

AVAPLAS LTD**Full Year Financial Statement and dividend announcement for year ended 31 March 2005****PART I - Information required for Announcements of Quarterly, 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

	Group		
	31/03/2005	31/03/2004	%
	S\$'000	S\$'000	Change
Sales of goods	43,853	41,698	5.2%
Costs of goods sold	(38,728)	(36,695)	5.5%
Gross profit	5,125	5,003	2.4%
Other revenue	545	509	7.1%
Staff costs	(1,609)	(1,514)	6.3%
Other operating expenses	(3,762)	(3,522)	6.8%
Profit from operating activities	299	476	(37.2%)
Finance costs	(211)	(256)	(17.6%)
Share of profit of associated company (Note 1)	116	255	(54.5%)
General Offer expenses (Note 2)	(232)	0	N/M
Gain on disposal of associated company (Note 3)	1,462	0	N/M
Profit from operation before tax	1,434	475	201.9%
Taxation	(22)	577	N/M
Net profit	1,412	1,052	34.2%

Note 1: -

Included in the Group's share of profit before tax in its associated company, is the Group's share of 3 months results in the associated company, Univac Design & Engineering Pte Ltd ("UDE"), prior to completion of its disposal.

Note 2: -

General Offer expenses relate to professional fees incurred in respect of ARRK Corporation general offer.

Note 3: -

This relates to the Group's gain on disposal of its 30.19% shareholding in associated company, Univac Design & Engineering Pte Ltd ("UDE").

NM - Not meaningful

Additional information for the income statement

	Group	
	31/03/2005	31/03/2004
	S\$'000	S\$'000
Interest income	40	21
Interest expense	(211)	(256)
Depreciation of property, plant and equipment (Note 1)	(3,796)	(3,524)
Amortisation of goodwill	0	(20)
Loss on disposal of property, plant and equipment	(58)	(1)
Factory rental expenses (Note 2)	(579)	(445)
Foreign currency loss	(95)	(314)
Provision for doubtful debts	(39)	0

Note 1: -

Increase in depreciation were due mainly to capital expenditure incurred to support expansion of oversea plants.

Note 2:-

Increase in factory rental expenses were due mainly to increase in the Group's oversea plants.

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

	Group		Company	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
	S\$'000	S\$'000	S\$'000	S\$'000
Property, plant and equipment	31,063	30,248	21,061	23,110
Investment in subsidiary companies	0	0	2,771	1,726
Investment in joint venture company	0	0	1,259	1,259
Investment in associated company (Note 1)	0	2,252	0	1,806
Club memberships	157	157	157	157
Amounts due from subsidiary companies	0	0	7,554	5,039
Loan to joint venture company	200	333	400	667
Current assets				
Stocks	2,927	2,316	1,766	1,394
Trade receivables (Note 2)	10,490	6,690	5,074	4,422
Amount due from joint venture company	2,761	2,495	5,522	4,991
Loan to joint venture company	200	67	400	133
Other receivables, deposits and prepayments	1,244	1,544	767	1,196
Cash and bank balances	2,595	3,419	926	2,261
	20,217	16,531	14,455	14,397
Current liabilities				
Bank overdrafts	401	1,154	401	1,154
Trade payables (Note 2)	10,764	8,867	4,163	7,924
Amount due to joint venture company	0	0	3,395	0
Other payables and accruals (Note 3)	2,967	1,583	2,514	1,184
Hire purchase creditors	15	33	2	21
Loan from joint venture company	200	67	0	0
Amounts due to bankers (Note 4)	1,748	3,173	1,428	3,173
	16,095	14,877	11,903	13,456
Net current assets	4,122	1,654	2,552	941
Non Current Liabilities				
Loan from joint venture partner	200	333	0	0
Hire Purchase creditors	6	22	0	2
Amount due to bankers (Note 4)	1,615	2,535	1,080	2,534
Deferred tax liabilities	3,282	3,640	3,282	3,640
	5,103	6,530	4,362	6,176
Net assets	30,439	28,114	31,392	28,529
Represented by:-				
Share Capital	12,367	12,014	12,367	12,014
Issued capital	8,178	7,123	8,178	7,123
Unappropriated Profit	9,989	9,087	10,847	9,392
Translation reserve	(95)	(110)	0	0
	30,439	28,114	31,392	28,529

Note 1

Decrease in investment in associated company was due to the disposal of our shareholding in Univac Design and Engineering Pte Ltd.

Note 2

Increase in trade receivables and trade payables balance was due mainly to increase in business activity in our Thailand Joint Venture Company and newly established Malaysian subsidiary.

Note 3

Increase in other creditors and accruals were due mainly to advance payment from a customer.

Note 4

Decrease in amount due to bankers was due mainly 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 31/03/2005		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
S\$1,748,000	S\$0	S\$1,673,000	S\$1,500,000

Amount repayable after one year

As at 31/03/2005		As at 31/03/2004	
Secured	Unsecured	Secured	Unsecured
S\$1,615,000	S\$0	S\$2,535,000	S\$0

Details of any collateral

As at 31 March 2005, term loans amounting to S\$1,072,842 (2004: S\$1,467,459) are secured by a first mortgage over the Company's leasehold building and loans of S\$1,435,153 (2004: S\$2,740,313) are secured on a first charge basis on specific machinery. The net book value of assets secured by term loans as at 31 March 2005 amounted to S\$2,835,171 (2004: S\$3,981,730). In addition, term loan of S\$855,269 (2004: Nil) are secured on specified assets of the joint venture company. The net book value of the fixed assets amounted to S\$1,396,861 (2004: Nil)

Interest rates on the term loans range from 2.725% to 6.75% per annum (2004: 2.33% to 6.75%)

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

Cash Flow Statement

Consolidated Statement of Cash flows for the year ended 31 Mar 2005

	31/03/2005	31/03/2004
	S\$	S\$
Cash flows from operating activities		
Profit from operation before taxes	1,434	475
Adjustments:		
Provision for doubtful debts	39	0
Provision for impairment of assets	0	172
Depreciation of property, plant and equipment	3,796	3,524
Amortisation of goodwill	0	20
Loss on disposal of property, plant and equipment	58	1
Director's remuneration pursuant to Restricted Stock Plan	30	20
Share of profits of associated company	(116)	(275)
Gain on disposal of associated company	(1,462)	0
Interest income	(40)	(21)
Interest expense	211	256
Foreign currency translation	94	86
Operating profit before working capital changes	<u>4,044</u>	<u>4,258</u>
(Increase)/decrease in stocks	(611)	1,095
(Increase)/decrease in trade receivables	(3,839)	1,994
Increase in other receivables, deposits and prepayment	(61)	(417)
Increase/(decrease) in other payables and accruals	1,384	(868)
Increase/(decrease) in trade payables	1,897	(2,534)
Increase in amount due from joint venture company	(266)	(518)
Increase in amount due to joint venture company	0	(11)
Cash generated by operations	<u>2,548</u>	<u>2,999</u>
Dividend paid	(495)	(480)
Tax paid	(14)	(196)
Interest expense paid	(211)	(256)
Interest income from fixed deposit	40	21
	<u>1,868</u>	<u>2,088</u>
Cash Flow from investing activities		
Purchase of property, plant and equipment	(5,798)	(3,734)
Proceeds from sale of property, plant and equipment	1,019	144
Proceeds from disposal of associated company (net of expenses)	3,861	0
Investment in associated company	0	(915)
Loan to joint-venture company	0	(150)
Net cash used in investing activities	<u>(918)</u>	<u>(4,655)</u>
Cash flows from financing activities:		
Proceeds from issue of shares	1,378	15
Net increase in loan from joint venture partner	0	400
Net decrease in short-term loan	(1,425)	(400)
Net decrease in hire purchase	(34)	(26)
Net decrease in term loans	(920)	(1,797)
Net cash used in financing activities	<u>(1,001)</u>	<u>(1,808)</u>
Net decrease in cash and cash equivalents	(51)	(4,375)
Cash and cash equivalents as at 1 April	2,265	6,657
Effects of exchange rate changes on cash and cash equivalents	(20)	(17)
Cash and cash equivalents as at 31 Mar	<u>2,194</u>	<u>2,265</u>

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	
	31/03/2005 S\$'000	31/03/2004 S\$'000	31/03/2005 S\$'000	31/03/2004 S\$'000
Issued capital				
Balance, beginning of financial year	12,014	11,990	12,014	11,990
Issue of shares	353	24	353	24
Balance, end of financial year	<u>12,367</u>	<u>12,014</u>	<u>12,367</u>	<u>12,014</u>
Share premium				
Balance, beginning and end of financial year	7,123	7,113	7,123	7,113
Share premium on issue of additional shares	1,055	10	1,055	10
Balance, end of financial year	<u>8,178</u>	<u>7,123</u>	<u>8,178</u>	<u>7,123</u>
Accumulated profits				
Balance, beginning of financial year	9,087	8,515	9,392	8,807
Disposal of associated company	(15)	-	-	-
Net profit	1,412	1,052	1,950	1,065
Dividends paid	(495)	(480)	(495)	(480)
Balance, end of financial year	<u>9,989</u>	<u>9,087</u>	<u>10,847</u>	<u>9,392</u>
Foreign currency translation reserve				
Balance, beginning of financial year	(110)	(5)	-	-
Disposal of associated company	15	-	-	-
Currency exchange difference	0	(105)	-	-
Balance, end of financial year	<u>(95)</u>	<u>(110)</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 2004	240,281,000	12,014
Exercise of share options under Share Option Plan	6,459,750	323
Share Award under Restricted Stock Plan	600,000	30
As at 31 March 2005	<u>247,340,750</u>	<u>12,367</u>
Share options/Share Award		
	As at 31.3.05 No of shares	As at 31.3.05 No of shares
Outstanding under Share Option Plan	2,605,500	6,621,750
Outstanding under Restricted Share Plan	0	600,000

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 2004.

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	
	31/03/2005	31/03/2004
(a) Based on the weighted average number of ordinary shares on issue (cents) - (No. of shares - 2005: 246,752,438; 2004: 239,832,844)	0.57	0.44
(b) On a fully diluted basis (cents) - (No. of shares - 2005: 246,944,477 ; 2004: 241,408,340)	0.57	0.44

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	
	31/03/2005	31/03/2004	31/03/2005	31/03/2004
Net Assets Backing per ordinary share based on existing share capital as at the end of the period reported in (cents)	12.31	11.70	12.69	11.87
No of shares	247,340,750	240,281,000	247,340,750	240,281,000

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

Background

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

From a single manufacturing facility in Singapore, Avaplas expanded its manufacturing presence into Thailand in January 2002, Shanghai in November 2002 and subsequently into Malaysia in August 2004 to support its customers at these lower-cost manufacturing locations.

Revenue

For the financial year ended 31 March 2005, group revenue increased 5.2% to \$43.9 million. During the year, some of the business in Singapore continued to relocate to lower cost countries like China, Thailand and Malaysia. As a result, revenue from the Singapore operations fell 14.6% from \$27.1 million in FY2004 to \$23.2 million in FY2005.

Efforts to expand and increase revenue contribution from the Group's overseas operations paid off in FY2005. With new projects from existing and new customers, the combined revenue from the overseas operations in China, Thailand and Malaysia grew 41.8% to \$20.7 million in FY2005.

The business relocation out of Singapore affected the Group's printing, imaging and computer peripheral segment which recorded a 4% drop in revenue to \$36.1 million in FY2005. Due to the growth in overseas operations, the other business segments of consumer electronics and others (comprising medical disposable, industrial products) collectively registered a strong revenue growth of 90% to \$7.8 million.

Profitability

The rise in the Group's revenue lifted gross profit marginally from \$5.0 million in FY2004 to \$5.1 million in FY2005. Gross profit margin moderated 0.4% to 11.6% due to the impact of a depreciating US dollar in FY2005.

Higher operating costs were also incurred from the expansion into Malaysia. As a result, profit from operating activities declined from \$0.47 million in FY2004 to \$0.3 million in FY2005.

During the year, the Group incurred professional fees of \$0.2 million in relation to the General Offer by ARRK Corporation.

As a condition of the General Offer, the Group disposed of its 30.19% stake in Univac Design and Engineering Pte Ltd ("UDE") to Venture Corporation Ltd in June 2004. The sale of UDE generated a net gain of \$1.5 million and reduced its share of profit from associated company from \$0.28 million to \$0.12 million.

As a result of the gain, group net profit for FY2005 increased 34.2% to \$1.4 million.

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

While the Group recorded a loss after tax of \$277,000 in the 2nd half of FY2005, due primarily from a start-up operating loss after tax of \$298,000 loss incurred by the Group's Malaysia subsidiary, the Group remained profitable in its operating activities in FY2005. This is in line with the prospect statement made above in the Company's first half FY2005 Financial Statement and Dividend Announcement released on 5 November 2004.

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

The business environment is expected to remain uncertain in the current financial year.

With an expanded manufacturing presence in lower cost countries in Asia, the Group is well positioned to capitalize on the global outsourcing trend. Additional resources will be deployed to further expand the Group's customer base in Singapore, Malaysia, China and Thailand in the current financial year. The Group expects the growth in its overseas operations to continue into FY2006.

Barring unforeseen circumstances, the Group is cautiously optimistic of growing its group revenue and remaining profitable in FY2006.

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 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 Rate	2%	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		Medical disposable, industrial products & others		TOTAL					
	31.03.05	31.03.04	31.03.05	31.03.04	31.03.05	31.03.04	31.03.05	31.03.04				
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000				
<i>Business Segment</i>												
Segment revenue	36,056	37,600	3,550	1,756	4,247	2,342	43,853	41,698				
Cost of goods sold							(38,728)	(36,695)				
Gross Profit							5,125	5,003				
Unallocated other revenue							545	509				
Unallocated expenses							(5,371)	(5,036)				
Profit from operating activities							299	476				
Finance costs							(211)	(256)				
Share of profit of associated co.							116	255				
General offer expenses							(232)	0				
Gain on disposal of associated co.							1,462	0				
Profit before tax							1,434	475				
Taxation							(22)	577				
Net Profit							1,412	1,052				
Geographical segments	Singapore		China		Thailand		Malaysia		Elimination		Group	
	31/03/05	31/03/04	31/03/05	31/03/04	31/03/05	31/03/04	31/03/05	31/03/04	31/03/05	31/03/04	31/3/05	31/3/04
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	23,182	27,133	13,474	13,037	5,812	1,863	1,983	0	(598)	(335)	43,853	41,698
Segment assets	48,058	48,163	9,672	9,160	6,423	4,374	4,729	0	(16,884)	(12,176)	51,998	49,521
Segment liabilities	(16,666)	(19,633)	(8,216)	(7,851)	(5,552)	(3,550)	(3,981)	0	12,856	9,627	(21,559)	(21,407)
											30,439	28,114
<i>Other segment information</i>												
Capital expenditure	1,831	1,019	840	2,804	1,483	549	2,688		(1,044)	(637)	5,798	3,735
Depreciation and amortisation	2,498	2,662	769	659	395	223	134				3,796	3,544

Under the Singapore Financial Reporting Standard 14, "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.

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		
	2005 S\$'000	2004 S\$'000	% increase/ (decrease)
(a) Revenue reported for the first half year	21,733	21,622	0.5%
(b) Profit after income tax but before minority interests reported for first half year	1,689	741	127.9%
(c) Revenue reported for second half year	22,120	20,076	10.2%
(d) Profit after income tax but before minority interests reported for second half year	(277)	311	N/M

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 (31/03/2005 S\$'000)	Previous Full Year (31/03/2004 S\$'000)
Ordinary	495	480
Preference	0	0
Total:	495	480

17. Interested Person Transactions

Name of Interested Person	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) \$'000	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)
Purchase of goods and services rendered from subsidiaries and related companies of ARRK Corporation	194	0

BY ORDER OF THE BOARD

Chuang Sheue Ling and Tan Ching Chek
Joint Company Secretaries
19 May 2005