

Hi-P International Limited (Registration Number: 198004817H)

Financial Statement and Dividend Announcement for the period ended 31 December 2006

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

1(a) Income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group			Group		
	Q4-06 S\$'000	Q4-05 S\$'000	Increase/ (decrease) %	YTD Q4-06 S\$'000	YTD Q4-05 S\$'000	Increase/ (decrease) %
Revenue	257,280	199,521	28.9	839,081	632,954	32.6
Cost of sales	(226,265)	(161,957)	39.7	(717,762)	(491,078)	46.2
Gross profit	31,015	37,564	(17.4)	121,319	141,876	(14.5)
Operating expenses						
Selling expenses	(2,411)	(2,204)	9.4	(8,492)	(6,535)	29.9
Administrative expenses	(15,230)	(15,075)	1.0	(55,784)	(47,901)	16.5
	(17,641)	(17,279)	2.1	(64,276)	(54,436)	18.1
Other operating income	1,342	2,563	(47.6)	6,993	5,960	17.3
Profit from operations	14,716	22,848	(35.6)	64,035	93,400	(31.4)
Financial expenses	(612)	(389)	57.2	(1,556)	(977)	59.3
Financial income	195	251	(22.4)	874	857	2.0
Foreign exchange gain/ (loss), net	(1)	(602)	(99.9)	(1,860)	(39)	4,668.2
Profit before tax and share of results of associated company	14,298	22,108	(35.3)	61,493	93,241	(34.0)
Share of results of associated companies	154	141	9.2	184	(114)	n.m.
Profit before tax	14,452	22,249	(35.0)	61,677	93,127	(33.8)
Tax	(605)	(638)	(5.2)	(3,886)	(4,999)	(22.3)
Profit after tax	13,847	21,611	(35.9)	57,791	88,128	(34.4)
Attributable to:						
Equity holders of parent company	13,449	21,923	(38.7)	57,461	89,022	(35.5)
Minority interest	398	(312)	n.m.	330	(894)	n.m.
	13,847	21,611	(35.9)	57,791	88,128	(34.4)

n.m. – Not Meaningful

Other notes:

Profit from operations is arrived at after charging (crediting) the following;

	Q4-06	Q4-05	YTD	YTD
	S\$'000	S\$'000	Dec-06	Dec-05
			S\$'000	S\$'000
1. Depreciation	9,389	6,486	33,134	25,755
2. Allowance for doubtful trade debts written back	(226)	(1,259)	(796)	(1,320)
3. Inventories written down/ (written back)	3,904	(312)	6,962	780
4. Directors' remuneration	1,401	763	3,741	3,613
5. Directors' fees				
- current year provision	105	96	422	384
- overprovision in prior year		-	(46)	
6. Operating lease expense	4,513	3,518	15,361	10,565
7. Staff costs *	36,841	32,080	131,813	97,427
8. Loss/ (Gain) on disposal of fixed assets	725	(1,117)	261	(1,117)

* Excludes directors' remuneration, which has been disclosed separately in #6 above.

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

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	S\$'000	S\$'000	S\$'000	S\$'000
Fixed assets	272,549	236,476	28,232	27,573
Investment in subsidiaries	-	-	140,256	110,632
Investment in associated company	2,726	2,450	1,478	1,384
Other investment	12	12	12	12
Deferred tax asset	252	679	-	-
Amounts due from subsidiaries	-	-	11,251	10,639
Current assets				
Inventories	118,496	74,291	8,373	6,556
Trade receivables	207,091	156,235	11,787	13,083
Notes receivable	673	1,992	-	-
Other receivables, deposits and Due from subsidiaries (non-trade)	22,753	20,155	1,239	975
Due from subsidiaries (trade)	-	-	25,712	24,642
Due from related parties (trade)	-	-	770	287
Fixed deposits	840	993	-	-
Cash and bank balances	67	29,115	67	29,115
	32,807	44,082	1,679	3,399
	382,728	326,863	49,628	78,057
Current liabilities				
Trade payables	168,326	129,080	5,023	9,664
Other payables and accruals	57,195	55,210	6,302	10,420
Due to subsidiaries (non-trade)	-	-	60,876	54,305
Due to subsidiaries (trade)	-	-	446	849
Amounts due to minority shareholders of	4,399	1,131	-	-
Lease obligations, current portion	61	362	55	228
Provision for income tax	1,646	5,020	396	275
Interest-bearing loans and borrowings	25,212	4,856	6,200	694
	256,838	195,659	79,297	76,435
Net current assets	125,890	131,204	(29,669)	1,622
Non-current liabilities				
Amounts due to minority shareholders of	-	4,028	-	-
Lease obligations, non-current portion	158	227	114	170
Deferred tax liability	2,530	2,786	2,418	2,774
	398,740	363,780	149,028	148,918
Equity				
Share capital	119,725	44,357	119,725	44,357
Share premium	-	75,242	-	75,242
Other reserves	6,745	19,162	2,572	2,171
Accumulated profits	269,777	223,016	26,731	27,148
	396,247	361,777	149,028	148,918
Minority interest	2,493	2,003	-	-
	398,740	363,780	149,028	148,918

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

Amount repayable within one year or less, or on demand

As at 31/12/2006		As at 31/12/2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
61	25,212	362	4,856

Amount repayable after one year

As at 31/12/2006		As at 31/12/2005	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
158	-	227	-

Lease obligations were secured against the respective leased assets.

Certain borrowings of the subsidiaries of the Company were secured by a corporate guarantee of the Company. These amounts have been disclosed as unsecured.

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

	Q4-06 S\$'000	Q4-05 S\$'000	YTD Dec-06 S\$'000	YTD Dec-05 S\$'000
Cash flows from operating activities				
Profit before tax and share of results of associated companies	14,298	22,108	61,493	93,241
Adjustments:				
Depreciation of fixed assets	9,389	6,486	33,134	25,755
Gain on disposal of fixed assets	725	(1,117)	261	(1,143)
Fixed assets written off	71	-	73	-
Write back for doubtful trade debts	(226)	(1,259)	(796)	(1,320)
Interest income	(195)	(251)	(874)	(857)
Interest expense	612	389	1,556	977
Translation difference	(555)	(2,553)	(4,858)	1,344
Equity Compensation Expenses	327	456	492	1,396
Operating profit before working capital changes	<u>24,446</u>	<u>24,259</u>	<u>90,481</u>	<u>119,393</u>
Increase / (decrease) in:				
Inventories	12,139	5,493	(44,396)	(14,615)
Trade receivables	(29,266)	(46,247)	(49,939)	(52,636)
Notes receivable	1,755	2,852	1,319	(1,152)
Other receivables, deposits and prepayments	14,434	6,403	(2,599)	(2,654)
Decrease / (increase) in:				
Trade payables	(5,493)	14,844	39,245	31,495
Other payables and accruals	8,398	(10,764)	(835)	(4,698)
Due from/to related parties (trade), net	(56)	2,072	351	5,574
Cash generated from / (used in) operations	<u>26,356</u>	<u>(1,089)</u>	<u>33,628</u>	<u>80,707</u>
Income taxes paid	(482)	(4)	(7,088)	(1,451)
Net cash generated from/(used in) operating activities	<u>25,874</u>	<u>(1,092)</u>	<u>26,539</u>	<u>79,256</u>

1(c) Cash flow statement (cont'd)

	Q4-06	Q4-05	YTD	YTD
	S\$'000	S\$'000	Dec-06	Dec-05
			S\$'000	S\$'000
Cash flows from investing activities				
Purchase of fixed assets (Note)	(18,962)	(7,514)	(83,083)	(73,179)
Interest income received	195	251	874	857
Proceeds from disposal of fixed assets	(725)	2,344	4,075	3,064
Investment in associated company	-	-	(94)	(481)
Net cash used in investing activities	<u>(19,492)</u>	<u>(4,919)</u>	<u>(78,228)</u>	<u>(69,739)</u>
Cash flows from financing activities				
Interest expense paid	(612)	(389)	(1,556)	(977)
Payment of bank term loans, net	(78)	(2,539)	750	(11,537)
(Payment of)/Proceeds from short-term loans, net	(12,211)	1,665	19,605	(3,246)
Repayment of lease obligations	(35)	(407)	(370)	(1,867)
Proceeds from Issuance of ordinary shares	-	209	35	208
Dividend paid	-	-	(7,097)	(7,096)
Net cash (used in)/generated from financing activities	<u>(12,936)</u>	<u>(1,461)</u>	<u>11,367</u>	<u>(24,515)</u>
Net decrease in cash and cash equivalents	(6,554)	(7,472)	(40,322)	(14,998)
Cash and cash equivalents at beginning of period / year	39,429	80,669	73,197	88,195
Cash and cash equivalents at end of period / year	<u>32,875</u>	<u>73,197</u>	<u>32,875</u>	<u>73,197</u>
Note				
Current period / year additions to fixed assets	18,387	26,974	85,903	86,220
Less : -				
Payable to creditors (Net)	(377)	(22,505)	(21,936)	(22,505)
	<u>18,011</u>	<u>4,469</u>	<u>63,968</u>	<u>63,715</u>
Payments for prior period / year purchase of fixed assets	951	3,045	19,115	9,464
	<u>18,962</u>	<u>7,514</u>	<u>83,083</u>	<u>73,179</u>

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

(i) Consolidated statement of changes in equity for the 12 months ended 31 December 2006

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Reserve fund S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1 January 2006	44,357	75,242	2,208	17,618	(664)	223,016	2,003	363,780
Currency translation differences	-	-	-	-	(6,681)	-	(62)	(6,743)
Net profit for the period	-	-	-	-	-	14,372	15	14,387
Equity compensation expense	-	-	301	-	-	-	-	301
Issuance of ordinary shares	1	34	-	-	-	-	-	35
Increase in reserve	-	-	-	34	-	-	-	34
Dividend	-	-	-	-	-	-	(91)	(91)
Balance at 31 March 2006	44,358	75,276	2,509	17,652	(7,345)	237,388	1,865	371,703
Transfer to share capital	75,367	(75,367)	-	-	-	-	-	-
Currency translation differences	-	-	(17)	-	(4,715)	-	(41)	(4,773)
Net profit for the period	-	-	-	-	-	14,249	177	14,426
Equity compensation expense	-	-	(378)	-	-	-	-	(378)
Increase in reserve	-	-	-	-	-	-	229	229
Final dividend paid	-	-	-	-	-	(7,097)	-	(7,097)
Reclassification	-	91	(91)	-	-	-	-	-
Balance at 30 June 2006	119,725	-	2,023	17,652	(12,060)	244,540	2,230	374,110
Currency translation differences	-	-	54	-	2,626	-	24	2,704
Net profit for the period	-	-	-	-	-	15,391	(260)	15,131
Equity compensation expense	-	-	242	-	-	-	-	242
Balance at 30 September 2006	119,725	-	2,319	17,652	(9,434)	259,931	1,994	392,187
Currency translation differences	-	-	-	-	(7,754)	32	101	(7,621)
Net profit for the period	-	-	-	-	-	13,449	398	13,847
Transfer to reserve funds	-	-	-	3,635	-	(3,635)	-	-
Equity compensation expense	-	-	327	-	-	-	-	327
Balance at 31 December 2006	119,725	-	2,646	21,287	(17,187)	269,777	2,493	398,740

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2005

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Reserve fund S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 1 January 2005	44,350	75,041	812	16,044	(10,035)	142,761	2,245	271,218
Currency translation differences	-	-	-	-	1,964	-	(177)	1,787
Net profit for the period	-	-	-	-	-	20,657	(21)	20,636
Equity compensation expense	-	-	380	-	-	-	-	380
Reclassification	-	-	-	(92)	-	-	92	-
Balance at 31 March 2005	44,350	75,041	1,192	15,952	(8,071)	163,418	2,139	294,021
Currency translation differences	-	-	-	-	4,890	-	69	4,959
Net profit for the period	-	-	-	-	-	21,739	(242)	21,497
Equity compensation expense	-	-	380	-	-	-	-	380
Final dividend paid	-	-	-	-	-	(7,096)	-	(7,096)
Balance at 30 June 2005	44,350	75,041	1,572	15,952	(3,181)	178,061	1,966	313,761
Currency translation differences	-	-	-	-	6,273	16	72	6,361
Net profit for the period	-	-	-	-	-	24,703	(320)	24,383
Equity compensation expense	-	-	179	-	-	-	-	179
Final dividend paid	-	-	-	-	-	-	-	-
Balance at 30 September 2005	44,350	75,041	1,751	15,952	3,092	202,780	1,718	344,684

(ii) Consolidated statement of changes in equity for the 12 months ended 31 December 2005 (Continue)

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Reserve fund S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Minority interests S\$'000	Total S\$'000
Balance at 30 September 2005	44,350	75,041	1,751	15,952	3,092	202,780	1,718	344,684
Currency translation differences	-	-	-	-	(3,759)	(18)	597	(3,180)
Net profit for the period	-	-	-	-	-	21,923	(312)	21,610
Equity compensation expense	-	-	457	-	-	-	-	457
Issuance of ordinary shares	8	201	-	-	-	-	-	209
Transfer to reserve funds	-	-	-	1,666	-	(1,666)	-	-
Balance at 31 December 2005	44,358	75,242	2,208	17,618	(667)	223,019	2,003	363,780

(iii) Statement of changes in equity of the company for the 12 months ended 31 December 2006

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance at 1 January 2006	44,357	75,242	2,171	27,148	148,918
Net Profit for the period	-	-	-	2,956	2,956
Issuance of ordinary shares	1	34	-	-	35
Equity Compensation expense	-	-	301	-	301
Balance at 31 March 2006	44,358	75,276	2,472	30,104	152,210
Transfer to share capital	75,367	(75,367)	-	-	-
Net Profit for the period	-	-	-	14,216	14,216
Equity Compensation expense	-	-	(378)	-	(378)
Final dividend paid	-	-	-	(7,097)	(7,097)
Reclassification	-	91	(91)	-	-
Balance at 30 June 2006	119,725	-	2,003	37,223	158,951
Net Profit for the period	-	-	-	2,576	2,576
Equity Compensation expense	-	-	242	-	242
Balance at 30 September 2006	119,725	-	2,245	39,799	161,769
Net Profit for the period	-	-	-	(13,068)	(13,068)
Equity Compensation expense	-	-	327	-	327
Balance at 31 December 2006	119,725	-	2,572	26,731	149,028

(iv) Statement of changes in equity of the company for the 12 months ended 31 December 2005

	Share capital S\$'000	Share premium S\$'000	Capital reserve S\$'000	Accumulated profits S\$'000	Total S\$'000
Balance at 1 January 2005	44,350	75,041	775	21,523	141,689
Net Profit for the period	-	-	-	4,726	4,726
Equity Compensation expense	-	-	380	-	380
Balance at 31 March 2005	44,350	75,041	1,155	26,249	146,795
Net Profit for the period	-	-	-	108	108
Equity Compensation expense	-	-	380	-	380
Final dividend paid	-	-	-	(7,096)	(7,096)
Balance at 30 June 2005	44,350	75,041	1,535	19,261	140,187
Net Loss for the period	-	-	-	(43)	(43)
Equity Compensation expense	-	-	179	-	179
Final dividend paid	-	-	-	-	-
Balance at 30 September 2005	44,350	75,041	1,714	19,218	140,323
Net Profit for the period	-	-	-	7,929	7,929
Equity Compensation expense	-	-	457	-	457
Issuance of ordinary shares	8	201	-	-	209
Balance at 31 December 2005	44,358	75,242	2,171	27,147	148,918

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

During the three months ended 31 December 2006, there has been no increase in the issued and paid-up share capital of the company.

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

The figures have not been reviewed or audited by the Company's auditors.

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

Not applicable.

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

The accounting policies have been consistently applied by the group and the company and are consistent with those used in the previous financial year.

The group has adopted the following Financial Reporting Standards ('FRS') for the financial year beginning 1 January 2005:

FRS 2 (revised), Inventories
 FRS 8 (revised), Accounting Policies, Changes in Accounting Estimates and Errors
 FRS 10 (revised), Events after the Balance Sheet Date
 FRS 16 (revised), Property, Plane and Equipment
 FRS 17 (revised), Leases
 FRS 21 (revised), The Effects of Changes in Foreign Exchange Rates
 FRS 24 (revised), Related Party Disclosures
 FRS 27 (revised), Consolidated and Separate Financial Statements
 FRS 28 (revised), Investments in Associates
 FRS 33 (revised), Earnings Per Share
 FRS 21 (revised), The effects of changes in Foreign Exchange Rates

There is no material impact on the Group's and Company's financial statement upon adoption of these FRS.

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

Not applicable.

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

	Q4-06	Q4-05	YTD Dec-06	YTD Dec-05
Operating profit after exceptional items and tax before deducting minority interests as a percentage of revenue	5.4%	10.8%	6.9%	13.9%
Operating profit after tax attributable to members of the company as a percentage of issued capital and reserves at the end of the period	3.5%	6.0%	14.6%	24.4%
Earnings per ordinary share				
(a) Based on weighted average number of ordinary shares in issue (cents)	1.52	2.47	6.48	10.04
(b) On a fully diluted basis (cents)	1.51	2.46	6.44	9.99

Earnings per share have been computed based on the weighted average number of ordinary shares outstanding of 887,175,000 for Q4 2006 and YTD December 2006.

Earnings per share for Q4 2005 and YTD December 2005 have been computed based on the post invitation share capital of 887,012,500 ordinary shares of \$0.05 each.

In arriving at the fully diluted earnings per share, only those potential ordinary shares arising from the exercise of options, which will dilute the basic earnings per share of the Group, are included in the computation. There are 5,604,000 options exercisable as at 31 December 2006.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
- (b) immediately preceding financial year :**

	Group		Company	
	31/12/2006	31/12/2005	31/12/2006	31/12/2005
	Cents	Cents	Cents	Cents
Net Asset Value per Ordinary Share based on issued share capital at the end of the period	44.66	40.78	16.55	16.79

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (c) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (d) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Overall Results

For the full year, FY2006, revenue rose 33% year-on-year (yoy) to S\$839.1 million while net profit decreased 35% yoy to S\$57.5 million. For the quarter ended 31 December 2006, Q4 FY2006, revenue rose 29% year-on-year (yoy) to S\$257.3 million while net profit decreased 39% yoy to S\$13.4 million. Compared to Q3 FY2006, revenue grew 17% quarter-on-quarter (qoq) while net profit edged down 13% qoq.

Revenue Analysis

FY2006

By Strategic Business Unit (SBU): For the full year, revenue from the Wireless Telecommunications (WL) strategic business unit (SBU) grew 64% yoy to S\$509.9 million due mainly to a shift in mix to products with higher materials content, higher production volume and new customer contribution. WL accounted for 61% of Group revenue for the year. Revenue from the Consumer Electronics & Electrical (CE) SBU was down 1% yoy to S\$259.7 million as a key customer was still consolidating after a merger. CE accounted for 31% of Group revenue for the year. Revenue from the Computing, Automotive, Medical and Others (CA) SBU was up 17% yoy to S\$69.5 million due to steady demand from existing customers and new customer contribution. CA accounted for 8% of Group revenue for the year.

By Activity: For the full year, Precision Plastic Injection Molding revenue grew 28% yoy to S\$344.1 million due mainly to increased sales to WL customers. Assembly revenue was up 41% yoy to S\$444.9 million, also due to higher sales to WL customers. Mold Design and Fabrication revenue was up 1% yoy to S\$50.1 million.

Q4 FY2006

By Strategic Business Unit (SBU): For the quarter, revenue from WL grew 38% yoy and 39% qoq to S\$167.3 million due mainly to a shift in mix to products with higher materials content, higher production volume, and new customer contribution. WL accounted for 65% of Group revenue for the quarter. Revenue from CE was up 10% yoy and down 13% qoq to S\$70.5 million. The qoq decline was due mainly to a high base in Q3 FY2006 which had benefited from the delivery of an order pushed out from Q2 FY2006. Without the help from the pushed-out order, CE would have recorded a 1% growth qoq. CE accounted for 27% of Group revenue for the quarter. Revenue from CA was up 37% yoy and up 6% qoq to S\$19.5 million. This was on the back of steady demand from existing customers and new customer contribution. CA accounted for 8% of Group revenue for the quarter.

By Activity: For the quarter, Precision Plastic Injection Molding revenue grew 36% yoy and 15% qoq to S\$108.3 million due mainly to increased sales to WL customers. Assembly revenue was up 36% yoy and up 13% qoq to S\$130.9 million, also due to higher sales to WL customers. Mold Design and Fabrication revenue was down 24% yoy due to the completion of several projects but up 87% qoq to S\$18.2 million due to a low base in Q3 FY2006.

Profitability Analysis

FY2006

For the full year, gross profit was S\$121.3 million, down 14% yoy despite the 33% rise in revenue. This was due mainly to higher materials content in the product mix, higher staff costs and excess capacity. Gross margin was 14.5% in FY2006, down from 22.4% in FY2005.

Operating profit was down 31% yoy to S\$64.0 million. This was due mainly to lower gross profit as operating expenses, comprising selling expenses and administrative expenses, increased 18% yoy to S\$64.3 million. Operating margin was 7.6% in FY2006, down from 14.8% in FY2005.

Q4 FY2006

For the quarter, gross profit was S\$31.0 million, down 17% yoy despite the 29% yoy rise in revenue. This was due mainly to higher materials content in the product mix and higher staff costs. However, qoq, gross profit was up 11% due to the 17% qoq growth in revenue. Gross margin was 12.1% in Q4 FY2006, down from 12.7% in Q3 FY2006 and 18.8% in Q4 FY2005. Gross margin for Q4 FY2006 was significantly affected by S\$3.9 million inventory write-downs for the quarter. Before inventory write-downs or provisions, gross margin would have been 13.6% for Q4 FY2006 up from 13.2% in Q3 FY2006 but still down from 18.7% in Q4 FY2005.

Operating profit was S\$14.7 million, down 36% yoy despite the 29% yoy rise in revenue. This was due mainly to lower gross profit as operating expenses, comprising selling expenses and administrative expenses, increased only 2% yoy to S\$17.6 million. On a qoq basis, operating profit was down 3% due mainly to higher operating expenses which increased 27% qoq. Operating margin was 5.7% in Q4 FY2006, down from 6.9% in Q3 FY2006 and 11.5% in Q4 FY2005.

Cashflow Analysis

FY2006

For the year, FY2006, the group reported net cash inflow from operating activities of S\$26.5 million, compared to an inflow of S\$79.3 million in FY2005. Before working capital changes, net interest expense and tax paid, operating cash inflow was S\$90.5 million in FY2006, down 32% yoy due primarily to lower profitability. Net cash used in investing activities was S\$78.2 million in FY2006 compared to S\$69.7 million in FY2005 due mainly to spending for capacity expansion. Net cash inflow from financing activities was S\$11.4 million, compared to an outflow of S\$24.5 million in FY2005, due to new loans offset by the payment of dividends. The Group reported a net decrease in cash and cash equivalents of S\$40.3 million in FY2006.

Q4 FY2006

For the quarter, the group reported net cash inflow from operating activities of S\$25.9 million, compared to an outflow of S\$1.1 million in Q4 FY2005. Before working capital changes, net interest expense and tax paid, operating cash inflow was S\$24.4 million in Q4 FY2006, up 1% yoy. Net cash used in investing activities was S\$19.5 million in Q4 FY2006 compared to S\$4.9 million in Q4 FY2005 due mainly to spending for capacity expansion. Net cash outflow from financing activities was S\$12.9 million, compared to an outflow of S\$1.5 million in Q4 FY2005, due to repayment of loans. The Group reported a net decrease in cash and cash equivalents of S\$6.6 million in Q4 FY2006.

Balance Sheet Analysis

The Group's financial position remains strong as it ended FY2006 with cash and equivalents of S\$32.9 million and gross debt of S\$25.4 million. Gross gearing was low at 6.4%.

CASH CYCLE ANALYSIS

Days	Q4 FY2006	Q3 FY2006	Q4 FY2005
Average Receivables Turnover	71	71	60
Average Inventory Turnover	47	63	43
Average Payables Turnover	67	79	68
Cash Cycle*	51	55	35

* *Cash Cycle = Avg Receivables Turnover + Avg Inventory Turnover – Avg Payables Turnover*

Receivable days stayed flat at 71 days in Q4 FY2006 from Q3 FY2006 as the level of sales in the month of December was high. Inventory days decreased 16 days to 47 days in Q4 FY2006 from 63 days in Q3 FY2006. The improvement in inventory days was offset by a 12-day drop in payable days to 67 days in Q4 FY2006 from 79 days in Q3 FY2006. As a result of the above, our cash cycle improved 4 days to 51 days in Q4 FY2006 from 55 days in Q3 FY2006.

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

In our Q3 FY2006 results briefing presentation on 9 November 2006, we guided for revenue and net profit in Q4 FY2006 to be similar to Q3 FY2006. Actual revenue for Q4 FY2006 is up 17% qoq, surpassing guidance, but net profit is down 13% qoq, below guidance, due primarily to a S\$3.9 million write-down for inventory. Reversing out inventory write-downs for both Q3 and Q4 FY2006, net profit would have been up 5% qoq.

We had also guided for revenue in WL to be flat qoq, CE to be slightly lower qoq, and CA to be slightly higher qoq. Except for WL which was up 39% qoq, far surpassing guidance, the other SBUs were in line.

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

We expect to experience a normal seasonal slowdown for Q1 FY2007 with both revenue and net profit slightly lower compared to Q4 FY2006. All three SBUs are expected to perform similarly QoQ.

For the full year, FY2007, we expect to get a significant number of new projects from existing customers. Also, we expect meaningful contribution from new customers, especially in the Wireless SBU. Our cost structure is likely to continue to improve as we are putting tremendous effort in this regard. On the whole, we are positive on FY2007 and expect to grow revenue and net profit compared to FY2006.

8. Dividend

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? **Yes**

Name of Dividend	:	First and Final Dividend
Dividend Type	:	Cash
Dividend Rate	:	0.8 cents per ordinary share (gross)
Tax rate	:	18%
Total amount payable	:	\$5.820 million

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	:	First and Final Dividend
Dividend Type	:	Cash
Dividend Rate	:	1.0 cents per ordinary share (gross)
Tax rate	:	20%
Total amount payable	:	\$7.096 million

(c) Date payable

The Company's first and final dividend of 0.8 Singapore cents per share will be paid on 16 May 2007 if approved at the Annual General Meeting to be held on 19 April 2007.

(d) Books closure date

Notice is hereby given that the Register of Members and Transfer Books of the Company will be closed on 27 April 2007 for the preparation of dividend warrants.

Registrable Transfers received by the Company's Registrar, Lim Associates (Pte) Ltd of 3 Church Street #08-01 Samsung Hub, Singapore 049483 up to 5.00 pm on 26 April 2007 will be registered before entitlements to the dividend are determined.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Segmental revenue by Activities, Industries and Geographical Markets

By Activities

	PPIM	MDF	Assembly	Eliminations	Consolidated
	S\$m	S\$m	S\$m	S\$m	S\$m
2006					
Segment Revenue					
Sales to external customers	344.1	50.1	444.9	-	839.1
Intersegmental sales	32.9	-	-	(32.9)	-
	<u>364.7</u>	<u>50.1</u>	<u>444.9</u>	<u>(32.9)</u>	<u>839.1</u>
Profit from operations	41.9	7.0	15.1	-	64.0
Finance expense					(1.6)
Finance income					0.9
Foreign exchange loss, net					(1.9)
Share of results of associated companies					0.2
Tax					(3.9)
Minority interest					<u>(0.3)</u>
Net profit attributable to shareholders of the company					<u><u>57.5</u></u>
Depreciation	19.2	5.6	8.3	-	33.1
Other non-cash expenses	(0.1)	(0.3)	-	-	(0.4)

Segmental revenue by Activities, Industries and Geographical Markets

By Activities

	PPIM S\$m	MDF S\$m	Assembly S\$m	Eliminations S\$m	Consolidated S\$m
2005					
Segment revenue					
Sales to external customers	267.9	49.8	315.3	-	633.0
Intersegmental sales	13.9	-	-	(13.9)	-
	<u>281.8</u>	<u>49.8</u>	<u>315.3</u>	<u>(13.9)</u>	<u>633.0</u>
Profit from operations	61.5	12.0	19.9	-	93.4
Finance expense					(0.9)
Finance income					0.8
Foreign exchange loss, net					-
Share of results of associated companies					(0.1)
Tax					(5.0)
Minority Interests					<u>0.8</u>
Net profit attributable to shareholders of the company					<u><u>89.0</u></u>
Depreciation	14.9	4.1	1.8	-	25.3
Other non-cash expenses	(0.1)	(0.5)	(0.1)	-	(0.7)

By Industries

	Segment Revenue			
	Q4-06 S\$m	Q4-05 S\$m	YTD Dec-06 S\$m	YTD Dec-05 S\$m
Telecommunications	167.3	121.4	509.9	311.4
Consumer Electronics & Electrical	70.5	63.9	259.7	262.5
Computing	19.5	14.2	69.5	59.1
	<u>257.3</u>	<u>199.5</u>	<u>839.1</u>	<u>633.0</u>

By Geographical Markets

	Segment Revenue			
	Q4-06 S\$m	Q4-05 S\$m	YTD Dec-06 S\$m	YTD Dec-05 S\$m
Asia				
PRC	134.7	79.8	429.2	243.8
Singapore	12.9	46.6	75.9	110.2
Malaysia	2.6	2.5	12.3	8.2
Others	4.4	3.3	16.5	11.7
	<u>154.6</u>	<u>132.2</u>	<u>533.9</u>	<u>373.9</u>
Europe	50.6	52.8	167.5	218.4
USA and other parts of the Americas	52.0	14.5	137.7	40.7
	<u>257.3</u>	<u>199.5</u>	<u>839.1</u>	<u>633.0</u>

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

Please refer to paragraph 8.

12. A breakdown of the sales

	Group	
	2006	2005
	S\$'000	S\$'000
First half and second half year results		
Sales reported for first half year	361,455	273,203
Operating profit/(loss) after tax before deducting minority interest reported for first half year	28,812	42,133
Sales reported for second half year	477,626	359,751
Operating profit/(loss) after tax before deducting minority interest reported for second half year	28,979	45,995

13. A breakdown of the total annual dividend (in dollar) for the issuer's latest full year and its previous full year as follows:-

Total Annual Dividend

	2006 (S\$'000)	2005 (S\$'000)
Ordinary	5,820	7,096