



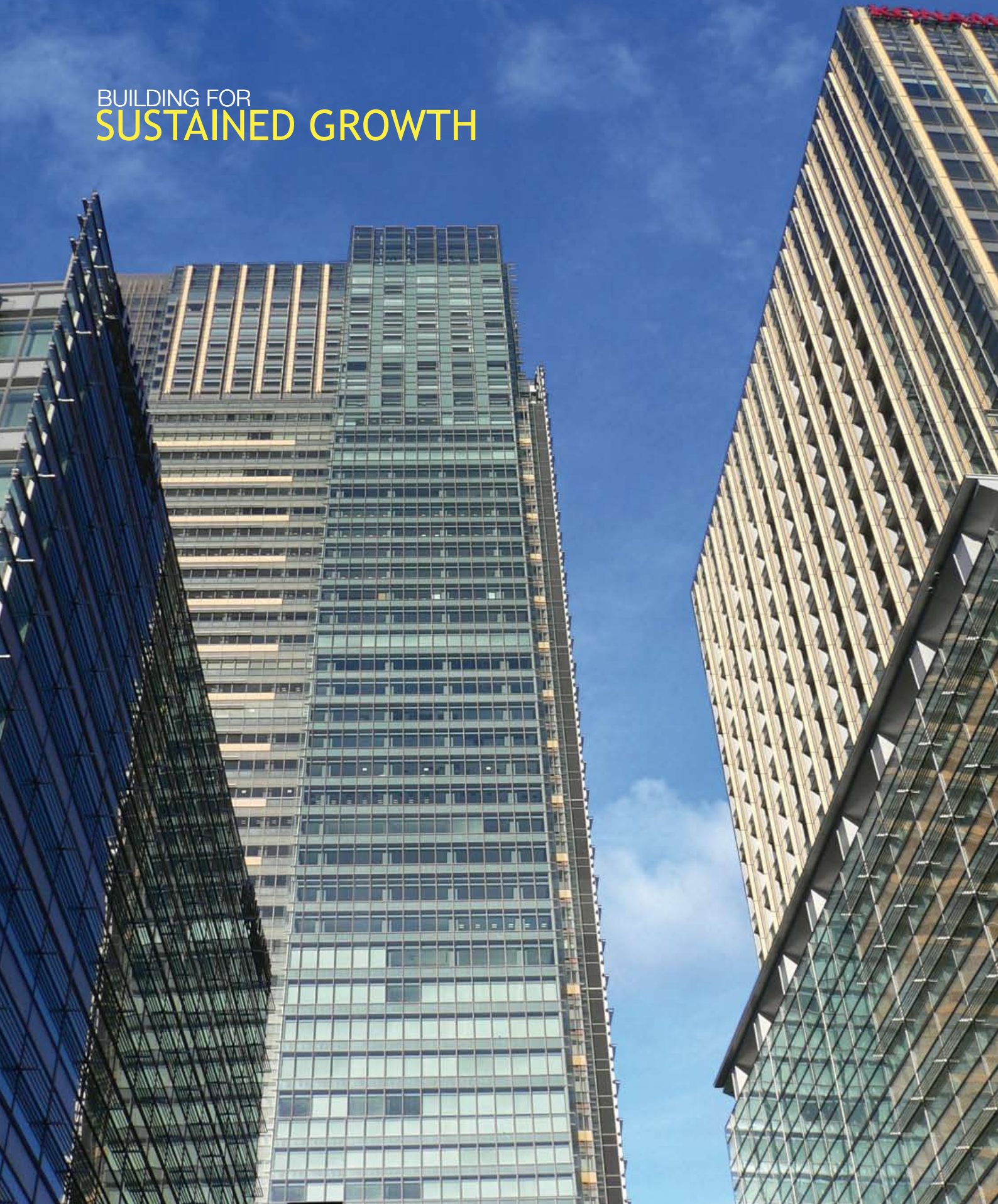


**PERMASTEELISA PACIFIC HOLDINGS LTD**

(Company Registration No. 199001653D)

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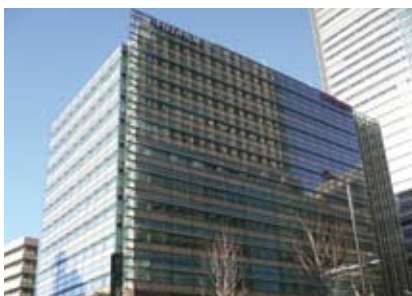
BUILDING FOR  
**SUSTAINED GROWTH**





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The Tokyo Midtown in Roppongi is the largest central Tokyo development in recent years. It features five buildings that encompass shops, offices, The Ritz-Carlton Hotel and luxury private residences. Permasteelisa Japan K.K. has designed, fabricated and installed the curtain wall system on three out of five towers, such as the Main Tower (the tallest building in Tokyo at 248 metres), East Tower and West Tower.

To guarantee and constantly improve the quality of our architectural claddings to ensure our buildings' top quality performance.

To offer positive solutions answering our customers' needs by means of close collaboration with the architects.

To establish a solid and lasting partnership with our suppliers, so as to constantly increase the added value of our technology.

To promote the application of eco-compatible technology to architecture, so as to produce considerable energy savings, thus helping to improve the environment, living conditions inside the buildings and well-being of occupiers.

## CHAIRMAN'S STATEMENT

The year 2006 has been a challenging as well as a fruitful one. It was a period of consolidation – a time for the Group to work towards integrating the Asian Division of Josef Gartner GmbH that it acquired in January 2005. This process of integration of the Permasteelisa and Gartner operations was completed with satisfaction and success in the course of the year. With the acquisition of Gartner Asian Division, Permasteelisa has achieved leadership position in Asia in engineering, manufacturing and installation of architectural envelopes or curtain wall, interior and furniture systems.

From this position of strength, the Group will be well-placed to undertake more and better contracts as the general market sentiment in Asia is taking on a more positive sheen. The markets where Permasteelisa has a substantial presence include Singapore, Hong Kong, Macau, Australia, China, Japan, Thailand, India and Taiwan. Indeed, over the years since its listing in 1997, the Group has worked hard to sustain its foothold in these markets and has left its mark on many of the prestigious buildings.

During the year, the Group has been building for sustained growth and completed more than 25 prestigious projects across the Asia Pacific region. These include major projects such as Tokyo Midtown-buildings A, B and E in Japan (one of Tokyo's largest developments), the 25-storey Redevelopment of Liu Chong Hing Bank Building (featuring a double skin façade) and Mandarin Oriental Hotel in Hong Kong, Hermes Dosan Park (a six-storey gallery, shop and office building) in Korea, Brisbane Square and Eureka (the tallest residential building in the Southern Hemisphere) in Australia, Cathay Building in Singapore and the Suvarnabhumi Airport also known as (New) Bangkok International Airport in Thailand. The Group has also substantially completed the Singapore Changi Airport Terminal 3 Façade and Daylighting projects.

It will continue to build on these efforts to convert opportunities into contracts and so grow its market share. Our priority for 2007 will be to combine further expansion with steady earnings recovery. The future looks promising with a solid order book that stood at S\$423 million as at 28 February 2007 and a substantial number of potential project awards in the pipeline.

In order to take advantage of this unique growth phase, we have also filled in the position of Asia Group Chief Operating Officer in late 2006 with Mr Huub van der Staak, who has been my colleague in Permasteelisa for the past 12 years. He has wide-ranging experience in project management and has previously handled the Group's operations in China and Japan.

### Performance Review

The Group's turnover for the year ended 31 December 2006 was S\$443 million, a decrease of 13.3 per cent over the previous year's figure of S\$511 million.

Due to the dip in turnover, the Group turned in a lower net profit of S\$3.2million over the previous year. Indeed, since mid-2005, the Group has taken a strategic decision to be more selective when taking on new projects, favouring higher profile and larger orders, as well as those guaranteeing greater profitability. This risk management approach has impacted the turnover. This, together with the fact that large completed projects in some countries were not replaced by similarly sized projects, has resulted in overall lower contract activity during 2006.

In particular, Singapore, Thailand, Australia and Taiwan recorded a much lower turnover. But this was offset by China and Hong Kong, which did well and were profitable, due mainly to a better-than-expected market turnaround as well as better project cost management.

The Permasteelisa Group continues to be internationally renowned for its capability to generate innovative design systems, and its capacity to create façades with complex structures.

**“Our priority for 2007 will be to combine further expansion with steady earnings recovery.”**

LUCIO MAFESSANTI Executive Chairman



The industry affirmed our success by rewarding the Group with its accolades. One such achievement was being recognised by IE Singapore in collaboration with The Business Times, Singapore Business Federation and Singapore Management University, as one of Singapore's top 100 companies ranked by highest overseas revenue. This is the second consecutive year that the company has attained this award.

**Outlook and Acknowledgements**

Generally, the Asia Pacific property market is looking positive with the construction industry currently on an upswing. This augurs well for the Group, as demand for its services are expected to increase, providing excellent opportunities for generating more contracts.

In Singapore, an increase in demand for high-end commercial buildings has resulted in the launches of several new building projects such as the Business Financial Centre in Marina Bay, Orchard Turn and the new Integrated Resorts developments at Marina Bay and Sentosa. Demand in Hong Kong for the commercial buildings is also on the rise while the abolition of monopoly of casino operating licenses in Macau has resulted in the development of new gaming resorts and other commercial properties. In China and India, there is a growing demand for high-end office buildings, due to fresh foreign investments and expansion by multinational companies. These growing markets will present the Group with many opportunities.

In Japan and Australia, however, where the markets are mature with a number of competitive players already there, the Group will focus on selective, prestigious and profitable projects.

As the world leader in the design, manufacture and installation of architectural façades, the Group will remain committed to its key markets in the Asia Pacific region, particularly Singapore, Hong Kong, Australia, Japan, China, India and Macau.

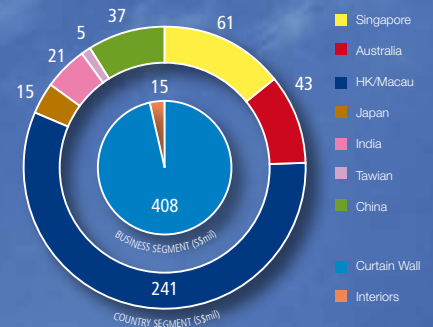
I am confident that the Group's current decision to centralise production in a few countries like Thailand and China (Shanghai and Dong Guan) mainly to produce for countries like Japan, Singapore, Australia, Hong Kong and Macau, and its sound project management skills will enable the company to be effective locally, while maintaining high quality standards in all markets.

Investigations by the CAD into certain affairs of the Company, as previously announced on 27 April 2006 are still continuing. I wish to inform the shareholders and the general public that the Company has taken all possible measures in cooperating with the CAD to the best of its abilities and having promptly engaged legal counsel to advise the Company on the matter. The Board is hopeful that this matter will be resolved in the near future and any developments will be announced in due course, as is usually done.

On behalf of the Board, I would like to extend my sincere appreciation to the loyal support of our clients, business partners, suppliers, management and employees. We are grateful to our partners, suppliers and clients for their continued partnership through the years.

Our heartfelt thanks also go to the management and employees of the Permasteelisa/Gartner family, for their commitment, passion and dedication.

**ORDER BOOK - as at 28 Feb 07**



I would also like to place on record my appreciation for the support and counsel from the Board of Directors. Last but not least, we are grateful to our shareholders for their invaluable support.

On behalf of the Board, I am pleased to recommend a final dividend payout of 0.3 Singapore cents (less tax) per share for the financial year ended 31 December 2006. This, along with the interim dividend paid in October 2006 of 0.5 Singapore cents, brings the total payout to 0.8 cents (less tax) for the year 2006. This is subject to confirmation by our shareholders at the forthcoming Annual General Meeting.

**Lucio Mafessanti**  
Executive Chairman



“As one of the **market leaders in the Asia Pacific region**, Permasteelisa has won and is currently working on 30 - 40 ongoing projects in the region. Work on these projects will continue in the coming year.”



During the past year, Permasteelisa Pacific Holdings Ltd has remained focused, continuing to build on its core competencies of development, design, fabrication and installation of architectural exterior façades (also known as curtain wall systems), interiors for both commercial and residential buildings and exclusive retail fit-outs. The majority of its business is in the high-end commercial buildings, including airport terminal buildings.

The year 2006 has been a time of consolidation since the acquisition of the Asian Division of Josef Gartner GmbH in January 2005. The past year was a stable and successful one in terms of completing more than 25 projects. There was an especially high level of activity in Hong Kong, and China while the Group was also active in other Asia Pacific countries.

As one of the market leaders in the Asia Pacific region, Permasteelisa has won and is currently working on 30 - 40 ongoing projects in the region. Work on these projects will continue in the coming year.

In Hong Kong and Macau, Permasteelisa/Gartner are working on several major projects including Union Square Tower T20 and T21, One Island East, 202-206 Queen's Road Central, Enterprise Square 5 Tower and Podium, 77 Deep Water Bay Road, and International Commercial Centre. In China, Gartner is actively working on the Shanghai World Financial Centre (China's tallest structure) while the Beijing Siemens Headquarters is progressing well.

With these on-going projects, the Group has re-affirmed its position as the preferred supplier of custom-made high performance cladding systems for Asia's

tallest structures. Currently, its portfolio comprises of the majority of buildings in Asia with a height exceeding 400 metres.

The new Australian projects include Tenix, Bendigo Bank, Sydney Olympic Park Building 5 and 6, AXA, Marcus Clarke, Adelaide City Central Tower 2 and Century City.

In Singapore, the Group is currently executing six architectural projects smoothly. These are St. Regis Residences, Australian High Commission, Marina Square, Horticulture Park Prototype Glasshouses, Annex Building @ Alexandra Road and LKN Building.

With its involvement on the (New) Bangkok International (Suvarnabhumi) Airport as well as the Singapore Changi Airport Terminal 3 Façade and Daylighting projects, the Group has completed major construction works for three of Asia's largest airports in recent years. The Daylighting system installed at Terminal 3 is one of the world's biggest applications of such a system.

The projects in Japan include Shin Yokohama, Ginza Yomiuri, Yoyogi Seminar School, The Peninsula Hotel, Nicolas G. Hayek Centre and Veloqx Ginza.

The Group's nine projects in India are making good progress. These are the





buildings for Four Seasons Hotel, IBC Corporate Centre, IBC Knowledge Park Phase 2, Beaumonde Tower A, B and C, Prestige Tech Park (3 Phases), Microsoft Campus Phase III and Embassy Corporate office.

### Manufacturing and Testing Facilities

The Group's manufacturing facilities are located in Chonburi in Thailand, Shanghai and Dong Guan in China, Melbourne in Australia and Hosur in India. Each facility has been planned, designed and set up by experienced in-house engineers with the aim of achieving the highest level of manufacturing efficiency. In addition, there is a state-of-the-art testing facility that is located within the premises of the Chonburi factory in Thailand. This facility has an ability to conduct all types of performance tests on curtain wall systems to meet international standards.

During the past year, the Permasteelisa Shanghai factory saw its staff numbers increase by 35 per cent to more than 200. The factory has also added two CNC machines and one overhead hoisting machine to its existing capacity of two production lines. The other plant in China, the Permasteelisa South China Factory in Dong Guan currently has a capacity of four production lines and around 400 plus workers and staff.

With about 400 employees, the Permasteelisa Thailand Factory supports the Group's manufacturing needs in the Asia Pacific and other Permasteelisa companies in Middle East and United States, with its capacity of four production lines.

### Research and Development

Research and development (R & D), an important part of the Group's operations, is done out of the Permasteelisa S.p.A. Group Headquarters in Vittorio Veneto, Italy; Gartner Headquarters in Gundelfingen, Germany and in Scheldebouw, B.V. in The Netherlands. In addition, the Group has a Permasteelisa-Gartner web-based forum, which provides an excellent opportunity for sharing technical knowledge, ideas and innovations amongst the Group's technical support teams. Worldwide technical meetings are also held to disseminate best practices and new and cost-effective solutions.

The Research and Engineering Centres in the Group provide strong project support with its advanced building physics and structural and design tools. These applications serve to meet increasing energy saving demands for modern buildings. They also address the need for greater safety in the face of bomb explosions - through Permasteelisa's specially designed bomb-blast resistant façades.

These centres also collaborate closely with universities and research institutions to ensure that Permasteelisa stays at the cutting edge of new research trends and the latest innovations. This is to ensure the Group continues to maintain its position as a world leader in the curtain wall / façades industry.

One of the results of the research and application of innovative eco-compatible technologies is known as Blue Technology®, a Permasteelisa registered trademark. With Blue Technology®, the group manufactures active/interactive architectural claddings systems named Active Walls®. These energy-saving walls and ceiling reduce energy consumption, increase thermal and acoustic insulation and ensure comfort inside the buildings.

## HIGHLIGHTS ON COMPLETED PROJECTS

### JAPAN

Name of Project : Tokyo Midtown A, Tokyo  
 Client : Mitsui Fudosan  
 Architect : Nikken Sekkei - SOM  
 Main Contractor : Takenaka Corporation  
 Cladded Area : 66,000 m<sup>2</sup>  
 Duration : 2004 - 2006  
 Project Feature : Aluminium curtain wall

Name of Project : Tokyo Midtown B & E, Tokyo  
 Client : Mitsui Fudosan  
 Architect : Nikken Sekkei - SOM  
 Main Contractor : Taisei Corporation  
 Cladded Area : 40,500 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : Aluminium curtain wall

Name of Project : Shin Maru Biru, Tokyo  
 Client : Mitsubishi Estate  
 Architect : Mitsubishi Jisho  
 Main Contractor : Takenaka Corporation  
 Cladded Area : 33,700 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : Aluminium curtain wall

Name of Project : Gucci Ginza  
 Client : Gucci  
 Architect : James Carpenter Design Associate Inc  
 Main Contractor : Obayashi Corporation  
 Cladded Area : 2,070 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : Special Gucci glass aluminium curtain wall

### AUSTRALIA

Name of Project : Eureka Tower  
 Client : Grocon Constructors Pty Ltd  
 Architect : N.F.K  
 Main Contractor : Grocon Constructors Pty Ltd  
 Cladded Area : 49,000 m<sup>2</sup>  
 Duration : 2002 - 2006  
 Project Feature : 90-storey residential building comprising of glass and aluminium curtain wall, balcony screens and doors

Name of Project : Freshwater Residential  
 Client : Multiplex Pty Ltd  
 Architect : Bates Smart & McCutchen  
 Main Contractor : Multiplex Pty Ltd  
 Cladded Area : 32,800 m<sup>2</sup>  
 Duration : 2003 - 2006  
 Project Feature : 60-storey residential building comprising of glass curtain wall and balcony screens and doors

Name of Project : 50 Lonsdale Street  
 Client : Multiplex Pty Ltd  
 Architect : Hassle Wardle  
 Main Contractor : Multiplex Pty Ltd  
 Cladded Area : 27,300 m<sup>2</sup>  
 Duration : 2003 - 2006  
 Project Feature : 34-storey commercial building comprising of 29 levels of offices with glass curtain wall and 5 levels of podium with various façade types

Name of Project : Brisbane Square  
 Client : Baulderstone Hornibrook Pty Ltd  
 Architect : Denton Corker Marshall  
 Main Contractor : Baulderstone Hornibrook Pty Ltd  
 Cladded Area : 36,500 m<sup>2</sup>  
 Duration : 2004 - 2006  
 Project Feature : 33-storey tower and 6 levels of podium comprising of 4 coloured composite cladded boxes

Name of Project : Victoria Point  
 Client : Multiplex Pty Ltd  
 Architect : Buchan Group  
 Main Contractor : Devine Properties  
 Cladded Area : 26,000 m<sup>2</sup>  
 Duration : 2004 - 2006  
 Project Feature : 44-storey residential building comprising of glass curtain wall and balcony screens and doors

Name of Project : Regent Tower B  
 Client : Multiplex Pty Ltd  
 Architect : Peddle Thorp & Walker  
 Main Contractor : Greycliff Developments  
 Cladded Area : 10,000 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : 31-storey residential tower and 4 level podium comprising of glass and aluminium curtain wall

Name of Project : 100 Pacific Highway  
 Client : Thiess Pty Ltd  
 Architect : Peddle Thorp & Walker  
 Main Contractor : Thiess Pty Ltd  
 Cladded Area : 8,500 m<sup>2</sup>  
 Duration : 2004 - 2006  
 Project Feature : 18-storey commercial tower comprising of glass and aluminium curtain wall and composite cladding

Name of Project : Section 88  
 Client : Construction Control Pty Ltd  
 Architect : Guida Moseley Brown Architects  
 Main Contractor : Construction Control Pty Ltd  
 Cladded Area : 10,000 m<sup>2</sup>  
 Duration : 2004 - 2006  
 Project Feature : 10-storey commercial tower comprising of glass and aluminium curtain wall and composite cladding

Name of Project : Adelaide City Central Tower 1  
 Client : Baulderstone Hornibrook Pty Ltd  
 Architect : Woods Bagot  
 Main Contractor : Caversham Properties Pty Ltd  
 Cladded Area : 14,900 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : 22-Storey commercial building comprising of glass and aluminium curtain wall with sun shading devices to north elevation

### SHANGHAI

Name of Project : SIEEB-Sino-Italy Tsinghua Environment and Energy Building in Beijing  
 Client : Beijing Tsinghua University  
 Architect : Mario Cucinilla Architect  
 Main Contractor : Josef Gartner Curtain Wall (Shanghai) Co., Ltd  
 Cladded Area : 12,600 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : Double skin façade project

### HONG KONG

Name of Project : Wang Tai Road  
 Client : Rank Profit Industries Ltd  
 Architect : Wong & Ouyang (HK) Ltd.  
 Main Contractor : Hip Hing Construction Co.,Ltd.  
 Cladded Area : 32,456 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : Curtain wall and glass wall

Name of Project : Mandarin Oriental Hotel  
 Client : Mandarin Oriental  
 Architect : D C M Limited  
 Main Contractor : Gammon Construction Ltd  
 Cladded Area : 8,578 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : Renovation of tower curtain wall and windows works

Name of Project : Redevelopment of Liu Chong Hing Bank Building  
 Client : Liu Chong Hing Bank Limited  
 Architect : P&T Architects and Engineers Ltd  
 Main Contractor : Hip Hing Construction Co.,Ltd.  
 Cladded Area : 3,800 m<sup>2</sup> (inner + outer skin curtain wall)  
 Duration : 2005 - 2006  
 Project Feature : 25-storey office building comprising an inner single skin façade in stick system with an outer second skin designed as glass wall with spider fixings and tension rods system in stainless steel

## HIGHLIGHTS ON COMPLETED PROJECTS

Name of Project : Chanel Boutique Lee Gardens Hong Kong  
 Client : Chanel Ltd.  
 Architect : Peter Marino Architect  
 Main Contractor : Gartner Contracting Co.Ltd  
 Cladded Area : 300 m<sup>2</sup>  
 Duration : 2006  
 Project Feature : Transparent 20m tall steel and glass box with LED lighting and signage

### MACAU

Name of Project : Wynn Hotel & Casino, Macau  
 Client : Wynn Resorts (Macau) S.A.  
 Architect : Leighton - China State Joint Venture  
 Main Contractor : Leighton - China State Joint Venture  
 Cladded Area : 28,000 m<sup>2</sup> (Tower) + 3,000 m<sup>2</sup> (Podium)  
 Duration : 2004 - 2006  
 Project Feature : Curtain wall, shop fronts and windows system

### TAIWAN

Name of Project : Taipei 101  
 Client : TFCC  
 Architect : C. Y. Lee  
 Main Contractor : KTRT  
 Cladded Area : 109,000 m<sup>2</sup>  
 Duration : 2001 to 2005  
 Project Feature : Unitized curtain wall, shop fronts, canopies, skylight and water proofing

Name of Project : Louis Vuitton Global Store Taichung, Taiwan  
 Client : Louis Vuitton Asia Pacific  
 Architect : Louis Vuitton Architecture Department Paris  
 Main Contractor : Rich Honour  
 Cladded Area : 300 m<sup>2</sup>  
 Duration : 2005 to 2006  
 Project Feature : Perforated aluminium sheet and gold fitted glass façade with lighting.

Name of Project : Louis Vuitton Global Store Taipei, Taiwan  
 Client : Louis Vuitton Asia Pacific  
 Architect : Office of Kumiko Inui  
 Main Contractor : Rich Honour  
 Cladded Area : 800 m<sup>2</sup> custom stone and LED façade  
 Duration : 2006  
 Project Feature : Reconstituted stone façade with 400,000 epoxy resin filled holes and LED lighting.

### SINGAPORE

Name Of Project: Cathay Building  
 Client: Cathay Building 2002 Pte Ltd  
 Architect: RDC Architects Pte Ltd  
 Main Contractor: Kajima Overseas Asia Pte Ltd  
 Cladded Area: 26,000 m<sup>2</sup>  
 Duration: 2004 - 2006  
 Project Feature: Glazed curtain wall, aluminium cladding, louvres, trellis, glazed shop front, balustrade and skylight

Name Of Project: Changi Airport Terminal 3 Building  
 Client: Civil Aviation Authority Of Singapore  
 Architect: CPG Consultants  
 Main Contractor: Shimizu Corporation  
 Cladded Area: 45,000 m<sup>2</sup>  
 Duration: 2004 to 2006  
 Project Features: Cable net wall, bow truss curtain Wall, operable louvres sunshades and skylights. point supported glass balustrades and canopies, entrance portals, daylighting control system with associated M&E works

### INDIA

Name Of Project: JPMC Block Phase II  
 Client: Prestige Estates Projects (P) Ltd  
 Architect: RSP Architects Planners & Engineers India Pvt Ltd  
 Main Contractor: Prestige Estates Projects (P) Ltd  
 Cladded Area: 3,320 m<sup>2</sup> (ACP) + 4,000 m<sup>2</sup> (Curtain Wall)  
 Duration: 2005 - 2006  
 Project Feature: Aluminium composite panel cladding, windows and ventilators, louvre frames

Name Of Project: Olympia Tech Park  
 Client: Khivraj Tech Park Private Ltd  
 Architect: RSP Architects Planners & Engineers India Pvt Ltd  
 Main Contractor: Khivraj Tech Park Private Ltd  
 Cladded Area: 3,500 m<sup>2</sup> (ACP) + 4,050 m<sup>2</sup> (Curtain wall)  
 Duration: 2005 - 2006  
 Project Feature: Aluminium composite panel cladding, sunshade and louvre screen

Name Of Project: Microsoft Building 2  
 Client: Microsoft India  
 Architect: RSP Architects Planners & Engineers (India) Pvt Ltd  
 Main Contractor: Larsen & Toubro Limited  
 Cladded Area: 14,000 m<sup>2</sup> (ACP), 7,300 m<sup>2</sup> (Curtain Wall)  
 Duration: 2005 - 2006  
 Project Feature: ACP cladding, curtain wall, parasol, sunshade and louvres

Name of Project : Four Season Hotel, Mumbai  
 Client : Magus Estate & Hotel Pvt Ltd  
 Architect : Lohan Caprile Goettsch Architects  
 Main Contractor : Magus Estate & Hotel Pvt Ltd  
 Cladded Area : 4,300 m<sup>2</sup>  
 Duration : 2005-2006  
 Project Feature : Skylight/canopy, trellis, high performance louvres

### THAILAND

Name of Project : Suvarnabhumi Airport : (New) Bangkok International Airport - External Package  
 Client : AOT : Airport of Thailand Public Company Limited  
 Architect : MJTA Consortium  
 Main Contractor : ITO Joint Venture  
 Cladded Area : 166,000 m<sup>2</sup>  
 Duration : 2002 - 2006  
 Project Feature : Concourse building glass façade system, passenger fixed links and canopies

Name of Project : Suvarnabhumi Airport : (New) Bangkok International Airport - Internal Package  
 Client : AOT : Airport of Thailand Public Company Limited  
 Architect : MJTA Consortium  
 Main Contractor : ITO Joint Venture  
 Cladded Area : 85,564 m<sup>2</sup>  
 Duration : 2004 - 2006  
 Project Feature : Supply and installation internal glazing works

Name of Project : Bus Gate Canopy  
 Client : IOT Joint Venture  
 Architect : MJTA Consortium  
 Main Contractor : Italian-Thai Development PCL  
 Cladded Area : 11,000 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : Internal glazing works and stainless steel handrails

Name of Project : Four Seasons Hotels and Resorts  
 Client : Magus Estates & Hotels PVT. LTD.  
 Architect : Lohan Caprile Goettsch  
 Main Contractor : Hafeez Contractor  
 Cladded Area : 15,000 m<sup>2</sup>  
 Duration : 2005 - 2006  
 Project Feature : 35-storey hotel building including 2 storey restaurant comprising of glass & aluminium curtain wall and punch windows

### KOREA

Name of Project : Hermes Dosan Park  
 Client : Hermes Korea Ltd  
 Architect : Rena Dumas Architecture Interieure  
 Main Contractor : Samil Enterprise Co., Ltd  
 Cladded Area : 4,050 m<sup>2</sup> (Inner skin + outer skin curtain wall) + 880 m<sup>2</sup> (Single skin curtain wall) + 1,210 m<sup>2</sup> (Stone panel)  
 Duration : 2004 - 2006  
 Project Feature : 6-storey gallery, shop and office building comprising double skin façade system, single skin façade system and stone panels

## BOARD OF DIRECTORS

### LUCIO MAFESSANTI

Mr Mafessanti is the Executive Chairman of Permasteelisa Pacific Holdings Ltd, Director of Permasteelisa S.p.A. and Director of Permasteelisa Pty. Ltd. He is also the CEO of the Asia and USA Divisions of the Permasteelisa Worldwide Group.

He has extensive experience, spanning 36 years in the aluminium window and curtain wall façade industry. Previously, Mr Mafessanti was the Managing Director of V.G.A. Pretoria R (South Africa) and Technical Manager in charge of the Middle East region in FEAL System Bau GmbH.

### HUUB VAN DER STAAK

Mr Huub van der Staak is the Chief Operating Officer of Permasteelisa Pacific Holdings Ltd, a position he has assumed since December 2006. He is responsible for the operational management of all regional companies and the execution of the company's vision and strategy in the region.

From March 2002 to November 2006, he was the General Manager and Director at Permasteelisa Japan K.K. in Tokyo, and from March 1994 to February 2000, the General Manager at Shanghai Permasteelisa Architectural Products Co.,Ltd. in China. Before he joined Permasteelisa, Mr Huub van der Staak worked as Project Manager for various companies such as Scheldebouw B.V., Naylor Love Ltd, and Winstone Architectural Cladding Products Co Ltd.

### KLAUS LOTHER

Mr Lother is a Director of Permasteelisa Pacific Holdings Ltd. He is also the Managing Director of Josef Gartner GmbH since 2002 after Josef Gartner GmbH was acquired by Permasteelisa in 2001.

Previously, he was the General Manager of Josef Gartner GmbH from 1999 to 2002. Starting as a trainee and Project Manager with the company since 1993, he later became Key Account Manager and Head of Curtain Wall Department-International Business.



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1. LUCIO MAFESSANTI Executive Chairman
2. HUUB VAN DER STAAK Chief Operating Officer
3. KLAUS LOTHER Executive Director
4. CLAUDIO FIGINI Non-Executive Director
5. LIM SHOOK KONG Independent Director
6. CHOO TEOW HUAT ALBERT Independent Director

**CLAUDIO FIGINI**

Mr Figini is a non-executive Director of Permasteelisa Pacific Holdings Ltd since July 2006. He was appointed a member of the Audit Committee since August 2006 and a member of the Remuneration committee since July 2006. He has extensive experience in private equity and corporate finance and since 2004, he has been an Investment Director of an Italian close-end fund, which is sponsored by Sanpaolo Bank Group.

From 2002 to 2004, he worked with a Swiss private equity fund and a Swiss consulting firm involved in corporate finance. From 1999 to 2001, Mr Figini was involved with Permasteelisa Pacific Holdings Ltd, as a Director and a Member of the Audit Committee. He was also Chairman of Permasteelisa France during this period. Previously, he had also worked for Sanpaolo Finance S.p.A. and Fidimi Consulting S.p.A.

**LIM SHOOK KONG**

Mr Lim is an Independent Director of Permasteelisa Pacific Holdings Ltd since September 1997. An accountant by training, he also serves as Chairman of the Audit Committee and Nominating Committee and is a Member of Remuneration Committee. He also serves as a Director in Fu Yu Manufacturing Limited.

**CHOO TEOW HUAT ALBERT**

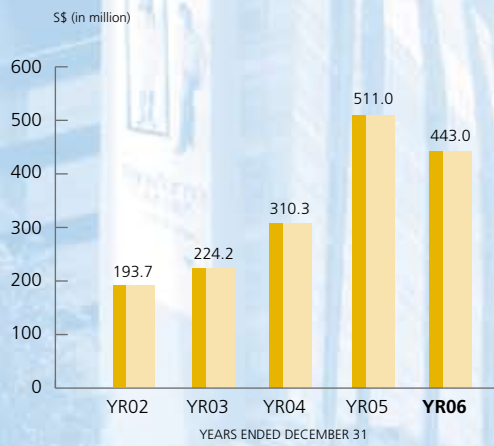
Mr Choo is an Independent Director of Permasteelisa Pacific Holdings Ltd since April 2005. He serves as Chairman of the Remuneration Committee and Member of Audit Committee and Nominating Committee.

He was with the Shell Group of Companies in Singapore from 1967 to 1999. Starting in a finance position, Mr Choo held several senior positions, his last being Group Treasurer before his retirement from the company. From January 2000 to February 2001, he was the Assistant Treasurer in the global treasury division of Caltex Corporation. He has also served as a Director and later as Chairman of Power Senoko (Pte) Ltd, and is currently an Independent Director and Member of Remuneration Committee and Nominating Committee in Tuan Sing Holdings Ltd in Singapore.

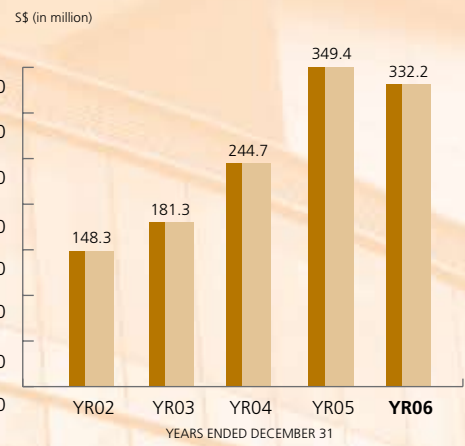


## FINANCIAL HIGHLIGHTS

### TURNOVER



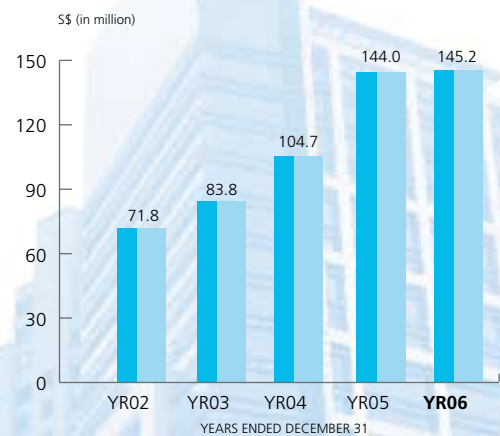
### TOTAL ASSETS



### NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS



### SHAREHOLDERS' EQUITY



**BOARD OF DIRECTORS**

Executive Director

**Lucio Mafessanti**

Chairman of PISA-PAC

Director of PISA-S.p.A.

Managing Director of PISA Pty Ltd

**Claudio Figini**

Director of PISA-PAC

**Huib van der Staak**

Director of PISA-PAC

Chief Operating Officer

**Klaus Lothar**

Director of PISA-PAC

Managing Director,

Josef Gartner GmbH

*Independent Directors*

**Lim Shook Kong**

**Choo Teow Huat Albert**

**AUDIT COMMITTEE**

Lim Shook Kong, Chairman

Choo Teow Huat Albert

Claudio Figini

**NOMINATING COMMITTEE**

Lim Shook Kong, Chairman

Choo Teow Huat Albert

Lucio Mafessanti

**REMUNERATION COMMITTEE**

Choo Teow Huat Albert, Chairman

Lim Shook Kong

Claudio Figini

**JOINT COMPANY SECRETARIES**

Lathika Devi Amma

d/o K R Pillay

Lim Ka Bee

**REGISTERED OFFICE**

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Singapore 609930

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Fax: (65) 6861 2527

**SHARE REGISTRAR**

Tricor Barbinder

Share Registration Services

(A division of Tricor Singapore Pte Ltd)

8 Cross Street, #11-00 PWC Building,

Singapore 048424

**AUDITORS**

Quek Shu Ping

(Partner-in-charge

since Financial Year 2004)

KPMG

Certified Public Accountants

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

**PRINCIPAL BANKERS**

DBS Bank Ltd

Intesa Sanpalo S.p.A

Singapore Branch

Deutsche Bank AG,

Singapore Branch

Banca Di Roma

Singapore Branch

UniCredito Italiano S.p.A

Hong Kong Branch

Intesa Sanpalo S.p.A

Hong Kong Branch

Banca Nazionale del Lavoro S.p.A

Hong Kong Branch

## GROUP STRUCTURE



### CHINA

DONGGUAN PERMASTEELISA CURTAIN WALL CO. LTD **100%**  
 JOSEF GARTNER CURTAIN WALL (SHANGHAI) CO., LTD **75%**  
 SHANGHAI PERMASTEELISA ARCHITECTURAL PRODUCTS CO., LTD. **90%**

### MACAU

PERMASTEELISA MACAU LIMITED **99%** <sup>1</sup>  
 JOSEF GARTNER (MACAU) LIMITED **96%** <sup>2</sup>

### JAPAN

PERMASTEELISA JAPAN K.K. **100%**  
 GARTNER JAPAN K.K. **100%**

### AUSTRALIA

PERMASTEELISA PTY. LTD. **100%** <sup>3</sup>  
 PERMASTEELISA (VICTORIA) PTY. LTD. **100%**

### THAILAND

GLOBAL ARCHITECTURAL CO., LTD **49%**  
 PERMASTEELISA (THAILAND) LIMITED **73.99%** <sup>4</sup>  
 GLOBAL WALL (THAILAND) CO., LTD **99.9%**

### TAIWAN

PERMASTEELISA ARCHITECTURAL PRODUCTS LTD. **100%**  
 PERMASTEELISA TAIWAN LTD **99.9%** <sup>5</sup>

### INDIA

PERMASTEELISA (INDIA) PRIVATE LIMITED **76%**

### KOREA

ILJIN-PISA CO., LTD **50.1%**

### SINGAPORE

PERMASTEELISA SINGAPORE PTE LTD **100%**  
 GLOBAL TECH DESIGN PTE LTD **70%**  
 GARTNER CONTRACTING PTE LTD **100%** <sup>6</sup>

### HONG KONG

PERMASTEELISA HONG KONG LTD **100%**  
 JOSEF GARTNER & CO. (HK) LIMITED **100%**  
 GARTNER CONTRACTING CO. LTD **100%** <sup>7</sup>

### MALAYSIA

GLOBAL WALL (MALAYSIA) SDN. BHD. **70%**



#### Note:

- 1 - Owned 99% by Permasteelisa Hong Kong Ltd
- 2 - Owned 96% by Gartner Contracting Co.Ltd
- 3 - Owned 54.17% by Permasteelisa Pacific Holdings Ltd & 45.83% by Permasteelisa Hong Kong Limited
- 4 - Owned 49% by Permasteelisa Pacific Holdings Ltd & 51% by Global Architectural Co.,Ltd
- 5 - Owned 99.9% by Josef Gartner & Co. (HK) Limited
- 6 - Owned 100% by Gartner Contracting Co.Ltd
- 7 - Owned 100% by Josef Gartner & Co. (HK) Limited

## PERMASTEELISA OFFICES

**PERMASTEELISA PACIFIC HOLDINGS LTD**  
**PERMASTEELISA SINGAPORE PTE LTD**  
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**GLOBAL ARCHITECTURAL CO., LTD**  
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# BUILDING FOR SUSTAINED GROWTH

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# Corporate Governance Statement

The Board of Directors of Permasteelisa Pacific Holdings Ltd (the “Company”) is committed to high standards of corporate governance and has adopted the corporate governance practices contained in the Code of Corporate Governance 2005 (“Code”), so as to ensure greater transparency and protection of shareholders’ interests. This statement describes the main corporate governance practices that were in place throughout the financial year with the specific reference to the Code, except where otherwise stated.

## 1. Board Matters

**Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.**

**Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board’s decision making.**

### 1.1 Role of Board of Directors

The Board’s primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management. To fulfil this role, the Board sets the Group’s strategic direction, establishes goals for management and monitors the achievement of these goals, thereby taking responsibility for the overall corporate governance of the Group.

### 1.2 Board Composition

The Board of Directors comprises six directors, of whom three are executive, one non-executive and two are independent. At the date of this Report, the Board comprises six suitably qualified members:

Name of Director/ Nature of appointment	Date of appointment/ Last re-election	Functions	Directorship in other listed companies	Academic and professional qualifications
<b>Lucio Mafessanti</b> Executive/ Non-Independent	6 August 1990/ 28 April 2005	Chairman of the Board and Member of Nominating Committee	Director Permasteelisa S.p.A. (Ultimate Holding Co.)	Certificate in Mechanical Drafting and a Certificate in Mechanical Engineering.
<b>Huib van der Staak</b> Executive/ Non-Independent	20 December 2006	Director and Chief Operating Officer	-	Bachelor Degree, Hoger Technische School- s’ Hertogenbosch, The Netherlands.
<b>Klaus Lothar</b> Executive/ Non-Independent	25 February 2005	Director	-	Graduate Engineer, Technical University of Munich.
<b>Lim Shook Kong</b> Non-Executive/ Independent	20 September 1997/ 20 April 2004	Independent Director, Chairman of Audit and Nominating Committee, Member of Remuneration Committee	Executive Financial Director and CFO Fu Yu Corporation Limited	Fellow of the Institute of Chartered Accountants in England and Wales, Member of the Finance Faculty, Institute of Chartered Accountants in England and Wales, Member, Malaysian Institute of Accountants and Singapore Institute of Directors.
<b>Choo Teow Huat Albert</b> Non-Executive/ Independent	29 April 2005	Independent Director, Chairman of Remuneration Committee, Member of Audit and Nominating Committees	Director Tuan Sing Holdings Limited	B.A.Hons (Upper Two) in Business Administration, University of Singapore.
<b>Claudio Figini</b> Non-Executive/ Non-Independent	18 July 2006	Non-Executive Director, Member of Audit and Remuneration Committees	Director Permasteelisa S.p.A. (Ultimate Holding Co.)	Bachelor of Economics University of Milan.

# Corporate Governance Statement

## 1. Board Matters (Cont'd)

### 1.3 Independent Directors

The Board of Directors has two directors who are independent members. The criteria for independence are determined based on the definition provided in the Code.

The Board considers an “independent” director as one who has no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the directors’ independent judgement of the Group’s affairs.

### 1.4 Board Processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee, Nominating Committee and Remuneration Committee. These committees function within clearly defined terms of references and operating procedures, which are reviewed on a regular basis by the Board. The effectiveness of each committee is also constantly reviewed by the Board.

The Board meets on a regular basis and as and when necessary to address any specific significant matters that may arise. In FY 2006, the Board met eight times. While the Board considers directors’ attendance at Board meetings to be important, it should not be the only criteria to measure their contributions. It also takes into account the contributions by board members in other forms including periodical reviews, provision of guidance and advice on various matters relating to the Group. The Board of directors also regularly exchange information and views on informed basis on various matters concerning the business of the Group. The Chairman bears responsibility for the conduct of the Board and is also a member of the Nominating Committee.

#### Directors’ Attendance at Board and Committee Meetings

The number of Directors’ and other committee meetings and the record of attendance of each Director during the financial year ended 31 December 2006 is set out below: -

Director	Board		Audit Committee (“AC”)		Remuneration Committee (“RC”)		Nominating Committee (“NC”)	
	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended
Lucio Mafessanti	8	8	-	-	-	-	2	2
Huib van der Staak <sup>(a)</sup>	8	-	-	-	-	-	-	-
Klaus Lother	8	5	-	-	-	-	-	-
Lim Shook Kong	8	8	3	3	1	1	2	2
Choo Teow Huat Albert	8	4	3	3	1	1	2	2
Claudio Figini <sup>(b)</sup>	8	5	3	-	-	-	-	-
Enzo Pavan <sup>(c)</sup>	8	-	-	-	1	-	-	-
Giuseppe Franco <sup>(d)</sup>	8	8	3	3	-	-	-	-

(a) Huib van der Staak was appointed on 20 December 2006.

(b) Claudio Figini was appointed a director and a member of RC on 18 July 2006 and member of AC on 11 August 2006.

(c) Enzo Pavan resigned on 26 April 2006.

(d) Giuseppe Franco resigned as a member of AC on 11 August 2006 and as a director on 11 December 2006.

# Corporate Governance Statement

## 1. Board Matters (Cont'd)

### 1.5 Matters Requiring Board Approval

The Board has identified a number of areas for which the Board has direct responsibility for decision-making. Interested Person Transactions and the Group's internal control procedures are also reviewed by the Audit Committee and reported to the Board. Major investments and funding decisions are approved by the Board.

The Board also meets to consider the following corporate matters :-

- Approval of half-yearly and year-end results announcement;
- Approval of the annual reports and accounts;
- Convening of shareholder's meetings; and
- Material acquisitions and disposal of assets.

**Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.**

### 1.6 Chairman

The Chairman of the Company, Mr Lucio Mafessanti has assumed full executive responsibilities for business direction and major operational decisions of the Group. He is responsible for the overall stewardship of the Group. The position of Chief Operating Officer has been filled recently. The Chief Operating Officer assists the Executive Chairman in managing the day-to-day operations along with other Executive Directors and Senior Management of the Group. The Board is of the view that the current practice serves the best interest of the Group.

All major Group decisions were presented to the Board for deliberations and approval. The current system has ensured that no power is concentrated in any one individual.

The responsibilities of the Chairman include the following: -

- lead the Board to ensure its effectiveness on all aspects of its role and set its agenda;
- ensure that the directors receive accurate, timely and clear information;
- ensure effective communication with shareholders;
- encourage constructive relations between the Board and Management;
- facilitate the effective contribution of non-executive directors and encourage constructive relations between executive directors and non-executive directors; and
- promote high standards of corporate governance.

**Principle 6: In order to fulfil their responsibilities, board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.**

### 1.7 Access to Information

The Board has separate and independent access to senior management of the Company at all times. Requests for information from the Board are dealt with promptly by Management. The Board is informed of all material events and transactions as and when they occur.

The Company Secretary attends all board meetings and is responsible to ensure that board procedures are followed. It is the Company Secretary's responsibility to ensure that the Company complies with the requirements of the Companies Act. The Company Secretary works together with the Management of the Company to ensure that the Company complies with all rules and regulations that are applicable to the Company.

# Corporate Governance Statement

## 2. Board Committees

**Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.**

**Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.**

### 2.1 Nominating Committee

As at the date of this Annual Report, the Nominating Committee comprises the following members: -

Mr Lim Shook Kong (Chairman and Independent Director)  
Mr Choo Teow Huat Albert (Independent Director)  
Mr Lucio Mafessanti (Chairman of the Board)

The primary function of the Nominating Committee is to determine the criteria for identifying candidates and to review nominations for the appointment of directors to the Board, to decide how the Board's performance may be evaluated and to propose objective performance criteria for the Board's approval. Its duties and functions are outlined as follows :-

- a. to make recommendations to the Board on all board appointments and re-nomination having regard to the director's contribution and performance (e.g. attendance, preparedness, participation, candour and any other salient factors);
- b. to ensure that all directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;
- c. to determine annually whether a director is independent, in accordance with the independence guidelines contained in the Code;
- d. to decide whether a director is able to and has adequately carried out his duties as a director of the Company in particular where the director concerned has multiple board representations; and
- e. to decide how the Board's performance may be evaluated and to propose objective performance criteria.

**Principle 11: The Board should establish an Audit Committee with written terms of reference, which clearly set out its authority and duties.**

**Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.**

**Principle 13: The company should establish an internal audit function that is independent of the activities it audits.**

### 2.2 Audit Committee

The Audit Committee comprises three directors, the majority of whom, including the Chairman, are independent. At the date of this Report, the Audit Committee comprises the following members:

- Mr Lim Shook Kong (Chairman and Independent Director)
- Mr Choo Teow Huat Albert (Independent Director)
- Mr Claudio Figini (Non-Executive Director)

As at the date of this Annual Report, the Audit Committee of the Company comprised two independent directors and a Non-Executive Director.

# Corporate Governance Statement

## 2. Board Committees (Cont'd)

### 2.2 Audit Committee (Cont'd)

The Audit Committee met three times during the FY 2006. The role and functions of the Audit Committee are clearly spelt out in the Audit Committee Charter, which was formally adopted by the Board on 10 March 1998 and as amended from time to time. The Audit Committee performs the following:

- a. review the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the company, the Audit Committee should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money;
- b. review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance;
- c. review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule and regulation which has or is likely to have a material impact on the Group's operating results and/or financial position;
- d. review the adequacy of the company's internal controls;
- e. review the effectiveness of the company's internal audit function;
- f. make recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor;
- g. review interested person transactions (as defined in chapter 9 of the SGX Listing Manual); and
- h. generally undertake such other functions and duties as may be required under the Audit Committee Charter, by statute, the Listing Manual or the Code.

The Audit Committee has the express power to conduct or authorize investigations into any matters within its terms of reference, has full access to and co-operation by Management. The Audit Committee has full discretion to invite any other directors or executive directors to attend its meetings and to ensure that adequate resources are available to enable it to discharge its function properly. As at the date of this Annual Report, the Audit Committee has met with the external and internal auditors once separately without the presence of Management to review any area of audit concern. Ad-hoc Audit Committee meetings may be carried out from time to time, as circumstances require.

As at the date of this Annual Report, the Company has implemented a whistle blowing policy which will provide well-defined and accessible channels in the Group through which employees may raise concerns about improper conduct within the Group. The Audit Committee will review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Audit Committee's objectives are to ensure that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

The Company's external auditors KPMG carry out in the course of their statutory audit, a review of the effectiveness of the Company's material internal controls focusing primarily on financial controls, to the extent set out in their audit plan. Material non-compliance and internal control weaknesses, noted during their audit, and the external auditors' recommendations to address such non-compliance and weaknesses, would be reported to the Audit Committee. The Management, with the assistance of the Group Internal Auditor would then follow up on KPMG's recommendation as part of its role in the review of the Company's internal control systems. The Board is satisfied that the Company's internal controls are adequate.

During the financial year under review, the Audit Committee has reviewed the independence of KPMG including the volume of all non-audit services provided to the Group, and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. The Audit Committee is pleased to recommend the re-appointment of KPMG as external auditors of the Company at the forthcoming AGM.

# Corporate Governance Statement

## 2. Board Committees (Cont'd)

### 2.2 Audit Committee (Cont'd)

#### 2.2.1 Internal Audit and Internal Controls

The Group has an internal audit function headed by Mr George Calokerinos, as Chief Internal Auditor, Asia division. He is an Associate member of the Australian Society of Certified Practising Accountants with seven years' experience in internal audit. In performing his duties for the Group, Mr Calokerinos is assisted as and when required by other financial and technical staff from within the group to review compliance of key internal controls, procedures and project performances.

The internal auditors are expected to meet the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing of The Institute of Internal Auditors.

The internal auditors' primary line of reporting is to the Chairman of the Audit Committee. The Audit Committee reviews with the internal auditors the internal audit work performed and the results of their work.

**Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

**Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.**

**Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives and performance.**

### 2.3 Remuneration Committee

The Remuneration Committee has three members, comprising entirely of non-executive directors and the majority of whom are directors who are independent of management and free from any business or other relationships, which may materially interfere with the exercise of their independent judgement. The Remuneration Committee is chaired by an independent non-executive director. The Remuneration Committee also has access to expert advice inside and/or outside the Company. As at the date of this Report, the Remuneration Committee members are:

- Mr Choo Teow Huat Albert (Chairman and Independent Director)
- Mr Lim Shook Kong (Independent Director)
- Mr Claudio Figini (Non-Executive Director)

The Remuneration Committee's role is to review and approve recommendations on remuneration policies and packages for each executive director and key executives. The review will cover all aspects of remuneration, including but not limited to director's fees, salaries, allowances, bonuses, options and benefits in kind. The Remuneration Committee's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board.

# Corporate Governance Statement

## 2.3.1 Remuneration Matters

A breakdown showing the level and mix of each individual director's remuneration payable for FY 2006 is as follows:

### No. of directors in remuneration bands

	2006	2005
\$250,001 to \$500,000	2	2
\$250,000 and below	6	6
Total	8	8

Name	Remuneration Band	Salary	Bonus	Other Benefits	Director's Fees	Total
	S\$	%	%	%	%	%
<b>Executive Directors</b>						
Lucio Mafessanti	250,001 to 500,000	81	-	19	-	100
Giuseppe Franco <sup>(a)</sup>	250,001 to 500,000	51	12	37	-	100
Huub van der Staak <sup>(b)</sup>	250,000 and below	44	-	56	-	100
Enzo Pavan <sup>(c)</sup>	250,000 and below	Not Applicable				
Klaus Lothar	250,000 and below	Not Applicable				
<b>Non-Executive and Independent Directors</b>						
Lim Shook Kong	250,000 and below	-	-	-	100	100
Choo Teow Huat Albert	250,000 and below	-	-	-	100	100
Claudio Figini <sup>(d)</sup>	250,000 and below	-	-	-	100	100

(a) Giuseppe Franco resigned on 11 December 2006.

(b) Huub van der Staak was appointed on 20 December 2006.

(c) Enzo Pavan resigned on 26 April 2006.

(d) Claudio Figini was appointed on 18 July 2006.

For key executives' remuneration (who are not directors of the Company), disclosure of the top five executives' remuneration in bands of \$250,000 is disclosed under supplementary information on page 62.

## 3. Communication with Shareholders

**Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

**Principle 14: Companies should engage in regular, effective and fair communication with shareholders.**

**Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

The Board is mindful of its obligations to provide its shareholders with timely disclosure of material information presented in a fair and objective manner.

The Company does not practice selective disclosure. In line with the continuing obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all shareholders would be equally informed of all major developments and/or transaction impacting the Group.

# Corporate Governance Statement

## 3. Communication with Shareholders (Cont'd)

Financial results of the Company and all other information are published and disseminated through the SGXNET. Price sensitive information is first publicly released, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Results and annual reports are announced or issued within the period prescribed by the SGX-ST.

The AGM of the Company is a principal forum for dialogue and interaction with all shareholders. All shareholders will receive the annual report of the Company and notice of AGM. At the AGM, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the directors. The Chairman of the Audit Committee, Nominating Committee and Remuneration Committee would be present at the AGM to answer any question relating to the work of these committees. The external auditors are also present to assist the directors in addressing any relevant queries from the shareholders.

Shareholders are given the right to vote on the resolutions at general meetings. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Each distinct issue will be carried in a separate resolution. Proxy form is sent with the notice of general meeting to all shareholders so that those shareholders who are unable to attend the general meeting in person can appoint a proxy or proxies to attend and vote on their behalf. The Company's Articles of Association allow a shareholder of the Company to appoint up to two proxies to attend and vote at all general meetings on his/her behalf.

## 4. Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on an arm's length basis. The interested person transactions entered into by the Group for the financial year under review are as set out in Note 31 on page 55 of this Annual Report.

## 5. Dealings in Securities

The Company has adopted internal regulations with respect to dealings in securities by directors and officers of the Group pursuant to the SGX-ST's Listing Manual. Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information are not permitted to deal in the Company's shares during the periods commencing one month before the announcement of the Group's half-yearly and yearly results and ending on the date of announcement of such result, or when they are in possession of unpublished price-sensitive information on the Group. In addition, the officers of the Company are advised not to deal in the Company's securities for short term considerations and are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading periods.

## 6. Risk Management Policies & Processes

The management of all forms of business risk continues to be an important part of ensuring that the Group creates and protects value for its shareholders. The main risks faced by the Group are credit risk and foreign currency risks, which are primarily attributable to its trade receivables and contract works in progress. The Group has concentration of these risks spread over its geographical regions as mentioned on pages 60 to 61 of the Annual Report.

# Directors' Report year ended 31 December 2006

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2006.

## Directors

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

Lucio Mafessanti  
Huub van der Staak (Appointed on 20 December 2006)  
Klaus Lothar  
Lim Shook Kong  
Choo Teow Huat Albert  
Claudio Figini (Appointed on 18 July 2006)

## Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year/ date of appointment	Holdings at end of the year
<b>Huub van der Staak</b> Permasteelisa Pacific Holdings Ltd Ordinary shares	50,000	50,000

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or debentures, warrants or share options 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.

Neither at the end of nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees and those benefits that are disclosed in this report and in note 24 to the financial statements, since the end of the last financial year, no director 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 he is a member or with a company in which he has a substantial financial interest.

## Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries under option.

At the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

## Audit Committee

The members of the Audit Committee during the year and at the date of this report are:

- Lim Shook Kong (Chairman), non-executive independent director
- Choo Teow Huat Albert, non-executive independent director
- Claudio Figini, non-executive director (Appointed on 11 August 2006)
- Giuseppe Franco, executive director (Resigned on 11 August 2006)

The Audit Committee performs the functions specified in Section 201B of the Singapore Companies Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held three meetings since the last directors' report. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- interim financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

The auditors, KPMG, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



**Lucio Mafessanti**  
*Director*



**Huub van der Staak**  
*Director*  
23 March 2007

# Statement by Directors year ended 31 December 2006

In our opinion:

- (a) the financial statements set out on pages 26 to 61 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 of the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



**Lucio Mafessanti**  
*Director*



**Huib van der Staak**  
*Director*  
23 March 2007

## Independent auditors' report

### *Members of the Company*

### *Permasteelisa Pacific Holdings Ltd*

We have audited the accompanying financial statements of Permasteelisa Pacific Holdings Ltd (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and the Company as at 31 December 2006, the income statement, statement of changes in equity and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 26 to 61.

### *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, Chapter 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 the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards 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 for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.



**KPMG**  
*Certified Public Accountants*

**Singapore**  
23 March 2007

# Balance Sheets as at 31 December 2006

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	3	25,696	25,434	183	288
Intangible assets	4	22,385	22,535	72	114
Subsidiaries	5	-	-	52,662	52,777
Associate	6	-	-	-	-
Deferred tax assets	7	4,379	3,704	144	87
Trade receivables	9	7,758	17,048	1,569	553
		<u>60,218</u>	<u>68,721</u>	<u>54,630</u>	<u>53,819</u>
<b>Current assets</b>					
Contracts work-in-progress	8	108,955	138,808	15,472	33,403
Trade and other receivables	9	113,560	108,234	62,597	65,981
Cash and cash equivalents	15	49,488	33,589	4,625	2,309
		<u>272,003</u>	<u>280,631</u>	<u>82,694</u>	<u>101,693</u>
<b>Total assets</b>		<u>332,221</u>	<u>349,352</u>	<u>137,324</u>	<u>155,512</u>
<b>Equity attributable to equity holders of the parent</b>					
Share capital	16	75,381	30,942	75,381	30,942
Reserves	17	69,793	113,082	29,433	61,632
		<u>145,174</u>	<u>144,024</u>	<u>104,814</u>	<u>92,574</u>
<b>Minority interests</b>		<u>1,232</u>	<u>549</u>	-	-
<b>Total equity</b>		<u>146,406</u>	<u>144,573</u>	<u>104,814</u>	<u>92,574</u>
<b>Non-current liabilities</b>					
Interest-bearing liabilities	18	225	95	-	5
Trade and other payables	19	185	3,095	-	1,494
Deferred tax liabilities	7	310	433	-	-
		<u>720</u>	<u>3,623</u>	<u>-</u>	<u>1,499</u>
<b>Current liabilities</b>					
Trade and other payables	19	166,980	198,877	31,737	58,246
Interest-bearing liabilities	18	14,639	115	4	1,471
Current tax payable		3,476	2,164	769	1,722
		<u>185,095</u>	<u>201,156</u>	<u>32,510</u>	<u>61,439</u>
<b>Total liabilities</b>		<u>185,815</u>	<u>204,779</u>	<u>32,510</u>	<u>62,938</u>
<b>Total equity and liabilities</b>		<u>332,221</u>	<u>349,352</u>	<u>137,324</u>	<u>155,512</u>

The accompanying notes form an integral part of these financial statements.

# Consolidated Income Statement year ended 31 December 2006

	Note	2006 \$'000	2005 \$'000
Revenue	22	442,894	510,953
Other income		541	1,616
		443,435	512,569
Raw materials and consumables used		(200,000)	(242,276)
Staff costs		(49,629)	(47,714)
Depreciation and amortisation expenses	3 & 4	(4,135)	(4,325)
Other operating expenses		(184,628)	(212,040)
		5,043	6,214
Finance income		2,047	1,631
Finance expense		(719)	(213)
<b>Net finance income</b>	25	1,328	1,418
<b>Profit before income tax</b>		6,371	7,632
Income tax expense	26	(3,160)	(3,766)
<b>Profit for the year</b>	23	3,211	3,866
<b>Attributable to:</b>			
Equity holders of the Company		2,434	3,758
Minority interests		777	108
<b>Profit for the year</b>		3,211	3,866
<b>Earnings per share</b>			
Earnings per share - basic and diluted (cents)	27	0.79	1.21

The accompanying notes form an integral part of these financial statements.

# Consolidated Statement of Changes in Equity year ended 31 December 2006

Group	Share capital \$'000	Share premium \$'000	Capital redemption reserve \$'000	Exchange translation reserve \$'000	Revaluation reserve \$'000	Hedging reserve \$'000	Accumulated profits \$'000	Total \$'000	Minority interest \$'000	Total equity \$'000
At 31 December 2004, as previously reported	20,000	16,881	-	3,014	1,282	-	63,484	104,661	436	105,097
Effects of adopting FRS 39	-	-	-	-	-	152	(143)	9	-	9
At 1 January 2005, as restated	20,000	16,881	-	3,014	1,282	152	63,341	104,670	436	105,106
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	104	104
Changes in fair value included in hedging reserve	-	-	-	-	-	(258)	-	(258)	-	(258)
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(1,212)	-	-	-	(1,212)	(9)	(1,221)
Net gains/(losses) recognised directly in equity	-	-	-	(1,212)	-	(258)	-	(1,470)	(9)	(1,479)
Profit for the year	-	-	-	-	-	-	3,758	3,758	108	3,866
Total recognised income and expense for the year	-	-	-	(1,212)	-	(258)	3,758	2,288	99	2,387
Issue of new shares	11,000	27,500	-	-	-	-	-	38,500	-	38,500
Share buy-back	(58)	-	58	-	-	-	(196)	(196)	-	(196)
Dividend	-	-	-	-	-	-	(1,238)	(1,238)	(90)	(1,328)
At 31 December 2005	30,942	44,381	58	1,802	1,282	(106)	65,665	144,024	549	144,573
At 1 January 2006	30,942	44,381	58	1,802	1,282	(106)	65,665	144,024	549	144,573
Effects of abolition of par value	44,439	(44,381)	(58)	-	-	-	-	-	-	-
Changes in fair value included in hedging reserve	-	-	-	-	-	1,340	-	1,340	-	1,340
Net surplus on revaluation of land and buildings	-	-	-	-	1,247	-	-	1,247	-	1,247
Exchange differences on translation of financial statements of foreign subsidiaries	-	-	-	(2,633)	-	-	-	(2,633)	(19)	(2,652)
Net gains/(losses) recognised directly in equity	-	-	-	(2,633)	1,247	1,340	-	(46)	(19)	(65)
Profit for the year	-	-	-	-	-	-	2,434	2,434	777	3,211
Total recognised income and expense for the year	-	-	-	(2,633)	1,247	1,340	2,434	2,388	758	3,146
Dividend	-	-	-	-	-	-	(1,238)	(1,238)	(75)	(1,313)
At 31 December 2006	75,381	-	-	(831)	2,529	1,234	66,861	145,174	1,232	146,406

The accompanying notes form an integral part of these financial statements.

# Consolidated Cash Flow Statement year ended 31 December 2006

	Note	2006 \$'000	2005 \$'000
<b>Operating activities</b>			
Profit for the year		3,211	3,866
Adjustments for:			
Depreciation and amortisation expenses		4,135	4,325
Loss/(Gain) on disposal of property, plant and equipment and intangible assets		11	(1,085)
Allowance and provisions (net)		5,595	4,470
Net finance income		(1,328)	(1,418)
Income tax expense		3,160	3,766
		<hr/> 14,784	<hr/> 13,924
Changes in working capital:			
Contracts work-in-progress net of progress billings		8,206	(2,046)
Trade and other receivables		348	(25,611)
Trade and other payables		(13,956)	14,429
		<hr/> 9,382	<hr/> 696
Cash generated from operations		9,382	696
Interest received		2,047	1,631
Income tax paid		(2,899)	(3,120)
		<hr/> 8,530	<hr/> (793)
<b>Cash flows from operating activities</b>			
<b>Investing activities</b>			
Purchase of property, plant and equipment and intangible assets		(2,967)	(5,941)
Proceeds from disposal of property, plant and equipment		250	2,754
Acquisition of subsidiaries	29	-	3,496
		<hr/> (2,717)	<hr/> 309
<b>Cash flows from investing activities</b>			
<b>Financing activities</b>			
Interest paid		(702)	(190)
Lease obligations		(102)	(132)
Share buy-back		-	(196)
Short term bank loan		14,575	-
Dividend payment		(2,476)	-
Payment to minority shareholders		(75)	(90)
		<hr/> 11,220	<hr/> (608)
<b>Cash flows from financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>			
		17,033	(1,092)
Cash and cash equivalents at beginning of the year		33,589	35,025
Effect of exchange rate changes on balances held in foreign currencies		(1,134)	(344)
		<hr/> 49,488	<hr/> 33,589
<b>Cash and cash equivalents at end of the year</b>	15	<hr/> <hr/> 49,488	<hr/> <hr/> 33,589

The accompanying notes form an integral part of these financial statements.

# Notes to the Financial Statements year ended 31 December 2006

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 March 2007.

## 1 Domicile and activities

Permasteelisa Pacific Holdings Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 2 International Business Park, #11-11 Tower 1, The Strategy, Singapore 609930.

The principal activities of the Group and Company are those relating to the design, fabrication and installation of architectural curtain wall cladding, internal partitions, interiors and storage walls for commercial buildings and provision of related technical services in the field of engineering and construction works.

The immediate holding company during the financial year was Permasteelisa International B.V., incorporated in the Netherlands. The ultimate holding company was Permasteelisa S.p.A., incorporated in Italy.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group) and the Group's interests in associates.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements are presented in Singapore dollars and has been rounded to the nearest thousand, unless otherwise stated. They have been prepared on the historical cost basis, except for certain freehold land and buildings and financial assets and liabilities which are measured at fair value.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 3 – valuation of freehold land and buildings
- Note 4 – assumptions of recoverable amounts relating to impairment of goodwill and intangible asset with indefinite life
- Note 20 – measurement of provisions
- Note 32 – measurement of contingent liabilities
- Note 34 – valuation of financial instruments

# Notes to the Financial Statements year ended 31 December 2006

## 2 Summary of significant accounting policies (Cont'd)

### 2.1 Basis of preparation (Cont'd)

#### ***New accounting standards and interpretations not yet adopted***

The Group has not applied the following accounting standards and interpretations that have been issued as of the balance sheet date but are not yet effective:

- FRS 40 *Investment Property*
- FRS 107 *Financial Instruments: Disclosures* and the Amendment to FRS 1 *Presentation of Financial Statements: Capital Disclosures*
- INT FRS 107 *Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies*
- INT FRS 108 *Scope of FRS 102 Share-based Payment*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 110 *Interim Financial Reporting and Impairment*

FRS 107 and amended FRS 1, which becomes mandatory for the Group's 2007 financial statements, will require additional disclosures with respect to the Group's financial instruments and share capital. This standard does not have any impact on the recognition and measurement of the Group's financial statements.

The initial application of these standards and interpretations is not expected to have any material impact on the Group's financial statements. The entity has not considered the impact of accounting standards issued after the balance sheet date.

### 2.2 Consolidation

#### ***Business combinations***

Business combinations are accounted for under the purchase method. The cost of an acquisition is measured at 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.

The excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is credited to the income statement in the period of the acquisition.

#### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### ***Associates***

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Associates are accounted for using the equity method. The consolidated financial statements include the Group's share of the income and expenses of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

# Notes to the Financial Statements year ended 31 December 2006

## 2 Summary of significant accounting policies (Cont'd)

### 2.2 Consolidation (Cont'd)

#### ***Transactions eliminated on consolidation***

Intra-group balances, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### ***Accounting for subsidiaries and associates by the Company***

Investments in subsidiaries and associates are stated in the Company's balance sheet at cost less accumulated impairment losses.

### 2.3 Foreign currencies

#### ***Foreign currency transactions***

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the income statement.

#### ***Foreign operations***

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates prevailing at the dates of the transactions.

Foreign currency differences are recognised in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign exchange translation reserve is transferred to the income statement.

### 2.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for certain freehold land and buildings which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by independent professional valuers with sufficient regularity so that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase in the revaluation amount is credited to the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in the income statement. A decrease in value is recognised in the income statement where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

# Notes to the Financial Statements year ended 31 December 2006

## 2 Summary of significant accounting policies (Cont'd)

### 2.4 Property, plant and equipment (Cont'd)

Freehold land is not depreciated. Depreciation on other property, plant and equipment is recognised in the income statement on a straight-line basis over their estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment at the following annual rates:

Freehold buildings	2% to 5%
Office equipment, furniture and fittings	10% to 25%
Site and factory equipment	16% to 20%
Motor vehicles	16% to 20%

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

### 2.5 Intangible assets

#### **Goodwill on consolidation**

Goodwill in a business combination represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on the acquisition of subsidiaries is presented as intangible assets. Goodwill arising on acquisition of associates is presented together with investment in associates.

Goodwill is tested for impairment on an annual basis as described in note 2.7.

#### **Other intangible assets**

##### **(i) Trademarks, patents and licence**

Trademarks, patents and licence comprise expenditure incurred in acquiring ownership rights to certain trademarks, patents and licence in Asia and Asia Pacific.

##### **(ii) Computer software**

Computer software costs are stated at cost less accumulated amortisation and impairment losses.

Other intangible assets with finite lives are stated at cost less accumulated amortisation and impairment losses. Expenditure on internally generated goodwill is recognised in the income statement as an expense when incurred. Other intangible assets are amortised on a straight-line basis from the date the assets are available for use and over their estimated useful lives.

Intangible assets that have indefinite lives and/or are not available for use are stated at cost less impairment losses. Such intangible assets are tested for impairment annually as described in note 2.7.

#### **Amortisation**

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets at the following annual rates:

Trademarks and patents	14.28%
Computer software	25%

### 2.6 Financial instruments

#### **Non-derivative financial instruments**

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, financial liabilities, and trade and other payables.

# Notes to the Financial Statements year ended 31 December 2006

## 2 Summary of significant accounting policies (Cont'd)

### 2.6 Financial instruments (Cont'd)

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and bank deposits. Bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

#### ***Derivative financial instruments and hedging activities***

The Group uses derivative financial instruments such as forward foreign exchange and commodity contracts to hedge its risk exposures arising from its operations. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivative financial instruments are remeasured at fair value, and changes therein are accounted for as described below.

#### *Cash flow hedges*

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the income statement in the same period that the hedged item affects profit or loss.

#### *Derivatives that do not qualify for hedge accounting*

Changes in the fair value of the derivative hedging instrument that do not qualify for hedge accounting are recognised immediately in the income statement.

#### ***Impairment of financial assets***

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in the income statement.

# Notes to the Financial Statements year ended 31 December 2006

## 2 Summary of significant accounting policies (Cont'd)

### 2.6 Financial instruments (Cont'd)

#### **Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, is presented as a deduction from equity. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity. No gain or loss is recognised in the income statement.

### 2.7 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 or cash-generating unit.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.8 Contracts work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

### 2.9 Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

### 2.10 Provisions

#### **Provision for foreseeable project losses**

A provision for foreseeable project losses is made for the potential losses from projects undertaken by the Group. This provision is based on latest forecasted profit margin for the respective project, past experience and all available evidence.

# Notes to the Financial Statements year ended 31 December 2006

## 2 Summary of significant accounting policies (Cont'd)

### 2.10 Provisions (Cont'd)

#### ***Provision for rectifications***

A provision for rectifications is made for the possible liability for rectification work on contracts undertaken by the Group. This provision is based on past experience and a weighing of all possible outcomes against their associated probabilities.

#### ***Provision for contingencies***

A provision for contingencies is made for the potential liability arising from law suits and claims on contracts undertaken by the Group. This provision is based on all available evidence, including the opinion of experts.

### 2.11 Revenue recognition

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the income statement in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the income statement.

### 2.12 Leases

#### ***When entities within the Group are lessees of a finance lease***

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, property, plant and equipment acquired through finance leases are capitalised at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance expense and reduction of the lease liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### ***When entities within the Group are lessees of an operating lease***

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease payments made. Contingent rentals are charged to the income statement in the accounting period in which they are incurred.

### 2.13 Finance income and expense

Finance income comprises interest income on bank deposits, loans to related parties and hedging instruments. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

# Notes to the Financial Statements year ended 31 December 2006

## **2 Summary of significant accounting policies (Cont'd)**

### **2.14 Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and associates to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **2.15 Intra-group financial guarantees**

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Group considers these to be insurance arrangements, and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee.

# Notes to the Financial Statements year ended 31 December 2006

## 3 Property, plant and equipment

Group	Valuation	Cost				Total \$'000
	Freehold land and buildings \$'000	Freehold land and buildings \$'000	Office equipment, furniture and fittings \$'000	Site and factory equipment \$'000	Motor vehicles \$'000	
<b>Cost/Valuation</b>						
At 1 January 2005	3,129	11,160	7,250	15,760	1,989	39,288
Additions	-	845	1,175	3,688	29	5,737
Assets acquired in business combinations	-	2,418	1,788	908	29	5,143
Disposals	-	(2,616)	(929)	(1,653)	(106)	(5,304)
Exchange differences on translation	(139)	(309)	(87)	(133)	(27)	(695)
At 31 December 2005	2,990	11,498	9,197	18,570	1,914	44,169
Additions	-	998	467	1,201	296	2,962
Transfer to freehold land and buildings at valuation	1,240	(1,240)	-	-	-	-
Surplus on revaluation	1,247	-	-	-	-	1,247
Reversal of depreciation on revaluation	(426)	-	-	-	-	(426)
Disposals	-	(170)	(144)	(753)	(26)	(1,093)
Exchange differences on translation	(20)	409	(321)	(480)	(8)	(420)
At 31 December 2006	5,031	11,495	9,199	18,538	2,176	46,439
<b>Accumulated depreciation</b>						
At 1 January 2005	250	797	5,029	8,957	1,144	16,177
Acquired in business combination	-	674	1,210	601	16	2,501
Depreciation	79	388	1,106	2,113	239	3,925
Disposals	-	(1,252)	(760)	(1,559)	(97)	(3,668)
Exchange differences on translation	(13)	(10)	(83)	(85)	(9)	(200)
At 31 December 2005	316	597	6,502	10,027	1,293	18,735
Depreciation	79	624	968	1,953	196	3,820
Transfer to freehold land and buildings at valuation	31	(31)	-	-	-	-
Reversal of depreciation on revaluation	(426)	-	-	-	-	(426)
Disposals	-	(170)	(90)	(556)	(20)	(836)
Exchange differences on translation	-	29	(249)	(317)	(13)	(550)
At 31 December 2006	-	1,049	7,131	11,107	1,456	20,743
<b>Carrying amount</b>						
At 1 January 2005	2,879	10,363	2,221	6,803	845	23,111
At 31 December 2005	2,674	10,901	2,695	8,543	621	25,434
At 31 December 2006	5,031	10,446	2,068	7,431	720	25,696

# Notes to the Financial Statements year ended 31 December 2006

Company	Office equipment, furniture and fittings \$'000	Site and factory equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2005	642	881	666	2,189
Additions	15	11	8	34
At 31 December 2005	657	892	674	2,223
Additions	8	11	-	19
Disposals	(3)	(498)	-	(501)
At 31 December 2006	662	405	674	1,741
<b>Accumulated depreciation</b>				
At 1 January 2005	534	716	478	1,728
Depreciation	67	58	82	207
At 31 December 2005	601	774	560	1,935
Depreciation	25	49	47	121
Disposals	(2)	(496)	-	(498)
At 31 December 2006	624	327	607	1,558
<b>Carrying amount</b>				
At 1 January 2005	108	165	188	461
At 31 December 2005	56	118	114	288
At 31 December 2006	38	78	67	183

Certain freehold land and buildings of the Group as at 31 December 2006 were revalued by Mr Nicholas D, AAPI, M/s LandMark White, a firm of independent professional valuers, at open market values on an existing use basis. The revaluation surplus amounting to \$1,247,000 (2005: \$Nil) has been transferred to the revaluation reserve of the Group.

The carrying amount of the revalued freehold land and buildings of the Group, after exchange differences on translation, would have been \$2,502,000 (2005: \$1,392,000) had the freehold land and buildings been carried at cost less accumulated depreciation.

During the year, the Group acquired property, plant and equipment with an aggregate cost of approximately \$2,962,000 (2005: \$5,737,000), of which \$166,000 (2005: \$Nil) were acquired by means of finance leases.

As at 31 December 2006, the Group and the Company had property, plant and equipment held under finance leases, with carrying amounts of approximately \$304,000 (2005: \$228,000) and \$Nil (2005: \$18,000), respectively.

Freehold land and buildings with carrying amounts of approximately \$5,031,000 (2005: \$Nil) are pledged as security to secure a bank loan.

# Notes to the Financial Statements year ended 31 December 2006

## 4 Intangible assets

Group	Goodwill on consolidation \$'000	Trademarks, patents and licence \$'000	Computer software \$'000	Total \$'000
<b>Cost</b>				
At 1 January 2005	-	1,360	2,802	4,162
Additions	-	-	204	204
Acquired through business combinations	19,247	2,643	-	21,890
Disposals	-	-	(170)	(170)
Exchange differences on translation	-	-	(51)	(51)
At 31 December 2005	19,247	4,003	2,785	26,035
Additions	-	-	171	171
Disposals	-	-	(4)	(4)
Exchange differences on translation	-	-	(36)	(36)
At 31 December 2006	19,247	4,003	2,916	26,166
<b>Accumulated amortisation</b>				
At 1 January 2005	-	1,344	1,938	3,282
Amortisation	-	16	384	400
Disposals	-	-	(137)	(137)
Exchange differences on translation	-	-	(45)	(45)
At 31 December 2005	-	1,360	2,140	3,500
Amortisation	-	-	315	315
Exchange differences on translation	-	-	(34)	(34)
At 31 December 2006	-	1,360	2,421	3,781
<b>Carrying amount</b>				
At 1 January 2005	-	16	864	880
At 31 December 2005	19,247	2,643	645	22,535
At 31 December 2006	19,247	2,643	495	22,385
<b>Company</b>				
<b>Cost</b>				
At 1 January 2005		1,360	416	1,776
Additions		-	29	29
At 31 December 2005		1,360	445	1,805
Additions		-	2	2
At 31 December 2006		1,360	447	1,807

# Notes to the Financial Statements year ended 31 December 2006

## 4 Intangible assets (Cont'd)

Company	Trademarks and patents \$'000	Computer software \$'000	Total \$'000
<b>Accumulated amortisation</b>			
At 1 January 2005	1,344	284	1,628
Amortisation	16	47	63
At 31 December 2005	1,360	331	1,691
Amortisation	-	44	44
At 31 December 2006	1,360	375	1,735
<b>Carrying amount</b>			
At 1 January 2005	16	132	148
At 31 December 2005	-	114	114
At 31 December 2006	-	72	72

### *Impairment tests for cash-generating units containing goodwill and intangible asset with indefinite life*

Goodwill and licence with indefinite life are allocated to the Group's cash-generating units (CGU) identified according to the countries of operation as follows:

	Licence \$'000	Goodwill \$'000
People's Republic of China	2,643	5,636
Hong Kong	-	13,093
Japan	-	518
	2,643	19,247

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations are based on financial budgets approved by management and cash flow projections covering a eight-year period. The period considers the expected length of project cycles. The key assumptions used are as follows:

	2006 %	2005 %
Growth rates (Year-on-year)	(20) to 5	(2) to 3
Discount rates	6 to 9	9 to 11
Gross margin	3 to 16	6 to 14

The management determined the key assumptions based on past performance and its expectations of market developments, current and potential projects and specific risk relating to the countries.

# Notes to the Financial Statements year ended 31 December 2006

## 5 Subsidiaries

	Company	
	2006 \$'000	2005 \$'000
Equity investments at cost	52,662	52,777

Details of subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group	
		2006 %	2005 %
* Permasteelisa Pty. Limited and its subsidiary:	Australia	100	100
@ - Permasteel-isa (Victoria) Pty. Ltd.	Australia	100	100
* Permasteelisa (Thailand) Ltd.	Thailand	73.99	73.99
* Global Architectural Co., Ltd.	Thailand	49	49
* Permasteelisa Hong Kong Limited	Hong Kong	100	100
+ Global Wall (Malaysia) Sdn. Bhd.	Malaysia	70	70
* Shanghai Permasteelisa Architectural Products Co., Ltd.	People's Republic of China	90	90
++# Permasteelisa (India) Private Limited	India	76	76
^ Iljin-PISA Co., Ltd.	Korea	50.1	50.1
* Permasteelisa Architectural Products Ltd.	Taiwan	100	100
@ Permasteelisa Japan K.K.	Japan	100	100
** Global Tech Design Pte. Ltd.	Singapore	70	70
* Global Wall (Thailand) Co., Ltd.	Thailand	100	100
+++ Dongguan Permasteelisa Curtain Wall Co., Ltd.	People's Republic of China	100	100
^^ Permasteelisa Macau Ltd.	Macau	100	100
** Permasteelisa Singapore Pte Ltd	Singapore	100	100
@ Gartner Japan K.K.	Japan	100	100
* Josef Gartner Curtain Wall (Shanghai) Co. Ltd	People's Republic of China	75	75
* Josef Gartner & Co (HK) Limited and its subsidiaries:	Hong Kong	100	100
* - Permasteelisa Taiwan Ltd	Taiwan	99.99	99.99
* - Gartner Contracting Co., Limited and its subsidiaries:	Hong Kong	100	100
** - Gartner Contracting Pte Ltd	Singapore	100	100
* - Josef Gartner (Macau) Limited	Macau	96	96
*## - Qing Xi Hau Kee Metal & Engineering Co. Ltd	Hong Kong	-	95
*## - Million Grand Industrial Ltd	Hong Kong	-	100

\* Audited by other member firms of KPMG International.

\*\* Audited by KPMG Singapore.

+ Audited by JK Huan & Co., Malaysia.

++ Audited by K. P. Rao & Co., India.

+++ Audited by DongGuan City Diligent Certified Public Accountants, People's Republic of China.

^ Audited by Sein Accounting Firm, Korea.

^^ Audited by HMV & Associate Certified Public Accountants, Macau.

@ The law of the country in which the company is incorporated does not require an audit to be carried out during the financial year.

# In exercise of powers conferred by Section 200(8) of the Singapore Companies Act, Chapter 50, Accounting and Corporate Regulatory Authority (formerly known as the Registrar of Companies and Business) has approved Permasteelisa (India) Private Limited to have a financial year end of 31 March which does not coincide with the financial year end of the Company.

## These subsidiaries were deregistered during the year.

Global Architectural Co., Ltd. is treated as a subsidiary as the Company holds the majority voting power by virtue of the class of voting shares held.

# Notes to the Financial Statements year ended 31 December 2006

## 6 Associate

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Investment in associate	476	476	476	476
Impairment losses at beginning and end of the year	-	-	(476)	(476)
Share of post acquisition accumulated losses	(476)	(476)	-	-
	-	-	-	-

Details of the Company's investment in the associate are as follows:

Name	Principal activities	Country of incorporation	Effective equity held by the Group	
			2006 %	2005 %
## Permasteelisa Mega First Sdn. Bhd.	Curtain wall contractor	Malaysia	49	49

## Audited by Deloitte KassimChan, Malaysia.

Permasteelisa Mega First Sdn. Bhd. did not trade during the financial year. The Company has entered into a conditional share sale agreement to dispose of its 49% interest in the associate to a third party for a consideration of RM1.

The Group has ceased to equity account for the results of Permasteelisa Mega First Sdn. Bhd. as it has accounted for its share of losses in the associate up to its cost of investment.

# Notes to the Financial Statements year ended 31 December 2006

## 7 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2005 \$'000	Acquired through business combinations \$'000	Recognised in income statement (note 26) \$'000	Exchange differences \$'000	At 31 December 2005 \$'000	Recognised in equity \$'000	Recognised in income statement (note 26) \$'000	Exchange differences \$'000	At 31 December 2006 \$'000
<b>Group</b>									
<b>Deferred tax liabilities</b>									
Property, plant and equipment	101	5	85	74	265	-	(126)	(15)	124
Trade and other receivables	1,103	-	385	(39)	1,449	225	(264)	(15)	1,395
	1,204	5	470	35	1,714	225	(390)	(30)	1,519
<b>Deferred tax assets</b>									
Trade and other payables	(1,975)	(619)	(409)	96	(2,907)	-	(370)	2	(3,275)
Tax value of loss carry-forward	(2,040)	(97)	(19)	55	(2,101)	-	(360)	137	(2,324)
Other items	24	-	9	(10)	23	-	(8)	(4)	11
	(3,991)	(716)	(419)	141	(4,985)	-	(738)	135	(5,588)

# Notes to the Financial Statements year ended 31 December 2006

## 7 Deferred tax (Cont'd)

Deferred tax assets and liabilities of the Company (prior to offsetting of balances) are attributable to the following:

	Company	
	2006 \$'000	2005 \$'000
<b>Deferred tax liabilities</b>		
Property, plant and equipment	35	53
Trade and other receivables	399	421
Total	<u>434</u>	<u>474</u>
<b>Deferred tax assets</b>		
Trade and other payables	<u>(578)</u>	<u>(561)</u>

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the balance sheet as follows:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Deferred tax liabilities	310	433	-	-
Deferred tax assets	<u>(4,379)</u>	<u>(3,704)</u>	<u>(144)</u>	<u>(87)</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2006 \$'000	2005 \$'000
Tax losses	46,041	31,706
Deductible temporary differences	979	945
	<u>47,020</u>	<u>32,651</u>

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

## 8 Contracts work-in-progress

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Contract costs including attributable profits		1,642,562	1,534,125	243,187	176,605
Progress billings		<u>(1,550,135)</u>	<u>(1,429,333)</u>	<u>(227,930)</u>	<u>(146,862)</u>
		92,427	104,792	15,257	29,743
Comprising:					
Work-in-progress		108,955	138,808	15,472	33,403
Excess of progress billings over work-in-progress	19	<u>(16,528)</u>	<u>(34,016)</u>	<u>(215)</u>	<u>(3,660)</u>
		92,427	104,792	15,257	29,743

# Notes to the Financial Statements year ended 31 December 2006

## 9 Trade and other receivables

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Non-current assets</b>					
Contracts receivables	10	7,758	17,048	1,569	553
<b>Current assets</b>					
Contracts receivables	10	76,882	77,935	9,948	19,414
Accrued income	11	4,974	1,994	925	252
Deposits, prepayments and other receivables	12	9,411	8,857	1,456	1,545
Loans to related parties	13	10,111	2,439	25,650	8,581
Amounts due from related parties	14	12,182	17,009	24,618	36,189
		113,560	108,234	62,597	65,981
Total trade and other receivables		121,318	125,282	64,166	66,534

## 10 Contracts receivables

		Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Contracts receivables		50,485	57,853	6,046	15,316
Retention monies receivable					
Within one year		27,171	21,264	4,042	4,511
After one year but within five years		7,758	17,048	1,569	553
Allowance for doubtful receivables		(774)	(1,182)	(140)	(413)
		84,640	94,983	11,517	19,967

## 11 Accrued income

Accrued income represents revenue accrued for completed work on contracts which have not yet been billed.

## 12 Deposits, prepayments and other receivables

		Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Prepayments and deposits		2,795	3,404	493	322
Advances to employees		108	164	35	-
Sundry debtors		3,836	4,350	210	359
Other assets		2,672	939	718	864
		9,411	8,857	1,456	1,545

# Notes to the Financial Statements year ended 31 December 2006

## 13 Loans to related parties

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Unsecured loans to:				
- subsidiaries	-	-	15,787	8,544
- related corporation	248	37	-	37
- ultimate holding company	9,863	2,402	9,863	-
	<u>10,111</u>	<u>2,439</u>	<u>25,650</u>	<u>8,581</u>

The weighted average effective interest rates per annum at the balance sheet date are as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Unsecured loans to:				
- subsidiaries	-	-	5.58	5.23
- related corporation	5.93	4.85	-	4.85
- ultimate holding company	4.65	5.06	4.65	-

The unsecured loans to related parties are repayable on demand. Interest rates reprice on a quarterly basis.

## 14 Amounts due from related parties

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Amounts due from:				
- ultimate holding company				
- trade	194	195	-	-
- non-trade	18	724	18	-
- related corporations				
- trade	11,836	15,885	97	244
- non-trade	15	86	1	-
- subsidiaries (mainly trade)	-	-	24,383	35,826
- associate (trade)	119	119	119	119
	<u>12,182</u>	<u>17,009</u>	<u>24,618</u>	<u>36,189</u>

The non-trade amounts due from related parties are unsecured, interest-free and repayable on demand.

## 15 Cash and cash equivalents

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Cash at banks and in hand	34,796	32,347	4,625	2,309
Fixed deposits	14,692	1,242	-	-
	<u>49,488</u>	<u>33,589</u>	<u>4,625</u>	<u>2,309</u>

The weighted average effective interest rate per annum relating to fixed deposits at the balance sheet date is 4.64% (2005: 4.00%).

The maturity of fixed deposits is within 1 month.

# Notes to the Financial Statements year ended 31 December 2006

## 16 Share capital

	<b>Group and Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>Number of</b>	<b>Number of</b>
	<b>shares</b>	<b>shares</b>
	<b>('000)</b>	<b>('000)</b>
<b>Issued and fully-paid:</b>		
At 1 January	309,418	200,000
Issue of shares	-	110,000
Share buy back	-	(582)
At 31 December	<u>309,418</u>	<u>309,418</u>

On the date of commencement of the Companies (Amendment) Act 2005 on 30 January 2006:

- (a) the concept of authorised share capital was abolished;
- (b) shares of the Company ceased to have par value; and
- (c) the amount standing to the credit of the Company's share premium account became part of the Company's share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

## 17 Reserves

Exchange differences arise from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

The revaluation reserve includes the surpluses arising from the revaluation of freehold land and buildings (refer to note 3).

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

## 18 Interest-bearing liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Non-current liabilities</b>				
Finance lease liabilities	225	95	-	5
<b>Current liabilities</b>				
Secured bank loan	1,275	-	-	-
Unsecured bank loan	13,300	-	-	-
Unsecured loan from:				
- a subsidiary	-	-	-	1,462
Finance lease liabilities	64	115	4	9
	<u>14,639</u>	<u>115</u>	<u>4</u>	<u>1,471</u>
Total borrowings	<u>14,864</u>	<u>210</u>	<u>4</u>	<u>1,476</u>

The unsecured loan from a subsidiary was repayable on demand and the effective interest rate per annum at the balance sheet date was 6.1%. Interest rates were repriced on a quarterly basis.

The secured bank loan is secured on land and buildings with a carrying amount of \$5,031,000 at 31 December 2006. The ultimate holding company has issued a parent guarantee in respect of the unsecured bank loan.

# Notes to the Financial Statements year ended 31 December 2006

## 18 Interest-bearing liabilities (Cont'd)

### Finance lease liabilities

At 31 December 2006, the Group and the Company have obligations under finance leases that are payable as follows:

	-----2006-----			-----2005-----		
	Principal \$'000	Interest \$'000	Payments \$'000	Principal \$'000	Interest \$'000	Payments \$'000
<b>Group</b>						
Repayable						
Within one year	64	15	79	115	14	129
After one year but within five years	225	27	252	95	15	110
	<u>289</u>	<u>42</u>	<u>331</u>	<u>210</u>	<u>29</u>	<u>239</u>
<b>Company</b>						
Repayable						
Within one year	4	1	5	9	1	10
After one year but within five years	-	-	-	5	1	6
	<u>4</u>	<u>1</u>	<u>5</u>	<u>14</u>	<u>2</u>	<u>16</u>

The weighted average effective interest rates of the Group and the Company in respect of lease obligations at the balance sheet date are 5.51% (2005: 7.43%) and 2.70% (2005: 2.70%) respectively. These lease obligations carry fixed interest rates.

## 19 Trade and other payables

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>Non-current liabilities</b>					
Trade payables		185	3,095	-	1,494
		<u>185</u>	<u>3,095</u>	<u>-</u>	<u>1,494</u>
<b>Current liabilities</b>					
Trade payables		76,942	97,960	12,490	23,234
Excess of progress billings over work-in-progress	8	16,528	34,016	215	3,660
Other payables and accruals	20	64,954	57,453	6,914	9,817
Amounts due to related parties	21	8,556	9,448	12,118	21,535
		<u>166,980</u>	<u>198,877</u>	<u>31,737</u>	<u>58,246</u>
Total trade and other payables		<u>167,165</u>	<u>201,972</u>	<u>31,737</u>	<u>59,740</u>

## 20 Other payables and accruals

		Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Deferred contract receipts		13,939	12,672	1	1
Provision for foreseeable project losses	20(a)	3,248	3,752	-	-
Provision for rectifications	20(b)	8,297	4,434	2,326	1,615
Provision for contingencies	20(c)	375	388	320	388
Accrued expenses		32,819	28,645	3,225	5,359
Other payables		6,276	7,562	1,042	2,454
		<u>64,954</u>	<u>57,453</u>	<u>6,914</u>	<u>9,817</u>

# Notes to the Financial Statements year ended 31 December 2006

## 20 Other payables and accruals (Cont'd)

Movement in provisions:

	Note	Group		Company	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Provision for foreseeable project losses					
At 1 January		3,752	3,042	-	-
Provision made	23	967	1,221	-	-
Provision utilised		(1,520)	(543)	-	-
Exchange differences on translation		49	32	-	-
At 31 December		3,248	3,752	-	-
(b) Provision for rectifications:					
At 1 January		4,434	3,435	1,615	1,359
Provision made	23	4,121	2,104	1,062	1,237
Provision utilised		(416)	(1,067)	(351)	(981)
Exchange differences on translation		158	(38)	-	-
At 31 December		8,297	4,434	2,326	1,615
(c) Provision for contingencies:					
At 1 January		388	188	388	188
Provision made	23	104	352	50	318
Provision utilised		(118)	(152)	(118)	(118)
Exchange differences on translation		1	-	-	-
At 31 December		375	388	320	388

## 21 Amounts due to related parties

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Amounts due to:				
- ultimate holding company				
- trade	1,038	710	229	607
- non-trade	1,669	1,848	589	558
- related corporations (trade)	5,711	6,752	378	3,046
- subsidiaries (mainly trade)	-	-	10,784	17,186
- associate (trade)	138	138	138	138
	8,556	9,448	12,118	21,535

The non-trade amounts due to ultimate holding company are unsecured, interest-free and repayable on demand.

## 22 Revenue

Revenue represents revenue from contracts recognised using the percentage of completion method, which is measured by reference to the percentage of actual costs incurred to date against budgeted costs. The Group's revenue is derived after eliminating inter-company transactions.

# Notes to the Financial Statements year ended 31 December 2006

## 23 Profit for the year

The following items have been included in arriving at profit for the year:

	Note	Group	
		2006 \$'000	2005 \$'000
Allowance for doubtful receivables		403	793
Loss/(Gain) on disposal of property, plant and equipment and intangible assets		11	(1,085)
Non-audit fees paid to:			
- auditors of the Company		19	22
- other auditors		122	56
Exchange loss (net)		789	866
Provision made for:			
- foreseeable project losses	20(a)	967	1,221
- rectifications	20(b)	4,121	2,104
- contingencies	20(c)	104	352
Operating lease expenses		10,100	13,944
Contributions to defined contribution plans included in staff cost		3,483	3,144

## 24 Key management personnel compensation

The key management personnel compensation are as follows:

	Group	
	2006 \$'000	2005 \$'000
Short-term employee benefits	7,421	6,136
Post-employment benefits	136	125
	<u>7,557</u>	<u>6,261</u>

The key management personnel comprise the executive directors of the Company and key managers and executives of the Group.

## 25 Finance income and expense

	Group	
	2006 \$'000	2005 \$'000
Interest income:		
- ultimate holding company	18	330
- related corporations	15	-
- associates	-	7
- current accounts	307	478
- bank deposits	277	132
- hedging instruments	1,400	652
- others	30	32
Finance income	<u>2,047</u>	<u>1,631</u>
Interest expense:		
- banks	(683)	(154)
- others	(19)	(36)
Finance lease interest expense	<u>(17)</u>	<u>(23)</u>
Finance expenses	<u>(719)</u>	<u>(213)</u>
Net finance income	<u>1,328</u>	<u>1,418</u>

# Notes to the Financial Statements year ended 31 December 2006

## 26 Income tax expense

	Note	Group	
		2006 \$'000	2005 \$'000
<b>Current tax expense</b>			
Current year		4,646	3,722
Over provision in prior years		(358)	(7)
		4,288	3,715
<b>Deferred tax expense</b>			
Movements in temporary differences		(192)	565
Benefits of tax losses recognised		(936)	(514)
	7	(1,128)	51
Income tax expense		<u>3,160</u>	<u>3,766</u>

### Reconciliation of effective tax rate

	2006 \$'000	2005 \$'000
Profit before income tax	<u>6,371</u>	<u>7,632</u>
Income tax using Singapore tax rate	1,274	1,526
Effect of tax rates in foreign jurisdictions	(767)	4
Non-deductible expenses	421	1,686
Tax exempt income and rebates	(1,014)	(931)
Utilisation of tax benefits not recognised in prior years	-	(366)
Current year tax benefits not recognised	2,973	2,332
Tax benefits recognised but not utilised	(936)	(514)
Reversal of tax benefit previously recognised	1,471	-
Over provision in prior years	(358)	(7)
Others	96	36
	<u>3,160</u>	<u>3,766</u>

## 27 Earnings per share

	Group	
	2006 \$'000	2005 \$'000
Basic and diluted earnings per share are based on:		
Net profit for the year	<u>2,434</u>	<u>3,758</u>
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of shares outstanding during the year (Basic and diluted)	<u>309,418,000</u>	<u>309,800,485</u>

# Notes to the Financial Statements year ended 31 December 2006

## 28 Dividends

	Group	
	2006 \$'000	2005 \$'000
Interim dividend of 0.5 cents per share, less tax at 20% in respect of 2005	-	1,238
Interim dividend of 0.5 cents per share, less tax at 20% in respect of 2006	1,238	-

After the balance sheet date, the Directors proposed the following dividends. These dividends have not been provided for:

Final dividend proposed of 0.3 cents (2005: nil cents) per share less tax at 18% (2005: 20%)	761	-
--	-----	---

## 29 Acquisition of subsidiaries

On 1 January 2005, the Company acquired the entire issued share capital of Josef Gartner Curtain Wall (Shanghai) Co., Ltd, Josef Gartner & Co. (HK) Limited and Gartner Japan K.K.. The aggregate consideration of these acquisitions was settled through the issue and allotment of 110,000,000 new ordinary shares of \$0.10 each, which was equivalent to \$38,500,000, based on the share price of \$0.35 per share.

The effects of acquisition of subsidiaries are set out below:

	Note	Carrying amounts 2005 \$'000	Fair adjustments 2005 \$'000	Recognised values 2005 \$'000
<b>Net assets acquired</b>				
Property, plant and equipment		2,642	-	2,642
Other assets		712	-	712
Contract work-in-progress		15,208	-	15,208
Trade and other receivables		23,776	-	23,776
Cash and cash equivalents		3,496	-	3,496
Trade and other payables		(28,597)	-	(28,597)
Current tax payable		(232)	-	(232)
Minority interests		(104)	-	(104)
Other intangible assets	4	-	2,643	2,643
Net assets acquired		16,901	2,643	19,544
Goodwill on acquisition	4			19,247
Purchase consideration*				38,791
Settled by shares				(38,500)
Satisfied in cash*				(291)
Cash and bank balances acquired				3,496
Net cash inflow				3,496

\* Includes acquisition cost (professional fees) of approximately \$291,000 which was paid in 2004.

The goodwill is attributable to the profitability of the acquired business and the synergies expected to arise after the Company's acquisition of the subsidiaries.

There were no acquisitions in the year ended 31 December 2006.

# Notes to the Financial Statements year ended 31 December 2006

## 30 Commitments

At 31 December 2006, the Group and the Company have the following commitments:

- (i) Future minimum lease payments under non-cancellable operating leases as follows:

	Group		Company	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Payable:				
- within one year	2,032	1,052	130	162
- within two to five years	1,003	1,604	62	191
	<u>3,035</u>	<u>2,656</u>	<u>192</u>	<u>353</u>

The Group leases a number of office premises and factory facilities under operating leases. The terms for certain leases contain provisions for periodic adjustments to be made to the lease payments to reflect market rentals. None of these leases include contingent rentals.

- (ii) Derivative financial instruments

The table below sets out the notional principal amounts and the fair values of the Group's outstanding derivative financial instruments as at the balance sheet date:

	----- 2006-----		----- 2005-----	
	Notional principal amount \$'000	Fair value \$'000	Notional principal amount \$'000	Fair value \$'000
<b>Group</b>				
Forward foreign exchange contracts	89,884	1,100	119,091	789
Commodity contracts	14,133	1,024	-	-
	<u>104,017</u>	<u>2,124</u>	<u>119,091</u>	<u>789</u>
<b>Company</b>				
Forward foreign exchange contracts	<u>58,793</u>	<u>776</u>	<u>107,639</u>	<u>864</u>

The fair values of foreign exchange and commodity contracts are based on quoted market prices at the balance sheet date.

# Notes to the Financial Statements year ended 31 December 2006

## 31 Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence.

Other than as disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	Group	
	2006	2005
	\$'000	\$'000
<b>Related corporations</b>		
Sales and service revenue	20,078	18,591
Purchases of raw materials and services	22,026	17,321
<b>Ultimate holding company</b>		
Sales and service revenue	235	78
Purchases of raw materials and services	1,068	657
Management fees payable	589	385
Charges in respect of bank guarantees procured and guarantees issued	108	117

As at 31 December 2006, the Group has bank guarantees procured by and parent company guarantees issued by the ultimate holding company amounting to \$218,808,000 (2005: \$185,543,000). Banking facilities, in respect of which these guarantees were issued and utilised by the Group amounted to \$113,048,000 as at 31 December 2006 (2005: \$102,176,000).

## 32 Contingent liabilities (unsecured)

As at 31 December 2006, the Company has provided the following guarantees and indemnities in respect of its subsidiaries:

	Group	
	2006	2005
	\$'000	\$'000
Guarantees to banks in respect of banking facilities granted to subsidiaries	16,255	17,728
Indemnities to banks in respect of performance guarantees issued on behalf of subsidiaries	397	432
Indemnities to material suppliers in respect of payment obligations for the supply of materials to subsidiaries	8,229	12,025
Indemnity to a main contractor in respect of the contractual obligation of a subsidiary in relation to quality and workmanship of a project during the warranty period	3,438	182

# Notes to the Financial Statements year ended 31 December 2006

## **33 Segment reporting**

Segment information is presented in respect of the Group's geographical and business segments and is based on the Group's management and internal reporting structure. Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise deferred tax assets/(liabilities) and provision for taxation.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets that are expected to be used for more than one financial year.

### ***Geographical segments***

Information on geographical segments is presented based on the geographical location of customers and geographical location of the assets.

### ***Business segments***

The Group comprises the following main business segments:

Curtain wall : Designing, manufacturing and installing curtain wall and external cladding for buildings

Interiors : Designing, engineering, manufacturing and installation of interiors.

# Notes to the Financial Statements year ended 31 December 2006

The Group operates primarily in the Asia-Pacific region. The information on geographical segments is presented based on the location of customers as follows:

<b>Geographical segment</b>	Singapore		Thailand		Australia		PRC & Hong Kong		Japan		Taiwan		U.S.A		Other Countries		Eliminations		Total		
	\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		\$'000		
<b>Revenue and expenses</b>																					
Total revenue from external customers	64,160	21,720	61,297	155,888	77,696	17,211	6,813	38,109	-	-	-	-	-	-	-	-	-	-	-	-	442,894
Inter-segment revenue	43,198	20,075	5,051	20,817	504	321	-	591	-	-	(90,557)	-	-	-	-	-	-	-	-	-	-
Total revenue	107,358	41,795	66,348	176,705	78,200	17,532	6,813	38,700	-	-	(90,557)	-	-	-	-	-	-	-	-	-	442,894
Segment results	3,248	(1,106)	(2,342)	10,832	(682)	(9,145)	2,760	1,478	-	-	-	-	-	-	-	-	-	-	-	-	5,043
Net finance income																					1,328
Profit before income tax																					6,371
Income tax expense																					(3,160)
Profit for the year																					3,211
<b>Assets and liabilities</b>																					
Segment assets	36,140	35,898	70,044	91,381	20,871	53,078	3,049	17,381	-	-	-	-	-	-	-	-	-	-	-	-	327,842
Unallocated assets																					4,379
Total assets																					332,221
Segment liabilities	21,383	21,947	39,917	43,862	12,750	34,129	671	7,370	-	-	-	-	-	-	-	-	-	-	-	-	182,029
Unallocated liabilities																					3,786
Total liabilities																					185,815
<b>Non-cash expenses</b>																					
Depreciation and amortisation expenses	613	391	705	1,412	173	160	19	662	-	-	-	-	-	-	-	-	-	-	-	-	4,135
Other non-cash expenses	1,614	2,338	574	1,073	(417)	(277)	-	690	-	-	-	-	-	-	-	-	-	-	-	-	5,595
<b>Capital expenditure</b>																					
Capital expenditure	329	82	307	1,259	132	9	9	1,006	-	-	-	-	-	-	-	-	-	-	-	-	3,133

# Notes to the Financial Statements year ended 31 December 2006

<b>Geographical segment</b>	Singapore \$'000	Thailand \$'000	Australia \$'000	PRC & Hong Kong \$'000	Japan \$'000	Taiwan \$'000	U.S.A \$'000	Other Countries \$'000	Eliminations \$'000	Total \$'000
<b>Group 2005</b>										
<b>Revenue and expenses</b>										
Total revenue from external customers	105,440	64,214	106,900	77,012	86,185	24,874	11,636	34,692	-	510,953
Inter-segment revenue	52,688	28,656	1,227	44,072	395	524	-	860	(128,422)	-
Total revenue	158,128	92,870	108,127	121,084	86,580	25,398	11,636	35,552	(128,422)	510,953
Segment results	1,901	7,509	(3,915)	7,240	5,292	(6,998)	(4,920)	105	-	6,214
Net Finance income										1,418
Profit before income tax										7,632
Income tax expense										(3,766)
Profit for the year										3,866
<b>Assets and liabilities</b>										
Segment assets	34,731	42,298	66,611	111,264	27,350	47,028	6,902	9,464	-	345,648
Unallocated assets										3,704
Total assets										349,352
Segment liabilities	20,809	23,343	40,980	58,530	17,949	31,111	4,020	5,440	-	202,182
Unallocated liabilities										2,597
Total liabilities										204,779
<b>Non-cash expenses</b>										
Depreciation and amortisation expenses	841	1,020	788	826	160	207	201	282	-	4,325
Other non-cash expenses	1,611	1,209	(156)	192	64	960	-	590	-	4,470
<b>Capital expenditure</b>										
Capital expenditure	756	1,103	529	2,099	331	87	336	700	-	5,941

# Notes to the Financial Statements year ended 31 December 2006

The information on segment assets and capital expenditure based on location of assets are as follows:

<b>Geographical segment</b>	<b>Singapore</b> \$'000	<b>Thailand</b> \$'000	<b>Australia</b> \$'000	<b>PRC &amp; Hong Kong</b> \$'000	<b>Japan</b> \$'000	<b>Taiwan</b> \$'000	<b>U.S.A</b> \$'000	<b>Other Countries</b> \$'000	<b>Total</b> \$'000
<b>Group</b>									
<b>2006</b>									
<b>Assets</b>									
Segment assets	48,454	38,967	42,022	134,502	25,861	18,553	-	19,483	327,842
Unallocated assets									4,379
Total assets									<u>332,221</u>
<b>Capital expenditure</b>									
Capital expenditure	246	544	161	1,312	65	1	-	804	3,133
<b>2005</b>									
<b>Assets</b>									
Segment assets	59,865	44,311	57,534	116,447	44,763	11,246	-	11,482	345,648
Unallocated assets									3,704
Total assets									<u>349,352</u>
<b>Capital expenditure</b>									
Capital expenditure	69	1,608	201	3,109	315	66	-	573	5,941

# Notes to the Financial Statements year ended 31 December 2006

## 33 Segment reporting (Cont'd)

### *Business segment*

Group	Curtain wall \$'000	Interiors \$'000	Total \$'000
<b>2006</b>			
Revenue	419,709	23,185	442,894
Segment assets	325,607	2,235	327,842
Unallocated assets			4,379
			<u>332,221</u>
Capital expenditure	3,095	38	3,133
<b>2005</b>			
Revenue	492,592	18,361	510,953
Segment assets	343,551	2,097	345,648
Unallocated assets			3,704
			<u>349,352</u>
Capital expenditure	5,898	43	5,941

## 34 Financial instruments

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### *Credit risk*

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. The Group's primary exposure to credit risk arises through its contract receivables. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the balance sheet date, the Group has no significant exposure to any individual customer nor is there any significant concentration of risks by geographic sectors. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheets.

### *Foreign currency risk*

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States dollars, Euro, Japanese Yen, Thai Baht and Australian dollars.

The Group uses forward exchange contracts to hedge its foreign currency risk on cash flows arising from projects and only enters into forward exchange contracts with maturities of less than one year. Where necessary, the forward exchange contracts are rolled over at maturity at market rates.

The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges. The notional amounts and fair values of outstanding forward exchange contracts used as hedges of forecast transactions at year-end are highlighted in note 30.

In respect of monetary assets and liabilities held in currencies other than Singapore dollars, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

# Notes to the Financial Statements year ended 31 December 2006

## **34 Financial instruments (Cont'd)**

### ***Interest rate risk***

The Group's exposure to changes in interest rates relates primarily to interest-earning assets and interest-bearing liabilities. Interest rate risk is actively managed by the management at both the Company and individual subsidiary level to ensure that interest payments are within acceptable levels and consistent with the Group's business strategies.

### ***Liquidity risk***

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

### ***Estimating the fair values***

#### ***Derivatives***

The fair values of foreign exchange and commodity contracts are based on quoted market prices at the balance sheet date.

#### ***Other financial assets and liabilities***

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values. All other financial assets and liabilities are discounted to determine their fair values.

# Supplementary Information (SGX-ST Listing Manual disclosure requirements)

## 1 a. Directors' remuneration

Company's directors receiving remuneration from the Group:

Remuneration bands:	No. of Directors	
	2006	2005
\$250,001 to \$500,000	2	2
\$250,000 and below	6	6
	<u>8</u>	<u>8</u>

## b. Key executives' remuneration:

The table below shows the range of gross remuneration received by the top 5 executives of Group (excluding directors of the Company).

Number of key executives of the Group in remuneration bands:

Remuneration bands:	No. of Executives	
	2006	2005
\$500,001 to \$750,000	-	1
\$250,001 to \$500,000	5	4
	<u>5</u>	<u>5</u>

## 2 Group properties

The following properties are owned/leased by the Group:

Description	Location	Gross Floor Area (m <sup>2</sup> )	Tenure (years)
<b>Permasteelisa Singapore Pte Ltd</b>			
Office	2 International Business Park #11-11, Tower 1, The Strategy Singapore 609930	Building : 981	3 years commencing 1 August 2005
Storage Area	15 Joo Koon Crescent Singapore 629015	Central Storage Building : 3,150	1 year commencing 1 December 2006
<b>Permasteelisa Pty. Ltd.</b>			
Office	13 - 15 Governor Macquarie Drive, Moorebank NSW 2170 Australia	Building : 1,093	3 years commencing 9 July 2006
Factory	79 - 83 Capital Link Drive Campbellfield, VIC 3061 Australia	Building : 4,320 Covered Storage : 1,200 Concrete Open Storage : 9,000 Land : 5,480	Freehold
<b>Global Architectural Co., Ltd</b>			
Factory	700/379 Moo 6 Amata Nakorn Industrial Estate Tumbon Don Hua Lor Amphur Muang Chonburi 20000 Thailand	Building : 7,008 Land : 38,760	Freehold

# Supplementary Information (SGX-ST Listing Manual disclosure requirements)

## Group Properties (Cont'd)

Description	Location	Gross Floor Area (m <sup>2</sup> )	Tenure (years)
<b>Global Wall (Malaysia) Sdn. Bhd.</b>			
Office	No. 117 Jalan Sungei Besi 57100 Kuala Lumpur Malaysia	Office Space : 474 Storage : 130	On monthly lease (renewable)
<b>Permasteelisa Hong Kong Limited</b>			
Office	38th Floor, 248 Queen's Road East Wanchai, Hong Kong	Office Space : 983	3 years commencing 1 December 2004
Factory	Dongguan City Zhong Tang Town Dong Bo Development Zone Huang Yong Road Guang Dong People's Republic of China	Office Space : 10,236 Storage : 13,765	10 years commencing 1 April 2000
<b>Permasteelisa Macau Limited</b>			
Office	Alm Dr. Carlos D'Assumpcao 181-187Edf, Jardim Brilhantismo 10 Andar (B) Macau	Office Space : 58	2 years commencing 1 February 2007
<b>Permasteelisa Japan K.K. Gartner Japan K.K.</b>			
Office	2F, Yotsuya Y's Building 7-6 Honshio-cho, Shinjuku-ku Tokyo, 160-0003 Japan	Office Space : 615	2 years commencing 15 February 2006
<b>Shanghai Permasteelisa Architectural Products Co., Ltd.</b>			
Office	Room 1201, 1208 Shenhua Financial Building 1 Ningbo Road Shanghai 200002 People's Republic of China	Office Space : 280	3 years commencing 1 February 2006
Storage	No. 2690 Jinqiao Road Pudong District Shanghai 201206 People's Republic of China	Open Yard : 3,864	2 years commencing 1 January 2006
<b>Josef Gartner Curtain Wall (Shanghai) Co., Ltd.</b>			
Office	Room 1201, 1208 Shenhua Financial Building 1 Ningbo Road Shanghai 200002 People's Republic of China	Office Space : 500	3 years commencing 1 February 2006

# Supplementary Information (SGX-ST Listing Manual disclosure requirements)

## Group Properties (Cont'd)

Description	Location	Gross Floor Area (m <sup>2</sup> )	Tenure (years)
<b>Josef Gartner Curtain Wall (Shanghai) Co., Ltd. (Cont'd)</b>			
Factory	555 Gongye Road, Jin Hui Town Fengxian, Shanghai 201404 People's Republic of China	Office Space : 4,000 Open Yard : 14,000	3 years commencing 1 September 2005
<b>Iijin-P.ISA Co., Ltd.</b>			
Office	Samho-Mulsan Building "A" dong, 7th Floor 275-1 YangJae-Dong, SeoCho-Ku Seoul 137-130	Office Space : 99	1 year commencing 1 January 2007
<b>Josef Gartner &amp; Co. (HK) Limited. Taiwan Branch Permasteelisa Taiwan Ltd. Permasteelisa Architectural Products Ltd.</b>			
Office	9F, No. 303 Hsin Yi Road Section 4, Taipei, Taiwan Republic of China	Office Space : 330	2 years commencing 14 February 2007
<b>Dongguan Permasteelisa Curtain Wall Co. Ltd</b>			
Factory/Storage	Dongguan City Zhong Tang Town Dong Bo Village Da Xin Wei Industry Zone Guang Dong People's Republic of China	Building : 1,260 Storage : 9,112	8 years commencing 1 April 2002
<b>Permasteelisa (India) Private Limited</b>			
Office	#9/1, 4th & 5th Floor. Dhondusa Complex Residency Road, Richmond Circle Bangalore- 560025 India	Office Space : 623	3 years commencing 15 April 2005
Factory/Storage	97, SIPCOT Industrial Estate Hosur - 635 126 Dharmapuri District Tamil Nadu, India	Building : 7,855 Open yard & Storage : 18,329	5 years commencing 18 June 2003
<b>Gartner Contracting Co. Ltd.</b>			
Office	38th Floor, 248 Queen's Road East Wanchai, Hong Kong	Office Space : 140	3 years commencing 1 December 2004
Warehouse	G/F, Shui Sum Industrial Building 453-457 Castle Peak Road Kwai Chung, N.T Hong Kong	Building : 1,090	Leasehold land up to 30 June 2047
<b>Josef Gartner &amp; Co. (HK) Limited</b>			
Office	Unit 3601-3602, 36th Floor, 248 Queen's Road East Wanchai, Hong Kong	Office Space : 381	2.75 years commencing 1 March 2005

# Supplementary Information (SGX-ST Listing Manual disclosure requirements)

## 3 Interested person transactions

	Group			
	Aggregate value of all transactions excluding transactions conducted under a shareholders' mandate pursuant to Rule 920		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
<b>General transactions</b>				
Purchase of goods and services from Permasteelisa S.p.A. and its associates	-	-	23,094	17,978
Sale of goods and services from Permasteelisa S.p.A. and its associates	-	-	20,313	18,669
Management and support services from Permasteelisa S.p.A.	-	-	589	385
Loans extended to Permasteelisa S.p.A. and its associates	-	-	10,173	2,439
Charges in respect of Bank Guarantees procured and parent company guarantees issued by Permasteelisa S.p.A.	-	-	108	117
Interest on loan extended to Permasteelisa S.p.A. and its associates	-	-	33	330

(1) At 31 December 2006, the Group had bank guarantees procured by and parent company guarantees issued by Permasteelisa S.p.A. amounting to \$218,808,000 (31 December 2005: \$185,543,000). Banking facilities, in respect of which these guarantees were issued, utilised by the Group at 31 December 2006 amounted to \$113,048,000 (31 December 2005: \$102,176,000).

(2) During the financial year, there were no advance payments and back-to-back guarantees for projects, loans, purchases and sales of patents and patent applications or joint ventures with any interested persons (as defined in Chapter 9 of the Listing Manual).

## 4 Material contracts

There are no other material contracts entered into between the Company and its subsidiaries involving the interests of the chief executive officer or each director of the Company during the financial year except employment contracts.

# Analysis Of Shareholdings as at 15 March 2007

## SHARE CAPITAL

Class of Shares :	Ordinary Share fully paid
Voting Rights :	One vote per share

## DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 15 MARCH 2007

Size of Shareholdings	Number of Shareholders	% of Shareholders	Number of Shares Held	% of Shareholders
1-999	1	0.03	100	-
1,000 – 10,000	3,484	90.63	10,442,680	3.38
10,001 – 1,000,000	351	9.13	13,587,220	4.39
1,000,001 and above	8	0.21	285,388,000	92.23
	<b>3,844</b>	<b>100.00</b>	<b>309,418,000</b>	<b>100.00</b>

Based on the information available to the Company as at 15 March 2007 approximately 10.18% of the issued ordinary shares of the Company are held by the public, and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

## Substantial Shareholders

	Number of Shares	
	Direct interest	Indirect interest
Permasteelisa International B.V. ("PI-BV")	167,857,000*	-
Permasteelisa S.p.A.(1)	-	277,857,000
Josef Gartner GmbH	20,000,000	-
Josef Gartner & Co. U.K. Limited	90,000,000	-

\* Includes 17,857,000 shares registered in the name of nominees, beneficially held by PI-BV.

Noted: (1) deemed to be interested in the 150,000,000 shares held by PI-BV, 20,000,000 shares held by Josef Gartner GmbH and 90,000,000 shares held by Josef Gartner & Co. U.K. Limited

## List of Twenty Largest Shareholders as at 15 March 2007

	Name of Shareholders	No. of Shares	% of Issued Share Capital
1	PERMASTEELISA INTERNATIONAL B.V.	150,000,000	48.48
2	JOSEF GARTNER & CO U.K. LIMITED	90,000,000	29.09
3	UOB KAY HIAN PTE LTD	20,088,000	6.49
4	JOSEF GARTNER GMBH	20,000,000	6.46
5	HSBC (SINGAPORE) NOMINEES PTE LTD	1,677,000	0.54
6	NOMURA SINGAPORE LIMITED	1,477,000	0.48
7	DBS NOMINEES PTE LTD	1,081,000	0.35
8	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,065,000	0.34
9	CITIBANK NOMINEES SINGAPORE PTE LTD	510,000	0.16
10	EE BENG CHUAN	504,000	0.16
11	OCBC NOMINEES SINGAPORE PTE LTD	456,000	0.15
12	LAI CHOY KUEN	350,970	0.11
13	ANG HAO YAO	314,000	0.10
14	CHOO KHYE TONG HENRY	275,000	0.09
15	DBSN SERVICES PTE LTD	270,000	0.09
16	ANG BEE KIAT	220,000	0.07
17	KIM ENG SECURITIES PTE. LTD.	219,000	0.07
18	GOH GUAN HONG	200,000	0.06
19	PHILLIP SECURITIES PTE LTD	191,800	0.06
20	TAN KONG GIAP	187,000	0.06
	<b>Total</b>	<b>289,085,770</b>	<b>93.41</b>

# Notice Of Annual General Meeting

## PERMASTEELISA PACIFIC HOLDINGS LTD

(Company Registration No. 199001653D)

(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be held at 2 International Business Park, #11-11 Tower 1, The Strategy, Singapore 609930 on 20 April 2007 at 10.00 a.m. to transact the following business:-

### AS ORDINARY BUSINESS

1. To receive and adopt the Audited Accounts of the Company for the financial year ended 31 December 2006 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**
2. To declare a final dividend of 0.3 cents per share (less tax) for the financial year ended 31 December 2006. **(Resolution 2)**
3. To approve the additional Directors' fees of S\$33,300 for the financial year ended 31 December 2006. **(Resolution 3)**
4. To approve the Directors' fees of S\$130,000 (2006: S\$108,300\*) for the financial year ending 31 December 2007. (\*Includes additional fees under Resolution 3 above). **(Resolution 4)**
5. To re-elect the following directors retiring pursuant to Article 91 of the Company's Articles of Association.
  - (i) Mr Lucio Mafessanti **(Resolution 5)**  
Upon re-election, Mr Lucio Mafessanti will remain as a Chairman of the Board and member of the Nominating Committee.
  - (ii) Mr Klaus Lothar **(Resolution 6)**
6. To re-elect the following directors retiring pursuant to Article 97 of the Company's Articles of Association:-
  - (i) Mr Claudio Figini **(Resolution 7)**  
Upon re-election, Mr Claudio Figini will remain as a member of the Audit Committee and Remuneration Committee.
  - (ii) Mr Huub van der Staak **(Resolution 8)**
7. To re-appoint KPMG as auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 9)**

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:-

8. **Authority to allot and issue shares**
  - (a) "That pursuant to Section 161 of the Companies Act, Chapter 50, and the listing rules of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:
    - (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
    - (ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "Instruments") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;
    - (iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and
  - (b) (notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

# Notice Of Annual General Meeting

- (i) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the Company's issued share capital, of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the issued share capital of the Company, and for the purpose of this resolution, the issued share capital shall be the Company's issued share capital at the time this resolution is passed, after adjusting for;
- a) new shares arising from the conversion or exercise of convertible securities, or
  - b) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this resolution is passed provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the Singapore Exchange Securities Trading Limited, and
  - c) any subsequent consolidation or subdivision of the Company's shares, and
- (ii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(See Explanatory Note 1)

**(Resolution 10)**

## 9. **Renewal of the Shareholders' Mandate for the Share Buy-Back**

"That the Directors of the Company be and are hereby authorised from time to time to purchase shares in the capital of the Company (whether by market purchases and/or off-market purchases on an equal access system) up to 10% of the issued ordinary share capital of the Company as at the date on which this Resolution is passed, at the price of up to but not exceeding the Maximum Price (as defined in Appendix 1 to this Notice of Annual General Meeting), subject to the Memorandum and Articles of Association of the Company and in accordance with the "Guidelines on Share Purchases by the Company" as set out in Annexure A to Appendix 1 to this Notice of Annual General Meeting and The Singapore Exchange Securities Trading Limited rules (the "Share Buy-Back Mandate") and this Share Buy-Back Mandate shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier."

(See Explanatory Note 2)

**(Resolution 11)**

## 10. **Renewal of the Shareholders' Mandate on Interested Persons Transactions**

"That:-

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company, its Subsidiaries and Associated Companies or any of them to enter into any of the transactions falling within the types of the Interested Person Transaction, particulars of which are set out in Appendix 2 to this Notice of Annual General Meeting, with any party who is of the class of Interested Persons described in Appendix 2 to this Notice of Annual General Meeting, provided that such transactions are in accordance with the review procedures for Interested Person Transactions as set out in the Appendix 2 to this Notice of Annual General Meeting;
- (b) the approval given in sub-paragraph (a) above ("the Mandate") shall unless revoked or varied by the Company in general meeting continue in force until the next Annual General Meeting of the Company; and
- (c) the Directors of the Company be and are hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors of the Company may in their absolute discretion deem fit, advisable or necessary to give effect to the Mandate and/or this Resolution."

(See Explanatory Note 3)

**(Resolution 12)**

# Notice Of Annual General Meeting

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

BY ORDER OF THE BOARD

**Lathika Devi Amma d/o K R Pillay (Ms)**

**Lim Ka Bee (Ms)**

Company Secretaries

4 April 2007

SINGAPORE

## *Explanatory Notes:-*

1. The ordinary resolution in item 8 is to authorise the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares and convertible securities in the Company up to an amount not exceeding in aggregate 50% of the issued share capital of the Company of which the total number of shares and convertible securities issued other than on a pro rata basis to existing shareholders shall not exceed 20% of the issued share capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.
2. The ordinary resolution proposed in item 9, if passed, will empower the Directors from the date of the above Meeting to re-purchase shares by way of market purchases and/or off-market purchases on an equal access system, of up to 10% of the issued share capital of the Company as at the date of the resolution passed, at the price of up to but not exceeding the Maximum Price as defined in Appendix 1 to the Notice of Annual General Meeting dated 4 April 2007.
3. The ordinary resolution proposed in item 10 above, if passed, will empower the Directors of the Company to continue to enter into interested person transactions, on the Group's normal commercial terms and in accordance with the guidelines and procedures of the Company for interested persons transactions as described in Appendix 2 to the Notice of Annual General Meeting dated 4 April 2007. This authority will continue in force until the conclusion of the next Annual General Meeting.

## Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.
2. A proxy need not be a member of the Company.
3. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. The instrument appointing a proxy must be deposited at the registered office of the Company at 2 International Business Park, #11-11 Tower 1, The Strategy, Singapore 609930 not later than 48 hours before the time appointed for the Meeting.

# APPENDICES TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 4 APRIL 2007

in relation to

- (1) THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE AND
- (2) THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

*The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in these Appendices.*

*If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisors immediately.*

# Appendices To The Notice Of Annual General Meeting

## APPENDIX 1 (as referred to in Resolution 11)

Note: The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.

### THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

#### 1. Introduction

- 1.1 Permasteelisa Pacific Holdings Limited ("the Company") proposes to seek the approval of shareholders of the Company ("Shareholders") at the Annual General Meeting of the Company to be held at 2 International Business Park, #11-11, Tower 1, The Strategy, Singapore 609930 on 20 April 2007 at 10.00 a.m. to seek Shareholders' approval for the proposed renewal of the Share Purchase Mandate to authorise the directors from time to time to purchase shares in the capital of the Company (whether by market purchases and/or off-market purchases on an equal access system) up to 10% of the issued ordinary share capital of the Company as at the date on which this Resolution is passed, at the price of up to but not exceeding the Maximum Price (as defined below), subject to the Memorandum and Articles of Association of the Company and in accordance with the "Guidelines on Share Purchases by the Company" as set out in Annexure A to this Appendix 1 and The Singapore Exchange Securities Trading Limited rules (the "Share Buy-Back Mandate").
- 1.2 The Shareholders had approved the renewal of the mandate at an AGM of the Company held on 21 April 2006. The mandate renewed on 21 April 2006 will expire on the date of the forthcoming 2007 AGM. If the proposed resolution for the renewal of the Share Buy-Back Mandate is approved at the 2007 AGM, the mandate shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is earlier.
- 1.3 The purpose of this Appendix is to provide information relating to and explain the rationale for the proposed renewal of the Share Buy-Back Mandate.

#### 2.1 Rationale

The Share Purchase Mandate would give the Company the flexibility to undertake purchases of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share Purchases will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing the earnings and (in the event that the prevailing net asset value per Share is above the price at which Shares are purchased by the Company pursuant to the Share Purchase Mandate) the net asset value per Share. Share purchases provide the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost efficient manner.

Shareholders can be assured that purchases of its Shares by the Company would be made in circumstances where it is considered to be in the best interests of the Company. Further, the Directors do not propose to carry out purchases pursuant to the Share Purchase Mandate to such an extent that would, or in circumstances that might, result in a material adverse effect on the financial position of the Company.

#### 2.2 Mandate

Approval is being sought from Shareholders at the AGM for the adoption of a general and unconditional Share Purchase Mandate for the purchase by the Company of its issued Shares. If approved, the Share Purchase Mandate will take effect from the date of the AGM and continue in force until the date of the next annual general meeting of the Company or such date as the next annual general meeting is required by law to be held, unless prior thereto, share purchase are carried out to the full extent mandated or the Share Purchase Mandate is revoked or varied by the Company in general meeting. The Share Purchase Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

The authority and limitations placed on purchases of Shares by the Company under the Share Purchase Mandate are summarised below:

# Appendices To The Notice Of Annual General Meeting

## (a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased by the Company. The total number of Shares that may be purchased is limited to that number of Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the AGM at which the Share Purchase Mandate is approved. The Company currently does not prescribe to any shareholding limits on the shareholding of a single Shareholder, related groups of Shareholders or foreign Shareholders.

Purely for illustrative purposes, on the basis of 309,418,000 Shares in issue as at the Latest Practicable Date, and assuming that no further Shares are issued on or prior to the AGM, not more than 30,941,800 Shares (representing 10 per cent. of the Shares in issue as at that date) may be purchased or acquired by the Company pursuant to the proposed Share Purchase Mandate.

## (b) Duration of Authority

Purchases of Shares may be made, at any time and from time to time, from the Approval Date up to the earlier of :-

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held; or
- (ii) the date on which the share purchases are carried out to the full extent mandated; or
- (iii) the authority contained in the Share Purchase Mandate is varied or revoked.

## (c) Manner of Purchase

Purchases of Shares may be effected by the Company by way of:-

- (i) on-market purchases on the SGX-ST ("Market Purchases"); and/or
- (ii) off-market acquisitions in accordance with an "equal access scheme" as defined in Section 76C of the Companies Act ("Off-Market Purchases").

Market Purchases refer to purchases of Shares by the Company transacted through the SGX-ST's trading system.

In an Off-Market Purchase, the Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Listing Manual, the Companies Act and other applicable laws and regulations, as they consider fit in the interest of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:-

- (i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and
- (iii) the terms of all the offers are the same, except that there shall be disregarded:-
  - (aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;
  - (bb) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
  - (cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Under the Listing Manual, for Off-Market Purchases, the Company will issue an offer document which must contain, inter alia, the following information to all Shareholders:-

- (i) the terms and conditions of the offer;
- (ii) the period and procedures for acceptances;
- (iii) the reasons for the proposed purchase of the Shares;
- (iv) the consequences, if any, of the purchase of the Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;
- (v) whether the share purchase, if made, would have any effect on the listing of the Shares on the SGX-ST; and

# Appendices To The Notice Of Annual General Meeting

- (vi) details of any purchases of Shares made by the Company in the previous 12 months (whether through Market Purchases or Off-Market purchases), giving the total number of Shares, the purchase price per Share or the highest and lowest prices paid for such purchases, where relevant, and the total consideration paid for such purchases.

## **(d) Maximum Purchase Price**

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors, provided that such purchase price, does not exceed the maximum price ("Maximum Price") as set out below excluding related expenses of the purchase or acquisition:-

- (i) in the case of a Market Purchase, five per cent. (5%) above the average of the closing market prices of the Shares over the five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Market Purchase was made by the Company, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days; and
- (ii) in the case of an Off-Market Purchase, twenty per cent. (20%) above the average of the closing market prices of the Shares over the five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the Company makes an announcement of an offer under an Off-Market Purchase scheme.

## **(e) Cancellation of Purchased Shares**

Under the Companies Act, subject to such changes as may be implemented from time to time and unless held in treasury in accordance with the relevant provisions of the Companies (Amendment) Act 2005, any Share which is purchased by the Company is required to be cancelled immediately on purchase, and all rights and privileges attached to that Share will expire on cancellation. Any Share purchased or acquired by the Company will be automatically delisted by the SGX-ST. Certificates in respect of purchased or acquired Shares will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

When the purchased Shares will be cancelled, the issued share capital of the Company will be reduced by the corresponding total nominal amount (or par value) of the Shares purchased by the Company. In accordance with the Companies (Amendment) Act 2005, a capital redemption reserve need not be set up for this purpose. On cancellation of the purchased Share, the amount funded out of profits and capital (whichever the case may be) would be reduced appropriately.

In addition under the said Companies (Amendment) Act 2005, any share which is purchased can also be held as treasury shares by the Company without cancellation. The maximum holding of treasury shares of any class of shares shall not exceed 10% of the total number of shares of that class. Any excess is required to be disposed of within 6 months from the date of the contravention.

The Company, as holder of the treasury shares, does not have rights to voting, dividend or other distribution. The treasury shares can be subsequently sold for cash, transferred pursuant to employees' share scheme or cancelled.

In addition to the above, gains on treasury shares will not be distributable to shareholders unless the purchase of the treasury shares is originally funded out of profits. The treasury shares are also excluded from determination of percentage of shareholdings in the Company's shares.

The Company has no intention, at this point in time, to hold the purchased shares as treasury shares. However, if the Company decides to do so in the future, the Company would take the necessary steps including obtaining the shareholders' approval to amend the Articles of Association of the Company accordingly to allow the purchased shares to be held in treasury.

# Appendices To The Notice Of Annual General Meeting

## 2.3 Listing Rules

Under the Listing Rules, a Listed company may purchase shares by way of Market Purchases at a price per share which is not more than five per cent. (5%) above the “average closing market price”, being the average of the closing market prices of the shares over the last five (5) market days, on which transactions in the shares were recorded, before the day on which the purchases were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in paragraph 2.2(d) above, conforms to this restriction.

Additionally, the Listing Rules also specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the market day following the day of purchase of any of its shares and (b) in the case of an Off Market Purchase under an equal access scheme, by 9.00 a.m. on the second market day after the close of acceptances of the offer. Such announcement shall include details of the total number of shares authorised for purchase, the date of purchase, prices paid for the total number of shares purchased, the purchase price per share, the highest and lowest price purchased to date and the number of issued shares after purchase, in the form prescribed under the Listing Rules.

While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the listed company would be regarded as an “insider” in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase of Shares pursuant to the Share Purchase Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, in line with the Company's internal code on dealing in securities, the Company and its officers will not purchase or acquire any Shares through Market Purchases during the period commencing two weeks before the company's quarterly results announcements, if applicable and one month before half year end or financial year end results announcements as the case may be, and ending on the date of the announcement of the relevant results.

## 2.4 Listing Status

The Directors will use their best efforts to ensure that the Company does not effect a purchase of Shares if the purchase of Shares would result in the number of Shares remaining in the hands of the public falling to such level as to cause market illiquidity, or adversely affect the Listing status of the Company.

Based on the information available to the Company as at the Latest Practicable Date, approximately 31,511,000 shares representing 10.18% of the issued ordinary shares of the Company are held by the public.

**For illustrative purposes, assuming the entire maximum number of shares of 30,941,800 has been repurchased from the public, the public float will be reduced from 10.18% to 0.20%. The Company will closely monitor the percentage of the public float before any intention of repurchasing the shares from the public to ensure that it does not fall below 10%. If by any repurchase the percentage of the public float would likely fall below 10%, PISA-S.p.A. will undertake to dilute its stake to ensure that the public float is maintained above 10% as required under Rule 723 of the Listing Manual. This is so as not to affect the orderly trading of its shares and its listed status.**

Under the Listing Rules, a listed company must ensure that at least 10% of equity securities (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public. If the percentage of securities held in the public hands falls below 10%, (1) the listed company must, as soon as practicable, announce the fact and (2) the SGX-ST may suspend trading of the class, or all the securities of the issuer.

In addition, the SGX-ST may allow the issuer a period of 3 months, or such longer period as the SGX-ST may agree, to raise the percentage of securities in public hands to at least 10%. The listed company may be delisted if it fails to restore the percentage of securities in public hands to at least 10% after the period.

# Appendices To The Notice Of Annual General Meeting

## 2.5 Source of Funds

In purchasing Shares, the Company may not purchase Shares for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST. Any purchases by the Company may be made out of profits that are available for distribution as dividends and/or from capital. The Company may only apply funds for share purchase as provided in the Articles and in accordance with the applicable laws in Singapore. The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that would materially affect the working capital requirements of the Company and the Group.

The Company will use the Group's internal sources of funds for purchase of Shares.

## 2.6 Financial Impact

The actual financial impact on the Company and the Group arising from purchases or acquisitions of Shares which may be made pursuant to the proposed renewal of the Share Purchase Mandate will depend on, *inter alia*, the aggregate number of Shares purchased or acquired and the price at which such Shares are purchased or acquired.

For purely illustrative purposes only, and based on the issued share capital of S\$30,941,800 (309,418,000 shares of S\$0.10 each) in the Company as at the Latest Practicable Date, in the case of Market Purchases by the Company and assuming that the Company purchases the 30,941,800 Shares at the Maximum Price of S\$0.25 per Share (being the price equivalent to five per cent. (5%) above the average of the closing market prices of the Shares for the last five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 30,941,800 Shares (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) is approximately S\$7,735,450.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 30,941,800 Shares at the maximum Price of S\$ 0.28 per Share (being the price equivalent to twenty per cent. (20%) above the average of the closing market prices of the Shares for the last five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 30,941,800 Shares (excluding ancillary expenses such as related brokerage, goods and services tax, stamp duties and clearance fees) is approximately S\$8,663,704.

On the basis of the assumptions set out above, the financial impact of the acquisition of the 30,941,800 Shares by the Company on the audited financial statements of the Group and the Company for the financial year ended 31 December 2005 is set out below:-

# Appendices To The Notice Of Annual General Meeting

## Market Purchases

(Share Purchases of 30,941,800 shares at 25 cents)

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2005</b>				
Shareholders' funds	144,024	136,289	92,574	84,839
Net Tangible Assets	117,236	109,501	92,373	84,638
Current Assets	280,631	272,896	101,693	99,384
Current Liabilities	201,156	201,156	61,439	66,865
Working Capital	79,475	71,740	40,254	32,519
Total Liabilities <sup>(1)</sup>	204,779	204,779	62,938	68,364
Cash and Cash Equivalents	33,589	25,854	2,309	-
Number of Shares	309,418,000	278,476,200	309,418,000	278,476,200

## Financial Ratios

Net Tangible assets per Share (cents)	38	39	30	30
Net Gearing (times) <sup>(2)</sup>	1.19	1.31	0.65	0.81
Current Ratio (times) <sup>(3)</sup>	1.40	1.36	1.66	1.49
Earnings Per Share (Cents)	1.21	1.35	-	-

## Off-Market Purchases

(Share Purchases of 30,941,800 shares at 28 cents)

	Group		Company	
	Before Share Purchase S\$'000	After Share Purchase S\$'000	Before Share Purchase S\$'000	After Share Purchase S\$'000
<b>As at 31 December 2005</b>				
Shareholders' funds	144,024	135,360	92,574	83,910
Net Tangible Assets	117,236	108,572	92,373	83,709
Current Assets	280,631	271,967	101,693	99,384
Current Liabilities	201,156	201,156	61,439	67,794
Working Capital	79,475	70,811	40,254	31,590
Total Liabilities <sup>(1)</sup>	204,779	204,779	62,938	69,293
Cash and Cash Equivalents	33,589	24,925	2,309	-
Number of Shares	309,418,000	278,476,200	309,418,000	278,476,200

## Financial Ratios

Net Tangible assets per Share (cents)	38	39	30	30
Net Gearing (times) <sup>(2)</sup>	1.19	1.33	0.65	0.83
Current Ratio (times) <sup>(3)</sup>	1.40	1.35	1.66	1.47
Earnings Per Share (Cents)	1.21	1.35	-	-

### Notes:

1. Total Liabilities means the Aggregate of Current and Non-Current Liabilities.
2. Net Gearing equals Total Borrowings less Cash and cash equivalent divided by Shareholders' Funds.
3. Current Ratio equals Current Assets divided by Current Liabilities

As illustrated above the purchase of maximum of 30,941,800 shares will result in a higher NTA per share of the Group but remain the same of the Company and an increased Net Gearing of the Company and the Group. However, the Group Earnings per share will increase.

# Appendices To The Notice Of Annual General Meeting

Shareholders should note that the financial impact set out above, based on the respective aforementioned assumptions, are for illustrative purposes only. In particular, it is important to note that the above analysis is based on historical audited numbers for financial year ended 31 December 2005, and is not necessarily representative of future financial performance.

The Directors do not propose to exercise the Share Purchase Mandate in a manner and to such extent that it would have a material and adverse effect on the working capital requirements or the gearing of the Company. The Share Purchase Mandate will be exercised in accordance with the Guidelines on Share Purchases and the Directors will be prudent in exercising the Share Purchase Mandate and only to such extent which the Directors believe will be beneficial to the Group and the Company from time to time considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

## 2.7 Tax Implications

Proceeds received by Shareholders who sell their Shares to the Company in Market Purchases through the normal ready counters will be treated for income tax purposes like any other disposal of shares and not as a dividend. Whether or not such proceeds are taxable in the hands of such Shareholders will depend on whether such proceeds are receipt of an income or capital nature. Proceeds received by Shareholders who sell their Shares to the Company in an Off-Market Purchase, where the share purchase is made otherwise than on the SGX-ST, made pursuant to an equal access scheme will be treated for income tax purposes as the receipt of a dividend.

**Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.**

## 2.8 Take-over Code Implications Arising from Share Purchases

The resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following the purchase of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("Rule 14"). Consequently, depending on the number of Shares purchased by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make an offer under Rule 14.

Under the Take-over Code, persons acting in concert or concert parties comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of the company. Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company with its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with one another. For this purpose, ownership or control of at least twenty per cent. (20%) but not more than fifty per cent. (50%) of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code. In general terms, the effect of Rule 14 and Appendix 2 are that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent. (30%) or more, or, if the voting rights of such Directors and their concert parties are between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent. (30%) or more, or, if such Shareholder holds between thirty per cent. (30%) and fifty per cent. (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorizing the proposed Share Purchase Mandate.

# Appendices To The Notice Of Annual General Meeting

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders, as at the Latest Practicable Date, the shareholdings of the Directors and substantial shareholders before and after the purchase of Shares pursuant to the Share Purchase Mandate, assuming (i) the Company purchases the maximum amount of ten per cent. (10%) of the issued ordinary share capital of the Company, and (ii) there is no change in the number of Shares held by the Directors and substantial shareholders or which they are deemed interested in, will be as follows:-

	Before Share Purchase (No. of Shares)			Before Share Purchase	After Share Purchase
	Direct Interest	Deemed Interest	Total Interest	%	%
<b>Director</b>					
Huub van der Staak	50,000	-	50,000	0.0162	0.0162
<b>Substantial Shareholders</b>					
Permasteelisa International B.V.	167,857,000	-	167,857,000	54.25	54.25
Permasteelisa S.p.A.	-	277,857,000	277,857,000	89.81	89.81
Josef Gartner GmbH	20,000,000	-	20,000,000	6.47	6.47
Josef Gartner & Co. U.K. Limited	90,000,000	-	90,000,000	29.09	29.09

Based on the above information, as at the Latest Practicable Date, none of the Directors will become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 30,941,800 Shares under the Share Purchase Mandate. Based on the Register of Substantial Shareholders of the Company as at the Latest Practicable Date, the Directors are not aware of any Substantial Shareholder (together with persons acting in concert with them) who may become obligated to make a mandatory offer in the event that the Company purchases the maximum number of 30,941,800 Shares under the Share Purchase Mandate.

Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the proposed Share Purchase Mandate are advised to consult their professional advisers and/or the SIC before they acquire any Shares in the Company during the period when the proposed Share Purchase Mandate is in force.

## 2.9 Shares Purchased During the Previous 12 Months

The Company has not purchased any Shares within the 12 months preceding the Latest Practicable Date.

## 3. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate are in the best interests of the Company and recommend that Shareholders vote in favour of the Ordinary Resolutions No 11 set out in the Notice of AGM.

## 4. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Circular are fair and accurate in all material respects as at the date hereof and that there are no other material facts the omission of which would make any statement in this Circular misleading.

# Appendices To The Notice Of Annual General Meeting

## **ANNEXURE A TO APPENDIX 1**

### **GUIDELINES ON SHARE PURCHASES BY THE COMPANY**

#### **1. Shareholders' Approval**

- (a) Purchase of Shares by the Company must be approved in advance by the Shareholders at a general meeting of the Company, by way of a general mandate.
- (b) A general mandate authorising the purchase of Shares by the Company will expire on the earlier of:-
  - (i) the conclusion of the next annual general meeting of the Company; or
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.
- (c) The authority conferred on the Directors by the Share Buy-back Mandate to purchase Shares shall, unless varied or revoked by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held (i.e. 30 April 2008), whichever is the earlier.
- (d) The maximum number of Shares which can be purchased pursuant to the Share Buy-back Mandate shall be Shares representing 10% of the issued ordinary share capital of the Company as at the date of the AGM at which the Share Purchase Mandate is approved.
- (e) Purchases of Shares can only be effected by the Company in either one of the following two ways or both:-
  - (i) by way of on-market purchases on the SGX-ST ("Market Purchases"). Market Purchases means a purchase of Shares transacted through the SGX-ST's trading system.
  - (ii) by way of an "off-market acquisition on an equal access scheme" as defined in section 76C of the Companies Act ("Off-Market Purchase Scheme").

#### **2. Funding of Share Purchases**

- (a) In purchasing Shares, the Company may only apply funds legally available for such purchase in accordance with its Memorandum and Articles of Association, and the applicable laws in Singapore.
- (b) The Company may not purchase its Shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.
- (c) Any purchase by the Company may be made out of profits that are available for distribution as dividends and/or from capital.
- (d) The Directors do not propose to exercise the proposed Share Buy-back Mandate to such an extent as would materially affect the working capital requirements of the Company and the Group.

#### **3. Trading Restrictions**

- (a) The Company may not purchase any Shares if, as a result of such purchase, the issued share capital of the Company will be reduced below the minimum capital specified in its Memorandum of Association.
- (b) The Company will not effect a Share purchase if immediately following the Share purchase, the continuing shareholding spread requirement prescribed by the SGX-ST rules which are in force at the time of the intended Share purchase cannot be maintained.
- (c) The Directors will ensure that any Share purchases will not have an effect on the listing of PISA-PAC's Shares on the SGX-ST.

# Appendices To The Notice Of Annual General Meeting

## 4. Off-Market Purchase Scheme

For purchases of Shares to be made by way of an Off-Market Purchase Scheme, the Company will issue an offer document to all shareholders. The offer document shall contain at least the following information:-

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed Share Buy-back;
- (d) the consequences, if any, of Share purchases by the Company that will arise under the Singapore Code on Takeovers and Mergers or any other applicable take-over rules;
- (e) whether the Share purchases, if made, would have any effect on the listing of the Company's securities on the SGX-ST; and
- (f) details of any Share purchases made by the Company in the previous 12 months whether through Market Purchases or the Off-Market Purchase Scheme, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

## 5. Price Restrictions

The purchases of Shares by the Company shall be at the price of up to but not exceeding the Maximum Price. In the case of Market Purchases by the Company, the Maximum Price is 5% above the average closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares were recorded before the day on which the market purchases are made by the Company. In the case of Off-Market Purchases by the Company on an equal access scheme, the Maximum Price is 20% above the average closing market prices of the Shares over the last five (5) market days when transactions in the Shares were recorded up to and including the closing date of the offer to purchase Shares by way of an Off-Market Purchase Scheme.

## 6. Status of Purchased Shares

The listing of all purchased Shares (whether on the SGX-ST or otherwise) will be automatically cancelled and the related certificates for those Shares must be cancelled and destroyed. Under Singapore law, the Company's purchased Shares can be held in treasury or will be treated as cancelled and the issued share capital of the Company will be diminished by the value of those Shares accordingly.

If the Shares are held in treasury, the maximum holding of treasury shares of any class of shares shall not exceed 10% of the total number of shares of that class. Any excess is required to be disposed within 6 months from the date of the contravention.

The holder of the treasury shares does not have rights to voting, dividend or other distribution. The treasury shares can subsequently be sold for cash, transferred pursuant to employees' share scheme or cancelled. In addition, any gains on treasury shares will not be distributable to shareholders unless the purchase of the treasury shares is originally funded out of profits. The treasury shares are also excluded from determination the percentage of shareholdings in the Company's shares.

The Company has no intention, at this point in time, to hold the purchased shares as treasury shares. However, if the Company decides to do so in the future, the Company would take the necessary steps including obtaining the shareholders' approval to amend the Articles of Association of the Company accordingly to allow the purchased shares to be held in treasury.

# Appendices To The Notice Of Annual General Meeting

## 7. Reporting Requirements

### (a) Accounting and Corporate Regulatory Authority ("ACRA")

Within thirty (30) days of the passing of a Shareholders' resolution to approve purchases of Shares, the Company must lodge a copy of such resolution with the ACRA.

The Company must notify the ACRA within thirty (30) days of a purchase of Shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number and value of Shares purchased by the Company, the Company's issued share capital as at the date of the Shareholders' resolution approving the Share purchases and after the purchase of Shares and the amount of consideration paid by the Company for the purchases.

### (b) SGX-ST

The Company will notify the SGX-ST of Market Purchases of Shares not later than 9.00 a.m. on the market day following the day on which the Market Purchases were effected, and of Off-Market Purchases not later than 9.00 a.m. on the second market day after the close of acceptances of the offer for Off-Market Purchases. The notification of such purchases of Shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.

### (c) CDP

The Company will notify the CDP on the date and quantity of the Share Purchase on the market day following the date on which the purchase was made, or the dates and quantities of the Share Purchases on a weekly basis if the Share Buy-back is an on-going process.

### (d) The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the aforesaid notifications to the SGX-ST and the CDP.

### (e) When seeking the approval of Shareholders for the renewal of the Share Buy-back Mandate, the Company is required to disclose details pertaining to purchases of Shares made during previous 12 months, including the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for such purchases of Shares, where relevant, and the total consideration paid for such purchases.

## 8. Interested Persons

In a Market Purchase, the Company is prohibited from knowingly purchasing Shares on the SGX-ST from an interested person, that is, a Director, the Chief Executive Officer of the Company or Substantial Shareholder of the Company or any of their associates (as defined in the SGX-ST Listing Manual) and an interested person is prohibited from knowingly selling his Shares to the Company.

## 9. Suspension of Purchases

The Company may not purchase Shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced.

In particular, the Company may not purchase its Shares on the SGX-ST during the period commencing two weeks before the Company's quarterly results announcements, if applicable and one month before the announcement of the Company's annual or half-year results, as the case may be and ending on the date of announcement of the relevant results.

## 10. SGX-ST Rules

These guidelines are supplemental to the SGX-ST rules. In the event of any inconsistency between these guidelines and the SGX-ST Rules, the SGX-ST rules will prevail.

No amendments, deletions or additions which may be inconsistent with the SGX-ST rules shall be made to these guidelines.

# Appendices To The Notice Of Annual General Meeting

## APPENDIX 2 (as referred to in Resolution 12)

Note: The Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Appendix.

### THE PROPOSED RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

#### 1.1 Introduction

- (a) Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies proposes to enter into with an interested person of the listed company. An "interested person" is defined to mean a director, chief executive officer or controlling shareholder of the listed issuer or an associate of any such director, chief executive officer or controlling shareholder.
- (b) Under Chapter 9 of the Listing Manual, shareholders' approval and/or an immediate announcement is required in respect of the transaction between a listed company and an interested person if the value of the transaction is equal to or exceeds certain financial thresholds. A listed company is required to make an announcement when the aggregate value of such transactions entered into with the same interested person during the same financial year is equal to or more than 3% of the latest audited consolidated net tangible assets of the listed company. Shareholders' approval is required when the aggregate value of such transaction(s) entered into with the same interested person during the same financial year is equal to or more than 5% of the latest audited consolidated net tangible assets of the listed company.
- (c) Chapter 9 of the Listing Manual, however, allows a listed company to seek a general mandate for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's interested persons. The general mandate will not cover an interested person transaction which has a value of below S\$100,000, as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an interested person transaction.

#### 1.2 Mandate

- (a) At the Annual General Meeting of the Company held on 21 April 2006, the Shareholders of the Company approved the grant of the IPT Mandate for the Company and its subsidiaries and target associated companies to enter into certain types of transactions with specified classes of persons who are considered to be interested persons for the purposes of Chapter 9 of the Listing Manual.
- (b) The existing IPT Mandate will continue to be in force until the conclusion of the next annual general meeting of the Company to be held on 20 April 2007.
- (c) The Company is seeking the Shareholders' approval to renew the existing IPT Mandate of the Company.

#### 1.3 Background on PISA-PAC Group Activities

- (a) The PISA-PAC Group is principally engaged in the design, fabrication and installation of architectural curtain wall cladding for commercial buildings. The Group is also involved in the design, supply and installation of a range of internal partitions and storage walls.
- (b) The holding company of PISA-PAC is Permasteelisa International B.V. Its ultimate holding company is Permasteelisa S.p.A. (PISA-S.p.A. as hereinbefore defined).
- (c) The Group's factories are located primarily in China and Thailand. The Singapore Regional Head Office serves as the Group headquarters and corporate management service center providing corporate management services and also contract review, administration and project management services and prototype testing services to the subsidiaries. Apart from the Group's Sydney office, several other offices like Malaysia and Singapore serve as engineering and design service centers to the PISA-PAC Group, and they also possess the capacity to provide these services to PISA-S.p.A. Group, if necessary.
- (d) The Group outfits the external façade of buildings and interiors of buildings. The Group provides a full range of services which comprise:-

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- (i) the design, fabrication and installation of architectural wall cladding and façade cladding;
  - (ii) the design, supply and installation of a range of internal partitions.
  - (iii) project design which involves *inter alia*, the architectural concept, design, detailed design and related drawings and technical specifications;
  - (iv) project management services which involves *inter alia*, contract review and administration, project management/co-ordination and prototype testing; and
  - (v) design and supply of furnishings and furniture for the interiors of the buildings.
- (e) Project management includes project resource planning, scheduling and co-ordination among parties to a project, procurement services and project risk management. Contract review will involve comprehensive review of the underlying contract documentation such as agreements and clauses in the agreements, particularly those relating to performance, cost and timing schedules and all other related documentation and review of operating budgets and cash flow forecasts. Contract administration will involve, *inter alia*, periodical review of the contracts for actual performance and taking all necessary actions to ensure contract compliance. Prototype testing involves the testing of the prototypes of façades which are currently being developed by the PISA-PAC Group using the test lab facility located in its factories within the control of the PISA-PAC Group.
- (f) The Group has been providing the full range of services stated above and will continue to provide them so long as there is a demand for them.

## 1.4 Interested Persons

The IPT Mandate will apply to the Interested Person Transactions (as described below) which are carried out with the following classes of Interested Persons:

- (a) PISA-S.p.A. Group and its associates; and
- (b) Directors, chief executive officer(s) and controlling shareholders of the Company (other than PISA-S.p.A Group and its associates).

The IPT Mandate will not cover an Interested Person Transaction which has an individual transaction value of below S\$100,000 as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such an Interested Person Transaction.

## 1.5 Scope of IPT Mandate

The existing IPT Mandate covers the following interested person transactions:

- (a) General transactions;
- (b) PISA-S.p.A. Group management and support services
- (c) Bank guarantees and parent company guarantees provided by PISA-S.p.A.;
- (d) Loans from and to PISA-S.p.A.;and
- (e) Purchases and sales of patents and patent applications from and to PISA-S.p.A..

Transactions with interested persons which do not fall within the ambit of the proposed IPT mandate will be subjected to the relevant provisions of Chapter 9 of the Listing Manual.

### 1.5.1 General Transactions

- (i) General transactions comprise:-
  - (a) Sales and purchases of equipment, machineries and raw materials relating to building components for use in building projects;
  - (b) Provision and procurement of design and engineering, design, fabrication and installation of furniture and fittings and architectural curtain wall cladding and façade cladding for commercial buildings;

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- (c) Provision and procurement of design, supply and installation of a range of internal partitions;
  - (d) Provision and procurement of design and supply of furnishings and furniture for commercial buildings; and
  - (e) Provision and procurement of project management services comprising project co-ordination, procurement services, contract review, administration, prototype testing services and all other matters relating to project management.
- (ii) The Group will provide its services to both PISA-S.p.A. Group and third parties so long as there is a demand for them. The Group and PISA-S.p.A. Group will co-operate with each other to capitalise on the synergies of both parties, and for mutual benefit, may work hand in hand on certain projects thereby giving rise to the provision and procurement of certain of the above services from each other. In cases where the Group has resource constraints on its projects, it could procure services from PISA-S.p.A. Group and vice-versa. Transactions with PISA-S.p.A. Group will be carried out at arm's length and on normal commercial terms.
  - (iii) There are certain services such as design and engineering, design, fabrication and installation of curtain walls and fit-out of interior furniture and fittings which, for reasons of mutual sharing of intellectual know-how, trade secrets, confidentiality and competitive advantage, the Group would only procure from and provide to PISA-S.p.A. Group at arm's length and on normal commercial terms.
  - (iv) Both PISA-S.p.A. Group and the Group may assist each other in the procurement of specific materials available within their regions to take advantage of price, quality and other factors.
  - (v) *Rationale: The Group will benefit from being able to buy or sell equipment, machineries, raw materials and building components and also provide and/or procure the services as described under "general transactions" expeditiously and obtain the best deal in the interests of the Group.*

## 1.5.2. PISA-S.p.A. Group Management and Support Services

- (i) PISA-S.p.A. and PISA-PAC had entered into a management services agreement (the "Management Services Agreement") dated 30 September 1997 for the provision of services by PISA-S.p.A. Group to PISA-PAC Group in relation to finance and accounting services, legal and patent services, services relating to personnel and human resource matters, marketing, commercial and production services and general management services (the "Management and Support Services").
- (ii) The Management Services Agreement was effective as of 1 January 1997 for a period of 12 months renewable for further twelve-month periods unless terminated by either party giving at least 90 days' written notice. Any renewal of the Management Services Agreement shall be subject to the review of the Audit Committee. The Management Services Agreement had been renewed consecutively each year since the expiry of the first Management Services Agreement.
- (iii) The expenses incurred by PISA-S.p.A. will be shared taking into consideration the extent of the Management and Support Services (as defined in paragraph 1.5.2(i)) rendered to the PISA-PAC Group determined by the efforts involved, number and complexities of projects. PISA-S.p.A. will make available to PISA-PAC on an annual basis, the costs it incurred, the basis of apportionment of the costs to PISA-PAC Group taking into account the extent of the Management and Support Services rendered.
- (iv) *Rationale: Under the Management Services Agreement, PISA-PAC Group will be able to tap into the corporate expertise and global network of the PISA-S.p.A. Group and derive benefit from the management expertise and services from PISA-S.p.A. Group. In addition, the centralisation of management and support services staff within PISA-S.p.A. will enable the economical sharing of the costs of such services and the elimination of the duplication of such services by the Group.*

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## 1.5.3 Bank guarantees and parent company guarantees provided by PISA-S.p.A. Group;

- (i) It is common practice in the PISA-PAC Group's business to provide bank performance bonds, bank advance payment bonds or other bank guarantees to customers. Some of these are supported with parent company guarantees issued by PISA-S.p.A.. PISA-S.p.A. Group has also utilised its own bank facilities for the issue of bank guarantees for the benefit of the PISA-PAC Group for the issue of the above-mentioned bonds;
- (ii) Pursuant to a bank guarantee and parent guarantee agreement dated 30 September 1997, (as amended, (the "Guarantee Agreement")) entered into between PISA-S.p.A. and PISA-PAC, PISA-S.p.A. is entitled to receive a fee from PISA-PAC on the following basis:
  - a. in respect of bank guarantees procured by PISA-S.p.A. Group, PISA-PAC shall pay PISA-S.p.A. for the period for which charges are imposed by the respective banks, an annual fee equal to 0.1 % p.a. over the costs charged to PISA-S.p.A. Group by the respective banks for the issue of the bank guarantees. PISA-S.p.A. Group shall make available to PISA-PAC Group documents evidencing such costs charged by the banks; and
  - b. in respect of parent company guarantees issued by PISA-S.p.A., PISA-PAC shall pay PISA-S.p.A. for the duration of the guarantees, an annual fee equal to 0.1 % p.a. of the amount guaranteed. PISA-S.p.A. Group shall make available to PISA-PAC documents evidencing such amount guaranteed.

## 1.5.4 Loans from and to PISA-S.p.A. Group;

- (i) The Guarantee Agreement also makes provisions for loans from and to PISA-S.p.A. Group relating to the following:-
  - (a) Utilisation by PISA-PAC Group of part of the PISA-S.p.A. Group's bank facilities: PISA-PAC Group will service the costs charged by the respective banks on the actual amount of facilities it utilises. It will also pay PISA-S.p.A. Group a fee equal to 0.1 % p.a. on the total amount of the facilities allocated to the Group. PISA S.p.A. will make available documents evidencing costs charged by the Banks;
  - (b) Provision of loans by banks to PISA S.p.A. Group to be on-lent to PISA-PAC Group: PISA-PAC Group will pay to PISA-S.p.A Group a fee equal to 0.1 % p.a. over the costs charged by the respective banks;
  - (c) Loans by PISA-S.p.A. Group to PISA-PAC Group out of PISA-S.p.A. Group's internal surplus funds i.e. surplus funds available net of the repayment of its short term bank borrowings: PISA-PAC Group will pay PISA-S.p.A. Group a fee equal to 0.5% p.a. over the Singapore Interbank Offered Rate ("SIBOR") or in case of the foreign currency lent, its equivalent to SIBOR; and
  - (d) Loans by PISA-PAC Group to PISA-S.p.A. Group out of its Group's internal surplus funds: PISA-S.p.A. Group will pay PISA-PAC Group a fee equal to 0.5% p.a. over the SIBOR or in case of the foreign currency lent, its equivalent to SIBOR.
- (ii) *Rationale: The Group expects to obtain operational and financial leverage in its dealings with third parties by obtaining any loans, parent company guarantees from or bank guarantees procured by PISA-S.p.A. and the provision of loans to and from PISA-S.p.A. Group. The relevant rates of 0.1% and 0.5% p.a. in the fee calculations above are, in the Board's opinion, considered reasonable compared to market practice within multinational companies. In addition, the rates obtained by PISA S.p.A. as compared to PISA-PAC, from the banks are generally more competitive in view of its worldwide size and relative financial strength.*

## 1.5.5. Purchases and sales of patents and patent applications from and to PISA-S.p.A.

- (i) PISA-S.p.A. has granted PISA-PAC options pursuant to a Patent Assignment and a Patent & Invention Assignment, both dated 4 October 1997 (collectively the "Patent Assignments") entered into between PISA-S.p.A. and PISA-PAC to purchase all existing and future patents and patent applications in Asia and Asia Pacific relating to curtain walls, internal partitions and floors for the consideration of S\$1 and half the research and development costs for new inventions or processes.

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- (ii) Under the Patent Assignments, PISA-PAC too has granted PISA-S.p.A. options to purchase all future patents and patent applications worldwide (excluding Asia and Asia Pacific) relating to curtain walls, internal partitions and floors for the consideration of S\$1 and half the research and development costs for new inventions or processes.
- (iii) The sale and purchase of future patent and patent applications between PISA-PAC and PISA-S.p.A. will demarcate the markets for products relating to the patents and patent applications, as being Asia and Asia Pacific (including Australia and New Zealand) for PISA-PAC and as being rest of the world markets for PISA-S.p.A.. In view of the nature of the Group's business, the purchase and sale of commercially viable patents and patent applications between PISA-PAC and PISA-S.p.A. would be recurrent transactions for so long as patents and patent applications relating to curtain walls, internal partitions and floors are developed or registered by either of them. A mandate for the sale and purchase of the patents and patent applications necessary to and recurring throughout the continuing business of the Group is therefore sought.
- (iv) In the purchase of a patent or patent application by PISA-PAC from PISA-S.p.A., PISA-S.p.A. shall make available to PISA-PAC its records of the research and development costs charged to the patent or patent application, and vice versa by PISA-PAC in the sale of a patent or patent application by PISA-PAC to PISA-S.p.A.
- (v) *Rationale: The PISA-PAC Group will benefit from the reciprocal option arrangements with PISA-S.p.A. to purchase and sell patents and patent applications to each other for the avoidance of potential conflict of interests between PISA-S.p.A. Group and the PISA-PAC Group.*

## 1.6 REVIEW PROCEDURES

### 1.6.1. General Transactions

- (a) In respect of services provided or goods sold by the Group to an Interested Person, the prices shall be determined in accordance with the Group's usual business practices and policies, consistent with the usual margin of the Group for the same or substantially similar type of transactions made by the Group with unrelated parties, and the terms are no more favourable to the Interested Person than those extended to unrelated third parties.
- (b) (i) In respect of services or goods supplied to the Group by an Interested Person, all transactions will be approved by the authorised persons in the manner hereinafter stated:

<u>Value of each transaction</u>	<u>Mandate</u>
Less than or equal to S\$100,000	Any one of the authorised persons named below who shall not be an interested person to the transaction being approved
Greater than \$100,000 and less than or equal to \$1 million	Any 2 of the authorised persons named below who shall not be interested persons to the transaction being approved
Greater than S\$1 million	Any 2 directors of the respective Group company or, if none of the 2 directors is the Chief Financial Officer of PISA-PAC Group ("CFO"), then the CFO and a director who shall not be interested persons to the transaction being approved.

Authorised persons:

- ***the managing director or the general manager;***
- ***the factory manager or the technical manager or commercial/contracts/construction manager/senior project manager; and***
- ***the financial controller or chief accountant or the equivalent.***

of the respective Group companies who shall, taking into account factors such as bulk purchases, delivery schedules, payment terms, and the accord of preferential rates, rebates or discounts, ensure that the pricing for such services and goods are fair, reasonable and in line with the market and with the Group's commercial interests, and are comparable with those offered by other unrelated parties for the same or substantially similar types of goods and services.

In terms of sub-contracts awarded to PISA-S.p.A. Group by PISA-PAC Group or vice versa, the value of the proposed sub-contract will be treated as one transaction for the purpose of above-mentioned levels of authorisations. Any progressive billings issued under such approved sub-contracts will be deemed to have been approved by the above-mentioned authorised persons.

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- (b) (ii) The Group will as far as possible obtain two to three quotations from unrelated third party suppliers for purposes of comparison. Where any Group company cannot obtain quotations due to the specialty or confidentiality of services or goods provided, a detailed report supporting the purchase must be submitted to and as mentioned in 1.6.1 (b)(i) above in accordance with the mandate stated therein.
- (c) All transactions will be properly documented and the Internal Auditors shall review them and forward a quarterly report to the Audit Committee on such transactions.
- (d) The report shall detail the basis and procedures used to determine the terms of the transactions and whether the terms are normal commercial terms and are not prejudicial to the interests of the members of the Company. Based on the quarterly Internal Audit report, the Audit Committee shall review such Interested Person Transactions quarterly.

## 1.6.2. PISA-S.p.A. Group Management and Support Services

- (a) In respect of the management and support services provided by PISA-S.p.A. Group to the PISA-S.p.A Group of companies (including PISA-PAC Group), the quantum of the expenses to be charged to PISA-PAC for the expenses incurred by PISA-S.p.A. for such services, will be subject to review by the Internal Auditors and External Auditors (currently KPMG) to ensure that they are in accordance with the Management Services Agreement by reviewing the computation provided by PISA-S.p.A. and the basis that PISA-S.p.A. took into account in deriving the said expenses. The Audit Committee will review the basis for the computation of the expenses with the Internal and External Auditors before submitting to the Board for approval. In approving the expenses, the Board will review the reasonableness of the expenses apportioned to the PISA-PAC Group considering the extent of the Management and Support Services as defined under para 1.5.2(i) of this Circular, the efforts involved, number and complexity of the projects undertaken by the PISA-PAC Group.
- (b) In addition, any renewal of the Management Services Agreement shall be reviewed by the Internal Auditors who will report to the Audit Committee. The Audit Committee will review the terms of the renewal with the Internal Auditors before submitting it to the Board for approval.

## 1.6.3. Bank Guarantees and Parent Company Guarantees - Provided by PISA S.p.A. Group

- (a) In respect of the provision of bank guarantees procured by PISA-S.p.A. for and on behalf of PISA-PAC Group, PISA-S.p.A. Group will make available to PISA-PAC Group documents evidencing the costs charged to PISA-S.p.A. Group by the respective banks for the issue of the bank guarantees. The rates charged by PISA-S.p.A. Group for all bank guarantees and parent company guarantees to be procured or issued by PISA-S.p.A. Group shall be subject to the annual review by the Internal Auditors to ensure that the rates charged are in accordance with the Guarantee Agreement as may be amended from time to time, and report to the Audit Committee. The Audit Committee will then review the report with the Internal Auditors and ensure that amendment of the terms of the Guarantee Agreement is in the interest of the Company and are not prejudicial to the interests of the minority Shareholders of the Company. The Company shall make an announcement via SGXNET whenever changes are made to the terms of the Guarantee Agreement.

## 1.6.4. Loans from and to PISA-S.p.A. Group

- (a) Any loans from and to PISA-S.p.A. Group, inclusive of the utilisation of PISA-S.p.A. Group's bank facilities, will be subject to the following approvals:-

<u>Quantum of loans</u>	<u>Approval Required</u>
Less than or equal to 25% of the NTA of the PISA-PAC Group	the CFO and a director
More than 25% of the NTA of the PISA-PAC Group	the Audit Committee

(The NTA will be based on the latest available audited consolidated financial statements of the Group)

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Quotation of interest rates will be obtained from banks for loans required by PISA-PAC Group before seeking loans from the PISA-S.p.A. Group. The rates given by the banks will be compared to that charged by PISA-S.p.A. Group. Such transactions shall be properly documented and subject to the quarterly review of the Internal Auditors who will ensure that the rates charged are in accordance with the Guarantee Agreement as may be amended from time to time, and report to the Audit Committee. The Audit Committee will then review the report with the Internal Auditors and ensure that amendment of the terms of the Guarantee Agreement is in the interest of the Company and is not prejudicial to the interests of the minority Shareholders. The Company shall make an announcement via SGXNET whenever changes are made to the terms of the Guarantee Agreement.

- (b) Under Chapter 9 of the Listing Manual, the value of an interested person transaction is defined as the amount at risk to the Group. In case of loans from the PISA-S.p.A. Group, the amount at risk to the Group will be the costs charged by PISA-S.p.A. Group. In case of loans from the Group to PISA-S.p.A., the amount at risk to the Group will be the amount of the loans and the costs charged by the Group to PISA-S.p.A. Group.

## **1.6.5. Purchases and sales of patents and patent applications from and to PISA-S.p.A.**

In respect of any purchases or sales of patents and patent applications from or to PISA-S.p.A. under the Patent Assignments between PISA-S.p.A. and PISA-PAC, there shall be a detailed report including a feasibility study on the commercial viability of the patents and patent application supporting the purchase or sale together with records of the research and development costs charged to the patent or patent application which must be reviewed by the Internal Auditors to ensure that they are in accordance with the Patent Assignments. The Audit Committee will then review the report with the Internal Auditors before submitting to the Board for approval.

## **1.7 OTHER REVIEW PROCEDURES**

- 1.7.1 For the purpose of the review and approval process, if any member of the Board, the Audit Committee or the respective board of directors of the Group companies has an interest in the transaction to be reviewed by him, he will abstain from any decision in respect of that transaction.
- 1.7.2 A register will be maintained by the Company to record all Interested Person Transactions which are entered into pursuant to the IPT Mandate. The annual internal audit plan shall incorporate a review of all Interested Person Transactions entered into pursuant to the IPT Mandate to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to.
- 1.7.3 The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Interested Person Transactions have been complied with. In addition the Audit Committee will carry out a review yearly to ascertain that the established guidelines and procedures for the Interested Person Transactions have been complied with.
- 1.7.4 All Interested Person Transactions will also be subjected to the review by the External Auditors in the course of their audit of the Group's financial statements.

## **1.8 RATIONALE AND BENEFITS FOR THE RENEWAL OF THE IPT MANDATE**

- 1.8.1 The obtaining of the IPT Mandate and the renewal of the proposed IPT Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek the approval of the Shareholders as and when potential Interested Person Transactions with a specific class of Interested Persons arise, thereby reducing substantial administrative time and costs in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to the PISA-PAC Group.
- 1.8.2 The proposed IPT Mandate is intended to facilitate transactions in the normal course of business of the PISA-PAC Group that are transacted from time to time with the specified class of Interested Persons, provided that they are carried out on the Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

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## 1.9 EXPIRY AND RENEWAL OF THE IPT MANDATE

- 1.9.1 If approved by the Shareholders at the AGM, the proposed modified IPT Mandate will take effect from the date of receipt of the Shareholders' approval and will (unless revoked or varied by the Company in general meeting) continue in force until the next AGM. Thereafter, approval from the Shareholders for a renewal of the IPT Mandate will be sought at each subsequent AGM.
- 1.9.2 Disclosure is made in the Company's annual report for FY 2006 of the aggregate value of the Interested Person Transactions transacted pursuant to the existing IPT Mandate. Disclosure will be made in the Company's subsequent annual reports and in the financial statements required to be announced half yearly, of the aggregate of the Interested Person Transactions transacted pursuant to the proposed IPT Mandate during the financial periods it is renewed and continues in force.

## 1.10 INTERESTED PERSON TRANSACTIONS FOR THE 12 MONTHS ENDED 31 DECEMBER 2006

- 1.10.1 The aggregate value of the Interested Persons Transactions conducted for the financial year ended 31 December 2006 as disclosed in the recent Full Year Financial Statements Announcement of the Company are as follow:

	Group			
	Aggregate value of all transactions excluding transactions conducted under a shareholders' mandate pursuant to Rule 920		Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920	
	Dec-06	Dec-05	Dec-06	Dec-05
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
(a) <u>General Transactions</u>				
Purchase of goods and services from Permasteelisa S.p.A. and its Associates	-	-	23,202	18,095
Sale of goods and services to Permasteelisa S.p.A. and its Associates	-	-	20,313	18,668
(b) Management & Support Services fees from Permasteelisa S.p.A.	-	-	589	385
(c) Loans extended to Permasteelisa S.p.A. and its associates	-	-	10,173	2,483
(d) Interest on loans extended to Permasteelisa S.p.A. and its associates	-	-	33	330

At 31 December 2006, the Group had bank guarantees procured by and parent company guarantees issued by Permasteelisa S.p.A. amounting to S\$218,808,304 (31 December 2005: S\$185,543,033). Banking facilities, in respect of which these guarantees were issued, utilised by the Group at 31 December 2006 amounted to S\$ 113,048,117 (31 December 2005: S\$102,175,873). All of the above were issued under Shareholders' mandate approved pursuant to Rule 920.

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## 1.11 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

1.11.1 As at 19 March 2007, the Latest Practicable Date prior to the printing of this Appendix, the interests of the Directors and substantial shareholders in the issued share capital of the Company are as follow:

Director	Number of Shares	
	Direct Interest	Deemed Interest
Huub van der Staak	50,000	-
<b>Substantial Shareholders</b>		
Permasteelisa International B.V. ("PI-BV")	167,857,000*	-
PISA-S.p.A. <sup>(1)</sup>	-	277,857,000
Josef Gartner GmbH	20,000,000	-
Josef Gartner & Co. U.K. Limited	90,000,000	-

\* Includes 17,857,000 shares registered in the name of nominees, beneficially held by PI-BV.

Note: (1) deemed to be interested in 150,000,000 shares held by PI-BV, 20,000,000 shares held by Josef Gartner GmbH and 90,000,000 shares held by Josef Gartner & Co. U.K. Limited.

1.11.2 The following Directors of the Company, namely, Mr Lucio Mafessanti, Mr Klaus Lothar and Mr Huub van der Staak are either directly or indirectly interested, or do not consider themselves independent for purpose of considering the proposal relating to the renewal of the IPT Mandate and accordingly abstain from making any recommendation to the Shareholders in relation to the Ordinary Resolution No. 12 to be proposed at the AGM subsequently and will also abstain from voting on the said Ordinary Resolution at the AGM.

1.11.3 In accordance with the requirements of Chapter 9 of the Listing Manual, Permasteelisa International B.V., PISA-S.p.A., Josef Gartner GmbH and Josef Gartner & Co. U.K. Limited being Interested Persons in relation to the proposed renewal of the IPT Mandate will abstain from voting and has undertaken to ensure that their respective associates will abstain from voting, on the Ordinary Resolution in respect of the same to be proposed at the AGM.

## 1.12 STATEMENT OF THE AUDIT COMMITTEE

1.12.1 Pursuant to Rule 920(1)(c) of the Listing Manual, the Audit Committee (comprising Mr Lim Shook Kong, Mr Choo Teow Huat Albert and Mr Claudio Figini) confirms that :

- (i) the review procedures for Interested Person Transactions set out in clause 1.6 of this Appendix 2 ("Review Procedures") have not changed since the Shareholders approved the IPT Mandate at the AGM held on 21 April 2006; and
- (ii) the review procedures are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

1.12.2 The Audit Committee has confirmed that the methods and procedures for determining the transaction prices of the Interested Person Transactions have not changed since the last renewal of the IPT Mandate on 21 April 2006. The Audit Committee is also of the view that such methods or procedures for determining the transaction prices of the Interested Person Transactions are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

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1.12.3 If in its review, the Audit Committee is of the view that the review procedures are no longer sufficient to ensure that Interested Person Transactions will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, it will direct the Company to seek a fresh mandate from the Shareholders based on new guidelines and procedures for Interested Person Transactions.

## **1.13 INDEPENDENT DIRECTORS' RECOMMENDATION**

The Directors, Mr Lim Shook Kong, Mr Choo Teow Huat Albert and Mr Claudio Figini, who are considered independent for the purposes of the proposed renewal of the IPT mandate having considered, *inter alia*, review procedures for the Interested Person Transactions, the role of the management, the role of the Internal Auditors and the role of the Audit Committee to ensure that the Interested Person Transactions will be made at arm's length and on normal commercial terms, the rationale for and the benefits arising from the renewal of the IPT mandate, are of the view that the proposed renewal of the IPT Mandate is in the interests of the Company and accordingly recommend that the Shareholders vote in favour of the Ordinary Resolution No. 12 as set out in the Notice of the AGM on page 68 of the Annual report. Each shareholder may have different investment objectives and considerations and should seek professional advice if the Shareholder deems it necessary.

## **1.14 DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix are fair and accurate in all material respects as at the date hereof and that there are no other material facts the omission of which would make any statement in this Appendix misleading.

# Appendices To The Notice Of Annual General Meeting

## DEFINITIONS

In this Appendices, the following definitions apply throughout unless otherwise stated:-

“Approval Date”	: The date of the AGM at which the proposed Share Purchase Mandate is approved
“AGM”	: The Annual General Meeting of the Company, notice of which is set out on page 67 of this annual report
“associate”	: (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“associated company”	: A company in which at least 20% but not more than 50% of its shares are held by PISA-PAC or PISA-PAC Group and that is not listed on the SGX-ST or an approved exchange, provided that PISA-PAC Group and its interested person(s) have control over the company
“Articles”	: The Articles of Association for the time being of the Company
“Audit Committee”	: The Audit Committee of the Company
“Board”	: The board of directors of the Company
“CDP”	: The Central Depository (Pte) Limited
“Code of Corporate Governance”	: The Code of Corporate Governance 2005 issued by the Ministry of Finance in July 2005
“Company” or “PISA-PAC”	: Permasteelisa Pacific Holdings Limited
“Companies Act”	: The Singapore Companies Act, Chapter 50, as amended or modified from time to time
“controlling shareholder”	: A person who holds directly or indirectly 15% or more of the shares in the Company
“Director(s)”	: The Director(s) of the Company for the time being
“EGM”	: The Extraordinary General Meeting of the Company
“External Auditors”	: The external auditors of the Company as may be appointed from time to time
“FY”	: Financial year ended 31 December
“Group” or “PISA-PAC Group”	: The Company, its subsidiaries and associated company(ies)
“Interested Persons”	: The interested persons of the Company who fall within the IPT Mandate, as set out in paragraph 1.4 of this Appendix
“Interested Person Transactions”	: The types of transactions with Interested Persons which fall within the IPT Mandate, as set out in paragraph 1.5 of this Appendix

# Appendices To The Notice Of Annual General Meeting

<i>“Internal Auditors”</i>	:	The internal auditors of the Company as may be appointed from time to time
<i>“IPT Mandate”</i>	:	The general mandate for the purposes of Chapter 9 of the Listing Manual, for the PISA-PAC Group to enter into certain types of transactions with specified classes of the Company’s interested persons
<i>“Latest Practicable Date”</i>	:	The latest practicable date prior to the printing of this Appendix, being 19 March 2007
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as may be amended from time to time
<i>“Listing Rules”</i>	:	The listing rules of the SGX-ST set out in the Listing Manual
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“NTA”</i>	:	Net tangible assets
<i>“New Listing Manual”</i>	:	The new listing manual of the SGX-ST which became effective on 2 January 2004 including any amendments made thereto up to the date of this Appendix
<i>“PISA-S.p.A. “</i>	:	Permasteelisa S.p.A.
<i>“PISA-S.p.A. Group”</i>	:	PISA-S.p.A. and its subsidiaries excluding the PISA-PAC Group
<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“SGX-ST” or “Singapore Exchange”</i>	:	Singapore Exchange Securities Trading Limited
<i>“Shares”</i>	:	Ordinary shares in the capital of the Company
<i>“Share Purchase Mandate”</i>	:	The share purchase mandate which is set out in the notice of AGM on page 68 of this annual report.
<i>“Shareholders”</i>	:	Registered holders of Shares except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the Depositors into whose Securities Accounts those Shares are credited. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders’ Securities Accounts.
<i>“SIC”</i>	:	Securities Industry Council
<i>“Take-over Code”</i>	:	The Singapore Code on Takeovers and Mergers
<i>“S\$” and “cents”</i>	:	Singapore dollars and cents respectively
<i>“%” and “per cent”.</i>	:	Percentage or per centum

The term “Depositor” and “Depository Agent” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. Words importing persons include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and not otherwise defined in these Appendices shall have the meaning assigned to it under the Companies Act.

Any reference to a time of day in these Appendices shall be a reference to Singapore time unless otherwise stated.

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# Proxy Form

**PERMASTEELISA PACIFIC HOLDINGS LTD**  
**(Company Registration No.199001653D)**  
**(Incorporated in the Republic of Singapore)**

**IMPORTANT**

- For investors who have used their CPF monies to buy Permasteelisa Pacific Holdings Ltd shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
- This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We.....of.....

..... being \*a member/members of Permasteelisa Pacific Holdings Ltd (the "Company"),

hereby appoint

Name	Address	NRIC/Passport No	Proportion of shareholdings to be represented by proxy (%)

\*and/or, failing him/her

--	--	--	--

as \*my/our \*proxy/proxies to attend and vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 2 International Business Park, #11-11 Tower 1, The Strategy, Singapore 609930 on 20 April 2007 at 10.00 a.m. and at any adjournment thereof.

\*I/We direct \*my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specific directions as to voting are given, the \*proxy /proxies will vote or abstain from voting at \*his/their discretion, as he/they will on any other matter arising at the Annual General Meeting.

Ordinary Resolutions	For	Against
1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2006 and the Report of the Directors and Auditors thereon. <b>(Resolution 1)</b>		
2. To approve a final dividend of 0.3 cents per share (less tax) for the financial year ended 31 December 2006. <b>(Resolution 2)</b>		
3. To approve the additional Directors' fees for the financial year ended 31 December 2006. <b>(Resolution 3)</b>		
4. To approve Directors' fees for the financial year ending 31 December 2007. <b>(Resolution 4)</b>		
5. To re-elect the following directors retiring in accordance with Article 91 of the Company's Articles of Association:- (i) Mr Lucio Mafessanti <b>(Resolution 5)</b> (ii) Mr Klaus Lothar <b>(Resolution 6)</b>		
6. To re-elect the following directors retiring in accordance with Article 97 of the Company's Articles of Association:- (i) Mr Claudio Figini <b>(Resolution 7)</b> (ii) Mr Huub van der Staak <b>(Resolution 8)</b>		
7. To re-appoint KPMG as auditors of the Company and to authorise the Directors to fix their remuneration. <b>(Resolution 9)</b>		
8. To approve the Ordinary Resolution pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited. <b>(Resolution 10)</b>		
9. To approve the Renewal of the Shareholders' Mandate for the Share Buy-Back <b>(Resolution 11)</b>		
10. To approve the Renewal of the Shareholders' Mandate on Interested Person Transactions. <b>(Resolution 12)</b>		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2007

<b>Total Number of Shares Held</b>

Signature(s) of Member(s)/Common Seal

\* Delete accordingly

**IMPORTANT:** Please read notes overleaf

**Notes:-**

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
5. The instrument appointing proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the registered office of the Company at 2 International Business Park #11-11 Tower 1 The Strategy Singapore 609930 not later than 48 hours before the time set for the Annual General Meeting.
6. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Singapore Companies Act, Chapter 50), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
7. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
8. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the Annual General Meeting.

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AFFIX  
STAMP

**The Company Secretary**  
**PERMASTEELISA PACIFIC HOLDINGS LTD**  
2 International Business Park  
#11-11 Tower 1, The Strategy  
Singapore 609930

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