Into the Next Level ...

'06
annual report

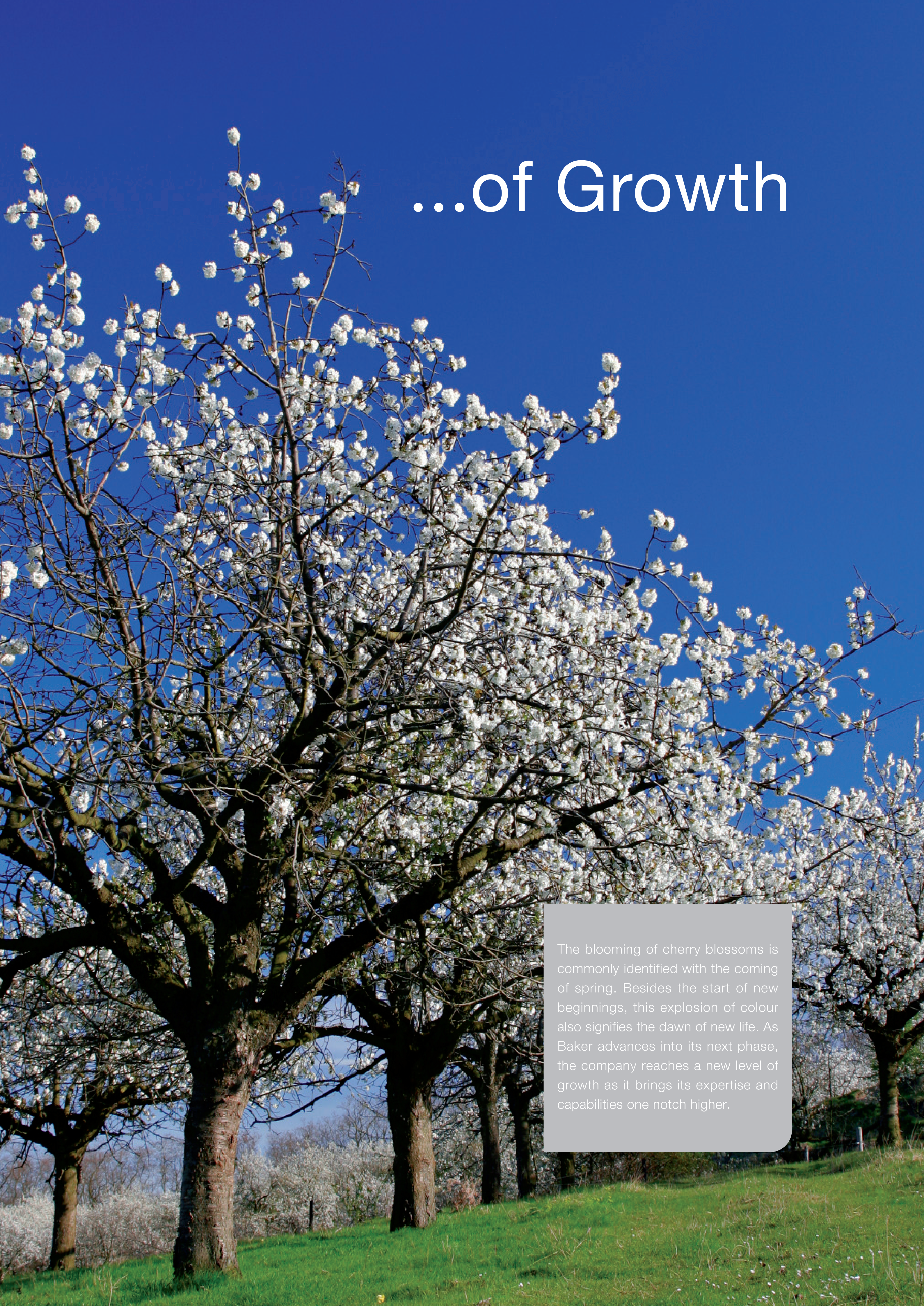
Baker Technology Limited
(Company Registration No. 198100637D)

contents

Cover Rationale

Every cherry blossom blooming season is filled with vibrancy and glorious splendour. The spectacular sight marks the beginning of a new season with a breath-taking display of flowers in full bloom. In the same way, 2006 marks a new phase for Baker Technology. With consolidated plans and strategic decisions, Baker is set to move forward and take on the challenges ahead.


01
Baker Technology Limited



...of Growth

The blooming of cherry blossoms is commonly identified with the coming of spring. Besides the start of new beginnings, this explosion of colour also signifies the dawn of new life. As Baker advances into its next phase, the company reaches a new level of growth as it brings its expertise and capabilities one notch higher.

ABOUT baker

Baker Technology Limited is the holding company of the *YORK* group of companies. It was listed on 13 July 1994 on the SGX-Sesdaq under the name of York Pacific Holdings Ltd. In 2000, upon the acquisition by Saberon Investments Pte Ltd, which is an investment vehicle comprising some of the existing directors, it became known as Baker Technology Limited.

The Group designs, manufactures *YORK* trailer axles, assembles trailer suspension kits, and distributes a wide range of truck and trailer components. *YORK* products are sold directly to Original Equipment Manufacturers (OEMs) of trailers, repair shops and major transport fleet.

Trailer axles are essentially the steel shafts to which trailer wheels are attached at both ends of the shaft. The Group is the only manufacturer of trailer axles in Singapore and is one of the largest trailer axle manufacturers in Asia outside China.

The *YORK* brand name has close to 50 years history in manufacturing axles and suspension for trailer. *YORK*'s presence in the Asia Pacific can be traced back to 1985 with its first plant in Australia. Our reputation has been built up over the years and *YORK* is now a recognised brand name in the trailer axles industry. We are proud to say that *YORK* is regarded to be synonymous with a good standard of quality, durability and reliability.

...of Partnership

Cherry blossoms are a gift that symbolise the celebration of strong relations between two parties. Baker recognises that collaborations are crucial in order to reach greater heights. To share and enjoy the strengths and success that strong partnerships bring, Baker actively seeks partners to run with the same vision.


YORK

CHAIRMAN'S *message*

Dear Shareholders,

I am pleased to report that we have turned the Group around in FY 2006.

The business environment for the year in review continued to be a challenging one for the Group. However, the Group was proactive in implementing various initiatives to improve margin and maintaining stringent cost-controls in its operations, and especially in our Australian subsidiary. I am pleased to say that the Group and all employees embraced these measures as necessary to ensure our continued success and enhance shareholder returns. As a result, the Group achieved a net profit of $0.9 million for FY 2006 as compared to a net loss of $0.9 million in FY 2005.

FINANCIAL PERFORMANCE REVIEW

Group revenue for FY 2006 rose by 13% from $55.3 million in FY 2005 to $62.6 million as a result of an increase in demand for our products. We are also steadily achieving a greater presence in Asia Pacific, Middle East and Africa due to aggressive sales and marketing campaigns carried out by the Group in these regions over the past few years.

The Group's gross profit increased by $2.3 million, or 20%, to $13.8 million mainly on the back of higher revenue.

As a result of stringent cost-controls, the Group's operating expenses only increased by 5% from $11.3 million in FY 2005 to $11.8 million in FY 2006. We will continue to manage our operating costs in FY 2007.

The lower tax expense of $580,000 in FY 2006 as compared to $638,000 was due to lower profits from our Singapore subsidiaries.

Overall, the Group achieved a net profit of $0.9 million for FY 2006 as compared to a net loss of $0.9 million in FY 2005.

Although the Group generated a negative cash flow of $2.4 million in FY 2006 from its operating activities, its overall cashflow position was positive as at December 2006, with unutilised banking facilities of approximately $4.8 million. With its improved financial position, the Group is in a position to procure additional banking and / or financial facilities if it so requires.

One of the highlights of the year was the successful completion in June 2006 of our renounceable non-underwritten Rights Issue with free detachable warrants, which enabled the Group to raise $14.3 million to repay bank borrowings and advances from our holding company and utilise the rest for its working capital. The success of the Rights Issue was due to the hard work of our staff and external advisors and I would like to give my special thanks to all of them.

OUTLOOK

Going forward, we expect the trailer axle industry to remain competitive as a result of keen competition. However, we will enhance our position further by expanding our distribution network into untapped markets. In this regard, the Group envisages an increase in revenue in FY 2007.

The Group is conscious of the need to seize new opportunities and continuously rationalise to enhance our core business. Accordingly, we will seek out other business prospects that offer synergistic benefits and growth potential for the Group.

ACKNOWLEDGEMENTS

Our achievements have been made possible only with the tremendous support from our customers, suppliers, business associates, shareholders and our loyal employees. On behalf of the Board of Directors and Management, I would like to express my utmost appreciation to them for making FY 2006 another milestone year for Baker Technology.

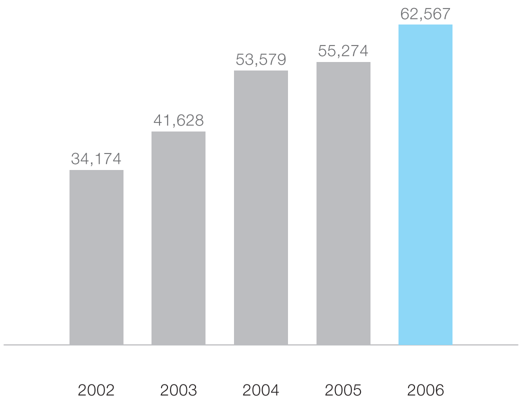
LIM HO SENG
Chairman

As cherry blossoms bloom and parks are transformed into sites of breathtaking beauty, the atmosphere is full of vitality and exuberance. With a spirit of dynamism and innovation, Baker seeks and implements refreshing ideas and solutions to further the corporation's success. The company acknowledges the value of creativity as capital in the current economy.

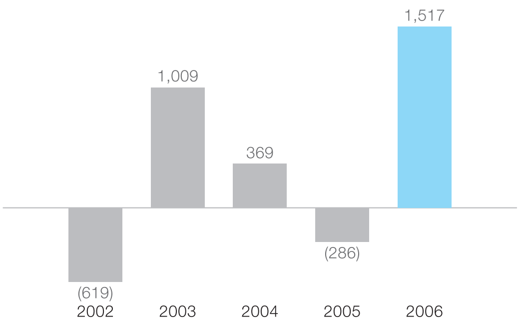
...of Innovation

FINANCIAL highlights

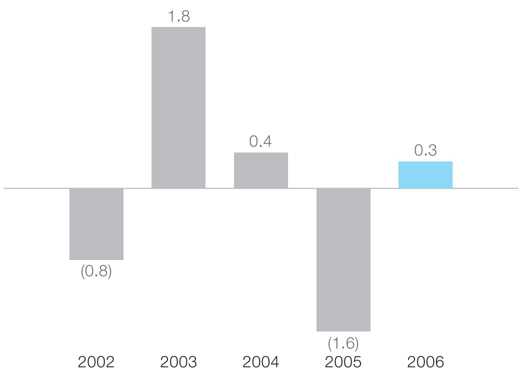
Revenue (S$'000)



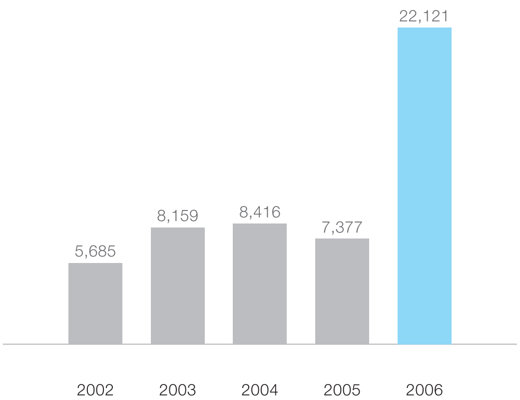
Profit / (Loss) before tax (S$'000)



Earnings / (Loss) Per Share (cents)



Shareholders' equity (S$'000)



BOARD of directors

LIM HO SENG
Chairman

Mr. Lim Ho Seng is an Independent Director and the Chairman of the Board of Directors. He also chairs the Audit Committee and the Remuneration Committee of the Company. He was appointed our Independent Non-Executive Director on 1 October 1999. He was last re-elected on 20 April 2005 and will be standing for re-election at this coming Annual General Meeting. He is also the Chairman of Sim Siang Choon Ltd and sits on the Board of several other public companies listed on The Singapore Exchange Securities Trading Limited. He was the former Chief Executive Officer of NTUC Fairprice Co-operative Ltd. Mr. Lim is a Fellow of the Institute of Certified Public Accountants, Singapore, the Institute of Certified Public Accountants, Australia, the Association of Chartered Certified Accountants of the United Kingdom, the Institute of Chartered Secretaries & Administrators and the Singapore Institute of Directors.

DR. BENETY CHANG
Chief Executive Officer

Dr. Benety Chang, the Chief Executive Officer of Baker Technology Limited ("BTL"), joined BTL on 5 May 2000. He was last re-elected on 20 April 2005. He is also the Deputy Chairman of PPL Shipyard Pte Ltd, a private company that specializes in the construction and repair of oil rigs and other marine related activities. He also holds directorship in several private companies in Singapore. Dr. Chang holds a MBBS degree from the University of Singapore.

ANTHONY SABASTIAN AUROL
Chief Operating Officer

Mr. Anthony Sabastian Aurol, the Executive Director of Baker Technology Limited ("BTL"), joined BTL on 5 May 2000. He was last re-elected on 21 April 2004 and will be due for re-election at this coming Annual General Meeting. He assists the Chief Executive Officer in the overall management and corporate development of BTL's Group business. Mr. Aurol is also an Executive Director of PPL Shipyard Pte Ltd ("PPLS"), a private company which specialises in the construction and repair of oil rigs and other marine related projects. He joined PPLS in 1998. Mr. Aurol holds an Honours degree in Law from the University of London.

TAN YANG GUAN
Non-Executive Director

Mr. Tan Yang Guan was appointed as a Non-Executive Director of the Company on 5 May 2000. He was last re-elected on 28 April 2006. He is currently the Finance Director of rig-builder, PPL Shipyard Pte Ltd ("PPLS"). Mr. Tan started his career in audit with a public accounting firm in 1975. He joined PPLS in 1988 and is responsible for its financial and treasury management. Mr. Tan is a Fellow of the Association of Chartered Certified Accountants of the United Kingdom, a Fellow of the Institute of Certified Public Accountants of Singapore and a member of the Singapore Institute of Directors.

ROBERT WONG KWAN SENG
Independent Director

Mr. Robert Wong Kwan Seng was appointed as an Independent Director of the Company on 24 February 1998. He was last re-elected on 28 April 2006. He is the Chairman of the Nominating Committee of the Company. He is a lawyer by profession. Mr. Wong practices mainly corporate law with particular emphasis in corporate finance. He has acted as solicitor in numerous initial public offers, rights issues, issues of debentures, takeovers, mergers and acquisition and joint ventures. Mr. Wong is currently an Independent Director of four other public listed companies. Mr. Wong is able to share a significant amount of his legal experience and knowledge with the Company.

KEY executives

TAN KIANG KHERNG

Financial Controller

Baker Technology Limited

Mr. Tan Kiang Kherng is the Financial Controller of Baker Technology Limited ("BTL") and he is responsible for the overall financial, accounting and administrative activities of our Group. Prior to joining BTL in 2002, Mr. Tan was an auditor with Ernst and Young since 1993. He holds a Bachelor of Accountancy (Honours) degree from the Nanyang Technological University and is a fellow member of the Institute of Certified Public Accountants of Singapore.

PETER CHAN KONG SOON

General Manager

York Transport Equipment (Asia) Pte Ltd

Mr. Peter Chan is the General Manager of York Transport Equipment (Asia) Pte Ltd ("YTEA"). He joined YTEA in 2003 and has responsibility for the management and operations of YTEA & its subsidiaries. He previously held senior management positions in both public listed and multi-national companies operating in Singapore.

Peter is a graduate in Industrial Engineering and Management with a postgraduate qualification in Operational Research (MSc. Op. Research).

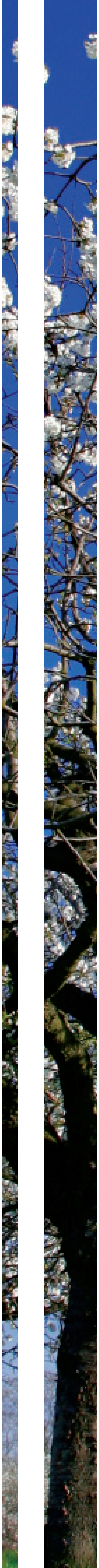
ALVIN TAN KENG TIONG

General Manager

Rednet Pte. Ltd.

Mr. Alvin Tan is the General Manager of Rednet Pte. Ltd. ("Rednet") and is responsible for the overall management and operations of Rednet. Prior to his secondment to Rednet in 2003, he held the position of Vice President – Sales & Marketing in York Transport Equipment (Asia) Pte Ltd.

Alvin started his career in the marine industry and has held several senior management positions in companies in the marine transport sector. He graduated from Curtin University of Technology in 1990 with a degree in Bachelor of Business.



CORPORATE information

Board of Directors

Lim Ho Seng *Chairman*
Dr. Benety Chang *Chief Executive Officer*
Anthony Sabastian Aurol *Chief Operation Officer*
Tan Yang Guan
Robert Wong Kwan Seng

Audit Committee

Lim Ho Seng *Chairman*
Tan Yang Guan
Robert Wong Kwan Seng

Nominating Committee

Robert Wong Kwan Seng *Chairman*
Lim Ho Seng
Dr. Benety Chang

Remuneration Committee

Lim Ho Seng *Chairman*
Tan Yang Guan
Robert Wong Kwan Seng

Company Secretary

Aw Seok Chin

Principal Officer

Tan Kiang Kherng *Financial Controller*

Registered Office

No. 122 Pioneer Road, Singapore 639583
Tel: 65 6262 1380
Fax: 65 6262 2108

Auditors

Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in Charge:
Tan Chian Khong
(Year of appointment: 2005)

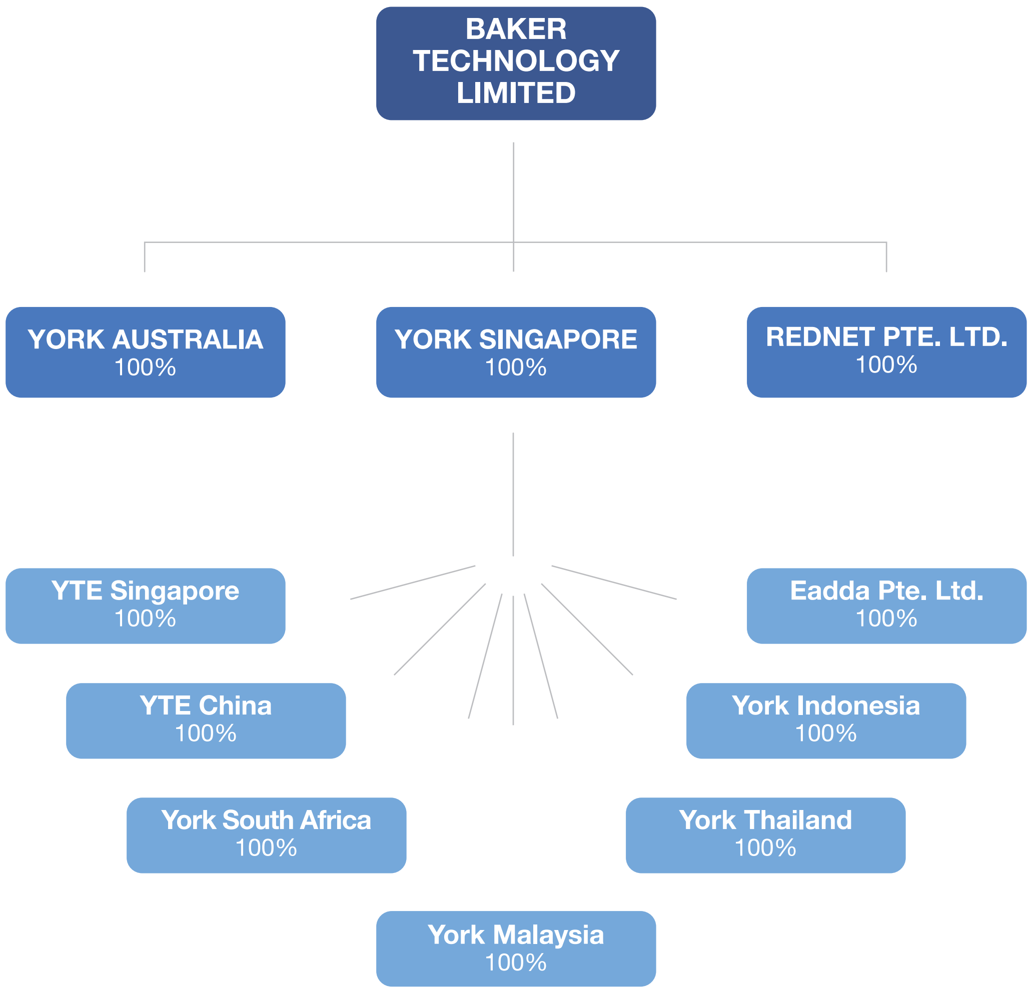
Share Registrar

Lim Associates (Pte) Ltd
3 Church Street #08-01
Samsung Hub
Singapore 049483

Principal Banker

ABN AMRO Bank N.V.
One Raffles Quay
South Tower, Level 24
Singapore 048583

CORPORATE structure



CORPORATE structure addresses

Baker Technology Limited

No. 122 Pioneer Road,
Singapore 639583
Tel: 65 6262 1380
Fax: 65 6262 2108

York Transport Equipment (Asia) Pte Ltd
York Singapore

No. 5 Tuas Avenue 6
Singapore 639295
Tel: 65 6861 0577
Fax: 65 6861 4045

York Transport Equipment Pty. Limited
York Australia

Melbourne Office
13 Monterey Road, Dandenong
Victoria 3175, Australia
Tel: 613 9790 2000
Fax: 613 9790 2020

Sydney Office
Unit 3/11 Davis Road, P.O. Box 6670
Wetherill Park, N.S.W. 2164, Australia
Tel: 612 9725 5411
Fax: 612 9725 5419

York Sales (Thailand) Co., Ltd
York Thailand

2101 Moo 1, Old Railway Road
Samrong Nua, Muang
Samutprakarn 10270, Thailand
Tel: 66 2743 5091
Fax: 66 2399 1729

YTE Transport Equipment (SA) (Pty) Limited
York South Africa

51 Todd Avenue, Villieria
0186 Pretoria, South Africa
Tel: 27 12-333 6765
Fax: 27 12-333 6765

York Transport Equipment (Malaysia) Sdn. Bhd.
York Malaysia

Suite 8-03A, 8th Floor North Block
The AmpWalk
218 Jalan Ampang 50450
Kuala Lumpur, Malaysia
Tel: 60 03-216 17679
Fax: 60 03-216 19166

PT York Engineering
York Indonesia

Ruko Bukit
Beruntung Blok C-2
Batam, Indonesia
Tel: 62 778 466866
Fax: 62 778 462342

YTE Special Products Pte Ltd
YTE Singapore

No. 5 Tuas Avenue 6
Singapore 639295
Tel: 65 6861 0577
Fax: 65 6861 4045

Qingdao YTE Special Products Co. Ltd
YTE China

No. 18 Huishi Road
Licang District
Qingdao, China 266100
Tel: 86 532 8092 3091
Fax: 86 532 8092 3080

Rednet Pte. Ltd.

No. 122 Pioneer Road,
Singapore 639583
Tel: 65 6897 8525
Fax: 65 6897 8231

Eadda Pte. Ltd.

No. 5 Tuas Avenue 6
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Tel: 65 6861 0577
Fax: 65 6861 4045

BAKER Technology Limited

Baker Technology Limited is the holding company of the YORK group of companies.

YORK SIMPLY MILES AHEAD

The YORK group manufactures YORK trailer axies, assembles trailer suspension kits and distrbutes a wide range of truck and trailer components

CORPORATE governance

Baker Technology Limited ("BTL" or "the Company") continues to be committed to achieving high standards of corporate governance. The Board's approach to corporate governance has always been guided by the principles of the Code of Corporate Governance issued by the Corporate Governance Committee (the "Code"). In July 2005, the Ministry of Finance issued a new "Code of Corporate Governance 2005". The new Code supercedes the Code that was issued in March 2001 and took effect from Annual General Meetings ("AGM") held on or after 1 January 2007. The Company conducted a review of the revisions and found that many key recommendations have been in practice and in areas where the Company has not complied with, for example the implementation of the whistle blower policy, the Company proceeded to put in practice.

This Report on Corporate Governance describes BTL's corporate governance policies and practices. The Company believes that it has complied with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual") and the Code.

The Code is divided into the following four main sections and this Report is set out accordingly to be consistent with the Code:-

- Board Matters
- Remuneration Matters
- Accountability and Audit
- Communication with Shareholders

BOARD MATTERS

The Board's Conduct of its Affairs (Principle 1)

The key responsibilities of the Board, amongst others, are :-

- to supervise the management of the business and affairs of the Group
- approving the strategic plans
- reviewing key operational issues
- approving Group's annual budget
- overseeing, through the Audit Committee, the quality and integrity of the accounting and financial reporting systems and internal controls
- reviewing any transaction for the acquisition or disposal of assets that is material to the Company
- reviewing major funding and investment proposals, investments and loans, and financial matters of the Group
- ensuring that the key personnel are in place to meet the Group's operational requirements
- reviewing management performance and ensuring Management observes the policy and controls that are in place

Besides the above, matters that are specifically reserved for the Board are those involving announcements, financial results, share issuances, dividends and other returns to shareholders and matters which require Board approval for interested person transactions.

The Board is supported by three Board Committees, namely the Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") which are made up of mainly independent or non-executive Directors.

The respective roles and responsibilities of each Board Committee, their work and activities are disclosed in this Report.

The Board met five times during the year. The Company's Articles of Association allows a Board meeting to be conducted by way of a tele-conference or similar communications equipment.

To address the competing time commitments of directors who sit on multiple boards, meeting dates of Board and Board Committees are scheduled in advance at the beginning of every calendar year.

The attendances of the Directors at meetings of Board and Board Committees in 2006, as well as the frequency of such meetings, are as follows:-

Directors' Attendance for Year 2006

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Ho Seng	5	5	5	5	1	1	1	1
Dr. Benety Chang	5	5	5	5*	1	1	1	1*
Anthony Sabastian Aurol	5	5	5	5*	1	1*	1	1*
Tan Yang Guan	5	5	5	5	1	1*	1	1
Robert Wong Kwan Seng	5	5	5	5	1	1	1	1

** By invitation*

The Company has an on-going training budget for directors to receive relevant training of their choice in connection with their duties. Such relevant courses include programmes run by the Singapore Institute of Directors. Directors are also provided with regular updates and briefings from time to time by auditors, Management and company secretary of new laws, rules, regulations, listing requirements, corporate governance practices, changes in accounting standards and business and risk management issues.

Newly appointed directors would be given a write-up on the directors' duties and obligations to assist the director in the exercise of his legal, fiduciary and statutory duties under Singapore Companies Act, the Listing Manual, the Code, Singapore securities legislation and the internal guidelines on securities trading.

CORPORATE governance (cont'd)

Board Composition and Balance (Principle 2)

Presently, the Board comprises three non-executive directors (of which two are independent directors) and two executive directors. The NC has reviewed the independence of each director for 2006 and adopts the Code's definition of what constitutes an independent director in its review. As a result of the NC's review, two non-executive directors namely Messrs Lim Ho Seng and Robert Wong Kwan Seng were considered independent whilst the third non-executive director, Mr. Tan Yang Guan was considered as non-independent. The NC also noted that no individual or small group of individuals dominates the Board's decision-making process. Despite a relatively small Board, it provides an effective blend of business and professional expertise in general management, finance, legal and the technical areas of the industry which the Group is in and enables the Board to exercise objective judgement on the business, directions and affairs of the Group.

Whenever there is a need to do so, the non-executive directors would meet without the presence of Management.

More information regarding the directors is disclosed in this Annual Report.

Role of Chairman and Chief Executive Officer (Principle 3)

There is a clear separation between the roles and responsibilities of the Chairman and Chief Executive Officer ("CEO") of the Company. The CEO manages the businesses of the Group and implements the Board's decisions. The Chairman, who is non-executive and independent, bears responsibility for the workings of the Board. He ensures that the Board meetings are held when necessary, reviews the Board meeting agenda together with the CEO, and ensures that Board members are provided with complete, adequate and timely information. The Chairman and the CEO are not related.

The proceedings of the Board are conducted by the Chairman who ensures that sufficient time is allocated for consideration and deliberation of each item on the agenda, and equal opportunity is given to each Director to express his views and provide inputs, and also to share the concerns of the Board.

Management staff who can provide additional insight into the matters to be discussed are invited to attend and present the necessary papers at the relevant juncture during the Board meeting.

Board Membership (Principle 4)

The NC comprises Messrs Robert Wong Kwan Seng (Chairman), Lim Ho Seng and Dr. Benety Chang. A majority of the Committee members, that is, Messrs Robert Wong Kwan Seng (the Chairman) and Lim Ho Seng are independent directors. The Committee has written Terms of Reference that describe the responsibilities of its members.

The NC assessed the attendance of each individual director at meetings of Board and Board Committees and is satisfied that the directors have attended the meetings regularly even though the directors served on multiple boards. No internal guidelines have been adopted to address the competing time commitments that are faced by directors who serve on multiple boards as the directors are of the opinion that these directors are always able to attend the meetings scheduled as well as attend to the matters of the Group despite sitting on multiple boards. Besides, serving on multiple boards would enable the directors to add value to the Company from the experience gained from other board representations.

The NC is responsible for reviewing all nominations for the appointment, re-appointment, election or re-election of Directors, and the determination of the independence of Directors.

As a principle of good corporate governance, all Directors are subject to re-nomination and re-election at regular intervals and at least every three years. The Company's Articles of Association provides that one-third of the directors are to retire from office at its AGM every year. In addition, a newly appointed Director will submit himself for retirement and re-election at the AGM immediately following his appointment. Thereafter, he is subject to the one-third rotation rule.

The NC had recommended the re-election of Messrs Lim Ho Seng and Anthony Sabastian Aurol at this coming AGM. The Board has also accepted the NC's recommendations and the two Directors will be offering themselves for re-election.

Board Performance (Principle 5)

The Board has implemented an annual performance evaluation process, carried out by the NC, to assess the effectiveness of the Board and the performance of each director.

Each Director conducts a self-assessment whereas the members of NC conduct an assessment of the performance of all Directors. The assessments are made against pre-established criteria which include directors' attendance record, overall participation, maintenance of independence and performance of specific tasks.

The NC evaluated the Board's performance as a whole. The assessment process adopted both quantitative and qualitative criteria, such as return on equity, return on assets, achievement of budget figures and performance of the Company's share price.

Access to Information (Principle 6)

The Board members are provided with the monthly management accounts and analysis. In addition, they are also furnished with information on budgets, forecasts, cashflow projections and manpower statistics.

Prior to each meeting, the respective members of the Board and the Board Committees are provided with the meeting agenda and the relevant papers submitted by the Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Generally, these papers are distributed to the directors or committee members at least three days in advance in order for directors/members to be adequately prepared for the meeting. Where appropriate and necessary, Management staff and the Company's auditors, who are able to provide additional insight into the matters to be discussed are also invited to attend the meetings of Board and Board Committees.

Where a physical Board meeting is not possible, timely communication with members of the Board is effected through electronic means, which include electronic mail and teleconferencing. Alternatively, Management will arrange to personally meet and brief each Director before seeking the Board's approval on a particular issue. Any requests by Directors for further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues are always facilitated expeditiously.

CORPORATE governance (cont'd)

The directors have separate and independent access to the Company's senior Management and the advice of the company secretary. The directors are allowed to seek independent professional advice with the cost of such services being borne by the Company.

The AC meets the auditors separately at least once a year, without the presence of the CEO, COO and other Management members, in order to have free and unfiltered access to information that it may require.

The company secretary attends all meetings of the Board as well as all Board Committees. The company secretary, together with the Management, is also responsible for ensuring Group's compliance with the Companies Act, Cap. 50 and all relevant rules and regulations, which are applicable to the Group.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies (Principle7)
Level and Mix of Remuneration (Principle 8)
Disclosure on Remuneration (Principle 9)

The RC comprises of three non-executive directors namely, Messrs Lim Ho Seng, Robert Wong Kwan Seng and Tan Yang Guan. Messrs Lim Ho Seng (Chairman) and Robert Wong Kwan Seng are independent directors. Mr. Tan Yang Guan is a non-independent director.

The RC's principal responsibilities as set out in its written Terms of Reference are to review the remuneration packages, including but not limited to Directors' fees, salaries, allowances, bonuses, share options and benefits in kind, of the directors and key executives. The RC also has access to external professional advice on executive compensation and remuneration matters, if and when required.

The Group's remuneration policy comprises primarily a fixed component (in the form of a base salary) and a variable component (which includes bonuses), taking into account amongst other factors, the individual's performance, the performance of the Group, and the performance of the respective subsidiaries as well as benchmarked against the yearly published survey results conducted by human resources consulting firm. Non-executive directors are paid a standard fee. Annually, the Board submits directors' fees for non-executive directors as a lump sum for shareholders' approval at the AGM. The sum is divided among the directors with those having additional responsibilities as Chairman of the board receiving a higher portion of the approved fees. There has been no revision of remuneration for FY2006 for both executive and non-executive directors.

During FY2006, there is no immediate family member (as defined in the Singapore Exchange's Listing Manual) of a director/CEO whose annual remuneration exceeds $150,000 per year.

A table, showing the breakdown of each individual director's remuneration payable for FY2006 is as follows:-

Directors' Remuneration

Name	Fees (S$)**	Salary (S$)#	Bonus (S$)#	Other Benefits (S$)
Lim Ho Seng	25,000	-	-	-
Dr. Benety Chang	-	72,000	6,000	-
Anthony Sabastian Aurol	-	72,000	6,000	-
Robert Wong Kwan Seng	20,000	-	-	-
Tan Yang Guan	-	-	-	-

** these fees are subject to approval by shareholders as a lump sum at the forthcoming AGM.
# exclude CPF contributions by the Company.

In order to preserve the confidentiality of the remuneration of top five key executives who are not also directors of the Company, the remuneration in FY2006 of such key executives are reported in bands of S$150,000 as disclosed in this Annual Report.

ACCOUNTABILITY AND AUDIT

Accountability (Principle 10)

The Management provides the Directors with a monthly financial management report which incorporates the Company's monthly management accounts and an analysis of those accounts.

The Board provides the shareholders with half-yearly financial reports and timely SGXNET announcements of important transactions to facilitate the building of greater trust and confidence in the Company. AGMs are held every year to obtain shareholders' approval to routine business, as well as for the election of Directors.

Audit Committee (Principle 11)

The AC is chaired by Mr. Lim Ho Seng and comprises three members, all of whom are non-executive directors. The members of the AC collectively have expertise or experience in financial management, and are qualified to discharge the AC's responsibilities. The AC has written Terms of Reference relating to the duties and responsibilities of the AC that are approved by the Board.

During the year, besides performing the statutory duties as specified in the Companies Act, Cap. 50, the AC also reviewed the quarterly, half-yearly and full year financial statements and Group's Annual Budget. The AC reviewed the external auditor's audit plan, scope, findings and Management's responses to the findings. The AC also reviewed the internal audit plans and the internal audit reports.

In accordance with the requirements of the Code, the AC reviewed and is satisfied with the independence and the objectivity

CORPORATE governance (cont'd)

of the Company's external auditors, Messrs Ernst & Young, and recommended to the Board their re-appointment as external auditors for the year 2007.

The AC also met with the auditors, without the presence of Management to review any matters that might be raised privately.

In January 2006, the Company established a whistle blower policy for the BTL Group. This policy will enable employees of the Company to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters by establishing clearly defined channels and processes for authorised persons of the BTL Group to receive and review protected reports and to take appropriate actions while maintaining confidentiality of the reports as well as the identity of the staff who raised the report.

The AC has the express power to investigate into any matters within its Terms of Reference, and has full access to, and co-operation from the Management, and has full discretion to invite any director and executive officer to attend its meetings.

Internal Controls (Principle 12)

The Company has adopted a set of internal controls which sets out approval limits for expenditure and cheque signatory arrangements. Approval sub-limits are also provided at subsidiary level to facilitate operational efficiency. The Company's internal and external auditors has conducted an annual review in accordance with their audit plans, of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC has also reviewed the effectiveness of the actions taken by Management on the recommendations made by the internal and external auditors in this respect.

The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board believes that, in the absence of any evidence to the contrary, the system of internal control maintained by the Company's Management was in place throughout the financial year and up to the date of this report, provide reasonable, but not absolute, assurance against material financial misstatements or loss, and including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

Internal Audit (Principle 13)

The Company has outsourced its internal audit function to Stone Forest Consulting Pte Ltd ("Stone Forest"). The internal audit team of Stone Forest is headed by a member of the Institute of Internal Auditors. The AC is satisfied that the internal auditor has met the standards set by internationally recognize professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The internal auditor reports directly to the AC. During the year, Stone Forest conducted its audit reviews based on the approved internal audit plans. Upon completion of each audit assignment, key business risks identified in the course of the internal audit review and their recommendations are communicated to Management accordingly and tabled for discussion at AC meetings with updates by Management on the status of the action plans.

COMMUNICATION WITH SHAREHOLDERS

Regular, Effective and Fair Communication with Shareholders (Principle 14)
Greater Shareholder Participation (Principle 15)

The Company keeps shareholders updated on the business and affairs of BTL Group through communication channels such as corporate announcements via the SGXNET, the publication of the Annual Report and circulars to shareholders and the holding of shareholders' meetings.

All financial results, corporate announcements and circulars are issued promptly and within the prescribed periods. All shareholders of the Company receive copies of the Annual Report and Notice of the Annual General Meeting annually. Notice of the AGM is also advertised in a major local newspaper and made available on the SGX-ST website.

As mentioned, the shareholders are given timely notice of the Company's AGM and accordingly, the opportunity for personal representation at the Meeting. The Company's Articles of Association allows a member of the Company to vote in absentia by appointing a proxy to attend and vote on his behalf while the Companies Act, Cap. 50 provides a corporate shareholder with the option to appoint a corporate representative to attend and vote on its behalf.

The Company's main forum for dialogue with shareholders takes place at its AGM where members of the Board, senior Management and external auditors are present to listen or attend to any queries raised by the shareholders.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue and are consistent with the Code's recommendation that companies avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The Company will prepare minutes of the AGM, including significant comments or queries from shareholders and responses from the Board and Management, and make these minutes available to shareholders upon their requests as provided under the Companies Act, Cap. 50.

DEALINGS IN SECURITIES

The Company has devised and adopted its own internal Code of Best Practices on Securities Transactions. The Directors and employees are reminded that they are prohibited from dealing in the Company's shares during the period beginning one month prior to the announcement of the Company's annual and half yearly results and ending on the date of such announcement.

Directors and employees are also reminded that they should not deal in the shares of the Company on short-term basis and/or while in possession of unpublished material price sensitive information relating to the Company's shares and in the securities of other listed companies while in possession of unpublished material price sensitive information relating to those securities. The Code also enables the Company to monitor such share transactions by requiring employees to declare to the Management of their dealings in the Company's shares.

DIRECTORS' report

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of Baker Technology Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2006.

Directors

The Directors of the Company in office at the date of this report are :-

Lim Ho Seng	(Chairman)
Dr. Benety Chang	(Chief Executive Officer)
Anthony Sabastian Aurol	(Chief Operating Officer)
Tan Yang Guan	
Robert Wong Kwan Seng	

In accordance with the Company's Articles of Association, Lim Ho Seng and Anthony Sabastian Aurol retire and, being eligible, offer themselves for re-election.

Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate, other than pursuant to the Group's share option scheme as disclosed in Note 23 of the financial statements and under the header "Options" in the Directors' Report.

Directors' interest in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below :-

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
The Holding Company				
Saberon Investments Pte Ltd				
Ordinary shares				
Dr. Benety Chang	167,500	167,500	37,500	37,500
Anthony Sabastian Aurol	37,500	37,500	–	–
Tan Yang Guan	7,500	7,500	–	–
The Company				
Baker Technology Limited				
Ordinary shares				
Dr. Benety Chang	–	–	39,651,700	436,168,700
Anthony Sabastian Aurol	–	–	39,651,700	436,168,700
Tan Yang Guan	20,000	220,000	39,651,700	436,168,700

DIRECTORS' report (cont'd)

Directors' interest in shares and debentures (cont'd)

Name of Director	Direct interest At beginning of the financial year	Direct interest At end of the financial year	Deemed interest At beginning of the financial year	Deemed interest At end of the financial year
Options to subscribe for ordinary shares				
Lim Ho Seng	75,000	–	–	–
Robert Wong Kwan Seng	75,000	–	–	–
Warrants				
Dr. Benety Chang	–	–	–	19,825,850
Anthony Sabastian Aurol	–	–	–	19,825,850
Tan Yang Guan	–	10,000	–	19,825,850

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2007.

By virtue of Section 7 of the Singapore Companies Act, Cap. 50, Dr. Benety Chang, Anthony Sabastian Aurol and Tan Yang Guan are deemed to have interests in shares of the subsidiaries of the Company.

Except as disclosed in this report, no Director who held office at the end of the financial year had interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning or at the end of the financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Options

At an Extraordinary General Meeting held on 22 May 2002, shareholders approved the Company's share option scheme (the "Scheme") for the granting of share options to Directors and eligible employees of the Company and the Group. Options are granted for terms of 5 to 10 years to purchase the Company's ordinary shares. These options do not entitle the holder to participate, by virtue of the options, in any share issue of any other company. The Scheme shall continue in operation up till 21 May 2012. No option will be granted after that date although any outstanding options shall continue to be exercisable until expiry.

The Scheme is administered by the Remuneration Committee.

The Remuneration Committee comprises :

Lim Ho Seng	(Chairman)
Tan Yang Guan	
Robert Wong Kwan Seng	

During the financial year ended 31 December 2006 :

- On 3 March 2006, the Company and each of the option holders agreed by mutual consent to rescind 962,500 share options granted to them respectively by the Company with effect from 28 February 2006; and
- 100,000 share options were cancelled due to resignation of an employee.

As a result, the Company no longer have any outstanding options.

DIRECTORS' report (cont'd)

Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50, including the following main functions :-

1. reviewing the scope, changes, results and cost effectiveness of the external audit plan and process;

2. reviewing the Group's half year and full year results announcement, the accounting principles adopted and the external auditors' report on the financial statements of the Group before submitting such documents to the Board for approval;

3. reviewing the Group's annual budgets;

4. reviewing, with the Internal Auditors, the scope of the internal audit procedures and the results of the internal audit, monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;

5. reviewing the independence and objectivity of the external auditors;

6. recommending the reappointment of the external auditors to the Board;

7. reviewing the assistance given by the Company's officers to the auditors; and;

8. reports discussions and actions of the AC to the Board of directors with such recommendations as the AC considers appropriate.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened five meetings during the year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

Auditors

Ernst & Young have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors :

Dr. Benety Chang Chief Executive Officer	Anthony Sabastian Aurol Chief Operating Officer

Singapore
8 March 2007

STATEMENT by directors

We, Dr. Benety Chang and Anthony Sabastian Aurol, being two of the Directors of Baker Technology Limited, do hereby state that, in the opinion of the Directors :

(a) the accompanying balance sheets, consolidated profit and loss account, statements of changes in equity, and consolidated cash flow statement together with notes thereto 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 31 December 2006 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date, and

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

On behalf of the Board of Directors :

Dr. Benety Chang
Chief Executive Officer

Anthony Sabastian Aurol
Chief Operating Officer

Singapore
8 March 2007

INDEPENDENT auditors' report

To the Members of Baker Technology Limited

We have audited the accompanying financial statements of Baker Technology Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 33 to 73, which comprise the balance sheets of the Group and the Company as at 31 December 2006, the statements of changes in equity of the Group and the Company, the profit and loss account and cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards ("FRS"). 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation 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,

(i) 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 FRS so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

(ii) 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.

ERNST & YOUNG
Certified Public Accountants

Singapore
8 March 2007

CONSOLIDATED Profit and loss account

for the financial year ended 31 December 2006

	Note	Group 2006 $	Group 2005 $
Revenue	4	62,567,562	55,274,105
Cost of goods sold		(48,742,485)	(43,757,108)
Gross profit		13,825,077	11,516,997
Other operating income	5	435,118	626,653
Administrative expenses		(7,081,398)	(6,968,404)
Selling and distribution expenses		(5,041,724)	(4,510,364)
Other operating expenses	6	(109,978)	(405,459)
Profit from operating activities		2,027,095	259,423
Finance costs		(509,215)	(545,326)
Profit/(loss) before tax	7	1,517,880	(285,903)
Tax expense	8	(580,385)	(638,765)
Profit/(loss) for the financial year		937,495	(924,668)
Earnings/(loss) per share	9		
Basic (in cents)		0.3	(1.6)
Diluted (in cents)		0.2	(1.6)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE sheets

as at 31 December 2006

	Note	Group		Company	
		2006	2005	2006	2005
		$	$	$	$
Non-current assets					
Property, plant and equipment	10	5,488,614	4,423,138	451	1,162
Investment in subsidiaries	11	–	–	8,000,002	8,000,002
Intangible assets	12	92,779	93,546	–	–
		5,581,393	4,516,684	8,000,453	8,001,164
Current assets					
Inventories	13	16,752,322	17,940,901	–	–
Trade receivables	14	12,253,210	12,353,140	–	–
Other receivables	15	648,710	713,948	19,006	55,557
Amounts due from subsidiaries	16	–	–	12,711,233	893,464
Cash at bank and on hand		1,568,667	503,074	21,357	16,571
		31,222,909	31,511,063	12,751,596	965,592
Less : Current liabilities					
Interest-bearing loans and borrowings	17	3,253,063	12,385,197	–	–
Trade payables	18	6,542,509	12,171,074	–	–
Other liabilities	19	3,072,469	2,662,456	145,575	146,155
Amount due to holding company	20	–	578,000	–	578,000
Tax payable		573,323	599,986	–	17,275
		13,441,364	28,396,713	145,575	741,430
Net current assets		17,781,545	3,114,350	12,606,021	224,162
Non-current liabilities					
Amounts due to subsidiaries	22	–	–	–	(1,817,061)
Interest-bearing loans and borrowings	17	(1,174,067)	(186,225)	–	–
Deferred tax liabilities	8	(68,000)	(68,000)	–	–
Net assets		22,120,871	7,376,809	20,606,474	6,408,265
Equity attributable to equity holders of the Company					
Share capital	23	18,005,795	11,400,000	18,005,795	11,400,000
Share premium		–	4,647,707	–	4,647,707
Reserves		4,115,076	(8,670,898)	2,600,679	(9,639,442)
Total equity		22,120,871	7,376,809	20,606,474	6,408,265

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS of changes in equity

for the financial year ended 31 December 2006

Group	Share capital (Note 23)	Share premium	Capital reserve (1)	Foreign currency translation reserve (2)	Employee share option reserve (3)	Accumulated (losses) / profits	Total reserves	Total equity
			Attributable to equity holders of the Company					
	$	$	$	$	$	$	$	$
At 31 December 2004	11,400,000	4,647,707	1,927,948	1,313,224	–	(10,872,807)	(7,631,635)	8,416,072
Net loss for 2005	–	–	–	–	–	(924,668)	(924,668)	(924,668)
Net effect of exchange differences	–	–	–	(138,595)	–	–	(138,595)	(138,595)
Grant of equity-settled share options to directors andemployees	–	–	–	–	24,000	–	24,000	24,000
At 31 December 2005	11,400,000	4,647,707	1,927,948	1,174,629	24,000	(11,797,475)	(8,670,898)	7,376,809
Net profit for 2006	–	–	–	–	–	937,495	937,495	937,495
Net effect of exchange differences	–	–	–	(181,232)	–	–	(181,232)	(181,232)
Grant of equity-settled share options to directors and employees	–	–	–	–	22,000	–	22,000	22,000
Transfer of employee share option reserve to accumulated profits	–	–	–	–	(46,000)	46,000	–	–
Transfer of share premium reserve to share capital	4,647,707	(4,647,707)	–	–	–	–	–	–
Issuance of rights shares	14,250,000	–	–	–	–	–	–	14,250,000
Share issue expenses	(284,201)	–	–	–	–	–	–	(284,201)
Capital reduction	(12,007,711)	–	–	–	–	12,007,711	12,007,711	–
At 31 December 2006	18,005,795	–	1,927,948	993,397	–	1,193,731	4,115,076	22,120,871

(1) Capital reserve arose from the acquisition of subsidiary companies and restructuring exercise in prior years.

(2) Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(3) Employee share option reserve represents the equity-settled share options granted to employees (Note 23). The reserve is made up of the cumulative value of services realised from employees recorded on grant of equity-settle share options.

STATEMENTS of changes in equity (cont'd)

for the financial year ended 31 December 2006

Company	Share capital (Note 23)	Share premium	Capital reserve [1]	Employee share option reserve[3]	Accumulated (losses)/ profits	Total reserves	Total equity
	Attributable to equity holders of the Company						
	$	$	$	$	$	$	$
At 31 December 2004	11,400,000	4,647,707	2,344,269	–	(8,477,315)	(6,133,046)	9,914,661
Net loss for 2005	–	–	–	–	(3,530,396)	(3,530,396)	(3,530,396)
Grant of equity-settled share options to directors and employees	–	–	–	24,000	–	24,000	24,000
At 31 December 2005	11,400,000	4,647,707	2,344,269	24,000	(12,007,711)	(9,639,442)	6,408,265
Net profit for 2006	–	–	–	–	210,410	210,410	210,410
Grant of equity-settled share options to directors and employees	–	–	–	22,000	–	22,000	22,000
Transfer of employee share option reserve to accumulated profits	–	–	–	(46,000)	46,000	–	–
Transfer of share premium reserve to share capital	4,647,707	(4,647,707)	–	–	–	–	–
Issuance of rights shares	14,250,000	–	–	–	–	–	14,250,000
Share issue expenses	(284,201)	–	–	–	–	–	(284,201)
Capital reduction	(12,007,711)	–	–	–	12,007,711	12,007,711	–
At 31 December 2006	18,005,795	–	2,344,269	–	256,410	2,600,679	20,606,474

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED cash flow statement

for the financial year ended 31 December 2006

	2006 $	2005 $
Cash flows from operating activities :		
Profit/(loss) before tax	1,517,880	(285,903)
Adjustments for :		
Depreciation	565,786	706,782
Interest expense	509,215	545,326
Expense of share-based payments	22,000	24,000
Loss/(gain) on disposal of property, plant and equipment	5,037	(2,581)
Interest income	(2,014)	(477)
Operating profit before working capital changes	2,617,904	987,147
Decrease/(increase) in trade receivables	99,930	(1,859,308)
Decrease/(increase) in other receivables	65,238	(96,178)
Decrease/(increase) in inventories	1,188,579	(3,686,992)
(Decrease)/increase in trade payables	(5,628,565)	3,404,094
Increase in other liabilities	410,013	467,367
Net cash flows used in operations	(1,246,901)	(783,870)
Interest paid	(509,215)	(545,326)
Interest received	2,014	477
Income tax paid	(607,048)	(158,129)
Net cash flows used in operating activities	(2,361,150)	(1,486,848)
Cash flows from investing activities :		
Intangible assets acquired	–	(22,172)
Proceeds from disposal of property, plant and equipment	380,918	50,053
Purchase of property, plant and equipment	(882,123)	(244,730)
Net cash flows used in investing activities	(501,205)	(216,849)
Cash flows from financing activities :		
Net proceeds from rights issue	13,965,799	–
(Repayment of)/proceeds from loans and borrowings	(8,811,863)	1,056,845
Repayment of finance leases	(91,088)	(128,712)
Repayment of loan from holding company	(578,000)	–
Net cash flows from financing activities	4,484,848	928,133
Net increase/(decrease) in cash and cash equivalents	1,622,493	(775,564)
Cash and cash equivalents at beginning of financial year	80.233	867,941
Effect of exchange rate changes on opening cash and cash equivalents	(134,059)	(12,144)
Cash and cash equivalents at end of financial year (Note 24)	1,568,667	80,233

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. Corporate information

Baker Technology Limited (the “Company”) is a limited liability company domiciled in Singapore. The Company is publicly traded on the Singapore Exchange. The holding company is Saberon Investments Pte Ltd. Both companies are incorporated in Singapore.

The registered office and principal place of business of the Company is located at 122 Pioneer Road, Singapore 639583.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are the production and distribution of truck and trailer axles and related components. There have been no significant changes in the nature of these activities during the financial year.

Related parties in the financial statements refer to companies in which certain Directors have substantial interests.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis and are presented in Singapore Dollars (SGD or $).

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

(a) Adoption of new FRS

On 1 January 2006, the Group and the Company adopted the following revised FRS and interpretation to FRS (“INT FRS”) that are mandatory for annual financial periods beginning on or after 1 January 2006.

FRS 19 (revised)	–	Employee Benefits
FRS 21 (revised)	–	The Effects of Changes in Foreign Exchange Rates
FRS 32 (revised)	–	Financial Instruments : Disclosure and Presentation
FRS 39 (revised)	–	Financial Guarantee Contracts
INT FRS 104	–	Determining Whether an Arrangement Contains a Lease

The adoption of the above FRS and INT FRS did not result in any significant changes to the Group’s and the Company’s accounting policies.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

(b) FRS and INT FRS not yet effective

The Group and the Company have not applied the following new or revised FRS and INT FRS that have been issued but not yet effective :

			Effective date (Annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)	1 January 2007
FRS 40	:	Investment Property	1 January 2007
FRS 107	:	Financial Instruments: Disclosures	1 January 2007
INT FRS 107	:	Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies	1 March 2006
INT FRS 108	:	Scope of FRS 102, Share-based Payment	1 May 2006
INT FRS 109	:	Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	:	Interim Financial Reporting and Impairment	1 November 2006

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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.

2. Summary of significant accounting policies (cont'd)

2.3 Significant accounting estimates and judgements (cont'd)

(a) Impairment of intangible assets

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's intangible assets at 31 December 2006 was $92,779 (2005 : $93,546). More details are given in Note 12.

(b) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables and deferred tax liabilities at 31 December 2006 was $573,323 (2005 : $599,986) and $68,000 (2005 : $68,000) respectively.

2.4 Functional and foreign currency

(a) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be Singapore Dollars (SGD or $). Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

NOTES to the financial statements (cont'd)

31 December 2006

2. Summary of significant accounting policies (cont'd)

2.4 Functional and foreign currency (cont'd)

(b) Foreign currency transactions (cont'd)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary.

(c) Foreign currency translation

The results and financial position of foreign operations are translated into SGD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

2.5 Subsidiaries and principles of consolidation

(a) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the holding company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiaries and principles of consolidation (cont'd)

(b) Principles of consolidation (cont'd)

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Acquisitions of subsidiaries are accounted for using the purchase method. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2.6 Property, plant and equipment

Cost

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows :

Freehold building	-	20 years
Leasehold land and buildings	-	over remaining terms of lease
Leasehold improvements	-	5 years
Furniture and fittings	-	5 years
Office equipment	-	5 to 9 years
Motor vehicles	-	4 to 5 years
Equipment and tools	-	5 to 14 years

Fully depreciated assets still in use are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Summary of significant accounting policies (cont'd)

2.6 Property, plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economics benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.7 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is 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. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated.

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2. Summary of significant accounting policies (cont'd)

2.7 Intangible assets (cont'd)

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the profit and loss account through the 'depreciation and amortisation expenses' line item.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

The Group's intangible assets relate to distribution rights, design licences and trademark. Distribution rights and trademark are recorded at residual values as at 31 December 2006.

Design licences were acquired externally and the useful life is estimated to be indefinite.

Gain or loss arising from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised.

2.8 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account as 'other operating expenses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

NOTES to the financial statements (cont'd)

31 December 2006

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.9 Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(a) Financial assets at fair value through profit or loss

Derivative financial instruments whose fair value is positive are classified as financial assets at fair value through profit or loss. The accounting policy for derivative financial instruments is included in Note 2.21.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Group classifies the following financial assets as loans and receivables:

- cash and short term deposits
- trade and other receivables, including amounts due from subsidiaries.

2. Summary of significant accounting policies (cont'd)

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

For the purpose of the cash flow statement, cash and cash equivalents are shown net of outstanding unsecured bank overdraft.

2.11 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial asset is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

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 was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.12 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

NOTES to the financial statements (cont'd)

31 December 2006

2. Summary of significant accounting policies (cont'd)

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows :

- Raw materials	- Purchase cost on a weighted average basis
- Work-in-progress and finished goods	- Cost of materials, direct labour and a finished goods proportion of manufacturing overheads based on normal operating capacity on weighted average cost basis

Net realisable value represents the estimated selling prices less anticipated costs of disposal and after making allowances for damaged, obsolete and slow-moving items.

2.14 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other amounts payable, payables to related parties and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

2.15 Borrowing costs

Borrowings are generally expensed as incurred. Borrowing costs are capitalized if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are ready for their intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Borrowing costs are recognised as expenses in the period in which they are incurred.

2.16 Provisions

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

A provision for warranty is recognised for all products under warranty at the balance sheet date based on past experience of the level of repairs and returns.

2. Summary of significant accounting policies (cont'd)

2.17 Employee benefits

(a) *Defined contribution plan*

Contributions to defined contribution plans are recorded as an expense as they fall due. Contributions made to government managed retirement benefit plan such as the Central Provident Fund which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

(b) *Employee leave entitlement*

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

(c) *Employee share option scheme*

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for share options ('equity-settled transactions').

2.18 Leases

Finance leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account. Contingent rents, if any, are charged as expenses in the period in which they are incurred.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease

Leases where lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases.

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

NOTES to the financial statements (cont'd)

31 December 2006

2. Summary of significant accounting policies (cont'd)

2.19 Revenue

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

(a) Sales of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of goods sold.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Royalties

Revenue is recognised on a straight line basis over the licence period stipulated in the related licensing agreement.

(c) Interest income

Interest income is recognised on a time proportion basis unless collectibility is in doubt.

2.20 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred income tax is provided, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investment in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Summary of significant accounting policies (cont'd)

2.20 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised on the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.21 Derivative financial instruments

Derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the profit and loss account for the year.

NOTES to the financial statements (cont'd)

31 December 2006

3. Segment information

(a) By business activity :

The Group's principal business activity consists wholly of the manufacture and distribution of trailer axles and related components, and therefore, no segmental reporting of business activity is appropriate.

(b) By geographical locations :

The revenue by geographical segments are based on the location of the markets and customers. The assets and capital expenditure are based on the location of those assets.

(c) Allocation basis and transfer pricing :

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

Transfer prices between inter-companies are set on an arm's length basis in a manner similar to transactions with third parties.

	Segment revenue		Segment result	
	2006	2005	2006	2005
	$	$	$	$
Asia Pacific	45,823,409	40,845,678	2,325,310	(133,355)
Middle East/Africa/Europe	16,744,153	14,428,427	418,361	1,074,744
Consolidated	62,567,562	55,274,105	2,743,671	941,389
Unallocated expenses			(716,576)	(681,966)
Operating profit			2,027,095	259,423
Finance costs			(509,215)	(545,326)
Profit/(loss) from operations before tax			1,517,880	(285,903)
Tax expense			(580,385)	(638,765)
Net profit/(loss) for the financial year			937,495	(924,668)

3. Segment information (cont'd)

(c) Allocation basis and transfer pricing (cont'd)

	Asia Pacific		Middle East/ Africa/Europe		Consolidated	
	2006	2005	2006	2005	2006	2005
	$	$	$	$	$	$
Segment assets	32,851,728	31,012,803	3,912,211	4,941,654	36,763,939	35,954,457
Unallocated assets					40,363	73,290
					36,804,302	36,027,747
Segment liabilities	3,509,585	25,695,954	1,028,271	2,213,554	14,537,856	27,909,508
Unallocated liabilities					145,575	741,430
					14,683,431	28,650,938
Capital expenditure	2,063,623	277,187	–	–	2,063,623	277,187
Depreciation	565,786	706,782	–	–	565,786	706,782

NOTES to the financial statements (cont'd)

31 December 2006

4. Revenue

Revenue of the Group represents invoiced value of goods sold.

5. Other operating income

	Group 2006 $	Group 2005 $
Interest income	2,014	477
Royalty income	237,000	626,176
Foreign exchange gain - realised	196,104	–
	435,118	626,653

6. Other operating expenses

	2006	2005
Foreign exchange loss		
- Realised	–	59,088
- Unrealised	42,831	243,300
Other expenses	67,147	103,071
	109,978	405,459

7. Profit/(loss) before tax

Profit/(loss) before tax is stated after charging/(crediting) :-

	2006	2005
Depreciation expense (Note 10)	565,786	706,782
Fees paid to a firm in which a director of the Company is a member	5,435	1,617
Finance costs :		
Interest expense on loans and borrowings (including bank overdrafts)	490,425	520,327
Finance charges payable under finance leases	18,790	24,999
Loss/(gain) on disposal of property, plant and equipment	5,037	(2,581)
Operating lease charges	242,601	197,455
Employee benefit expense (including executive directors) :		
- Contributions to defined contribution plans	491,496	574,016
- Salaries, wages, bonuses and other costs	5,335,758	5,774,482
- Expense of share-based payments	22,000	24,000
Non-audit fees paid to :		
- Auditors of the Company	11,596	14,517
- Other auditors	55,841	3,003

8. Tax expense

(a) **Major components of income tax expense**

The major components of income tax expense for the years ended 31 December are :-

	Group 2006 $	Group 2005 $
Current income tax		
Current income taxation	562,385	570,765
Underprovision in respect of prior years	18,000	–
Deferred income tax		
Movement in temporary differences	–	68,000
Income tax expense recognised in the profit and loss account	580,385	638,765

(b) **Relationship between tax expense and accounting profit**

A reconciliation between tax expenses and the product of accounting profit/(loss) multiplied by the applicable tax rate for the years ended 31 December is as follows :-

	2006	2005
Accounting profit/(loss) before income tax	1,517,880	(285,903)
Income tax expense/(benefit) at the applicable tax rate of 20% (2005 : 20%)	303,576	(57,181)
Unrecognised deferred tax assets	243,833	720,303
Tax effect of income not subject to tax	(17,366)	(54,605)
Tax effect of expenses not deductible in determining taxable profit	35,454	112,143
Tax effect of different tax rates in other countries	45,549	19,371
Tax effect of utilisation of tax losses carried forward	(19,501)	(92,566)
Underprovision in respect of prior years	18,000	–
Tax exemption	(21,000)	(21,000)
Others, net	(8,160)	12,300
	580,385	638,765

Deferred income tax

Deferred income tax as at 31 December relates to the following :-

	Group Consolidated balance sheet 2006 $	Group Consolidated balance sheet 2005 $	Group Consolidated profit and loss account 2006 $	Group Consolidated profit and loss account 2005 $
Deferred tax liabilities				
Differences in depreciation	90,074	97,400	–	97,400
Other items	(22,074)	(29,400)	–	(29,400)
	68,000	68,000		
Deferred income tax expense			–	68,000

8. **Tax expense (cont'd)**

The Group has unutilised tax losses of approximately $7,040,000 (2005 : $6,940,000) as at 31 December 2006 available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax assets are recognised due to uncertainty of their recoverability.

9. **Earnings/(loss) per share**

Basic earnings per share amounts are calculated by dividing profit/(loss) for the financial year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share amounts are calculated by dividing profit/(loss) for the financial year that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following tables reflects the profit and loss account and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2006 $	2005 $
Profit/(loss) for the financial year attributable to ordinary equity holders of the Company used in computation of basic and diluted earnings/(loss) per ordinary share	937,495	(924,668)
Weighted average number of ordinary shares for basic earnings/(loss) per share computation	365,750,000	57,000,000
Dilutive effect of warrants	28,499,819	–
Dilutive effect of share option *	–	–
Weighted average number of ordinary shares adjusted for the effect of dilution	394,249,819	57,000,000

* For the financial year ended 31 December 2005, 1,062,500 of share options granted to employees and directors under the Group share option scheme have not been included in the calculation of diluted loss per share because they are anti-dilutive.

10. Property, plant and equipment

	Freehold land and building $	Leasehold land and building $	Leasehold improvements $	Furniture and fittings $	Office equipment $	Motor vehicles $	Equipment and tools $	Total $
Group								
Cost :								
At 1 January 2005	2,922,561	1,733,956	472,434	312,192	1,858,559	997,343	3,756,349	12,053,394
Additions	–	–	26,340	14,630	49,681	32,457	154,079	277,187
Disposals	–	–	–	–	(5,160)	(74,956)	–	(80,116)
Net exchange differences	(136,996)	–	(13,333)	(972)	(48,968)	(22,805)	(95,301)	(318,375)
At 31 December 2005 and 1 January 2006	2,785,565	1,733,956	485,441	325,850	1,854,112	932,039	3,815,127	11,932,090
Additions	–	1,470,892	238,799	15,202	40,889	39,050	258,791	2,063,623
Disposals	–	–	(114,209)	(22,910)	(19,873)	(46,675)	(1,319,819)	(1,523,486)
Net exchange differences	(22,833)	–	(1,532)	729	(9,733)	(8,670)	(24,587)	(66,626)
At 31 December 2006	2,762,732	3,204,848	608,499	318,871	1,865,395	915,744	2,729,512	12,405,601
Accumulated depreciation :								
At 1 January 2005	579,297	693,442	344,368	243,350	1,534,827	538,604	3,070,027	7,003,915
Depreciation charge for the year	85,573	57,798	30,826	23,091	123,608	126,978	258,908	706,782
Disposals	–	–	–	–	(5,160)	(27,484)	–	(32,644)
Net exchange differences	(30,525)	–	(8,661)	(163)	(43,458)	(11,669)	(74,625)	(169,101)
At 31 December 2005 and 1 January 2006	634,345	751,240	366,533	266,278	1,609,817	626,429	3,254,310	7,508,952
Depreciation charge for the year	75,505	57,798	37,752	19,630	102,224	117,521	155,356	565,786
Disposals	–	–	(52,900)	(9,443)	(6,313)	(40,847)	(1,028,028)	(1,137,531)
Net exchange differences	825	–	359	275	(5,314)	977	(17,342)	(20,220)
At 31 December 2006	710,675	809,038	351,744	276,740	1,700,414	704,080	2,364,296	6,916,987

10. **Property, plant and equipment (cont'd)**

	Freehold land and building $	Leasehold land and building $	Leasehold improve-ments $	Furniture and fittings $	Office equipment $	Motor vehicles $	Equipment and tools $	Total $
Net carrying amount :								
At 31 December 2005	2,151,220	982,716	118,908	59,572	244,295	305,610	560,817	4,423,138
At 31 December 2006	2,052,057	2,395,810	256,755	42,131	164,981	211,664	365,216	5,488,614

(a) During the financial year, the Group acquired motor vehicle with an aggregate cost of $37,500 (2005 : $32,457) by means of finance lease. The carrying amount of assets held under finance leases as at 31 December 2006 was $165,711 (2005 : $264,377). Leased assets are pledged as security for the related finance lease liabilities.

(b) In addition, the Group's freehold land and building and leasehold land and building with carrying amount of approximately $2,052,000 (2005 : $2,151,000) and $1,471,000 (2005 : $Nil) are subject to a first mortgage charge to secure the subsidiaries' bills payable and term loan respectively (Note 17).

(c) The following are the major properties of the Group :

(i) Leasehold factory premises at 5 Tuas Avenue 6, Singapore.

(ii) Leasehold factory premises at 122 Pioneer Road, Singapore.

(iii) Freehold factory premises at 13 Monterey Road, Dandenong, Australia.

10. Property, plant and equipment (cont'd)

	Office equipment $
Company	
Cost :	
At 1 January 2005, 31 December 2005 and 31 December 2006	67,254
Accumulated depreciation :	
At 1 January 2005	64,617
Depreciation charge for the year	1,475
At 31 December 2005 and 1 January 2006	66,092
Depreciation charge for the year	711
At 31 December 2006	66,803
Net carrying amount :	
At 31 December 2005	1,162
At 31 December 2006	451

11. Investment in subsidiaries

	Company 2006 $	Company 2005 $
Shares, at cost	17,348,956	17,348,956
Impairment loss	(9,348,954)	(9,348,954)
Carrying amount of investments	8,000,002	8,000,002

NOTES to the financial statements (cont'd)

31 December 2006

11. Investment in subsidiaries (cont'd)

The subsidiaries for the financial year ended 31 December 2005 are :-

Subsidiary (Country of incorporation)	Cost of investment 2006	Cost of investment 2005	Percentage of equity held by the Group 2006	Percentage of equity held by the Group 2005	Principal activity (Place ofbusiness)
	$	$	%	%	
(1) York Transport Equipment (Asia) Pte Ltd (Singapore)	14,095,954	14,095,954	100	100	Production and distribution of axles and related components (Singapore and Asia Pacific countries)
(2) York Transport Equipment Pty. Limited (Australia)	3,253,000	3,253,000	100	100	Production and distribution of axles and related components (Australia)
(1) Rednet Pte. Ltd. (Singapore)	2	2	100	100	Trading in axles and related components (Singapore)
	17,348,956	17,348,956			
The subsidiaries of York Transport Equipment (Asia) Pte Ltd are :-					
(1) YTE Special Products Pte Ltd (Singapore)	2	2	100	100	Trading in axles and related components (Middle East and Africa)
(2) York Sales (Thailand) Co., Ltd (Thailand)	1,455	1,455	100	100	Trading in axles and related components (Thailand)
(2) YTE Transport Equipment (SA) (Pty) Limited (South Africa)	31,710	31,710	100	100	Trading in axles and related components (South Africa)
(2) York Transport Equipment (Malaysia) Sdn. Bhd. (Malaysia)	1	1	100	100	Dormant (Malaysia)

11. **Investment in subsidiaries (cont'd)**

Subsidiary (Country of incorporation)	Cost of investment 2006 $	Cost of investment 2005 $	Percentage of equity held by the Group 2006 %	Percentage of equity held by the Group 2005 %	Principal activity (Place of business)
[1] Eadda Pte. Ltd. (Singapore)	2	2	100	100	Dormant (Singapore)
[3] PT York Engineering (Indonesia)	173,000	173,000	100	100	Dormant (Indonesia)
The subsidiary of YTE Special Products Pte Ltd is :					
[4] Qingdao YTE Special Products Co. Ltd (People's Republic of China)	295,492	210,992	100	100	Trading in axles components (People's Republic of China)

(1) Audited by Ernst & Young, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by Drs. Sukimto Sjamsuli.
(4) Audited by Qingdao Zhenqing Certified Public Accountants Co Ltd.

12. Intangible assets

	Goodwill arising on consolidation $	Distribution rights $	Design licences $	Trademark $	Total $
Group					
Cost :					
At 1 January 2005	31,191	834,221	343,386	41,419	1,250,217
Addition	–	–	22,172	–	22,172
Net exchange differences	–	(39,104)	(16,970)	–	(56,074)
At 31 December 2005 and 1 January 2006	31,191	795,117	348,588	41,419	1,216,315
Net exchange differences	–	(6,516)	(2,857)	–	(9,373)
At 31 December 2006	31,191	788,601	345,731	41,419	1,206,942
Accumulated amortisation and impairment :					
At 1 January 2005	31,191	834,216	267,590	41,419	1,174,416
Net exchange differences	–	(39,104)	(12,543)	–	(51,647)
At 31 December 2005 and 1 January 2006	31,191	795,112	255,047	41,419	1,122,769
Net exchange differences	–	(6,516)	(2,090)	–	(8,606)
At 31 December 2006	31,191	788,596	252,957	41,419	1,114,163
Net carrying amount :					
31 December 2005	–	5	93,541	–	93,546
31 December 2006	–	5	92,774	–	92,779

On adoption of revised FRS 38, design licences are determined to have indefinite lives. Accordingly, the carrying amount is no longer amortised, but is now subject to annual impairment testing.

The recoverable amount for design licences is based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection is 5%.

The following describes the assumption on which management has based its cash flow projections to undertake impairment testing of design licences :

- Budget gross margins
  The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

13. Inventories

	Group 2006 $	Group 2005 $
Raw materials	38,473	1,390,635
Work-in-process	22,899	134,357
Finished goods	15,546,563	14,554,691
Stocks in transit	1,144,387	1,861,218
Total inventories at the lower of cost and net realisable value	16,752,322	17,940,901

During the financial year, the Group wrote down $167,119 (2005 : $80,752) of inventories which are recognised as expense in the profit and loss account.

14. Trade receivables

Gross trade receivables	12,442,509	12,594,836
Allowance for doubtful debts	(189,299)	(241,696)
	12,253,210	12,353,140

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

Included in trade receivables is an amount of approximately $2,800,000 (2005 : $2,900,000) that is pledged to a bank for secured bank loan (Note 17).

As at 31 December 2006, included in trade receivables of the Group is an amount of $5,486,290 (2005 : $7,142,089) denominated in US dollars.

15. Other receivables

	Group 2006 $	Group 2005 $	Company 2006 $	Company 2005 $
Advance	75,578	3,398	–	–
Deposits	84,945	41,053	–	–
Prepayments	185,476	160,306	2,247	357
Tax recoverable	86,415	345,357	16,759	46,700
Sundry receivables	216,296	163,834	–	8,500
	648,710	713,948	19,006	55,557

16. Amounts due from subsidiaries

The amounts due from subsidiaries are non-trade, unsecured, non-interest bearing and are repayable on demand. These amounts are to be settled in cash.

17. Interest-bearing loans and borrowings

	Weighted average effective interest rate (p.a.)	Maturity	Group 2006 $	Group 2005 $
Current :				
Obligations under finance leases				
- secured (Note 21)	6.26% - 8.13%	2007	88,536	86,507
Bank overdraft				
- secured	6.5%	2007	520,926	–
- unsecured	–	–	–	422,841
Bills payable to banks				
- secured	6.86% - 8.22%	2007	1,977,078	1,482,300
- unsecured	–	–	–	1,644,323
Bank loans				
- SGD 10 year term loan (secured)	4.48%	2007	92,967	–
- SGD bank loan (unsecured)	–	–	–	7,500,000
- AUD revolving credit facility (secured)	12.62%	2007	573,556	1,249,226
			3,253,063	12,385,197
Non-current :				
Obligations under finance leases				
- secured (Note 21)	6.26% - 8.13%	2008 – 2013	130,608	186,225
Bank loan				
- SGD 10 year term loan (secured)	4.98%	2008 – 2016	1,043,459	–
			1,174,067	186,225

17. Interest-bearing loans and borrowings (cont'd)

As at 31 December 2006, bank overdraft of approximately $521,000 (2005 : $Nil) and bills payable of approximately $580,000 (2005 : $Nil) are secured by a debenture deed which provide for a fixed and floating charge over a subsidiary's fixed property and assets.

The remaining bills payable of approximately $1,397,000 (2005 : $1,482,000) is secured by a first mortgage charge over a subsidiary's freehold land and building (Note 10).

The Company has also provided a corporate guarantee for the above bank borrowings by its subsidiaries. Details of the rest of the interest-bearing loans and borrowings are summarised below.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 10).

SGD 10 year term loan (current and non-current)

This 10 year term loan is secured by a first mortgage charge over a subsidiary's leasehold land and building (Note 10).

The loan is repayable by 120 monthly instalment which commenced in December 2006 and the interest rates have been fixed at 4.48% per annum and 4.98% per annum for the first and second year respectively.

AUD revolving credit facility (current)

This revolving credit facility is secured by a subsidiary's trade receivables (Note 14).

18. Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Included in trade payables of the Group is an amount of approximately $3,700,000 (2005 : $6,700,000) denominated in US dollars.

19. Other liabilities

	Group 2006 $	Group 2005 $	Company 2006 $	Company 2005 $
Accrued operating expenses	2,497,643	2,323,129	100,300	96,998
Directors' fees	45,000	45,000	45,000	45,000
Other payables	353,100	90,496	275	4,157
Allowance for warranty	176,726	203,831	–	–
	3,072,469	2,662,456	145,575	146,155

	Group 2006 $	Group 2005 $
Allowance for warranty is analysed as follows :		
Balance at beginning of year	203,831	256,071
Charge to/(write back) profit and loss account	102,167	(7,381)
Provision utilised	(128,397)	(39,664)
Net exchange differences	(875)	(5,195)
Balance at end of year	176,726	203,831

The Company provides a one-year warranty on most products under which faulty products are required to be repaired or replaced. The amount of the accrual is based on the sales volume and past experience with the level of repairs and returns. It is expected that majority of these expenditure will be incurred within two years of the balance sheet date.

20. Amount due to holding company

The amount due to holding company is non-trade, unsecured, non-interest bearing and repayable on demand. The amount is to be settled in cash.

21. Finance leases

The Group had acquired some motor vehicles, office equipment and equipment and tools under leased facilities. The average discount implicit in the leases is 6.26% to 8.13% (2005 : 6.26% to 8.19%) per annum. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum lease payments 2006 $	Present value of payments 2006 $	Minimum lease payments 2005 $	Present value of payments 2005 $
Not later than one year (Note 17)	101,112	88,536	105,127	86,507
Later than one year but not later than five years	128,828	130,608	204,150	186,225
Later than five years	15,457	–	–	–
Total minimum lease payments	245,397	219,144	309,277	272,732
Less : Amounts representing finance charges	(26,253)	–	(36,545)	–
Present value of minimum lease payments	219,144	219,144	272,732	272,732

22. Amounts due to subsidiaries

The amounts due to subsidiaries are non-trade, unsecured, non-interest bearing and are not expected to be repaid in the next 12 months. These amounts are to be settled in cash.

23. Share capital

	Group and Company	
	2006 **$**	**2005** **$**
Issued and fully paid :		
At 1 January	11,400,000	11,400,000
Issuance of rights shares	14,250,000	–
Share issue expenses	(284,201)	–
Capital reduction	(12,007,711)	–
Transfer of share premium reserve to share capital	4,647,707	–
At 31 December	18,005,795	11,400,000

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

23. Share capital (cont'd)

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have a par value and the amount standing in the share premium reserve became part of the Company's share capital.

In June 2006, the Company completed its renounceable non-underwritten rights issue of 570,000,000 new ordinary shares in the capital of the Company at an issue price of $0.025 for each rights share with 28,499,819 free detachable warrants, each warrant carrying the right to subscribe for 1 new ordinary shares in the capital of the Company at an exercise price of $0.025 for each new share, on the basis of 20 rights shares with 1 free detachable warrant for every 2 existing ordinary shares each held by the shareholders of the Company as at books closure dates. The above 570,000,000 rights shares and 28,499,891 warrants were listed on the SGX-Sesdaq on 15 June 2006 and 16 June 2006 respectively.

On 22 June 2006, the Company's capital reduction exercise was effective. As at 30 June 2006, the Company's issued capital was $18,005,795 comprising 627,000,000 ordinary shares.

As at 31 December 2006, 28,499,819 warrants remained outstanding.

The Company has a group share option scheme (the "Scheme") for the granting of share options to directors and eligible employees of the Company and the Group. Options are granted for terms of 5 to 10 years to purchase the Company's ordinary shares. These options do not entitle the holder to participate, by virtue of the options, in any share issue of any other company. The scheme shall continue in operation up till 21 May 2012. No option will be granted after that date although any outstanding options continue to be exercisable until expiry. There are no cash settlement alternations.

The following table illustrates the number and exercise price of, and movements in, share options during the year.

	2006		2005	
	Number	Exercise price	Number	Exercise price
Outstanding at beginning of year	1,062,500	$0.20	1,162,500	$0.20
Granted during the year			–	–
Forfeited during the year	(100,000)	$0.20	(100,000)	$0.20
Rescinded during the year	(962,500)	$0.20	–	–
Outstanding at end of year	–	–	1,062,500	$0.20

On 3 March 2006, the Company and each of the option holders agreed by mutual consent to rescind the options in respect of 962,500 shares granted to them respectively by the Company with effect from 28 February 2006. In addition, options in respect of 100,000 shares were cancelled due to resignation of an employee subsequent to the end of the financial year. As a result, the Company no longer have any outstanding options as at the date of this report.

24. Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at 31 December :-

	Group 2006 $	Group 2005 $
Cash at bank and on hand	1,568,667	503,074
Bank overdraft (Note 17)	–	(422,841)
	1,568,667	80,233

Cash and cash equivalents denominated in foreign currencies at 31 December are as follows :

	2006	2005
US dollar	118,536	171,157
A$	269,880	1,227
	388,416	172,384

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

25. Commitments

The Group leases certain property under lease agreements that are non-cancellable within a year and contain provisions for rental adjustments. One of the lease was to expire on 30 November 2022. In 2002, the Group was granted a 30-year extension on this lease, which will now expire on 30 November 2052.

At the balance sheet date, the commitments in respect of non-cancellable operating leases as of 31 December are as follows :

	2006	2005
Not later than one year	112,644	186,073
Later than one year but no later than five years	337,932	325,822
Later than five years	3,150,956	2,523,911
	3,601,532	3,035,806

NOTES to the financial statements (cont'd)

31 December 2006

26. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if :

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decision of the Group or vice versa); and

(ii) it is subject to common control or common significant influence.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties :-

(a) Sales and purchase of goods and services

Except for those related party information disclosed elsewhere in the financial statements, there are no significant transactions between the Group and related parties who are not members of the Group during the financial year.

(b) Compensation of key management personnel

	Group	
	2006	2005
	$	$
Short-term employee benefits	959,211	974,547
Share-based payments	22,000	24,000
	981,211	998,547
Comprise amounts paid to		
- Directors of the Company	210,224	212,920
- Other key management personnel	770,987	785,627
	981,211	998,547

Directors' interests in an employee share option plan

On 3 March 2006, the Company and two of the Company's non-executive directors agreed by mutual consent to rescind the options in respect of 150,000 shares granted to them respectively by the Company with effect from 28 February 2006.

No share options have been granted to any of the Company's Directors during the financial year.

27. Directors' and executives' remuneration

Directors' remuneration (including directors of subsidiaries) and fees amounted to $ 163,244 (2005 : $163,920) and $45,000 (2005 : $45,000) respectively.

The number of Directors of the Company with remuneration received from the Company and all of its subsidiaries fall within the following bands :-

	Company	
	2006	2005
	$	$
$500,000 and above	–	–
$250,000 to $499,999	–	–
Below $250,000	4	4
Total	4	4

28. Financial instruments

(a) Financial risk management objectives and policies

The Group is exposed to market risk, including primarily changes in interest rates and currency exchange rates. The Group does not speculate in the currency markets or hold or issue derivatives financial instruments. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term debt obligations.

The interest rates on these obligations are pegged at the prevailing market rates as and when they fall due for rollover. The period for rollover is between one to six months. As such, the Group's exposure to interest rate is capped at the prevailing market rates.

Surplus funds are placed with reputable banks.

NOTES to the financial statements (cont'd)

31 December 2006

28. **Financial instruments (cont'd)**

(a) **Financial risk management objectives and policies (cont'd)**

The following table sets out the carrying amount by maturity, of the Group's financial instruments that are exposed to interest rate risk :-

2006 Group	Within 1 year S$	1 – 2 years S$	2 – 3 years S$	3 – 4 years S$	4 – 5 years S$	More than 5 years S$	Total S$
Floating rate							
Cash asset	1,568,667	–	–	–	–	–	1,568,667
Bank overdraft	(520,926)	–	–	–	–	–	(520,926)
Bank loans	(92,967)	(95,556)	(99,375)	(104,960)	(110,858)	(632,710)	(1,136,426)
Bills payable	(1,977,078)	–	–	–	–	–	(1,977,078)
Obligation under finance leases	(88,536)	(97,143)	(12,604)	(8,379)	(5,361)	(7,121)	(219,144)

2005 Group	Within 1 year S$	1 – 2 years S$	2 – 3 years S$	3 – 4 years S$	4 – 5 years S$	Total S$
Floating rate						
Cash asset	503,074	–	–	–	–	503,074
Bank overdraft	(422,841)	–	–	–	–	(422,841)
Bank loans	(8,749,226)	–	–	–	–	(8,749,226)
Bills payable	(3,126,623)	–	–	–	–	(3,126,623)
Obligation under finance leases	(86,507)	(83,813)	(92,149)	(7,243)	(3,020)	(272,732)

Interest on financial instruments subject to floating interest rate is contractually repriced at intervals of less than 6 months. The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations. Short-term funding is obtained from overdraft and loan facilities.

28. Financial instruments (cont'd)

(a) **Financial risk management objectives and policies (cont'd)**

Foreign currency risk

As the Group operates in several countries, it is exposed to foreign currency risk arising from cash flows from anticipated transactions and financing arrangements denominated in foreign currencies, primarily the United States, Euro, Australian dollars and Thai Baht. Transaction risk is calculated in each foreign currency and includes foreign currency denominated assets and liabilities and firm and probable purchases and sales commitments.

The Group's foreign exchange risk arises mainly from the mismatch between the currency of its receipts and payments. To the extent that its receipts and payments are not matched in the same currency, the Group may be susceptible to foreign exchange exposure. The Group currently does not have any formal policy to hedge its foreign currency exchange exposure. As at the balance sheet date, the Group did not enter into any forward exchange contracts to hedge its foreign currency risk exposure.

Credit risk

Credit risk is limited to the risk arising from the inability of a debtor to make payments when due. It is the Group's policy to provide credit terms to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amount of trade and other debtors and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group has no significant concentration of credit risk within the Group or the Company.

(b) **Fair value**

Recognised financial instruments

The aggregate net fair values of financial liabilities, which are not carried at fair value in the balance sheet, are presented in the following table as of 31 December. The fair value of finance leases are estimated using discounted cash flow analysis, based on current incremental lending rates for similar types of lending and borrowing arrangements.

	Carrying amount 2006 $	Fair value 2006 $	Carrying amount 2005 $	Fair value 2005 $
Finance leases	219,144	220,719	272,732	274,969

NOTES to the financial statements (cont'd)

31 December 2006

28. Financial instruments (cont'd)

(b) **Fair value (cont'd)**

Recognised financial instruments (cont'd)

Management has determined that the carrying amounts of trade and other debtors, amounts due from subsidiaries/holding company, cash, bank overdraft, trade and other creditors, short-term loans, based on their notional amounts, reasonably approximate their fair values due to their short-term nature.

No disclosure of fair value is made for amounts due to subsidiary companies which are non-current (Note 22), as it is not practicable to determine their fair value with sufficient reliability since these balances are non-interest bearing and do not have any fixed repayment terms.

29. Contingent liabilities

As at 31 December 2006, the Company has given an undertaking to its subsidiaries to provide financial support, where necessary, to enable them to operate as going concerns and to meet their obligations for at least the next twelve months from the date of their respective directors' reports.

30. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2006 were authorised for issue in accordance with a resolution of the directors on 8 March 2007.

ADDITIONAL *information*

INTERESTED PERSON TRANSACTIONS POLICY

The Company has adopted an internal policy governing procedures for identification, approval and monitoring of interested person transactions. All interested person transactions are subject to review by the Audit Committee.

For the financial year under review, there were no interested person transactions.

MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving interests of its chief executive officer, directors or controlling shareholders and no such material contract still subsists at the end of the financial year.

LIST OF MAJOR PROPERTIES

The list of major properties held by the Company's subsidiaries are as follow:

Location	Description	Tenure of land	Area (sqm)	Open market valuation
				S$'000
SINGAPORE				
5 Tuas Avenue 6, Singapore 639295	A standard JTC detached factory with ancillary storage work sheds at the rear section	60-year lease from 1 December 1992	5,237.4	1,450
122 Pioneer Road, Singapore 639583	A standard JTC single-storey detached factory with mezzanine level including 1st storey and mezzanine extension	30-year lease from 16 April 1994	5,002.9	1,600
AUSTRALIA				
13 Monterey Road, Dandenong, Victoria 3175, Australia	An office / factory-warehouse industrial property	Freehold	7,935.0	3,539

ADDITIONAL information (cont'd)

USAGE OF PROCEEDS FROM RIGHTS ISSUE

In June 2006, the Company completed its renounceable non-underwritten rights issue ("Rights Issue") of 570,000,000 fully-paid ordinary shares in the capital of the Company at an issue price of $0.025 for each rights share with 28,499,819 free detachable warrants, each warrant carrying the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of $0.025 for each new share, on the basis of 20 rights shares with 1 free detachable warrant for every 2 existing ordinary shares each held by the shareholders. The Company received gross proceeds of $14.3 million from the Rights Issue, which was utilised in the following manner:

- $9.2 million to repay bank borrowings of a subsidiary;
- $0.6 million to repay advances made by its holding company;
- $0.4 million for expenses incurred in relation to the Rights Issue and Capital Reduction; and
- $4.1 million as working capital for the Group.

KEY EXECUTIVES' REMUNERATION

	Designation	Salary	Bonus	Other Benefits	Total
		%	%	%	%
Between $150,000 to $300,000					
Peter, Chan Kong Soon	General Manager *(York Transport Equipment (Asia) Pte Ltd)*	65	23	12	100
Alvin, Tan Keng Tiong	General Manager *(Rednet Pte. Ltd.)*	72	16	12	100
Tan Kiang Kherng	Financial Controller *(Baker Technology Limited)*	69	16	15	100
Below $150,000					
Low Puay Chin	Senior Operation Manager *(York Transport Equipment (Asia) Pte Ltd)*	73	21	6	100
David Carroll	Operation Manager *(York Transport Equipment Pty Ltd)*	99	0	1	100

RISK FACTORS

The financial performance and operations of the Group business are influenced by a range of risk factors, many of which are beyond the control of the Group. Many of these factors also affect the business of other companies operating in the trailer axle industry and other industries within and outside of Singapore.

The Group maybe vulnerable to an increase in the prices of its key raw material and is also dependent on the sufficiency in the supply of raw material

As the key raw materials used in the manufacturing of the trailers axles comprises mainly steel, the production cost is dependent on the market prices of steel, which is a global commodity and may fluctuate due to changes in the levels of its demand and supply. Any significant increase in the cost of steel or other raw materials used in production will have a direct adverse impact on the Group's total cost of productions. The profitability and results of operations will be materially adversely affected if there is a significant increase in the cost of steel and the Group is unable to pass such increases to its customers on a timely basis or find an alternative source of supply.

As the Group does not enter into any long-term contracts with its suppliers, there is no assurance that it will have continued supplies of steel and other raw materials from these suppliers. Furthermore, if the Group is unable to obtain sufficient supplies of steel and other raw materials on a timely basis, due to any of the suppliers being unable to fulfill the demand or ceasing the supply of steel or other raw materials or the Group is unable to find alternative suppliers, its operations will be adversely affected. This will have a significant adverse impact on the Group's profitability as its operation could be disrupted due to the shortage of steel or other raw materials.

The Group is dependent on the quality of the supplies by its suppliers

The Group is subject to the quality of supplies provided by its suppliers. There is no assurance that supplies will meet or continue to meet its required specifications. In the event that such quality issue arise, it could hinder the Group in its operations, in that claims on its suppliers for failure to meet its quality requirements can be both time consuming and costly.

The Group is dependent on the political, economic, regulatory and social conditions in the countries which its customers and suppliers operates, particularly the PRC

The Group's principal customers are located in Asia, Australia, Middle East, Africa and Europe and its principal suppliers are located in Singapore, the PRC, Germany, Australia and USA. As a result, the Group's performance is influenced by the economic and political conditions in these countries.

ADDITIONAL information (cont'd)

The Group may be vulnerable to foreign exchange fluctuations

A significant proportion of the Group's costs of materials are denominated in foreign currencies which comprises mainly the US$ and A$. Similarly, other than S$, the Group's revenue are also denominated in US$, A$ and Thai baht. As the proportion of the currency denominations of its revenue and costs differ, the Group has a net foreign exchange exposure. To the extent that its revenue and costs are not naturally matched in the same currency, the Group will be exposed to any adverse fluctuation of US$, A$ and Thai Baht against the S$.

The Group is also exposed to fluctuations in foreign exchange arising from the difference in timing between its receipt and payment of funds. Accordingly, any significant foreign exchange fluctuations will have an impact on its financial performance. The Group may incur foreign exchange transaction losses if there are adverse fluctuations of S$ against US$, A$ and Thai Baht, and this will have an adverse impact on its financial performance.

The Group is dependent on its ability to attract and retain key personnel

The Group's operation and continued success is dependent on the contribution and experience of its key management staffs that are familiar with the business and understand the customers' needs and requirement. The loss of the services of its key management personnel and any failure to attract qualified replacement will have an adverse impact on its operations. In particular, the loss of or the ability to retain its executive directors and/or executive officers will have a material adverse impact on its financial performance.

The Group's business is affected by intense competition

The Group faced intense competition from competitors who are based in Europe, USA and the PRC. Competition factors include pricing, timely delivery and quality of products. There is no assurance that the Group will be able to compete successfully against its competitors in the future. If the Group is unable to stay competitive, it will materially and adversely affect the Group's business and results of operations.

The Group is subject to warranty claims

The Group adheres to stringent quality controls in its production process. Despite the efforts in ensuring quality products, there is no assurance that its products will be free from defects. Any production error or negligence by the production staff during the production process or defects from the raw materials it uses may result in defective products manufactured by the Group and render them unsuitable or unsafe for their intended use. In the event that the products have any defects, it will be subjected to warranty claims, which may have a material adverse impact in the Group financial performance.

ANALYSIS of shareholdings
As at 15 March 2007

SHARE CAPITAL AND VOTING RIGHTS

Share Capital	:	$18,290,021
Number of Shares	:	627,001,000 shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares	%
1 – 999	105	5.40	7,200	0.00
1,000- 10,000	1,043	53.60	3,089,125	0.49
10,001 - 1,000,000	765	39.31	96,039,661	15.32
1,000,001 and above	33	1.69	527,865,014	84.19
Total	1,946	100.00	627,001,000	100.00

TWENTY LARGEST SHAREHOLDERS

	Name	No. of Shares	%
1.	Saberon Investments Pte Ltd	436,168,700	69.56
2.	Kim Eng Securities Pte. Ltd.	12,885,000	2.06
3.	Raffles Nominees Pte Ltd	11,000,000	1.75
4.	Alex Anthony	10,800,000	1.72
5.	Lim & Tan Securities Pte Ltd	4,932,008	0.79
6.	Lim Tow Seong @ Daw Seong @ Lim Dou Suang	4,316,000	0.69
7.	Phillip Securities Pte Ltd	3,531,266	0.56
8.	Tang Song Hee	3,318,000	0.53
9.	Ng Kim Lan	3,100,000	0.49
10.	Ho Huat Heng Darryl (He Faxing Darryl)	2,520,000	0.40
11.	Tan Keng Soon	2,500,000	0.40
12.	OCBC Securities Private Ltd	2,460,008	0.39
13.	Booi Pang Hin	2,188,000	0.35
14.	Yeo Kok Hiong	2,164,000	0.35
15.	OCBC Nominess Singapore Pte Ltd	2,082,000	0.33
16.	Neo Chin Leong	1,843,000	0.29
17.	United Overseas Bank Nominees Pte Ltd	1,827,000	0.29
18.	Lee Yan Teck	1,762,000	0.28
19.	Cheng Buay Sim	1,500,000	0.24
20.	Nah Chong See @ Bernadette Marie Nah	1,477,000	0.24
	Total	512,373,982	81.71

ANALYSIS of shareholdings (cont'd)

As at 15 March 2007

Based on the information available to the Company, as at 15 March 2007, approximately 30.41% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
Name of Substantial Shareholders	**Number of Shares**	**%**	**Number of Shares**	**%**
Saberon Investments Pte Ltd	436,168,700	69.56	-	-
Dr. Benety Chang*	-	-	436,168,700	69.56
Dr. Doris Heng Chin Ngor*	-	-	436,168,700	69.56
Anthony Sabastian Aurol*	-	-	436,168,700	69.56
Tan Yang Guan*	220,000	0.035	436,168,700	69.56

* Deemed to be interested in 436,168,700 shares held by Saberon Investments Pte Ltd by virtue of Section 7 of the Companies Act, Cap. 50.

ANALYSIS of warrantholdings

As at 15 March 2007

DISTRIBUTION OF WARRANTHOLDINGS

Size of warrantholdings	No. of warrantholders	%	No. of warrants	%
1 – 999	81	13.54	40,855	0.14
1,000- 10,000	396	66.22	1,476,433	5.18
10,001 - 1,000,000	120	20.09	7,155,681	25,11
1,000,001 and above	1	0.17	19,825,850	69,57
Total	598	100.00	28,498,819	100.00

TWENTY LARGEST WARRANTHOLDERS

	Name	No. of Warrants	%
1.	Saberon Investmens Pte Ltd	19,825,850	69.57
2.	Phillip Securities Pte Ltd	603,181	2.12
3.	Yeo Kim Hoe Freddy	504,000	1.77
4.	Alex Anthony	500,000	1.75
5	Raffles Nominees Pte Ltd	500,000	1.75
6.	Tan Keng Soon	300,000	1.05
7.	Fong Soon Yong	250,000	0.88
8.	Lim Mariana	205,000	0.72
9.	Lim & Tan Securities Pte Ltd	201,230	0.71
10.	Lim Tow Seong @ Daw Seong @ Lim Dou Suang	173,000	0.61
11.	Neo Lam Tien	173,000	0.61
12.	Tan Jui Yak	168,000	0.59
13.	Tan Kok Keong	160,000	0.56
14.	Booi Pang Hin	100,000	0.35
15.	Fong Foo Meng	100,000	0.35
16.	Ng Kim Lan	85,250	0.30
17.	Yeo Kim Seng	85,000	0.30
18.	Kim Eng Securities Pte. Ltd.	82,992	0.29
19.	OCBC Securities Private Ltd	82,500	0.29
20.	Nah Chong See @ Bernadette Marie Nah	73,500	0.26
	Total	24,172,503	84.82

NOTICE of annual general meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Baker Technology Limited (the “Company”) will be held at Nautica III, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on Thursday, 26 April 2007 at 11.00 a.m. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive and consider the Audited Accounts of the Company for the year ended 31 December 2006 together with the reports of the Directors and Auditors thereon.

2. To approve Directors’ fees of $45,000/- for the year ended 31 December 2006 (2005 : $45,000/-).

3. To re-elect Mr. Lim Ho Seng who retires in accordance with the Articles of Association of the Company.

   Mr. Lim Ho Seng, if re-elected, will be considered as an independent director and will remain as the Chairman of the Remuneration and Audit Committees and a member of the Nominating Committee. More details on Mr. Lim Ho Seng can be found in our 2006 Annual Report.

4. To re-elect Mr. Anthony Sabastian Aurol who retires in accordance with the Articles of Association of the Company.

   Mr. Anthony Sabastian Aurol, if re-elected, will be considered as a non-independent director. More details on Mr. Anthony Sabastian Aurol can be found in our 2006 Annual Report.

5. To appoint Auditors and to authorise the Directors to fix their remuneration.

6. To transact any other ordinary business of which due notice shall have been given.

AS SPECIAL BUSINESS

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

   “THAT pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited (the “Listing Rules”), authority be and is hereby given to the Directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time to such persons and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit, provided that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the issued share capital of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company’s issued share capital at the time this resolution is passed after adjusting for new shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed, and any subsequent consolidation or subdivision of the Company’s shares. Unless revoked or varied by ordinary resolution of the shareholders of the Company in general meeting, such authority shall remain 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."

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

"THAT authority be and is hereby given to the Directors of the Company to offer and grant options in accordance with the provisions of the Baker Group Share Option Scheme 2002 (the "Scheme") and to allot and issue from time to time such number of shares in the Company as may be required to be issued pursuant to the exercise of the options under the Scheme, provided that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed 15% of the issued share capital of the Company from time to time."

By Order of the Board

Aw Seok Chin
Company Secretary

10 April 2007
Singapore

Explanatory Notes

a. The ordinary resolution proposed in item 7, 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 of the Company, to allot and issue new shares and convertible securities in the Company up to the limits as specified in the resolution for such purposes as they consider would be in the interests of the Company. This authority will continue to be in force until the next Annual General Meeting of the Company, unless previously revoked or varied at a general meeting of the Company.

b. The ordinary resolution proposed in item 8, if passed, will empower the Directors of the Company to grant options and to issue shares on the exercise of options granted under the Baker Group Share Option Scheme 2002. This scheme, which was approved by the shareholders at an Extraordinary General Meeting of the Company held on 22 May 2002, is limited to 15% of the issued share capital of the Company.

Notes

i. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend at the same meeting. Where a member appoints more than one proxy, he shall specify the proportion of his shareholdings to be represented by each proxy. A proxy need not be a member of the Company.

ii. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at No. 122 Pioneer Road, Singapore 639583 not later than 48 hours before the time appointed for holding the meeting.

PROXY form

For Annual General Meeting

IMPORTANT
1. For investors who have used their CPF monies to buy shares in the capital of Baker Technology Limited, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

BAKER TECHNOLOGY LIMITED
Company Registration No. 198100637D
(Incorporated in the Republic of Singapore)

I/We, ____ (Name)

of ____ (Address)

being a member/members of BAKER TECHNOLOGY LIMITED hereby appoint:-

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

and/or failing him/her, the Chairman of the Annual General Meeting ("AGM") as my/our proxies to vote on my/our behalf at the AGM of the Company to be held at Nautica III, Level 2, Republic of Singapore Yacht Club, 52 West Coast Ferry Road, Singapore 126887 on 26 April 2007 at 11.00 a.m. and at any adjournment thereof. I/We direct my/our proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the AGM.

No.	Resolutions Relating to	For	Against
	ORDINARY BUSINESS		
1.	Adoption of Audited Accounts for the year ended 31 December 2006		
2.	Approval of Directors' fees		
3.	Re-election of Mr. Lim Ho Seng		
4.	Re-election of Mr. Anthony Sabastian Aurol		
5.	Re-appointment of Auditors		
6.	Any other Business		
	SPECIAL BUSINESS		
7.	Authority for Directors to issue shares pursuant to general mandate from shareholders		
8.	Authority for Directors to offer and grant options and to allot and issue shares in accordance with the provisions of the Baker Group Share Option Scheme 2002		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Signed this day of 2007

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

____

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

IMPORTANT : PLEASE READ NOTES OVERLEAF

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, 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 entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

3. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at No. 122 Pioneer Road, Singapore 639583 not less than 48 hours before the time set for the AGM.

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 common seal or under the hand of its attorney or a duly authorised officer.

6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

7. The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

designed & produced by:
Credence Partnership Pte Ltd

Baker Technology Limited

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