3,949)	8,159
Taxation											532	525
(Loss)/profit for the year											<u>(3,417)</u>	<u>8,684</u>
<b>Business Segments</b>												
	Thin Computing		Properties		Education		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets (i)	7,600	6,339	130,753	146,614	2,369	3,579	39,938	42,657	(12,404)	(19,106)	168,256	180,083
Unallocated assets											521	721
Total assets											<u>168,777</u>	<u>180,804</u>
Segment liabilities (ii)	1,123	1,036	14,451	18,878	2,035	1,578	6,205	7,577	---	---	23,814	29,069
Unallocated liabilities											194	77
Total liabilities											<u>24,008</u>	<u>29,146</u>
Capital expenditure	---	---	7,585	5	49	31	121	450	---	---	7,755	486
Depreciation	---	1	258	108	157	151	153	296	---	---	568	556

Provision of impairment losses	---	---	---	---	---	---	591	641	---	---	591	641
Other significant non-cash expenses	---	4	---	75	---	---	119	113	---	---	119	192
<b>Geographical segments</b>	Asia Pacific		America		Europe		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Sales to external customers	28,380	37,005	1,914	1,343	1,424	1,453	435	427	---	---	32,153	40,228
Intersegment sales	3	83	---	---	---	---	---	---	(3)	(83)	---	---
Other income	451	386	---	---	---	---	---	---	---	---	451	386
	<u>28,834</u>	<u>37,474</u>	<u>1,914</u>	<u>1,343</u>	<u>1,424</u>	<u>1,453</u>	<u>435</u>	<u>427</u>	<u>(3)</u>	<u>(83)</u>	<u>32,604</u>	<u>40,614</u>
Unallocated other income											3,940	9,348
Total revenue											<u>36,544</u>	<u>49,962</u>
Other geographical information:												
Segment assets (i)	166,398	179,100	1,858	983	---	---	---	---	---	---	168,256	180,083
Capital expenditure (iii)	7,755	486	---	---	---	---	---	---	---	---	7,755	486

#### Notes

- (i) Segment assets comprise total current and non-current assets, excluding tax assets.
- (ii) Segment liabilities comprise total current and non-current liabilities, excluding tax liabilities.
- (iii) Capital expenditure refers to the purchase of property, plant and equipment and include the transfer from properties under development of S\$7,208,000

#### 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

The Group's results were negatively impacted by slower sales rate from the property development project as a result of the recent Chinese government's implementation of measures to curb property market from overheating and higher construction cost incurred in the residential apartments built and sold. The higher construction cost was a result of a significant increase in building material costs. Consequently, the revenue in the Asia Pacific regions was decreased by 23 per cent.

A 42 per cent increase in revenue in America was attributed to the increase in sales of the thin computing products from ThinSoft, following its revamped website and e-marketing efforts for enhancing on-line sales.

**15. A breakdown of sales**

		Group		
		2006	2005	Increase/ (Decrease)
		S\$'000	S\$'000	%
15(a)	Sales reported for first half year	12,608	27,995	(55.0)
15(b)	Operating (loss)/profit after tax before deducting minority interests reported for first half year	(4)	2,201	NM
15(c)	Sales reported for second half year	19,545	12,233	59.8
15(d)	Operating (loss)/profit after tax before deducting minority interests reported for second half year	(3,413)	6,483	NM

**16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

Tax Exempt Dividend proposed by the Board : S\$1.32 million (2005: S\$1.32 million).

**BY ORDER OF THE BOARD**

Lauw Hui Kian  
Director  
16 February 2007