SING Xpress

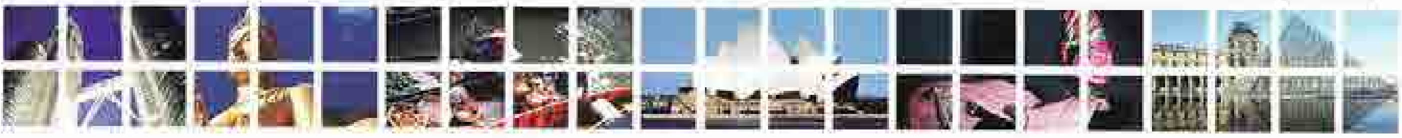
新加坡特速旅游 Travel

# FUTURISTIC GROUP LTD

QUALITY FIRST

ANNUAL REPORT 2006

# CONTENT



# CORPORATE PROFILE

Futuristic was established in 1977 as an interior fit out service supplier and later added on the fabrication of store fixtures to the business. It was listed in SESDAQ in 2002.

In 2003, China Credit Holdings Limited, a listed company in Hong Kong, became a major shareholder through one of its subsidiary, Xpress Credit Limited.

The Company has divested its original interior fit out service and store fixtures in November 2006.

Futuristic is now a focused major travel, hospitality, financial services and investment group. It has strong backing from its major shareholder, China Credit Holdings Limited. It's travel operations currently have travel agency outlets in Singapore and Hong Kong. This will grow to a premier brand in the region through suitable investment acquisitions, strong networking with major carriers, suppliers and delivering excellent customer service at competitive prices.

*Futuristic is now a focused major travel, hospitality, financial services and investment group. It has strong backing from its major shareholder, China Credit Holdings Limited.*





# *CHAIRMAN'S STATEMENT*

> *"This forms the new core business of the group and was launched through two subsidiaries, SingXpress Travel Pte Ltd in Singapore and Xpress Travel Service Ltd in Hong Kong."*

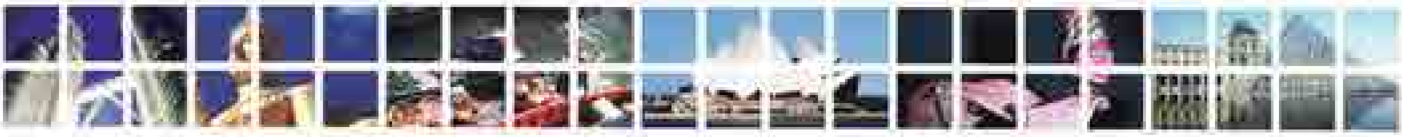
## FINANCIAL PERFORMANCE

The Group recorded a turnover of approximately $8.6 million and a profit attributable to shareholders of approximately S$1.0 million for the year ended 31 December 2006. This year's figures are not comparable with the previous year due to the fact that the Group disposed of its business in store fixtures and interior fit out services ("Store Business") in 2006 and entered into a new business direction involving travel and hospitality activities, whilst in 2005 the group remained active in the Store Business.

The Group's financial position also improved significantly. At the balance sheet date, the Group had net current assets of S$1.9







million (2005: net current liabilities of S$1.3 million), cash and cash equivalents of S$2.6 million (2005: S$0.9 million) and a current ratio of 1.94 (2005: 0.84). The Group has net cash of S$2.6 million and no borrowings, compared to a gearing ratio of 44.2% in 2005.

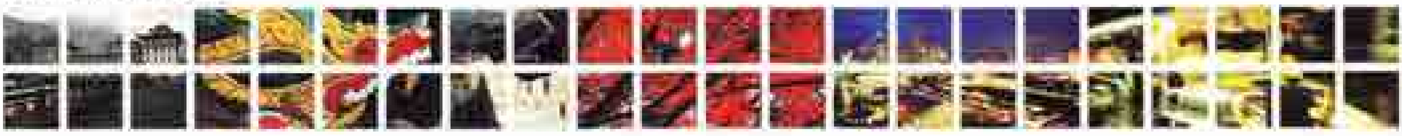
### BUSINESS OVERVIEW

The fiscal year of 2006 was a remarkable year for the Group. We underwent a major change by divesting our Store Business which was extremely competitive and had been incurring substantial losses since 2002. The sale was completed in November 2006 and the Company has been relieved of its obligations and guarantees in connection with this business.

### TRAVEL AND RELATED SERVICES

The Group has taken steps since 2005 to plan and gear up its resources and manpower for the travel and hospitality business. This segment is presently operated through two subsidiaries, SingXpress Travel Pte Ltd ("SingXpress") in Singapore and Xpress Travel Service Ltd ("Xpress Travel") in Hong Kong. During the year, we actively participated in trade related exhibitions, such as the NATAS exhibition, developed travel packages to a number of destinations, secured general sales agency contracts from airlines and other related organizations and within a short time from commencement in August 2006, built up an experienced workforce of over 60 strong in Singapore and Hong Kong. The Group recorded a turnover of approximately S$8.6 million within 4 months from the commencement of these new businesses. The operating loss amounted to approximately S$1.1 million.

There is good growth potential in the travel industry with the high growth rates of travel and tourism amongst countries in the Asian region. The travel agency industry is fragmented with numerous small players. Therefore there is an immediate opportunity for the Group, with its resources, expertise and a disciplined financial approach to rapidly grow and consolidate a leadership position in the travel agency business in this region.



*"The Company is also proposing to change its name to "SingXpress Ltd" to better reflect the Group's travel and hospitality business activities."*

In the near future, we intend to acquire more travel service companies and leverage on our travel business and on the consumer finance expertise of our major shareholder, Xpress Credit Limited and China Credit Holdings Ltd ("China Credit") to develop consumer finance and spending products, such as credit and loyalty cards. We are of the view that our travel and hospitality business will sustain steady growth and expect that the operating performance, volume and service standards of SingXpress and Xpress Travel will continue to improve next year.

In the travel business, volume discounts and pricing rebates can be better negotiated with combined buying volumes. This would involve our Group networking and buying travel packages or services in cooperation with China Credit in the ordinary course of business. As and when required, we would seek shareholders' mandate for recurring interested persons transactions as required under the relevant sections of the SGX Listing Manual.

*INVESTMENTS*

During the year, the Group disposed its entire interest in Skywest Limited (representing approximately 8.86% of Skywest's total issued shares) for a consideration of approximately S$4.2 million satisfied by S$2.34 million cash and approximately 4.3





million shares of Advent Air Limited, a company incorporated in Singapore, with its shares traded on AIM on the London Stock Exchange. The Group recorded an operating profit of approximately S$1.87 million in this segment.

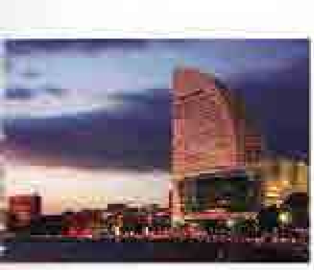
As at 31 December 2006, the Group continued to hold the 4.3 million shares of Advent Air and 13.3% interest in Global Med Technologies Inc. ("Global Med") as its strategic long term holdings.

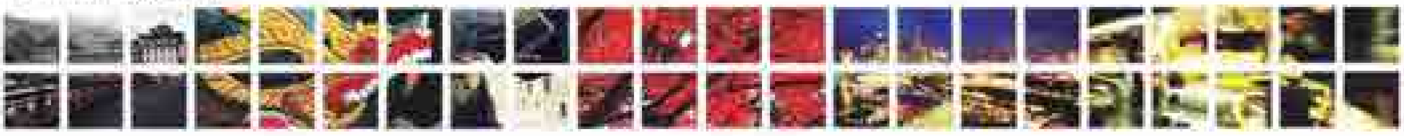
Global Med (listed on OTC Bulletin Board:GLOB) is an international e-Health, medical information technology company. Revenues for the year were approximately US$12.4 million, an increase of US$1.2 million or 10.3% over the prior year. For 2006, Global Med's net income was US$1.4 million or US$0.06 per share. In addition, it achieved record sales contracts of US$6.5 million.

As at 31 December 2006, the closing price of Advent Air shares were quoted at 12.75 pence each and the Global Med shares were quoted at US$0.70 each compared to the entry cost of approximately US$0.47.

## RIGHTS ISSUE AND CHANGE OF COMPANY NAME

To better reflect the Group's travel and hospitality business activities and to build its travel and hospitality businesses to one of the leading brands in this region, the Company has, on 28





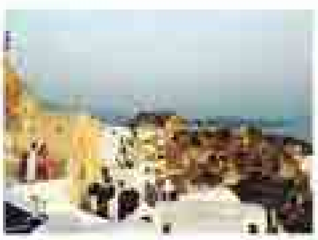
December 2006, announced a change of name to "SingXpress Ltd" and a 1 for 1 Rights Issue with an exercise price of $0.05 with detachable warrants of 1 for 2 exercisable at S$0.05. This is subject to Xpress Credit Limited being given a Whitewash Waiver so as to enable it to give an undertaking to subscribe for its Rights Shares and Warrants and apply for excess Rights Shares and Warrants. The Rights Issue and change of Company's name are subject to the approval of Shareholders at an extraordinary general meeting to be convened.

## IN CONCLUSION

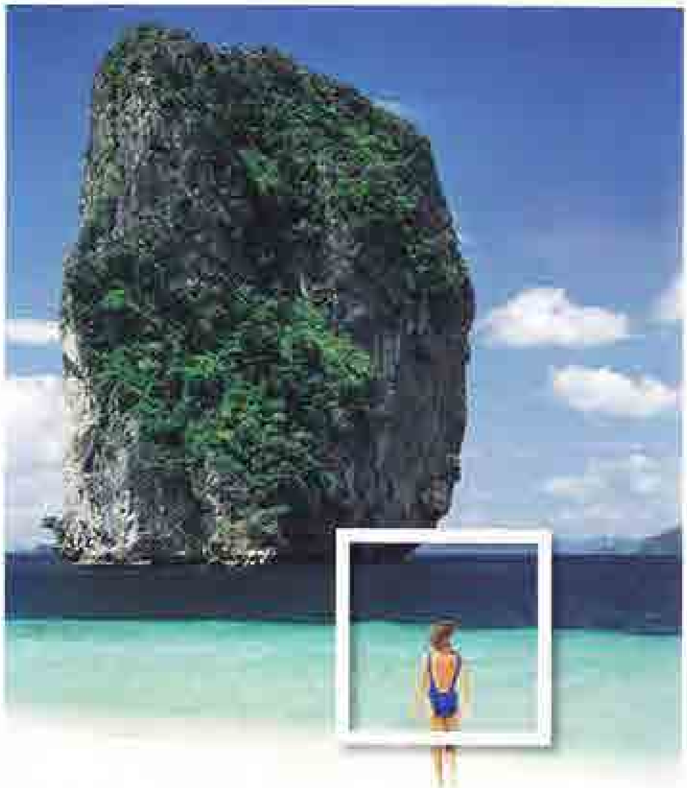
Looking forward, the Group will continue to focus on developing its travel and hospitality business to become one of the largest and best in the region through synergies with China Credit and to introduce reputable strategic partners to create opportunities to enlarge the customer base, enhance the Group's business connections, develop new products and to provide quality services so as to differentiate ourselves from other competitors and to cope with the demanding need of our valuable customers and to build on our brand name. We plan to acquire more travel service companies to obtain international recognition, be globally branded and be recognized as the preferred one stop travel provider. It will also seek to lower costs and expenses in its bid to become a premium brand in the market and bring attractive return to the shareholders of the Company.

I believe that we have staff of great talent and drive. I wish to thank them as well as our strategic partners, customers and vendors for their continual support and confidence. I thank my fellow directors for their invaluable contributions and wise counsel. I also express my thanks and appreciation to Mr. David Low Chor Hoon, Group Managing Director and founder of the Company who resigned during the year for his contributions in the past.

**CHAN HENG FAI**
Group Executive Chairman



# OPERATIONS REVIEW



**Discontinued Operations**

The results of the discontinued operations in the Group represent the Store Business, the divestment of which was completed in November 2006. The Store Business divested included all assets and liabilities in the Company and subsidiaries which carried on the business of store fixtures and interior fit out services. Further details of the disposal are set out in the circular of the Company dated 10 August 2006.

During the approximately 10 months in the year before the completion of the disposal, the Store Business had managed to increase sales by 32% and recorded a net profit after tax and minority interest of approximately $0.2 million.

In spite of the improvement in results, the operations had a net cash outflow during the period of approximately $0.8. As the Store Business is highly competitive and would require substantial injection of further capital without any assurance of continued long term improvement in earnings, the disposal represent a good opportunity for the Company to realize its Store Business at fair value.

Upon divestment, the Group has strengthened its balance sheet by freeing itself of all bank borrowings and recording a gain on disposal of approximately $0.9 million.

**Continuing Operations**

The new core business in travel commenced around August 2006 and by December 2006 had made sales of approximately $8.6 million. This was accomplished through the Company's subsidiaries, SingXpress Travel Pte Ltd ("SingXpress") in Singapore and Xpress Travel Service Ltd ("Xpress Travel") in Hong Kong.

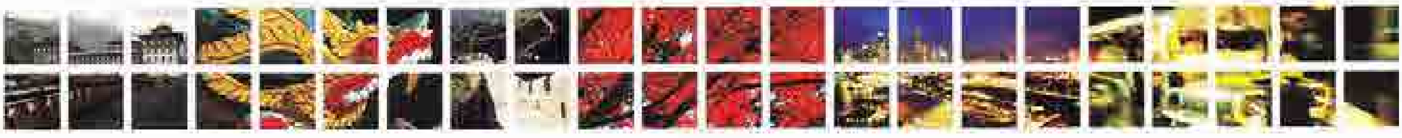
As a start up, SingXpress has opened 3 outlets in Singapore strategically located in densely populated areas in Toa Payoh, Peoples Park and Suntec. It now has a pool of 35 experienced and well trained staff and travel packages to all major tourist destinations in Asia, Europe, Middle East and America.

Xpress Travel was acquired in Hong Kong. It is a Hong Kong licensed travel agent, using a business name of Rama Tours for 30 years since 1976. Xpress Travel renders a full range of travel-related services, including inbound tours, outbound tours, ticketing, local tours and hotel accommodations. Xpress Travel specialises in providing high quality, niche and innovative travel routes and has won numerous travel awards, such as its five year record for the highest number of travellers for Thailand tours. Xpress Travel is also a member of IATA. Presently, 4 outlets have been opened in Hong Kong, which are located in North Point, Causeway Bay, Mongkok and Tsuen Wan.

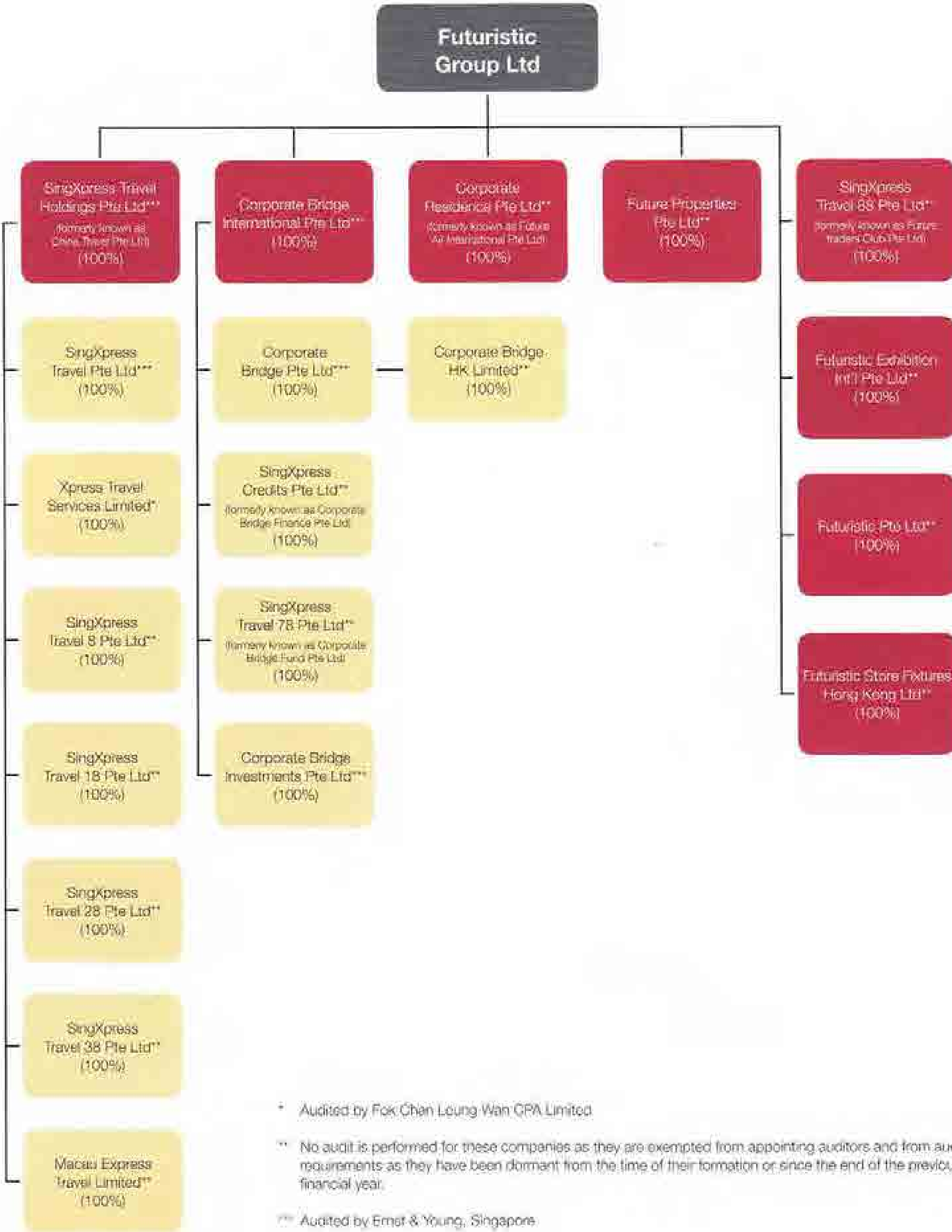
Although losses for the period to 31 December for the two companies came close to $0.8 million, it is anticipated that with further development and synergies with China Credit Holdings Ltd, the major shareholder, the operations would be able to improve its results.

There are current plans to raise funds through a rights issue to adequately capitalize the business so that it can expand with more outlets and global representation to improve both volume and margins.

**TONY CHAN TONG WAN**
Executive Director



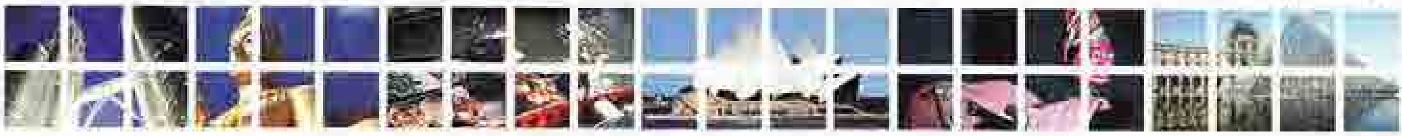
# GROUP STRUCTURE




* Audited by Fok Chan Leung Wan CPA Limited

** No audit is performed for these companies as they are exempted from appointing auditors and from audit requirements as they have been dormant from the time of their formation or since the end of the previous financial year.

*** Audited by Ernst & Young, Singapore



# BOARD OF DIRECTORS

**CHAN HENG FAI**
*Group Executive Chairman*

Mr Chan was appointed as a non-executive director on 11 November 2003 and as Group Executive Chairman on 1 March 2005. Mr Chan is the Managing Chairman of China Credit Holdings Limited, a Hong Kong Stock Exchange publicly listed merchant banking and consumer and corporate finance company whose various interests include Xpress Finance Limited (formerly known as Online Credit Card Limited), one of Hong Kong's only two non-bank credit card providers in the region as a MasterCard licensee and issuer; eBanker USA.com, Inc., a global merchant bank with the mission of identifying, targeting and serving high-margin, underserved financial services niches offering structured financial products and planning to clients globally. China Credit Holdings Limited completed the disposal of China Gas Holdings Limited, a Hong Kong Stock Exchange publicly listed company which under Mr Chan's guidance and direction, was restructured from a formerly failing fashion retail company to become one of a few large participants in the growing natural gas pipeline network infrastructure design, construction and operation sector with strong governmental ties in China through numerous acquired city rights to distribute natural gas to domestic and industrial users. Mr Chan was also the chairman and director of American Pacific Bank, a commercial bank publicly listed on NASDAQ from 1988 to 2005.

**CHAN TONG WAN**
*Executive Director*

Mr Chan Tong Wan was appointed as non-executive director on 11 November 2003 and as an executive director on 7 March 2006. He has over 10 years experience in investment banking related vocations. Mr Chan has specialized in Asian equity financial products for two international investment banking firms, originating and dealing in listed and over-the-counter structured products. Mr Chan has also acted as a securities' principal in a NASD licensed brokerage house. As the Managing Director of China Credit Holdings Limited, Mr Chan's duties include overseeing China Credit Holdings Limited Group's principal strategic investments activities in both publicly listed and private companies.

**CHAN TUNG MOE**
*Non-Executive Director*

Mr Chan Tung Moe was appointed as non-executive director on 7 March 2006 and as a member of the Audit, Nominating and Remuneration Committees on 27 February 2007. He is the Chief Executive Officer and a director of Xpress Finance Limited and is responsible for the overall management of the card operation. Previously, Mr Chan was in charge of technical and business development for a finance and technology company in the United States. He holds a Bachelor's Degree in Applied Science and a Master's Degree in Electro-Mechanical Engineering. Mr Chan is the son of Mr Chan Heng Fai and the brother of Mr Chan Tong Wan.

**GUOK CHIN HUAT SAMUEL**
*Independent Director*

Mr Guok Chin Huat Samuel was appointed as an Independent Director on 19 November 2003. He is the Chairman of the Audit Committee, and a member of Nominating and Remuneration Committees.

Mr Guok has approximately 20 years working experience in the investment banking, venture capital and private equity industries. From 1986 to 1989, he was the Assistant Vice President of Nomura Merchant Bank, involved in all aspects of investment banking and trading activities. He also had served as a CEO and director of a public listed company, Wee Poh Holdings Ltd, from 1998 to 2001. He was appointed as a director of Campbelltown Investment Holdings Pte Ltd since 1990. He is an Independent Director of Japan Land Ltd. Currently, he also runs his own business, StarHealth Pte Ltd, a company importing and distributing health products and medicine.

Mr Guok has a Bachelor of Science in Business Admin (BSBA) degree from Boston University with majors in Economic and Finance, and a minor in Chemistry.

**CHAN KEI LIM**
*Independent Director*

Mr Chan Kei Lim was appointed as an Independent Director on 4 March 2004. He is the Chairman of Nominating and Remuneration Committees, and a member of the Audit Committee.

Mr Chan has extensive experience in banking and finance as well as capital investment management. He started his career as a Senior Corporate Banking Officer at Oversea Union Bank Ltd, after graduating with a Bachelor of Science Degree with Honours (Biochemistry) from National University of Singapore in 1987. Currently, Mr Chan is a Senior Vice-President and Head of Private Equity Investments in Asia-Pacific region for Partners Group, a Swiss-based specialised alternative asset manager with USD 8 billion under management and over 140 employees in offices across Zug, New York, London, Singapore and Gurnsey. Mr Chan is currently also the Vice-Chairman of the Singapore Venture Capital and Private Equity Association.

Mr Chan also holds a Master of Business Administration (Banking & Finance) from Nanyang Technological University and a Diploma in Banking & Finance from Institute of Banking and Finance. He is also a member of the Singapore Institute of Directors.

# KEY MANAGEMENT STAFF

**LEE CHUN TING, ALEX**
*Managing Director of SingXpress Travel Pte Ltd*

Mr. Lee is responsible for the strategic planning and development, sales and marketing of the travel services for Hong Kong and Singapore. Mr. Lee has 19 years of practical experience in and solid understanding of a diverse range of business management. Before joining the Group, Mr Lee worked as a key management staff in several major travel services companies both in Hong Kong and Singapore. Mr. Lee was the Chairman of Outbound Travel Operators' Association ("OTOA") from 1998-2002 and a Director of the Hong Kong Travel Industry Council ("TIC") from 1996 to 2004.

**FUNG CHUNG YUEN, STEVE**
*Chief Executive Officer of SingXpress Travel Pte Ltd*

Mr. Fung is responsible for the development, promotion and operation for Singapore and Hong Kong. Mr. Fung has 20 years experience in the multi faceted marketing, sales and operations, strategic planning, consumer marketing, project development, sales distribution, budgeting, human resources and trade relations. Mr. Fung is an ordinary member of the Society of Incentive Travel Executive, USA from 1990 to present. Also, Mr. Fung was an Executive Director of Chinese Travel Organisation from 2000 to 2005 and executive member of various sub committees of Travel Industry Council of Hong Kong from 1996 to 2005 and the Advisory Board Member for Associate Degree Program from Tourism of Hong Kong Institute of Continuing Education from 2003 to 2005.

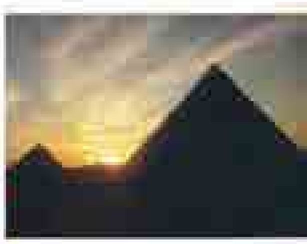
**CHING HUAY YONG**
*Chief Financial Officer*

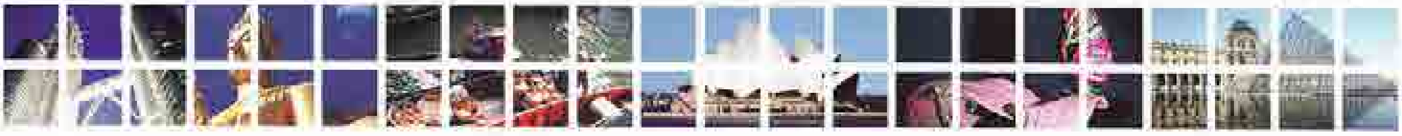
Mr. Ching joined the Company's subsidiary, Corporate Bridge Pte Ltd as financial controller in December 2005. He was appointed as the Chief Financial Officer on 30 November 2006.

Mr. Ching has extensive experience in corporate finance, costing, tax, insurance and company secretarial work. He is responsible for the corporate finance, financial, insurance and tax matters of the Group.

Mr. Ching graduated with a Bachelor of Accountancy (Hons) from the National University of Singapore in 1971 and also from the Institute of Chartered Management Accountants in 1973. Since graduation, Mr. Ching has worked with several multinationals and local companies for over 35 years in finance in the South East Asia region.

He is currently a member of the Institute of Certified Accountants of Singapore.





# CORPORATE INFORMATION

**BOARD OF DIRECTORS**
Chan Heng Fai
*Group Executive Chairman*

Chan Tong Wan
*Executive Director*

Chan Tung Moe
*Non Executive Director*

Guok Chin Huat Samuel
*Independent Director*

Chan Kei Lim
*Independent Director*

**AUDIT COMMITTEE**
Guok Chin Huat Samuel (Chairman)
Chan Kei Lim
Chan Tung Moe

**NOMINATING COMMITTEE**
Chan Kei Lim (Chairman)
Guok Chin Huat Samuel
Chan Tung Moe

**REMUNERATION COMMITTEE**
Chan Kei Lim (Chairman)
Guok Chin Huat Samuel
Chan Tung Moe

**COMPANY SECRETARY**
Yeo Poh Noi, Caroline

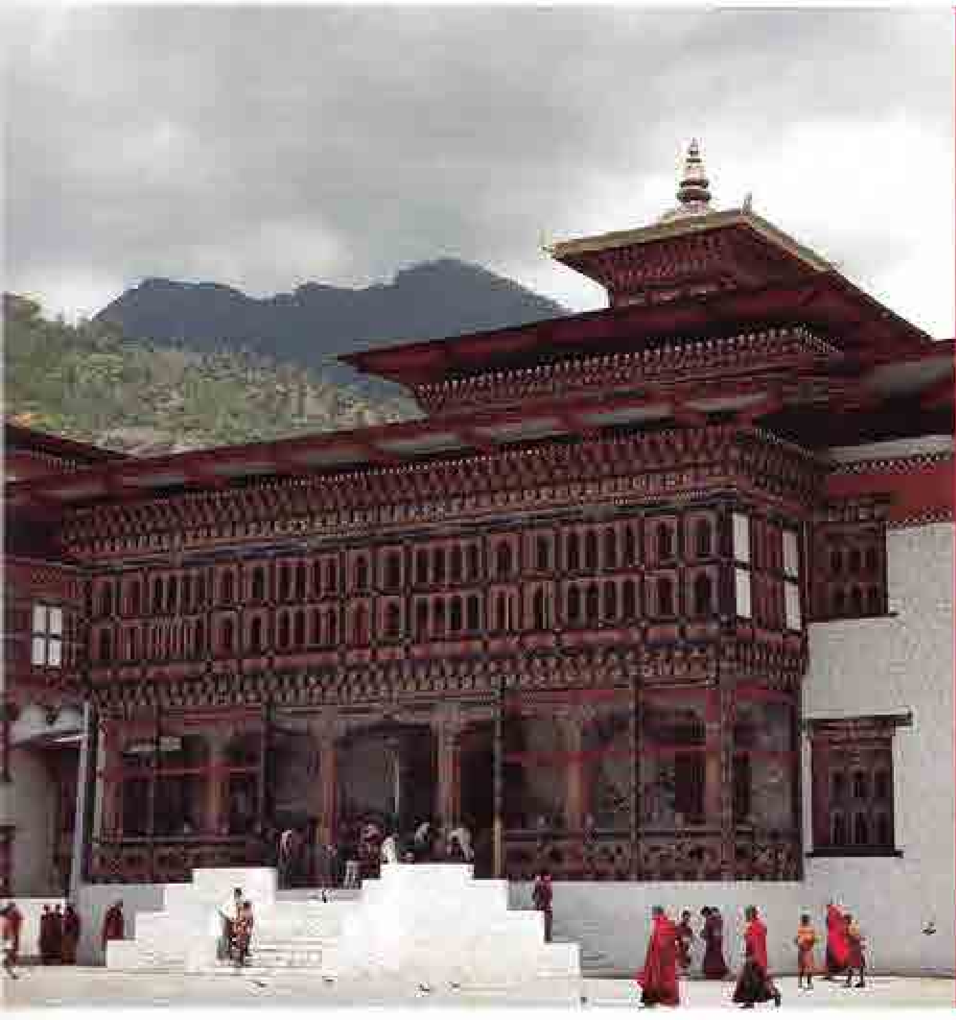
**AUDITORS**
Ernst & Young
One Raffles Quay
North Tower Level 18
Singapore 048583
Simon Yeo
(Audit Partner In Charge)
Appointed since Financial
Year ended 2005

**PRINCIPAL BANKER**
UBS AG
5 Temasek Boulevard
#18-00 Suntec Tower Five
Singapore 038985

**REGISTERED OFFICE**
300 Beach Road
#28-02 The Concourse
Singapore 199555

**PRINCIPAL PLACE OF BUSINESS IN SINGAPORE**
300 Beach Road
#28-02 The Concourse
Singapore 199555

**SHARE REGISTRAR AND SHARE TRANSFER**
Lim Associates (Pte) Ltd
3 Church Street
#18-01 Samsung Hub
Singapore 049483



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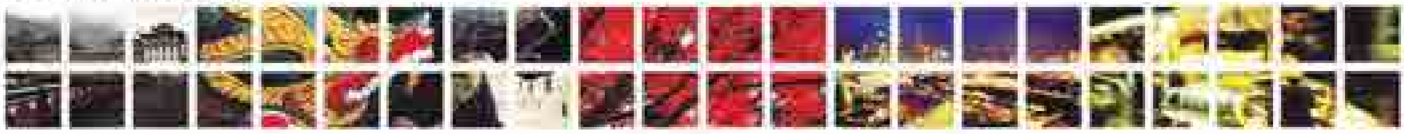
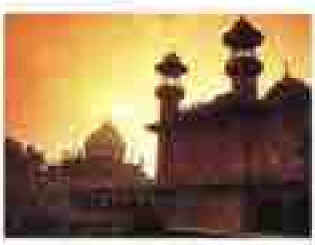
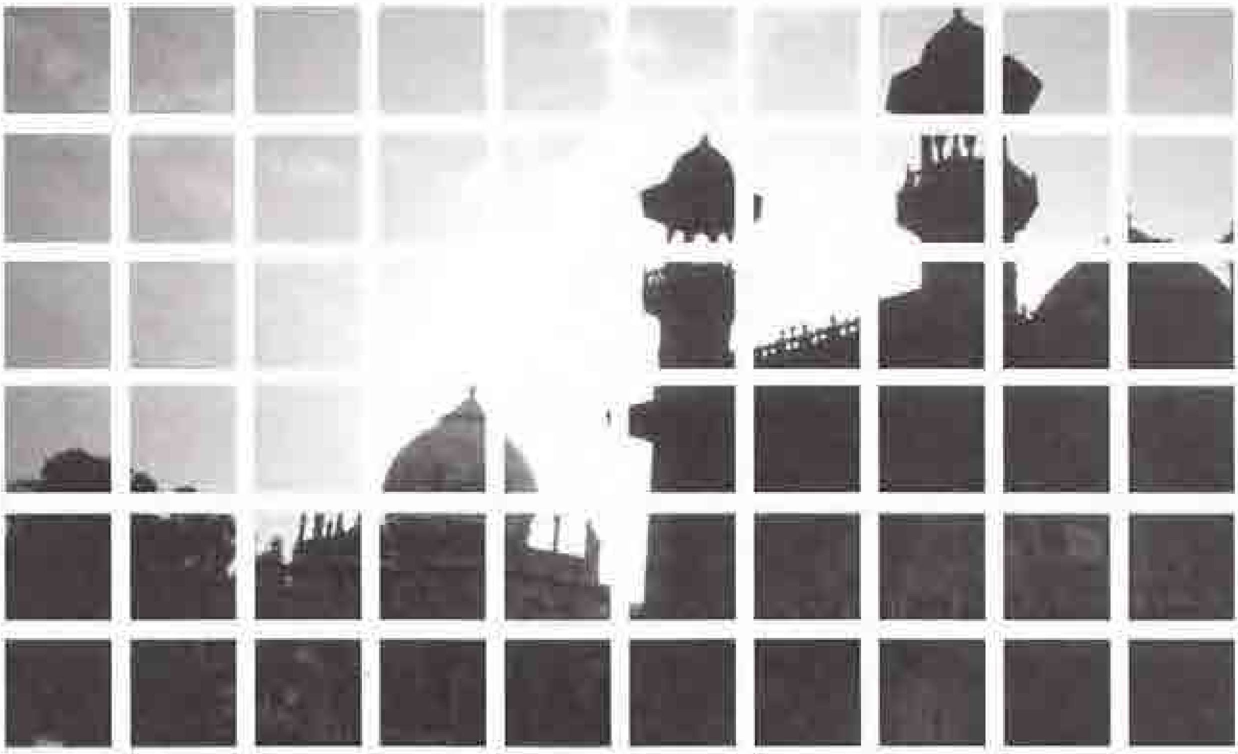


# *FINANCIAL HIGHLIGHTS*

| | FY2006 | FY2005 | FY2004 |
|---|---|---|---|
| Turnover (S$'000) | | | |
| Continued | 8,637 | | |
| Discontinued | 22,056 | 16,696 | 17,193 |
| Profit/(Loss) Before Tax (S$'000) | | | |
| Continued | 802 | -353 | - |
| Discontinued | 993 | -3,410 | -829 |
| Net Tangible Asset Value per Ordinary Share based on issued share capital at the end of the year (cents) | 5.00 | 5.60 | 8.50 |
| Basic Profit/(Loss) per share (cents) | | | |
| Continued | 0.59 | -0.27 | - |
| Discontinued | 0.17 | -2.28 | -0.90 |
| Turnover by Business Segments | | | |
| Continued | | | |
| Travel | 8,637 | - | - |
| Discontinued | | | |
| Interior fit-out services | 1,654 | 5,353 | 9,728 |
| Store fixtures | 20,402 | 11,343 | 7,465 |
| **Total** | 30,693 | 16,696 | 17,193 |







## *FINANCIAL CONTENT*

# CORPORATE GOVERNANCE REPORT

[illegible] Group Ltd (the "Company") is committed to maintaining a high standard of corporate governance. Good corporate governance establishes and maintains an ethical environment and enhances the interests of all shareholders. This report describes the Company's corporate governance processes and activities with specific reference to the Code of Corporate Governance (the "Code").

## BOARD OF DIRECTORS (PRINCIPLES 1, 2, 3 AND 6)

The primary role of the Board of Directors (the "Board") is to lead and control the Company's operations and affairs and to protect and enhance long-term shareholder value. The Board is collectively responsible for the success of the Company. The Board provides entrepreneurial leadership, sets the overall strategy for the Group and ensures that the necessary financial and human resources are in place for the Company to meet its objectives.

To facilitate the Board's decision making, the Company's Articles of Association allows the meetings of directors to be conducted by means of telephone conference or other methods of simultaneous communication by electronic or telegraphic means and the minutes of such meeting signed by the Chairman shall be conclusive evidence of any resolution. In between Board meetings, important matters concerning the Company are put to the Board for its decision by way of circulating resolutions in writing for the Directors' approval.

The Board consists of five directors and the Board is of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. The Company's Board composition and balance comprise two independent directors making up one-third of the Board. The objective judgement of the independent and non-executive directors on corporate affairs and their collective experience and contributions are invaluable to the Company.

The Board members comprise businessmen and professionals with accounting and finance background and business management experience, all of whom as a group, provides the Board with the necessary experience and expertise to direct and lead the Group.

| | |
|---|---|
| Chan Hong Fai | Group Executive Chairman |
| Chan Tong Wan | Executive Director |
| Chan Tung Moe | Non Executive Director |
| Sook Chin Huat Samuel | Independent Director |
| Chan Kai Lim | Independent Director |
| David Low Chin Hoon | Group Managing Director (resigned 10 November 2006) |

The Board meets at least two times a year, to review and approve the announcements of the half-year and full-year results for release to the Singapore Exchange Securities Trading Limited ("SGX-ST"). Ad hoc meetings are convened as and when necessary to address any specific significant matters that may arise. The attendance of the directors and the frequency of Board meetings and Committee meetings held during the financial year are set out in Table "A".

The Board meets to consider the following corporate events and actions:

- Supervising the management of the business and affairs of the Group;
- Reviewing the financial performance of the Group;
- Approving the broad policies, strategies and financial objectives of the Company;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance;
- Approving the nominations of Board directors and appointment of key personnel;
- Approving annual budgets, major funding proposals, investment and divestment proposals, including material capital investment;
- Assuming responsibility for corporate governance; and
- Evaluating the performance of Management.



# CORPORATE GOVERNANCE REPORT

The Board is furnished with detailed information concerning the Group from time to time, to enable the Board to fulfil its responsibilities and to be fully cognisant of the decisions and actions of the Group's executive management. All the directors have unrestricted access to the Company's records and information. Detailed Board papers are prepared for each meeting of the Board and include sufficient information from Management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. The independent directors have access to all levels of senior executives in the Group and are encouraged to speak to other employees to seek additional information if they so require.

Should the directors, whether as a group or individually, need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor selected by the group or the individual to render the advice. Newly appointed directors are given briefings by Management on the business activities of the Group and its strategic directions and will also be updated on major events of the Company. The Company will, if necessary, organise briefing sessions or circulate memoranda to the directors to enable them to keep pace with regulatory changes.

The roles of the Group Executive Chairman and the Executive Director are separate, with a clear division of responsibilities between the directors. The Group Executive Chairman, who has experience in managing listed companies and the merchant banking sector, sets the strategic directions for the development of the Group's businesses. The Executive Director focuses his attention on the day-to-day running of the operations and also ensures information flow between Management and the Board.

The Board has independent access to the Company Secretary, who provides the Board with regular updates on the requirements of the Companies Act and all other rules and regulations of the SGX-ST. The Company Secretary also attends Board meetings and assists the Chairman in ensuring that Board procedures are followed and reviewed such that the Board functions effectively.

**TABLE "A"**
**DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS**

| Meeting of | Board | Audit Committee | Nominating Committee | Remuneration Committee |
|---|---|---|---|---|
| Total held in FY2006 | 5 | 5 | 1 | 1 |
| | | | | |
| Chan Hong Fai | 5 | N.A. | N.A. | N.A. |
| Chan Tong Wan | 5 | N.A. | N.A. | N.A. |
| Chan Tung Moe (appointed on 7 March 2006) | 5 | N.A. | N.A. | N.A. |
| David Low Chin Hoon (resigned on 10 November 2006) | 5 | 5 | 1 | 1 |
| Sook Chin Huat Samuel | 5 | 5 | 1 | 1 |
| Chan Kai Lim | 4 | 5 | 1 | 1 |

N.A. – Not applicable

## NOMINATING COMMITTEE (PRINCIPLES 4 AND 5)

The Nominating Committee ("NC") comprises three directors, the majority of whom, including the chairman, are independent directors.

The members of the NC are:
Chan Kai Lim (Chairman)
Sook Chin Huat Samuel
Chan Tung Moe (appointed on 21 February 2007)
David Low Chin Hoon (resigned on 10 November 2006)

# CORPORATE GOVERNANCE REPORT

The NC is regulated by a set of written Terms of Reference and its key functions include:

(a) [illegible]
(b) To make recommendations to the Board on all Board appointments and re-appointments, having regard to each individual director's contribution and performance;
(c) To determine the criteria for identifying candidates and to review nominations for new appointments;
(d) To review and to determine on an annual basis the independence of each director;
(e) [illegible] in terms of the performance criteria; and
(f) To conduct a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board, particularly when a director serves on multiple Boards.

In accordance with the Company's Articles of Association, all directors except the Managing Director are required to retire at least once in every three years by rotation and all newly appointed directors will have to retire at the next Annual General Meeting following their appointment. The retiring directors are eligible to offer themselves for re-election. The NC has recommended the nomination of the two directors retiring at the forthcoming Annual General Meeting ("AGM") for re-election, which has been accepted by the Board.

[illegible]

[illegible]

Key information of directors of the Company can be found on Page [illegible] of this Report.

[illegible]

[illegible]

## REMUNERATION COMMITTEE (PRINCIPLES 7 AND 8)

The Remuneration Committee ("RC") comprises three directors, the majority of whom, including the chairman, are independent directors.

The members of the RC are:
Chan Kok Lim (Chairman)
Quek Chin Hock Samuel
Chan Tong Mien (appointed on 21 [illegible] 2006)
David Low Chin Hoon (resigned on 10 November 2006)

The RC is regulated by a set of written Terms of Reference. Its key functions include:

- [illegible]



# CORPORATE GOVERNANCE REPORT

- [illegible]

[illegible]

In addition, the RC also functions as the Administrative Committee of the [illegible] Share Option Scheme (the "Scheme").

## DISCLOSURE ON REMUNERATION (PRINCIPLES 8 AND 9)

## REMUNERATION OF DIRECTORS

A breakdown showing the level and mix of each individual director's remuneration payable for FY2006 is as per the table below:

| | | Salary including CPF | | Bonus / Others | | Fee | |
|---|---|---|---|---|---|---|---|
| | | FY2006 | FY2005 | FY2006 | FY2005 | FY2006 | FY2005 |
| $500,000 and above | Nil | - | - | - | - | - | - |
| $250,000 to below $500,000 | Liu Eng Khoon (resigned on 22 November 2006) | - | 76% | 24% | 24% | - | - |
| Below $250,000 | Chan Heng Tai | - | - | - | - | 100% | 100% |
| | David Low Chin Hoon (resigned on 10 November 2006) | 88% | 88% | 12% | 12% | - | - |
| | Chan Tong Wan | 100% | 100% | - | - | - | - |
| | Quek Chin Hock Samuel | - | - | - | - | 100% | 100% |
| | Chan Kok Lim | - | - | - | - | 100% | 100% |
| | Chen Jung Mien (appointed on 7 March 2006) | - | - | - | - | - | - |

# CORPORATE GOVERNANCE REPORT

## REMUNERATION OF TOP 5 KEY EXECUTIVES WHO ARE NOT DIRECTORS

| | Year 2006 | Year 2005 |
|---|---|---|
| $500,000 and above | Nil | Nil |
| $250,000 to below $500,000 | Nil | Nil |
| Below $250,000 | Alex Liu Chun Ting<br>Steven Fung Chung Hsien<br>Chong Hsiu Tong<br><br>Ho Sin Yam Patrick<br>(resigned on 4th June 2006)<br><br>Lee Lai Wing<br>(resigned on 7 November 2006)<br>The list below consists of executives who are no longer with Group following the divestment of the subsidiaries from 10 November 2006:<br>Lau Kok Weng<br>Ng Choo Seng<br>Lau Siak Ting<br>Low Chor Seng | Lau Kok Weng<br>Tan Kwang Kai<br>Ho Sin Yam Patrick<br>Ng Choo Seng<br>Lau Siak Ting |

## REMUNERATION OF EMPLOYEES WHO ARE IMMEDIATE FAMILY MEMBERS OF A DIRECTOR

The following employee is an immediate family member of the Group Managing Director of the Company:

| Employees related to | Name of Employees Year 2006 | Name of Employees Year 2005 |
|---|---|---|
| David Low Chor Hoon – Group Managing Director (resigned on 10 November 2006) | Low Chor Seng (transferred out of the Group upon the sale of subsidiaries on 10 November 2006) | Low Chor Seng |

The remuneration of the above employee did not exceed S$150,000 for both the financial years ended 31 December 2006 and 31 December 2005.

The Company has adopted a remuneration policy for staff comprising a fixed component in the form of a base salary and a variable component, which is in the form of a variable bonus that is linked to the Company's and the individual's performance. Another element of the variable component is the grant of share options to staff under the Scheme.

Details of the share options that are granted to the directors of the Company and employees of the Group are set out in the Report of Directors.

In accordance with the Companies Act, the payment of directors' fees is subject to shareholders' approval at the forthcoming AGM. The Board is of the view that it is not necessary to present the remuneration policy at the Annual General Meeting for shareholders' approval.



# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE (PRINCIPLE 11)

The Audit Committee ("AC") comprises three members, out of whom two are independent including the Chairman of the AC, who have accounting or related financial management background. The members of the AC are:

Quek Chin Hua Samuel (Chairman)
Chye Kai Lim
Chan Tong Mao (appointed on 27 February 2007)
David Low Chor Hoon (resigned on 10 November 2006)

The key responsibilities of the AC include the following:

- To review with the external auditors the audit plans, including the nature and scope of the audit before the commencement of each audit, their evaluation of the Company's system of internal controls, the audit reports and management letters issued by the external auditors and Management's response to the letters;
- To review the nature and extent of non-audit services provided by the external auditors to determine if the provision of such services would affect the independence of the external auditors, seek to balance the maintenance of objectivity and value for money;
- To make recommendations to the Board on the appointment, re-appointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors;
- To review the significant financial reports so as to ensure the integrity of the financial statements of the company and focus in particular on the changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit and compliance with financial reporting standards, and to review announcements of the results, before submission to the Board for approval for release to the SGX-ST;
- To assess the independence of the external auditors annually;
- To review the findings of the internal auditors of the Company and ensure the adequacy of the system of internal controls;
- To review interested person transactions in accordance with the requirements of the Listing Rules of the SGX-ST; and
- To undertake such other functions, duties, reviews and projects as may be requested by the Board or as may be required by statute or the Listing Manual.

The AC has full access to the external auditors and the internal auditor without the presence of the Management of the Company. The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management of the Company and full discretion to invite any director or Management of the Company to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

It may also examine any other aspects of the Company's affairs, as it deems necessary where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC has authority to meet with the external auditors during the financial year under review, without the presence of the Company's Management.

The Company also engaged the external auditors, Messrs Ernst & Young, for tax advisory services. The AC has reviewed these non-audit services provided by the external auditors, Messrs Ernst & Young, and is of the opinion that the provision of such services does not affect their independence. The AC has recommended the re-appointment of Messrs Ernst & Young as external auditors at the forthcoming AGM.

# CORPORATE GOVERNANCE REPORT

The AC is currently reviewing a policy whereby staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts and other matters and which will ensure that arrangements are in place for independent investigations of such matters and for appropriate follow-up actions.

## INTERNAL CONTROLS AND INTERNAL AUDIT (PRINCIPLES 12 AND 13)

The Board believes in the importance of maintaining a sound system of internal controls to safeguard the shareholders' investments and the Company's assets. To achieve this, internal reviews are constantly being undertaken to ensure that the system of internal controls maintained by the Company is sufficient to provide reasonable assurance that the Company's assets are safeguarded against loss from unauthorised use or disposal, transactions are properly authorised and proper financial records are being maintained.

The Audit Committee and the Board have reviewed and closely monitored the internal control systems and procedures of the Group's operations with the Management. Both the Audit Committee and the Board are satisfied that adequate internal controls are in place.

Currently, the Company does not have an internal audit function but the Audit Committee and the Board have approved the outsourcing of the internal audit function to independent third party accounting firms, which will be appointed on an ad hoc basis. The internal auditor will report directly to the Audit Committee.

## COMMUNICATION WITH SHAREHOLDERS (PRINCIPLES 10, 14 AND 15)

The Board does not practise selective disclosure, as it is mindful of its obligation to provide timely and fair disclosure of material information. The Board is accountable to shareholders while the Management is accountable to the Board by providing the Board with management accounts that present a balanced and understandable assessment of the Company's performance, financial position and prospects.

Results and other material information are released through the SGXNET on a timely basis for dissemination to shareholders and the public in accordance with the requirements of the SGX-ST. A copy of the Annual Report and Notice of the AGM are sent to every shareholder of the Company. The Notice is also advertised in the newspapers. The Company encourages shareholders' participation at AGMs. Shareholders are given opportunities to express their views and to ask questions or seek clarifications on various matters concerning the Company at AGMs.

Resolutions to be passed at general meetings are always separate and distinct in terms of issue so that shareholders are better able to exercise their right to approve or deny the issue or motion. Shareholders can also exercise their right to vote in absentia by the use of proxies.

The Chairmen of the AC, NC and RC and the external auditors are or would be present at every AGM to address any relevant questions that may be raised by the shareholders.

## DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted a Code of Conduct to provide guidance and set out the implications of insider trading to all key officers of the Company and its subsidiaries with regard to dealings in the Company's securities in compliance with the Best Practices Guide on Security Transactions of the SGX-ST.

The Company has complied with its Best Practices Guide on Securities Transactions.

CORPORATE GOVERNANCE REPORT

## INTERESTED PERSON TRANSACTIONS

In compliance with the rules of the SGX-ST, the Group confirms that there were no interested person transactions during the year under review.

## RISK FACTORS AND RISK MANAGEMENT

### (1) CONTINUING OPERATIONS

(A) Competition is keen and the margin is small in the travel agency business. While we expect to achieve significant sales volume, exercise financial discipline and operational controls in managing growth, and recruit and retain experienced travel specialists, there is no assurance that we can effectively carry out what we intend to. In such a case, our business and performance may be adversely affected.

(B) The growth in the travel industry is dependent on continued economic growth and social stability in the Asian region. Any economic down turn, any social unrest, any adverse act of terrorism or any uncontrolled outbreak of infectious disease would have an adverse impact on our business performance.

(C) Consumer finance such as the issue of credit cards is regulated by the Monetary Authority of Singapore (the "MAS"). Although we believe that we can leverage on the expertise and track record of our major shareholder, China Credit Holdings Ltd, as they have a long outstanding and established credit card business in Hong Kong and is also one of two non-bank entities in Hong Kong issuing MasterCards, there is no assurance that we would be able to be qualified to receive the necessary licences from the MAS to carry out this business.

(D) The Group has significant investments in publicly and non-publicly traded securities and we are exposed to potential investment losses if there is a downturn in the securities market. Some of our investments are characterised with relatively small market capitalisation and low trading volume; this may from time to time result in significant price volatility, unexpected losses, and lack of liquidity or difficulties in the settlement of the transactions. These factors could adversely affect the value of our publicly-traded investments.

(E) The Group is looking forward to implementing its diversification plans in financial services, consultancy and corporate advisory work as well as securities trading and strategic investments in order to diversify the risk.

(F) The continued success of the Group, to a significant extent, is dependent on the continued services of our key management personnel especially our executive directors. Their business acumen, relationship with clients and suppliers, as well as reputation in the industry are critical to our business. The Group constantly evaluates the issue of attracting, recruiting and retaining suitably qualified and motivated managers for its operations. The Group recognises the need to continually upgrade the skills and knowledge of our employees to ensure that they are kept abreast of new developments. The Group also encourages succession planning to ensure that there is timely backup.

### (2) DISCONTINUED OPERATIONS

(A) The demand for our food processing products is highly competitive especially in Singapore and Malaysia. Competition comes from local and foreign companies. The entry of new players in the industry will increase competitive pressure faced by the discontinued operations and the price erosion inherent in the industry.

(B) Both the Singapore and Malaysian facilities of the discontinued operations rely heavily on foreign labour from Bangladesh, Nepal, Thailand and the People's Republic of China. While currently there is no shortage of foreign workers from these countries, any changes to or the tightening of the immigration policies of the relevant governments may affect their ability to employ foreign workers and may also increase their operating costs due to increases in levies and associated costs in employing foreign workers.

# CORPORATE GOVERNANCE REPORT

(i) [illegible]

(ii) [illegible]

# DIRECTORS' REPORT

[illegible]

1. Directors

[illegible]

[illegible]

2. Arrangements to enable Directors to acquire shares and debentures

[illegible]

3. Directors' interests in shares and debentures

[illegible]

| | Direct interest | | Deemed interest | |
|---|---|---|---|---|
| Name of Director | At beginning of the financial year '000 | At end of the financial year '000 | At beginning of the financial year '000 | At end of the financial year '000 |
| The Company Futuristic Group Ltd (Ordinary shares) | | | | |
| [illegible] | – | – | [illegible] | [illegible] |
| [illegible] | [illegible] | [illegible] | – | – |
| (Options to subscribe for ordinary shares) | | | | |
| [illegible] | [illegible] | [illegible] | – | – |
| [illegible] | [illegible] | [illegible] | – | – |

[illegible]

[illegible]

# DIRECTORS' REPORT

## 3. Directors' interests in shares and debentures (cont'd)

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

## 4. 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.

## 5. Share options

At an Extraordinary General Meeting held on 26 June 2003, shareholders approved the Futuristic Share Option Scheme (the Scheme), for the granting of share options to eligible employees and Directors. The options granted to the eligible employees and Directors will have a life span of five (5) years from the date of grant. The exercise period for the share options is the period commencing the day after the 2nd anniversary and expiring on the 5th anniversary, from the date of grant.

The exercise price of the options will be the average of the closing prices of the Company's ordinary shares on the SGX-ST for the three market days immediately preceding the date of grant (the Market Price) or at a price set at a discount not exceeding 20% of the Market Price, provided always that the exercise or subscription price shall not be less than the par value of the shares.

The Committee administering the Scheme comprises:

Chan Kai Lim (Chairman)
Suok Chin Huat Samuel
Chan Tung Moe

No options were granted or exercised during the financial year ended 31 December 2006.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the Futuristic Share Option Scheme as at 31 December 2006 are as follows:

| Expiry date | Exercise price (S$) | Number of options '000 |
|---|---|---|
| 11 January 2010 | 0.125 | 500 |
| 29 March 2010 | 0.100 | 500 |
| Total | | 1,000 |



# DIRECTORS' REPORT

## 5. Share options (cont'd)

Details of the options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Futuristic Share Option Scheme are as follows:

| Name of Director | Options granted during financial year '000 | Aggregate options granted since commencement of plan to end of financial year '000 | Aggregate options exercised since commencement of plan to end of financial year '000 | Aggregate options outstanding as at end of financial year '000 |
|---|---|---|---|---|
| Suok Chin Huat Samuel* | – | 500 | – | 500 |
| Chan Kai Lim* | – | 500 | – | 500 |
| Total | – | 1,000 | – | 1,000 |

* These options are exercisable between the period from 12 January 2007 to 29 March 2010 at the average exercise price of S$ 0.1125 if the vesting conditions are met.

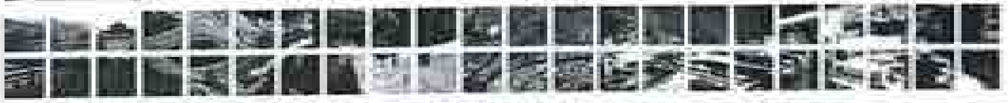
Since the commencement of the Futuristic Share Option Scheme till the end of the financial year:

- No options have been granted to the controlling shareholders of the Company and their associates;
- No participant other than the two Directors mentioned above has received 5% or more of the total options available under the Scheme;
- No options have been granted to directors and employees of the subsidiary companies;
- No options that entitle the holder to participate, by virtue of the options, in any share issue of any other corporation have been granted; and
- No options have been granted at a discount.

## 6. 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:

- Reviews the audit plans of the external auditors of the Company and ensures the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external auditors;
- Reviews the annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board of Directors;
- Reviews effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management;
- Meets with the external auditors, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviews the cost effectiveness and the independence and objectivity of the external auditors;
- Reviews the nature and extent of non-audit services provided by the external auditors;



# DIRECTORS' REPORT

6. **Audit Committee (cont'd)**

- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual.

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 3 meetings during the year with full attendance from all members. The AC has also met with 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.

7. **Auditors**

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

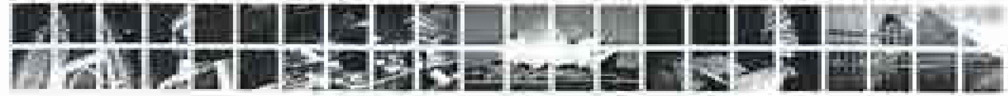
On behalf of the Board of Directors,

Chan Heng Fai
Director

Chan Tong Wan
Director

Singapore
28 March 2007





# STATEMENT BY DIRECTORS

We, Chan Heng Fai and Chan Tong Wan, being two of the Directors of Futuristic Group Ltd., 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 the 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 of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(b) 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,

Chan Heng Fai
Director

Chan Tong Wan
Director

Singapore
28 March 2007

# INDEPENDENT AUDITORS' REPORT

To the Members of Futuristic Group Ltd

We have audited the accompanying financial statements of Futuristic Group Ltd (the Company) and its subsidiary company (collectively, the Group) set out on pages 29 to 87, 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 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. 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 judgement, 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 Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 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 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 subsidiary companies 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
28 March 2007



# CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2006

| | Note | Group 2006 $'000 | Group 2005 $'000 |
|---|---|---|---|
| **Continuing operations** | | | |
| **Revenue** | 3 | 9,027 | – |
| Cost of sales | | (8,506) | – |
| **Gross profit** | | 521 | – |
| Other income | 4 | 2,060 | 109 |
| Distribution and selling costs | | (668) | – |
| Administrative costs | | (1,081) | (40) |
| Other operating costs | 5 | (229) | (422) |
| **Profit/(loss) from continuing operations before taxation** | 6 | 603 | (353) |
| Taxation | 7 | – | – |
| **Profit/(loss) from continuing operations for the year** | | 603 | (353) |
| **Discontinued operations** | | | |
| Profit/(loss) for the year from discontinued operations | 8 | 593 | (3,260) |
| **Profit/(loss) for the year** | | 1,196 | (3,613) |
| **Attributable to:** | | | |
| Equity holders of the Company | | 1,038 | (3,381) |
| Minority interests | | 158 | (232) |
| | | 1,196 | (3,613) |
| **Earnings/(loss) per share** | | | |
| Basic - continuing operations (cents) | 9 | 0.36 | (0.21) |
| Basic - discontinued operations (cents) | 9 | 0.17 | (2.28) |
| Diluted - continued operations (cents) | 9 | 0.59 | (0.21) |
| Diluted - discontinued operations (cents) | 9 | 0.17 | (2.28) |

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

# BALANCE SHEETS

as at 31 December 2006

| | Note | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|---|
| **Non-Current Assets** | | | | | |
| Fixed assets | 10 | 150 | 5,614 | – | 1,076 |
| Intangible assets | 11 | 104 | 152 | 105 | 111 |
| Subsidiary companies | 12 | – | – | – | 644 |
| Joint venture | 13 | – | 8 | – | 8 |
| Investments | 14 | 4,925 | 6,973 | 5,278 | 5,224 |
| | | 5,258 | 12,750 | 5,383 | 7,060 |
| **Current Assets** | | | | | |
| Cash and bank balances | 15 | 894 | 649 | – | 24 |
| Fixed deposits | 15 | 1,739 | 1,494 | 1,389 | 1,401 |
| Trade and other receivables | 16 | 1,275 | 3,716 | 2,690 | 6,310 |
| Prepayments | | 18 | 59 | – | 42 |
| Stocks | 20 | – | 697 | – | 24 |
| Contract work-in-progress | 21 | – | 785 | – | – |
| | | 3,926 | 6,700 | 4,079 | 7,831 |
| **Current Liabilities** | | | | | |
| Trade and other payables | 22 | 1,752 | 5,444 | 190 | 1,741 |
| Accrued operating expenses | | 409 | 457 | 345 | 32 |
| Interest-bearing loans and borrowings | 23 | – | 1,646 | – | 1,226 |
| Progress billings in excess of contract work-in-progress | 21 | – | 74 | – | 74 |
| Provision for taxation | | 45 | 30 | 45 | 42 |
| | | 2,214 | 7,967 | 581 | 3,118 |
| **Net Current Assets / (Liabilities)** | | 1,712 | (1,267) | 3,498 | 4,713 |
| **Non-Current Liabilities** | | | | | |
| Interest-bearing loans and borrowings | 23 | – | 3,579 | – | 2,541 |
| Deferred income tax | 25 | – | 44 | – | – |
| | | – | 3,623 | – | 2,541 |
| **Net Assets** | | 6,968 | 7,866 | 8,881 | 10,132 |
| **Equity attributable to equity holders of the Company** | | | | | |
| Share capital | 26 | 15,324 | 13,600 | 15,324 | 13,600 |
| Share premium | | – | 1,724 | – | 1,724 |
| Reserves | 27 | (8,356) | (7,676) | (6,443) | (5,192) |
| | | 6,968 | 7,648 | 8,881 | 10,132 |
| Minority interests | | – | 218 | – | – |
| **Total Equity** | | 6,968 | 7,866 | 8,881 | 10,132 |

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



# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006

2005
The Group

Attributable to equity holders of the Company

Share capital $'000 | Share premium $'000 | Employee share option reserve $'000 | Accumulated losses $'000 | Foreign currency translation reserve $'000 | Fair value adjustment reserve $'000 | Total reserve $'000 | Minority interests $'000 | Total equity $'000

At 1 January 2005
Net change in fair value adjustment reserve
Net effect of exchange differences
Net (expense)/income recognised directly in equity
Loss for the year
Total recognised income and expense for the year
Grant of equity-settled share options to Directors
Issuance of ordinary shares
At 31 December 2005

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

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006 (cont'd)

| 2006 The Group | Share capital $'000 | Share premium $'000 | Employee share option reserve $'000 | Accumulated losses $'000 | Foreign currency translation reserve $'000 | Fair value adjustment reserve $'000 | Total reserves $'000 | Minority interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | | | | | | |
| At 1 January 2006 | 13,600 | 1,724 | 89 | (10,579) | 90 | 2,724 | (7,676) | 218 | 7,866 |
| Net change in fair value adjustment reserve | – | – | – | – | – | (1,620) | (1,620) | – | (1,620) |
| Net effect of exchange differences | – | – | – | – | (90) | – | (90) | 6 | (84) |
| Net (expenses) / income recognised directly in equity | – | – | – | – | (90) | (1,620) | (1,710) | 6 | (1,704) |
| Profit for the year | – | – | – | 1,038 | – | – | 1,038 | 158 | 1,196 |
| Total recognised income and expenses for the year | – | – | – | 1,038 | (90) | (1,620) | (672) | 164 | (508) |
| Grant of equity-settled share options to Directors | – | – | 40 | – | – | – | 40 | – | 40 |
| Expiry of employee share options | – | – | (48) | – | – | – | (48) | – | (48) |
| Disposal of subsidiary companies | – | – | – | – | – | – | – | (382) | (382) |
| Transfer of share premium reserve to share capital | 1,724 | (1,724) | – | – | – | – | – | – | – |
| At 31 December 2006 | 15,324 | – | 81 | (9,541) | – | 1,104 | (8,356) | – | 6,968 |

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

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006 (cont'd)

| 2005 The Company | Share capital $'000 | Share premium $'000 | Employee share option reserve $'000 | Accumulated losses $'000 | Fair value adjustment reserve $'000 | Total reserves $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | | | | |
| At 1 January 2005 | 11,600 | 1,724 | – | (4,095) | 3,628 | (467) | 12,857 |
| Net change in fair value adjustment reserve | – | – | – | – | (904) | (904) | (904) |
| Net expense recognised directly in equity | – | – | – | – | (904) | (904) | (904) |
| Loss for the year | – | – | – | (3,910) | – | (3,910) | (3,910) |
| Total recognised expenses for the year | – | – | – | (3,910) | (904) | (4,814) | (4,814) |
| Grant of equity-settled share options to Directors | – | – | 89 | – | – | 89 | 89 |
| Issuance of ordinary shares | 2,000 | – | – | – | – | – | 2,000 |
| At 31 December 2005 | 13,600 | 1,724 | 89 | (8,005) | 2,724 | (5,192) | 10,132 |

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

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2006 (cont'd)

| 2006<br>The Company | Share capital<br>$'000 | Share premium<br>$'000 | Employee share option reserve<br>$'000 | Accumulated losses<br>$'000 | Fair value adjustment reserve<br>$'000 | Total reserves<br>$'000 | Total equity<br>$'000 |
|---|---|---|---|---|---|---|---|
| | Attributable to equity holders of the Company | | | | | | |
| At 1 January 2006 | 13,600 | 1,724 | 89 | (8,005) | 2,724 | (3,468) | 10,132 |
| Net change in fair value adjustment reserve | – | – | – | – | (1,946) | (1,946) | (1,946) |
| Net expense recognised directly in equity | – | – | – | – | (1,946) | (1,946) | (1,946) |
| Loss for the year | – | – | – | (1,297) | – | (1,297) | (1,297) |
| Total recognised expenses for the year | – | – | – | (1,297) | (1,946) | (3,243) | (3,243) |
| Grant of equity-settled share options to Directors | – | – | 40 | – | – | 40 | 40 |
| Expiry of employees share options | – | – | (48) | – | – | (48) | (48) |
| Transfer of share premium reserve to share capital | 1,724 | (1,724) | – | – | – | – | – |
| At 31 December 2006 | 15,324 | – | 81 | (9,302) | 778 | (8,443) | 6,881 |

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

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2006

| | 2006<br>$'000 | 2005<br>$'000 |
|---|---|---|
| **Cash flows from operating activities :** | | |
| Profit/(loss) from continuing operations before taxation | 802 | (353) |
| Profit/(loss) from discontinued operations before taxation | 993 | (3,410) |
| | 1,795 | (3,763) |
| Adjustments for: | | |
| Bad debts written off | – | 517 |
| Depreciation and amortisation | 179 | 847 |
| (Gain) / loss on disposal of fixed assets | (80) | 1 |
| (Gain) / loss on disposal of quoted investments | (1,740) | 3 |
| Gain on disposal of subsidiary company | (680) | – |
| Interest expense | 501 | 402 |
| Interest income | (28) | (36) |
| Impairment loss in value of quoted investment | – | 334 |
| Impairment loss in value of fixed assets | 441 | 2,187 |
| Impairment loss in value of goodwill on consolidation | 289 | 266 |
| Allowance for doubtful trade receivables | – | 185 |
| Employee share option expense | 40 | 89 |
| Expiry of employee share options | (48) | – |
| Share of results of joint venture | – | 1 |
| Write-back of allowance for doubtful trade receivables | – | (11) |
| Unrealised exchange gain | (88) | (734) |
| **Operating profit before working capital changes** | 484 | 604 |
| Increase in stocks and contracts work-in-progress, net of progress billings in excess of costs | (534) | (202) |
| (Increase)/decrease in trade and other receivables | (1,368) | 224 |
| Increase in trade and other payables | 3,320 | 286 |
| **Cash flows generated from operations** | 2,842 | 835 |
| Income taxes paid | – | (13) |
| **Net cash generated from operating activities** | 2,842 | 822 |
| **Cash flows from investing activities:** | | |
| Proceeds from disposal of quoted investments | 2,169 | 45 |
| Proceeds from disposal of fixed assets | 40 | 1 |
| Purchase of quoted investments | – | (1,080) |
| Purchase of fixed assets | (2,223) | (330) |
| Purchase of intangible assets | (28) | – |
| Interest received | 28 | 36 |
| Net cash outflow on acquisition of subsidiary companies (Note 13) | (98) | (124) |
| Net cash outflow on disposal of subsidiary companies (Note 13) | (1,840) | – |
| **Net cash used in investing activities** | (1,743) | (2,271) |

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

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2006 (part II)

| | 2006 | 2005 |
|---|---|---|
| | $'000 | $'000 |
| **Cash flows from financing activities:** | | |
| Interest paid | (551) | (407) |
| Repayment of lease obligations | (84) | (119) |
| Proceeds from/(repayment of) long-term loans | 846 | (579) |
| Net proceeds from issuance of shares by way of share exercise of call option | – | 2,000 |
| **Net cash (used in)/generated from financing activities** | (99) | 895 |
| Net increase/(decrease) in cash and cash equivalents | 1,709 | (653) |
| Cash and cash equivalents at beginning of year | 924 | 1,577 |
| Cash and cash equivalents at end of year (Note 15) | 2,633 | 924 |

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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

## 1. Corporate information

Futuristic Group Ltd (the Company) is a limited liability company which is incorporated in the Republic of Singapore and publicly traded on the Singapore Exchange. The immediate holding company is Xpress Credit Limited, a company incorporated in Hong Kong. The ultimate holding company is China Credit Holdings Limited, a company incorporated in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, which produces financial statements available for public use.

The registered office and principal place of business of the Company is located at 300 Beach Road, #26-02, The Concourse, Singapore 199555.

The principal activities of the Company are that of investment holding, financial services, travel and hospitality related services. The principal activities of the subsidiary companies are disclosed in Note 12 to the financial statements.

## 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 except for available-for-sale financial assets that have been measured at their fair values.

The financial statements are presented in Singapore Dollars (SGD or $) and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

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

### 2.2 FRS and INT FRS not yet effective

The Group and the Company have not applied the following 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 |
| FRS 108 | Operating Segments | 1 January 2009 |
| 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 & Impairment | 1 November 2006 |
| INT FRS 111 | Group and Treasury Share Transactions | 1 March 2007 |
| INT FRS 112 | Service Concession Arrangements | 1 January 2008 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.2 FRS and INT FRS not yet effective (cont'd)

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, except for FRS 107 and the amendment to FRS 1 as indicated below.

FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from annual period beginning 1 January 2007.

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.

Key sources of estimation uncertainty

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

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is 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 goodwill at 31 December 2006 is $Nil (2005: $45,000). More details are given in Note 11.

(ii) Depreciation of fixed assets

The cost of fixed assets is depreciated on a straight-line basis over their useful lives. Management estimates the useful lives of these fixed assets to be within 3 to 10 years. The carrying amount of the Group's fixed assets at 31 December 2006 was $[illegible] (2005: $[illegible]). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.3 Significant accounting estimates and judgements (cont'd)

(iii) Income taxes

The Group has exposure to income taxes in various 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 $40,000 (2005: $55,000) and $Nil (2005: $44,000) respectively.

2.4 Functional and foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies 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.

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.

(b) 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.

# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

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

2.5 Subsidiary companies and principles of consolidation

(a) Subsidiary companies

A subsidiary company 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 subsidiary companies 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 subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies 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 transactions and events in similar circumstances.

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 subsidiary companies are accounted for using the purchase method. Subsidiary companies 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.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any 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 represents goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.



# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

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

2.6 Joint venture

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The Group's investment in joint venture is accounted for using the equity method. Under the equity method, the investment in joint venture is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The Group's share of profit or loss of the joint venture is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the joint venture. The joint venture is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have joint control over the joint venture.

In the Company's separate financial statements, investment in joint venture is accounted for at cost less impairment losses.

2.7 Fixed assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

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:

| | | |
|---|---|---|
| Leasehold land | – | 30 years |
| Machinery | – | 5 years |
| Motor vehicles | – | 5 years |
| Renovation | – | 3 - 5 years |
| Office equipment | – | 5 years |
| Furniture and fittings | – | 3 - 10 years |
| Factory buildings | – | 10 - 50 years |
| Computers | – | 3 years |

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, 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 fixed assets.

An item of fixed assets is derecognised upon disposal or when no future economic 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.8 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.

(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.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.8 Intangible assets (cont'd)

(a) Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

Goodwill and fair value adjustments which arose on acquisitions of foreign subsidiaries before 1 January 2005 are deemed to be assets and liabilities of the parent company and are recorded in SGD at the rates prevailing at the date of acquisition.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

(b) Club membership

Club membership is measured at cost less accumulated amortisation and any impairment loss. Club membership is amortised on a straight-line basis over the estimated useful lives which range from 15 to 17 years.

(c) Software licence

Software licence is measured at cost less accumulated amortisation and any impairment loss. Software licence is amortised on a straight-line basis over the estimated useful life of 5 years.

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.

2.9 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 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'.

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. 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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

2.10 Financial assets

Financial assets within the scope of FRS 39 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

Financial assets classified as held for trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the profit and loss account.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

(c) 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. 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.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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

2.11 Investments

Quoted and unquoted investments are classified as financial assets at fair value through profit and loss, held-to-maturity investments or available-for-sale financial assets, as appropriate.

The accounting policy for the above mentioned categories of financial assets is stated in Note 2.10.

2.12 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.

Cash and short-term deposits carried on the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

2.13 Trade and other receivables

Trade and other receivables, including amounts due from subsidiary companies, are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.14 below.

2.14 Impairment of financial assets

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

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.14 Impairment of financial assets (cont'd)

(c) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account. Reversals of impairment loss in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

2.15 Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes materials determined on a first-in, first-out method, all direct expenditure and an attributable portion of overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

2.16 Contract work-in-progress

Contract work-in-progress comprises costs of incomplete projects incurred plus recognised profits less recognised losses and progress billings and provision for foreseeable losses. Costs include cost of materials, direct labour and direct and indirect overheads incurred in connection with the contracts.

Contract revenue and contract costs are recognised as revenue and expenses, respectively, by reference to the stage of completion of the contract activity at the balance sheet date, when the outcome of a construction contract can be estimated reliably. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

2.17 Financial liabilities

Financial liabilities include trade payables, which are normally settled on 30-90 day terms, other accounts payable, payables to related companies 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 instruments. 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.

2.18 Borrowing costs

Borrowing costs are generally expensed as incurred.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.19 Derecognition of financial assets and liabilities

(a) 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.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2.20 Provisions

Provisions are recognised when the Group 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.

2.21 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions are recognised as an expense in the period in which the related service is performed.

(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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.21 Employee benefits (cont'd)

(c) Employee share options plan

Employees of the Group receive remuneration in the form of share options as consideration for services rendered ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the capital reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

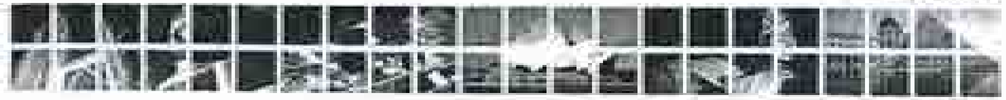
2.22 Leases

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 periods in which they are incurred.

Capitalised leased 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 payments are recognised as an expense in the profit and loss account on a straight-line basis over the 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

31 DECEMBER 2006

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

2.23 Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised.

(a) Rendering of services

Revenue from the sale of tour packages is recognised upon the departure of the tour. Revenue from the sale of air tickets is recognised when services are rendered.

(b) Contract revenue

Revenue from contracts is recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to surveys/certifications of work done. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(c) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

(d) Dividends

Dividend income is recognised when the Group's right to receive payment is established.

2.24 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, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiary companies and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

2.24 Income taxes (cont'd)

(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.

3. Revenue

| | Group | |
|---|---|---|
| | 2006 $'000 | 2005 $'000 |
| Sale of air tickets | 5,481 | – |
| Sale of tour packages | 3,146 | – |
| | 8,627 | – |

4. Other income

| | Group | |
|---|---|---|
| | 2006 $'000 | 2005 $'000 |
| Dividend income from quoted investment | – | 129 |
| Gain on disposal of unquoted investments | 1,747 | – |
| Gain on disposal of subsidiary companies | 800 | – |
| Others | 33 | – |
| | 2,580 | 129 |

5. Other operating costs

| | Group | |
|---|---|---|
| | 2006 $'000 | 2005 $'000 |
| Impairment loss in value of goodwill on consolidation | 288 | 212 |
| Impairment loss in value of investments | – | 204 |
| Loss on disposal of quoted investments | – | 6 |
| | 288 | 422 |

6. Profit/(loss) from continuing operations before taxation

| | Group | |
|---|---|---|
| | 2006 $'000 | 2005 $'000 |
| Profit/(loss) from continuing operations before taxation is arrived at after charging: | | |
| Amortisation of intangible assets | 6 | 7 |
| Depreciation of fixed assets | 37 | – |
| Employee benefits expense (Note 29) | 3,508 | 3,927 |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

7. Taxation

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2006 and 2005 are:

| | Group | |
|---|---|---|
| | 2006 $'000 | 2005 $'000 |
| Income tax attributable to continuing operations | – | – |
| Income tax attributable to discontinued operations | 599 | (150) |
| Income tax expense/(credit) recognised in the profit and loss account | 599 | (150) |

(b) Relationship between tax expense and accounting profit

A reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2006 and 2005 is as follows:

| | Group | |
|---|---|---|
| | 2006 $'000 | 2005 $'000 |
| Profit/(loss) from continuing operations before taxation | 902 | (357) |
| Profit/(loss) from discontinued operations before taxation | 893 | (3,406) |
| Profit/(loss) from ordinary activities before taxation | 1,795 | (3,763) |
| Tax at the domestic rate of the Company at 20% (2005: 20%) | 359 | (752) |
| Tax effect of expenses not deductible for tax purposes | 190 | 671 |
| Tax effect of income not subject to taxation | (525) | – |
| Deferred tax assets not recognised | 575 | 388 |
| Differences in effective tax rates of other countries | – | 56 |
| Overprovision in respect of prior years | – | (8) |
| Utilisation of previously unrecognised deferred tax assets | – | (245) |
| Others | – | 11 |
| Income tax expense/(credit) recognised in the profit and loss account | 599 | (150) |

8. Discontinued operations

During the year, the Company entered into an agreement to discontinue and dispose of its store fixtures and interior fit-out services businesses. The disposal is consistent with the Group's long term strategy to maximise growth and profitability by focusing on travel and investment related businesses and disposing of the store fixtures and interior fit-out services businesses, which have been under performing over the last 5 years. The disposal is completed on 10 November 2006. The disposal consideration of S$1,550,000 was fully settled in cash.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

8. Discontinued operations (cont'd)

The companies disposed of as at 10 November 2006 are as follows:

Subsidiary companies
- Futuristic Store Fixtures Sdn. Bhd.
- Futuristic Image Builder Sdn. Bhd.
- Creative Schemes Sdn. Bhd.
- Shanghai [illegible] Construction & Decoration Co. Ltd.
- Futuristic Image Builder Co. Ltd
- FOH Builder Pte Ltd
- Storeland Limited
- Futuristic Stores Fixtures International Pte Ltd

Joint Venture
- [illegible] Room Pte Ltd

The results of the store fixtures and interior fit-out services businesses for the period from 1 January 2006 to 10 November 2006 are as follows:

| | Group 1.1.2006 to 10.11.2006 $'000 | 1.1.2005 to 31.12.2005 $'000 |
|---|---|---|
| Revenue | 22,059 | 16,008 |
| Cost of sales | (14,081) | (11,402) |
| Gross profit | 7,978 | 5,254 |
| Other income | 138 | 88 |
| Distribution and selling costs | (2,008) | (1,407) |
| Administrative costs | (4,096) | (3,588) |
| Finance costs | (251) | (427) |
| Other operating costs | (1,021) | (3,001) |
| Share of results of joint venture | - | (1) |
| Profit/(loss) before taxation | 393 | (3,473) |
| Taxation | (109) | 150 |
| Profit/(loss) after taxation | 284 | (3,293) |

The cash flows attributable to the store fixtures and interior fit-out services businesses are as follows:

| | Group 1.1.2006 to 10.11.2006 $'000 | 1.1.2005 to 31.12.2005 $'000 |
|---|---|---|
| Operating | 1,058 | 240 |
| Investing | (2,045) | (219) |
| Financing | (586) | (808) |
| | (1,573) | (803) |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

9. Earnings/(loss) per share

(a) Continuing operations

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

Diluted earnings per share amounts are calculated by dividing profit for the year that is attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the 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 reflects the profit and loss account and share data used in the basic and diluted earnings/(loss) per share for the years ended 31 December:

| | Group 2006 $'000 | 2005 $'000 |
|---|---|---|
| Profit/(loss) for the year attributable to ordinary equity holders of the Company | 1,009 | (2,981) |
| Add back: (profit)/loss from discontinued operations attributable to ordinary equity holders of the Company | (208) | 3,272 |
| Profit/(loss) from continuing operations attributable to ordinary equity holders of the Company used in the computation of basic and diluted earnings/(loss) per share | 800 | [illegible] |
| Weighted average number of ordinary shares for basic and diluted earnings/(loss) per share computation ('000) | 135,001 | 132,887 |

1,005,000 (2005: 1,000,000) share options granted to Directors of the Company under the Futuristic Share Option Scheme have not been included in the calculation of diluted earnings/(loss) per share because they are anti-dilutive for the current and previous financial years presented.

(b) Discontinued operations

The basic and diluted loss per share from discontinued operations are calculated by dividing the (profit)/loss from discontinued operations attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares for basic and diluted earnings/(loss) per share computation. These profit and loss account and share data are presented above in caption (a) of this Note.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

10. Fixed assets

| Group | Leasehold land $'000 | Machinery $'000 | Motor vehicles $'000 | Renovation $'000 | Office equipment $'000 | Furniture and fittings $'000 | Factory buildings $'000 | Computers $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | | |
| At 1 January 2005 | 1,300 | 1,613 | 100 | 245 | 311 | 121 | 6,480 | 252 | 10,424 |
| Additions | – | 109 | – | 61 | 77 | 5 | – | 18 | 270 |
| Disposals | – | – | – | – | – | (2) | – | – | (2) |
| Acquisition of subsidiary companies (Note 10) | – | – | – | – | – | 115 | – | 13 | 128 |
| Net exchange differences | 30 | 117 | (60) | 6 | (13) | – | 41 | – | 120 |
| At 31 December 2005 and 1 January 2006 | 1,335 | 1,788 | 649 | 312 | 375 | 237 | 6,521 | 283 | 11,488 |
| Additions | – | 1,765 | 29 | 335 | 180 | 60 | – | 41 | 2,330 |
| Disposals | – | (99) | (10) | – | (3) | (3) | – | – | (124) |
| Acquisition of subsidiary companies (Note 10) | – | – | – | – | 2 | 16 | – | – | 18 |
| Disposal of subsidiary companies (Note 10) | (1,298) | (3,416) | (601) | (642) | (451) | (164) | (6,470) | (270) | (13,197) |
| Net exchange differences | (37) | (49) | (7) | (3) | 58 | – | (51) | – | (107) |
| At 31 December 2006 | – | – | – | – | 58 | 136 | – | 54 | 248 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

10. Fixed assets (cont'd)

| Group | Leasehold land $'000 | Machinery $'000 | Motor vehicles $'000 | Renovation $'000 | Office equipment $'000 | Furniture and fittings $'000 | Factory buildings $'000 | Computers $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment:** | | | | | | | | | |
| At 1 January 2005 | 18 | 1,164 | 373 | 197 | 220 | 111 | 724 | 241 | 3,048 |
| Depreciation charge for the year | 14 | 302 | 136 | 48 | 44 | 5 | 116 | 8 | 673 |
| Impairment loss | – | – | – | – | – | – | 2,187 | – | 2,187 |
| Disposals | – | – | – | – | – | (1) | – | – | (1) |
| Net exchange differences | 1 | 21 | 3 | 5 | – | – | 2 | – | 32 |
| At 31 December 2005 and 1 January 2006 | 33 | 1,487 | 512 | 250 | 264 | 115 | 3,029 | 249 | 5,939 |
| Depreciation charge for the year | 5 | 30 | 17 | 11 | 23 | 43 | 16 | 8 | 173 |
| Impairment loss | – | – | – | – | – | – | 441 | – | 441 |
| Disposals | – | (65) | (43) | – | (3) | (1) | – | – | (112) |
| Disposal of subsidiary company (Note 10) | (38) | (1,418) | (588) | (259) | (273) | (115) | (3,488) | (259) | (6,200) |
| Net exchange differences | (1) | (33) | (9) | (2) | (5) | (2) | (9) | – | (55) |
| At 31 December 2006 | – | – | – | – | 10 | 40 | – | 5 | 55 |
| **Net carrying amount:** | | | | | | | | | |
| At 31 December 2005 | 1,297 | 301 | 137 | 72 | 109 | 122 | 3,203 | 30 | 5,614 |
| At 31 December 2006 | – | – | – | – | 48 | 96 | – | 49 | 193 |

# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

**10. Fixed assets** (cont'd)

| Company | Machinery $'000 | Motor vehicles $'000 | Renovation $'000 | Office equipment $'000 | Furniture and fittings $'000 | Factory buildings $'000 | Computers $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | | |
| At 1 January 2005 | 87 | 390 | 123 | 105 | 99 | 4,632 | 252 | 5,688 |
| Additions | – | – | – | 2 | – | – | 14 | 16 |
| At 31 December 2005 and 1 January 2006 | 87 | 390 | 123 | 107 | 99 | 4,632 | 266 | 5,704 |
| Additions | – | – | – | – | – | – | – | – |
| Disposals | (87) | (390) | (123) | (107) | (99) | (4,632) | (266) | (5,704) |
| At 31 December 2006 | – | – | – | – | – | – | – | – |
| **Accumulated depreciation and impairment:** | | | | | | | | |
| At 1 January 2005 | 71 | 136 | 123 | 94 | 99 | 918 | 243 | 1,684 |
| Depreciation charge for the year | 14 | 55 | – | 5 | – | 77 | 6 | 157 |
| Impairment loss | – | – | – | – | – | 1,887 | – | 1,887 |
| At 31 December 2005 and 1 January 2006 | 85 | 191 | 123 | 99 | 99 | 2,882 | 249 | 3,728 |
| Depreciation charge for the year | – | 13 | – | – | – | 8 | 2 | 23 |
| Impairment loss | – | – | – | – | – | 441 | – | 441 |
| Disposals | (85) | (204) | (123) | (99) | (99) | (3,331) | (251) | (4,192) |
| At 31 December 2006 | – | – | – | – | – | – | – | – |



# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

**10. Fixed assets** (cont'd)

| Company | Machinery $'000 | Motor vehicles $'000 | Renovation $'000 | Office equipment $'000 | Furniture and fittings $'000 | Factory buildings $'000 | Computers $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Net carrying amount:** | | | | | | | | |
| At 31 December 2005 | 2 | 199 | – | 8 | – | 1,750 | 17 | 1,976 |
| At 31 December 2006 | – | – | – | – | – | – | – | – |

*Assets held under finance lease*

During the year, the Group acquired fixed assets with an aggregate cost of $Nil (2005: $260,000) by means of finance leases. The carrying amount of machinery and motor vehicles held under finance leases as at 31 December 2006 was $Nil (2005: $477,000) and $Nil (2005: $199,000) respectively. Leased assets are pledged as security for the related finance lease facilities.

*Assets pledged as security*

In addition to assets held under finance leases, the Group's leasehold land and factory buildings with a carrying amount of $Nil (2005: $1,247,000) and $Nil (2005: $3,404,000) respectively are pledged as security for the Group's bank loans.

*Impairment of assets*

The management of the Company carried out a review of the recoverable amount of its factory buildings during 2006. Impairment losses amounting to $441,000 (2005: $1,887,000) has been recognised in other operating expenses.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

## 11. Intangible assets

| Group | Goodwill $'000 | Negative Goodwill $'000 | Club membership $'000 | Software license $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| At 1 January 2005 | 488 | (95) | 218 | – | 610 |
| Elimination of accumulated amortisation | (270) | 95 | – | – | (175) |
| Additions | 215 | – | – | – | 215 |
| At 31 December 2005 and 1 January 2006 | 433 | – | 218 | – | 651 |
| Additions | 289 | – | – | 29 | 318 |
| Disposal of subsidiary companies | (333) | – | – | – | (333) |
| At 31 December 2006 | 389 | – | 218 | 29 | 636 |
| **Accumulated amortisation and impairment** | | | | | |
| At 1 January 2005 | 270 | (95) | 100 | – | 274 |
| Amortisation | – | – | 7 | – | 7 |
| Elimination of accumulated amortisation | (270) | 95 | – | – | (175) |
| Impairment loss | 388 | – | – | – | 388 |
| At 31 December 2005 and 1 January 2006 | 388 | – | 107 | – | 495 |
| Amortisation | – | – | 8 | – | 8 |
| Impairment loss | 289 | – | – | – | 289 |
| Disposal of subsidiary companies | (288) | – | – | – | (288) |
| At 31 December 2006 | 389 | – | 115 | – | 504 |
| **Net carrying amount** | | | | | |
| At 31 December 2005 | 45 | – | 111 | – | 156 |
| At 31 December 2006 | – | – | 103 | 29 | 132 |
| Average remaining amortisation period (years) | | | | | |
| – 2005 | | | 11 | – | |
| – 2006 | | | 10 | 5 | |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

## 11. Intangible assets (cont'd)

| Company | Club membership and total $ |
|---|---|
| **Cost** | |
| At 1 January 2005, 31 December 2005, 1 January 2006 and 31 December 2006 | 218 |
| **Accumulated amortisation and impairment** | |
| At 1 January 2005 | 100 |
| Amortisation | 7 |
| At 31 December 2005 and 1 January 2006 | 107 |
| Amortisation | 8 |
| At 31 December 2006 | 115 |
| **Net carrying amount** | |
| At 31 December 2006 | 103 |
| At 31 December 2005 | 111 |
| Average remaining amortisation period (years) | |
| – 2005 | 11 |
| – 2006 | 10 |

Goodwill

Goodwill acquired through business combinations in prior years had been allocated to Store fixtures segment for impairment testing.

| | Store fixtures segment and total 2006 $'000 | 2005 $'000 |
|---|---|---|
| Carrying amount of goodwill | – | 45 |

The recoverable amount was determined based on a value in use calculation using cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate applied to cash flow projections was 9.00%. Management prepared financial budgets based on past experience.

During the financial year, an impairment loss of $289,000 (2005: $388,000) was recognised to write-down the goodwill arising from acquisition of certain subsidiary companies to its recoverable amount. The impairment loss has been recognised in other operating expenses.

## 12. Subsidiary companies

| | Company 2006 $'000 | 2005 $'000 |
|---|---|---|
| Unquoted equity shares, at cost | – | 1,509 |
| Impairment loss | – | (965) |
| Carrying amount | – | 544 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

12. Subsidiary companies (cont'd)

| Name of subsidiary company | Principal activities | Country of incorporation and place of business | Proportion of ownership interest 2006 % | Proportion of ownership interest 2005 % | Cost of investment 2006 $ | Cost of investment 2005 $ |
|---|---|---|---|---|---|---|
| **Held by the Company** | | | | | | |
| Futuristic Store Fixtures Sdn. Bhd. [#] | Manufacturing of customised furniture for design and renovation contracts | Malaysia | – | 70 | – | 795,308 |
| Futuristic Image Builder Sdn. Bhd. [#] | Design and renovation contractor | Malaysia | – | 70 | – | 454,880 |
| Creative Schemes Sdn. Bhd. [#] | Investment holding | Malaysia | – | 70 | – | 505,668 |
| Futuristic Exhibition Int'l Pte Ltd [#] | Exhibition booth designers and contractors | Singapore | 100 | 100 | 2 | 2 |
| Shanghai Fujie Construction & Decoration Co. Ltd. [#] | Manufacturing of customised furniture for design and renovation contracts | People's Republic of China | – | 55 | – | 331,850 |
| Futuristic Image Builder Co. Ltd [#] | Design and renovation contractor | Thailand | – | 74 | – | 40,368 |
| FDH Builder Pty Ltd [#] | Design and renovation contractor | Australia | – | 51 | – | 230,027 |
| Shindome Limited [#] | Investment holding | Thailand | – | 49 | – | – |
| Corporate Bridge International Pte Ltd [#] | Financial, investment consultancy and funding service provider | Singapore | 100 | 100 | 2 | 2 |
| Corporate Residences Pte Ltd (formerly known as Future Air International Pte Ltd) [#] | Financial, investment, consultancy and funding service provider | Singapore | 100 | 100 | 1 | 1 |
| SingXpress Travel Holdings Pte. Ltd. (formerly known as China Travel Pte Ltd) [#] | Investment holding | Singapore | 100 | 100 | 2 | 2 |
| SingXpress Travel SR Pte Ltd (formerly known as Future Traders (Sel) Pte Ltd) [#] | a) Travel and hospitality services and b) Financial services and investments | Singapore | 100 | 100 | 1 | 1 |
| Futuristic Pte Ltd [#] | Investment holding | Singapore | 100 | 100 | 2 | 2 |
| Futuristic Store Fixtures Hong Kong Ltd [#] | Similar consulting for interior fit-out work and store fixture | Hong Kong | 100 | 100 | – | – |
| Future Properties Pte Ltd [#] | Real Estate developer & investment holding | Singapore | 100 | – | 1 | – |
| | | | | | 11 | [illegible] |
| **Held through subsidiary companies** | | | | | | |
| Corporate Bridge Investments Pte Ltd [#] | Securities trading and financial, investment, consultancy and funding services | Singapore | 100 | 100 | | |
| SingXpress Travel TB Pte Ltd (formerly known as Corporate Bridge Fund Pte. Ltd.) [#] | a) Travel and hospitality services and b) Financial services and investments | Singapore | 100 | 100 | | |
| Corporate Bridge HK Limited [#] | Financial, investments, consultancy and funding services | Singapore | 100 | 100 | | |
| Corporate Bridge Pte Ltd [#] | Financial, investments, consultancy and funding services | Singapore | 100 | 100 | | |
| SingXpress Credit Pte Ltd (formerly known as Corporate Bridge Finance Pte Ltd) [#] | a) Money lending and b) Investment holding company | Singapore | 100 | 100 | | |

# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

12. **Subsidiary companies** (cont'd)

| Name of subsidiary company | Principal activities | Country of incorporation and place of business | Proportion of ownership interest 2006 % | Proportion of ownership interest 2005 % | Cost of investment 2006 $ | Cost of investment 2005 $ |
|---|---|---|---|---|---|---|
| Held through subsidiary companies | | | | | | |
| Singapore Travel Pte Ltd [1] | a) Travel and hospitality services and b) Financial services and investments | Singapore | 100 | – | | |
| Xpress Travel Service Ltd [2] | a) Travel and hospitality services and b) Financial services and investments | Hong Kong | 100 | – | | |
| Xpress Travel 8 Ltd [2] | a) Travel and hospitality services and b) Financial services and investments | Hong Kong | 100 | – | | |
| Xpress Travel 18 Ltd [2] | a) Travel and hospitality services and b) Financial services and investments | Hong Kong | 100 | – | | |
| Xpress Travel 28 Ltd [2] | a) Travel and hospitality services and b) Financial services and investments | Hong Kong | 100 | – | | |
| Xpress Travel 38 Ltd [2] | a) Travel and hospitality services and b) Financial services and investments | Hong Kong | 100 | – | | |
| Macau Express Travel Ltd [2] | a) Travel and hospitality services and b) Financial services and investments | Macau | 100 | – | | |
| Futuristic Store Fixtures International Pte Ltd [4] | Manufacture of furniture & fixtures | Singapore | – | 100 | | |

(1) Audited by Ernst & Young, Singapore
(2) Audited by Fok Chan Leung Wan CPA Limited
(3) No audit is performed for these companies as they are exempted from appointing auditors and from audit requirements as they have been dormant from the time of their formation or since the end of the previous financial year.
(4) Disposed of as at 10 November 2006
(5) Commenced business in January 2007
\# 60% voting rights held by the Company

# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

12. **Subsidiary companies** (cont'd)

**Disposal of subsidiary companies**

The Group disposed of the following subsidiary companies on 10 November 2006 as part of the agreement to discontinue and dispose of its store fixtures and interior fit-out service businesses.

The companies disposed of as at 10 November 2006 are as follows:

Subsidiary companies
- Futuristic Store Fixtures Sdn. Bhd.
- Futuristic Image Builder Sdn. Bhd.
- Creative Schemes Sdn. Bhd.
- Shanghai Fujia Construction & Decoration Co. Ltd.
- Futuristic Image Builder Co. Ltd.
- FIDH Builder Pte Ltd
- Shendamal Limited
- Futuristic Store Fixtures International Pte Ltd

The value of assets and liabilities of the subsidiary companies disposed of, recorded in the consolidated financial statements as at 10 November 2006, and the cash flow effect of the disposal were:

| | $'000 |
|---|---|
| Goodwill | 48 |
| Investment in joint venture | 8 |
| Property, plant and equipment | 4,932 |
| Cash and cash equivalents | 3,590 |
| Trade and other receivables | 4,996 |
| Inventory | 1,112 |
| | 15,981 |
| Trade and other payables | (8,726) |
| Tax payable | (576) |
| Bank borrowings | (4,258) |
| Deferred tax | (53) |
| Minority interests | (282) |
| Translation reserves | (8) |
| Carrying value of net assets | 1,872 |
| Total consideration | 1,282 |
| Cash and cash equivalent of the disposed subsidiary companies | (3,592) |
| Net cash outflow on disposal of subsidiary companies | (1,840) |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

12. **Subsidiary companies** (cont'd)

**Acquisition of subsidiary companies**

In 2006, the Group acquired a wholly-owned subsidiary company, Xpress Travel Services Ltd, at a consideration S$[illegible].

In 2005:

1) the Group acquired a new wholly-owned subsidiary company, Future Air International Pte Ltd with an issued and paid-up share capital of S$1, comprising [illegible] ordinary shares of S$[illegible] each, at a consideration of S$[illegible].

2) the Group acquired a new wholly-owned subsidiary company, [illegible] Pte Ltd with an issued and paid-up share capital of S$1, at a consideration of S$[illegible].

3) the Group acquired a new wholly-owned subsidiary company, Futuristic Pte Ltd with an issued and paid-up share capital of S$2 at a purchase consideration of S$2. On the same day, the Group through its subsidiary company Futuristic Pte Ltd, acquired 100% of Futuristic Store Fixtures International Pte Ltd with 2 ordinary shares of S$1 each, at a consideration of S$2.

4) the Group acquired 100% of Futuristic Store Fixtures Hong Kong Limited with 1 ordinary shares of HK$1 each, at a consideration of HK$1.

5) the Group, through its wholly-owned subsidiary company, Corporate Bridge International Pte Ltd, acquired 100% of Corporate Bridge Pte Ltd and Corporate Bridge Finance Pte Ltd with an issued and paid-up share capital of S$[illegible] and S$[illegible] respectively at a consideration of S$[illegible] and S$[illegible]. Through the acquisition of Corporate Bridge Pte Ltd, the Group acquired Corporate Bridge (HK) Limited with 1 ordinary share of HK$1 each.

The fair values of the identifiable assets and liabilities of the acquired subsidiary companies as at the date of acquisition were:

| | Recognised on acquisition 2006 $'000 | Carrying amount before combination 2006 $'000 | Recognised on acquisition 2005 $'000 | Carrying amount before combination 2005 $'000 |
|---|---|---|---|---|
| Property, plant and equipment (Note 10) | [illegible] | [illegible] | [illegible] | [illegible] |
| Trade and other receivables | [illegible] | [illegible] | [illegible] | [illegible] |
| Cash and cash equivalents | [illegible] | [illegible] | [illegible] | [illegible] |
| | [illegible] | [illegible] | [illegible] | [illegible] |
| Trade and other payables | [illegible] | [illegible] | [illegible] | [illegible] |
| Amount due to a Director | [illegible] | [illegible] | – | – |
| Net identifiable liabilities | [illegible] | [illegible] | [illegible] | [illegible] |
| Goodwill arising on acquisition (Note 11) | [illegible] | | [illegible] | |
| Total purchase consideration | [illegible] | | [illegible] | |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

12. **Subsidiary companies** (cont'd)

**Acquisition of subsidiary companies** (cont'd)

| | Recognised on acquisition 2006 $'000 | Carrying amount before combination 2005 $'000 |
|---|---|---|
| **Cash outflow on acquisition:** | | |
| Cash paid | [illegible] | [illegible] |
| Net cash acquired with the subsidiary companies | [illegible] | [illegible] |
| Net cash outflow on acquisition | [illegible] | [illegible] |

From the date of acquisition, Xpress Travel Services Ltd in 2006 has contributed approximately S$[illegible] and S$[illegible] to the revenue and loss of the Group respectively. If the acquisition had taken place at the beginning of the year, the [illegible] for the Group would have been S$[illegible] and revenue from continuing operations would have been S$[illegible].

The acquisition of the subsidiary companies in 2005 were completed towards the end of the financial year, therefore has not contributed to the revenue and loss of the Group. There is no significant impact on the Group's revenue and loss had the acquisition taken place at the beginning of the year, as the subsidiary companies are dormant.

13. **Joint venture**

| | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|
| Unquoted equity shares, at cost | – | [illegible] | – | [illegible] |
| Share of post acquisition reserves | – | [illegible] | – | – |
| Carrying amount of investments | – | [illegible] | – | [illegible] |

Details of the joint venture company are as follows:

| Name of joint venture | Principal activity | Country of incorporation and place of business | Proportion of ownership interest 2006 % | Proportion of ownership interest 2005 % | Cost of investment 2006 $ | Cost of investment 2005 $ |
|---|---|---|---|---|---|---|
| Xpress Room Pte Ltd* | Travel and travel related business | Singapore | – | 50 | – | [illegible] |

* No audit is performed for the company as it is exempted from appointing auditors and from audit requirements as it had been dormant since the time of its incorporation.

The Group disposed of its equity interest in the joint venture company as part of an agreement to dispose of its [illegible] and [illegible] business.

# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

13. **Joint venture** (cont'd)

The aggregate amounts of each of current assets, current liabilities and expenses related to the Group's interests in the jointly-controlled entity are as follows:

| | Group | |
|---|---|---|
| | 2006 | 2005 |
| | $'000 | $'000 |
| **Assets and liabilities** | | |
| Current assets | – | 4 |
| Total assets | – | 4 |
| Current liabilities | – | – |
| Total liabilities | – | – |
| **Results** | | |
| Expenses | – | (1) |
| Loss for the year | – | (1) |

14. **Investments**

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Available-for-sale financial assets | | | | |
| Quoted equity shares | 4,929 | 6,973 | 3,278 | 5,224 |

Investments are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| United States Dollars | 3,278 | 5,224 | 3,278 | 5,224 |
| Australian Dollars | – | 1,749 | – | – |
| British Pound | 1,651 | – | – | – |
| | 4,929 | 6,973 | 3,278 | 5,224 |



# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

15. **Cash and cash equivalents**

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Cash and bank balances | 894 | 649 | – | 24 |
| Fixed deposits | 1,739 | 1,494 | 1,388 | 1,431 |
| | 2,633 | 2,143 | 1,388 | 1,455 |

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from [illegible]% (2005: [illegible]% to [illegible]%) per annum. Fixed deposits are made for varying periods of between one day and three months (2005: One month to 6 months) depending on the immediate cash requirements of the Group and earns interest at the respective short-term deposit rates. Interest rates range from [illegible]% to [illegible]% (2005: [illegible]% to [illegible]%) per annum.

In 2005, included in the fixed deposits of the Group and Company are balances of S$1,494,000 and S$1,431,000 respectively which are pledged to licensed banks for overdraft facilities, short-term financing facilities and performance guarantees extended to third parties.

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

| | Group | |
|---|---|---|
| | 2006 | 2005 |
| | $'000 | $'000 |
| Cash and bank balances | 894 | 649 |
| Fixed deposits | 1,739 | 1,494 |
| Bank overdrafts (Note 23) | – | (1,219) |
| Cash and cash equivalents | 2,633 | 924 |

Cash and cash equivalents of the Group and Company denominated in US dollars amounted to S$[illegible] (2005: S$[illegible]) and S$[illegible] (2005: S$[illegible]) respectively.

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

16. **Trade and other receivables**

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade receivables (Note 17) | 184 | 2,604 | – | 2,338 |
| Other receivables (Note 18) | 798 | 380 | 8 | 59 |
| Amounts due from subsidiary companies (Note 19) | – | – | 2,882 | 3,882 |
| Deposits | 293 | 232 | – | 53 |
| | 1,275 | 3,216 | 2,890 | 6,332 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

## 17. Trade receivables

| | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|
| Trade receivables are stated after deducting allowance for doubtful receivables of | – | 709 | – | – |
| Analysis of allowance for doubtful receivables: | | | | |
| Balance at beginning of year | 709 | 529 | – | 17 |
| Charge to profit and loss account | – | 155 | – | – |
| Write back | (709) | [illegible] | – | (17) |
| Currency translation differences | – | 8 | – | – |
| Balance at end of year | – | 709 | – | – |
| Bad debts written off directly to profit and loss account | – | 3 | – | – |

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

As at 31 December 2005, included in trade receivables for the Group and Company are [illegible] receivable from customers amounting to approximately S$[illegible] and S$[illegible] respectively.

Trade receivables are denominated in the following currencies:

| | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|
| Singapore Dollars | – | 1,073 | – | 1,281 |
| Malaysia Ringgit | – | 17 | – | – |
| Renminbi | – | 181 | – | – |
| United States Dollars | – | 1,173 | – | 1,157 |
| Thai Baht | – | 157 | – | – |
| Australian Dollars | – | 5 | – | – |
| Hong Kong Dollars | 164 | – | – | – |
| | 164 | 2,604 | – | 2,438 |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

## 18. Other receivables

| | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|
| Advances to employees | – | 81 | – | 8 |
| Loan to minority shareholders | – | 86 | – | – |
| Sundry receivables | 156 | 203 | 4 | 50 |
| | 156 | 368 | 4 | 58 |
| Bad debts written off directly to profit and loss account | – | 112 | – | – |

In prior year, advances to employees and loan to minority shareholders are unsecured, interest-free and repayable on demand.

## 19. Amounts due from subsidiary companies

| | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|
| Amounts due from subsidiary companies are stated after deducting allowance for doubtful receivables of | – | 2,875 |
| Analysis of allowance for doubtful receivables: | | |
| Balance at beginning of year | 2,875 | 1,067 |
| Charge to profit and loss account | – | 1,808 |
| Write back | (2,875) | – |
| Balance at end of year | – | 2,875 |

Amounts due from subsidiary companies are non-trade in nature, unsecured, interest-free, repayable on demand and are to be settled in cash.

## 20. Stocks

| | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|
| Raw materials, at lower of cost and net realisable value | – | 497 | – | 24 |

There is no write-down of stocks during the current and prior financial years.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

21. Contract work-in-progress

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Current asset | | | | |
| Costs and attributable profits in excess of progress billings | – | 785 | – | – |
| Current liability | | | | |
| Progress billings in excess of costs and attributable profits | – | (74) | – | (76) |
| | – | 711 | – | (76) |
| This can be analysed as follows: | | | | |
| Costs incurred | – | 2,032 | – | 41 |
| Recognised attributable profits, net | – | 90 | – | – |
| | – | 2,122 | – | 41 |
| Progress billings received and receivable | – | (1,411) | – | (117) |
| Work-in-progress in excess of progress billings / progress billings in excess of costs and attributable profits | – | 711 | – | (76) |

22. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Trade payables | 308 | 2,078 | 82 | 926 |
| Bills payable to bank | – | 575 | – | 282 |
| Withholding tax payable | – | 29 | – | 30 |
| Other payables | 1,454 | 2,762 | 111 | 503 |
| | 1,762 | 5,444 | 193 | 1,741 |

Trade payables are non-interest bearing and are normally settled on 60 days terms.

Included in trade payables of the Group and Company are retention monies payable to suppliers amounting to $Nil (2005: S$[illegible]) and $Nil (2005: S$[illegible]) respectively.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

22. Trade and other payables (cont'd)

Payables are denominated in the following currencies:

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Singapore Dollars | 1,344 | 2,227 | 193 | 1,740 |
| Malaysia Ringgit | – | 2,118 | – | – |
| Renminbi | – | 1,045 | – | – |
| United States Dollars | – | 1 | – | 1 |
| Thai Baht | – | 43 | – | – |
| Australian Dollars | – | 11 | – | – |
| Hong Kong Dollars | 418 | – | – | – |
| | 1,762 | 5,444 | 193 | 1,741 |

In prior year, bills payable of the Company are secured by way of a legal mortgage on the Company's factory building and a charge on deposits of not less than S$[illegible], and have an average maturity period of 90 days with effective interest rates of 5.5% per annum.

23. Interest-bearing loans and borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| **Current liabilities** | | | | |
| Bank overdrafts, secured | – | 1,219 | – | 1,015 |
| Factoring loans | – | 7 | – | 7 |
| Short term loan, secured | – | 306 | – | – |
| Current portion of: | | | | |
| Bank term loans, secured | – | 336 | – | 168 |
| Finance lease liabilities (Note 24) | – | 82 | – | 39 |
| | – | 1,946 | – | 1,229 |
| **Non-current liabilities** | | | | |
| Bank term loans, secured | – | 3,450 | – | 2,418 |
| Finance lease liabilities (Note 24) | – | 129 | – | 129 |
| | – | 3,579 | – | 2,547 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

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

Interest-bearing loans and borrowings are denominated in the following currencies:

| | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|
| Singapore Dollars | – | 3,788 | – | 3,788 |
| Malaysia Ringgit | – | 1,736 | – | – |
| United States Dollars | – | 1 | – | [illegible] |
| | – | 5,525 | – | 3,788 |

In prior year, bank overdrafts and short term loan of subsidiary companies in Malaysia were secured by a second and third legal charge over the land of a subsidiary company.

The bank overdrafts and short term loans of subsidiary companies bear interest at Nil% (2005: 8.25%) per annum and Nil% (2005: 7.15% to 7.34%) per annum respectively.

The factoring loans are secured by joint and several personal guarantees from a founder and a director and bear interest at 1% (2005: 1%) above the prevailing bank prime rate.

In prior year, the bank term loan of a subsidiary company in Malaysia is repayable by 2010 and is secured by the following:

(a) First fixed legal charge over the leasehold land and buildings;
(b) Assignment of rental proceeds from the leasehold land and buildings;
(c) Corporate guarantee by a company in which certain Directors have an interest; and
(d) A specific debenture incorporating a fixed and floating charge over the subsidiary company's assets.

The bank term loans of subsidiary companies bear interest at Nil% (2005: 7.5% to 9%) per annum.

In prior year, bank overdraft and bank term loan of the Company is secured by way of a legal mortgage on the Company's factory building and a charge on fixed deposit of not less than S$1,010,000. The outstanding bank term loan balance as at 31 December 2005 is repayable by 2010 in monthly instalments of S$26,000 each. The interest rate is payable at 5% per annum for the first and second year, and thereafter at 1% per annum above the prevailing bank prime rate.



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

## 24. Finance lease liabilities

In prior year, the Group conducts a portion of its operations using leased assets which include machinery and motor vehicles.

Future minimum lease payments under finance lease liabilities together with the present value of the net minimum lease payments are as follows:

| | 2006 Minimum payments $'000 | 2006 Present value of payments $'000 | 2005 Minimum payments $'000 | 2005 Present value of payments $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| Within one year | – | – | 96 | 90 |
| After one year but within 5 years | – | – | 151 | 121 |
| Total minimum lease payments | – | – | 247 | 211 |
| Less : Amounts representing finance charges | – | – | (36) | – |
| Present value of minimum lease payments | – | – | 211 | 211 |
| **Company** | | | | |
| Within one year | – | – | 34 | 30 |
| After one year but within 5 years | – | – | 142 | 122 |
| Total minimum lease payments | – | – | 176 | 152 |
| Less : Amounts representing finance charges | – | – | (24) | – |
| Present value of minimum lease payments | – | – | 152 | 152 |

Finance lease liabilities are interest-bearing at Nil% (2005: 2.25% to 5.0%) per annum.

In prior year, lease terms ranged from 1 to 7 years with options to purchase at the end of the lease term. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing.

Finance lease liabilities are denominated in the following currencies:

| | Group 2006 $'000 | Group 2005 $'000 | Company 2006 $'000 | Company 2005 $'000 |
|---|---|---|---|---|
| Singapore Dollars | – | 152 | – | 152 |
| Malaysia Ringgit | – | 59 | – | – |
| | – | 211 | – | 152 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

25. Deferred income tax

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Balance at beginning of the year | 44 | 222 | – | 178 |
| Movement in temporary differences | (44) | (169) | – | (178) |
| Overprovision in respect of prior years | – | (10) | – | – |
| Currency translation differences | – | 1 | – | – |
| Balance at end of the year | – | 44 | – | – |
| The deferred income tax arises as a result of: | | | | |
| Excess of net book value over tax written down value of fixed assets | – | 44 | – | – |

Unrecognised capital allowances and tax losses

As at 31 December 2006, the Group and Company has unutilised tax losses of approximately S$[illegible] (2005: S$[illegible]) and S$[illegible] (2005: S$[illegible]) respectively. No deferred tax asset is recognised in respect of these unutilised tax losses due to uncertainty of their recoverability. Their use is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

26. Share capital

| | 2006 | | 2005 | |
|---|---|---|---|---|
| | No. of shares | | No. of shares | |
| | '000 | $'000 | '000 | $'000 |
| Issued and fully paid : | | | | |
| At 1 January | 136,000 | 13,830 | 116,000 | 11,830 |
| Exercise of Call Option | – | – | 20,000 | 2,000 |
| Exercise of Bonus Warrants | 1 | – | – | – |
| Transfer of share premium reserve to share capital | – | 1,724 | – | – |
| At 31 December | 136,001 | 15,554 | 136,000 | 13,830 |



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

26. Share capital (cont'd)

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.

The Company has a share option plan (Note 29) under which options to subscribe for the Company's ordinary shares have been granted to employees.

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.

**Bonus Warrants**

On [illegible] December 2005, the Company issued 68 million bonus warrants (Bonus Warrants) whereby each Bonus Warrant carries the right to subscribe for new ordinary share of S$0.10 each at an exercise price of S$0.10, on the basis of one Bonus Warrant for every two ordinary shares of S$0.10 each held by shareholders as at [illegible] December 2005. The warrants expired on [illegible] December 2006. 1,[illegible] bonus warrants have been exercised during the year, thus resulting in 1,000 ordinary shares issued during the year.

**Proposed Right Issue**

On 28 December 2006, the Company announced that it proposed to undertake a renounceable and non-underwritten right issue ( the "Right Issue") of up to 136,001,[illegible] new ordinary shares ("Right Shares") in the issued and paid up capital of the Company at an issue price of S$0.05 for each Right Share with up to 68,000,[illegible] free detachable warrants ("Warrants"), with each Warrant carrying the right to subscribe for one new ordinary share ("New Share") at an exercise price of S$0.05 for each new share, on the basis of 2 Right Shares with one free Warrant for every 2 existing ordinary shares held by the shareholders of the Company as at the Book Closure Date.

On 21 March 2007, the Singapore Exchange Securities Trading Limited ("SGX-ST") has granted its approval in-principle (the "AIP") for the listing of and quotation for the Right Shares, the Warrants and New Shares subject to the following:

(a) shareholders' approval being obtained at the forthcoming extraordinary general meeting;
(b) compliance with SGX - ST's listing requirements;
(c) an adequate spread of Warrant holders to provide for an orderly market in the securities;
(d) submission of an undertaking to make periodic announcement as and when the Rights Issue proceeds are materially disbursed and to provide status report on the use of the Right Issue and Warrants in the annual report; and
(e) confirmation that in the allotment of any excess Right Shares, Directors and substantial shareholders should rank last in priority.

27. Reserves

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| Accumulated losses | (9,[illegible]) | (11,379) | (9,302) | (8,000) |
| Employee share option reserve | 81 | 85 | 81 | 85 |
| Fair value adjustment reserve | 1,104 | (2,724) | 778 | (2,724) |
| Foreign currency translation reserve | – | 92 | – | – |
| | (8,[illegible]) | (7,[illegible]) | (8,443) | ([illegible]) |

**Employee share option reserve**

Employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

27. **Reserves** (cont'd)

**Fair value adjustment reserve**

[illegible]

**Foreign currency translation reserve**

[illegible]

28. **Commitments and Contingencies**

(a) Operating lease commitments

The Group has various operating lease agreements for equipment, offices and other facilities. [illegible]

| | Group and Company | |
|---|---|---|
| | 2006 | 2005 |
| | $'000 | $'000 |
| Future minimum lease payments : | | |
| - not later than 1 year | – | [illegible] |
| - later than 1 year but not later than 5 years | – | [illegible] |
| | – | 57 |

(b) Contingent liabilities, secured

| | Group | | Company | |
|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 |
| | $'000 | $'000 | $'000 | $'000 |
| Contingent liabilities secured by fixed deposits of subsidiary companies (see Note [illegible]) not provided for in the financial statements – performance guarantees extended to third parties | – | [illegible] | – | [illegible] |

29. **Employee benefits**

**Employee benefits expenses (including executive directors) :**

| | Group | |
|---|---|---|
| | 2006 | 2005 |
| | $'000 | $'000 |
| Wages, salaries and bonus | [illegible] | [illegible] |
| Central provident fund and other pension costs | [illegible] | [illegible] |
| Staff welfare costs | [illegible] | [illegible] |
| Expense of share-based payments: | | |
| - Employee share option plan (Note a) | – | 41 |
| - Director share option plan (Note b) | [illegible] | [illegible] |
| | [illegible] | [illegible] |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

29. **Employee benefits** (cont'd)

(a) Employee share option plan

[illegible]

The Company has an employee share incentive plan for the granting of non-transferable options to eligible employees and Directors. [illegible]

[illegible]

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options (including both equity and cash-settled options) during the year.

| | No. 2006 '000 | WAEP 2006 $ | No. 2005 '000 | WAEP 2005 $ |
|---|---|---|---|---|
| Outstanding at beginning of year | 1,000 | 0.1225 | 450 | 0.1400 |
| Granted during the year | – | – | 1,000 | 0.1225 |
| Cancelled during the year | – | – | (450) | 0.1400 |
| Outstanding at end of year | 1,000 | 0.1225 | 1,000 | 0.1225 |

The fair value of share options [illegible] is estimated [illegible] using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. [illegible]

| | 2006 |
|---|---|
| Dividend yield (%) | – |
| Expected volatility (%) | [illegible] |
| Risk-free interest rate (%) | [illegible] |
| Expected life of option (years) | [illegible] |
| Weighted average share price ($) | [illegible] |

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

The expense recognised in the profit and loss account during the year ended 31 December 2006 is [illegible] for equity-settled options.

# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

## 29. Employee benefits (cont'd)

(b) Director share option plan

**Grant of share option to a Director**

The Company planned and intended to effect group reorganisation by transferring its entire direct shareholding of certain subsidiary companies to Future Store Pte Ltd (FSPL), in exchange for FSPL issuing shares in itself to the Company. On 3 October 2006, the Company granted an option to a Director to purchase 30% interest in the issued share capital of FSPL (the Quantity) for an exercise price of S$300,000.

The option shall only be exercisable subject to the successful completion of the following conditions:

- (i) completion of the reorganisation of the Group;
- (ii) approval by the shareholders of the Company who are permitted to vote to approve this transaction;
- (iii) approval by the Singapore Exchange Securities Trading Limited, if required, and the achievement of financial targets relating to FSPL's performance as set out herein (the Conditions).

Upon fulfilment of the Conditions, the option shall become exercisable according to the following vesting schedule:

(a) The first 30% of the Quantity if the audited consolidated revenue and audited consolidated profit before tax and extraordinary items of FSPL on any financial year during the life of the option was not less than either (i) US$30 million and US$1.2 million respectively, or (ii) US$15 million and US$1.5 million respectively;

(b) The next 30% of the Quantity if the audited consolidated revenue and audited consolidated profit before tax and extraordinary items of FSPL on any financial year during the life of the option was not less than either (i) US$60 million and US$2.4 million respectively, or (ii) US$30 million and US$3 million respectively; and

(c) The last 40% of the Quantity if the audited consolidated revenue and audited consolidated profit before tax and extraordinary items of FSPL on any financial year during the life of the option was not less than either (i) US$100 million and US$4 million respectively, or (ii) US$50 million and US$5 million respectively.

The option shall terminate in any event on the earliest to occur of:

- (a) five years from 3 October 2006; or
- (b) cessation of employment or service; or
- (c) death or disability during employment; or
- (d) retirement.

The weighted average exercise price of the Director's share option is S$16.67 per option. The fair value of share options (equity-settled options) as at the date of grant, is estimated by an external valuer using the Binomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used for the year ended 31 December 2006 are shown below:

| | 2006 |
|---|---|
| Dividend yield (%) | – |
| Expected volatility (%) | 135.2 |
| Risk-free interest rate (%) | 2.8 |
| Expected life of option (years) | 5 |
| Weighted average exercise price (S$) | 16.67 |

The expense recognised in the profit and loss account for employee services received during the year ended 31 December 2006 is S$Nil (2005: S$448,000) for equity-settled options.

During the financial year, the option was cancelled due to the resignation of the Director.



# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

## 30. Related party disclosure

**Compensation of key management personnel**

| | Group 2006 $'000 | Group 2005 $'000 |
|---|---|---|
| Short-term employee benefits | [illegible] | [illegible] |
| Post employment benefits | – | [illegible] |
| Share-based payments | 148 | [illegible] |
| Total compensation paid to key management personnel | [illegible] | 1,230 |
| Comprise amounts paid to: | | |
| • Directors of the Company | 284 | [illegible] |
| • Other key management personnel | 305 | 478 |
| | [illegible] | [illegible] |

Directors' interests in an employee share option plan

At 31 December 2006, two of the Company's Directors hold options to purchase ordinary shares of the Company under the Futuristic Share Option Scheme as follows:

- 500,000 of options were granted to a Director at a price of S$0.135 each, exercisable between 12 January 2007 and 11 January 2010;
- 500,000 of options were granted to a Director at a price of S$0.52 each, exercisable between 30 March 2007 and 30 March 2010.

Director share option plan

During the financial year, the option granted to a Director on 3 October 2006, to purchase 30% interest in the issued share capital of FSPL for an exercise price of S$300,000 (Note 29b), was cancelled due to the resignation of the Director.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

31. Segment information

Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Business segments

The Group is organised on a worldwide basis into five main operating divisions:

| | |
|---|---|
| Travel: | Provision of travel and hospitality related services. |
| Investment: | Investment holding and financial services. |
| Store fixtures: | Provision of carpentry works involving regulated production of furniture and fittings which are of a standard design. |
| Interior fit-out: | Provision of interior fit-out services. |
| Corporate services: | Provision of management services to the Group. |

As disclosed in Note 7, the Group has discontinued its store fixtures and interior fit-out segments.

For the financial year ended 31 December 2005, the Directors are of the opinion that it is not meaningful to disclose assets, liabilities, capital expenditure, depreciation and other non-cash expenses by business segments as the assets and liabilities are shared between business segments.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

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 mainly comprise corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

31. Segment information (cont'd)

*Business segments*

i The following table presents revenue and results information regarding the Group's business segments for the years ended 31 December 2006 and 2005.

| | Continuing operations | | | Discontinued operations | | | |
|---|---|---|---|---|---|---|---|
| | Travel $'000 | Investment $'000 | Total $'000 | Store fixtures $'000 | Interior fit-out $'000 | Total $'000 | Total operations $'000 |
| **2006** | | | | | | | |
| **Revenue** | | | | | | | |
| Sales to external customers | 8,837 | – | 8,837 | 20,402 | 1,554 | [illegible] | [illegible] |
| Total revenue | [illegible] | – | [illegible] | 20,402 | 1,554 | [illegible] | [illegible] |
| Results | | | | | | | |
| Segment results | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Finance costs | | | – | | | (501) | [illegible] |
| Profit from ordinary activities before taxation | | | [illegible] | | | [illegible] | [illegible] |
| Taxation | | | – | | | (600) | [illegible] |
| Profit for the year | | | [illegible] | | | [illegible] | 1,196 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

31. Segment information (cont'd)

Business segments

| | Continuing operations Investment | Discontinued operations Store fixtures | Interior fit-out | Corporate services | Total | Total operations |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2005** | | | | | | |
| **Revenue** | | | | | | |
| Sales to external customers | – | 11,343 | 5,333 | – | 16,676 | 16,676 |
| Total revenue | – | 11,343 | 5,333 | – | 16,676 | 16,676 |
| **Results** | | | | | | |
| Segment results | (253) | 1,204 | (2,367) | (2,649) | (3,002) | (3,255) |
| Financial costs | – | | | | (407) | (407) |
| Share of results of joint venture | – | | | | (1) | (1) |
| Loss from ordinary activities before taxation | (253) | | | | (3,410) | (3,703) |
| Taxation | | | | | 150 | 150 |
| Loss for the year | (253) | | | | (3,260) | (3,513) |

ii The following table presents assets, liabilities and other segment information regarding the Group's business segments for the years ended 31 December 2006.

| | Travel $'000 | Investment $'000 | Total $'000 |
|---|---|---|---|
| **2006** | | | |
| Assets and liabilities: | | | |
| Segment and total assets | 1,310 | 8,238 | 9,548 |
| Segment liabilities | 1,204 | 907 | 2,111 |
| Unallocated liabilities | | | 43 |
| Total liabilities | | | 2,214 |
| **Other segment information** | | | |
| Capital expenditure | 138 | 1 | 139 |

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

31. Segment information (cont'd)

*Geographical segments*

Turnover is based on the final destination of products and services. Assets and additions to property, plant and equipment are based on the location of those assets.

| | Segmental revenue from external customers: Continued operations 2006 $'000 | Continued operations 2005 $'000 | Discontinued operations 2006 $'000 | Discontinued operations 2005 $'000 | Total operations 2006 $'000 | Total operations 2005 $'000 | Segment assets 2006 $'000 | Segment assets 2005 $'000 | Capital expenditure 2006 $'000 | Capital expenditure 2005 $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Singapore | 7,411 | – | 1,304 | 3,220 | 8,715 | 3,226 | 8,387 | 18,478 | 81 | 51 |
| Malaysia | – | – | 152 | 1,098 | 152 | 1,098 | – | 6,027 | 244 | 257 |
| China | – | – | 878 | 736 | 878 | 736 | – | 293 | 1,891 | 1 |
| Australia | – | – | 2,818 | 4,002 | 2,818 | 4,002 | – | 104 | – | – |
| USA | – | – | 1,220 | 4,100 | 1,220 | 4,100 | – | – | – | – |
| Thailand | – | – | 536 | 1,381 | 536 | 1,381 | – | 502 | – | 1 |
| Canada | – | – | 14,652 | – | 14,652 | – | – | – | – | – |
| Hong Kong | 1,206 | – | – | – | 1,206 | – | 818 | – | 34 | – |
| Others | – | – | 496 | 1,703 | 496 | 1,703 | – | 47 | – | – |
| | 8,617 | – | 22,056 | 16,606 | 30,673 | 16,606 | 9,115 | 19,401 | 2,250 | 320 |

# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

32. Financial risk management objectives and policies

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans and overdraft, finance leases and hire purchase contracts, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks and these policies are summarised below:

Interest rate risk

The Group obtains additional financing through bank borrowings and leasing arrangements. The Company's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure.

Surplus funds are placed with reputable banks.

Foreign currency risk

The foreign exchange risk of the Group arises from revenue and costs that are denominated in foreign currencies. The management ensures that the exposure is maintained at an acceptable level by buying and selling foreign currencies at spot rates where necessary to address short term imbalances.

In relation to its overseas investments in its foreign subsidiary companies whose net assets are exposed to currency translation risk and which are held for long term investment purposes, the differences arising from such translation are captured under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the Directors to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Short term funding is obtained from overdraft facilities where necessary.

Credit risk

Credit risk, or the risk of counterparties defaulting, is managed through the application of credit approvals, credit limits and monitoring procedures.

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

There are no significant concentrations of credit risk within the Group or the Company.



# NOTES TO THE FINANCIAL STATEMENTS

*31 DECEMBER 2006*

33. Financial instruments

(a) Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments carried at fair value

The Group and Company has carried all investment securities that are classified as held for trading or available-for-sale financial assets, at their fair values as required by FRS 39.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and bank balances, current trade and other receivables, current trade and other payables and borrowings, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Financial instruments carried at other than fair value

**Financial liabilities**

The fair value of the non-current portion of term loans and lease obligations approximates their carrying amounts.

Methods and assumptions used to determine fair values

The following methods and assumptions are used by management to estimate the fair value of each class of financial instruments for which it is practicable to estimate fair value:

Long-term borrowings

The fair value of the long-term loans is based on the current rates available for debt with the same maturity profile. The fair values of non-current loans with variable interest rates approximate their carrying amounts as at 31 December 2006.

Lease obligations

The fair value of lease obligations is determined by discounting the relevant cash flows using current interest rates for similar instruments at balance sheet date. The carrying amounts approximate the fair values as at 31 December 2006.

No amount has been recognised in the profit and loss account in relation to the change in fair value of financial assets or financial liabilities estimated using a valuation technique for the financial years ended 31 December 2006 and 2005.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

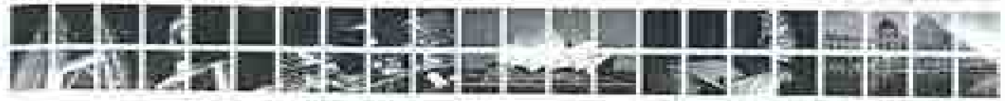
33. Financial instruments (cont'd)

(b) Interest rate risk

| 2006<br>Group | Within 1<br>year<br>$'000 | 2 – 5<br>years<br>$'000 | More<br>than 5<br>years<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Floating rate** | | | | |
| Cash and cash balances and fixed deposits | 2,833 | – | – | 2,833 |
| **Company** | | | | |
| **Floating rate** | | | | |
| Cash and cash balances and fixed deposits | 1,369 | – | – | 1,369 |
| **2005** | | | | |
| **Group** | | | | |
| **Fixed rate** | | | | |
| Obligation under finance lease | 82 | 129 | – | 211 |
| **Floating rate** | | | | |
| Cash and cash balances and fixed deposits | 2,143 | – | – | 2,143 |
| Bank overdrafts | 1,218 | – | – | 1,218 |
| Bank loans | 336 | 1,665 | 1,885 | 3,886 |
| Factoring loans | 1 | – | – | 1 |
| Bills payable | 308 | – | – | 308 |
| **Company** | | | | |
| **Fixed rate** | | | | |
| Obligation under finance lease | 29 | 123 | – | 152 |
| **Floating rate** | | | | |
| Cash and cash balances and fixed deposits | 1,455 | – | – | 1,455 |
| Bank overdrafts | 1,010 | – | – | 1,010 |
| Bank loans | 188 | 844 | 1,574 | 2,606 |
| Factoring loans | 1 | – | – | 1 |
| Bills payable | 282 | – | – | 282 |

Interest on financial instruments subject to floating interest rates is contractually repriced. Interest on financial instruments at fixed rates is fixed until the maturity of the instrument. 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.





# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2006

34. Comparative figures

Certain comparative figures in the financial statements have been reclassified to conform with current year's presentation. Details of the reclassifications are as follows:

| | Group Reclassified 2005 $'000 | Group Previous 2005 $'000 | Company Reclassified 2005 $'000 | Company Previous 2005 $'000 |
|---|---|---|---|---|
| **Balance Sheet** | | | | |
| Trade and other receivables | 3,510 | 3,364 | 6,330 | 6,257 |
| Prepayments | 186 | – | 42 | – |
| Deposits and prepayments | – | 281 | – | 55 |

35. Authorisation of financial statements

The financial statements for the year ended 31 December 2006 were authorised for issue in accordance with a resolution of the Directors on 28 March 2007.

# SHAREHOLDERS' INFORMATION

as at 12 March 2007

Class of shares : 136,001,500 ordinary shares
Voting rights : One vote per share

## STATISTICS OF SHAREHOLDINGS

| Size of Holdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 999 | 1 | 0.17 | 500 | 0.00 |
| 1,000 - 10,000 | 324 | 55.10 | 1,365,500 | 1.00 |
| 10,001 - 1,000,000 | 254 | 43.20 | 23,921,000 | 17.59 |
| 1,000,001 and above | 9 | 1.53 | 110,714,500 | 81.41 |
| Total | 588 | 100.00 | 136,001,500 | 100.00 |

## SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|
| Liau Eng Khoon (1) | 18,442,500 | 13.56% | 3,011,500 | 2.21% |
| David Low Chor Hoon | 11,351,000 | 8.35% | - | - |
| China Display Fixtures Co Ltd | 11,000,000 | 8.09% | - | - |
| Xpress Credit Limited | 62,118,000 | 45.67% | - | - |
| China Credit Singapore Pte Ltd (2) | | | 62,118,000 | 45.67% |
| China Credit Holdings Limited (3) | | | 62,118,000 | 45.67% |
| Prime Star Group Co Ltd (4) | | | 62,118,000 | 45.67% |
| Chan Yoke Kheng (5) | | | 62,118,000 | 45.67% |
| Chan Heng Fai (6) | | | 62,118,000 | 45.67% |

Notes:-

(1) Liau Eng Khoon is deemed to have an interest in the 3,011,500 shares, which are held by his wife, Mdm Ching Eng Lan.
(2) China Credit Singapore Pte Ltd ("CCS") is the holding company of Xpress Credit Limited ("XCL") and CCS is deemed interested in the 62,118,000 shares held by XCL by virtue of Section 7 of the Companies Act, Chapter 50.
(3) China Credit Holdings Limited ("CCHL") is the holding company of CCS and CCHL is deemed interested in the 62,118,000 shares held by XCL by virtue of Section 7 of the Companies Act, Chapter 50.
(4) Prime Star Group Co Ltd ("PSG") has the controlling interest in CCHL and PSG is deemed interested in the 62,118,000 shares held by XCL by virtue of Section 7 of the Companies Act, Chapter 50.
(5) Chan Yoke Kheng beneficially owns PSG and is deemed interested in the 62,118,000 shares held by XCL by virtue of Section 7 of the Companies Act, Chapter 50.
(6) Chan Heng Fai is deemed to have an interest in the 62,118,000 shares which are held by his wife, Chan Yoke Kheng.



# SHAREHOLDERS' INFORMATION

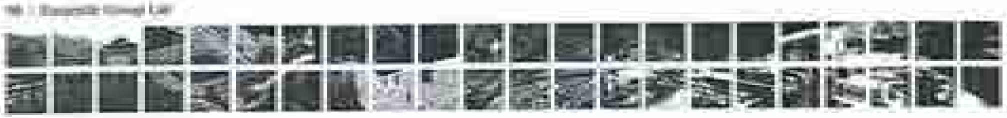
as at 12 March 2007

## TWENTY LARGEST SHAREHOLDERS

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | UOB Kay Hian Pte Ltd | 62,123,000 | 45.68 |
| 2 | Liau Eng Khoon | 18,442,500 | 13.56 |
| 3 | Low Chor Hoon David | 11,351,000 | 8.35 |
| 4 | China Display Fixtures Co Ltd | 11,000,000 | 8.09 |
| 5 | Citibank Nominees Singapore Pte Ltd | 3,085,000 | 2.27 |
| 6 | Ching Eng Lan | 3,011,500 | 2.21 |
| 7 | Au Ah Yoon | 1,613,500 | 1.19 |
| 8 | Yong Kin San | 1,023,000 | 0.75 |
| 9 | Lim & Tan Securities Pte Ltd | 1,006,000 | 0.74 |
| 10 | Lim Kah Gee | 975,000 | 0.72 |
| 11 | Raffles Nominees Pte Ltd | 900,000 | 0.66 |
| 12 | Yong Ah Hing | 881,000 | 0.65 |
| 13 | Yoon Jeen | 787,500 | 0.58 |
| 14 | United Overseas Bank Nominees Pte Ltd | 707,000 | 0.52 |
| 15 | Metro Building Materials Supplier (S) Private Limited | 700,000 | 0.51 |
| 16 | Saw Siew Hong | 600,000 | 0.44 |
| 17 | Doon Tai (Du) Doolan | 588,000 | 0.43 |
| 18 | Chang Hwee Khoon | 570,000 | 0.42 |
| 19 | Lim Siew Kuan | 530,000 | 0.39 |
| 20 | OCBC Nominees Singapore Pte Ltd | 530,000 | 0.39 |
| | Total | 118,446,000 | 87.09 |

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

35.54% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Futuristic Group Ltd. ("the Company") will be held at 300 Beach Road, #08-07 The Concourse, Singapore 199555 on Monday, 30 April 2007 at 2.00 p.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2006 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article [illegible] of the Company's Articles of Association:

   Mr Chan Hang Fai **(Resolution 2)**
   Mr Chan Tong Wan **(Resolution 3)**

   Mr Chan Hang Fai will, upon re-election as a Director of the Company, remain as the Chairman of the Board and will be considered non-independent.

   Mr Chan Tong Wan will be considered non-independent.

3. To approve the payment of Directors' fees of S$50,016 for the year ended 31 December 2006 (2005: S$50,016). **(Resolution 4)**

4. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**

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

## AS SPECIAL BUSINESS

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

6. **Authority to issue shares up to 50 per centum (50%) of the issued shares in the capital of the Company**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be authorised and empowered to:

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

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

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

# NOTICE OF ANNUAL GENERAL MEETING

provided that:

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

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

   (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
   (b) new shares arising from the exercising share options or vesting of share awards outstanding and subsisting at the time of the passing of this Resolution; and
   (c) any subsequent consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force (i) 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 earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note (i)] **(Resolution 6)**

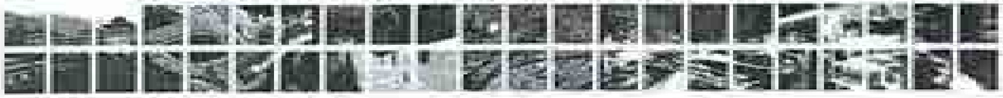
7. **Authority to issue shares under the Futuristic Share Option Scheme**

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to offer and grant options under the Futuristic Share Option Scheme ("the Scheme") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

   [See Explanatory Note (ii)] **(Resolution 7)**

BY ORDER OF THE BOARD

[illegible]
Secretary
Singapore, 13 April 2007



# NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 6 in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro rata basis to existing shareholders.

For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the issued shares in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(ii) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in total (for the entire duration of the Scheme) fifteen per centum (15%) of the issued shares in the capital of the Company from time to time.

Notes:

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

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 300 Beach Road, #[illegible] The Concourse, Singapore 199555 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

**FUTURISTIC GROUP LTD.**
(Company Registration No.: [illegible])
(Incorporated in the Republic of Singapore)

IMPORTANT:

1. [illegible]
2. [illegible]
3. [illegible]

# PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____________________

of ____________________

being a member/members of Futuristic Group Ltd. (the "Company"), hereby appoint:

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

and/or (delete as appropriate)

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

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Monday, 30 April 2007 at [illegible] and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

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

| No. | Resolutions relating to: | For | Against |
|---|---|---|---|
| 1 | Directors' Report and Audited Accounts for the year ended 31 December 2006 | | |
| 2 | Re-election of Mr Chan [illegible] as a Director | | |
| 3 | Re-election of Mr Chan Tong Man as a Director | | |
| 4 | Approval of Directors' fees amounting to S$[illegible] | | |
| 5 | Re-appointment of Messrs Ernst & Young as Auditors | | |
| 6 | Authority to allot and issue new shares | | |
| 7 | Authority to allot and issue shares under the Futuristic Share Option Scheme | | |

Dated this ________ day of ________ 2007

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

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

**Notes :**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

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

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

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 200 Beach Road, #09-02 The Concourse, Singapore 199555 not less than 48 hours before the time appointed for the Meeting.

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

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

**General:**

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