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Announcement No. 88

AVAPLAS LTD

Full Year Financial Statement and Dividend Announcement

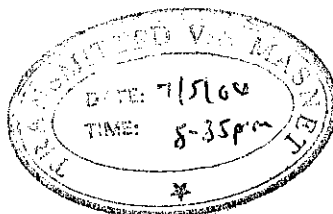
The Board of Directors is pleased to announce the full year financial statement on consolidated results for the year ended 31 March 2004.

These figures have not been audited.



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Submitted by Tan Ching Chek, Company Secretary on 07/05/2004 to the SGX



AVAPLAS LTD

Full Year Financial Statement and dividend announcement for year ended 31 March 2004

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

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

Full-year financial statement on consolidated results for the financial year ended 31 March 2004. These figures have not been audited.

	Group		
	2004	2003	%
	S\$'000	S\$'000	Increase/ (Decrease)
Sales of goods	41,698	61,976	(32.7)
Costs of goods sold	(36,693)	(54,272)	(32.4)
Gross profit	5,005	7,704	(35.0)
Other revenue (Note 1)	524	107	389.7
Staff costs (Note 2)	(1,514)	(1,694)	(10.6)
Other operating expenses (Note 3)	(3,542)	(3,659)	(3.2)
Profit from operating activities	473	2,458	(80.8)
Finance costs	(273)	(239)	14.2
Share of profit of associated company (Note 4)	275	520	(47.1)
Share of premium upon dilution of investment in subsidiary	-	126	NM
Profit from operation before tax	475	2,865	(83.4)
Taxation (Note 5)	577	(590)	NM
Net profit	1,052	2,275	(53.8)

NM - Not meaningful

Note 1

Other revenue increased as a result of excess margin received from Avaplas Nypro (Thailand) Limited.

Note 2

Reduction in staff cost was achieved as a result of 50% reduction in headcount in Singapore offsetted by increase in headcount for overseas subsidiary.

Note 3

Other operating expenses decreased from \$3.66million in FY2003 to \$3.54 million in FY2004 as a result of lower business activities and stringent costs control which were partly offsetted by higher depreciation charges and rental expenses.

Note 4

The Group's share of income from its associated company, Univac Design & Engineering Pte Ltd ("UDE"), decreased from \$520k in FY2003 to \$275k in FY2004 as a result of slower business activities in UDE's China subsidiary.

Note 5

The tax credit of \$577k in FY2004 as compared to tax charge of \$590k in FY2003 was due mainly to:-

- a) Share of tax refund of \$120k to UDE from China Tax authority; and
- b) Tax write back in Singapore entity as a results of a change in corporate income tax rate.

1 (a) (i) Additional information for the income statement

	Group	
	2004	2003
	S\$'000	S\$'000
(A) Interest income	37	33
(B) Interest expense	(273)	(239)
(C) Depreciation of property, plant and equipment	(3,524)	(3,176)
(D) Amortisation of goodwill	(20)	0
(E) Loss on disposal of property, plant and equipment	(1)	(25)
(F) Rental expenses	(728)	(637)
(G) Foreign exchange loss	(314)	(300)

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

	Group		Company	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
ASSETS LESS LIABILITIES				
Non-current assets				
Property, plant and equipment	30,248	30,440	23,110	25,534
Goodwill consolidation	98	-	-	-
Investment in subsidiary company	-	-	1,726	1,600
Investment in joint venture company	-	-	1,259	1,259
Investment in associated company (Note 1)	2,154	1,058	1,806	892
Club memberships	157	157	157	157
Amounts due from subsidiary company	-	-	5,039	2,653
Loan to joint venture company	333	250	667	500
Current assets				
Stocks (Note 2)	2,316	3,411	1,394	2,937
Trade debtors (Note 3)	6,690	8,684	4,422	7,962
Amount due from subsidiary company	-	-	-	23
Amount due from joint venture company (Note 4)	2,599	1,977	5,199	3,955
Loan to Joint Venture Company	67	-	133	-
Other debtors, deposits and prepayments	1,440	1,126	989	1,008
Cash and cash equivalents	2,265	6,657	1,106	6,043
	15,377	21,855	13,243	21,928
Current liabilities				
Trade creditors	8,866	11,401	7,924	12,301
Amount due to joint venture company	-	11	-	-
Other creditors and accruals	1,589	2,451	1,188	2,072
Hire purchase creditors	33	30	21	18
Term loan from Joint venture company	67	-	-	-
Amounts due to bankers (Note 5)	3,173	3,573	3,173	3,573
	13,728	17,466	12,306	17,964
Net current assets	1,649	4,389	937	3,964
Hire purchase creditors	(22)	(51)	(2)	(20)
Loan from joint venture partner	(333)	-	-	-
Amounts due to bankers (Note 5)	(2,535)	(4,331)	(2,535)	(4,331)
Deferred taxation	(3,635)	(4,299)	(3,635)	(4,299)
Net assets	28,114	27,613	28,529	27,909
EQUITY				
Issued capital	12,014	11,990	12,014	11,990
Share premium	7,123	7,113	7,123	7,113
Accumulated profits	9,087	8,515	9,392	8,806
Foreign currency translation reserve	(110)	(5)	-	-
TOTAL EQUITY	28,114	27,613	28,529	27,909

Note 1

Increase in investment in associated company was due to the acquisition of additional stake in UDE from SEB Engineering & Trading Pte Ltd and subscription of additional stake in UDE.

Note 2

Stock balance declined in line with lower business activities.

Note 3

Trade debtors balance declined in line with lower business activities.

Note 4

Amount due from joint venture company increased as a result of sales of machineries, tools and equipment by holding company to the joint venture company in Thailand.

Note 5

Reduction in amount due to bankers was due to repayment of bank loans.

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

Amount repayable in one year or less, or on demand

As at 31/03/2004		As at 31/03/2003	
Secured	Unsecured	Secured	Unsecured
S\$1,673,000	S\$1,500,000	S\$1,812,010	S\$1,760,631

Amount repayable after one year

As at 31/03/2004		As at 31/03/2003	
Secured	Unsecured	Secured	Unsecured
S\$2,535,000	S\$0	S\$4,331,228	S\$0

Details of any collateral

As at 31 March 2004, term loans amounting to S\$1,468,000, (2003 : S\$1,926,248) are secured by a first mortgage over the Company's leasehold building and loans of S\$2,740,000 (2003 : S\$4,216,990) are secured on a first charge basis on specific machinery. The net book value of assets secured by term loans as at 31 March 2004 amounted to S\$3,981,730 (2003: S\$4,239,833). Interest rates on the term loans range from 2.715% to 6.30% per annum (2003: 5.00% to 6.30%).

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

	2004 S\$	2003 S\$
Cash flows from operating activities :		
Profit from operation before taxes	475	2,865
Add back/(deduct) :		
Provision for impairment of assets	172	6
Depreciation of property, plant and equipment	3,524	3,176
Interest income	(37)	(34)
Interest expense	273	239
Restricted Share Award	20	-
Amortisation of goodwill	20	-
Loss on disposal of property, plant and equipment	1	25
Share of profit of associated company	(275)	(520)
Foreign currency translation	65	25
Gain on share of premium on dilution of investment in subsidiary	-	(126)
Operating profit before working capital changes	4,238	5,656
Decrease/(increase) in stocks	1,095	(311)
Decrease in trade debtors	1,994	597
Increase in other debtors, deposits and prepayments	(313)	(575)
(Decrease)/increase in trade creditors	(2,546)	161
(Decrease)/increase in other creditors and accruals	(862)	79
Increase in amount due from Joint-venture company	(621)	(1,351)
Cash generated from operations	2,985	4,256
Interest expense paid	(273)	(239)
Dividend paid	(479)	(854)
Tax paid	(196)	-
Interest income	37	34
Net cash generated by operating activities	2,074	3,197
Cash flows from investing activities :		
Purchase of property, plant and equipment	(3,735)	(7,656)
Investment in associated company	(915)	(60)
Investment in club membership	-	(29)
Proceeds from sale of property, plant and equipment	144	528
Loan to Joint-venture company	(150)	-
Proceeds from dilution of investment in subsidiary	-	627
Net cash used in investing activities	(4,656)	(6,590)
Cash flows from financing activities :		
Proceeds from Issue of shares	14	-
Net increase in loan from Joint-venture partner	400	-
Net (decrease)/increase in short-term loan	(400)	2,308
Net (decrease)/increase in hire purchase	(26)	68
Net (decrease)/increase in term loans	(1,797)	1,863
Net cash used in financing activities	(1,809)	4,239
Net (decrease) /increase in cash and cash equivalents	(4,391)	846
Cash and cash equivalents as at 1 April	6,657	5,811
Effects of exchange rate changes on cash and cash equivalents	(1)	-
Cash and cash equivalents at 31 March	2,265	6,657

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

	Group		Company	
	2004	2003	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000
Issued capital				
Balance at beginning	11,990	11,990	11,990	11,990
Issue of additional 481,000 shares	24	-	24	-
Balance at end of financial year	<u>12,014</u>	<u>11,990</u>	<u>12,014</u>	<u>11,990</u>
Share premium				
Balance at beginning	7,113	7,113	7,113	7,113
Issue of additional 481,000 shares	10	-	10	-
Balance at end of financial year	<u>7,123</u>	<u>7,113</u>	<u>7,123</u>	<u>7,113</u>
Accumulated profits				
Balance, beginning of financial year as previously reported	8,515	7,094	8,807	7,285
Net profit	1,052	2,275	1,065	2,376
Dividends paid	(480)	(854)	(480)	(854)
Balance, end of financial year	<u>9,087</u>	<u>8,515</u>	<u>9,392</u>	<u>8,807</u>
Foreign currency translation reserve				
Balance, beginning of financial year	(5)	37	-	-
Currency exchange difference	(105)	(42)	-	-
Balance, end of financial year	<u>(110)</u>	<u>(5)</u>	<u>-</u>	<u>-</u>

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

Share capital	No. of shares	S\$'000
As at 1 April 2003	239,800,000	11,990
Exercise of share options under Share Option Plan	81,000	4
Share Award under Restricted Stock Plan	400,000	20
As at 31 March 2004	240,281,000	12,014
Share options/Share Award		
	As at 31 March 2004 No of shares	As at 31 March 2003 No of shares
Outstanding under Share Option Plan	6,621,750	4,828,500
Outstanding under Restricted Share Plan	600,000	400,000

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

These figures have not been audited or reviewed.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2003.

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

Not applicable.

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

	Group Figures	
	2004	2003
(a) Based on the weighted average number of ordinary shares on issue (cents) - (Number of shares 2004: 239,832,844 ; 2003: 239,800,000)	0.44	0.95
(b) On a fully diluted basis (cents) - (Number of shares 2004: 241,456,496 ; 2003: 240,606,023)	0.44	0.95

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

	Group		Company	
	2004	2003	2004	2003
Net Assets Backing per ordinary share based on existing share capital as at the end of the period reported in (cents)	11.66	11.51	11.87	11.64

Note:

The Net Assets Backing per ordinary share calculation is based on 240,281,000 ordinary shares in issue as at 31 March 2004 (2003: 239,800,000 ordinary shares.).

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

Overview

Avaplas specialises in the manufacturing of high volume precision engineering plastic components and sub-assemblies using plastic injection molding. Its core products include components for printing & imaging equipment, electrical and medical parts. The Group serves mainly MNCs and contract manufacturers in the printing & imaging, computer peripherals, consumer electronics and telecommunications industries.

From a single manufacturing facility in Singapore, Avaplas expanded its manufacturing presence into Thailand in January 2002 and subsequently into Shanghai in November 2002 to support its customers at these lower-cost manufacturing centres.

Revenue

Group revenue declined 33% from \$62.0 million in FY2003 to \$41.7 million in FY2004 as customers in Singapore continued to relocate their manufacturing operations to lower cost countries like Malaysia and China. As a result, revenue from Singapore operations fell 56% from \$61.1 million in FY2003 to \$27.1 million in FY2004. Printing & imaging and computer peripheral segment recorded a 34% drop in revenue from \$57.3 million in FY2003 to \$37.6 million in FY2004. It remained the largest revenue contributor, making up 90% of group revenue in FY2004.

In FY 2003, the Group established its Shanghai operations to take advantage of the customer relocation trend. In FY 2004, revenue from China jumped from \$0.8 million to \$13.0 million. The increase was attributed to the Group's success in securing business that was relocated from Singapore. To cope with the growing demand in China, the Group recently upgraded its Shanghai facility to serve existing and new customers there.

Revenue (Continue)

Former wholly-owned Thailand subsidiary, Avaplas (Thailand) Limited became a joint venture company in January 2003 following the Group's sale of a 50% stake to Nypro Singapore Pte Ltd and was renamed Avaplas Nypro (Thailand) Limited ("Avaplas Nypro"). Starting January 2003, the Group consolidates only its 50% share of Avaplas Nypro's revenue. After adjustment for comparative purpose, revenue from Avaplas Nypro rose 4% in FY 2004. Efforts by Avaplas Nypro in securing new customers in FY 2004 should result in higher revenue in the current financial year.

Profitability

On reduced revenue, gross profit declined 35% from \$7.7 million in FY2003 to \$5.0 million in FY2004. Gross profit margin moderated slightly from 12.4% in FY2003 to 12.0% in FY2004 to reflect the higher fixed unit cost associated with a lower production volume.

Notwithstanding the expansion of its operations in China, the Group was successful in controlling operating costs. In FY 2004, staff costs and other operating expenses declined 11% and 3% respectively. The Group's associated company, Univac Design & Engineering Pte Ltd ("UDE") experienced slower business in China and income from associate declined to \$275,000.

The Group enjoyed a tax write-back of \$577,000 in FY 2004, which originated from a tax refund to UDC in China and a reduction in the Singapore tax rate. In spite of the reduction in group revenue, the Group remained profitable in FY 2004, and posted a net profit of \$1.1 million.

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

In the Company's First Half FY2004 Financial Statement and Dividend Announcement released on 23 November 2003, note 10 stated, "The Directors expect the Group to remain profitable for the 2nd half of financial year ending 31 March 2004."

In the 2nd half of FY2004, despite netting a profit after tax of \$311k, the Group recorded a loss before tax of \$76k. The pre-tax loss was due to lower than expected contribution from the Group's Thailand Joint Venture, which recorded an operating loss before tax of \$349k, as well as a provision for impairment of fixed assets totaling \$172k relating to relocation of its Shanghai plant due to expansion.

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

Although industry and business conditions appear to be improving, the Group's operating environment remains challenging. With a regional network of manufacturing facilities, the Group is better positioned to capitalise on the global trend of manufacturers outsourcing to lower-cost countries. The Group will deploy additional resources to further expand its customer base in Singapore, China and Thailand in the current financial year.

On 16 April 2004, The Nikko Merchant Bank (Singapore) Limited announced, for and behalf of ARRK Corporation ("ARRK"), its intention to make a voluntary conditional cash offer (the "Offer") for all the shares of Avaplas Ltd. The formal Offer was contained in an offer document dated 28 April 2004. The ARRK Group, which comprises more than 70 member companies located in Japan, North America, Europe and Asia, is a leading global provider of product design and development services ("Front-end Services") to industrial customers in diverse sectors such as automotive, consumer electronics, consumer appliances, telecommunications, computers and computer peripherals, industrial and medical equipment.

A circular containing the advice of the independent financial adviser and the recommendation of the independent directors of the Company in relation to the Offer will be dispatched to the Company's shareholders shortly.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount	0.1 cents	0.1 cents
Dividend Rate	2%	2%
Par value of shares	S\$0.05	S\$0.05
Tax Rate	exempt 1-tier	exempt 1-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount	0.2 cents	0.1 cents
Dividend Rate	4%	2%
Par value of shares	S\$0.05	S\$0.05
Tax Rate	exempt 1-tier	exempt 1-tier

(c) Date payable

To be advised.

(d) Books closure date

To be advised.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

	Printing, imaging and computer peripherals		Consumer electronics and telecommunication		Others		Total			
	2004	2003	2004	2003	2004	2003	2004	2003		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
<i>Business segment</i>										
Segment revenue	37,600	57,304	1,998	2,558	2,100	2,114	41,698	61,976		
Cost of goods sold							(36,693)	(54,272)		
Gross profit							5,005	7,704		
Unallocated other revenue							524	107		
Unallocated expenses							(5,056)	(5,353)		
Profit from operating activities							473	2,758		
Finance costs							(273)	(239)		
Profit on disposal of subsidiary							-	126		
Share of profit of associate company							275	520		
Taxation							577	(590)		
Net Profit							1,052	2,275		
<i>Geographical segments</i>										
	Singapore		China		Thailand		Elimination		Group	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	27,133	61,067	13,037	751	1,863	3,315	(335)	(3,157)	41,698	61,976
Segment assets	47,009	53,632	9,160	5,827	4,374	3,536	(12,176)	(9,234)	48,367	53,761
Segment liabilities	(18,479)	(26,614)	(7,851)	(3,724)	(3,550)	(2,339)	9,627	6,529	(20,253)	(26,148)
									28,114	27,613
<i>Other segment information</i>										
Capital expenditure	1,019	4,511	2,804	3,580	549	1,557	(637)	(1,992)	3,735	7,656
Depreciation and amortisation	2,662	2,832	659	87	223	257	-	-	3,544	3,176

Under the Statements of Accounting Standard 23 (Revised), "Segment Reporting", a Company whose securities are publicly traded should report assets employed in its reported industry. In the opinion of the Directors, such information is not required as all the Company's manufacturing activities are used to generate the above segment revenue.

The Group's principal activities include precision engineering plastic injection moulding and secondary processes as well as the sub-assembly and sale of plastic components mainly for the printing, imaging and computer peripherals, consumer electronics and telecommunication industries. Our secondary segmentation is by geographical segments.

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

Please refer to Note 8.

15. A breakdown of sales

	Group Figures		
	2004 S\$'000	2003 S\$'000	% increase/ (decrease)
(a) Revenue reported for the first half year	21,622	36,260	(40.4)
(b) Profit after income tax but before minority interests reported for first half year	741	2,003	(63.0)
(c) Revenue reported for second half year	20,076	25,716	(21.9)
(d) Profit after income tax but before minority interests reported for second half year	311	272	14.3

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

Total Annual Dividend:-

	Latest Full Year (31/03/2004 S\$'000)	Previous Full Year (31/03/2003 S\$'000)
Ordinary	480	854
Preference	0	0
Total:	854	854

17. Interested Person Transactions

Name of Interested Person \$'000	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions under shareholder mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)
Sales of goods		
- Univac Precision Engineering Pte Ltd and its subsidiary companies	-	1,290
- Venture Corporation Limited and its subsidiary companies*	-	12,448
- Univac Precision Plastics (Shanghai) Co. Ltd	-	1,611
Purchase of goods and services rendered from		
- Univac Precision Engineering Pte Ltd and its subsidiary companies	-	2,049
- Univac Precision Plastics (Shanghai) Co. Ltd	-	3,992
Acquisition of additional stake in the capital of Univac Design and Engineering Pte Ltd from SEB Engineering & Trading Pte Ltd	552	-
Acquisition of additional stake in the capital of Univac Design and Engineering Pte Ltd	363	-

** Exclude Univac Precision Engineering
Pte Ltd and its subsidiaries*

BY ORDER OF THE BOARD

Chuang Sheue Ling and Tan Ching Chek
Joint Company Secretaries
7 May 2004